
The Parliament of the Commonwealth of Australia

Fit-out of New Leased Premises for the Attorney- General's Department at 3-5 National Circuit, Barton, ACT

Parliamentary Standing Committee on Public Works

December 2004
Canberra

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Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr Harry Jenkins MP

Senator Richard Colbeck

Mr Peter Lindsay MP

Senator Alan Ferguson

Mr Jim Lloyd MP (to 12 August)

Senator Michael Forshaw

Mr Bernie Ripoll MP

Mr Barry Wakelin MP (from 12 August)

Committee Secretariat

Secretary Mr Quinton Clements

Inquiry Secretaries Ms Vivienne Courto

Ms Sara Edson

Administrative Officers Mrs Donna Quintus-Bosz

Ms Emily Davis



List of Abbreviations

ACT	Australian Capital Territory
AGD	Attorney-General's Department
AGO	Australian Greenhouse Office
ATSIS	Aboriginal and Torres Strait Islander Services
ISPT	Industry Superannuation Property Trust
NCA	National Capital Authority
PM&C	Department of Prime Minister and Cabinet
RGO	Robert Garran Offices



Extract from the Votes and Proceedings of the House of Representatives

No. 184 dated Thursday, 24 June 2004

36 PUBLIC WORKS—PARLIAMENTARY STANDING COMMITTEE— REFERENCE OF WORK—PROPOSED FIT-OUT OF NEW LEASED PREMISES FOR THE ATTORNEY-GENERAL'S DEPARTMENT AT 3-5 NATIONAL CIRCUIT, BARTON, ACT

Mr Slipper (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: Proposed fit-out of new leased premises for the Attorney-General's Department at 3-5 National Circuit, Barton, ACT.

Question—put and passed.



List of Recommendations

3 Issues and Conclusions

Recommendation 1

The Committee formally requests that the Attorney-General's Department provide it with an update of the fit-out costings and design of the proposed development at 3-5 National Circuit, Barton, ACT, closer to the commencement of construction.

Recommendation 2

The Committee formally requests that the Attorney-General's Department advise it of any revision to the original budget figures for the proposed development at 3-5 National Circuit, Barton, ACT.

Recommendation 3

The Committee recommends that the proposed fit-out of new leased premises for the Attorney-General's Department at 3-5 National Circuit, Barton, ACT, proceed at the estimated cost of \$23 million.

Introduction

Referral of Work

- 1.1 On 24 June 2004 the proposal to fit-out new leased premises for the Attorney-General's Department at 3-5 National Circuit, Barton, Australian Capital Territory, 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).¹ On 6 December 2004 the work was re-referred. The proponent agency for this work is the Attorney-General's Department (AGD).
- 1.2 The Hon Peter Slipper MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the proposed works was \$23 million. Mr Slipper noted further that the new premises will facilitate the collocation of departmental functions within the Australian Capital Territory. He added that, subject to Parliamentary approval, the fit-out would be undertaken in conjunction with the construction of the facility and all works and fit-out will be completed by the end of 2008.

1 Extract from the Votes and Proceedings of the House of Representatives, No. 184, Thursday, 24 June 2004

Background

The Attorney-General's Department

- 1.3 The Attorney-General's Department serves the people of Australia by providing expert support to the Government in the maintenance and improvement of Australia's system of law and justice.²
- 1.4 AGD is the central policy and coordinating element of the portfolio for which the Attorney-General and Minister for Justice and Customs are responsible.³
- 1.5 AGD's mission is to *achieve a just and secure society* by focusing on two outcomes:
- an equitable and accessible system of federal civil justice; and
 - coordination of federal criminal justice, security and emergency management activities, for a safer Australia.⁴

Site of the Proposed Work

- 1.6 The AGD fit-out is part of the re-development of 3- 5 National Circuit in Barton.⁵
- 1.7 The existing building on the 16, 700m² site will be demolished following the relocation of PM&C to 1 National Circuit.⁶
- 1.8 The new premises will provide for approximately 18, 000m² of office space and 400 car parking spaces.⁷
- 1.9 AGD intends to lease the new building for 15 years with two five-year options.⁸

Inquiry Process

- 1.10 The Committee is required by the Act to consider public works over \$6 million⁹ 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;

2 Appendix C, Submission No. 1, paragraph 1.1.1

3 ib id, paragraph 1.1.2

4 ib id, paragraph 1.1.3

5 ib id, paragraph 2.1.1

6 ib id, paragraph 1.6.1

7 ib id, paragraph 1.6.4

8 ib id, paragraph 2.2.1

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

- 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.¹⁰
- 1.11 The Committee called for submissions by advertising the inquiry in the *Canberra Times* on Saturday 3 July 2004. The Committee also sought submissions from relevant governmental agencies, local 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

- 1.12 On Friday 6 August 2004 the Committee travelled to the 3-5 National Circuit site and inspected at first hand the scope and environs of the proposed works. A public hearing was held at Parliament House, Canberra, later that same day.¹¹

¹⁰ *Public Works Committee Act 1969*, Part III, Section 17

¹¹ See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 6 August 2004 in Canberra

The Proposed Works

Need

- 2.1 The need for the proposed works is driven by AGD's objective of consolidating its Canberra activities into one purpose-built facility in Barton (excluding its Emergency Management Australia accommodation in Bruce and Security Training Centre in Yarralumla), and the operational benefits that will arise from such consolidation.¹
- 2.2 AGD currently occupies three head office locations in Canberra, the Robert Garran Offices (RGO), Arts House and Brisbane Avenue. 750 staff are housed in an office area measuring 19, 244m². At present, AGD lacks sufficient space for its employees and the situation is expected to worsen in the next 3 years as the Department expands. An additional 100 staff will require accommodation by 2007-2008.²
- 2.3 The decision to relocate is timely given that the leases on all three properties expire between May 2006 and February 2007.³
- 2.4 Another factor contributing to the need to relocate is the degenerating condition of the existing premises. The ageing fit-out of the RGO in particular is causing increasing maintenance costs and occupational health and safety concerns.⁴

1 Appendix C, Submission No. 1, paragraph 1.1.4

2 ib id, paragraph 1.2.1 and paragraph 1.3.1

3 ib id, paragraph 1.2.2

4 ib id, paragraph 1.5.1

Scope

- 2.5 AGD intends to lease the new National Circuit building for fifteen years, with two five-year options, and will be undertaking its own fit-out.
- 2.6 Works required to meet AGD's objectives comprise:
- integration of electrical, mechanical, communications, security, fire and hydraulic services into base-building works;
 - fit-out of operational rooms to meet special AGD requirements;
 - general office fit-out, including reception facilities, security-controlled access, open-plan work areas, enclosed offices, breakout spaces, casual meeting space, computer room, storage facilities, conference and training facilities, first-aid room, utilities room, a carer's room, kitchens, showers and lockers, and a child-care centre.⁵

Purpose and Suitability

- 2.7 AGD expects that rationalisation of accommodation will result in a number of operational and administrative efficiencies, specifically:
- cost efficiencies;
 - technological improvements in services;
 - infrastructure efficiencies;
 - opportunity to adapt base-building to AGD's requirements; and
 - efficiencies in work allocation and resources.⁶

Cost

- 2.8 The total estimated cost of the proposed fit-out project is \$23 million.⁷ These costs include:
- professional design and management fees and charges;
 - furniture;
 - fittings and equipment; and
 - allowances for contingencies.⁸

5 Appendix C, Submission No. 1, paragraph 2.2.2

6 ib id, paragraph 1.1.4

7 ib id, paragraph 2.19.1

8 Appendix D, Official Transcript of Evidence, page 3

Value for Money

- 2.9 AGD believes the proposed development to be a cost-effective property solution. The collocation of AGD's Canberra offices at 3-5 National Circuit is expected to result in operational and administrative efficiencies, and also to generate savings in property expenses.
- 2.10 As AGD will be the sole tenant of the 3-5 National Circuit property, there are also operational and financial advantages to be gained from incorporating AGD's specific requirements into the base-building structure.
- 2.11 In addition, AGD is negotiating with the building owners to minimise the risk of paying rent on empty space.⁹
- 2.12 In terms of broader public value, it is expected that some direct employment opportunities will be created by the construction and fit-out of the proposed building. Approximately 80 people will be employed in construction and construction-related activities on any given day and a further 150 people are expected to be employed in fit-out trades. Off-site employment opportunities will be generated in areas such as material supply and support, off-site fabrication, management and administration.
- 2.13 During the construction and fit-out period AGD believes that there is the potential for a positive impact on retail trade in nearby Manuka and Kingston and public transport.¹⁰

9 ib id, paragraph 1.10.2

10 ib id, paragraph 2.18

Issues and Conclusions

Future Expansion

- 3.1 In its submission to the inquiry, AGD stated that it presently accommodates 750 employees but plans to expand to 843 staff in the next three years.¹
- 3.2 At the public hearing, the Committee asked the Department to comment on its growth pattern.²
- 3.3 AGD replied that there had been a sizeable increase in the Department's workload following the terrorist attacks of September 11, 2001:
- We have received significant additional budget funding in relation mainly to security and counter-terrorism activities handled and managed by the Department. Our increase more generally has been associated with the increased demands that government has of the department...in respect of national security.³
- 3.4 The Committee wished to know what provision AGD will make for the accommodation of staff beyond 2007 in the new building, over the period of the 15 year lease.⁴
- 3.5 AGD told the Committee that it had asked each of the Department's 13 divisions to estimate their staffing level requirements over the next 25 years. Projections had confirmed the need to house between 850 and 900 employees, including 69 new staff from the devolution of the Aboriginal and Torres Strait Islander Services (ATSIS).⁵

1 Appendix C, Submission No. 1, paragraph 1.2.1

2 Appendix D, Official Transcript of Evidence, page 3

3 ib id

4 ib id, page 4

5 ib id

Consultation

Workstations

- 3.6 In written evidence, AGD noted that it intends to provide work points measuring 6.5m² for APS Level 1-5 Employees and 8.0m² for APS Level 6 employees. AGD said that the space allowances were based on a number of factors including Commonwealth standards.⁶
- 3.7 The Committee asked the Department to elaborate on the standards it used and whether employees were consulted about workstations.⁷
- 3.8 AGD told the Committee that it had looked at a range of other recent fit-outs, including the Australian Bureau of Statistics and Department of Immigration, Multicultural and Indigenous Affairs buildings, and staff consultation had begun:
- “We have involved the divisions and work areas throughout the Department in the early projection process.”⁸
- 3.9 As the project progresses, AGD intends to organise site visits for staff in order to encourage additional feedback. The site will include a mock workstation area.⁹

Staff

- 3.10 At the hearing, AGD stated that the consultation process with staff had not been extensive to-date because the floor plans were yet to be finalised.¹⁰
- 3.11 The Committee emphasised the importance of involving staff from the very beginning in the design and fit-out of workspaces.¹¹
- 3.12 AGD responded that its project plan provides for the development of a consultative forum which will include representatives from all of the Department’s divisions and occupational health and safety, women’s network and union representatives. AGD said
- “We envisage that this group will have significant input into the design and fit-out of the building.”¹²

6 Appendix C, Submission No. 1, paragraph 2.2.3

7 Appendix D, Official Transcript of Evidence, page 5

8 ib id

9 ib id

10 ib id

11 ib id

12 ib id

Advance Preparation

Reasons for Presenting Early

- 3.13 At an earlier confidential briefing, the Committee expressed concern about being asked to approve a public work –and the expenditure of public monies- when construction is not due to commence for three years. At the public hearing, the Committee asked AGD to explain, for the public record, its reasons for submitting the 3-5 National Circuit proposal early.¹³
- 3.14 AGD explained that there were strong interdependencies with PM&C's program and it was advantageous to submit the proposals concurrently. The Department could ensure due diligence processes were put in place to facilitate the best possible results for AGD. The Department's current leases for its key three building expire in early 2007 and by presenting the proposal in advance, AGD had negotiated with the building owner Industry Superannuation Property Trust (ISPT) to secure ongoing accommodation throughout the construction period and effect an attractive future rental situation for the Commonwealth.¹⁴

Lease Arrangements

- 3.15 The Committee asked AGD whether it was unusual to negotiate and finalise lease arrangements four years in advance. AGD confirmed that it was not customary but reiterated that the Department had procured a favourable outcome for the Commonwealth.¹⁵
- 3.16 The Committee requested that AGD supply it with details of the finalised lease arrangement in-confidence.¹⁶ AGD later provided the Committee with that information.

Costings

Lack of Detail

- 3.17 At the hearing, the Committee said that while it agreed in-principle with AGD's proposed development, it had concerns about the way it was being asked to approve the proposal at such an early stage and the lack of detail in relation to costings and design.¹⁷

13 Appendix D, Official Transcript of Evidence, page 6

14 ib id

15 ib id

16 ib id, page 7

17 ib id, page 8

- 3.18 The Chair quoted the *Public Works Committee Act 1969* which states that works shall only be referred to the Committee,
- “when all particulars of the work substantially affecting its costs have been determined.”¹⁸
- 3.19 In response to the Committee’s concerns, AGD said that it had developed a strong business case and did not foresee major variations to the current proposal. However, it undertook to keep the Committee updated on any requirement for additional funding.¹⁹

Recommendation 1

The Committee formally requests that the Attorney-General’s Department provide it with an update of the fit-out costings and design of the proposed development at 3-5 National Circuit, Barton, ACT, closer to the commencement of construction.

Budget Figures

- 3.20 In AGD’s opening statement, the Department informed the Committee that funding for the fit-out had been provided in the 2004-05 budget and \$23 million will be spent over three years:
- “\$2.2 million in 2004, \$9.4 million in 2005-06, and \$11.4 million in 2006-07.”²⁰
- 3.21 At the hearing, the Committee wished to know how these monies were to be expended, given that the project is not due to start until 2007.²¹
- 3.22 AGD told the Committee that the figures related to original costings for an earlier relocation date and these amounts need to be reconfigured in accordance with the new dates.²²
- 3.23 The Committee asked that it be kept advised of the revised figures. AGD undertook to keep the Committee informed.²³

18 *Public Works Committee Act 1969*, Part 111, Section 18 (9)

19 Appendix D, Official Transcript of Evidence, page 9

20 ib id, page 3

21 ib id, page 8

22 ib id

23 ib id

Recommendation 2

The Committee formally requests that the Attorney-General's Department advise it of any revision to the original budget figures for the proposed development at 3-5 National Circuit, Barton, ACT.

Ecological Sustainability

- 3.24 AGD has resolved to maximise the ecologically sustainable design of the proposed fit-out. Initiatives will include:
- increased reliance on renewable energy and renewable materials;
 - minimisation of emissions;
 - efficient energy use; and
 - waste avoidance.²⁴
- 3.25 In response to the Committee's questions on energy and water conservation, the Department replied,
- “We think that it will be an outstanding building and very energy efficient.”²⁵
- 3.26 AGD specified that the developer ISPT is committed to owning “long-term green buildings” and the proposed development will have a 4½-star energy rating. AGD had held discussions with the Australian Greenhouse Office (AGO) and the lease for 3-5 National Circuit will be a green one,
- “...green leases incorporate a number of obligations on the building owner not only to build the building to achieve a four-star rating but to maintain that for the duration of the lease.”²⁶
- 3.27 The Committee wished to learn what the maximum star rating was and why this was not being applied to the new building.²⁷
- 3.28 AGD said that the new building will rate highly on energy efficiency in areas such as building services and water recycling. However, while there were instances where buildings could obtain higher star ratings it would be difficult for the 3-5 National Circuit site to achieve a greater score than

24 Appendix C, Submission No. 1, paragraph 2.9.2

25 Appendix D, Official Transcript of Evidence, page 10

26 ib id

27 ib id, page 11

4½. This was because a higher rating involves factors which are outside the Department's control such as good access to public transport.²⁸

Energy Management System

3.29 AGD mentioned that it had developed an energy management system for the operation of its existing building. Policies on recycling and waste disposal were being developed in consultation with the AGO and would be instigated in the new building.²⁹

Car Parking

3.30 AGD's submission states that the new building will cater for 400 car-parking spaces.³⁰

3.31 At the hearing, the Committee noted that the new building will accommodate approximately 850 staff and questioned the Department on how it proposed to manage the allocation of car spaces.³¹

3.32 The Department said that it had based its number of car spaces on the National Capital Authority's (NCA) required quota for a building of this size in the Barton precinct. A number of spaces will be set aside for senior executive staff and departmental vehicles. The allocation of remaining car spaces is yet to be determined.³²

3.33 Noting the shortage of parking in the Barton precinct, AGD asserted that it had tried to maximise the number of car parking spaces for staff in its new building.³³

Bicycle Storage

3.34 The Committee also wanted to know if the proposed development would cater for those employees who wished to cycle to work.³⁴

3.35 AGD confirmed that provision had been made for cyclists:

28 Appendix D, Official Transcript of Evidence, page 11

29 ib id, page 11-12

30 Appendix C, Submission No. 1, paragraph 1.6.4

31 Appendix D, Official Transcript of Evidence, page 12

32 ib id

33 ib id

34 ib id

“In our early plans of the basement of the building we have a secure bicycle and motorcycle parking area for people who choose to use that form of transport.”³⁵

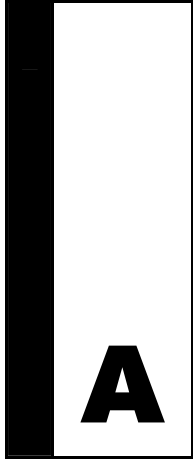
Recommendation 3

The Committee recommends that the proposed fit-out of new leased premises for the Attorney-General’s Department at 3-5 National Circuit, Barton, ACT, proceed at the estimated cost of \$23 million.

Hon Judi Moylan MP

Chair

8 December 2004



Appendix A – List of Submissions

1. Attorney-General's Department
2. National Capital Authority



Appendix B – List of Witnesses

Mr Daryl Keith Browning, Manager, Investor Services, Industry Superannuation Property Trust

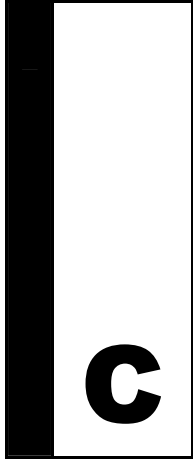
Mr Brian Lyndon Day, Project Manager, Property and Projects, Attorney-General's Department

Mr Mark Henry de Jager, Director, WT Partnership

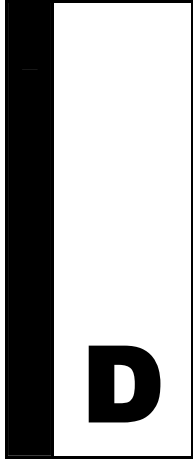
Mr Paul Raymond Hanson, Consultant, HBO and EMTB Consulting

Mrs Nancy Carolyn Lecomte, Director, Property and Projects, Attorney-General's Department

Mr Richard Andrew Oliver, General Manager, Corporate Services, Attorney-General's Department



**Appendix C – Submission No. 1 from the
Attorney-General’s Department**



Appendix D – Official Transcript of Evidence