

---

The Parliament of the Commonwealth of Australia

# **Proposed Fit-out of New Leased Premises for AusAID at London Circuit, City, ACT**

Parliamentary Standing Committee on Public Works

November 2005  
Canberra

---

© Commonwealth of Australia 2005

ISBN 0 642 78723 9 (printed version)

ISBN 0 642 78724 7 (HTML version)



# Contents

Membership of the Committee .....	v
List of Abbreviations .....	vi
Extract from the Votes and Proceedings of the House of Representatives .....	vii
List of Recommendations .....	viii

## REPORT

<b>1 Introduction .....</b>	<b>1</b>
<b>Referral of Work .....</b>	<b>1</b>
<b>Background .....</b>	<b>2</b>
Australian Agency for International Development .....	2
Existing Location .....	2
Site of Proposed Works .....	2
<b>Inquiry Process .....</b>	<b>3</b>
Inspections and Public Hearing .....	3
<b>2 The Proposed Works .....</b>	<b>5</b>
<b>Purpose .....</b>	<b>5</b>
<b>Need .....</b>	<b>6</b>
<b>Scope .....</b>	<b>6</b>
<b>Project Delivery .....</b>	<b>7</b>
<b>Cost .....</b>	<b>7</b>

---

<b>3 Issues and Conclusions .....</b>	<b>9</b>
<b>Options Considered .....</b>	<b>9</b>
<b>Location .....</b>	<b>11</b>
<b>Scope of Works .....</b>	<b>11</b>
Space Requirements.....	11
Proposed Crisis Centre .....	11
System Elements .....	12
<b>Amenity for Employees .....</b>	<b>12</b>
Car Parking .....	12
Bicycle and Motorcycle Parking .....	13
Childcare.....	13
Work Spaces.....	13
Employee Population .....	14
<b>Access Equity.....</b>	<b>14</b>
<b>Ecologically Sustainable Development.....</b>	<b>15</b>
Australian Building Greenhouse Rating .....	15
Water Conservation .....	15
<b>Project Delivery .....</b>	<b>16</b>

## **APPENDICES**

<b>Appendix A – List of Submissions .....</b>	<b>17</b>
<b>Appendix B – List of Witnesses.....</b>	<b>19</b>
<b>Appendix C – Submission No. 1 from the Australian Agency for International Development.....</b>	<b>21</b>
<b>Appendix D – Official Transcript of Evidence .....</b>	<b>57</b>



## **Membership of the Committee**

**Chair** Hon Judi Moylan MP

**Deputy Chair** Mr Brendan O'Connor MP

**Members** Mr John Forrest MP

Senator Stephen Parry

Mr Harry Jenkins MP

Senator the Hon Judith Troeth

Mr Bernie Ripoll MP

Senator Dana Wortley

Mr Barry Wakelin MP

## **Committee Secretariat**

**Secretary** Mrs Margaret Swieringa

**Inquiry Secretaries** Ms Peggy Danaee

Ms Vivienne Courto

**Research Officer** Mr Raymond Knight

**Administrative Officer** Mr Peter Ratas



## List of Abbreviations

ABGR	Australian Building Greenhouse Rating
ACT	Australian Capital Territory
AusAID	Australian Agency for International Development
BCA	Building Code of Australia
DFAT	Department of Foreign Affairs and Trade
GST	Goods and Services Tax
NLA	net lettable area
OH&S	occupational health and safety



# **Extract from the Votes and Proceedings of the House of Representatives**

**No. 46 dated Wednesday, 10 August 2005**

11 PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE –  
REFERENCE OF WORK – PROPOSED FITOUT OF NEW LEASED PREMISES  
FOR AUSAID, ACT

Dr Stone (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved – That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Fitout of new leased premises for AusAID at Block 20, Section 10, known as London 11, ACT.

Question – put and passed.



# List of Recommendations

## 3 Issues and Conclusions

### Recommendation 1

The Committee recommends that the proposed fit-out of new leased premises for AusAID at London Circuit, City, ACT, proceed at the estimated cost of \$9.5 million.



## Introduction

### Referral of Work

- 1.1 On 10 August 2005 the proposal to fit out new leased premises for the Australian Agency for International Development (AusAID) was referred to the Public Works Committee for consideration and report to the Parliament in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).<sup>1</sup> The proponent agency for this work is AusAID.
- 1.2 The Hon Dr Sharman Stone MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the proposed work was \$9.5 million. She reported that the developer was expected to commence construction of the building in January 2006 and, subject to parliamentary approval, the proposed fit-out would be undertaken concurrently with construction of the base building. Both the base building and proposed fit-out are due to be completed in May 2007, with AusAID expecting to occupy the building in June or July 2007.

---

<sup>1</sup> Extract from the *Votes and Proceedings of the House of Representatives*, No. 46, Wednesday 10 August 2005

## Background

### Australian Agency for International Development

- 1.3 AusAID is an Australian Government agency, within the Department of Foreign Affairs and Trade, responsible for managing the Australian Government's official overseas aid program. AusAID also provides policy advice and support to the Government on issues of development, and plans and coordinates poverty reduction initiatives in partnership with developing countries.<sup>2</sup>

### Existing Location

- 1.4 AusAID's head office is located in Canberra at 62 Northbourne Avenue, City, ACT. Agency representatives are also located in 25 Australian diplomatic missions internationally.<sup>3</sup>
- 1.5 The head office currently occupies 9,556 square metres net lettable area (NLA), and AusAID shares several parts of the building with other Government agencies and with the general public.<sup>4</sup>

### Site of Proposed Works

- 1.6 The proposed works are intended to be carried out in a new building being developed at Block 20 Section 10, City, ACT, known as London 11. The site is bounded by London Circuit and Allara Street, and is in close proximity to other government and commercial properties.<sup>5</sup>
- 1.7 The building will be located on crown land leased for 99 years (from 2004) to London (11) Pty Ltd. AusAID reports that the developer has obtained the necessary zoning and approvals from the relevant planning authorities.<sup>6</sup>

---

2 Appendix C, Submission No. 1 from the Australian Agency for International Aid (AusAID), paragraphs 3.1.1 - 3.1.3

3 *ibid*, paragraph 3.1.4

4 *ibid*, paragraphs 3.2.3 and 3.2.6

5 *ibid*, paragraphs 3.5.1 and 3.5.2

6 *ibid*, paragraphs 4.3.1 and 4.4.1

## Inquiry Process

- 1.8 The Committee is required by the Act to consider public works over \$6 million<sup>7</sup> and report to Parliament on:
- the purpose of the work and its suitability for that purpose;
  - the need for, or the advisability of, carrying out the work;
  - whether the money to be expended on the work is being spent in the most cost effective manner;
  - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
  - the present and prospective public value of the work.<sup>8</sup>
- 1.9 The Committee called for submissions by advertising the inquiry in the *Canberra Times* on Saturday, 27 August 2005. The Committee also sought submissions from relevant government agencies, ACT government, private organisations and individuals, who may be materially affected by, or have an interest in, the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

## Inspections and Public Hearing

- 1.10 On 7 October 2005 the Committee visited AusAID's existing head office and also inspected the site and environs of the proposed works. A confidential briefing from AusAID and a public hearing were held at Parliament House, Canberra, later that day.<sup>9</sup>

---

7 *Public Works Committee Act 1969*, Part III, Section 18 (8)

8 *Public Works Committee Act 1969*, Part III, Section 17

9 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 7 October 2005 in Canberra



## The Proposed Works

### Purpose

- 2.1 The purpose of the proposed works is to:
- provide improved security and operational efficiencies;<sup>1</sup>
  - allow AusAID to relocate to new premises upon expiry of the lease on its existing premises;<sup>2</sup>
  - provide a customised, integrated fit-out designed to meet AusAID's needs;<sup>3</sup>
  - provide maximum flexibility for the accommodation of staff and operations;<sup>4</sup> and
  - ensure compliance with relevant building codes, meet modern environmental standards and deliver associated cost efficiencies.<sup>5</sup>

---

1 Appendix C, Submission No. 1, paragraph 3.2.2

2 *ibid*, paragraph 3.4.1

3 *ibid*, paragraph 3.4.3

4 *ibid*, paragraph 3.4.4

5 *ibid*, paragraph 3.4.6

## Need

- 2.2 AusAID currently occupies 9,556 square metres of office accommodation at 62 Northbourne Avenue, City, ACT, which it has leased since 1987.<sup>6</sup>
- 2.3 The need for the proposed work has been prompted by:
- the expiry on 31 July 2007 of AusAID's present lease;
  - ageing infrastructure and services in the current 30-year-old premises, which have exceeded their economically useful lives;
  - high ongoing maintenance and refurbishment costs associated with remaining in the current, ageing premises;
  - the inability of the current premises to meet modern standards in respect of occupational health and safety (OH&S), disability access, security, building code requirements, ecological sustainability and energy efficiency, security and general amenity and presentation;
  - the low proportion of usable floor space due to the inflexible floor plate of the current premises; and
  - the fact that the current leased area is slightly surplus to the agency's needs.<sup>7</sup>

## Scope

- 2.4 The proposed fit-out will comprise:
- integration of electrical, mechanical, communications, security, fire and hydraulic services into base-building works;<sup>8</sup> and
  - a tenant fit-out above the base building, including reception, executive offices, workstations, breakout and meeting spaces; computer room, storage, conference and training facilities; first aid room, sick room, amenities, parent / carer room, kitchens and ablutions; multi-denominational prayer room; and ASIO T4-standard secure areas.<sup>9</sup>

---

6 Appendix C, Submission No. 1, paragraphs 3.1.4 – 3.2.1 and 3.2.3

7 *ibid*, paragraphs 3.2.1 and 3.2.3 – 3.2.7

8 *ibid*, paragraph 4.2.2

9 *ibid*, paragraphs 4.2.4 and 4.2.5

## Project Delivery

- 2.5 AudAID proposes to integrate the fit-out with base building construction. The project will be delivered by a specialist fit-out architect service and project manager.<sup>10</sup>
- 2.6 The project will be managed by an AusAID steering committee, which will oversee the design, fit-out and relocation, and will also manage external consultants, including the fit-out project manager and designers.<sup>11</sup>

## Cost

- 2.7 The estimated cost of the proposed fit-out of new leased premises for AusAID is \$9.5 million, excluding GST. This figure includes:
- furniture and fittings;
  - partitions, ceilings and doors;
  - services and infrastructure;
  - preliminaries;
  - professional fees;
  - a contingency sum; and
  - an escalation allowance.<sup>12</sup>

---

10 Appendix C, Submission No. 1, paragraphs 4.4.2 and 4.23.1

11 *ibid*, paragraph 4.22.1

12 *ibid*, paragraph 4.20.1







## Issues and Conclusions

### Options Considered

- 3.1 AusAID considered three alternative accommodation solutions:
- Option 1 entailed remaining at the existing premises. This option would require a substantial upgrade to be carried out, and was rejected on the basis of the existing premises' numerous short-comings, some of which would remain despite an upgrade occurring.<sup>1</sup>
  - Option 2 involved relocating to an existing building. This option was not pursued because, as AusAID advised in its submission to the Committee,
    - ... the tender process carried out in 2004 failed to identify a suitable alternative.<sup>2</sup>
  - Option 3, which was ultimately assessed as the preferred option, entailed relocating to new premises that would be purpose-built for AusAID, with the agency carrying out a customised, integrated fit-out and committing to a sole tenancy agreement upon completion of the building.<sup>3</sup>

---

1 Appendix C, Submission No. 1, paragraphs 3.3.2 and 3.3.3

2 *ibid*, paragraph 3.3.4

3 *ibid*, paragraph 3.3.5

- 3.2 The Committee inquired whether the tender process had identified any existing buildings that could be relevant to Option 2. AusAID explained that, whilst submissions had been received from 12 buildings, it had assessed that none of the proposals satisfied the stated requirements.
- 3.3 AusAID advised that the proposed buildings were either too small or too large, the latter scenario presenting further risks because AusAID would be required to sublet surplus space to tenants. Additional mitigating factors were that the proposals involved too much expense, presented security risks and would not allow AusAID to meet energy targets set by the Government.<sup>4</sup>
- 3.4 The Committee heard that AusAID had short-listed three buildings proposed under Option 2. A confidential summary of these submissions was provided to the satisfaction of the Committee following the public hearing.<sup>5</sup>
- 3.5 In its main submission AusAID had advised that the decision to lease new premises at London Circuit had been independently assessed as being low risk.<sup>6</sup> The Committee sought further details of this assessment and was satisfied to learn that AusAID had obtained advice from a registered valuer, a quantity surveyor, an architect and engineers, to the effect that the proposed new premises represented better value for money compared with the other submissions received in the tender process. This assessment was based on the inclusions in, and performance of, the proposed buildings.<sup>7</sup>
- 3.6 AusAID was confident that leasing this new building would lead to substantial operational savings, and that these savings would more than compensate for any rental increases involved in leasing a new building.
- 3.7 In response to questions from the Committee, AusAID advised that, while the preferred option left the organisation open to standard construction risks, potential cost escalation and delays in completing the project, it was confident that its arrangements with the developer would provide sufficient cover for financial and timing risks.<sup>8</sup>

---

4 Appendix D, Official Transcript of Evidence, pages 4 - 5

5 *ibid*, page 5

6 Appendix C, Submission No. 1, paragraph 4.3.4

7 Appendix D, Official Transcript of Evidence, page 3

8 *ibid*, page 4

## Location

- 3.8 The Committee noted the close organisational relationship between AusAID and the Department of Foreign Affairs and Trade (DFAT), and inquired whether the agency had considered moving geographically closer to DFAT. AusAID explained that it was an autonomous agency reporting directly to the Minister for Foreign Affairs, though the Director-General of the agency was a member of the DFAT executive. Whilst the two organisations work closely with one another on various issues, this was not a factor in AusAID's decision to relocate.<sup>9</sup>

## Scope of Works

- 3.9 The Committee inquired into the costs associated with various line items in the confidential cost estimate provided by AusAID. The Committee was satisfied with the detailed breakdown of costs AusAID provided, in confidence, subsequent to the hearing.

## Space Requirements

- 3.10 In its main submission AusAID stated that, at 9,556 square metres, the NLA of the existing premises is surplus to requirements.<sup>10</sup> It argued that the 9,000 square metres of NLA available in the new premises would provide adequate accommodation, particularly as the flexibility of the new floorplate would allow a more efficient use of space.
- 3.11 In response to a question from the Committee, AusAID explained that the floor plates in the existing building resulted in some irregularly-shaped offices. The Committee heard that the size and shape of offices would be standardised in the new building, thereby requiring less NLA at AusAID's head office.<sup>11</sup>

## Proposed Crisis Centre

- 3.12 The Committee noted that a crisis centre was proposed for inclusion in the new building,<sup>12</sup> and inquired how this space would be used when no agency task forces were operational.

---

9 Appendix D, Official Transcript of Evidence, pages 7 - 8

10 Appendix C, Submission No. 1, paragraph 3.2.3

11 Appendix D, Official Transcript of Evidence, page 10

12 Appendix C, Submission No. 1, paragraph 3.2.5

- 3.13 AusAID explained that this room would convert easily into a standard meeting room. Although other agencies could accommodate such task forces, AusAID argued that it was important that it have its own facilities, particularly as a number of task forces in various government agencies often operated simultaneously.<sup>13</sup>

## **System Elements**

- 3.14 The Committee inquired about the fire protection measures that would be incorporated into the new building, and was informed that fire egress had been designed in accordance with the Building Code of Australia (BCA), with smoke hazard management fire protection systems, emergency warning and intercommunications systems also intended to be installed in accordance with relevant legislation.<sup>14</sup>
- 3.15 The Committee was pleased to learn that AusAID intended to use a chilled beam air conditioning system in the new premises. AusAID explained that this system required a smaller building footprint for the same amount of NLA, which would help minimise the development's impact on its natural surroundings.<sup>15</sup>

## **Amenity for Employees**

### **Car Parking**

- 3.16 The Committee heard that AusAID staff had access to 103 on-site car parking spaces in the current premises, and this would increase by 17 spaces at the proposed new location. The Committee inquired about the level of demand for on-site car parking.
- 3.17 AusAID explained the system by which access to on-site car spaces was distributed among staff members, and noted that whilst the level of demand for car spaces tended to fluctuate, there was presently a waiting list for on-site parking at the current premises. The Committee was informed that this waiting period would be moderated by the increased parking facilities in the new location.<sup>16</sup>

---

13 Appendix D, Official Transcript of Evidence, page 11

14 *ibid*, page 12

15 *ibid*, page 14

16 *ibid*, page 6

## Bicycle and Motorcycle Parking

- 3.18 The Committee noted that AusAID intended to make greater provision for secure parking for bicycles and motorcycles, and inquired whether this decision was taken in response to feedback received from staff.
- 3.19 AusAID stated that its decision to increase accommodation for bicycles was based partially on feedback received from the agency's 'Ride to Work' consultative forum. It also suggested that the new location, being in a quieter area closer to popular bicycle tracks, would encourage more AusAID staff to ride to work. The Committee noted that the close proximity of the proposed secure bicycle parking facilities to showers in the basement would also encourage more staff members to ride to work.<sup>17</sup>

## Childcare

- 3.20 In its submission AusAID indicated its intention not to provide on-site childcare facilities at the new premises.<sup>18</sup> The Committee queried this decision and sought further information as to the level of demand for on-site childcare.
- 3.21 Whilst AusAID acknowledged that the issue of on-site childcare facilities had been discussed during certified agreement processes in the past, it explained that the envelope of the new building could not accommodate the space required for a childcare centre. It advised, however, that a range of off-site childcare facilities were located near the new premises.<sup>19</sup>

## Work Spaces

- 3.22 AusAID stated in its submission that the space allowance for individual work points would be 6.9 square metres, on average, inclusive of storage, circulation and common areas.<sup>20</sup> The Committee sought further information on how this space allowance had been determined.
- 3.23 AusAID explained that its research had indicated that these space allowances were comparable to those of similar government and private sector developments. The Committee was also informed that AusAID's space allowances were constrained by its intention to reuse existing desks in the new building, and that the agency had consulted with staff generally and also with relevant staff representative bodies.<sup>21</sup>

---

17 Appendix D, Official Transcript of Evidence, pages 6 - 7

18 Appendix C, Submission No. 1, paragraph 4.13.1

19 Appendix D, Official Transcript of Evidence, page 7

20 Appendix C, Submission No. 1, paragraph 4.2.4

21 Appendix D, Official Transcript of Evidence, page 9

## Employee Population

- 3.24 AusAID advised that the new facility could accommodate up to 505 people with the current levels of staff amenities. When asked to provide a projection of the agency's staffing levels over the next 15 years, AusAID stated that, whilst the number of staff accommodated in the head office fluctuated from time to time, staffing levels were unlikely to increase beyond 500.<sup>22</sup>
- 3.25 The Committee was informed of a downward trend in AusAID's head office staffing levels over the past five to 10 years, and was also assured that the Australian Government's recent announcement concerning an increase in the aid budget was not likely to impact on the head office staffing situation. AusAID explained that the agency would pursue alternative methods of delivering its aid and development programs, which would reduce the number of head office staff required.<sup>23</sup>

## Access Equity

- 3.26 One of AusAID's reasons for moving from its current premises was the building's inability to comply with the *Disability Discrimination Act 1992*.<sup>24</sup> The Committee sought information on the features of the new building that would ensure compliance with this legislation.
- 3.27 AusAID informed the Committee that the proposed new building
- ... will provide facilities on each floor allowing disabled access to toilets; in the basement we will actually have disabled showers and toilets combined; entry to the building will be on one level; the lifts will accommodate easy access for wheelchairs; and the doors on various levels within the core to emergency exits and so forth will comply with the *Disability Discrimination Act 1992*.<sup>25</sup>

---

22 Appendix D, Official Transcript of Evidence, page 10

23 *ibid*, pages 10 - 12

24 Appendix C, Submission No. 1, paragraph 3.3.2

25 Appendix D, Official Transcript of Evidence, page 9

## Ecologically Sustainable Development

### Australian Building Greenhouse Rating

- 3.28 The Committee noted that AusAID had expressed the intention to achieve a four-and-a-half star Australian Building Greenhouse Rating (ABGR) for tenancy and base building services.<sup>26</sup> The Committee was pleased to learn at the public hearing that AusAID had revised this decision and now intended to exceed the Government's four-and-a-half star ABGR requirement on its new premise, aiming to become the first government building in Canberra to achieve a five star ABGR.<sup>27</sup>
- 3.29 In response to a question from the Committee, AusAID explained that it expected that energy efficiency measures at the new premises would achieve operational savings of at least \$35,000 per annum for the building itself, with additional, unquantified savings likely.<sup>28</sup>
- 3.30 The Committee noted that there was presently no building to the south of the proposed new premises, and asked if there would be any likely impact on energy efficiency if a structure were to be erected on the adjacent site. AusAID explained that, as any new building would be on the southern side of AusAID's new premises, there were not likely to be any sun-shading effects that would increase AusAID's energy usage.<sup>29</sup>

### Water Conservation

- 3.31 The Committee sought further information on the water conservation initiatives proposed for the new building. AusAID advised that stormwater capture, grey water recycling and waterless urinals would feature in the new building and, whilst cost savings produced by these initiatives were difficult to quantify, AusAID was confident it would make comparable savings to those achieved by the Department of Industry, Tourism and Resources in its recent development.<sup>30</sup>

---

26 *Volume of Submissions*; Submission No. 2, Australian Greenhouse Office, page 2

27 Appendix D, Official Transcript of Evidence, page 12

28 *ibid*, page 8

29 *ibid*, page 8

30 *ibid*, page 9; see also Parliamentary Standing Committee on Public Works, *Report Relating to the Proposed Fit-out of New Leased Premises for Department of Industry, Tourism and Resources in Civic, ACT*, March 2005; <http://www.apf.gov.au/house/committee/pwc/ditr/report.htm>



## Project Delivery

3.32 The Committee sought further information on AusAID's claim in its submission that the

... developer London (11) Pty Ltd is well-known and established with a track record of successfully completing other property developments in the Canberra region.<sup>31</sup>

3.33 AusAID advised that the developer had delivered projects in Sydney and Canberra, predominantly in the large-scale housing market, all reportedly executed on time and within budget. AusAID was confident that the developer possessed adequate expertise to develop a commercial building, and had sought advice from industry and included a number of clauses in the agreement with London (11) Pty Ltd to ensure the project would be successfully delivered.<sup>32</sup>

3.34 Whilst the construction program seemed somewhat tight, AusAID was confident that the proposed timeframe could be met, and noted that its decision to carry out an integrated fit-out would result in a more efficient process. The Committee was satisfied to learn that AusAID had taken steps to minimise its exposure to risks, both by including stringent penalty clauses in its agreement with the developer, and through its active contingency planning processes. AusAID also informed the Committee that, should there be a delay in the project, the developer would be required to meet any resulting costs incurred by AusAID as a result.<sup>33</sup>

---

### Recommendation 1

**The Committee recommends that the proposed fit-out of new leased premises for AusAID at London Circuit, City, ACT, proceed at the estimated cost of \$9.5 million.**

Hon Judi Moylan MP

**Chair**

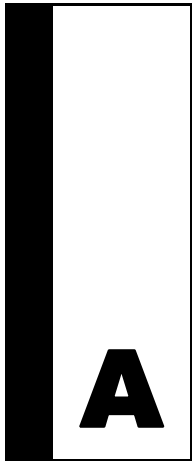
9 November 2005

---

31 Appendix C, Submission No. 1, paragraph 3.4.7

32 Appendix D, Official Transcript of Evidence, pages 12 - 13

33 *ibid*, pages 13 - 14



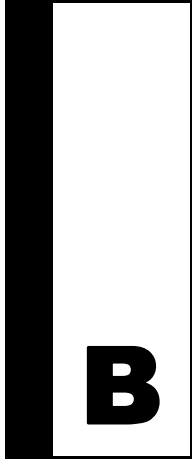
## **Appendix A – List of Submissions**

### **Submissions**

1. Australian Agency for International Development
2. Department of the Environment and Heritage, Australian Greenhouse Office
3. National Capital Authority







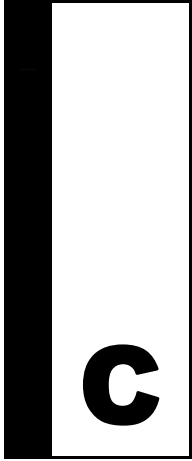
## **Appendix B – List of Witnesses**

Mr Robert Jackson, Director, Corporate Services Section, Australian Agency for International Development

Mr Paul Lehmann, Assistant Director General, Resources Branch, Australian Agency for International Development

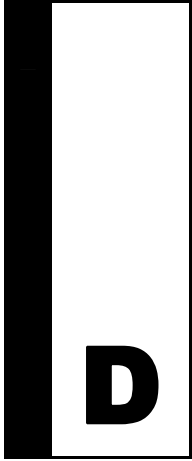






**Appendix C – Submission No. 1 from the  
Australian Agency for International  
Development**





## **Appendix D – Official Transcript of Evidence**

