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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

Parliamentary Standing Committee on Public Works

REPORT

relating to the proposed construction of a

COMMONWEALTH CENTRE (PHASE 1)

at

Melbourne, Victoria

(FIFTEENTH REPORT OF 1972)

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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

COMMONWEALTH CENTRE (PHASE 1)
MELBOURNE, VICTORIA

R E P O R T

On 30 June 1972, His Excellency the Administrator in Council referred to the Parliamentary Standing Committee on Public Works for investigation and report to the Parliament, the proposal for construction of Phase 1 of a Commonwealth Centre in Melbourne, Victoria.

The Committee have the honour to report as follows:

THE REFERENCE

1. The proposal referred to the Committee involves the construction of a seven storey building plus two floors of a future tower block providing a total of 160,000 square feet of net office space on Commonwealth-owned land at the corner of Latrobe and Exhibition Streets. Provision is to be made for office accommodation and for a cafeteria, recreation, car parking, storage and engineering plant.
2. This proposal is the first phase of a multi-stage Commonwealth Centre development which will have a large podium comprising seven floors of offices and essential services. Above the podium will rise three octagonal thirty-storey office towers. On present prices the cost of the ultimate development is estimated at \$64 million.

3. The estimated cost of Phase 1 is \$6.3 million.

THE COMMITTEE'S INVESTIGATION

4. The Committee received written submissions and drawings from the Departments of the Interior and Works and took evidence from their representatives and a representative of the Administrative and Clerical Officers' Association at public hearings in Melbourne.

5. We inspected the Commonwealth owned site bounded by Exhibition, Latrobe, Spring and Lonsdale Streets and the existing Commonwealth office building on the Spring/Latrobe Streets corner.

6. The proceedings of the Committee's hearings will be printed as Minutes of Evidence.

THE NEED

7. In recent years the expansion of the Commonwealth Public Service has necessitated a substantial increase in the amount of office accommodation which the Commonwealth has been required to lease in privately-owned buildings. In June 1958 for instance, the Commonwealth occupied 0.53 million square feet of leased office space in Melbourne at an annual rental of \$340,000. By December 1974, total leased space had increased to 1.9 million square feet at a total annual rental of \$6.5 million.

8. At present in Melbourne, Commonwealth offices occupy a total of 3.95 million square feet of which 1.9 million square feet (49%) is leased at an annual rental of \$7.03 million.

9. The Committee were told that even at an unusually low growth rate of two percent per annum, the Public Service will require an additional 0.24 million square feet of office space by mid 1975.

Should no Commonwealth office construction occur, this space would be leased at a cost of about \$1.2 million at June 1972 prices, resulting in a total annual rental bill in Melbourne of more than \$8 million. This cost does not include any increases in rentals of current leases which may occur between now and 1975. Whilst it is difficult to assess such increases, we were told that some \$2 million could be added to the annual cost of leasing, bringing the annual cost to more than \$10 million.

10. We were also informed that even if the proposal now before the Committee is completed by 1975, there will still be a need to lease more than 2.0 million square feet of office space at a likely annual cost of about \$9.5 million.

11. Additional Commonwealth office construction in Melbourne is essential to reduce also the extent to which individual departments are dispersed into separate buildings. At present, office space is occupied in 81 buildings, 33 of which are Commonwealth-owned. Inherent in this situation are inescapable administrative and operational costs and inefficiencies.

12. In addition, most leased buildings are not entirely suitable for Public Service needs. The Commonwealth were informed that lift and air-conditioning services in investment buildings are often inadequate for the relatively large Public Service staffs and that the size and configuration of floors result in inefficient disposition of staff and communications difficulties. Inadequate floor loadings also present problems. In all, about nine percent of all Commonwealth occupied space in Melbourne, excluding some areas occupied by the defence groups, is of an unsatisfactory standard.

13. Economics of Commonwealth Office Construction Recent studies have shown that generally it is more economical for the Commonwealth to build its own office accommodation than to lease comparable privately-owned space.

14. In the present proposal, a cost advantage of at least \$1.28 per square foot per annum is expected as against leasing space. The annual cost saving resulting from the occupation of the offices now proposed would be \$0.21 million which represents an investment return of at least eight percent. This conclusion is based on the cost of ownership of the office component of the proposed building being \$4.22 per square foot per annum as against the rental value of privately-owned space at \$5.50 per square foot per annum.

15. Committee's Conclusion The Committee concluded that to meet the requirements of an expanding Public Service, to reduce the amount of sub-standard office space and the higher cost of leased space, there is a need for additional Commonwealth owned office space of an acceptable standard in Melbourne.

16. In considering the reference in relation to the overall requirement, we observed that the present proposal will only partially satisfy the current need. We also noted that even after total development of the Commonwealth site of which this proposal represents only the first of six or more phases, and allowing for a minimum growth rate of the Public Service of two percent per annum it would still be necessary by 1981 to lease more than 1 million square feet of office space in Melbourne.

BACKGROUND TO THE PROPOSAL

17. In 1968, the Government approved the development of proposals for further Commonwealth office construction at the Commonwealth Centre site in Melbourne. An investigation of alternative ways of developing Commonwealth office construction in capital cities resulted in the Government planning on the basis that:

- the Commonwealth Centre site being on the fringe of the central business district of Melbourne is an appropriate location for Commonwealth offices;
- office construction standards should be similar to those of the better class investment buildings;
- a limit of cost of \$2,500 (1968 prices) per 100 square feet of net usable office space should apply; and
- departments with no special scientific or technical requirement occupying high cost leased accommodation or unsatisfactory Commonwealth buildings, should be progressively relocated in general purpose office space.

18. In June 1970, approval was given for planning to proceed on a building of 150,000 square feet of usable office space as the first phase in the progressive development of the Commonwealth Centre site. A feasibility study determined the most appropriate way of completing the overall development of the site and took account of the above criteria as well as the maximum working population consistent with effective accommodation in a satisfactory environment.

19. Total Development Concept The master plan for the total development of the site has three almost identical parts. Each part

consists of a section of the basic seven level podium structure above which will rise a 30 storey tower. Each part is capable of staged construction.

20. Office space in the podium is planned as being suitable for departments requiring very large floor areas and frequent and direct public contact. Food services for the complex would also be located in this area. The podium's three lower levels will provide such services as storage, computer areas, pedestrian and vehicle access and parking. As the working population of the site increases, various commercial services not readily available in the vicinity will be provided on the main pedestrian levels of the podium.

21. The three towers would be similar in construction and provide general purpose space with associated plant and services. Each office floor will contain about 15,000 square feet of usable space.

22. The master plan also allows for the erection of two multi-level telecommunications buildings for the Australian Post Office, one fronting Exhibition Street, the other Lonsdale Street. It presupposes full development of the complex over Little Lonsdale Street, between Spring and Exhibition Streets. As this section of Little Lonsdale Street carries relatively little traffic, negotiations have commenced for its acquisition and closure.

23. When the overall development is complete, the site including the existing office complex, will accommodate about 19,000 officers excluding the Post Office telecommunications staff.

THE SITE

24. The Commonwealth Centre site in Melbourne, which was acquired in 1948, is bounded by Spring, Latrobe, Exhibition and Lonsdale Streets and covers about 9½ acres. It is on the north-east fringe of the

central business district and is bisected by Little Lonsdale Street.

25. In 1958, a thirteen-storey building providing 125,600 square feet of usable office space was constructed on the Spring/Latrobe Streets, or north-eastern corner of the site, at a cost of \$3.6 million. An adjoining building was constructed in 1966 at a cost of \$5 million and the two buildings were linked at all levels to give an additional area of 158,500 square feet. These buildings occupy about 2 acres, accommodate some 2,650 offices and provide about 20,000 square feet for a cafeteria and amenities.

26. The north-western corner of the site has been cleared of buildings and is being used for parking. The southern half is still occupied by poor standard buildings. These are used for laboratories and storage by some Commonwealth departments whilst others are leased for commercial purposes on a short notice termination arrangement.

27. The site is on the fringe of the Melbourne central business district but it is adjacent to two major approaches to the city and is readily reached from others. Direct access is available from the four surrounding streets giving some freedom in the location of entry and exit points for vehicular traffic. We noted that more than 2,000 vehicles per hour could enter or leave the site in peak hours without exceeding the capacity of adjacent streets.

28. To the north and the east, Exhibition and Fitzroy Gardens provide valuable landscaped open space and a desirable visual setting. The proposed Melbourne underground rail loop is planned to pass diagonally under the site and a booking hall will be located under a small park on the corner of Lonsdale and Spring Streets.

The four tunnels comprising the loop pass some 40 feet beneath the site.

29. The site then, is well located in relation to Melbourne's central business district, is adequately served by road access and will have the additional benefit of convenience to rail transport. The Committee consider the site selected for Phase 1 of the Commonwealth Centre development to be suitable.

THE PRESENT PROPOSAL

30. The proposal now before the Committee is the first phase of part one of the overall development. It consists of more than half of the first segment of the seven level podium, with two levels above the podium which will form the base for the first tower building. These two levels will house mechanical plant and some office space.

31. Phase 1 will provide about 160,000 square feet of net office space and accommodation for a cafeteria, recreation areas, car parking and storage.

32. Amenities An area of 8,200 square feet will be provided for a cafeteria which will serve hot meals and light refreshments for the 1,600 officers expected to occupy the initial building. Seating will be provided for 304 persons at the one time, and sittings will therefore be staggered. Other amenities will comply with the approved code and in particular an area of some 2,000 square feet adjacent to the cafeteria will be set aside for recreational purposes.

33. Special toilet facilities for handicapped persons and the public will be provided.

34. Car Parking and Storage The three lower levels of the podium will be used for storage space and vehicle parking. Precise areas for specific purposes will be determined by the needs of phase 1 and revised when later phases are undertaken.

35. Floor Loadings Floor loadings will be designed to meet general purpose office requirements and will also cater in special areas for needs such as compactus units and safes etc.

36. Open Office Planning It is proposed that two-thirds of the office space in phase 1 will be open planned but the design will provide sufficient flexibility to allow for other forms of layout including office landscaping.

CONSTRUCTION

37. Structural The site is underlain by siltstones and sandstones of various degrees of weathering. Foundations will be located in rock and an investigation has confirmed that spread footings used immediately below basement level will obviate any problems associated with the proposed underground railway.

38. Construction will be in reinforced concrete. Floors have generally been designed for commercial office loads with an allowance on part of each floor for heavier than average loadings. Pre-cast concrete load bearing units are proposed for the external walls of the later tower phases providing an economical structural approach at the same time as expediting construction.

39. The service cores and structure of phase 1 are designed to facilitate continuity of construction into the tower phase and subsequently completion of the balance of podium service levels to the street alignments. Floor slabs in the service levels will be terminated so as to facilitate continued construction of the balance of these areas.

40. Engineering Services Mechanical engineering services will include air conditioning, mechanical ventilation, emergency power supply and miscellaneous items including domestic hot water, sump pumps, hoists and drinking water coolers.

41. Electricity will be distributed throughout the building in vertical riser ducts connected to distribution boards. Lighting will generally be fluorescent and in accordance with approved standards. Other services include PABX facilities, a master clock system and a lightning protection system.

42. The building will be connected to existing water and sewerage services. Storage and pumping plant will be installed in the building to maintain water supply for all purposes.

43. Fire protection measures include the installation of automatic sprinklers throughout the building in addition to fire hydrants, hoses and fire extinguishers located at appropriate points.

44. Lifts Four passenger lifts and one goods lift will be installed as part of this reference in addition to escalators between the third and fourth floors of the building. Provision will be made for lifts to serve the tower in part 1 and for the main entrance escalators at the Latrobe and Exhibition Streets corner.

45. Committee's Conclusion The Committee recommend the construction of the work in this reference.

ESTIMATE OF COST

46. The estimated cost of the work when referred to the Committee was \$6.3 million made up as follows:

	\$
Building works	4,392,000
Mechanical services	887,000
Electrical services	430,000
Lifts and escalators	301,000
Hydraulic services	125,000
Kitchen equipment	165,000
	<hr/>
	6,300,000
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PROGRAMME

47. After an approval to proceed is given the preparation of final drawings and tender documents is expected to take 9 months. Construction time for the work is estimated at about 18 months from the date a contract is let.

DECENTRALISATION

48. Although in paragraph 22 the Committee concluded that a site on the fringe of the central business district is suitable for the initial Commonwealth Centre development, it does not necessarily follow that we believe that construction of subsequent sections should proceed on this same site without further consideration being given to the suitability of their location.

49. In this respect, a most important factor to come from the Committee's hearings was the disclosure that virtually no consideration had been given to whether Commonwealth offices in Victoria might be better dispersed in suburban Melbourne or in country areas. The Department of the Interior is in effect charged with providing the office space which departments require and the Department of Works is responsible for designing and constructing according to an approved design brief. In all of that, there is no questioning in depth of whether it may be beneficial to the community and/or to the Commonwealth to consider significant decentralisation of some city based operations.

50. It is understandable for the Department of the Interior in response to requests for office accommodation to conclude that the further development of the proposed site is a satisfactory solution because the Commonwealth already owns the land and the proposal would have the effect of ultimately bringing most Commonwealth office functions in Melbourne together in Commonwealth owned space.

The Department of Works for its part, having convinced itself of the financial merits of the building, the accessibility of the site to employees and the public and its general suitability, also acted properly in supporting the proposal.

51. The Committee do not question that there is a need to provide in the city area facilities for personal contact between the public and some departments and in most instances accommodation in the proposed centre will satisfactorily meet this requirement. We do seriously question, however, the apparently hitherto untested approach that it is proper to continue to concentrate the Victorian branch functions of departments in the Melbourne city area. The proposed site is or will be accessible by rail and road but we feel that inevitably the vehicular and pedestrian congestion which now occurs at peak periods will be aggravated and as urban Melbourne spreads, the employees and the public concerned will have further to travel with gradually decreasing comfort and convenience.

52. The Committee therefore concluded that the Government should take the opportunity before contemplating the construction of the next section of the proposed complex to examine the wisdom of proceeding further with a total project, the result of which would inevitably be a high degree of centralization. Briefly, the objective of the study should be to determine whether it might not be more appropriate to locate Victorian branches of Commonwealth departments in suburban Melbourne or in country areas.

RECOMMENDATIONS AND CONCLUSIONS

53. The summary of recommendations and conclusions of the Committee is set out below. Alongside each is shown the paragraph in the report to which it refers.

- | | <u>Paragraph</u> |
|---|------------------|
| 1. THERE IS A NEED FOR ADDITIONAL
COMMONWEALTH OWNED OFFICE SPACE OF AN
ACCEPTABLE STANDARD IN MELBOURNE. | 15 |
| 2. THE PRESENT PROPOSAL WILL ONLY PARTIALLY
SATISFY THE CURRENT NEED. | 16 |
| 3. THE SITE SELECTED FOR PHASE 1 OF THE
COMMONWEALTH CENTRE DEVELOPMENT IS
SUITABLE. | 29 |
| 4. THE COMMITTEE RECOMMEND THE CONSTRUCTION
OF THE WORK IN THIS REFERENCE. | 45 |
| 5. THE ESTIMATED COST OF THE WORK WHEN REFERRED
TO THE COMMITTEE WAS \$6.3 MILLION. | 46 |
| 6. THE GOVERNMENT SHOULD EXAMINE THE WISDOM
OF PROCEEDING WITH THE COMMONWEALTH CENTRE
PROJECT BEYOND PHASE 1. | 52 |
| 7. THE STUDY SHOULD DETERMINE WHETHER IT MIGHT
NOT BE MORE APPROPRIATE TO LOCATE VICTORIAN
BRANCH OFFICES OF COMMONWEALTH DEPARTMENTS
IN SUBURBAN MELBOURNE OR IN COUNTRY AREAS. | 52 |


(C.R. KELLY)
Chairman.

Parliamentary Standing Committee on Public Works,
Parliament House,
Canberra, A.C.T.
7 August 1972.