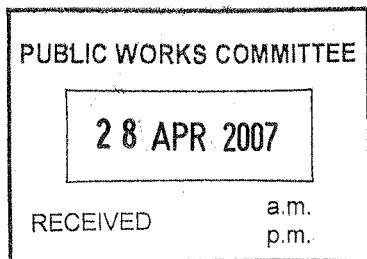


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SUBMISSION2.....



Level 51
101 Collins Street
MELBOURNE VIC 3000

Government Property Trust
ABN 19 982 484 600 ARSN 112 705 629

www.australianpublictrustees.com.au

27 April 2007

Secretary
Parliamentary Joint Standing Committee on Public Works
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

Proposed Fitout of New Leased Premises for the Department of Health and Ageing at the Woden Town Centre

I refer to the Statement of Evidence dated March 2007 to the Parliamentary Joint Standing Committee on Public Works in relation to the proposed fitout of new leased premises for the Department of Health and Ageing at the Woden town centre.

I attach a submission in response to this Statement of Evidence.

In our view, there are a number of factual errors in the Statement of Evidence which the Committee should be aware of. We have set out these factual errors in our attached submission.

I would be pleased to have an opportunity to answer questions from the Committee on any of the matters in our submission.

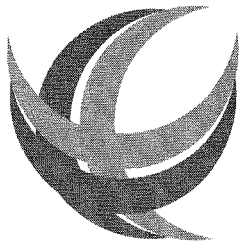
Yours sincerely

Darren Olney-Fraser
Chief Executive Officer

Direct Line 03 8643 4922
Fax 03 8643 4911
Mobile 0438 092 054
Email darren.olney-fraser@australianpublictrustees.com.au

Investing in Australian Infrastructure

Responsible Entity **Australian Public Trustees Limited** ABN 82 095 572 482 AFS Licence 272997



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Submission

Parliamentary Joint Standing Committee on Public Works

in response to

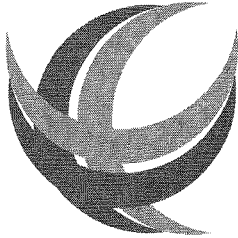
**Statement of Evidence dated March 2007 on a
Proposed Fitout of New Leased Premises for the
Department of Health and Ageing
at the Woden town centre.**

1. Background

- 1.1 There are a number of factual errors in the Statement of Evidence which the Committee should be aware of, as set out in this submission.
- 1.2 Australian Public Trustees is trustee of the Government Property Trust, which owns Penrhyn House. Penrhyn House is a 12,000sqm building currently leased to the Department of Health and Ageing which is adjacent to the proposed new building in the Woden town centre.
- 1.3 Some of the statements in the Statement of Evidence which concern us may apply correctly to older buildings in the Woden town centre which the Department leases (such as the Alexander, Abermarle and Fishburn buildings), but they do not apply equally to Penrhyn House, and the Statement of Evidence could be clearer about this.
- 1.4 We believe that the best value for money is for the Department to renew the existing lease at Penrhyn House, and build a new building (on a smaller scale to what has been proposed) to replace its existing office accommodation at the older Alexander, Abermarle and Fishburn buildings.

2. Renewal Options

- 2.1 The Statement of Evidence states that there are no renewal options available to the Department under current leases (para 1.1.3, 1.3.1), which is not correct.
- 2.2 The Department has an option to renew 12,622sqm of currently-leased office space at Penrhyn House for 5 years from June 2009.



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3. Standard of Alternative Accommodation

- 3.1 The Statement of Evidence states that the standard of alternative office accommodation in the Woden town centre is poor, generally C grade office space (paras 1.1.3, 1.3.1), which is not correct.
- 3.2 Penrhyn House is a solid, quality B-grade building in the Woden town centre which was completed in 1989, and underwent major refurbishments in 1995/96 and in 2005/06.

4. ABGR Rating

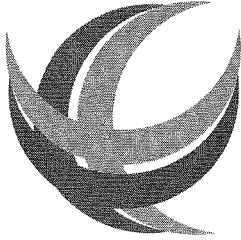
- 4.1 The Statement of Evidence states that alternative office accommodation does not meet the Government's 4.5 star Australian Building Greenhouse Rating (ABGR) requirements (para 1.3.1).
- 4.2 We indicated to the Department on 13 November 2006 that we can upgrade Penrhyn House to 4.5 star ABGR upon renewal of the current lease. We have received advice from engineers GHD in 2006 on the works required to achieve a 4.5 star rating for Penrhyn House and likely costs, which we have discussed with the Department.

5. Value for Money

- 5.1 The Statement of Evidence states that new leases for refurbished current Woden buildings would be at a higher cost than a new building solution, and not represent value for money (paras 1.4.3, 1.5.2).
- 5.2 Renewing the Penrhyn House lease would be the best value for money to meet part of the Department's requirements (up to 12,622sqm) of all the available alternatives in the Woden town centre, at a substantially lower cost than any new building solution.

6. Disruption to the Department's Operations

- 6.1 The Statement of Evidence states that refurbishment of existing buildings would be a significant disruption to the Department (para 1.4.3).
- 6.2 Any refurbishment works that may be needed at Penrhyn House upon renewal of the existing lease would be minor, and would not cause significant disruption to the Department's operations.



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7 Child Care Facilities

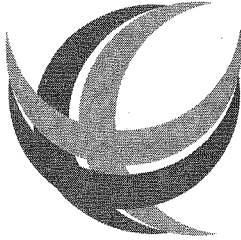
- 7.1 The Statement of Evidence states that the proposed new building can include a 100 place childcare facility for Heath staff and the general public (paras 1.10.1, 2.4.2, 2.11.1).
- 7.2 We proposed a childcare facility at Penrhyn House to the Department on 13 November 2006.

8. Project Timeframe

- 8.1 The Statement of Evidence states that Project Development Approval for the proposed new building could be achieved by October 2007 (para 2.4.3) and that construction could be completed by early 2010 (para 2.19).
- 8.2 It is unrealistic for the developer of the proposed new building to achieve Project Development Approval by October 2007. The usual time which a developer would allow for PDA approval is 6 – 18 months from application.
- 8.3 The developer's timetable assumes unrealistically that the Project Development Approval can be achieved at the earliest possible date, and assumes unreasonably that there will not be any objections from adjacent building owners who will be affected by the substantial bulk of the proposed new building.
- 8.4 If the developer does not achieve a Project Development Approval at the earliest possible date, it is unrealistic for the Department to assume that it can begin to occupy the proposed new building before mid-2010.

9. Conclusion

- 9.1 The Statement of Evidence contains a number of factual errors, which we have sought to clarify in this submission.
- 9.2 Also, the Statement of Evidence does not give the Committee any guidance on some important factors pertaining to Penrhyn House, such as:
- (a) the existence of the Department's option to renew the current lease at Penrhyn House from June 2009 for a further 5 years,



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- (b) how the Department could meet part of its ongoing requirements by taking up its option to renew the existing lease of 12.622sqm at Penrhyn House,
 - (c) how renewing the Penrhyn House lease may reduce the need to build such a large and costly new building for the Department adjacent to Penrhyn House,
 - (d) how renewing the Penrhyn House lease and building a smaller new building may represent better value for money for the Government, or
 - (e) where the Department would accommodate Penrhyn House staff between June 2009 and mid-2010 if it does not renew the Penrhyn House lease.
- 9.3 We believe that the best value for money is for the Department to renew the existing lease at Penrhyn House for 5 years under its current option to renew, and build a new building (on a smaller scale to what has been proposed) to replace its existing office accommodation at the older Alexander, Abermarle and Fishburn buildings.
- 9.4 We could make further submissions to the Department about refurbishment works to Penrhyn House to achieve a 4.5 star ABGR rating and A-grade quality, should the Department wish to renew the Penrhyn House lease for a lease term which coincides with the proposed new building.

Australian Public Trustees
27 April 2007



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Property Description: Penrhyn House

Penrhyn House is located in on the corner of Bowes Street and Worgen Street, Philip on the north east edge of the Woden town centre and opposite a major carpark.

The building is a 6 floor commercial office building fully leased to the Commonwealth Government's Department of Health & Ageing.

The building structure is comprised of 3 interconnected adjoining blocks described as Blocks A, B and C which are separate on the ground floor and linked above.

Penrhyn House was completed in 1989 and had a major refurbishment in 1995/96, including new plant and equipment and roof sheeting and electrical, fire, lift and hydraulic upgrades. Interior refurbishments included new partitions, workstations and furnishings, new and upgraded entry and access control systems. The tenant has also recently undertaken further internal fitout upgrade works.

Details

Address:	Penrhyn House, 2 Bowes Place, Canberra, ACT, 2606
Property Description:	Office building on 6 floors, including one floor of undercover carpark
Site Area:	4,366 m2 (approximately)
Gross Lettable Area:	12,622 m2
Carparking:	131 spaces
Lease:	Department of Health & Ageing Area: 12,622 m2 Term: 12 years Commencement: 6 June 1997
Lease Renewal	5 years (from 6 June 2009)