NINTH ITEM ON THE AGENDA

Report of the Building Subcommittee

1. The Building Subcommittee of the Programme, Financial and Administrative Committee met in Geneva on 16 March 2009. The Officers of the Subcommittee were: Mr Paixão Pardo (Government member, Brazil), Chairperson and Reporter; and Mr Lima Godoy (Employer member) and Mr Khurshid Ahmed (Worker member), Vice-Chairpersons.

2. The Subcommittee had before it three documents: the first provided an update on the renovations at headquarters, [1] the second contained proposals for future work at headquarters [2] and the third was on the replacement of boilers. [3]

I. Renovation activities at the headquarters building

3. The Chief of the Internal Administration Bureau supplemented the information provided in the document, particularly with regard to the deadlines which had been set for October 2009 and which would be met. The total cost of the activities would be below the planned budget. The members of the Subcommittee were invited to visit the premises to see how the work was progressing. Regarding the "Genève Lac-Nations (GLN)" project, he explained that the investment had been made jointly by the host country and the *Services Industriels de Genève*. Cold water pumped from the lake served to cool the air in the building and allowed savings to be made in electricity consumption. In an effort to make better use of resources, the boiler room of the headquarters building had been equipped with gas burners.

4. The Worker members welcomed the progress made in the work. They requested clarification concerning the bidding procedures for the refurbishment of the kitchens and restaurants, the state of negotiations regarding faulty interpretation equipment in the conference rooms, and the dates for completion of the works for a lift for persons with disabilities.

[1] GB.304/PFA/BS/1.

[2] GB.304/PFA/BS/2.

[3] GB.304/PFA/BS/3.

5. The Employer members joined the Workers in thanking the Office for the work carried out and welcomed the involvement of the Office in the innovative GLN project. In addition to the questions raised by the Workers, they asked for confirmation that the estimated cost of refurbishing the kitchens and restaurants provided in the document came from the contractor and not from the Office. They emphasized the need for the Office to solve the problem of the interpreting equipment quickly.

6. In response to the requests for clarification by members of the Subcommittee, the Chief of the Internal Administration Bureau explained that the announced cost of refurbishing the kitchens and restaurants had been estimated in consultation with the contractor. He also said that the invitation to tender, incorporating such future activities, would be prepared with the assistance of an expert who was recognized in the catering world. With regard to the technical problems concerning interpretation in the refurbished conference rooms, he explained that the Office had sought a remedy under the contractual guarantee, which had been contested by the company that had installed the equipment. A review was currently being conducted by the equipment provider in order to determine the liability of the company that had installed the equipment. Given the circumstances, any work carried out on the defective equipment could be detrimental to the Office's claim against the company that had installed the equipment. Replying to the question by the Worker members concerning the lift for persons with disabilities, he said that it was expected that the work would be completed in late October 2009.

II. Proposals for future work at headquarters

7. The Executive Director for Management and Administration introduced Mr Gilliot, an external consultant hired by the Office to deal with the technical aspects of the project and suggested that he make a presentation on that item of the agenda.

8. Mr Gilliot gave a projected presentation reviewing the ILO's landholdings in Geneva, their value and the way in which they were to be developed, and providing an update on the ongoing and future discussions with the host country and Geneva authorities. A copy of the presentation was distributed to the members of the Subcommittee.

9. The Employer members thanked the Office for the document, which reflected the complexity of the subject. They approved the proposal to sell plot 3844, provided the terms were favourable to the Office. Concerning the three options for developing the Office property, the first option had to be discarded in view of the considerable value of the headquarters building in the current economic situation. They expressed their preference for the second option, subject to further study by the Office. Concerning the conference facilities, the Employer members were not in favour of selling 50 per cent of the facilities, considering that they could always be optimized through a better use of space. They also requested the Office to give a detailed account of how the premises could be reorganized to avoid the excessive cost of relocation. They emphasized the need to incorporate the decentralization policy, which would enable space at headquarters to be freed up in favour of field offices. Regarding the renovation plan, they wished for the Office to continue working with an external expert and stressed the importance of appointing a project manager from within the Office to work with the expert. They asked the Office to submit a master plan within a shorter time frame than that mentioned in Mr Gilliot's presentation. The Employer members concluded by rejecting the first option and welcoming the second, subject to further information being provided, while they did not object to further consideration of the third option.

10. The Worker members welcomed the discussions under way with the host country and local authorities. They approved the sale of plot 3844. With regard to renovation, they expressed a preference for the third option and asked the Office for further details to be provided regarding occupational safety, hygiene and health. They reminded that redevelopment of the space should take account of the specific features of the work of the staff in situ. In conclusion, the Worker members rejected the first option, were in favour of the third option subject to further information and were not opposed to a more detailed consideration of the second option.

11. The representative of the Government of the United Kingdom, speaking on behalf of IMEC, welcomed the fact that certain proposals made in the past had been taken into account in preparing the document. She recalled the importance for the Office of appointing a project manager as soon as possible. She emphasized that as things stood, IMEC could not take a position until a full risk analysis had been carried out for each option. The analysis would have to factor in the state of the Geneva property market, as well as the direct and indirect costs of moving and other unforeseen items. She pointed out the need for the Office to determine how it was going to function during the works and how it was going to carry out maintenance under each option. She recalled that the headquarters renovation should be completed before that of the Palais des Nations in order to avoid inconvenient overlapping. The proposal to sell plot 3844 was accepted, provided it was part of a global renovation concept.

12. The representative of the Government of Japan expressed his concerns regarding the feasibility of the different options envisaged in the document given the current financial situation. He therefore requested clarification concerning the state of the Geneva property market, and recalled that any delay in the works would have a direct impact on their cost.

13. Mr Gilliot, replying to a number of questions asked by the members of the Subcommittee, explained that plots 3844 and 3924 were each worth 25 million Swiss francs, despite their difference in size, because of the difference in what could be built on each plot. Proportionally, the smaller plot could accommodate a greater total built-up surface than the larger one. With regard to conference facilities, since current needs in Geneva were not being met, the international organizations which had to hire space in hotels were potentially clients of the ILO. The ILO currently used only about half the potential of its conference centre and could henceforth enter into a co-ownership partnership with one or more international organizations with a view to using the centre more intensively. That proposal aimed to provide the Office with debt-servicing capacity in connection with its renovation work.

14. With regard to the construction of new buildings, the needs of the diplomatic missions were not currently being met and the exceptional location of the ILO site greatly enhanced its potential value. In addition, accommodation and serviced apartments could also be built on part of the sold land.

15. With regard to the second option, a floor-by-floor renovation would not only take about ten years but would also involve careful management of costs and possible disruption. Renovating half of the building at a time should meet the needs of the Office more effectively. Income from renting vacated premises would enable the Office to increase its debt-servicing capacity in connection with the renovations. The possibility of creating open-plan premises should be examined in greater detail and without damaging the working environment at headquarters.

16. The Treasurer and Financial Comptroller explained that the rent and relocation costs of the annual Conference that took place in part at the Palais des Nations were close to 1 million Swiss francs each year. The third option, which proposed the construction of a new building in a public–private partnership, would generate no costs for the Office for the duration of the contract, and the maintenance costs would also be paid by the partner. He reported that, in the present biennium, the Office had already started to make provisions for a renovation fund. With regard to the relocation of staff, he stated that all the options involved at least one relocation and that an estimation of the costs would be included in the more in-depth study of the two selected options.

17. The Executive Director of the Management and Administration Sector emphasized the importance of closely studying the questions of decentralization and freeing up space at headquarters. Those issues had a direct impact on other current topics, such as the external office structure. She recalled that the decentralization would be a progressive process rather than a mass relocation. It would also be necessary to take into account the quality of the working environment within the framework of the renovation. She reminded the Subcommittee that the Office would prepare a more detailed document to be submitted to the Subcommittee in November 2009.

18. ***The Building Subcommittee proposes to the Programme, Financial and Administrative Committee that it recommend to the Governing Body that it:***

(a) approve the sale of the plot referred to in the appendix of the Office document [4] as plot 3844, on terms to be negotiated by the Director-General;

(b) request the Office to keep the second and third options, and request the Director-General to draw up a complete master plan accordingly.

III. Replacement of boilers

19. The Chief of the Internal Administration Bureau provided some further information in addition to that given in the Office document. He noted that in 2008, total CO_2 emissions linked to heating of the headquarters building amounted to 2,800 tons. Replacement of boilers 3 and 4 would not only significantly reduce those emissions but would also reduce energy consumption by between 10 and 15 per cent.

20. The Worker members said that they were in favour of adopting the Office's proposal, in view of its contribution towards the optimization of working conditions at headquarters.

21. The Employer members joined the Worker members in welcoming the proposal. They emphasized that the proposal was a matter of urgency and was a clear response to the Office's concerns regarding adherence to environmental standards.

Geneva, 16 March 2009.

Point for decision: Paragraph 18.

[4] GB.304/PFA/BS/2.