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THE PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON MONDAY, 26 NOVEMBER 2018

SOUTHERN ACCOMMODATION PROJECT, LANDS BUILDING REDEVELOPMENT

Mr MATTHEW McCROSSEN, PROJECT MANAGER, BUILDING REDEVELOPMENT, STRATEGIC SERVICES DIVISION, DEPARTMENT OF PRIMARY INDUSTRIES, PARKS, WATER AND ENVIRONMENT; **Ms DEIDRE WILSON**, ACTING DEPUTY SECRETARY (CORPORATE, HERITAGE AND LANDS), DEPARTMENT OF PRIMARY INDUSTRIES, PARKS, WATER AND ENVIRONMENT; **Mr JAMES CRAIGIE**, DEPUTY SECRETARY, BUDGET AND FINANCE DIVISION, DEPARTMENT OF TREASURY AND FINANCE; **Mr ALEX NEWMAN**, DIRECTOR, X SQUARED ARCHITECTS; AND **Ms NOELENE KELLY**, DIRECTOR, SERVICE TASMANIA WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Valentine) - Thank you for appearing before the committee. We are pleased to hear your evidence today. It is essential for us. Before you begin giving your evidence I would like to inform you of some important aspects of committee proceedings. A committee hearing is a proceeding in parliament. This means it receives the protection of parliamentary privilege. This is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure that parliament receives the very best information when conducting its inquiries. It is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings. This is a public hearing and members of the public and journalists may be present. This means your evidence may be reported. Do you understand?

Messrs CRAIGIE, KELLY, McCROSSEN, WILSON and NEWMAN - Yes.

CHAIR - Would you like to make an opening statement?

Ms WILSON - I am pleased to be here today representing the Department of Primary Industries, Parks, Water and Environment to speak to the submission Lands Building Redevelopment of 134 Macquarie Street, Hobart. I will truncate that to DPIPWE going forward if that is all right. DPIPWE is also presenting a submission on behalf of the sub-tenant, Service Tasmania. I am joined today, as you are aware, by representatives from the departments of Treasury and Finance and Premier and Cabinet to inform proceedings.

I will begin by providing a short context. The Lands Building is considered a strategic leased building by the Department of Treasury and Finance with the lease negotiations led in 2016 by that department in collaboration with DPIPWE. DPIPWE leases the entire building, with Service Tasmania as a sub-tenant. The present lease is for the period 1 July 2016. With a soon-to-be-negotiated extension this will go to 31 March 2031.

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The purpose of the redevelopment is to provide DPIPWE's Hobart CBD-based staff with contemporary office accommodation. DPIPWE staff at the inception of this project were in three locations in Hobart: 103 Macquarie Street, the TasPlan Building, otherwise known as the Marine Board Building, depending upon your history, and the Lands Building. We are currently in two of those buildings: the TasPlan Building and the Lands Building.

Public interactions with the agency are currently split between the TasPlan Building and the Lands Building. The last major refurbishment of the Lands Building was completed in the late 1990s. The proposed redevelopment will provide efficiency improvements, centralised public services and staff in the Hobart CBD in contemporary accommodation. The refurbishment will provide up to 726 work points for staff, including 37 spare, enabling staff in other parts of the state to access appropriate accommodation when in the south.

While we have representatives from Service Tas to talk in greater detail, I note that this refurbishment provides an opportunity to design a new service centre for Service Tasmania to improve the customer experience, while allowing for a more integrated contact centre and retention of the Tasmanian Emergency Information Service, or TEIS.

In terms of the cost of the capital building refurbishment, the submission notes the estimated cost is \$20 470 000, including consultant design fees. The building owner is funding a substantial amount, of around \$10.5 million in the form of the lease incentive and contribution to base building works. Service Tasmania is funding around \$570 000. DPIPWE is thus funding around \$9.2 million of the building refurbishment and design costs.

Refurbishment of the Lands Building is long overdue, with a layout that is currently ad hoc and not contemporary. The lease arrangements were negotiated by Treasury, retaining the strategic CBD lease holding while allowing for necessary building upgrades. With the requirements of the Building Act 2016 Charter Hall has agreed to fund additional works to ensure compliance with the act and National Construction Code making for a safer, more accessible building.

The project is cash positive over the life of the Lands Building lease. The payback period on the DPIPWE contribution will depend upon when the TasPlan Building is leased. The TasPlan lease expires in 2022-23 and the current rental is \$1.7 million. The department will vacate the building entirely in 2019-20 and we already have parts of the building subleased.

If the entire TasPlan Building can be re-leased from 2021 the project costs would be repaid as early as 2023-24, otherwise the project will be repaid by no later than 2026-27.

An important point is if the department was to continue to occupy the TasPlan Building from 13 June 2023, which is the expiry date of that lease, the department would need to make \$10.2 million in lease payments to 2029 and with a further extension that would extend. Once we leave we do not have to pay two lots of lease. Once we have consolidated we have ongoing savings which will continue to be captured.

That is our opening statement and we welcome questions from the committee.

CHAIR - Thank you very much. There are going to be quite a few questions, given the size of this development. The questions we asked during the tour we had this morning we might want to put on the record now.

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Ms RATTRAY - I would like to drill down into the lease arrangements, if that is possible? I don't have a lot of commercial lease understanding, but I did make some enquiries. It was suggested that 15 years on a commercial lease and spending this type of public funds wasn't normal. How has the 15-year lease extension been arrived at? I hear what Ms Wilson said in regard to the savings, but I want to explore that lease option further. I am not sure whether it goes to James or whether it goes to Deidre?

Ms WILSON - James, could you start with first principles about leasing? Would that be the best thing to start with?

Ms RATTRAY - I know you are expecting these questions.

Mr CRAIGIE - The Government has a centralised property strategy for Hobart and Launceston. The objective of that is to try to get efficiencies in the leasing market. Historically agencies were responsible for their own leases, so we had situations where we had different types of agreements, different rents and we had agencies with surplus lease properties. They were paying for leases that they were not occupying and then agencies looking for properties. In late 2014 Treasury took over a central lease management strategy to try to get efficiencies. We play a role. There is a Treasurer's Instruction, 1302, that deals specifically with whole-of-government leasing. For leases that are greater than 400 square metres Treasury takes the lead negotiation with the landlord, working very closely with the agency, because the agency is across all the specific requirements they need for their site. In terms of maximising from a whole-of-government perspective, Treasury plays a role in assisting with those negotiations and helping agencies see what other agencies are doing.

In terms of your specific question around the lease length and lease term, it is probably better if Matt starts and I can jump in subsequently.

Mr McCROSSEN - At commencement of negotiations, as James has said, Treasury led negotiations together with DPIPWE. The initial lease term that the lease was signed for is 12 years and nine months. It was then realised that as a result of the Building Act 2016, there were additional base building upgrades required to make the building compliant with the Building Code of Australia, which Deirdre mentioned.

Ms RATTRAY - Which is when it is more than 50 per cent, it has to have extra compliance requirements?

Mr McCROSSEN - Yes. A section of the Building Act specifically relates that 50 per cent rule. If more than 50 per cent of the building volume is upgraded, then the whole of the building, needs to be brought as close as possible to the requirements of the Building Act and the Building Code of Australia.

That has meant that the building owners need to contribute an additional \$3 million to bring the building up to code. Key elements of that are a fire protection system which covers the whole building, a range of disability access improvements such as disability-accessible toilets which are going in throughout the building, making handrails compliant. A range of matters to bring the building up to code.

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Because of that additional cost that the owners were not expecting, we negotiated together with Treasury. The deal we have done extends the total lease term by a further two years in return for that approximately \$3 million additional contribution to the project.

Mr VALENTINE - Can you just repeat that?

Ms RATTRAY - We still get to the 2031 date? Expiring in March 2031?

Mr McCROSSEN - Yes, that is correct.

Ms WILSON - In terms of the general principle, the lease will be extended to 31 March 2031. There are two further lease terms of five years each for a possible extension. This is a long-term investment for the Crown and for the agency.

The building requires a fit-out. You have seen in the walk-through that the accommodation requires work. We would either be fitting out this building or, if we had to move - we would not necessarily find something would fit our 690 plus people - we would be fitting out a building somewhere. With this lease we got a substantial landlord contribution towards an incentive to work on their building, which was the original \$5.6 million.

My understanding, but I will defer to the gentleman here, is that it is not unusual for a fit-out to be done by tenants. We are not putting money into base-building upgrades *per se*, we are putting it primarily into the fit-out. We will be doing some works on the internal staircase, for example, for accessibility for our staff and making sure we have good movement through the building.

Do you want to add anything else about what you see as the standard practice in terms of fit-out?

Ms RATTRAY - May I ask whether there was any negotiation around a longer-term lease than the 2031 expiry?

Ms WILSON - Yes, because within the lease itself it has further terms of ...

Ms RATTRAY - That is only 10 years - two lots of five, given that the fit-out that is in place at the moment happened in the 1980s by the look of it.

Mr McCROSSEN - In the late 1990s.

Ms RATTRAY - That is only 20 years.

Ms WILSON - Yes, we would anticipate that we are looking at being in this building for the longer term in terms of it being a strategically leased building in the CBD.

Mr McCROSSEN - The cost of the fit-out will virtually be fully written off by the end of the lease term. Our finance section will depreciate the value of that fit-out over this lease term. At the expiry of that initial lease term through to 2031 the value of the fit-out would be virtually fully written down.

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We do then have the option of enjoying that fit-out for a further 10 years - five plus five - should we take on those lease extension options.

Ms RATTRAY - Was there any component that was put to the landlord that was declined? Did you ask for more than what you settled on?

Mr McCROSSEN - I would probably have to defer to Treasury on this. It was quite an extended negotiation to reach terms. It was a give and take process and I believe that both DPIWE and Treasury pushed the hardest deal possible.

James, would you like to add further to Treasury's ...

Mr CRAIGIE - The negotiation pre-dates my return to Treasury so I can't really provide much information on negotiation. I might be able to get some information from someone that was there at the time.

We are broadly comfortable that it was a contested negotiation and we got a good outcome. It's a market-based negotiation. I'm advised that the developer increased their contribution during the course of the negotiation.

CHAIR - When was the lease last signed? Or, when did it run out?

Ms WILSON - The date of this lease was 1 September 2016. I can't recall if the lease had expired and then this was new or whether it had a term to go. I really can't recall. I could find that information out.

CHAIR - The reason I am asking that is whether the negotiation for these works happened in conjunction with the lease arrangements being re-visited, or was the lease signed first and then this?

Mr CRAIGIE - No, it was a holistic negotiation.

CHAIR - It was a holistic negotiation.

Ms WILSON - Yes. We looked at things like who would do the cleaning. We looked at the base and standard clauses which should apply in a lease of this nature.

Ms RATTRAY - The lease is in place on the proviso that these works proceed. What happens if they don't proceed?

Ms WILSON - We would not get the incentive from the landlord. I think it would mean that the benefits of the contemporary accommodation we would realise and the savings from the Tasplan building would not be realised. DPIWE would therefore be at a significant disadvantage because if we weren't to take this deal we may not get a similar one, or we could be in a worse negotiating position with another landlord in the CBD. This is one of the largest buildings left that will take office accommodation. The consolidation that we get from being in one location will be of significant advantage to us in terms of efficiency. One place for the public to access our services. The synergies we get from Service Tas would be lost because we consider that they may be able to provide some additional services for us.

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My response is that there's a great deal of goodwill and good faith in this proceeding, but we are aware that we needed appropriate approvals. Not only yours, but also building and others.

CHAIR - With a project like this, does Treasury drive the process of office accommodation across the whole of the State Service, or is it up to each individual department to do that? Would Treasury have received a request from DPIWE to upgrade this building, or would it be Treasury that's got its mind on that?

Mr CRAIGIE - I think it's more collaborative. I don't think you can easily pigeonhole it as agency X and Treasury Y. We have a helicopter view across the Hobart CBD of where agencies are, what their current lease terms are, and what their evolving demands are. When an agency has a lease that's coming up to expiry we would collectively engage well before the expiry date to give us the appropriate timeframe to get the best outcome on what makes the most sense for that agency. It could be a simple rollover, it could be a relocation. This one is a whole building, bringing other parts of the agency into one site. Each opportunity is unique to the agency.

CHAIR - The reason I ask is that years ago there used to be this Public Offices Committee that had an overarching view of needs. To get efficiencies they could play with spaces more efficiently knowing what the needs were in other departments. Has that been pushed out the window and are individual departments now doing the arrangements?

Mr CRAIGIE.-. It is a little bit demarcated in that Treasury has the whole of market knowledge around leases and tenancies, but it is the agency that is best placed to know what they want and what they need.

Ms BUTLER - Deidre, for the record could you run through why the Lands Building was chosen strategically for DPIWE as opposed to the Tasplan or Marine Board Building?

Ms WILSON.-. My recollection is that we looked at our floor plate and the numbers of staff in each building. Correct me if I am wrong, for the floors we were holding, the Lands Building was the building that would actually fit the staff numbers that needed to move into the building.

Mr McCROSSEN.-. The Lands building net lettable area - the tenancy space we occupy - is 12 857 square metres. The Tasplan Building levels one to seven that we hold the lease on is 3 948 square metres and some of that we have subsequently leased. It is not big enough to fit the 726 work points that we are putting into the Lands Building. The Lands Building has larger floor plates, the floor plates are 1 180 square metres, so quite a large floor plate. This is good because if you have a larger division it can be located on one level.

The Tasplan Building has floor plates of 658 square metres, so a much smaller floor plate. This means to gain additional space you have to move vertically. Large floor plates, well positioned within the Hobart CBD, strategically that is the building that made sense. Otherwise we would have had to look to market to other buildings.

Ms WILSON.-. At the time there was some analysis done. This was considered an appropriate building and we were already in it. As Matt said there were some definite advantages in terms of the floor plate to fit the staff.

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Mr McCROSSEN.- In terms of the assessment for the building, one of the first tasks was to develop a functional brief for what the departments requirements were. Those functional requirements have informed the design. They were handed to the architectural consultants. There was a request for tender for design services. That functional brief was delivered to the consultants to say, 'These are our requirements, how can you make the building respond to those requirements'. That is the basis for the design we have presented.

Mr SHELTON - You mentioned that the Tasplan Building is being subleased as you vacate it. I think I read in the documents about \$1.7 million to \$1.9 million of savings over that time. Are the subleases going to Government departments?

Ms WILSON.- Currently they are with Government departments.

Mr McCROSSEN.- We have sublease arrangements in place for about 56 per cent of that building. We are already out of half of that building.

Mr SHELTON - One of the arguments for going into the Lands Building is efficiency, 13.3 square metres per employee or whatever it is. I take it from that point of view the Tasplan Building is inefficient, because it has one of the highest square metre areas. No disrespect to James or Treasury, because from the taxpayer's point of view it is good for the taxpayer to be efficient. From the employee's point of view - I was involved in the TAFE College in Launceston when we rebuilt - one of the issues was you tend to squeeze as much out of it as you can. Are you quite happy, and I know a lot of consultation has gone on with the employees in the different departments, that there is not too much squeeze happening in this building?

Mr McCROSSEN - The design brief that the architects had to work to was based on some accommodation benchmarks. We looked at the accommodation benchmarks nationally. I know that Treasury is moving to establish some Tasmanian benchmarks, which will no doubt be informed by similar market research that we undertook. You mention the current staffing density. The Tasplan staffing density is around 22.3 square metres per employee and the Lands Building is as high as 28.5 square metres. For every employee there is 28.5 square metres -

Mr SHELTON - Currently?

Mr McCROSSEN - Currently. The industry benchmarks are probably somewhere around the 13 square metres, so probably twice as much space as required. Moving through the building you get a sense of that.

Mr SHELTON - Taken up with boxes at the moment we noticed.

Mr McCROSSEN - Yes, that's right. I see where you are coming from in that you don't want to squeeze too far. We have benchmarked the square meterage against other tenancies. Parliament Square, for example, is probably the most recent project - we are sitting in part of it. It is at 13.2 square metres per employee. With this project the square meterage across floors varies between about 13.3 and 14.3 square metres. It is slightly more generous than the accommodation provided at Parliament Square.

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We are also going with a 120Y shape workstation, rather than a straight bench like this. They do provide further break up, articulation and what I would call breathing space between clusters of workstations. Staff density has been appropriately looked at and taken into consideration.

CHAIR - One further question on the decision to refurbish rather than go elsewhere. There are a lot of hotels being built and no doubt some office space that goes with it. Did you do any scanning of that possibility, with new buildings going up around the place?

Ms WILSON - With Treasury we had a look at what was on offer at the time. It also came down to the fact that this building is a leased strategic building in the CBD with Service Tas. Obviously, market conditions change over time, but when we looked at this it was considered to be our best option.

CHAIR - Do you do a business case and then hand that to Treasury, or does Treasury do the business case?

Ms WILSON - I support what James has said that it is a collaboration. A starting point for it was: (1) a lease needed to be negotiated; but (2) we looked at our net lettable area across the CBD. We were also having conversations about how to get a more efficient organisation. Once we started to look at staff density in the Marine Board Building, which was very generous, and the fact that there was a lot of storage in the Lands Building and did some base numbers on net lettable area then that led to a conversation that we did not really need to be in two buildings - in fact three at that stage. It is quite inefficient for us to be in three buildings across the CBD. Moving out of the Tasplan Building offers other opportunities for that building as well.

Ms BUTLER - It says in the report that there has been union consultation. For the record I have heard from the ASU, which has confirmed that there has been really good consultation. Representing Service Tas employees they are very pleased with the downstairs model for their people. I have had consultation with the CPSU, which has raised a few issues about the open plan design and the density that we were talking about previously. Noise has been a real issue with the open plan design at the Parliament Square Building.

For the record, can you advise how you have negotiated or consulted with those concerns for employees with that group?

Ms WILSON - As Matt indicated we started by looking at some principles for the building. We looked at what the layout would look like. We put on the table it was going to be open plan. We were upfront. The principles also looked at density and a benchmark. We also put forward office design and that not everyone would get an office. We recognised upfront that we needed to set some principles in place. We did consult on those but I do know it was seen as 'This is what we are intending to do'. We were upfront about that and these are the principles that we will apply.

We had staff forums, which Matt spoke to. We have set up some working groups. I will get Alex to talk about the design elements that we have also incorporated into this particular fit-outfit-out to respond to some of those concerns. There is no doubt there is an element of people who have told us that they do not support open plan. They do not see it as accommodation that is conducive to them as an individual. We are aware of that. We say this is contemporary office accommodation, we do have a minimum standard, we are not trying to cram people in. We have some desks for

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people to come in that come from the south. People like me that come in, I hot desk up there. That is me no-one else.

We have some space. Each floor does have a slightly different density but that is being discussed with each of the divisions so they have their own layout. I will hand to Alex about some of the specific things we have done to address some of the concerns around noise.

Mr NEWMAN - The numbers that you are quoting here are full occupancy, which is not what is expected. We have 726 work station positions in the new DPIPWE area, but I believe somewhere in the region of 690 staff. Those are not all fulltime members of staff, but the figures you are looking at are based on the 726. From a functional perspective we have the large open-plan areas, but we can also support areas where people can do other sort of work. We have four to six alcoves on typical floors, or meeting rooms where people can go and make that private phone call if you have to phone your doctor.

Ms RATTRAY - Those small rooms that you showed us?

Mr NEWMAN - They are small rooms but they are designed for somebody in a wheelchair to access. When we build them people always ask why it is so large? It is because you have to get a wheelchair in there and turn it around and bring it back out.

Ms WILSON - We think two people can comfortably sit and have a conversation.

Mr NEWMAN - Yes. From an acoustic perspective we have looked to specify the best finish as possible. The ceiling tiles are 40 millimetres thick, they have NRC rating of 1. That is noise reduction coefficient, I looked this up. Normally a 0.05 would be 95 per cent absorbed and 5 per cent reflective noise. The ones we are going with are 1, so they will absorb 100 per cent of the noise they get.

The work stations have acoustic panelling in the screens, so they have acoustic properties. They should have an NRC of around 0.3 to 0.5, depending on thickness.

CHAIR - Mind you, they are only at a certain height - are they not?

Mr NEWMAN - They are up to this sort of height here and the height is specifically set. The idea is that when somebody is head-down and working or on the phone, most of the noise is in this zone. If I wanted to say, 'Do you want to come and get coffee?' I can raise my head over.

Ms RATTRAY - What about the standing desk? If most of them are going to go towards the standing desk, the screens would only be at eye level.

Mr NEWMAN - One of the things I was going to mention is that as part of the consultation a group of the workstation prototypes were put out there. I believe they have been out there for about six months for the staff to look at and use, if they wanted to. The screen height, unlike Parliament Square, is going to be fixed. There will be about 1 300 or 1 350 millimetres. The workstation top will go up. We did not want to have the effect where half the office has desk screens up and then you have myriad different heights happening.

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Ms BUTLER - How many employees do you have on each floor at the moment and how many employees do you envision to have on each floor. What would that increase be?

Mr McCROSSEN - That varies at the moment. On some floors probably around 50 staff. There are a couple of floors with a higher density with about 70-75 staff. We move into 86 per floor, so that probably answers that question.

Ms BUTLER - That is 86 fully occupied?

Mr McCROSSEN - If fully occupied. As we pointed out earlier, there are about 36 bare workstations less than our staffing numbers.

Mr NEWMAN - The point of that is also the fact that there are large areas of storage, which obviously do not have people in now but will become workstation areas.

Ms BUTLER - That is a potential of 86 staff with two or four areas where they can go to have private conversation?

Mr McCROSSEN - Six, plus meeting rooms.

Mrs WILSON - You might recall where the current tea room is - that will become a work-hub space. I believe we changed the design of that because of feedback from staff.

Mr NEWMAN - We pulled the glazing further forward so the screens are in the immediate work areas.

Mrs WILSON - Because there was concern about the noise. That is the kind of thing we have done - where specific issues have been raised around noise and interference we have looked at what we can do and, where possible, have responded.

Mr NEWMAN - There are a couple of informal work spaces. If you have a laptop and you want to sit and read a report, you are not too worried about the acoustics because you can sit in a seat near the entrance area near the lift. You can take it and sit at a bench in the staff room. There is the idea of having different flexible areas in the building where people can work from.

Ms BUTLER - Is the concept of open-plan work spaces as being a best-practice internationally looked at? I know that in many other countries around the world, they are moving away from the open-plan work spaces. Was that a consideration in this design? Why was that option chosen when there were problems at Parliament Square with open-plan?

Ms WILSON - We had a look at what is considered contemporary office accommodation in this state. Some of our staff would say that contemporary means different things to different people. This was about consolidating but it was not about cramming. It was about saying we think we can get a good fit with a good layout. As Matt said, we were not going for benches. We looked at a layout with some good design principles that say we have people on Y desks, so when you look at the layout you are not as close to someone as you might be if you are like this.

Mr NEWMAN - You are also not talking straight across.

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Ms WILSON - You are not talking straight across at people. We looked at what we considered to be contemporary office design in the Tasmanian and Australian context. There is some research which says that does not work as well for some industries.

At the Lands Building, most people are now in some form of open plan. It's just not contemporary. People are concerned about noise in the current Lands Building, but they don't have proper acoustic baffles, they have different layouts that are not taking into account the sound movement. You don't have proper ceiling tiles.

Because of the current building, which is open plan, I can understand why people would have some concerns that they are moving to something that looks different. We are using best practice design to help mitigate those concerns. Those break-out spaces - in the Tasplan Building I see people standing outside in the corridors taking their personal calls. Those six spaces, those meeting rooms, the decent tearoom which has a capacity to actually be away from people will make a really big difference to how people operate within the workplace.

Mr NEWMAN - Analysis was done in terms of the existing meeting rooms and alcoves, if you want to call them that, across the buildings that DPIWE were using. The proposal is far in excess of the existing infrastructure they have.

Mr McCROSSEN - In terms of contemporary office accommodation, there are probably as many reports for one the other way.

Ms WILSON - Yes, there are.

Mr McCROSSEN - Open plan really depends on how you construct it. If it's done well it can work well. If it's poorly designed, or if the staffing density is too high, you will have impacts.

Ms WILSON - It's all those things.

Mr McCROSSEN - Yes, we have really tried to achieve an optimum balance. Obviously, you do have open plan work points. We have a large number of meeting rooms. Every floor has large, medium and small meeting rooms. There are those breakout alcoves if you need to make a private phone call. There are informal work spaces where if you just want to go and have a casual chat you can do that.

There are a range of different spaces to respond to those requirements. In addition, all of the meeting rooms have acoustic treatment. You know, for confidentiality.

Ms WILSON - Which they don't where I'm at.

Mr McCROSSEN - Which they don't at the moment. Walls are packed with acoustic insulation. Acoustic insulation wraps over the ceiling. Alex has already said the ceiling is acoustic. Sound tends to dissipate well in an open plan environment if your staffing density is at the right level, and if you've got those mitigations in place. That is what we have applied.

Mr NEWMAN - In terms of the density, just to say that there are office fit outs in Hobart where it's as low as 10. So, we felt comfortable at mid-13.

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Mr SHELTON - As far as the planning goes, we had a look at level three and it's a marvellous clean space that you can start with. At the end of it something good will come out of it.

The practical issue facing the build, to put it on record. What is there, nine floors? Two separate builds in the floors. How does that go again? There are three levels at one stage, two at another?

Mr McCROSSEN - We have had to establish a complex decanting strategy, which we have here. We have two vacant floors now. Levels four and three are currently vacant. We did show you level three. We'll be starting construction with levels three and four.

Ms WILSON - We even have a diagram.

Mr McCROSSEN - Once they are completed. Alex, if you would just talk us through.

Mr NEWMAN - The first two floors, that was level three that we saw. We move the people here with the arrows. All the different colours are the different branches and divisions inside DPIWE, and they move down into those completed offices. They actually then vacate three levels. We've done that. We re-fit those.

CHAIR - Is that their final resting place, or do they have to go back up again?

Mr NEWMAN - That's a good question. Where they are shown in white on this, they are in their final space. So, EPA have moved straight into their finished office area. A few branches haven't been that lucky. So, EPA were lucky.

Mr McCROSSEN - One of the principles that we established early was we wanted to minimise moves.

Ms WILSON - But we were also upfront that you might need to move twice.

Mr NEWMAN - Then we do the top two floors and level two. Then at that point we can move people back into the building from the Marine Board Building. Then the final stage is -

Ms WILSON - Staff have seen this.

Mr NEWMAN - They were consulted.

Ms WILSON - There is disruption.

Mr NEWMAN - That is pretty much the final.

Ms WILSON - It is about minimising and making it clear what each stage is. For example, the team has spoken with divisions about key dates. There are some times where it is not so good for our Fisheries licence people to be moving, for example, because they are in the process of doing Fisheries licensing. We are mindful of those things.

CHAIR - ICT obviously with all the cabling.

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Ms WILSON - That's right.

Mr SHELTON - From the builder's point of view the lift is the only access point - the lift and the stairwell. It is a building that has been constructed and we are renovating it, so everything has to go up through the lift. No doubt there will be some issues there. Another issue is the overall price. The tenders haven't gone out yet, but how confident are you of coming within the tender price, given the market that is in Tasmania and particularly Hobart at this time?

Mr McCROSSEN - In terms of the movements our request for tender documents is very clear as to what level of access the builders can expect. They will get a lift for movements. They may have to schedule some work after hours, particularly during key periods of demolition. There will be intensive periods of demolition and then obviously there will be items coming through for fit-outfit-out. That is not unusual for builders to manage. That is part of their core business. They will have to handle their logistical management. We are also balancing access for staff. We are really wanting to leave at least three lifts available for staff, so that we don't have excessive access waiting timeframes for staff. That has been a consideration in providing builders with adequate access, without that being at the detriment to staff.

Mr NEWMAN - We are fortunate in this building in the basement floor there is a ramp down both sides. The proposal at the moment is to give the contractor access down the service access so they won't be coming in via the ground floor. That first lift is a service lift so they would have use of that lift throughout. Then all of the rest comes in the other side.

CHAIR - What about isolation of air-conditioning on floors? Obviously, a lot of dust is being created through demolition, you need to make sure that doesn't get through to the workforce.

Mr NEWMAN - That will be considered. When the partitions were removed on level three that you saw we went through that process.

Mr McCROSSEN - They will need to isolate the mechanical system. The builders are also required to develop a construction management plan. Once we have a preferred tenderer and if we're in the position of forming a contract, their first deliverable is actually a construction management plan. That will need to respond to access, OH and S, isolation of systems. That is the first output. That has to be approved by the department and the superintending architect before construction can commence. That should respond to the practicalities of managing the construction.

Mr NEWMAN - In terms of the rest of Mark's question, which was the tender market, obviously it is getting busier. Because of the size of the project it will be pre-qualification above \$10 million, which will limit the pool of contractors in the state that would be able to do it. The sooner it goes the better.

Mr McCROSSEN - I can give you an overview of the procurement. We have three major tender packages. There is a small loose furniture tender, which has recently closed. We'll be looking at those tenders. Obviously, we won't be looking at contract until the committee has made its findings. The second procurement is for workstations and associated furniture, the workstations you can see on the drawings and the associated storage. That closes next Wednesday. Prior to Christmas we should know where we are probably heading in terms of cost. Regarding the builders tender, we have had extended negotiations with the owner which are resulting in a much safer contemporary building from a building compliance point of view.

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We have had to make the call on when we go to market. We could have potentially got the tender out prior to Christmas but the construction industry has a well-known shut down. We believe that the best chance of getting a good tender result would be to release the tender in mid to late January once the industry is back. As Alex said, it is a fairly standardised fit out - levels two to nine are virtually identical.

It isn't an overly complex build. It is not a new building, it is the fit out of an existing building, which I think will be quite attractive to the market. You never know what you are going to get. We have worked closely with a quantity surveyor who has provided cost estimates at every stage.

From experience, they tend to err on the side of being conservative, which is what you want. We need to see where we sit in terms of the market. If we need to look at applying value management we will do that.

Mr SHELTON - That is stated in the document?

Mr McCROSSEN - Yes.

Ms BUTLER - I have two questions on that topic. Will there be some form of penalty for cost blowout on that builders tender if they go over the cost they estimate. It often happens in projects like this.

Mr McCROSSEN - In terms of time frames we have liquidated damages detailed. So if it drags on you do have the potential stick of liquidated damages for extension of time frame. We are looking for a fixed price tender. The level of detail, of resolution, that you see in this - the complete specification for this job is around 1 000 pages of detailed specification.

We spent a long-time consulting with our division on power and data requirements, which are often things that you will put in extra of during construction. We have tried to minimise the risk of variation and additional cost through rigorously briefing the job. The reality is there are always unforeseen things. We do have a 2.5 per cent contingency factored into the cost we have presented to you.

Ms RATTRAY - Is that \$403 971?

Mr McCROSSEN - That is correct.

CHAIR - Is 2.5 per cent high enough?

Mr McCROSSEN - That has been based on the advice of the quantity surveyor. Because of the level of resolution that we have gone to on the documents we believe that should be sufficient.

Mrs WILSON - It is the specificity that we have gone to that makes-

Mr NEWMAN - Earlier in the project it was higher but now that we have got it basically to tender stage it has come down.

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Mr McCROSSEN - Normally when you receive projects they would be at schematic design phase. You would probably have a 20 or 30 per cent contingency on it, but because we are right down to the construction drawings the contingency tightens.

Ms BUTLER - Because the ground floor is the last floor, if there were issues with costs and time frames, could the ground floor potentially be in danger from corners being cut.

Mr McCROSSEN - We will get a fixed price tender. The answer is no. The builder will be committed to deliver the scope at an agreed lump sum. It would only be variations if Service Tasmania ask for a heap of things that we are not expecting. They would need to meet the cost of that. That is part of the deal for DPIPWE managing this on their behalf. They will have a figure when we receive the tender. They will know that is what they will need to contribute. If there are variations at the client's request they would need to meet the cost of those.

Ms RATTRAY - That is the \$571 000.

Ms KELLY - Plus \$343 000 incentive that comes from the building. A percentage comes with the landlord incentive.

Mr McCROSSEN - At the start of the cost estimate the total cost of the Service Tasmania fit-outfit-out is around \$900 805. As Noelene has pointed out they are entitled to a proportion of the lease incentive, the cash incentive that we are receiving from the owner. Once you minus that off the balance that they will need to find is that \$571 000.

Ms WILSON - That money is there to do the Service Tas works.

Ms KELLY - That is exclusively for that ground floor.

CHAIR - Perhaps we can drill down a little bit. If I might ask a question of Service Tasmania with respect to your development. We were talking about lead times for decanting, because of the nature of your business. Can you take us through how you work that out? Do you have enough lead time to be able to effectively undertake the move?

Ms KELLY - We have commenced some very preliminary discussions about what our options are for decanting. We've focused specifically on the service centres and not the contact centre and the TEIS room at the moment. There is shopfront space available at 144 Macquarie Street. Premier and Cabinet currently has a lease in that building that we can use. Provided the timing is okay and there are no other hiccups that would be our ideal location, because it minimises impact.

We have also started considering options. For example, we have just moved into a new building in Devonport, the Paranple Centre. We resurrected the old counters from Devonport and we have moved them to Hobart. Our aim is to relocate and spend the least amount of money as possible in the alternative premises. Early next year we will ramp up our planning for this. We will start looking at our options in terms of impact to customers and staff and start planning to make sure we've secured a shopfront.

CHAIR - Your present FTE for Service Tas is 7.5, or something like that?

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Ms KELLY - At the service centre it is 9.51. That is 13 staff as we have a lot of part-time staff. That is just for the service centre. In the contact centre we have 7.75 FTEs or 10 staff.

CHAIR - Sorry, there is a distinction there.

Ms KELLY - That is exactly right. Our decanting for the contact centre and the TEIS room can be a little bit more flexible, because it is not customer facing. At this point in time and early next year we are really focused on the shopfront.

CHAIR - You were talking about the level of work that you currently get and that there has been a bit of a reduction. Can you give us the number of contacts you have at the moment and for the last 12 months and how much that is down?

Ms KELLY - Across the whole state we are seeing a gradual decline in the number of customers visiting our service centres. These are March figures, the figures we use for budget Estimates. March 2017-18, 1 506 302 was the number of in-person visits. In March 2016-17 it was 1 552 861. That is a decrease of 46 559. However, compared to the previous two years, March 2015-16 compared to 2016-17 we saw a decrease of 17 232. Then the year before that it was 76 420. You can see that there is quite a variation.

CHAIR - A fluctuation.

Ms KELLY - A fluctuation. As more things go online we will see more customers continuing to choose online. However, as Ms Butler mentioned, we do also have to take into account that there are a lot of people in the Tasmanian community who either don't have the skill to go online or don't have access to the equipment.

CHAIR - Do you feel you'll see an elevation of people coming through the door to you, or do you feel it will remain roughly the same?

Ms KELLY - In Hobart, or overall?

CHAIR - In terms of this building.

Ms KELLY - In Hobart, we are expecting to see a decrease. Hobart is our second busiest site in the state. What you tend to see is that the decreases occur in the regional sites a bit more than the urban. It does vary from site to site.

CHAIR - You don't have any issues with the amount of space that's been allocated for the services that you have to provide?

Ms KELLY - No. The overall space for Service Tasmania on the ground floor is smaller. However, we are also changing the way we are servicing our customers. What we're expecting with the new service model is that we won't have as many customers standing and waiting for service, because we will be able to resolve their query at that front point as they come in and are greeted by the concierge.

CHAIR - Could you walk us through that process? They come in through the front door. The first thing they see is a help desk, is it?

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Ms KELLY - The first thing they see is a very friendly smile from Service Tasmania. It's likely that there will be not just one, there will be a group of people working there. They will be greeted by a staff member who says, 'Hi. How can we help you today?' Then, depending on what the customer says depends on where they go in the room. It may be that our staff member is able to answer their query and resolve it, and they don't have to come any further into the building. We might be promoting the use of online service delivery for a particular government function. When government agencies move some of their services online, in this new model we'll be able to feature that and say to the customer, 'Would you be interested in us showing you how to do this online?' So someone will take them there.

If it's a transaction where they need to go to the counter - driver's licence where you need to have your photo taken, the staff member at the front will ensure they have all their correct identity and paperwork that they need. Then they'll be given a ticket from our system. They'll be told how long the wait is. Then they will be able to sit in seated comfort in our new waiting area and wait for their turn to be called up,

CHAIR - The conversation spaces that have been built into this development are sufficient to cope with what you might need there, if you have people that need to be specially dealt with?

Ms KELLY - Yes. We've done a lot of analysis on the number of transactions we get per day, the type of transactions that we get and the type of transactions that we need. I suppose our photo screens versus straightforward transactions.

The consultation booths are new for us. We are redeveloping a site in Launceston and we'll have a consultation booth there. We will have that in place 12 months before we open Hobart. We'll be able to - for want of a better phrase - play with that and build an understanding of how we can best use that to support our customers. The we'll be able to take those learnings and build them into Hobart.

CHAIR - Thank you. Any other questions on the Service Tas side?

Ms RATTRAY - In regard to the contingency plan if you can't get a building elsewhere. You indicated that the future cafe tenancy wouldn't be up and running. Do you think you would fit in that for your ...

Ms KELLY - Yes. That was something Matt mentioned. We'd probably have to do a fair bit of work around that. One of our big issues with co-locating is the safe. It costs a lot of money to relocate a safe. It costs a lot of money to run a cash-based business because of the security arrangements. I'd prefer not to comment on that because I haven't done any due diligence around whether that's possible. We would be looking for whatever feasible option we could that will minimise the cost of relocation.

Mr McCROSSEN - In terms of the ground floor redevelopment, ensuring Service Tasmania was not in direct proximity to a construction site was probably one of the key considerations.

Ms RATTRAY - Too many people in and out, wandering around and wearing orange vests.

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Mr McCROSSEN - Yes, that cafe tenancy is relatively small. You would need to have a very stripped back service to accommodate that. The 144 Macquarie tenancy is currently in DPAC lease hands, unless it decides to take up another opportunity. That is probably plan A. We will look at plans B, C, D, if necessary.

We have left it open for the builder to give us alternative approaches. Once we have a preferred builder and we know what their program is, we are going to give them our decanting strategy and say, 'This is how we think it best works with the staff we have in the building. They may offer us an alternative. We will be consulting closely with Service Tasmania. If there is anything DPIPWE can do to assist, we would do so.

Ms RATTRAY - It is not set in stone that the bottom floor is the last redevelopment?

Mr McCROSSEN - It pretty much is set in stone.

Ms RATTRAY - I am here helping you, Noeline.

Mr McCROSSEN - We would really like to complete the redevelopment; move the builders out of the building and have that last so the grand opening of the building is a fresh and complete arrival experience.

There are problems with carting builders back through a completed ground floor for another six months. Anyone who has done renovations, you do not want them coming back through your completed area if you can avoid it.

Ms RATTRAY - Through your loungeroom.

Mr McCROSSEN - It would be highly unlikely that the ground floor will move from the last stage.

CHAIR - One question on density. You talk about the density of the service centre and how that compares with other service centres. Can you comment on that?

Ms KELLY - At the moment, the Hobart service centre is quite generous. My opinion is that we do not use that space effectively and efficiently. We have a bit of dead space there. The layout of the service centre is very traditional. Customers queue up and then they are called to the counter. The new design enables us to put in place those new service models that we have been talking about, such as concierge. It also makes more effective and efficient use of the space.

We do not have a lot of requirements for back-of-house space so we have been able to incorporate our contacts in an area in the service centre. I mentioned on the walk-around, one of the models we are adopting in Service Tasmania is to train our front-of-house staff so they are also trained for phones and eventually to also assist online. Having that co-location of the back of house and front of house in Hobart is really important.

We have just done a redevelopment in Devonport and we are doing one in Launceston at the moment. The concepts that we have used, particularly in Launceston and Hobart, are very similar. The design principles that have been developed for us for Launceston and Hobart have been handed to the two separate architects. They are making their interpretation on that but they are all operating

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off the same fundamental principles. Devonport is similar because we designed that about three years ago and it has just been finished now.

CHAIR - In terms of the number of people coming through the door and the number of people servicing their needs, you were saying that you did a comparison with other interstate people.

Ms KELLY - We talk regularly with other jurisdictions. We have just hosted the national conference in Hobart. We are fairly similar to South Australia, and our model is very similar in terms of the number of customers we are servicing. The size of our sites across the whole 27 vary quite distinctively. Campbell Town, which is one of our smaller sites, is quite different to the big urban sites. Rosny is quite different to Hobart and Launceston. We have looked at Service NSW, which is where we would all love to be in the country. We have integrated some of the concepts that they use, such as concierge and floor walkers, into our model. While we are very similar to Service SA, Service NSW is where we would all like to be.

Ms BUTLER - I would like to put on the record, Alex you were providing me with information on a new lift and how that will improve security for employees in the building. Could you talk us through that?

Mr NEWMAN - DPIPWE has two public interface functions, one is the Lands Office on the first floor of the Lands Building and the other one is the Marine reception in the Marine Board Building. Both of those take public on an ad hoc basis for licences or copies of titles. When we looked at putting those onto the ground floor in the Lands Building it was not a comfortable fit. It was too much. We would end up with receptions with staff on another floor so the initial concept was to put a lift in between the ground and the first floor that allowed the public to access the first floor so they got the interface functions that they need and allowed the staff connected to those groups to be co-located.

From a functional perspective it improves security in the building. Currently a member of the public entering the building goes to the security desk, asks for a copy of their title and they are swiped through. They then have access via the lifts to any floor in the building. By having a public-only lift to the first floor means that the security point is right at the ground floor next to the proposed security desk. That means on all the other floors there is no need for an additional layer of security. We have the cost of the new lift but then it is offset against eight or nine secure lobbies all the way up the building.

Mr McCROSSEN - The access controls on those doors alone are about \$2 000 or \$3 000 each, not to mention the doors and hardware.

Ms BUTLER - I wanted to congratulate you. In the report, when you were talking about the environmental, sustainable design, you said you will be using smart oak that is being sourced and supplied by Oakdale Industries in Mornington. It is fantastic you are using that group. I was wondering, for the record, if you could state why you have chosen that group?

Mr NEWMAN - About two years ago I was contacted by Oakdale Industries which said, 'Can we come and interview you. We have all these products and would you like to use them?' I did. I was not fully across them as an industry then. When I went to their new facility in Mornington I went away thinking they produced great products that we should be using. We are using a smart

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oak that is normally used as a floorboard product as a benchtop. It is a beautiful product and it should be positive to that industry.

Mr McCROSSEN - If I could add to that. We have had a keen focus with the project on specifying sustainable materials but we have also used several disability service providers, which have provided employment opportunities. We used Colony 47 to provide services removing surplus furniture in addition to the Oakdale Industry specified timbers, which certainly supported the disability service employment providers.

Ms BUTLER - Could you quickly run through the changes to the lighting in the building and how it will be more efficient?

Mr NEWMAN - As part of the lease agreement there was an incentive from the building owner. Initially they were proposing a figure for upgrade of new T5 lighting. JMG, the project engineers, recommended that we went to LED lighting. The difference in installation costs was \$950 000 for T5 lighting and \$1 million for LED and there was a saving of \$1 600 per floor per year to have the LED option.

CHAIR - In terms of running costs?

Mr NEWMAN - Running costs, so it is about a three-year payback period. Those are based on figures from about a year ago. Each year it evolves very quickly in this field.

Mr McCROSSEN - At the time the lease negotiations occurred T5, which is a type of florescent tube, was probably the industry standard. Since the negotiations commenced, LED is probably become the new market leader. We are moving to leading edge in terms of energy efficient lighting.

CHAIR - Is the quality of the light and glare the same or better and all those things.

Mr NEWMAN - We specified good quality light fittings. It is an area where we would resist any value management that was offered up during the process. There is LED lighting and there is LED lighting. We have good quality LED lighting.

JMG have recommended going to a square LED light because it creates less contrast in the ceiling plane and it is better value for money in terms of allocation of fittings. Instead of having long linear fittings which can be glary, these lights in here are slightly glary, it has definitely been considered and lighting models have been done.

Ms RATTRAY - I will pass that on to the housekeeping. I wanted to get on the record the front entry. I thought it looked OK but I was informed that it doesn't comply any longer.

Mr NEWMAN - As part of the 50 per cent rule we need to upgrade that entry to comply with current standards. The handrails do not comply, there is no tactile indicators on the stairs, they don't necessarily have the right slip resistance. All of those things are being addressed as part of that refurbishment.

Mr McCROSSEN - One of Tasmania's leading access consultants has provided advise on all of those disability access improvements that are integrated into the project.

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CHAIR - While James is still here, I don't want you to feel unwanted. Does Treasury produce documents that go out to departments that are looking at refurbishment that contain things that have to be met, like office densities per person?

Mr CRAIGIE - We are developing whole of Government guidelines but we are cognisant that different agencies have different service models and it is not going to be uniform.

CHAIR - Because of the type of work they might do?

Mr CRAIGIE - This is an office but within that office it still has several areas that a customer facing. Service Tas is different from a school which is different from a hospital. So it is hard to say one size fits all. For traditional public servant office accommodation we are developing whole-of-government standards around density fit-outfit-outs, standard fit-outfit-out costs and so on.

CHAIR - So it is an optimal thing. You don't just try to meet the cheapest dollar. You are obviously looking at the densities for people to work in and lighting densities and things like that. The Building Code of Australia obviously tells you how you are going to fit these things but it doesn't always tell you how much office space you need per person.

Mr CRAIGIE - There is a range of quality factors that were touched on today that are taken into consideration around the amenity for each work station. They will be part of that standard.

CHAIR - I noticed that at the moment there is 45 to 50 per floor in some of the upper floors. Is that correct.

Mr McCROSSEN - It would probably range from 50 up to about 70.

CHAIR - Fifty to 70 and then you think it might go up as high as 80?

Mr McCROSSEN - Eighty-six.

CHAIR - They are not going to be jammed in like sardines, are they?

Mr McCROSSEN - No. The nature of the 120Y workstation system that we have used means you tend to have clusters of six or nine. They almost sit like islands in space. If you look at them on the plan you do have a decent amount of circulation around them.

Mr NEWMAN - We are required to have disability access to every single one of those workstations, so you have a clearance of at least a metre at the narrowest point.

Mr McCROSSEN - We will also have some housekeeping rules in maintaining those circulation zones. The storage has quite deliberately been defined.

Ms WILSON - You can see from walking around the building that if we don't have some rules our staff will definitely take up some of the space. We do have and, as Matt was just saying, we have planned for storage. That is why the basement is quite important for a number of the divisions that are active and work outside of the building and have a field-based component.

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Mr McCROSSEN - One of the key considerations is ensuring the divisions of the department use the precious floor area for its best use. You want to have the amenity for staff as high as possible. You store the things that you don't need in the basement store and just use that office space for its intended use.

CHAIR - We talked about accessible toilets, family rooms for changing nappies. Can you give us an understanding of how you are catering for those sorts of eventualities, especially with the service centre and on the other habitable floors for the public servants?

Mr McCROSSEN - The current male and female bathrooms in the buildings are on split levels within the stairwells on either side of the lift core. They have been cosmetically upgraded by the building owner. Those works are complete. As part of the upgrades the owner is funding the installation of disability accessible toilets. On the ground floor we have an accessible bathroom and an ambulant toilet, which incorporates a baby change table on the ground floor. That will be accessible to the members of the public on the ground floor.

CHAIR - For people and patrons of the cafe?

Mr McCROSSEN - Yes. There are disability accessible toilets on level one. There is also a parenting room on level one for staff.

Ms RATTRAY - Does that mean they will be bringing children to work? Is that how that works?

Ms WILSON - I had a friend who brought the kids in for breastfeeding and out again.

Mr NEWMAN - If you are a return-to-work mother and you are having to express then a private room to do that and a fridge available and somewhere to wash your hands afterwards.

Ms RATTRAY - It is only on one level. The parenting room is only on one level.

Mr McCROSSEN - On level one that is correct.

Ms RATTRAY - On level one. If they are working on level seven?

Mr McCROSSEN - They jump in the lift come down to that facility and use it. We do currently have a parenting room within the Lands Building. It is a bit of a makeshift exercise. It is in a disused office. It is not fit for purpose. This is a fit-for-purpose facility, which will have all the amenities required. We had a working group, which involved staff focusing on staff amenities. We did consider is one of those enough? Based on the Australian Standards it was deemed that one was sufficient. We haven't had significant pushback on that, but we did have good representation from staff on that working group for staff amenities. I don't think it is a compulsory requirement, but obviously we support families in the workplace.

Ms RATTRAY - The old perennial question. The Chair is not here today, so we want to make sure we get this on the record. The art commission - the \$80 000 maximum. It talks about a handcrafted conference table. Is that part of the \$80 000?

Mr McCROSSEN - Yes.

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Ms RATTRAY - Then some wall-based, or suspended artwork - that's not the wall garden is it, by any chance?

Mr McCROSSEN - No. We have been working with Arts Tasmania for some time. It's fair that we wanted to - as all department do - maximise the outcome that we got from that commission. We discussed a range of options with Arts Tasmania. We have split our commission to those couple of elements. We're looking at putting in a new board table. This is a perfect example - I think this was actually a commissioned piece for this room.

We're look at a table for the level one boardroom which is permanently set-up as a boardroom. That will seat about 24 people. That would be used by the department, other departments and, no doubt, external stakeholders coming in to level one.

The other component, as we've said, could be a wall piece. It could be some sort of sculpture. The intent would be that that would be somewhere on the ground floor, or external to the building within the public space.

Ms RATTRAY - Possibly in Service Tas, in the foyer?

Mr McCROSSEN - Possible. The issue with art commissions is you never know what you're going to get. We do know we're going to get a table.

Ms RATTRAY - You do get to choose though.

Mr McCROSSEN - You do, yes. The brief for that ground floor art piece is that it needs to draw on the values of the department, which are extensive and broad. That natural values of the agency. The intent would be that we would release the commission brief for those art pieces in January. We will assess those with the involvement of Service Tasmania together with Arts Tasmania.

Ms RATTRAY - My second Mr Brook's question will be about no gold plating in this building?

Mr McCROSSEN - Gold plating?

Ms RATTRAY - Well, he never wants anything over the top. He wants quality product without going to the nth degree. We notice there's some stone.

Mr McCROSSEN - I would say there is no excessively expensive material specified.

Ms RATTRAY - Nothing that has to come from overseas?

Mr McCROSSEN - Yes. We have picked nice finishes that are going to last. Obviously, there are non-slip considerations in relation to public areas, wet areas, and so on. The natural values of the agency have very much informed the palate of finishes and materials that you have seen. We're a natural values agency, so there are a lot of neutral colours, use of timber. It is restrained in its specification.

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Ms RATTRAY - Is there any opportunity to recycle anything from the existing building?

Mr McCROSSEN - Yes.

CHAIR - Like old carpets?

Mr McCROSSEN - We've got 12 000 square metres of those.

Ms RATTRAY - Yes. Some of them have got paint lines on them now though.

Mr McCROSSEN - The request for tender for the builder requires that they outline their proposal to recycling. As for furniture disposable and re-use, we've been working quite hard for well over 18 months to two years on that. We already have vacant floors - one of them that you saw. We've already managed to either donate, or re-allocate furniture to other areas within the department. We'll be maximising furniture re-allocation. We'll be re-using furniture within the Lands Building where it fits with the new fit-outfit-out. Or offering it to charities, or ultimately the Hobart recycling shops.

CHAIR - So old carpet squares can't be mangled up and put under swings?

Mr McCROSSEN - We've worked with Hobart City Council and took advice from their waste management people. That informed the recycling requirements in the request for tender. We have tried to maximise that. It is limited to what the recycling centre has the capacity to deal with, or what is commercially worth doing by the builder. Materials that have value like aluminium and copper will be recycled because it fits in with the price that they offer us. The amount of recycling and the value of that will be offset against tightening their tender price so that they can win the job.

CHAIR - They used to have a thing called Waste Information Resource Exchange but I do not know whether that still operates. That was designed to recycle as much as possible.

Ms RATTRAY - Chair, I have covered Mr Brooks' areas of interest as well as my own, so thank you.

CHAIR - Fair enough. Staff exercise areas, shower rooms. We are moving into the electric age, staff cars. Has any of that been considered? Could you run us through that?

Mr McCROSSEN - Yes, sure. As part of the lease renegotiation there was a financial incentive and we have outlined that. There were also what I would term end-of-trip facility upgrades, which the owner committed to and they are completed. There are new male and female change rooms with lockers in them. There is a new female shower facility which has been constructed. The male one has been refurbished.

There is a new bike storage area. We have an existing bike rack in the basement, which is over-allocated. We have bikes parked on the perimeter of the carpark on rails. As part of the lease deal, the owners have committed to providing bike racking for 50 additional bikes, which will be constructed as part of the scope of works that we have put to you.

There is a disability accessible shower going on the ground floor, which will replace the existing non-compliant accessible toilet. It is too small and does not meet contemporary standards.

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That will provide a shower facility for persons who might have either permanent or short-term impairments on the ground floor.

In terms of E-bikes, the problem is that there are a range of standards. The bike store will have power points in it. Chargers can be plugged in.

There is also a disability car parking space in the basement that will be signed to meet current standards.

CHAIR - Are there spaces for staff cars to be parked inside?

Mr McCROSSEN - Yes, there are 17 car spaces in the basement and they will continue to be housed there. That space will be there should a member of staff require it. There is not any public car parking on the site. It is all secure DPWE fleet car parking.

CHAIR - I was pointing to the provision of charging points for electric cars. This is happening. Is there any opportunity for cars to be recharged?

Mr McCROSSEN - They would have to be fleet cars. I don't believe we have any electric cars in our current fleet.

Ms RATTRAY - Legislative Council has one.

Mr McCROSSEN - If we did have, we could put in a charging facility.

CHAIR - You can see why I am asking the question.

Ms RATTRAY - We intend to get two hybrids on the list. Out of interest, the owner of the building, Charter Hall, is this a company or is it an individual?

Mr McCROSSEN - They are a property investment group.

Ms RATTRAY - I thought they would be.

Do they pay Treasury and then Treasury pays, or do they pay directly to whoever gets -

Mr McCROSSEN - They pay directly to DPIWE. Under the lease it was required that the department submits the builder's invoice, a certification from the architect, a certification from the quantity surveyor. You put it to them and if they are OK with it, they will claim your money. It was going to be quite a lot of red tape to get the department's money. As part of these negotiations we have streamlined that process and we have a simple process where at the commencement of a construction stage we get half of the dollars for that stage and at the completion of that stage we get the other half. It has cut out a huge amount of administrative effort from my team and from the consultants.

Ms RATTRAY - I don't know Charter Hall, no disrespect, but there is no way that the state can get left with the whole account. They have to stump up their -

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Mr McCROSSEN - They are contractually legally obligated. We will issue our invoice for our 50 per cent up front and they will pay that. They have been good to work with. There have been sensitive dealings but it is a good constructive relationship we have with the owners.

Ms RATTRAY - Thanks, Chair.

CHAIR - Off-gassing quite often causes a problem for people in new buildings or newly refurbished buildings. Have you got a comment on that? Plastic products obviously giving off fumes, paint...

Mr NEWMAN - We have already spoken about shutting down the mechanical system on the floors not being been used.

CHAIR - I understand that but this is after the build and when people are occupying the space.

Mr NEWMAN - We have specified low VOC paint. Our practice does a lot of green star projects. This is not one but we use that knowledge base on all of the projects that we do.

CHAIR - Thank you for that. I think that is about it by the sound of it. I guess there are the standard questions we have here. Does the proposed works meet an identified need or needs or solve a recognised problem?

Ms WILSON - Yes, they do.

CHAIR - Are the proposed works the best solution to meet identified needs or solve a recognised problem within the allocated budget?

Ms WILSON - I definitely believe so.

CHAIR - Are the proposed works fit for purpose?

Ms WILSON - Yes.

CHAIR - Do the proposed works provide value for money?

Ms WILSON - Yes.

CHAIR - Are the proposed works a good use of public funds?

Mr WILSON - Yes.

CHAIR - Thank you. I thank you for attending today. We do have a statement that needs to read on your exit. As we advised at the start what you have said here today is protected by parliamentary privilege. Once you leave the table you need to be aware that privilege does not attach to comments you make to anyone, including the media, if you are just repeating what you said to us, outside. Do you have any closing comments?

Ms WILSON - No.

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CHAIR - Thank you.

Ms RATTRAY - I have very much appreciated Treasury being here to confirm. This is my first time when we were not dealing with a school or roads that the Parliament or the people of Tasmania owned. I felt it was a slightly different process for me. Thank you.

THE WITNESSES WITHDREW.