



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Fit out of new leased premises for the Attorney-General's Department
at 3-5 National Circuit, Barton, ACT**

FRIDAY, 6 AUGUST 2004

CANBERRA

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JOINT COMMITTEE ON PUBLIC WORKS

Friday, 6 August 2004

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Colbeck, Ferguson and Forshaw and Mr Jenkins, Mr Lindsay, Mr Lloyd and Mr Ripoll

Senators and members in attendance: Senator Ferguson and Mrs Moylan, Mr Brendan O'Connor

Terms of reference for the inquiry:

To inquire into and report on:

Fit out of new leased premises for the Attorney-General's Department at 3-5 National Circuit, Barton, ACT

WITNESSES

BROWNING, Mr Daryl Keith, Manager, Investor Services, Industry Superannuation Property Trust 1

DAY, Mr Brian Lyndon, Project Manager, Property and Projects, Attorney-General’s Department 1

DE JAGER, Mr Mark Henry, Director, WT Partnership 1

HANSON, Mr Paul Raymond, Consultant, HBO and EMTB Consulting 1

LECOMTE, Mrs Nancy Carolyn, Director, Property and Projects, Attorney-General’s Department 1

OLIVER, Mr Richard Andrew, General Manager, Corporate Services, Attorney-General’s Department 1

Committee met at 11.28 a.m.

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

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

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

HANSON, Mr Paul Raymond, Consultant, HBO and EMTB Consulting

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

DE JAGER, Mr Mark Henry, Director, WT Partnership

CHAIR—Welcome. I declare open this public hearing into the proposed fit-out of new leased premises for the Attorney-General's Department at Barton in the ACT. This project was referred to the Joint Standing Committee on Public Works on 24 June 2004 for consideration and report to parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) In considering and reporting on a public work, the Committee shall have regard to—
- (a) the stated purpose of the work and its suitability for that purpose;
 - (b) the necessity for, or the advisability of, carrying out the work;
 - (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
 - (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
 - (e) the present and prospective public value of the work.

We thank you for facilitating the committee's inspection of the site this morning. Do you have any comments to make on the capacity in which you appear?

Mr De Jager—I am the cost planner representing the Attorney-General's Department.

Mr Hanson—I have been advising the department.

Mr Browning—Industry Superannuation Property Trust is the owner and developer.

CHAIR—The committee has received a submission from the Attorney-General's Department. The submission will be made available in a volume of submissions for this inquiry and it is also available on the committee's web site. Does the department wish to propose amendment to the submission that has been made?

Mr Oliver—No.

CHAIR—I now invite you to make a brief opening statement and we will proceed to questions.

Mr Oliver—This proposal seeks approval for the fit-out of a new building to be leased by the Attorney-General's Department at 3-5 National Circuit, Barton, in the ACT. The department currently accommodates 750 full-time staff, part-time staff and contractors in three head office buildings in Canberra—Robert Garran Offices, Arts House in Macquarie Street, Barton, and 10-12 Brisbane Avenue, also in Barton. It is projected that the department's staffing complement will increase over the next three years to 843. The department will retain premises at the Innovation Centre, University of Canberra campus, for Emergency Management Australia and general backup facilities and at the security training centre at 71 State Circle, Yarralumla.

Robert Garran Offices, Arts House and 10-12 Brisbane Avenue are at capacity occupancy and cannot accept any additional staff. Temporary leaseings will be required to accommodate 69 staff now being recruited and transferred from the Aboriginal and Torres Strait Islander Service. The dispersed nature and general condition and age of the accommodation and fit-out mean the department is functioning in less than optimal accommodation.

In addition to the physical capacity of the buildings, a number of significant operational and administrative issues exist. The leases on these three buildings will expire between May 2006 and February 2007. Investigations into lease renewals and options of alternative accommodation led to the conclusion that the most cost-effective and operationally efficient solution for the department was to co-locate all elements except Emergency Management Australia and the security training centre in a new office complex to be constructed against a 15-year lease commitment.

The Department of the Prime Minister and Cabinet have confirmed that they will vacate their current accommodation in December 2006. The owner of this accommodation, the Industry Superannuation Property Trust, will demolish the building and construct an office facility to the department's requirements. The department will sign a 15-year lease and will have two five-year lease extension options. The department will be responsible for the design, delivery and funding of all fit-out requirements.

It is expected that the fit-out project will provide architecturally designed office accommodation including: construction of a reception area; type 1 security controlled access; general office fit-out and open plan work areas; the majority of offices to be provided in central cores, not at external windows; break-out spaces, harbour rooms and casual meeting spaces; computer room built to specifications; storage facilities; conference and training facilities; first aid room; utilities rooms; carers rooms; kitchens; showers and lockers; and an early childhood learning centre and creche facilities.

The budget for this project is \$23 million. This includes professional design and management fees and charges, furniture, fittings and equipment, together with appropriate allowances for contingencies. Funding for the project was provided in the 2004-05 budget over the three years, 2004-05 to 2006-07. Funding in each year reflected the anticipated time and expenditures over the course of the project as follows: \$2.2 million in 2004, \$9.4 million in 2005-06, and \$11.4 million in 2006-07. Funding will be reallocated across the years as required in accordance with any changes that may occur in the timing of expenditures for the project. While the responsibility for building approvals rests with the lessor this project has been discussed with both territory and federal environmental authorities. Subject to parliamentary approval it is intended to commence fit-out in early 2008, with the completion of works and building occupation in December 2008.

Mr BRENDAN O'CONNOR—How do you come to the figure of an increase from 750 staff to 843 staff in three years? What factors have you used to come to that figure?

Mr Oliver—The department has experienced a sizeable increase in its workload since September 11. 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, as I have said, mainly in respect of national security.

Mr BRENDAN O'CONNOR—So what exactly are these estimations based on: the anticipated increased workload or undertakings by the Commonwealth to provide more funds for employment growth or what?

Mr Oliver—Our projections are based on anticipated increased workloads and what we have witnessed recently in relation to the department's current workload. We have seen a fairly steady increase in the demands that the government has placed on the department and we are building a building for the next 25 years, in effect.

Mr BRENDAN O'CONNOR—At the moment you have said that the 750 staff include part time and full time staff. What proportion of that staff are part time?

Mr Oliver—I could provide the committee with very accurate figures on that. We have that breakdown but I do not have it with me, I am sorry.

Mr BRENDAN O'CONNOR—A percentage breakdown would be fine, not down to the last staff member. Is it one-third part time, two-thirds full time?

Mr Oliver—No. It is predominantly ongoing, full-time staff with a number of non-ongoing and part-time staff.

Mr BRENDAN O'CONNOR—What is the percentage, to the closest 10 per cent, of full-time staff?

Mr Oliver—I think that I would be guessing if I gave you a figure. I suspect that the figure would be around 80 per cent full-time staff and 20 per cent non-ongoing and part-time staff.

Mr BRENDAN O'CONNOR—You have anticipated, therefore, almost a hundred extra staff in 2007. Obviously that would still be able to be catered for in the proposal. What about for the next 15 years—have you take into account what growth there is likely to be over the period of the lease?

Mr Oliver—To confirm a figure between 850 and 900 we went to each of our divisions—there are 13 divisions in the department—and we asked, in relation to their expected projections, what they considered their staffing figures would be at intervals throughout the 25-year period. They came back to us with projections. Some of the additional staff you are talking about relate to the new ATGIS transfer. We have received 69 new staff from the devolution of ATGIS out to line agencies, so those people had to be taken into account also.

Mr BRENDAN O'CONNOR—What was the one division that would not be co-located?

Mr Oliver—Emergency Management Australia.

Mr BRENDAN O'CONNOR—Is there a good reason for them being excluded?

Mr Oliver—Absolutely. You would be aware that the department has two what might be called crisis-operation based divisions. One is the Protective Security Coordination Centre and the other is Emergency Management Australia. Our intention as a department was to always locate one of those divisions outside the parliamentary triangle so that the department had ready-to-use backup facilities should a crisis of any consideration occur, and that is precisely what we have done. We have located EMA out in the Innovation Centre on the University of Canberra site on the basis that, if we need to move somewhere to manage crisis arrangements either for a national emergency or from the perspective of protective security, we can go to a site that is not in the parliamentary triangle and that is not on the same power grid as the department's power grid.

Mr BRENDAN O'CONNOR—Did I hear this correctly: you said you would be looking to move in December 2008?

Mr Oliver—Yes.

CHAIR—On 31 October.

Mr BRENDAN O'CONNOR—I might leave that line of questioning to other members of the committee. I want to ask how the department arrived at the size of workstations for each employee. What guidelines were applied for APS level 6 employees to receive eight square metres and the APS 1 to 5 employees to receive 6.5 square metres? It says in your submission that it is 'including standards that exist'. Have you got more specific advice as to what was applied and why?

Mr Oliver—The department has looked at a range of other fit-outs that are currently in progress. We took the eight square metres per individual at APS 1 to 6 from the experience of developers and recent fit-outs and our own experience. I think it is important to note that the eight square metres that we are talking about is simply the workstation area. It does not include any circulation space—that is, where you would get up and mix with your colleagues.

Mr BRENDAN O'CONNOR—So it is specifically the area for that employee and does not cover any common-use areas.

Mr Oliver—That is exactly right.

Mr BRENDAN O'CONNOR—What particular guidelines are you saying that has that been drawn from?

Mr Oliver—Not from guidelines; it is from experience and our examination of some of the other recent fit-outs. In the lead-up to this process we have had discussions with people who developed the Australian Bureau of Statistics building and the people who are in the process of developing the DIMIA building.

Mr BRENDAN O'CONNOR—Were staff consulted about workstations? Could you give us an indication, on the record, of the extent and nature of consultation with staff and staff representatives and with unions, if they were also involved.

Mr Oliver—The consultation process with staff has commenced but has not been extensive. We are a long way out from having a mock of a fit-out that staff can go and have a look at, but to date there has been a range of initiatives that the department have put in place. We have started a briefing process for managers and staff. We have involved the divisions and work areas throughout the department in the early projection process. We have had information sessions and we will have information sessions in the future for staff, including, when things are a little bit more advanced, site visits and visits to an area that we will set up as a mock site of the sort of workstation that people might engage. The secretary, at a senior management level, has been talking to the likes of division heads and SES about the project. At this early stage a briefing has been provided to the department's SES on what is envisaged for this project and how we think it will progress. So at this stage there has not been extensive staff consultation, but we have certainly undertaken some and the secretary is extremely keen for us to fully involve staff on the way through this process.

Mr BRENDAN O'CONNOR—Wouldn't it be advisable to have staff involved from the very beginning? You are providing us with a notional average floor space for each employee, for example. Wouldn't it be advisable to involve staff in those discussions—accepting, of course, that you make those decisions—to glean from your employees, the staff that will reside in the premises, their views as to how effective they can be in a newly proposed fit-out?

Mr Oliver—I agree wholeheartedly with your contention. It may be better for us to talk about what we envisage from now, because to date—as you well know from previous discussions—we have not explored in any detail what the floor plate might look and feel like inside the building. Our project plan includes a framework regarding the development of a consultative forum which will include representatives from all of the department's divisions; occupational, health and safety; the women's network and union representatives. We envisage that this group will have significant input into the design and fit-out of the building. We also propose to take the group on tours of various recent fit-outs in Canberra so that successful concepts in those fit-outs can be considered for suitability within our department's fit-out.

In essence, the process to date has been about the shell, the design and the look and feel of the building. The process will now commence in earnest in terms of the consultative process for staff, even though, as we all agree, our fit-out is some way away from being put in place. We fully intend to include our staff comprehensively in a consultative process.

Senator FERGUSON—There are two or three issues I want to raise, particularly one that was raised in the confidential briefing. I think I said to you that this is the first time I can remember being asked to approve a public work—and the expenditure of public moneys—which will not commence for over three years. Could you explain, for the record, the reasons for your application to the public works committee now?

Mr Oliver—I will answer along the lines I took when we had our confidential hearing. When the department first sought a hearing date we were anticipating committing to a different site that would have provided us with a much earlier occupation of our new building. However, given the preferred site and what we considered to be the strong interdependencies with the Department of the Prime Minister and Cabinet's program, it was considered advantageous to submit the Attorney-General's Department proposal concurrently with the Department of the Prime Minister and Cabinet's. It has also provided the department with the opportunity to ensure that due diligence processes have been put in place to ensure the best possible results for the Attorney-General's Department.

In relation to what might be considered the best possible results from the perspective of the Attorney-General's Department, it is important to note that the current leases for our three key buildings finish around the February 2007 mark, and that by submitting our proposal early and confirming the future direction for our new accommodation we have been able to secure our ongoing accommodation in the period throughout which the PM&C building is being built and we have secured for the Commonwealth a very attractive rental situation for the department as our building comes to fruition. It was very important from a building owner's perspective that there was certainty about the future and about this project so that we could come to an agreement about future lease rates and there was certainly about the ability to put a new building on the PM&C site.

Senator FERGUSON—Is it unusual to finalise or negotiate a lease arrangement that starts operating in another four years time?

Mr Oliver—Absolutely. This situation is unusual. Nevertheless, we believe that we have structured a very good outcome for the Commonwealth in ongoing rental payments and in terms of the total cost of this project over what we consider to be a 25-year term.

Senator FERGUSON—But even those people who are leasing it to you, the superannuation trust, do not know what will happen to market rentals in four years in Canberra. I see that at point 1.6.4 of your submission you say:

Lease costs are still being negotiated with an effective commencing rate of between \$390-\$405m² ...

I cannot for the life of me see how anyone can predict with certainty what the rental accommodation market will be in October 2008.

Mr Oliver—I would agree that you cannot with absolute certainty map to what the situation might be in the year 2008, but what we have been able to do as a department is structure an arrangement where we have negotiated a lease payment as of the commencement of our period in the new building.

Senator FERGUSON—Has that been finalised, has it?

Mr Oliver—It has.

Senator FERGUSON—Would we be able to confidentially get that lease rate?

Mr Oliver—By all means. We will get it to you confidentially.

Senator FERGUSON—In the figures you have given us, you talk about an escalation rate of 3.5 per cent—that is not unusual; it is what we would expect—until June 2006 and yet you are not going to start the building until February 2007. Where is the escalation rate for a building that is not going to be completed until October 2008?

Mr Oliver—I might just go back a step. What we have in place is an arrangement whereby our departmental leases remain constant until we move into the new building. For when we actually move into the new building, we have set and negotiated a figure for our ongoing rent that will escalate at three per cent without market review.

Senator FERGUSON—Sorry, you have got me wrong. I am talking about escalation costs for the actual fit-out. You have allowed 3.5 per cent in the figures that you have given us for the cost of the fit-out, but that escalation rate is not until June 2006.

Mr Oliver—I am sorry; I did misunderstand the question.

Senator FERGUSON—I am talking about the fit-out. The building does not start until 2007, so where are the escalation costs that are going to take place between June 2006 and the occupation of the building in October 2008?

Mr Oliver—I think this is probably a very good time to pass over to our quantity surveyor, Mr De Jager. He will answer that question.

Mr De Jager—At this stage, because of the timing, some of the contingencies will be used for that. We were talking in the confidential hearing about the contingency amount. We hope that can be covered in the contingency.

Senator FERGUSON—I cannot see why you would not put an escalation cost up to 30 June 2008 rather than to 30 June 2006.

Mr De Jager—We can actually do that and then reduce the contingency amount.

Senator FERGUSON—That is the sort of thing that worries us, you see, because these are all very fluid areas. You have put a lump sum for a contingency plan of 10 per cent, but we need much more concrete figures than that. The other thing I want to follow up is that I think in your

opening statement, Mr Oliver, you said there is going to be \$2 million spent in 2004-05, \$9 million in 2005-06 and \$11 million in 2006-07. If the building does not commence until 2007, what is the \$2 million in 2004-05 being spent on and what is the \$9 million being spent in 2005-06?

Mr Oliver—Our original costings out of the budget process were for those quantum of expenditure across those years. When our initial budget proposal went forward, we were intending to vacate the current Attorney-General's accommodation in December 2006 to move into a new building. Clearly we will have to work with Finance to rephase those amounts into the new years, because we will not start our fit-out until—

Senator FERGUSON—2007.

Mr Oliver—2007. That is precisely right.

CHAIR—Could we ask that they be rephased and that the committee be advised of those revised numbers?

Mr Oliver—Absolutely. We will keep you fully informed on that process.

Senator FERGUSON—I agree that it is a great concept to have the Attorney-General's Department and the Department of the Prime Minister and Cabinet located close together and in that location, but we are trying to make decisions now on a public work for the Attorney-General's Department where, as you said, money has been allocated in the budget that will not be spent in those years. We have escalation fees of 3.5 per cent up to June 2006 but, in fact, there will be further escalations to 2008.

While we approve in principle of exactly what you are doing, I am coming to the personal view that there would need to be a further comprehensive submission to the Joint Public Works Committee much closer to the time of the expenditure of the money for us to know whether or not it is going to be built for this amount of money and whether or not the project is changing at all—you talked about designs that have not been finished. It seems to me that we are being asked to sign a blank cheque for something that we do not have the comprehensive detail of. I do not know what my colleagues think.

I fully support the concept. I think the idea of having A-G's and the Department of the Prime Minister and Cabinet located together is fantastic. I think the location is good and the overall concept that you have presented to us is excellent. But we are being asked to make decisions without full knowledge of the actual expenditure. Our role is looking after the expenditure of public money and making sure the taxpayer is getting value for that money, so can you see why I feel like that?

Mr Oliver—I can see where you are coming from. The best I can do in the circumstances is to give the committee an undertaking that, as things go forward for our process, irrespective of the PM&C process, we will keep the committee apprised of whether there is a need for additional funding. As we go through the process, we will certainly keep you well informed.

I understand the concerns you might have with our process in effect being commenced formally when PM&C move to their new building and our building begins to take shape. A decision was made that there were such strong synergies in light of the benefits to the Commonwealth of us rotating through the three sites—not necessarily in PM&C moving but in dealing with the Industry Superannuation Property Trust—that it was sensible to bring it forward to the PWC at this stage. I think we are well advanced in our costings and on the shape and style of building that will go there. If we had been further advanced and potentially had had strong ideas of how the fit-out might look, we could certainly have come to the PWC with more detail for you. But, in respect of our costings, the shell of the building, the process and a whole raft of other things, I think we are probably very well prepared and well advanced in our planning.

Yes, we may need to go back to the ERC at some stage for some minor adjustments to the quantum of \$23 million but, in effect, we have produced an extensive business case, which gave us the money out of the ERC process. We have developed a very strong business case, which the Economic Review Committee examined as part of the process. We are very happy to continue to provide you with updates as we go through our own process. If you would like, we are very happy to appear in front of the PWC again closer to the time and give you an update on where we are up to. But certainly in terms of our own process we think we have our costings nailed down fairly tightly—although we have discussed the issue of contingencies. We do not see that there will be major variations from what we have on the table at present.

Senator FERGUSON—There are only two things I would raise. One is that I have no problem with the concepts and the proposals, and I think the superannuation trust needs to know that we approve of the whole principal project. I am concerned about the fact that currently we are dealing with figures that are going to be spent so far ahead. It is unusual for the Joint Standing Committee on Public Works. We usually have people rushing us with projects who want approval to start tomorrow—

CHAIR—That is right!

Senator FERGUSON—so this is really in reverse. I congratulate you on being so well prepared in that way. It is just that it is almost as though it is too far out for us. I think you would need to appear again probably in two years time with an updated cost of the fit-out. Bearing all that in mind, I think the superannuation trust needs to know that we like what we have seen. That is the point. It is just the detail, as far as the fit-out is concerned, that really concerns me.

Mr Oliver—I have no difficulty with that.

Mr BRENDAN O'CONNOR—Before we get off that topic, I want to concur with Senator Ferguson in regard to this matter. There is no criticism levelled at the department at all; the presentation has been excellent, and indeed the detail is very helpful to us. I think it is just that the time difference is of concern. So that we can do our job and the department is properly covered, properly protected, when making its own decision, it would be beneficial for all of us to meet again in the new term when we are much closer to the proposal commencing. I just want to make it clear that I do not think there is any member of the committee making any criticism of the work undertaken so far by the department.

Mr Oliver—I understand that.

CHAIR—I certainly support that. Senator Ferguson has raised some very important matters. As you are aware, the Public Works Committee is governed by an act of parliament, so we have a very specific brief and responsibility. I think it is important that people understand this. Under section 18(9) of the Public Works Committee Act it says:

... “estimated cost”, in relation to a public work, means an estimate of cost made when all particulars of the work substantially affecting its cost have been determined.

So you can see how difficult it is for us, in making a determination on a project like this, when we do not have all those costs in detail.

Mr Oliver—Absolutely, Madam Chair; I agree.

CHAIR—Again, I think we are all in agreement that the proposal you are putting forward looks sound, and it is sensible to look at these two projects together. But I do think the committee is going to have to ask for a detailed briefing on the costings as you get closer to the commencement of the construction.

Mr Oliver—That is fine, absolutely.

CHAIR—I have three other matters to raise, but I will try to be brief. You probably heard me raise the matters of energy conservation and water conservation in the previous hearing, as we are doing these back to back. I guess the committee would like to know that you are taking all steps to ensure that there is a minimisation of energy use—that there is efficiency—and that you will take whatever steps are necessary to ensure efficient water consumption as well.

Mr Oliver—I will just make an initial comment, then one of my colleagues may like to add some additional detail for your future reference. We are designing a building with the ISPT to have a 4½-star energy rating in every way. We think that it will be an outstanding building and very energy efficient. It may be useful for you to get a sense of how we would do that from either Mr Browning or Mrs Lecomte, or Mr Day can probably add some comments there.

Mr Browning—The ISPT is very committed to the concept of owning long-term ‘green’ buildings. As part of the commercial discussions with the AGD, we have met with the Greenhouse Office. The intent is that the leases for both 3-5 National Circuit and 1 National Circuit will be green leases incorporating 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. It is very easy to say that it works on day one.

A key component that goes in the lease—and it is a provision that we were actually drafting last night at six o’clock—is that there is an energy management committee with representatives of AGD, PM&C and our managers of the building to ensure that it is not only designed that way but also operates that way. It also calls for both parties to look at the initiatives to save both energy and water. In the PM&C presentation, Ms Kendrick pointed out that the landscaping will be drought resistant and minimise the use of water. One of the advantages in the planning for this building is that we do have time so we can explore the very latest in energy and water conservation methods, and we are looking with our consultant teams to bring best practice for both projects.

CHAIR—You talk about a 4½-star rating. The reason why this is important is that, apart from the fact that the government has a very strong policy in relation to reducing greenhouse gas emissions, there is also a public interest in this from the point of view of both health and expenditure of public moneys as the term of the lease runs. A great deal of money can be expended on buildings that are not designed to the highest standard. What does a 4½-star rating mean and what is the maximum rating, and why are you not building this building to the maximum rating? The way things are going this building will not meet expectations in a very short period of time if it is not being built to the maximum capacity to save energy and water.

Mr Browning—The star rating incorporates a number of factors related to the building—they are not just the physical aspects of the building; they also relate to issues such as public transport and proximity to that, other water usages et cetera. While we and AGD contribute to that total rating and we could rate very highly on all the physical and mechanical services in the building such as the atrium, the garden and reusing grey water—indeed we might even reuse black water—we may be down the scale because of a simple thing like public transport. It depends on the weighting. For example, the best buildings that we know of are the Lend Lease building in Sydney down on Hickson Road, which is a five-star building, and a new building built by the Melbourne City Council in the Melbourne CBD that will be, I think, 5½ stars. Where that building gets the extra boost, if you like, above the 4½ stars is on a number of factors that are outside the physical constraints of the building.

CHAIR—There are two components to this. One is the building that you are constructing and that the Attorney-General's Department will inhabit. The other is the actual attention to the fit-out to minimise energy consumption and water use. There are two strands to this. We would expect a department to have some say, if they are going to occupy the building for a lengthy period of time, in ensuring that the building is built to the highest possible standard. Is that a commitment you can make?

Mr Browning—The commitment we make is not only a verbal one; it is also within the lease. Both parties are obliged to achieve that rating. It is a whole-of-building rating, so it is our fabric plus AGD's fit-out to achieve the 4½-star rating. As I mentioned, there is a formal review process under the lease that measures performance against the rating. If our base building, for example, was the cause that it did not meet the rating then, at our cost, we would have to fix it to make sure that it meets it on an ongoing basis. There is a commitment. We think that from an investment perspective a substantial differentiation will develop between those buildings that can meet the four-star and above and some of the older buildings, and that is, quite frankly, one of the reasons we are doing the projects.

CHAIR—It is obviously in your interest if you are going to own the building for a lengthy period of time. These buildings become obsolete very quickly. We have seen that on many occasions.

Mr Oliver—I would add one thing from a departmental perspective. We have developed an energy management system for the operation of our current department in our current building. We will translate that into our new building. It talks about the use of waste paper, the way in which we dispose of goods, and a raft of other things, but those energy management plans or our energy management system have to be lodged with and approved by the Australian Greenhouse

Office. We are working with that office to ensure that that system is in place in our current department. But it will most certainly be in place for our future building.

CHAIR—With regard to car parking, you talk about staff numbers increasing in the new building to about 850 and I notice there are 400 car parking spaces. How do you propose to manage parking arrangements?

Mr Oliver—Car parking is the perennial problem for most employers and certainly for most large government departments. At present it has become increasingly difficult to park within the bounds of the Barton precinct for our staff more generally. What we are doing is on the basis of the ratio that the National Capital Authority sets for a building of this size for providing the correct number of car parks within the building precinct. We are yet to develop our systems for how we precisely manage which of our staff get one of those 400 car spots. Inevitably, there will be spaces allocated for the senior executive service members because that is part of their employment conditions. We will have some spaces available for our office services vehicle and departmental vehicles. Then we will try and minimise the number of those spots that are taken so that we can maximise the number that we can in some way allocate to our staff. As you know, there is not yet paid parking in the Barton precinct and we are not sure where that will go. The parliamentary committee has not finalised its dealings in relation to that matter. But, at the end of the day, I suppose the only undertaking that we as a department can give this committee is that we will try to maximise the number of parking spots available for staff in our new building. Certainly our new building has the appropriate ratio of parking spaces per square metre of the building.

CHAIR—I have observed the trend in Canberra for a lot of people to cycle to work, which is a very positive trend. It looks very cold in winter.

Mr Oliver—Absolutely.

CHAIR—Will you be providing spaces for safe bicycle storage?

Mr Oliver—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.

CHAIR—Just going back to the ratio of car parking that meets, you say, the standard, I notice that the NCA has not yet considered the proposal for your particular development. I presume this is not going to be a drawn out and difficult process and that there is nothing controversial in that?

Mr Browning—We have in fact consulted with the National Capital Authority and shown them the concept plans and what we have in mind for 3-5. We are in receipt of a letter from them—we received that about two weeks ago—confirming their support of it subject to us lodging formal works standard documents. We are increasing the floor area on this site so we actually have to pay a betterment tax to DOFA for the extra area. On the car parking, I would just add that, between the two projects—No. 1 and 3-5—we are effectively providing an additional 500 car spaces which will take cars off the street and put them in the basement out of sight. So it is quite an increase to quality secure parking in the general area.

CHAIR—I notice in some buildings in the United States that they have resolved some of the parking problems by putting in car lifts, so you can park one on top of the other, as long as your enemy does not drop his car down on yours and squash it.

Mr Browning—That is right, yes.

CHAIR—But have those kinds of mechanisms been looked at, and are they cost-effective?

Mr Browning—They are used where space is very tight. They are also very common in Asia. There are a couple of installations of that type of thing in Sydney. We have some luxury here in having bigger, less constrained sites. But we would not be doing that sort of thing with that sort of technology. We have spent a lot of time planning the basements, and they are at their optimum, if you like, with minimal circulation, and that is a far more cost-effective solution—to do it that way, rather than having a mechanical device shifting the cars around, increasing maintenance et cetera.

CHAIR—As there are no further questions, I would like to thank you for your cooperation today and also thank Hansard and our secretariat for their support.

Resolved (on motion by **Mr O'Connor**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it and submissions presented at public hearing this day.

Committee adjourned at 12.16 p.m.