

THE PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

REPORT

relating to the

RE-SUBMISSION OF THE PROPOSED

BATMAN AUTOMATIC TELEPHONE EXCHANGE,

FLINDERS LANE, MELBOURNE.

For Senator Lamp -

I bring up the Report of the Parliamentary Standing Committee on Public Works, relating to the re-submission of the following work:-

Erection of the Batman Automatic
Telephone Exchange, Melbourne -

and I move that the Report be printed.

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2.2 JUN 1949

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THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC WORKS.

W-SUBMISSION OF WORK.

BATMAN AUTOMATIC TELEPHONE EXCHANGE,

FLIMING LAME, MILBOURNE.

REPORT.

X P P O X To

The Perliamentary Standing Committee on Public Works, to which the House of Representatives re-submitted for investigation and report the question of the creation of the Raman Automatic Telephone Exchange, Flinders Lame, Helbourne, has the honour to report as follows:

RECTION I.

INTRODUCTION.

- In On 11th April, 1946, the Mouse of Representatives referred to the Committee the question of the Setnes Automatic Telephone Exchange, in Flinders Lane, Melhourne, and the Committee, having given full consideration to the proposals, presented its report to Parliament on 30th July, 1846, recommending, with certain provises, that the building was necessary and should be proceeded with.
- 2. ORIGINAL PROPOSAL.

It was represented that the proposal for this Exchange was to provide an essential unit in the Melbourne Metropolitan telephone service, and it was to be one of four main sections into which the City had been divided in the everall plan being followed. The four Exchanges for these sections would be City West, Russell, Batman and Civie.

- 3. The site was to sever an area of 8,836 square feet facing Plinters Lane being bounded on the east by Samuel Lane and on the west by Meylan's Lane. The plans provided for a steel framed building with reinforced concrete walls and floors, internal partitions of terra cetta lumber, and reaf water-preced with mineral asphalt or bituminous felt protected by coment-tile wearing surface.
- 4. The building comprised Resement, Ground, Messanine and six Upper Floors, and being planned to the maximum height allowed, provided space for the telephone exchange equipment

as well as three floors for office accommodation urgently accord by the Postmaster-General's Department for staff at present boused in rented presides in various parts of the City.

- The estimated cost of the whole proposal was set down as £900,000, the cost for the building itself being estimated at £175,000, based on figures compiled in January, 1946. The Committee was concerned by the emphasis given in evidence to the rising costs of building operations and the impossibility of estimating with reasonable accuracy the ultimate cost of the building as planned. In its recommendations the Committee therefore included a suggestion that the Minister, before approving substantial commitments in connection with the building, should call for a special review of the estimates, in order to make a comparison with the figures originally presented.
- 6. Amongst other things the Committee also recommended that the centilevered section of the building proposed should be eliminated to conform to existing local by-laws, and prevent the necessity for elterations and disruption to services at some future time.

SECTION II.

THE PRESENT PROPOSAL.

- 7. After work had preceded on the final preparation of the plans to a point where fresh estimates could be arrived at, it was decided by the Minister that, as costs had risen very considerably above the former estimates, and as some alterations were required to the plans, the work should be re-submitted to the Parliamentary Standing Committee on Public Works for its further report. The project was accordingly referred to the Committee again on 10th February, 1949.
- 8. Alterations to the plans include a Sub-basement, strengthening of the structural frame and floors, and subdivision of feur Upper Floors, as well as prevision to eliminate the contilevered section, as suggested in the Committee's former Report.

The revised cost of the whole Exchange is now estimated at \$1,180,000 compared with the fermer total estimate of \$200,000.

SECTION III.

THE COMMITTEE'S INVESTIGATIONS.

CHIPPAL.

10. As the Committee had theroughly examined the necessity for the project in the original reference, and had inspected the site and present buildings, the evidence already in hand regarding this Exchange was considered in the light of the alterations and estimates now submitted. Further evidence was taken from officials of the Fostmaster-General's Department and the Department of Works and Housing, and reasons were sought for the increased total estimate, in order to determine the amount which was due to additions and alterations, spart from the increases due to rising costs. The alterations to the plans were studied, and the whole project was reviewed in order to place it in its right perspective in relation to the everall plan for the City.

THE BUILDING ALTERATIONS.

The Sub-lineaucat.

- During the time of preparing detailed working drawings, specifications, etc., a special Cabinet Sub-seemittee issued instructions relative to extra protection which was to be provided in all new Government buildings as a civil defence measure. As a result it become accessary to make prevision in those plans for a Sub-basement, and this in turn demanded the strengthening of the frame and floors of the building.
- 12. Previous evidence on this project indicated that the land upon which the building is to be created will provide poor foundations, and, with the additional depth now required for the Sub-basement, it will be accessary to sheet-pile the area in order to support the adjacent buildings. This will be a factor in increasing the total cost.

Other Alteretions.

13. The plane have been eltered to emit the centilevered floors to Flinders Lame, thus bringing the building into line with the Melbeurne City Council building regulations governing "Little" streets. The amendments to the plan for this purpose made necessary certain re-arrangement of equipment and minor elterations, and sub-division of four Upper Floors and other items have been included at the same time.

INCREAGED COSTS.

14. A comparison of the complete detailed costs in relation to the building as placed before the Committee in 1946 and those now submitted is shown in the following statement to

Iter.	Estimate placed be- fore C tes in 1946.	Present Estimates
Site (Already acquired)	£96,550	£26,560
building. Complete 7-story building consisting of Sub-besement, Besement, Ground and six Upper Floors.	f 175,550	441,000
Exchange Equipment. At Betman Exchange	400,000	480,000
At City West for traffic to and from Batman Exchange.	10,000	11,000
Subscribers' Equipment. Cost of altering subscribers' common battery manual equipment for automatic working. Labour. At Batman Exchange At City West Exchange Subscribers' equipment	5,000 50,000 2,000 2,000	5,600 60,000 2,600 2,600
Line Constructions Cost of alterations to cables for subscribers' and junction line reticul including breaking into existing tunns Labour Naturial	ation 1 " 12,000 84,000	15,000 30,000
Administration. General Administration charges on material and labour Contingensies.	49,900	47,000 58,950
TOTAL	2800,000	21,150,000

Bailding Contn.

- 15. In the above figures the amount shown for the complete seven story building consisting of Sub-basement, Beacment, Ground and six Upper Floors is set down at £441,000 against the original £175,550.
- 16. This has been subdivided to show the difference in cost of the building and services originally included, as separete from the extra items now introduced, and the following list indicates the details upon which the figures are based to

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Original Estimate	New E	stimate	
Building £121,000	Building	£200,071	
Engineering 54,550 £175,580	Engineering Services	91,990	£292,061
Additional Items.			
Civil Defence requirements, Sub-basement Stiffening superstructure, deeper working and	£36,925		
foundation work	22,575	59,500	
Extras			
Subdivision of Upper Floors 444 Cool room, Tea preparation rooms to Office Floors,	13,000		
additional Kitchen equipment, etc: Variation to gable tunnel Double glazing to windows	10,000 5,000		
of Lower Floors Duct work to structure Blinds	2,000 1,000 1,000	32,000	91,500
Contingency of 15% on £383,561			57,534
			£441,095.

17. The new estimates, exclusive of givil defence provisions, extras and contingencies, indicate 64 per cent and 68 per cent increases above the original estimates and, it is claimed, may reasonably be accepted as approximate increases in building industry costs since January, 1946.

- 18. It was stated, in evidence, that a careful study is made of costs in the building industry, and the Housing Division of the Department of Works and Housing published a cost index in February, 1948, showing 80 per cent to 80 per cent increased costs in six Capital Cities of Australia between 1939 and September, 1947. Quotations from a British inquiry which sets out many causes of increased costs of house building were also made to illustrate that similar rises in costs are taking place in other countries.
- 19. Of the many factors stated to be influencing the rising costs, increased costs of labour and materials were important, and figures available as a result of an examination of costs between January, 1946, and January, 1949, are as follows :-

These rates.	Parsantage increase.		
Tradeanen	26.8		
Tradeamen Skilled labourers Unskilled "	82.5		
Unskilled "	80.8		

Reduction in hours from 44 to 40 per week, and provision for annual leave caused the following increases:

40 hour week 10 Annual leave 4

Material used in building increased in the following percentages :-

Bricks	45.4
Coment.	16.4
Sand	20.3
Metal seremings	22.7
Kardwood	35.6
Jarrah	70
Flooring	17 to 21
Deors	48 to 50
Paint	30.8

Overlanding of the Building Industry.

20. The shortages of materials and labour are locked upon as symptoms of a more fundamental disorder, namely an everloading of the building industry due to an excessive volume of work being put in hand after the war in relation to the available resources.

- 21. In so far as Commonwealth Government works are concerned, action has been taken to restrict the programme according to the espacity of the Department of Works and Rousing to plan and construct. This action has certain advantages, but, on the other hand serious inconvenience to Governmental instrumentalities is likely to accrue and precipitate efforts to expand construction in an already everloaded building industry.
- 22. It is therefore recommended that the policy of restricting works to those for which a reasonable flow of materials can be assured should be carefully maintained, so that the possibility of disorganisation of the whole planning and construction programs may be avoided.
- 23. Considerable concern was expressed at the difficulties being experienced in making reliable estimates from which financial authorisations and costs may be closely related, and it cannot yet be stated that the peak in rising building costs has been attained, while further increases in wages are envisaged, with consequential adjustment of material prices.
- 24. The Committee is also concerned that major projects of this nature should have to be approved on the basis of figures which are unreliable, but it is satisfied that the officials concerned in the planning of the works are doing all in their power to present the most up to date and reliable estimates under the difficult direumstances. It hopes that the time will not be far distant when experience in post-wer building will combine with increasing stability to provide a reliable basis from which close estimates will be obtainable.

Equipment Costs.

25. The cost of equipment to be provided for the Exchange by the Postmaster-General's Department has also risen sharply, though the detailed figures show a smeller percentage increase then those for the building costs. The cost of the equipment itself is now stated to be fairly stable, any increase being caused largely by the higher price of lead and copper.

The cost of materials and labour for line construction and installation will continue to be as difficult to assess as similar items in the building work.

NECESSITY FOR THE BUILDING.

- 26. All the evidence continues to point to the urgent necessity for telephone buildings and the difficulties being experienced in providing adequate telephone facilities for the public, owing to lack of exchange buildings.
- 27. In the main plan for telephone services to the City, Melbourne will be sub-divided ultimately into four areas. All lines east of Elizabeth Street, will be connected to the Russell Exchange or the future Civic Exchange. West of Elizabeth Street lines will go to the City West Exchange or to the Batman Exchange. The Batman Exchange will take all the south-west portion of the area that is, in the direction of the docks and the river.
- 28. The Russell Exchange is in course of erection, but, although the target date for the cutover of this Exchange, mentioned to the Committee during the Russell investigation, was 1948/49, it is not at all likely that the building will be ready in time. Shortages of labour and materials have caused delays, and the Batman Exchange, which it was hoped would be ready in 1950/51, will now take considerably longer to complete. In the meantime, growth in the City area has increased from 16,130 on 31st March, 1946, to 19,048 on 31st January, 1949.

TEMPORARY MEASURES.

In order to meet the development which has taken place in the past two to three years, and to take care of the future growth expected to occur before the Russell and Batman Exchanges can be established, action has been taken to establish the latter Exchanges on a temporary basis in the City West and Central Exchange Buildings. This has been done at the expense of further overcrowding in the buildings already severely limited in efficiency and service through lack of space. It also involves the locating of some of the switching equipment of the Russell Exchange in the Carlton Exchange Building, where a limited area can be temporarily used.

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30. It has therefore been established to the satisfaction of the Committee that, although the costs of the project have risen steeply, the work is still urgently required in order that telephone development in the City area may be catered for. The Committee therefore recommends that the building be proceeded with, as an urgent measure, in accordance with the amended plans provided in the re-submission of this project.

SECTION IV.

THE COMMITTEE'S CONCLUSIONS.

31. The following is a brief summary of the decisions made by the Committee after consideration of the amended plans, the original evidence, and the additional evidence now mubmitted :-

Paragraph

(1)	Although costs have risen steeply the work is still urgently required and should be proceeded with as an urgent measure.	1n	Heport 30
(2)	The policy of restricting works to those for which a reasonable flow of materials can be assured should be carefully maintained.		2 2
(3)	The Committee is satisfied that the officials concerned are doing all in their power to present reliable estimates under difficult circumstances, but looks forward to the time when experience in post-war building and increasing stability will provide a reliable basis from which close estimates will be obtainable.		24.

CHARLES A. LAMP CHAIRMAN.

The Office of the Parliamentary Standing Committee on Public Works,
Parliament House,
CANBERRA. A.G.T.

16th June, 1949.