

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