
The Parliament of the Commonwealth of Australia

ABC Perth Accommodation Project, East Perth, Western Australia

Parliamentary Standing Committee on Public Works

9 November 2000
Canberra

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ISBN [Click **here** and type ISBN Number]



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Membership of the Committee

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Extract from the Votes and Proceedings of the House of Representatives

No. 134 dated Thursday, 2 September 1999

12 PUBLIC WORKS - PARLIAMENTARY STANDING COMMITTEE -
REFERENCE OF WORK - PROPOSED ABC PERTH ACCOMMODATION
PROJECT, EAST PERTH, WESTERN AUSTRALIA

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved - That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed Perth Accommodation Project, East Perth, Western Australia.

Debate ensued.

Question - put and passed.



List of abbreviations

ABC	Australian Broadcasting Corporation
EPRA	East Perth Redevelopment Authority
ASO	Adelaide Symphony Orchestra
ACROD	Australian Council for Rehabilitation of the Disabled
MSO	Melbourne Symphony Orchestra
PCB	Polychlorinated Biphenyl
QSO	Queensland Symphony Orchestra
SQ.M	Square Metres
SSO	Sydney Symphony Orchestra
TSO	Tasmanian Symphony Orchestra
WASO	West Australian Symphony Orchestra



List of recommendations

Recommendation 1

The Committee recommends in respect of future submissions to the Committee that the ABC and other agencies provide, where relevant to the objectives of the proposed work, a detailed schedule of financial savings to be achieved from the proposed work. (Paragraph 3.16)

Recommendation 2

The Committee recommends:

that the West Australian Symphony Orchestra receive from the Australian Broadcasting Corporation relocation funding commensurate, at least, with that received by the Tasmanian Symphony Orchestra; and

that Federal, State and local governments consider funding options for the permanent housing of the West Australian Symphony Orchestra in the proposed Music Access Centre, in an arrangement with the University of Western Australia, on land to be provided by the University of Western Australia. (Paragraph 4.50)

Recommendation 3

The Committee recommends that the Australian Broadcasting Corporation Perth accommodation project, East Perth, Western Australia proceed at a cost of \$25.7 million. (Paragraph 6.3)

Introduction

Inquiry process

- 1.1 On 31 August 2000, the Parliamentary Secretary to the Minister for Finance and Administration referred a proposal for the construction of new Australian Broadcasting Corporation (ABC) office accommodation and studio facilities in East Perth, Western Australia, in accordance with the provisions of the *Public Works Committee Act 1969*.¹
- 1.2 The Committee sought submissions for the Inquiry by advertising the proposed work in *The West Australian* on 9 September 2000.
- 1.3 Letters seeking submissions were sent to those likely to have an interest in the Inquiry. This included Commonwealth, State and local government agencies, Federal and State government representatives and a range of peak organisations, professional bodies and individuals representing various interest groups.
- 1.4 On 16 October 2000, a sectional Committee, established by the Committee inspected existing facilities and the site for the proposed development and was briefed by ABC representatives. Following the inspection, the Committee held a public hearing at ABC Studios, Perth. A list of witnesses who appeared at the public hearing is at Appendix A and list of submissions at Appendix B.²

1 The Hon Peter Slipper MP, Parliamentary Secretary to the Minister for Finance and Administration, House of Representatives *Debates*, p. 18001, 31 August 2000.

2 The Committee's proceedings will be printed as Minutes of Evidence.

Scope of the proposal

- 1.5 The proposed site for the development is on 5,696 m² of vacant land located in East Perth, approximately 2km to the north-east of the Perth CBD. The proposed site is currently vacant and had been developed as a sub-division by the East Perth Redevelopment Authority (EPRA). There is a central road running through the site which will have to be removed as part of the proposed development. An electricity sub-station is currently located on the site. This substation and associated underground services were intended to service the sub-division and it is intended to demolish that structure as part of the proposed development.
- 1.6 The proposed development will comprise a two-level office and technical zone, with undercover parking, an acoustic zone, an area for technical workshops, stores, a communication tower and parking for radio and television outside broadcast vehicles.³
- 1.7 Facilities to be provided within the proposed development include:
- a television studio of 200 m² and associated control room for general production;
 - a television news and current affairs studio of 100 m² and associated control room;
 - a music studio of 218 m² providing space for 30-50 players and retractable seating for an audience of approximately 150 people;
 - a performance studio of 75 m² for the production of radio drama, spoken word and music programs;
 - a collocated radio and television presentation centre; and
 - office accommodation and facilities for approximately 230 ABC staff.⁴
- 1.8 The ABC advised the Committee that whilst no significant future development is envisaged for the proposed site, it would be possible, within the current planning regulations, to add further accommodation of approximately 600 m².⁵

3 Evidence, pp. 87 and 88.

4 Evidence, p. 88.

5 Evidence, p. 46.

The cost

- 1.9 The cost of the proposed development is \$25.7 million at August 2000 prices, which includes escalation costs, contingencies and professional fees and charges, but excludes GST related costs.⁶ Subject to Parliamentary approval, the project will be implemented as a managing contractor contract, with construction commencing in March 2001 and occupancy by December 2002.⁷

ABC Perth

- 1.10 The ABC was established in 1932 as the Australian Broadcasting Commission. Since 1983 it has operated under the provisions of the *Australian Broadcasting Corporation Act 1983*.
- 1.11 The existing ABC Perth site at 191 Adelaide Terrace was purchased by the ABC in 1943 but development was delayed, initially because of the aftermath of the war, until the mid 1950's. The first major building was completed in 1959 and others followed through to 1985.
- 1.12 The present 1.2874 hectare site at 191 Adelaide Terrace comprises six ABC owned buildings with a gross floor area of approximately 13,500 m² and is situated 1.5 kms from the Perth GPO and wholly within the City of Perth.
- 1.13 ABC Perth facilities located on the current site include:
- State Management;
 - Marketing;
 - Television;
 - Radio;
 - News and Current Affairs;
 - Program and Content Development;
 - Funding, Finance and Support Services;
 - Production Resources;
 - Technology and Distribution;

6 Evidence, p. 41.

7 Evidence, p. 39.

- Human Resources; and
- The Western Australian Symphony Orchestra.

Change in schematic design

- 1.14 On 13 October 2000, the ABC advised the Committee that following presentation of its submission to the Committee on 15 August 2000, the ABC and project consultants had undertaken a further review of the site conditions, schematic design and project cost plan for the proposed development.⁸
- 1.15 The design drawings which accompanied the ABC's 18 August 2000 submission included a basement carpark requiring mechanical ventilation, fire protection and waterproofing.
- 1.16 The ABC advised that the evaluation of additional geotechnical data from the proposed site confirmed earlier concerns regarding the risks of constructing a basement in the proposed location.⁹ The evaluation concluded that construction risks associated with a basement structure required to withstand substantial uplift pressures from groundwater approximately two metres below the surface, compounded by the need to provide extensive sheet piling and dewatering, posed a very real risk to the project's cost limits.¹⁰
- 1.17 Consequently, the ABC decided that the car park should be moved to ground level.¹¹ The ABC advised the Committee that the revised design option maintained the original concept of the three zones: office and smaller acoustic spaces, major acoustic spaces and outside broadcasting/utility, but introduced an internal street into the design.¹² It was proposed that the internal street would link the office and acoustic zones, and provide a significant public entry space at ground level.¹³ A combination of secure grill, or louvred wall system, and masonry walls are intended to surround the ground level car park.¹⁴

8 Evidence, p. 84.

9 Evidence, p. 84.

10 Evidence, p. 84.

11 Evidence, p. 84.

12 Evidence, pp. 84 and 85.

13 Evidence, p. 85.

14 Evidence, p. 85.

The need for the work

Introduction

2.1 The need for the ABC's proposed development can be summarised as follows:

- Addressing the particular problems and inefficiencies relating to existing accommodation in Perth;
- Maximising the efficiency and effectiveness of the organisation;
- Enhancing the ABC's production capacity and output in centres outside of Sydney and Melbourne;
- Restructuring the ABC into a content led organisation; and
- Generating revenue for the ABC's digital conversion program.¹

Deficiencies with existing facilities

2.2 ABC Perth has been operating from its 191 Adelaide Terrace site for over 40 years. In evidence to the Committee, the ABC identified the following deficiencies in the existing facilities:

- 191 Adelaide Terrace is an ad hoc development established over 40 years which has resulted in six separate buildings, with consequent disadvantages related to communication and functional relationships with the new ABC organisational environment;

¹ Evidence, p. 87.

- a number of buildings require upgrading and are inappropriate for the functions they contain;
 - the dispersed nature of the buildings and car parking has exhausted the capacity of the site to accept any further activities without major redevelopment; and
 - there is a residual liability to upgrade services and infrastructure to comply with current regulations and standards.
- 2.3 The Committee's inspection of 191 Adelaide Terrace found that many of the ABC's facilities were poorly configured, inflexible and outmoded. Of particular concern to the Committee was the extensive use in the radio studios/service building of hazardous material in the form of asbestos sheeting and asbestos duct stopping.

Alternatives

- 2.4 The ABC examined three options, of which the proposed development and relocation to a new site and disposal of 191 Adelaide Terrace, was the preferred option.
- 2.5 The three options were:
- repair, refurbish and retain 191 Adelaide Terrace;
 - consolidate and redevelop 191 Adelaide Terrace and sell the balance of the land; and
 - develop and relocate to a new site and dispose of the 191 Adelaide Terrace site.²

The options were assessed in terms of:

- financial viability;
- operational functionality;
- effective property asset utilisation;
- the extent to which it met organisational objectives; and
- flexibility for future needs and changes.³

2 Evidence, p. 35.

3 Evidence, p. 35.

- 2.6 The Committee has concluded that existing accommodation at 191 Adelaide Terrace is poorly configured, inflexible and outmoded. In many instances sub-standard buildings result in dysfunctional, inflexible and potentially dangerous facilities. The Committee considered that the proposed new facilities meet an identified need and will allow for improved operational efficiencies and enhance the ABC's capabilities.

Cost and program

Cost

- 3.1 A number of aspects of the cost of the proposed development were raised by the Committee with the ABC at the public hearing. They included:
- the ABC's assessment of options;
 - the evaluation of efficiencies;
 - the impact of the Goods and Services Tax; and
 - the proposed construction program.

Assessment of options

- 3.2 In February 1999, the ABC Board approved the concept of the ABC relocating to a new development in Perth. The approval included the new development being owned by the ABC and the selected developer purchasing the existing ABC site.¹
- 3.3 Following a review of various options put forward by six tenderers, the ABC developed a short list of three proponents. In summary, the offers put forward by the three short-listed proponents were:
- Bellridge/Hawaiian Developments Joint Venture (the Fini Group) - ABC to either purchase or lease new purpose-built premises at East

¹ Evidence, p. 37.

Perth, and Fini Group to purchase existing ABC property for \$12.5 million.²

- Roche Group - ABC to lease new purpose built premises at Victoria Park, and Roche Group to purchase existing ABC property for \$10.2 million.³
- Phoenix Properties - ABC to lease new purpose-built premises at Victoria Park (later modified to allow ABC ownership), and Phoenix to purchase existing ABC property for \$11.0 million (on lease proposal only).⁴

- 3.4 The ABC advised the Committee that a comparison of the operational implications of the design layouts rated the Roche proposal as 'barely acceptable' as the proposed development was to be located in a high rise development which was unsuitable for the operational requirements of the ABC.⁵ In addition, the Roche proposal offered only a lease-hold option and the calculated nett present value (NPV) over 20 years was considered to be comparatively expensive.⁶
- 3.5 In May 1999, the ABC Board approved further refinement of the Fini Group proposal and negotiation of a draft Development Agreement.⁷ Following questions at the public hearing, the ABC provided the Committee with a detailed assessment of proposals and financial rationale for the selection of the Fini Group proposal over the Phoenix proposal.⁸ The ABC's comparative financial assessment was undertaken based on NPV methodology at three discount rates of 6 per cent, 8 per cent and 12 per cent. This approach was intended to consider the relative financial merits of the options and the lower the NPV, the more attractive each option. Under all three discount rates, the owned property option from the Fini Group was considered to be the most attractive option.⁹
- 3.6 The comparative financial assessment of the Fini Group and Phoenix proposals also found that the ownership option from the Phoenix proposal was the less attractive of the two components. The Phoenix financial package for the purchase of the land was some \$2.3 million more

2 Evidence, p. 37.

3 Evidence, p. 37.

4 Evidence, p. 37.

5 Evidence, pp. 37 and 38.

6 Evidence, p. 38.

7 Evidence, p. 38.

8 Exhibit 7.

9 Exhibit 7, p. 5.

expensive and the estimated cost of the design and construction package some \$2.4 million more than the Fini Group proposal.¹⁰

- 3.7 In summary, the ABC's assessment of the Fini Group and Phoenix proposals found that while both proposals offered satisfactory design solutions, the owned land option submitted by the Fini Group offered the best value in terms of land purchase, construction costs and sale of the existing premises.¹¹

Quantum of efficiencies

- 3.8 In its submission to the Committee, the ABC gave as objectives for the proposed development:

- maximising the efficiency and effectiveness of the organisation; and
- addressing the particular problems and inefficiencies relating to its existing accommodation.¹²

- 3.9 At the public hearing, the Committee questioned the ABC as to the quantum of the savings which would be achieved by the proposed development.¹³ The ABC advised that, while it had quantified building, management and running costs savings, it had not quantified other savings. The ABC stated that it had not done so:

...because we were not factoring that into the financial model for the funding of this project. We are saying that we will use those efficiencies, that those efficiencies will stay with the program departments and they will achieve those separately.¹⁴

10 Exhibit 7, p. 5.

11 Exhibit 7, p. 6.

12 Evidence, p. 7.

13 Evidence, p. 92.

14 Evidence, p. 92.

- 3.10 Following the public hearing the ABC provided the Committee with an analysis of efficiencies to be achieved from the proposed development.¹⁵ Key efficiencies to be achieved from the proposed development relate to:
- archives and library services;
 - television production;
 - news and current Affairs; and
 - transmission.

Archives and Library Services

- 3.11 In the proposed development archives and library services will be housed in a single area adjacent to the major users, rather than in five separate locations across five buildings as currently the situation. Apart from savings in access time for users, the ABC considers that there will be improvements in service provided and savings in providing relief staff for holidays.¹⁶

Television Production

- 3.12 Currently, staff involved in production of television are housed in three separate buildings, audio and video post-production are housed in separate buildings, and the television studio is 100 metres and two buildings away from the producers and technical production staff are in another location. The proposed development will have a one-stop Television Production centre in which all staff involved in production will be together, with their facilities adjacent and the Television Production Studio nearby. The ABC considers that the resultant improvement in efficiency will be used to increase the output of local production.¹⁷

News and Current Affairs

- 3.13 Currently, the news operation is spread across three buildings with the Newsroom being on another floor to the editing facilities and two buildings away from the Television Studio. The proposed development is intended to have a central newsroom with technical support facilities and staff adjacent. In addition, the Television News Studio will be located

15 Exhibit, 3, p. 1.

16 Exhibit 3, p. 1.

17 Exhibit 3, p. 1.

within the Newsroom. The ABC considers that these features will increase quality, particularly the ability to respond to late breaking news stores and news flashes.¹⁸ Also, the ABC considers that as news will be located in close proximity to Local Radio staff there will be efficiency gains through the interchange of information and less time wastage in contacting staff who need to follow up stories.¹⁹

Transmission

3.14 Transmission facilities and staff for television, radio, radio news and television news are currently in separate locations across four buildings. The ABC considers that this has resulted in duplication and inefficient use of staff.²⁰ In the proposed development it is proposed to locate television transmission, television master control and radio master control in a single cluster to enable resources to be shared. The ABC considers that:

- a shared centre will provide a single point of contact for both ABC and the public to deal with transmission issues;
- a shared centre will allow television transmission issues to be dealt with across the same spread of hours as radio where currently no television staff are on duty;
- unscheduled television transmission from Perth could be met without the need to bring extra staff on duty; and
- there will be less staff involved in the daily personing.²¹

3.15 The Committee noted that, while the ABC has dealt adequately with the nature of the prospective efficiencies to be achieved from the proposed development, it has not provided a dollar quantum of prospective savings relating to those efficiencies. From the Committee's point of view, this is an important issue which relates to all proposals considered by the Committee.

Recommendation 1

3.16 The Committee recommends in respect of future submissions to the Committee that the ABC and other agencies provide, where relevant to the objectives of the proposed work, a detailed schedule of financial savings to be achieved from the proposed work.

18 Exhibit 3, p. 1.

19 Exhibit 3, p. 1.

20 Exhibit 3, p. 1.

21 Exhibit 3, p. 2.

GST

- 3.17 In its submission, the ABC advised the Committee that the estimated cost for the proposed development excludes any GST related costs.²²
- 3.18 At the public hearing, the Committee questioned the ABC as to whether it was subject to GST.²³ The Committee noted the ABC's advice that, while it would pay GST cost on each individual transaction relating to the proposed development, GST costs would be refunded.²⁴

Program

- 3.19 The ABC advised the Committee that, subject to parliamentary approval, construction on the proposed development will commence in March 2001 with completion and occupancy by December 2002.²⁵ A preliminary construction program was prepared by the ABC and the key dates are:
- November 2000 - execute agreement with developer (Fini Group);
 - March 2001 - commence early works;
 - May 2001 - commence main works;
 - March 2002 - complete structure;
 - September 2002 – complete communications tower;
 - November 2002 – complete interior fitout;
 - December 2002 – commission technical fitout; and
 - December 2002 – new building fully operational.²⁶

22 Evidence, p. 41.

23 Evidence, p. 95.

24 Evidence, pp. 95 and 96.

25 Evidence, p. 39.

26 Evidence, p. 39.

West Australian Symphony Orchestra

Introduction

- 4.1 The ABC's premises at 191 Adelaide Terrace, Perth not only accommodates the ABC, but also accommodates the West Australia Symphony Orchestra (WASO). However, the site for the proposed development does not make provision for WASO. The Committee found this to be a significant issue in its examination of the ABC's proposal.
- 4.2 WASO was established in 1928 with 17 musicians. The orchestra moved to its current premises at 191 Adelaide Terrace in 1960 from a house, where the Council House in St Georges Terrace, Perth now is situated.
- 4.3 The current premises were purpose built for the ABC and WASO, with a specific rehearsal space and administration space being provided to meet the orchestra's requirements. WASO currently occupies approximately 1,300 m² of space at 191 Adelaide Terrace and pays an occupancy fee of \$113,000 per annum.¹
- 4.4 West Australian Symphony Orchestra Holdings Pty Ltd became an independent corporate entity in January 1998 and is a 100 per cent subsidiary of the ABC. The Company operates under a \$9.6 million annual budget, 65 per cent of which is sourced from Federal and State governments.² There are currently 110 full-time employees, 89 of whom are salaried musicians, attached to WASO.³

1 Evidence, p. 18.

2 Evidence, p. 18.

3 Evidence, p. 18.

Incorporation of ABC orchestral network

- 4.5 In December 1996, the ABC and Federal and State governments agreed on a new subsidiary company arrangement for ABC orchestras. In July 1997, the Federal Minister for the Arts launched Symphony Australia Holdings Pty Ltd. This company replaced the ABC Concerts Division and provided national programs and services for the whole ABC orchestral network.
- 4.6 Arising from the December 1996 agreement, the ABC transferred operation of WASO to Symphony Australia Holdings Pty Ltd. Symphony Australia's role was to:
- oversee the progressive incorporation of the Melbourne Symphony Orchestra (MSO), Adelaide Symphony Orchestra (ASO), WASO, Queensland Symphony (QS) and Tasmanian Symphony Orchestra (TSO);
 - manage the orchestras pending incorporation;
 - act a conduit for Commonwealth funding of the orchestras; and
 - provide national services and programs to the orchestra subsidiaries.⁴
- 4.7 The operation of WASO was subsequently transferred by Symphony Australia Holdings Pty Ltd to West Australian Symphony Orchestra Holdings Pty Ltd in January 1998.
- 4.8 In December 1999 Orchestral Network Australia Pty Ltd was incorporated and took over responsibility from Symphony Australia Holdings Pty Ltd with the functions of acting as the conduit for Commonwealth funding to the ABC network of orchestras and monitoring the performance of the orchestra companies.⁵

Funding

- 4.9 From 1 July 1997 funding for the ABC orchestral network no longer formed part of the ABC's general appropriation. Federal Government funding allocations to the orchestral network are administered by the Department of Communications, Information Technology and the Arts, who deliver the funds, via Symphony Australia Holdings Pty Ltd.

4 Exhibit 6, p. 1.

5 Exhibit 6, p. 1.

- 4.10 On 14 September 2000 the Minister for Communication, Information Technology and the Arts, Senator Richard Alston, and the Minister for the Arts and the Centenary of Federation, Mr Peter McGauran advised Australia's major performing arts companies of funding levels for 2000-2001 financial year. Table 1 sets out base funding grants for the ASO, TSO, SSO, MSO, QO and WASO.

Table 1 - 2000-2001 Funding: Base Grants - ASO, TSO, SSO, MSO, QO and WASO

Company	2000/01 \$	Increase over 1999/00 Base Grant
Adelaide Symphony Orchestra	5,572,865 ¹	1,141,520 ¹
Tasmanian Symphony Orchestra	5,200,027 ¹	850,555 ¹
Sydney Symphony Orchestra	10,992,926 ¹	925,887 ¹
Melbourne Symphony Orchestra	8,252,614 ¹	912,056 ¹
Queensland Orchestra	7,033,862 ¹	1,168,014 ¹
West Australian Symphony Orchestra	6,520,670 ¹	975,273 ¹

Note: Includes funding to purchase services currently provided by Symphony Australia Pty Ltd and to contribute to the costs of a professional development program for conductors and young musicians.

Source Joint Media Release - Senator the Hon Richard Alston & Hon Peter McGauran MP, MAJOR PERFORMING ARTS-A STRONGER FUTURE, 14 September 2000.

Service Level Agreement

- 4.11 A Service Level Agreement between the ABC and the orchestra subsidiary companies and Symphony Australia Holdings Pty Ltd, covering the period 1 July 1997 to 30 June 2000, was entered into on 6 July 1999. The Service Level Agreement sets out certain services to be made available by the ABC to the orchestras. The Service Level Agreement has been extended pending its re-negotiation.
- 4.12 Recital E of the Service Level Agreement states:
- E. In establishing the Orchestral Companies, the ABC wishes to continue to supply service, assistance and support to the Orchestral Companies to the extent necessary to ensure they are not financially disadvantaged in their relations

with the ABC due to the orchestral operations being carried out under changed corporate structures.

- 4.13 In respect to property rental, clause 2.1 of Schedule 2 of the Service Level Agreement states:

Property Rental

Where the Orchestral Companies are accommodated within a property owned or leased by the ABC, they shall reimburse to the ABC the cost of providing that accommodation, including a share of the outgoings and an agreed rent to be reviewed annually.

- 4.14 Clause 2.1 of Schedule 1 of the Service Level Agreement states:

When the ABC requests an Orchestra or Orchestral company to vacate premises owned or leased by the ABC, advice and assistance regarding relocation will be provided.

- 4.15 The ABC advised the Committee that it believed it had fully complied with its obligations under the Service Level Agreement by providing:

- participation in a working party, which had identified various accommodation options for WASO;
- payment of consultants to the working party; and
- allocation of \$500,000 to assist with relocation and fitout of alternative WASO accommodation.⁶

- 4.16 In respect to Recital E of the Service Level Agreement, WASO advised the Committee that from its point of view the issue was the adequacy of the provision which the ABC had made to assist WASO establish itself in suitable alternative premises.⁷

Locating WASO on the same site as the proposed development

- 4.17 At the public hearing the Committee asked the ABC about the viability of including accommodation for WASO in the various development options.⁸ The ABC advised the Committee that while the Phoenix proposal could

6 Exhibit 6, p. 2.

7 Evidence, p. 104.

8 Evidence, p. 88.

have accommodated WASO, there would have been a penalty of an additional \$5.0 million.⁹

- 4.18 Following the public hearing, the ABC provided the Committee with an assessment of locating WASO on the same site as the proposed development. In that assessment, the ABC advised the Committee that, while it was physically possible to include WASO on the same site as the as the proposed development, there would have be a significant financial penalty due to the limited size and planning restrictions of the site.
- 4.19 The ABC advised that the Phoenix option would have allowed additional land to be made available for the accommodation of WASO, however:
- that proposal offered a development which was some \$4.5 million more expensive than the Fini Group proposal for the ABC component alone;
 - the additional land required for WASO would have cost in the order of \$1.0 million to \$1.5 million; and
 - the additional minimum cost associated with the WASO building component was estimated to be in the order of \$5.0 million to \$6.0 million.¹⁰
- 4.20 The ABC also advised the Committee that for WASO to have been considered in the final preferred development:
- the preferred Fini Group proposal would need to have been rejected;
 - the ABC would have suffered a financial penalty of \$4.5 million to accept the Phoenix proposal;
 - there would have been a financial risk associated with the sale of 191 Adelaide Terrace outside of the main development contract; and
 - WASO would have been responsible for the additional development costs of at least \$6.0 million to \$7.5 million (for land and building).¹¹
- 4.21 The ABC's assessment stated that, if the ABC had considered the Phoenix leased land proposal, the revenue from the sale of 191 Adelaide Terrace would have been only \$11.5 million compared with the \$12.5 million offered as part of the Fini Group package.¹²
- 4.22 In its original submission, the ABC advised that approximately 1800 m² of the proposed site had been allocated for car parking. At the public hearing

9 Evidence, p. 89.

10 Exhibit 4, p. 1.

11 Exhibit 4, p. 1.

12 Exhibit 4, pp. 1 and 2.

the Committee questioned the ABC as to whether there was some way that WASO could have been incorporated on the proposed site if other arrangements had been made for parking.¹³

- 4.23 The ABC responded that while it would be physically possible to include WASO on the site for the proposed development, it would significantly impact on the way the site functioned as an ABC facility.¹⁴ When asked to elaborate on how the inclusion of WASO would significantly impact on the way the site functioned as an ABC facility, the ABC stated:

One of the requirements of WASO is obviously for a rehearsal hall. That rehearsal hall would have to be in the order of 450 to 600 square metres and 12 metres high. That has a significant impact on the planning of the building as such.

In terms of spreading probably over three floors, a three-floor height studio, so that it not only affects one level; it affects three levels of building. If we are talking about a 600 square metre studio, which is the size of the studio that we have standardised for the symphony orchestras in Sydney and Melbourne-and that is certainly the size required to contain the amount of volume that an orchestra of that size generates-then we are talking about 1800 square metres of space over three levels that are taken up by just the structure of that hall, so it does have a significant impact on the planning of the building.¹⁵

Alternative accommodation

- 4.24 The Committee is of the view from evidence presented to the Committee by WASO at the public hearing, that even if the ABC could accommodate WASO it would prefer to be based in the proposed Music Access Centre on land to be provided by University of Western Australia, or with the assistance of the University of Western Australia.¹⁶
- 4.25 WASO also advised the Committee that from its viewpoint, the principal issue was the adequacy of the provision which the ABC had made to assist WASO establish itself in alternative premises.¹⁷

13 Evidence, p. 90.

14 Evidence, p. 90.

15 Evidence, p. 90.

16 Evidence, pp. 115 and 116.

17 Evidence, p. 111.

4.26 WASO advised the Committee that:

What have we done? Given that the ABC has made it clear that it does not want the orchestra to share its new accommodation, we have found a funding partner in the University of Western Australia, where our proposed Music Access Centre will be based, and we are receiving a positive response from the state government to find a mutually satisfactory solution to the problem. However, it should be noted that all parties ultimately view the housing of the orchestra as a federal responsibility.¹⁸

4.27 The Committee sought comment from WASO as to whether the Federal government, or the ABC, should assume responsibility and whether there should be certain funding considerations over and above what was being offered now, WASO stated:

I think that is very much the position that the board has now come to, ... I think \$6 million was the figure the ABC put on it- \$8 million is what we would like from the federal government.¹⁹

4.28 When questioned by the Committee as to whether the ABC should look after WASO in a transition phase, that is, pick up whatever the rental accommodation costs are going to be, or whether what WASO was really looking for was capital funding, WASO advised:

It would be wonderful if the ABC would assist us in paying the university some rent while we are rehearsing in Winthrop Hall, but the request is for some capital.²⁰

4.29 The ABC advised the Committee that it considered \$500,000 to be significant assistance in finding alternative accommodation and that it would continue to provide assistance and advice to WASO in helping the Orchestra find new accommodation.²¹ The ABC also advised that the ABC had already paid some consultants to the joint working party between the ABC and WASO to look at accommodation alternatives.²²

18 Evidence, p. 111.

19 Evidence, p. 116.

20 Evidence, p. 116.

21 Evidence, p. 143.

22 Evidence, p. 143.

Consultation

4.30 In its submission to the Committee, WASO stated that it had been formally advised by the ABC that it intended to sell the current premises and relocate on 14 May 1999.²³ It appeared there had not been a lot of consultation.

4.31 The Committee therefore sought comment from WASO on the extent to which it had been consulted.²⁴ WASO advised that the sale and relocation was presented as a *fait accompli* and that there had subsequently been considerable dialogue.²⁵

4.32 At the public hearing the Committee asked the ABC to respond to WASO's assertion that the sale and relocation were presented as a *fait accompli*. The ABC stated:

I think it is unfortunate in both WASO and the ABC that a couple of the key players that were involved in the processes and discussions at the time are no longer with those organisations. Our former general manager of property services, Mr Lawrie Arthur, has left the ABC and the former managing director of WASO [Mr Rod Lillis] has also left, so that there are some holes in the recollections about consultation at verbal level at least, but we will certainly present further information about the consultation that took place.²⁶

4.33 The ABC also advised that:

... from a state director's point of view in WA, to give you a chronology of the consultations that took place. I had regular dialogue with Rod Lillis, the Managing Director of WASO at that stage. Also I know that the Chairman met with Rod Lillis on one occasion in WA and possibly Rod met with him twice in Sydney. I had a formal lunch at the ABC with the Premier and the Deputy Premier and one of the issues we discussed was part of the relocation. We talked about WASO, we talked about the long association that the ABC had had with WASO. They understood the ABC's position.²⁷

23 Evidence, p. 102.

24 Evidence, p. 112.

25 Evidence, pp. 112-113, and 115.

26 Evidence, p. 140.

27 Evidence, p.142.

Level of assistance

- 4.34 In its submission, the ABC advised that a sum of \$500,000 had been factored into the project cost estimates and financial analysis to assist with the fitout for alternative WASO accommodation.²⁸
- 4.35 However, in its submission WASO advised that the sum of \$500,000 did not adequately allow for WASO's present or future needs²⁹ and assumed that WASO would be able to find suitable existing administration and rehearsal space but there were no facilities in Perth which were suitable to house WASO.³⁰
- 4.36 At the public hearing the Committee questioned WASO whether the amount of \$500,000 in assistance was discussed and agreed to by the ABC and WASO. WASO advised that it had no information how the figure was arrived at and did not believe it had agreed to the figure.³¹
- 4.37 The Committee subsequently questioned the ABC on how it had decided on the figure of \$500,000.³² The ABC stated:

The half a million dollars was the cost of a fitout in rented accommodation in Adelaide Terrace in the vicinity of the concert hall. The rental for that space would be similar to the rental they pay the ABC at the moment for this accommodation. The ABC was prepared to put in half a million dollars to set them up, at least in a temporary facility, in office space in the vicinity of the concert hall.³³

Position of Western Australian government

- 4.38 At the public hearing, the Western Australian Ministry for Culture and the Arts advised that the Ministry after being involved with the process of examining a number of sites and had been supported the relocation of WASO to the University of Western Australia site.³⁴

28 Evidence, p. 19.

29 Evidence, p. 103.

30 Evidence, p. 105.

31 Evidence, pp. 112 and 113.

32 Evidence, p. 142.

33 Evidence, p. 142.

34 Evidence, p. 121.

4.39 The Committee questioned the Ministry for Culture and the Arts as to whether the relocation to the University of Western Australia would have support from the Western Australian Government. The Ministry for Culture and the Arts advised:

I think it has all been predicated on there being a tripartite arrangement whereby the university would contribute effectively about a third-if you take into account the value of the land-the federal government a third and the state government a third. ... We believe there is a compelling argument to take to the state government.³⁵

4.40 Furthermore, there was a proposal before the Ministry to contribute to the relocation of WASO. It was being considered by the Minister but as yet there was no commitment.³⁶

Provision of facilities in other States

4.41 In considering the situation facing the WASO, the Committee noted the experience of similar orchestras:

- the Adelaide Symphony Orchestra (ASO);
- the Queensland Orchestra (QO);
- The Sydney Symphony Orchestra (SSO);
- the Melbourne Symphony Orchestra (MSO); and
- the Tasmanian Symphony Orchestra (TSO).

The Adelaide Symphony Orchestra

4.42 The ASO is housed in the ABC complex in Collinswood. The complex provides administrative and rehearsal space and was built in the 1970's.³⁷ The ASO pays the ABC \$165,000 in rent annually.³⁸

35 Evidence, p. 121.

36 Evidence, p. 122.

37 Evidence, p. 108 and Exhibit 1, p. 1.

38 Evidence, p. 108 and Exhibit 1, p. 1.

The Queensland Orchestra

- 4.43 The QO occupies a purpose built facility constructed in 1975 at Ferry Road, across the river from the main ABC site at Toowong. The facility provides administration and rehearsal space. The facility is owned by the ABC and is leased to the QO. Lease payments take the form of all building and maintenance costs and the management of the facility.³⁹

The Sydney Symphony Orchestra

- 4.44 The SSO leases its own administration accommodation in central Sydney and rehearses in the Opera House. The ABC has no direct involvement with these processes.⁴⁰ The cost of rehearsal time has been negotiated between the SSO and the Opera House.

The Melbourne Symphony Orchestra

- 4.45 The MSO is based in the ABC's Southbank complex. Facilities include a purpose built rehearsal studio and are owned by the ABC and leased to the MSO.⁴¹ The MSO pays the ABC \$64,000 annually, which is primarily the cost of outgoings.⁴² The ABC advised the Committee that a new rental agreement is currently being negotiated.⁴³

The Tasmanian Symphony Orchestra

- 4.46 The TSO relocated to new accommodation and rehearsal facilities at the Grand Chancellor Hotel in Hobart on 1 October 2000.⁴⁴
- 4.47 WASO advised the Committee that funding for the TSO's new facilities was being provided through: the sale of the former facilities, the Odeon Theatre; a \$600,000 contribution from the Federal Government through Centenary of Federation Funding; State Government funding; City of Hobart Funding and the Grand Chancellor Group.⁴⁵
- 4.48 The ABC advised the Committee that the new TSO facilities were funded and owned by the Grand Chancellor Hotel and that the TSO had taken up

39 Evidence, p. 108 and Exhibit 1, p. 1.

40 Evidence, p. 108.

41 Exhibit 1, p. 1.

42 Exhibit 1, p. 1.

43 Exhibit 1, p. 1.

44 Exhibit 1, p. 2.

45 Evidence, p. 109.

a 20 year lease on the building⁴⁶ and also that the rental for the first ten years of the lease was paid in advance from contributions as follows:

- ABC – \$650,000;
- Hobart City Council - \$975,000;
- Tasmanian State Government - \$975,000; and
- Federal Government towards the internal acoustic fitout - \$1 million.⁴⁷

Committee's Conclusions

- 4.49 On the basis of written and oral evidence given at the public hearing, the Committee is of the view that:
- (a) While it would be physically possible for the ABC to include WASO on the site for the proposed development it would significantly impact on the way the site functioned as an ABC facility.
 - (b) The ABC would suffer a significant financial penalty for WASO to have been considered in the final preferred development option.
 - (c) The level of consultation undertaken by the ABC prior to formally advising WASO that it intended to sell the current premises and relocate was to a large extent ad hoc and was indicative of a lack of high level management attention to such an important decision.
 - (d) The rationale for the sum of \$500,000 that the ABC had factored into project cost estimates and financial analysis to assist with the fitout for alternative WASO accommodation lacked credibility in that it was not supported by empirical data and was less than that provided to the Tasmanian Symphony Orchestra. The Committee is strongly of the view that the ABC should provide WASO with relocation support funding commensurate at least with that received by the Tasmanian Symphony Orchestra.
 - (e) It is unclear whether the ABC has fully complied with its obligations under the Service Level Agreement. The Committee was not appraised by the ABC of any legal precedents or legal advice with respect to the ABC's obligations under the Service Level Agreement.

46 Exhibit 1, p. 2.

47 Exhibit 1, p. 2.

- (f) The Committee welcomes the advice of the West Australian Government that there is a compelling argument for a tripartite arrangement whereby the University of Western Australian, the Federal Government, and the West Australian Government would contribute to the relocation of WASO.
- (g) The Committee is of the view that the treatment of the Tasmanian Symphony Orchestra represents a precedent in relation to the level of funding for the relocation of ABC orchestras. The Committee is strongly of the view that WASO should receive relocation support funding, at least, commensurate with that received by the Tasmanian Symphony Orchestra.

Recommendation 2

4.50 The Committee recommends:

- **that the West Australian Symphony Orchestra receive from the Australian Broadcasting Corporation relocation funding commensurate, at least, with that received by the Tasmanian Symphony Orchestra; and**
- **that Federal, State and local governments consider funding options for the permanent housing of the West Australian Symphony Orchestra in the proposed Music Access Centre, in an arrangement with the University of Western Australia, on land to be provided by the University of Western Australia.**

Other issues

Provision for people with disabilities

- 5.1 The ABC's submission to the Committee advised that the proposed development would be designed to meet the requirements of the *Commonwealth Disability Discrimination Act* and the ABC Equity and Diversity Guidelines.¹ The ABC also advised that parking for people with disabilities would be provided in the basement carpark in close proximity to the passenger lifts.²
- 5.2 In evidence to the Committee, the Australian Council for Rehabilitation of the Disabled (ACROD) advised:

With construction going smoothly and in accordance with the Commonwealth Disability Discrimination Act, I note there is only ONE ACCESSIBLE TOILET for people with disabilities.

This toilet is with public toilets, which means if a person with a disability is also ABC STAFF and requires this access, they must use the ONLY toilet also provided for public access.

Staff with accessible toilet requirements should have their needs met along with other staff toilets, and this includes having access to an accessible toilet on both floors.³

1 Evidence, p. 37

2 Evidence, p. 38

3 Evidence, p. 124.

5.3 ACROD advised the Committee that as approximately 230 staff were expected to occupy the proposed development and in the event that the ABC employed people with disabilities, the proposed development should include:

- accessible staff toilets (on all floors where other staff toilets exist);
- accessible staff shower and locker facility;
- accessible counter heights - reception and cafe (perhaps split level for people standing and wheelchairs);
- accessible lift controls and audio signals; and
- accessible parking bays (not taken up by couriers and delivery trucks).⁴

5.4 On 13 October the ABC provided the Committee with a response to ACROD's submission.⁵ In relation to ACROD's advice to the Committee, the ABC advised:

- *Lift Services* - Accessible button heights and audible notification will be incorporated in lift fitout.⁶
- *Provision for People with Disabilities* - There will be unisex accessible toilets at each accommodation level of the building and a unisex accessible shower and locker facility will be located at ground floor.⁷
- *Local Impact* - Accessible staff toilets will be provided at each accommodation level of the building. An accessible staff shower and locker facility will be located at ground floor level. Accessible counter heights to reception, cafe and similar locations will be addressed during detailed design.⁸

4 Evidence, p. 125.

5 Submission No. 5 (Supplementary).

6 Submission No. 5 (Supplementary), p. 1.

7 Submission No. 5 (Supplementary), p. 1.

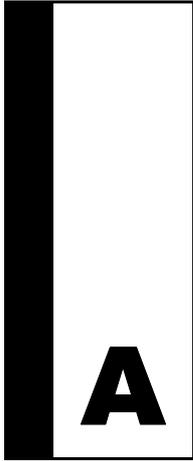
8 Submission No. 5 (Supplementary), p. 1.

Conclusion

- 6.1 In considering and reporting on a public work, the Committee is required by the *Public Works Committee Act 1969* to state:
- the purpose of the work and its suitability for that purpose;
 - the necessity for, or the advisability of, carrying out the work;
 - the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
 - where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
 - the present and prospective public value of the work.
- 6.2 The Committee has considered in this report, where relevant, the proposed ABC Perth Accommodation Project at East Perth, Western Australia against each of its statutory requirements. The Committee concludes that the construction of the proposed facilities represents value for money and has the potential to provide long term benefits to current and potential ABC customers, Western Australia and the ABC.

Recommendation 3

- 6.3 **The Committee recommends that the Australian Broadcasting Corporation Perth accommodation project, East Perth, Western Australia proceed at a cost of \$25.7 million.**



Appendix A—Witnesses

Bryant, Mr Alastair, Acting Director General, Ministry for Culture and the Arts

Dolan, Professor David, Councillor, Heritage Council of Western Australia

Duncan, Mr Geoff, State Director, Australian Broadcasting Corporation

Ferrari, Ms Catherine, Chief Executive Officer, The West Australian Symphony Orchestra

Holmes A Court, Mrs Janet, Chairman, The West Australian Symphony Orchestra

Knowles, Mr Colin, Director, Technology and Distribution, Australian Broadcasting Corporation

Macleod, Ms Mallika, Policy and Project Officer, Australian Council for Rehabilitation of Disabled (WA Division)

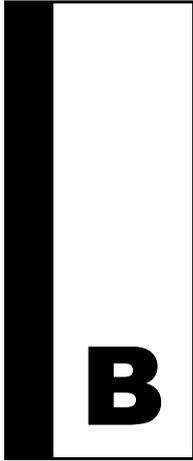
Martin, Mr Kym, Acting Head, Property and Support Services, Australian Broadcasting Corporation

Moore, Mr Raymond, Project Director, Australian Broadcasting Corporation

Pendleton, Mr David, Head, Finance, Australian Broadcasting Corporation

Sher, Mr Julian, Director, The West Australian Symphony Orchestra

Short, Mr Lindsay, Design and Construction Consultant, Australian Broadcasting Corporation



Appendix B—List of Submissions

1. Australian Broadcasting Corporation
2. Australian Heritage Commission
3. Ministry for Culture and the Arts
4. West Australian Symphony Orchestra
5. ACROD – WA Division (National Industry Association for Disability Services)
6. East Perth Redevelopment Authority
7. Environment Australia
8. Mr Stephen Smith MP, Federal Member for Perth
9. Heritage Council of Western Australia