

Report 2/2014

Referrals made December 2013

- **Development and construction of housing for Defence at RAAF Base Tindal, Northern Territory**
- **Construction of a new Australian High Commission in Nairobi, Kenya**
- **CSIRO Clayton Property Strategy, Clayton, Victoria**
- **Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria**
- **CSIRO Consolidation Project, Australian Capital Territory**

Parliamentary Standing Committee on Public Works

March 2014
Canberra

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ISBN 978-1-74366-146-8 (Printed version)

ISBN 978-1-74366-147-5 (HTML version)

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Membership of the Committee

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Deputy Chair Mr Graham Perrett MP

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Ms Sharon Claydon MP Senator Anne Ruston
Senator Alex Gallacher Ms Joanne Ryan MP
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List of recommendations

3 Construction of a new Australian High Commission in Nairobi, Kenya

Recommendation 1

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Construction of a new Australian High Commission in Nairobi, Kenya.

4 CSIRO Clayton Property Strategy, Clayton, Victoria

Recommendation 2

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: CSIRO Clayton Property Strategy, Clayton, Victoria.

5 Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria

Recommendation 3

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria.

6 CSIRO Consolidation Project, Australian Capital Territory

Recommendation 4

The Committee recommends that CSIRO continue its consultations with staff, with a view to implementing measures to address staff concerns where this is warranted and feasible.

Recommendation 5

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: CSIRO Consolidation Project, Australian Capital Territory.

Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by Parliamentary Secretary to the Minister for Finance.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.¹
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
 - the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
 - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
 - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
 - the demolition, destruction, dismantling or removal of buildings, plant and equipment, earthworks, and other structures;
 - the clearing of land and the development of land for use as urban land or otherwise; and
 - any other matter declared by the regulations to be a work.²

1 The *Public Works Committee Act 1969* (The Act), Part III, Section 18(8). Exemptions from this requirement are provided for work of an urgent nature, defence work contrary to the public interest, repetitive work, and work by prescribed authorities listed in the *Regulations*.

2 The Act, Section 5.

- 1.4 The Act requires that the Committee consider and report on:
- the purpose of the work and its suitability for that purpose;
 - the need for, or the advisability of, carrying out the work;
 - whether the money to be expended on the work is being spent in the most cost effective manner;
 - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
 - the present and prospective public value of the work.³
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

Structure of the report

- 1.6 The works considered in this report were referred to the Committee in December 2013. These works were referred by the Parliamentary Secretary to the Minister for Finance, The Hon Michael McCormack MP.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, public submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on significant issues of interest or concern.
- 1.9 The Committee appreciates, and fully considers, the input of the community to its inquiries. Those interested in the proposals considered in this report are encouraged to access the full inquiry proceedings available on the Committee's website.
- 1.10 Chapter 2 addresses the proposed development and construction of housing for Defence at RAAF Base Tindal in the Northern Territory. The estimated cost of the project is \$89.4 million.
- 1.11 Chapter 3 addresses the construction of the new Australian High Commission in Nairobi, Republic of Kenya. The estimated cost of the project is \$57.6 million, excluding land costs.
- 1.12 Chapter 4 addresses the CSIRO Clayton Property Strategy, Clayton, Victoria. The estimated cost of the project is \$32 million.
- 1.13 Chapter 5 addresses the Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria. The estimated cost of the project is \$72 million.

3 The Act, Section 17.

- 1.14 Chapter 6 addresses the CSIRO Consolidation Project, Australian Capital Territory. The estimated cost of the project is \$195.6 million.
- 1.15 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.

Development and construction of housing for Defence at RAAF Base Tindal, Northern Territory

- 2.1 Defence Housing Australia (DHA) proposes to construct 50 new tropically designed dwellings and associated supporting roads and infrastructure for use by Defence personnel and their families at RAAF Base Tindal, Northern Territory.
- 2.2 The estimated cost of the project is \$89.4 million.

Conduct of the inquiry

- 2.3 The proposal was referred to the Committee on 10 December 2013.
- 2.4 The inquiry was publicised on the Committee's website and by media release. The Committee received one submission and one confidential submission from DHA regarding the project costs. A list of submissions can be found at Appendix A.
- 2.5 The Committee conducted a public hearing, and an in-camera hearing on the project costs, on 31 January 2014 in Katherine, NT.
- 2.6 The transcript of the public hearing and the submission to the inquiry are available on the Committee's website.¹

Committee comments

- 2.7 The Committee has suspended consideration of this project, pending receipt of further information on project delivery options and costs. The Committee has also requested that DHA attend an additional public and in-camera hearing.

1 <www.aph.gov.au/pwc>

Construction of a new Australian High Commission in Nairobi, Kenya

- 3.1 The Department of Foreign Affairs and Trade (DFAT) seeks approval from the Committee to build a new Australian High Commission in Nairobi, Republic of Kenya.
- 3.2 In 2004-05, a global review of physical security at Australia's overseas missions identified the current mission in Nairobi as a high risk chancery.
- 3.3 The proposed purpose built new Australian High Commission (AHC) complex will serve as Australia's ongoing permanent mission to Kenya and will be tenanted by:
- DFAT (including the previous AusAID);
 - the Department of Immigration and Border Protection (DIBP);
 - the Australian Trade Commission (Austrade);
 - the Australian Centre for International Agricultural Research (ACIAR); and
 - DTZ – DFAT's Overseas Property Office's overseas facilities managers.
- 3.4 The project was referred to the Committee on 10 December 2013.

Conduct of the inquiry

- 3.5 Following this referral, the inquiry was publicised on the Committee's website and via media release.
- 3.6 The Committee received one submission and one confidential supplementary submission from DFAT. A list of submissions can be found at Appendix A.

- 3.7 The confidential submission comprised the project costings and sensitive information which DFAT submitted could not be published for security reasons. The Committee accepted DFAT's submission in this regard and the selected information was not authorised for publication, on DFAT's advice.
- 3.8 The Committee conducted a public hearing on the project and an in-camera hearing on the project costings on 10 February 2014 in Canberra. As the Committee was not able to conduct a site inspection for the project in Nairobi¹, DFAT provided the Committee with a private briefing on the project design and elements prior to the public hearing.
- 3.9 A transcript of the public hearing and a copy of DFAT's public submission to the inquiry are both available on the Committee's website.²

Need for the works

- 3.10 The Nairobi AHC supports Australian government policy – strengthening trade, investment and people-to-people links with East Africa, in a challenging international environment.³
- 3.11 Australia's engagement with Kenya, and Africa more broadly, has grown significantly in recent years as has Australia's representation in Nairobi.⁴
- 3.12 DFAT told the Committee that the proposed work is needed because:
- The existing chancery building no longer meets the security, operational and accommodation needs of the represented agencies in an environment of worsening security conditions in Africa, particularly in light of the recent terrorist event in Nairobi.⁵
- 3.13 The current chancery which no longer meets DFAT's current physical security requirements is leased. It was built in 1989 and has significant building and fire-compliance deficiencies when benchmarked against Australian standards.⁶
- 3.14 Before making the decision to construct a new building, DFAT identified and pursued a number of options including:

1 See Part III, Section 18B of the *Public Works Committee Act 1969*.

2 <www.aph.gov.au/pwc>

3 Department of Foreign Affairs and Trade, Submission 1, p. 2.

4 Department of Foreign Affairs and Trade, Submission 1, p. 2.

5 Department of Foreign Affairs and Trade, Submission 1, p. 2.

6 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 1.

- To undertake a series of works at the existing site to provide the operational requirements and the security requirements;
 - To explore whether there was an alternative leased option that could be taken from the marketplace to satisfy requirements; and
 - To explore acquisition of land and purpose-built construction.
- 3.15 DFAT concluded that the third option was the only option that could be pursued because at the existing site there is an insufficient amount of setback from the main road for security reasons and due to the age of the building, its construction is significantly different from standards applicable today. Buildings on other sites which were considered all failed in a number of areas associated with occupational health and safety standards and security requirements.⁷
- 3.16 Construction of the proposed new complex will not disrupt the work of the high commission as the existing offices will be retained until the new building is completed.⁸
- 3.17 The Committee is satisfied that there is a need for the works.

Scope of the works

- 3.18 The project involves the construction of a new AHC complex on a greenfield site located approximately 15 kilometres from the Nairobi city centre. The complex will include the chancery building plus the following support and recreational buildings within a secure perimeter:
- two entry guardhouses
 - an energy services building, and
 - a recreational pavilion.⁹
- 3.19 The composition of the chancery is to be divided into the following major functional groups;
- Public Areas
 - Office Areas for Tenant Agencies
 - Common Areas

7 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 5.

8 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 4.

9 Department of Foreign Affairs and Trade, Submission 1, p. 3.

- Shared Areas
 - Building Plant and Facilities Service Areas
- 3.20 The public areas will include the main entry foyer, the DIBP foyer and the associated waiting rooms, reception, toilets and display areas located between the chancery's entrance doors and the secure air lock that provides access to the internal controlled areas.¹⁰
- 3.21 A guardhouse and security screening facilities for pedestrians and vehicles will be required at the entrance to the site. Car parking will be located within the secure perimeter.¹¹
- 3.22 Vehicle and pedestrian entry and exit routes will be developed as appropriate. Pedestrian paving from the guardhouse to the chancery main entry will be designed with consideration to its role as the potential evacuation route in emergencies or crises. If required and site constraints allow, a separate dedicated staff entry may be provided and located away from the pedestrian visitors' entry.¹²
- 3.23 The provision of on-site locally engaged staff (LES) parking outside of the secure perimeter will inform the siting of the main guardhouse and staff and visitor entries. An additional emergency pedestrian egress point from the site will be required.¹³

Suitability of the building

- 3.24 DFAT believes that once built, the new AHC will provide an appropriate architectural presence in which to represent and further Australian interests in Kenya and the East Africa region.¹⁴
- 3.25 The new buildings will be strategically located on the site to improve utility service efficiencies.¹⁵ The buildings will include the chancery, two guardhouses and an energy services centre and recreational pavilion.
- 3.26 The new chancery will complement the environment it will be built in:
- The exterior and interior of the new chancery will provide a contemporary response to the unique character of Nairobi's built

10 Department of Foreign Affairs and Trade, Submission 1, p. 8.

11 Department of Foreign Affairs and Trade, Submission 1, p. 8.

12 Department of Foreign Affairs and Trade, Submission 1, p. 8.

13 Department of Foreign Affairs and Trade, Submission 1, p. 8.

14 Department of Foreign Affairs and Trade, Submission 1, p. 13.

15 Department of Foreign Affairs and Trade, Submission 1, p. 13.

environment whilst maintaining a strong reference to an Australian architectural identity.¹⁶

- 3.27 The builder will utilise as much of the materials, colours and forms found in the local environment as possible in construction.¹⁷

Security

- 3.28 DFAT told the Committee that the proposed chancery will provide appropriate physical security to address the DFAT threat assessment.¹⁸

We are satisfied that ... our ability to site the building relative to roads and points of entry to the site greatly assist a significant improvement in our security.¹⁹

- 3.29 The chancery and associated structures will be sited to achieve both the necessary security setbacks within the confines of the site and the necessary operational requirements to ensure ease of access for both pedestrians and vehicles.²⁰
- 3.30 Intruder alarm systems for the restricted and secure areas of the chancery will be supplied, installed and maintained by DFAT. CCTV coverage will be required to all external areas of the compound, at the street access locations and to public and other areas within the chancery; all designed and installed in accordance with DFAT requirements. An Electronic Access Control Systems will be required throughout all the areas of the chancery and around the compound.²¹
- 3.31 Security measures for the new high commission were further discussed in detail during the in-camera hearing.

Staff amenity

- 3.32 There is provision for a canteen and an informal break-out area for staff in the design of the new AHC complex. DFAT said:

The canteen is to be used by staff as a retreat from the office, to make coffee and tea, eat lunch and generally to relax. Ideally it should include a space both for active (e.g. table tennis) and

16 Department of Foreign Affairs and Trade, Submission 1, p. 13.

17 Department of Foreign Affairs and Trade, Submission 1, p. 13.

18 Department of Foreign Affairs and Trade, Submission 1, p. 3.

19 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 2.

20 Department of Foreign Affairs and Trade, Submission 1, p. 14.

21 Department of Foreign Affairs and Trade, Submission 1, p. 21.

passive recreation, including dining and kitchen areas with easy access to a paved covered external zone.²²

- 3.33 A recreational pavilion will be built on site to house a swimming pool and a multi-use court. During the public hearing DFAT was asked if other embassies and high commissions in Nairobi provide tennis courts and swimming pools for staff and the Committee heard that:

... we would not be the only mission that was providing that level of amenity. ... The reality is that within a city like Nairobi there is limited availability of alternative public facilities that the staff could access. We believe it is appropriate, given the general difficulties of living and working in a city like Nairobi, that there is a reasonable level of access to amenity of that type for staff to enjoy.²³

- 3.34 DFAT has assured the Committee that the design of the new AHC will comply with the Building Code of Australia and relevant Workplace Health & Safety codes and standards in relation to disability access.²⁴

- 3.35 Considering all aspects of the building design, security and amenity, the Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Cost of the works

- 3.36 The approved budget for the proposed works, excluding land costs, is AU\$57.6 million.²⁵ The land is owned by the Commonwealth of Australia.²⁶

- 3.37 The cost estimate includes all project works as managed by DFAT's Overseas Property Office (OPO), specialist communications, IT and physical security items, and direct agency costs. Project works as managed by the OPO includes construction and fit-out works (including risk contingencies and escalation allowances), furniture, consultant and project management costs, legal fees and other miscellaneous costs and charges.²⁷

22 Department of Foreign Affairs and Trade, Submission 1, p. 10.

23 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 3.

24 Department of Foreign Affairs and Trade, Submission 1, p. 3.

25 Department of Foreign Affairs and Trade, Submission 1, p. 27.

26 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 1.

27 Department of Foreign Affairs and Trade, Submission 1, p. 27.

- 3.38 The cost estimate does not include Kenyan Government Import Duty as goods specifically imported for the AHC project should be rated at zero per cent duty.²⁸
- 3.39 Kenyan Government Value Added Tax (VAT) is currently 16 per cent and has been included in the cost estimates. DFAT said that every endeavour will be made to recover any VAT paid using government-to-government reciprocal arrangements:²⁹
- ... we are pursuing discussions with the government of Kenya. We are seeking to engage and enter into what is referred to as a C and R – a construction and renovation agreement – which would allow the project to be VAT exempt.³⁰
- 3.40 DFAT told the Committee that in order to be sure the project delivered value for money it engaged an internationally recognised firm as cost planning consultants.³¹
- 3.41 In a supplementary confidential submission and during the in-camera hearing, DFAT provided evidence to the Committee on the costings of the project.
- 3.42 The Committee considers that costings for the project have been adequately assessed by the proponent agency. The Committee is satisfied that the proposed expenditure is cost effective. As the project will not be revenue generating the Committee makes no comment in relation to this matter.

Committee comments

- 3.43 The Committee did not identify issues of concern with the proposal and is satisfied that the project has merit in terms of need, scope and cost.
- 3.44 The Committee commends DFAT for presenting information in a clear and consistent manner, and for preparing thoroughly for the hearings.
- 3.45 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee also requires that a post-implementation report be provided within three months of completion of

28 Department of Foreign Affairs and Trade, Submission 1, p. 27

29 Department of Foreign Affairs and Trade, Submission 1, p. 27.

30 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 7.

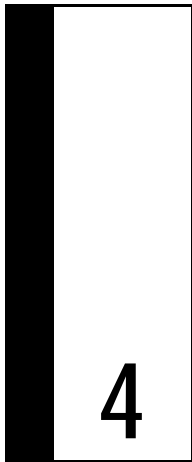
31 Mr K. Nixon, Department of Foreign Affairs and Trade, transcript of evidence, 10 February 2014, p. 3.

the project. A template for the report can be found on the Committee's website.

- 3.46 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 1

- 3.47 **The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Construction of a new Australian High Commission in Nairobi, Kenya.**



CSIRO Clayton Property Strategy, Clayton, Victoria

- 4.1 The Commonwealth Scientific and Industrial Research Organisation (CSIRO) proposes to relocate its staff and research capabilities from its site at Highett, Victoria, to its site at Clayton, Victoria, adjacent to Monash University. The project also includes the provision of a new building at North Clayton for the CSIRO Science Education Centre (CSEC) and Factories of the Future Innovation (FoFi) Centre.
- 4.2 The project objectives are to consolidate CSIRO capabilities, provide efficiencies by reducing duplication, create the FoFi Centre and enable the sale of the Highett site.
- 4.3 The estimated cost of the project is \$32 million.

Conduct of the inquiry

- 4.4 The proposal was referred to the Committee on 11 December 2013.
- 4.5 The inquiry was publicised on the Committee's website and by media release. The Committee received four submissions and one supplementary submission, in addition to two confidential submissions from CSIRO regarding the project costs. A list of submissions can be found at Appendix A.
- 4.6 The Committee conducted a site inspection, a public hearing, and an in-camera hearing on the project costs, on 17 February 2014 in Melbourne.
- 4.7 The transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

1 <www.aph.gov.au/pwc>

Need for the works

- 4.8 The relocation of all capabilities from the existing Highett site to Clayton will consolidate CSIRO's key sites and buildings at the Clayton site to provide fit-for-purpose facilities and reduce CSIRO's property operating costs.² The proposed works will also mitigate health, safety and environment risks, and improve staff amenity.³
- 4.9 The current facilities at Highett are ageing and no longer fit-for purpose. CSIRO's initial submission stated:
- ... the condition of the buildings on the Highett site have deteriorated significantly over time, and ... it is no longer good value for money to refurbish them.⁴
- 4.10 Further, a national asset condition report undertaken in 2011 rated the Highett site as being in a high operational risk category:
- The Highett site was rated at 1.5 out of five. That was based on a number of factors that included compliance with the Building Code of Australia, including asbestos on the site – the building fabrication – the age of those facilities, and also the density of population ... Staff are working on large-scale equipment [at Highett] and the fact that they are working alone does cause us a health and safety risk as well ...⁵
- 4.11 Regarding asbestos on the Highett site:
- ... nearly every structure on that site has asbestos. Staff are only working in buildings where it is accepted that there is no risk of asbestos exposure to them. Any buildings that present a risk of exposure to our staff have been shut down and are secured.⁶
- 4.12 The Committee is satisfied that there is a need for the works.

Scope of the works

- 4.13 The scope of the works includes:
- the refurbishment and fit out of some existing facilities at Clayton and North Clayton to meet the science needs of relocated groups;
 - the relocation of staff and specialist science equipment; and

2 CSIRO, Submission 1, p. 6.

3 CSIRO, Submission 1, pp. 10-11.

4 CSIRO, Submission 1, p. 2.

5 Mr M. Wallis, CSIRO, transcript of evidence, 17 February 2014, p. 6.

6 Mr M. Wallis, CSIRO, transcript of evidence, 17 February 2014, p. 6.

- the creation of the FoFi Centre at Clayton incorporating CSEC providing opportunity for scientists of the future to see industry of the future.⁷
- 4.14 The relocation and refurbishment portions of the project will enable increased collaboration:
- This relocation will enable these scientists to work more closely with colleagues in CSIRO and local collaborators and to access and share deeper knowledge supporting industry focused projects, noting that 40 per cent of Victorian manufacturing companies are located in south-east Melbourne. CSIRO is expecting an increase in new technologies being produced at the site as a result of this enhanced collaboration.⁸
- 4.15 The FoFi Centre enables collaboration with Australian manufacturing enterprises:
- The Factories of the Future Innovation Centre is an open-access facility where firms can visit to try out new-advanced manufacturing technologies and processes prior to making their investment decisions. Participating firms will be supported by technicians, scientists and engineers that form part of the technical support. This effectively derisks their adoption of emerging technologies and provides strong linkage between applied research and the commercial adoption of technologies in the Australian manufacturing sector.⁹
- 4.16 Subject to parliamentary approval, construction of the Highett relocation/Clayton refurbishment component of the project will commence in June 2014 and be completed by September 2015. Phased relocation will occur throughout 2015. Construction of the FoFi Centre component will also commence in June 2014 and be completed by December 2015.¹⁰
- 4.17 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Cost of the works

- 4.18 The total estimated cost of the project is \$32 million.

7 CSIRO, Submission 1, p. 3.

8 Ms H. Bennett, CSIRO, transcript of evidence, 17 February 2014, p. 2.

9 Ms H. Bennett, CSIRO, transcript of evidence, 17 February 2014, p. 2.

10 CSIRO, Submission 1, p. 34.

- 4.19 The Committee received two confidential supplementary submissions detailing the project costs and held an in-camera hearing with CSIRO on those costs.
- 4.20 The cost of the works is to be offset by the sale of the Highett site, with the sale of CSIRO's Parkville site to ensure adequate cash flow.¹¹
- 4.21 The Committee considers that costs for the project have been adequately assessed by the proponent agency. The Committee is satisfied that the proposed expenditure is cost effective. As the work is not revenue generating, the Committee makes no comment in relation to this matter.

Committee comments

- 4.22 The Committee notes that the initial written submissions from CSIRO, while satisfactory, could have presented project details in a clearer manner and included greater detail in some aspects.
- 4.23 Further, CSIRO's initial submissions contained a number of factual errors that were corrected at the public hearing. CSIRO also subsequently clarified evidence given at the public hearing, indicating that it 'did not clearly reflect the facts'.¹²
- 4.24 The Committee emphasises the importance of presenting information that is clear and accurate. The Committee encourages CSIRO to review and implement quality assurance measures to ensure the accuracy and veracity of evidence presented.
- 4.25 However, the Committee identified no issues of concern with the project, and is satisfied that the project has merit in terms of need, scope and cost.
- 4.26 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee also requires that a post-implementation report be provided within three months of completion of the project. A template for the report can be found on the Committee's website.
- 4.27 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

11 Ms H. Bennett, CSIRO, transcript of evidence, 17 February 2014, p. 3.

12 CSIRO, Submission 1.4, p. 1 (See Appendix C).

Recommendation 2

- 4.28 The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: CSIRO Clayton Property Strategy, Clayton, Victoria.

Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria

- 5.1 The Reserve Bank of Australia (the Bank) proposes to construct a National Banknote Site (NBS) adjacent to the Bank's existing facilities in Craigieburn, Victoria.
- 5.2 The NBS would enable the transition to the Next Generation Banknote (NGB) series and meet the Bank's storage, distribution and processing requirements for the next 25 years.
- 5.3 It will also allow for the relocation and expansion of the existing National Note Processing and Distribution Centre (NNPDC), and will include storage capacity to accommodate the Bank's banknote holdings that are currently held in the Bank's Melbourne site.¹
- 5.4 The project aims to:
- Meet the additional banknote storage, distribution and processing requirements for the transition to NGB, future banknote upgrades and the projected growth of banknotes in circulation;
 - Integrate a new logistics system including automated storage and handling;
 - Implement the Bank's physical security standards to achieve international security benchmarks;
 - Manage potential disruption to the existing operations on the site; and
 - Develop a long-term strategy to optimise the site to allow flexibility for the Bank's operations associated with banknote storage and distribution.²
- 5.5 The estimated cost of the project is \$72 million.

1 Reserve Bank of Australia, Submission 1, p. 2.

2 Reserve Bank of Australia, Submission 1, p. 11.

Conduct of the inquiry

- 5.6 The proposal was referred to the Committee on 10 December 2013.
- 5.7 The inquiry was publicised on the Committee's website and by media release. The Committee received one submission and three supplementary submissions from the Bank. A list of submissions can be found at Appendix A.
- 5.8 The Committee conducted a site inspection, a public hearing, and an in-camera hearing on the project costs, on 17 February 2014 in Melbourne.
- 5.9 The transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.³

Need for the works

- 5.10 The Bank has established a project to upgrade the security of Australia's banknotes. This Next Generation Banknote (NGB) project will progressively replace the currently circulating banknotes with new upgraded banknotes over the next decade.⁴
- 5.11 While the Bank's storage capacity has declined over the past 20 years, the number of banknotes in circulation has increased by almost 5 per cent per annum over the same period. As a result, the Bank has insufficient storage capacity to accommodate the storage of the NGB that will have been printed and await issue, and the current series banknotes that will have been withdrawn from circulation and scheduled for verification and destruction. Over the NGB issuance period, approximately 5 billion banknotes will be handled by the Bank.⁵
- 5.12 It is estimated that banknote storage requirements will exceed current capacity by early 2017, and peak well over current capacity during the issuance of the NGB. Beyond NGB, the Bank's strongroom capacity will need to accommodate the projected increase of banknotes in circulation and provision for future banknote upgrade programs. The Bank aims to meet its banknote storage requirements for a minimum of 10 years, and to include provision for a future strongroom expansion if required.⁶
- 5.13 The existing processing capacity at the National Note Processing and Distribution Centre (NNPDC) consists of four high-speed processing machines. This allows the processing of 170 million banknotes a year. During the issuance of the NGB, over 1.7 billion banknotes will be

3 <www.aph.gov.au/pwc>

4 Reserve Bank of Australia, Submission 1, p. 3.

5 Reserve Bank of Australia, Submission 1, p. 4.

6 Reserve Bank of Australia, Submission 1, pp. 4-5.

withdrawn from circulation and returned to the Bank for validation and destruction.⁷

- 5.14 The Bank considered upgrading and extending the existing facility, constructing a new building inside its existing secure site perimeter, and constructing a new building outside the existing secure site perimeter. This third option was selected for its benefits to the Bank, including its limited impact on existing operations, security and production of the NGB during construction, and the segregation of Bank facilities following construction.⁸
- 5.15 The Committee is satisfied that there is a need for the works.

Scope of the works

- 5.16 The scope of the works includes:
- Banknote strongroom;
 - Banknote processing facility;
 - Secure loading dock;
 - Integration of logistics system;
 - Security control room;
 - Data centre;
 - Administration;
 - Support facilities;
 - Services building; and
 - Perimeter security.⁹
- 5.17 Subject to parliamentary approval, construction is scheduled to commence in January 2015 and be completed by February 2017.¹⁰
- 5.18 As the new facility will be constructed outside of the Bank's existing secure perimeter, the construction phase will not compromise existing secure facilities. However, protecting security for the new site during the development and construction phases of the project is a risk that needs to be managed.
- 5.19 At the public hearing, the Bank outlined the measures that it will put in place to protect security in all phases of the project. For example, during the development phase:

7 Reserve Bank of Australia, Submission 1, p. 5.

8 Reserve Bank of Australia, Submission 1, pp. 5-7.

9 Reserve Bank of Australia, Submission 1, pp. 14-15.

10 Reserve Bank of Australia, Submission 1.2, p. 1.

This project documentation will be very sensitive, so we will be establishing a project office in our head office, where all of the professional advisers will make their contribution. The documentation itself will be retained within the Reserve Bank's secure network. We will have data-leakage-prevention software to make sure that this information remains where it should be—behind our firewalls. This is a very important risk. The risks around the project documentation remain unacceptably high, and we are well aware of that, but we are working towards bringing them down to a level that we regard as acceptable.¹¹

5.20 During the tender process:

... bidding firms will be required to prepare their bids on the Reserve Bank's premises, on site. We will redact sensitive information. We need to devise—and we have some thoughts as to how we will do this—how we will cost the redacted information. We will ask them for rates for certain things and we will do the sums. So what is sensitive will remain sensitive and will not be viewed by the tendering firms until one is appointed. Needless to say, the current set of professional advisers and others in the future, including people who are tendering, will be required to sign deeds of confidentiality.¹²

5.21 During the construction phase:

... there will be a secure project office. The site will be secured, all contractors will require police checks and we will be devising processes in which information is provided to subcontractors on a strictly need-to-know basis. So we understand all of these issues and we will be progressing them with the firms that are appointed as we proceed. But we are acutely aware of the issue, and it is a high risk for the project.¹³

5.22 The Committee is satisfied that the Bank has taken, and will continue to take, all possible measures to protect security throughout the project.

5.23 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Cost of the works

5.24 The total estimated cost of the project is \$72 million.

11 Mr F. Campbell, Reserve Bank of Australia, transcript of evidence, 17 February 2014, p. 5.

12 Mr F. Campbell, Reserve Bank of Australia, transcript of evidence, 17 February 2014, p. 5.

13 Mr F. Campbell, Reserve Bank of Australia, transcript of evidence, 17 February 2014, p. 5.

- 5.25 The Committee received two confidential supplementary submissions detailing the project costs and held an in-camera hearing with the Bank on those costs.
- 5.26 The Committee considers that costs for the project have been adequately assessed by the proponent agency. The Committee is satisfied that the proposed expenditure is cost effective. As the work is not revenue generating, the Committee makes no comment in relation to this matter.

Committee comments

- 5.27 The Committee did not identify any issues of concern with the proposal and is satisfied that the project has merit in terms of need, scope and cost.
- 5.28 The Committee commends the Bank for presenting information in a clear and consistent manner, and for preparing thoroughly for the inspections and hearings.
- 5.29 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee also requires that a post-implementation report be provided within three months of completion of the project. A template for the report can be found on the Committee's website.
- 5.30 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 3

- 5.31 **The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria.**

CSIRO Consolidation Project, Australian Capital Territory

- 6.1 The Commonwealth Scientific and Industrial Research Organisation (CSIRO) proposes to consolidate its ACT property holdings by relocating staff from leased premises in Campbell, Yarralumla, and Acton to CSIRO's owned site at Black Mountain.
- 6.2 The CSIRO ACT Consolidation Project includes construction of two new science research and support facilities on the Black Mountain campus. The new buildings will accommodate relocated staff and staff that currently occupy buildings on the Black Mountain campus which have passed their effective design life, do not meet current standards for health and safety, represent inefficient use of space, have high maintenance costs and present operational risk. The unsuitable buildings will be demolished.
- 6.3 The proposal includes the refurbishment of four existing buildings, as well as the upgrade of associated support infrastructure.
- 6.4 The new fit-for-purpose accommodation on the Black Mountain campus will reduce operational expenditure on leases and maintenance costs through reduced footprint to a single site.
- 6.5 The estimated cost of the project is \$195.6 million (excluding GST).

Conduct of the inquiry

- 6.6 The proposal was referred to the Committee on 10 December 2013.
- 6.7 The inquiry was advertised on the Committee's website and by media release. The Committee received four submissions and one confidential submission from the CSIRO regarding the project costs. A list of submissions can be found at Appendix A.

- 6.8 The Committee conducted a site inspection, a public hearing, and an in-camera hearing on the project costs, on 28 February 2014 in Canberra.
- 6.9 The transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 6.10 Based on existing budget allocations, the CSIRO told the Committee it expects a future shortfall in operational and maintenance funding for the ACT property portfolio, to be in the order of \$28 million excluding GST over the next ten years.²
- 6.11 In view of the expected future shortfall in operational and maintenance funding, the cost savings that will be realised by consolidating operations from leased sites and unsuitable owned facilities in the Black Mountain campus into a centralised and modern facility at the Black Mountain campus are critical to the sustainability of CSIRO's operating budget.³
- 6.12 CSIRO told the Committee that a number of buildings on the Black Mountain campus have significantly deteriorated and there is a pressing need to upgrade facilities to provide efficient, effective and fit-for-purpose science and office environments for staff currently accommodated in buildings that are at the end of their economic life and are considered to be in unacceptable condition.⁴
- 6.13 During the course of a morning inspection of the Black Mountain campus, Committee members saw firsthand some of the buildings which will be demolished.
- 6.14 Among the various issues that CSIRO has identified in the older buildings which will be demolished or refurbished, are:
- potential staff exposure to asbestos bonded products in some buildings;
 - unacceptable working conditions in buildings which are not airconditioned, resulting in many staff complaints during the peak of summer;
 - non-compliance with the National Construction Code (NCC) in relation to building fire safety systems; and

1 <www.aph.gov.au/pwc>

2 CSIRO, Submission 1, p. 12.

3 CSIRO, Submission 1, p. 12.

4 CSIRO, Submission 1, p. 13.

- varied compliance with the Disability Discrimination Act within the older buildings and between buildings across the site.⁵
- 6.15 CSIRO notes that the provision of quality science and office accommodation is an important factor in the recruitment and retention of quality staff. This has been identified as an issue for CSIRO for a number of years as CSIRO competes with other research institutions for staff, who in recent times have invested heavily (through Commonwealth's Education Investment Fund and other grants) in modernising their accommodation to contemporary standards.⁶
- 6.16 CSIRO told the Committee:
- We want to provide modern, fit-for-purpose laboratory and office accommodation with science facilities that support and enable CSIRO to continue to deliver world-class research and meet changing regulatory and environmental compliance frameworks. This will ... provide a positive working environment, contributing to the attraction and retention of staff and collaborators.⁷
- 6.17 In addition, research-based work has significantly changed over time to become more focussed on bio-infomatics and computer simulation as opposed to the predominantly laboratory based research facilities that exist within the existing older facilities.⁸
- 6.18 The Committee is satisfied that there is a need for the works.

Scope of the works

- 6.19 The scope of the works⁹ includes both construction of a new development and the refurbishment of four key CSIRO buildings. The project will be undertaken in two phases.
- 6.20 The Phase 1 scope of works includes:
- construction of approximately 7,900m² purpose built specialist laboratory and research building, comprising science capability and constructed to level of Physical Containment Level 2 (PC2) laboratories, office accommodation and staff amenities;

5 CSIRO, Submission 1, p. 12-13.

6 CSIRO, Submission 1, p. 13.

7 Ms H. Bennett, CSIRO, transcript of evidence, 28 February 2014, p. 1.

8 CSIRO, Submission 1, p. 13.

9 CSIRO, Submission 1, pp. 2-3.

- refurbishment of two floors of the Discovery Centre to convert existing non-compliant PC2 laboratories into office accommodation;
 - construct a new on-grade car park for 310 spaces;
 - demolition of obsolete buildings; and
 - associated infrastructure and landscaping.
- 6.21 The key milestone for Phase 1 is to vacate the Campbell site and relocate staff to the Black Mountain campus prior to the lease expiry in June 2016. During the public hearing, CSIRO reassured the Committee it does not anticipate that there will be any issues which would impact on achieving that milestone.¹⁰
- 6.22 The Phase 2 scope of works includes:
- construction of approximately 5,800m² purpose built specialist laboratory and research building, comprising PC2 laboratories, office accommodation and staff amenities;
 - associated infrastructure and landscaping;
 - refurbishment of the Pye Laboratory into support office accommodation and conversion of the building's lower level into a science calibration and technical workshop facility;
 - refurbishment of the Library to office accommodation; and
 - minor refurbishment of Sir Otto Frankel Laboratories to convert a number of non-compliant PC2 laboratories to Physical Containment Level 1 (PC1) laboratories and science support facilities.
- 6.23 Phase 2 will be delivered over a three year timeframe to align with the lease expiry of premises in Acton in January 2020 and Yarralumla in June 2021, at which time, staff from both sites will be relocated to the Black Mountain Campus.
- 6.24 The Committee finds that the proposed scope of the works is suitable for the works to meet its purpose.

Cost of the works

- 6.25 The cost of this proposal is \$195.6 million (excluding GST). This includes the construction costs, site preparation; infrastructure services costs,

¹⁰ Ms H. Bennett, CSIRO, transcript of evidence, 28 February 2014, p. 3.

management and design fees, furniture, fittings and equipment, contingencies and escalation.¹¹

- 6.26 CSIRO told the Committee that the proposal is utilising approximately \$100 million in funds from the Wireless Local Area Network (WLAN) licencing arrangements which was awarded to CSIRO in 2012, following a legal process regarding CSIRO's Intellectual Property over key features of the WLAN capability.
- 6.27 Funding of \$10 million is also being provided through the Science and Industry Endowment Fund (SIEF) contribution and CSIRO's ongoing capital funds of \$85.6 million.
- 6.28 The Committee notes that the relocation of CSIRO staff from three leased sites in the ACT to its owned site at Black Mountain, once achieved, will provide financial savings for the organisation in the order of \$4.3 million per annum.¹²
- 6.29 At the private hearing, CSIRO answered questions about costs involved in the project to the satisfaction of the Committee.
- 6.30 The Committee considers that costings for the project have been adequately assessed by the proponent agency. The Committee is satisfied that the proposed expenditure is cost effective. As the project will not be revenue generating the Committee makes no comment in relation to this matter.

CSIRO Staff Association's concerns

- 6.31 The CSIRO Staff Association made a submission to the inquiry stating that it supports the CSIRO ACT Consolidation Project, but drawing the Committee's attention to some concerns which it holds. These are addressed below.

Office accommodation

- 6.32 CSIRO stated in its submission that its aim on all new developments and refurbishment works is to align with current Department of Finance guidelines (known as PRODAC). These guidelines specify a gross office accommodation density maximum of 14m² per occupied work point.¹³

11 CSIRO, Submission 1, p. 47.

12 CSIRO, Submission 1, p. 13.

13 CSIRO, Submission 1, p. 3.

6.33 The CSIRO Staff Association told the Committee that this density maximum is significantly lower than the current normal CSIRO work environment and can only be implemented through widespread open plan office accommodation.¹⁴

6.34 The CSIRO Staff Association believes that widespread open plan office accommodation is unsuitable for the work role and function of many CSIRO staff and that it may lead to reduced productivity and increased workplace absenteeism:

In our experience, open plan accommodation is problematic in CSIRO workplaces, particularly for scientists/engineers and for numerous functions including the preparation of scientific publications, research proposals, funding applications and data analyses.¹⁵

6.35 The CSIRO Staff Association says that the roles and functions of CSIRO's work requires isolated spaces for concentration and contemplation, and are critical to maximising scientific output as well as revenue to conduct research.¹⁶

6.36 The CSIRO Staff Association has observed an emerging trend for staff in open plan accommodation to work from home to avoid interruption and maximise productivity. It believes that this trend is increasing health and safety risk factors and is deleterious to workplace culture and collegiality:

We submit that collaboration in the workplace is better achieved through retention of discrete office spaces and the clever design of common areas, rather than open plan accommodation.¹⁷

6.37 The CSIRO Staff Association told the Committee that it would like CSIRO to implement the most effective and collaborative workplace design for CSIRO's scientific productivity rather than maintain a strict adherence to PRODAC guidelines.

6.38 CSIRO told the Committee that it believes the proposed project will achieve the most effective and collaborative workplace design:

The way the science is conducted has changed radically. Computation digital technologies are having a huge impact on both biological science and environmental science. There is a coalescence of that technology and the way that people use it. At

14 CSIRO Staff Association, Submission 2, p. 1.

15 CSIRO Staff Association, Submission 2, p. 1.

16 CSIRO Staff Association, Submission 2, p. 1.

17 CSIRO Staff Association, Submission 2, p. 1.

the moment ... we have staff distributed amongst many buildings. It is not an ideal environment for people to interact and exchange ideas. ... the ability to bring people into a single space, plus the appropriate accommodation designs, will allow them to interact more freely and they do not sit in siloed offices in siloed buildings. That is really what the key element is about: to bring the new science that we are doing and cross-disciplinary science to fruition.¹⁸

Child care provisions

6.39 Under Clause 77 of the CSIRO Enterprise Agreement 2011-2014, CSIRO is required to conduct a staff demographic analysis and staff survey each time there are significant additions to current facilities, and for new building projects, at all CSIRO workplaces. Additionally, it must assess the feasibility of the provision of additional child care facilities at CSIRO workplaces.¹⁹

6.40 At the time of writing its submission, the CSIRO Staff Association said that the requirements as stated above had not been met and it recommended that CSIRO should comply with requirements under the CSIRO Enterprise Agreement 2011-2014 (Clause 77) as soon as practicable.²⁰

6.41 However, CSIRO told the Committee that it is currently meeting its obligations to consult with staff:

The enterprise agreement has specific provisions around consultation ... each time there are significant additions to current facilities and for new building projects. We are very aware of our obligations and we will meet them. We are already consulting with staff. There are surveys out at the moment. We are still analysing the latest survey We will analyse the results of the staff demographic analysis in the survey. We will consider the results and what these mean and respond accordingly. So we are in the process of consultation with our staff.²¹

18 Dr J. Manners, CSIRO, transcript of evidence, 28 February 2014, p. 8.

19 CSIRO Staff Association, Submission 2, p. 2.

20 CSIRO Staff Association, Submission 2, p. 2.

21 Ms H. Bennett, CSIRO, transcript of evidence, 28 February 2014, p. 5.

Staff amenity

6.42 The CSIRO Staff Association pointed to CSIRO's comments in its submission regarding its difficulties recruiting and retaining quality staff in competition with other research institutions which offered more modern accommodation and facilities.²²

6.43 However, the Committee has noted the Staff Association's contention that:

Best practice approaches to staff amenity at Black Mountain should be implemented [in] relation to pedestrian accessibility, bicycle paths and bicycle storage facilities. The CSIRO Staff Association is aware that a significant proportion of staff cycle to work at Black Mountain and this could be further encouraged through the provision of enhanced facilities.²³

6.44 At the hearing CSIRO told the Committee that in the proposal there is provision to accommodate 200 bicycles:

... we have undertaken surveys with our staff to gauge their use and planned use after the consolidation at Black Mountain, and that is indicating a need in the order of 178 bicycles. So we are well provisioned in that area. That will comprise bike storage, bike security, showers, lockers and ... is also available for the general amenity of runners, joggers and so forth.²⁴

Staff consultation

6.45 CSIRO informed the Committee that it has a proactive consultation process:

... whilst we were undertaking the initial scoping work for this project, we engaged with a number of staff groups across the site, including management, and with our staff on the site to inform the project as it was being initially scoped. However, as we are now going through into the detailed design documentation phase, we commenced further consultation with our staff through an engagement with the staff association and the CPSU in December. That was in addition to all the previous consultations that we had undertaken and also through town hall meetings that were undertaken on the site, on Yarralumla, at Campbell and at Black Mountain in November last year. There was further discussion

22 CSIRO Staff Association, Submission 2, p. 2.

23 CSIRO Staff Association, Submission 2, p. 3.

24 Mr A. Mikulic, CSIRO, transcript of evidence, 28 February 2014, p. 4.

with the staff association in January this year. So there have been a series of consultation processes that have been undertaken over the last 14 to 15 months and they have been at various levels of staff engagement.²⁵

Committee comments

- 6.46 The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 6.47 The Committee notes that all submissions support the proposed consolidation project, albeit the CSIRO Staff Association's submission drew to the Committee's attention several concerns – which have been discussed above.
- 6.48 From evidence given the Committee heard that consultations with staff are in progress. The Committee supports this consultative approach and recommends that this level of engagement with staff continues as the project progresses.

Recommendation 4

- 6.49 **The Committee recommends that CSIRO continue its consultations with staff, with a view to implementing measures to address staff concerns where this is warranted and feasible.**
- 6.50 The Committee benefitted from its brief inspection of the site at Black Mountain and thanks the CSIRO for the effort it expended to make that opportunity a valuable one despite the strict time constraints the Committee needed to observe.
- 6.51 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee also requires that a post-implementation report be provided within three months of completion of the project. A template for the report can be found on the Committee's website.
- 6.52 Having regard to its role and responsibilities contained in the Public Works Committee Act 1969, the Committee is of the view that this project

25 Mr M. Wallis, CSIRO, transcript of evidence, 28 February 2014, p. 9.

signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 5

- 6.53 **The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: CSIRO Consolidation Project, Australian Capital Territory.**

**Mrs Karen Andrews MP
Chair**

20 March 2014



Appendix A – List of Submissions

Development and construction of housing for Defence at RAAF Base Tindal, Northern Territory

1. Defence Housing Australia
 - 1.1 Confidential

Construction of a new Australian High Commission, Nairobi, Kenya

1. Department of Foreign Affairs and Trade
 - 1.1 Confidential

CSIRO Clayton Property Strategy, Clayton, Victoria

1. CSIRO
 - 1.1 Confidential
 - 1.2 CSIRO
 - 1.3 Confidential
 - 1.4 CSIRO
2. CSIRO Staff Association
3. Melbourne Centre for Nanofabrication
4. General Electric

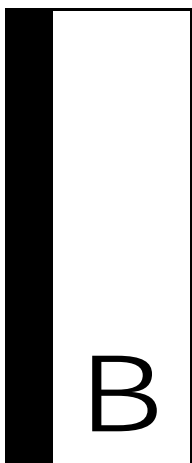
Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria

1. Reserve Bank of Australia
 - 1.1 Confidential
 - 1.2 Reserve Bank of Australia

1.3 Confidential

CSIRO Consolidation Project, Australian Capital Territory

1. CSIRO
 - 1.1 Confidential
2. CSIRO Staff Association
3. Cotton Seed Distributors Ltd.
4. Cotton Research and Development Corporation



Appendix B – List of Hearings and Witnesses

Development and construction of housing for Defence at RAAF Base Tindal, Northern Territory

Friday, 31 January 2014 – Katherine, NT

Public Hearing

Defence Housing Australia

Ms Madeline Dermatossian, Chief Operating Officer

Mr John Dietz, General Manager, Property Provisioning

Mr Craig Smith, Program Director

Department of Defence

Mr Mark Jenkin, Head, Defence Support Operations

Mr Alan McClelland, Director, Relocations and Housing

Mr Guy Taylor, Assistant Director, Strategic Planning, Relocations and Housing

Aaron Still Consulting Pty Ltd

Mr Aaron Still, Managing Director

In-Camera Hearing

Eight witnesses

Construction of a new Australian High Commission, Nairobi, Kenya

Monday, 10 February 2014 – Canberra

Public Hearing

Department of Foreign Affairs and Trade

Mr Peter English, Director, Financial Management Section, Overseas Property Office

Mr Keith Harmsworth, Assistant Secretary, Project Management Branch, Overseas Property Office

Mr Michael McMahon, Director, Security Infrastructure Section

Mr Kevin Nixon, Executive Director, Overseas Property Office

James Cubitt Architects Pty Ltd

Mr Paul Christmas, Director

In-Camera Hearing

Five witnesses

CSIRO Clayton Property Strategy, Clayton, Victoria

Monday, 17 February 2014 – Melbourne

Public Hearing

CSIRO

Ms Hazel Bennett, Chief Financial Officer

Dr Anita Hill, Group Executive, Manufacturing Materials and Minerals

Mr Antony Mikulic, Deputy General Manager, Business and Infrastructure Services (Capital Works)

Mr Ron Schwarz, Project Director, Business and Infrastructure Services

Mr Mark Wallis, General Manager, Business and Infrastructure Services

In-Camera Hearing

Ten witnesses

Reserve Bank of Australia, National Banknote Site, Craigieburn, Victoria**Monday, 17 February 2014 – Melbourne****Public Hearing****Reserve Bank of Australia**

Mr Grant Baldwin, Head of Facilities Management

Mr Francis Campbell, Assistant Governor (Corporate Services)

Mr Ed Jacka, Senior Manager Projects, Facilities Management Department

Cox Architecture Pty Ltd

Mr Peter (John) Richardson, Director

In-Camera Hearing

Four witnesses

CSIRO Consolidation Project, Australian Capital Territory**Friday, 28 February 2014 – Canberra****Public Hearing****CSIRO**

Mr Scott Alexander, Advisor to CSIRO (Analytics Group)

Ms Hazel Bennett, Chief Finance Officer

Dr John Manners, Chief, Plant Industry

Mr Antony Mikulic, Deputy General Manager, Business & Infrastructure Services

Mr Mark Wallis, General Manager, Business and Infrastructure Services

Point Project Management

Mr Brendan Bilston, Project Director

BVN Donovan Hill Architects

Mr James Grose, Principal

In-Camera Hearing

Eight witnesses



Appendix C – CSIRO Clayton Submission 1.4

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26 February 2014

Mrs Karen Andrews MP
Chair
Parliamentary Standing Committee on Public Works
PO Box 6021
Parliament House
Canberra ACT 2600

By email: pwc@aph.gov.au

Commonwealth Scientific and Industrial Research Organisation (CSIRO) Clayton property strategy, Clayton, Victoria
Clarification to record of Hansard

Dear Mrs Andrews

On reviewing the Proof Hansard of testimony that CSIRO provided at the Commonwealth Scientific and Industrial Research Organisation Clayton property strategy hearing on 17 February 2014, I have determined that some of the information provided by officers of CSIRO did not clearly reflect the facts.

In discussions regarding the allotment of open space at Highett as per local government planning laws, Mr Perrett asked: "So there will be fewer dollars going to consolidated revenue or to the CSIRO; I beg your pardon to offset future costs" (refer page 4 of the Proof Hansard).

Mr Wallis replied: "That is correct. However, prior to the 2013 federal election, a commitment was made by the now local federal member for four hectares of space, which includes conservation and heritage"; to which I added:

Ms Bennett replied: "Which was agreed to by the Special Minister of State at that point in time".

On reflection my evidence did not clearly reflect the fact that the agreement reached relating to public open space (POS) including conservation and heritage was for three hectares and not four hectares as referenced by Mr Wallis.

When this matter regarding meetings that took place from 2012 onwards was revisited later in the Hearing, the Chair asked:

"Were the people at that meeting then supportive of the proposal being put now that there will be designated space?" (refer Page 8 of the Proof Hansard).

Mr Wallis replied: "That is correct." (refer Page 9 of the Proof Hansard)

CHAIR asked: "So everyone there?"

Ms Bennett replied: "Yes"

Page 1 of 2

The evidence provided by Mr Wallis and myself in response to the question from the Chair failed to adequately clarify that whilst “people at **that meeting [were] then supportive” [CSIRO’s emphasis in bold], the matter under discussion was not “the proposal **now** being put” [CSIRO’s emphasis in bold]. At the time of that meeting in October 2012, the discussion was referencing three hectares of POS, conservation areas and possible heritage space whereas the current proposal is for four hectares of space to be set aside consistent with the decision by Government.**

I apologise for any inconvenience that this may have caused to the Committee. Should there be any concerns or you wish to discuss this matter further, please do not hesitate to contact me.

Yours sincerely

Hazel Bennett
Chief Finance Officer
Finance and Services

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