



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Fitout of new leased premises for AusAID at block 20, section 10,  
known as London 11, Australian Capital Territory**

FRIDAY, 7 OCTOBER 2005

CANBERRA

BY AUTHORITY OF THE PARLIAMENT



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**JOINT STATUTORY COMMITTEE ON  
PUBLIC WORKS**

**Friday, 7 October 2005**

**Members:** Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Parry, Troeth and Wortley and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

**Members in attendance:** Mr Jenkins, Mrs Moylan and Mr Brendan O'Connor

**Terms of reference for the inquiry:**

To inquire into and report on:

Fitout of new leased premises for AusAID at block 20, section 10, known as London 11, Australian Capital Territory.

**WITNESSES**

**JACKSON, Mr Robert, Director, Corporate Services Section, Resources Branch, Australian Agency for International Development ..... 2**

**LEHMANN, Mr Paul, Assistant Director General, Resources Branch, Australian Agency for International Development..... 2**



**Committee met at 10.30 am**

**CHAIR (Mrs Moylan)**—Welcome to this public hearing into the proposed fit-out of the new leased premises for AusAID at London Circuit, Canberra City, ACT. This project was referred to the Joint Standing Committee on Public Works on 10 August 2005 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.

Earlier this morning the committee received a confidential briefing from AusAID, and the committee has also inspected the site of the work. The committee will now take further evidence from AusAID on the public record. The committee thanks AusAID for their assistance this morning in facilitating the site inspection.

[10.32 am]

**JACKSON, Mr Robert, Director, Corporate Services Section, Resources Branch, Australian Agency for International Development**

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

*Witnesses were then sworn or affirmed—*

**CHAIR**—Welcome. The committee has received a submission from AusAID, which will be made available in a volume of submissions for the inquiry. It will also be available on the committee's web site. Does AusAID wish to propose amendments to the submission that has been made to the committee?

**Mr Lehmann**—No.

**CHAIR**—I now invite you to proceed with an overview of your submission.

**Mr Lehmann**—I thank the committee for the opportunity to present our proposal to the committee today. We welcome this opportunity very much. I will start by telling you a little about AusAID and what we do. We seek to advance Australia's national interest by assisting developing countries in our region to reduce poverty, strengthen governance and promote stability. We seek to do this in conjunction with a range of Australian government, non-government and private sector partners. Our headquarters are here in Canberra, and we have representation in around 30 countries overseas. AusAID operates as an administratively autonomous agency within the foreign affairs and trade portfolio.

As outlined in our submission, AusAID currently occupies office space at 62 Northbourne Avenue, Canberra City. The lease for this building expires on 31 July 2007. During the second half of 2004, AusAID undertook a tender to explore options for our long-term accommodation needs post the expiry of this lease, including options for remaining at our present address. Whilst the current office accommodation has served AusAID for 22 years, the building is now 30 years old and requires extensive service and fit-out upgrades. The current fit-out is reaching the end of its economic life. Any refurbishment would have required considerable dislocation and disruption to the essential operations taking place within the building, and we assessed that, on completion of this process, a number of requirements would still not have been met.

As you observed during your tour of our premises this morning, the current building has a U-shaped floor plan with a centrally located, non-airconditioned glass atrium. This atrium imposes constraints on the flexibility of our accommodation. It is particularly evident when we need to reconfigure quickly to meet demands such as task forces set up to respond to humanitarian and natural disasters in our region. An example would be the recent Indian Ocean tsunami. The U-shaped floor plan also makes the usable floor space inefficient and consequently the usable floor ratio is lower than more standard sized modular buildings. Further, the current floor space is



configured so that we cannot use all of the space available and there are some 500 square metres of surplus space that we are unable to effectively use.

The agency undertook extensive financial, architectural, engineering and security evaluation of its accommodation needs. The options we considered during the tender process included remaining in our current premises with no refurbishment, refurbishing the current premises, relocating to an existing building and installing a new fit-out, and fitting out a new commercial building. Our evaluation of these options led us to determine that the option which presented best value for money and would meet our business needs into the future would be to relocate to the proposed development at London Circuit, Civic.

A purpose-built building will provide the flexibility of accommodation essential to ensure AusAID can meet its ongoing obligation to deliver the Australian government's official overseas development program in as efficient and cost-effective a manner as possible. The agency intends the fit-out to be integrated into the construction of a new building. The budget estimate confirmed by a quantity surveyor is \$9.5 million for the internal fit-out. An integrated fit-out also allows compressed delivery time and significant cost savings through the incorporation of our specified needs from the commencement of the construction. We intend to make considerable energy efficiency gains in the new building, significantly reducing our energy footprint, maintenance and ongoing costs. The developers—London 11—are proposing to build a five-star ABGR and five-star Green Star building. This will be the first dual five-star building for the Australian government.

To achieve the rating of five stars, technically sophisticated systems will be implemented in the airconditioning, heating and lighting, and through the use of water-saving solutions. These systems will consume considerably less energy than the standard systems that are generally used in commercial buildings. A reduction of 50 per cent in greenhouse gas emissions can be expected with the use of the new airconditioning system proposed for this development. The external facade of the building will have high-performance glazing and sun-shading elements to reduce solar heat gain to the internal environment and to reduce the cooling loads and general energy consumption of the building.

The proposed move to a new building provides AusAID with the opportunity to improve the amenities provided to our staff. We have undertaken extensive consultation with our staff to determine the best balances of facilities and services. The staff association has endorsed this consultation process. In conclusion, I wish to highlight the importance and focus that the new building will provide with quality accommodation to satisfy our operational needs into the future.

**CHAIR**—Thank you very much. With this site selection, AusAID submits that it received advice to the effect that the decision to lease new premises on London Circuit represents the best option. In your submission it says it contains the least number of risks for AusAID and the lesser financial impost. Where was this advice sourced from and what were the criteria for risk assessment? What are the remaining risks to AusAID at the London Circuit premises?

**Mr Jackson**—As far as the best value for money aspect goes, we received advice from a registered valuer, a quantity surveyor, architect and engineers that the inclusions in the building and the performance of the building were superior to others that we received in our tender

process. The cost-benefit analysis, looking at a five-star building with the rental and subsequent energy savings, led us to believe that over time we will make substantial savings. That will more than offset any rental increase that we would have on a new building. The risks, as far as the project going forward is concerned, are the standard construction risks, cost escalation and delays in obtaining the relevant trades that are needed to complete the project.

**CHAIR**—Do you feel you have made adequate arrangements in the contingency to cover those eventualities?

**Mr Jackson**—Yes. We believe that we have sufficient financial risk cover, and sufficient time cover as well for any delay in the project.

**CHAIR**—So we are not going to see any cost blow-outs on this project?

**Mr Jackson**—No.

**Mr BRENDAN O’CONNOR**—In your submission, you indicated that there were three options considered. It says:

AusAID has examined three options for office accommodation from July 2007 ... :

- Remaining in the existing premises ...
- Refurbishing the current premises; or
- Fitting out a new commercial building.

Wasn’t one of the other options to not go into a lease-build arrangement but to go and lease new premises?

**Mr Jackson**—Yes, it was.

**Mr BRENDAN O’CONNOR**—That is not explained there. I know the submission talks about it later on, but early on it does not say that. Later on, when the submission talks about looking at the particular option of relocating to an existing building, it says:

The ... process conducted in 2004 failed to identify another suitable alternative which would meet AusAID’s central office accommodation requirements.

What effort was made to find an existing building to relocate to before selecting this particular preferred option?

**Mr Jackson**—We went through a tender process. Tenders were invited on the basis of meeting the space requirement that we were looking for, along with security aspects and financial aspects. We did not receive a proposal that met any of those criteria in an existing building. But we did not exclude any existing buildings, should one have been suitable for us.

**Mr BRENDAN O'CONNOR**—So you did not think it was suitable to place what would have been at least the better options that were put forward under that heading to the public works committee to consider? What you have done is gone through a process. The options were refurbishing and continuing the lease with the current arrangements or going into a build-lease arrangement. But you have not put up any options that may have been put through that tendering process to the public works committee for us to consider. In a way, you have actually removed that option entirely.

It is very hard for us to judge, for example, whether in fact any suitable arrangement existed. We are taking what you say as the case—that you went through a tendering process, people expressed an interest and you said they were not good enough. We are not able to examine your decision to not consider those options for the relocation to an existing building. We are not in a position to do that. Can you explain why those that were proposed under the relocation to an existing building option were not suitable? What were the actual reasons? Was it space or location or the building being unsuitable or the tenants that you might have to share with being unsuitable? What were the reasons?

**Mr Jackson**—The primary reasons included the size of the building. We did not receive a submission that met our size requirement.

**Mr BRENDAN O'CONNOR**—Are you saying that they were too small?

**Mr Jackson**—Too small or too large, where we would have had to lease that space and then sublet that out and carry a sublet risk with other tenants. It was also about meeting the energy targets that are set by the government. We really did want to ensure that we could make sustainable development very cost-effective, and that would have been very hard to do in an existing building. Security was another reason we wanted a stand-alone building. We deemed it was far superior for managing the agency security risk and also our staffing security risk.

**Mr BRENDAN O'CONNOR**—How many buildings were proposed? How many expressed an interest?

**Mr Jackson**—We received submissions from 12 buildings that were evaluated.

**Mr BRENDAN O'CONNOR**—And they were either too small or too large or they did not satisfy security requirements or there may have been a risk of subleasing—I guess that was the ones that were too large.

**Mr Jackson**—Yes, or they were too expensive. We shortlisted three and it was deemed that the building on London Circuit was the superior of those three.

**Mr BRENDAN O'CONNOR**—It would be useful for the committee to be provided with a summary of at least the three shortlisted options so that we can see what you saw when you decided not to even put that to us as a proposition. I think that would be helpful.

**CHAIR**—Again, if there are commercial-in-confidence matters then it can be submitted as a commercial-in-confidence document.

**Mr Jackson**—That would be commercial-in-confidence and we will submit on that basis.

**CHAIR**—I presume the committee will approve that.

**Mr BRENDAN O'CONNOR**—Yes. I will move on to something probably less fundamental but nonetheless important to the staff. You have indicated that there would be provision for 120 car park spaces. Would all of them be underneath the developed building?

**Mr Jackson**—Yes.

**Mr BRENDAN O'CONNOR**—How many car park spaces are there presently for staff?

**Mr Jackson**—We currently have approximately 103 car spaces.

**Mr BRENDAN O'CONNOR**—How are they given out?

**Mr Jackson**—The senior executive service receive a car space and then it is broken down into two other tiers. Firstly, there is a waiting list for directors, and they purchase those—it is on a pay system. Secondly, below director level there are spots set aside that AusAID pays for, and they are on a roster basis for staff.

**Mr BRENDAN O'CONNOR**—Is there currently a queue for people wanting to get on to those or does it fit the requirements?

**Mr Jackson**—It does vary. Sometimes there is a queue and sometimes there is not, depending on various factors, but at the moment there is a bit of a queue.

**Mr BRENDAN O'CONNOR**—You are also making greater provision for bicycles and motorcycles. Is that different from the current arrangement?

**Mr Jackson**—Yes, it is. We currently have approximately 70 bicycle parks and we are looking to increase that to 100.

**Mr BRENDAN O'CONNOR**—Do you consider that expanding the capacity for bicycle parking and locating showers in that same area—I think that is what I was told earlier today—

**Mr Jackson**—Yes.

**Mr BRENDAN O'CONNOR**—is going to increase people's inclination to ride to work?

**Mr Jackson**—We hope so. I think it is about the location of the building itself. Where we are presently, on Northbourne Avenue, is not conducive for people wanting to ride, because it is an extremely busy road. With the proposed site at London Circuit there is less traffic and, as you may remember from your visit this morning, when you enter from the rear there is very little traffic, and it is in very close proximity to the bicycle paths around the lake.

**Mr BRENDAN O'CONNOR**—You have indicated that you consulted with staff. This wish to expand the capacity for bicycles and to move showers: are these some of the things that might have arisen through discussions with staff or are they decisions that have been made at the executive level?

**Mr Jackson**—They did flow through from staff consultations. We have a ride to work consultative forum, and we discussed this with them and looked at how many people did ride to work then made an allowance for an increase in that. As an agency we do want to promote a healthy work force, so it was a mixture of both, but we did accommodate consultation with the cyclists' group.

**Mr BRENDAN O'CONNOR**—There is also a very short reference to not placing a child-care centre on the site. Isn't there a need for child care amongst staff?

**Mr Lehmann**—There is, but the envelope of this building would not allow us to include the minimum 500 square metres for a child-care centre. Also, we identified a range of child-care facilities in the near district around this building that staff will be able to utilise.

**Mr BRENDAN O'CONNOR**—Has a claim been placed on the agency by a union on behalf of staff? Is it something that is part of any industry negotiations?

**Mr Lehmann**—It has certainly been raised.

**Mr BRENDAN O'CONNOR**—What governs the employment conditions of the agency staff?

**Mr Lehmann**—We have a certified agreement covering our staff at the moment.

**Mr BRENDAN O'CONNOR**—How high does that go?

**Mr Lehmann**—We have AWAs for our senior executive service.

**Mr BRENDAN O'CONNOR**—So everyone below senior executive is governed by a section 170LJ—a union enterprise agreement.

**Mr Lehmann**—That is right.

**Mr JENKINS**—Without opening old wounds, can I ask a question about AusAID and its portfolio, DFAT. One of the options that may have been available to you may have been to locate closer to the rest of DFAT, given that one of the reasons that you moved on a few decades ago was that office space was a consideration—although other things have transpired. It may be helpful to get a comment on record about what the relationship is so that we can clarify that. For instance, what use is made of communication networks and things like that? What is the general philosophy about the independence of AusAID?

**Mr Lehmann**—AusAID operates as an autonomous agency within the Foreign Affairs and Trade portfolio. Our director-general reports directly to the Minister for Foreign Affairs, but our director-general also is part of the DFAT executive. We have very close working relationships

with the department and increasingly with a range of other departments when we are working in a whole-of-government context in delivering the overseas aid program. So we are increasingly working closely with all government agencies but particularly with DFAT. We are co-located with Foreign Affairs in many of our posts overseas as well. We access Foreign Affairs communications systems for our classified communications.

**Mr JENKINS**—But that did not become part of the consideration for this relocation?

**Mr Lehmann**—No. There was no alignment of discussion on our nature as an autonomous agency with our accommodation arrangements at this time. What happens in the future nobody knows, but those two issues were separate for the purposes of our new accommodation needs.

**Mr JENKINS**—I will move to heritage and sustainable development questions. I am flummoxed, given that all the permits appear to have been got, about whether to ask a question about any value on the building that is there. I do not think it is really AusAID's concern, but the old YMCA building has been part of the Civic landscape for a while. I will move on, because it would be more positive to talk about the efforts you have made in energy efficiency. In the movement from 4½ star rating to five—because 4½ is really the requirement and this building is going to be a five—what order of magnitude does that do to the savings that are achieved?

**Mr Jackson**—The savings we are looking at is about \$35,000 year in energy costs for the building itself and then there will be subsequent savings on top of that by using various things such as sensor lighting and so forth, but we have not been able to quantify those as yet. The plant is extremely efficient and we are envisaging that the estimates that we have provided to the committee are very conservative and we will exceed those.

**Mr JENKINS**—But you do not have a feel for the increase in savings from ratcheting up from 4½ to five stars?

**Mr Jackson**—It is \$35,000.

**Mr JENKINS**—That is it.

**CHAIR**—Per annum, wasn't it?

**Mr Jackson**—That is per annum.

**Mr JENKINS**—I thought that was a figure over and above what you would have expected at the previous building. That has clarified it for me, thank you. On the site next door to the south there is no building. If there were to be a building the same height built on that site, what would that do to the energy efficiency of the building?

**Mr Lehmann**—It would be difficult to comment because neither of us is a technical expert, but that is more the south-facing side of the building, so it is less likely to have any sunshade impacts from that side. But we could get some further information.

**Mr JENKINS**—I would like some comment on lighting and stuff like that. I accept that in this case you are fairly lucky because it is to the south. One of the reasons you had to move on

from Northbourne Avenue was the inability to conform to various disability legislation requirements. What are the major impacts of the new building on that area—what are the improvements?

**Mr Jackson**—The improvements are that we 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. At present we cannot accommodate those.

**Mr JENKINS**—I overlooked a question I had about sustainability and water conservation. I think you have indicated that you are cutting down on demand but that there is also some recycling. In a recent development further around in Civic there was stormwater capture by tanks below the building. Is there any stormwater capture in this proposal?

**Mr Jackson**—Yes, there is. We are looking at stormwater capture, grey water recycling and also using waterless urinals. We presently have those, but they will also be used in the new building. We do not have a quantifiable amount as yet as far as the cost savings. The development that you are talking about, I believe, is Industry, Tourism and Resources. We are envisaging we will have similar pro rata savings. They are a much larger building, but on the basis of the size of our building there are similar gains to be made.

**Mr JENKINS**—Is the infrastructure required for that part of the base building?

**Mr Jackson**—Yes.

**Mr JENKINS**—The submission sets out quite plainly the work spaces that are being allocated. The 6.9 square metres for general—that is my description, not yours—is at the lower end of similar developments. Is that based on the type of work space that people have at the moment? Is it envisaged that, because of perhaps some of the efficiencies of the building, that is an adequate amount?

**Mr Jackson**—We did undertake extensive consultation with staff. We are reusing our existing desks, which very much means that the space is based on that for the primary space of the individual workstation area. We believe from our research that the space is very much an average of what is currently being done by other government agencies and the private sector. We have discussed this with staff generally and the union. We have their full support and have received a letter of support on the consultation process. That was part of it.

**Mr JENKINS**—I have a left-field question. I noticed today that some of the work spaces had two screens. Can you help me out on that?

**Mr Lehmann**—I can explain that. The other part of my branch looks after our IT infrastructure section. The area you saw today was our applications development area and we are developing a new IT based financial management platform. Those are the very smart people who are clever enough to use two computers at once in developing that application in house.

**Mr JENKINS**—One is enough for me. This will sound like a bit of a cynical question. In the submission, the area that you have available at Northbourne Avenue is 9,556 square metres. It is to be 9,000 square metres at London Circuit.

**Mr Lehmann**—That is correct.

**Mr JENKINS**—Mr Lehmann, in your introductory remarks you said that there was 500 square metres that cannot be used in the present building.

**Mr Lehmann**—Roughly, yes.

**Mr JENKINS**—Is that convenient to get me back to 9,000? I would hate to be cynical but what sort of wasted space is there? What sorts of nooks and crannies can't you use?

**Mr Lehmann**—Around the core you will see that there are angles in offices, which mean that some of the offices we provide are much larger than they really need to be. When we move to a new building we can standardise those and bring them into a uniform pattern and use that extra space for workstations. So we will be able to use that 9,000 more efficiently than we use the 9,500 we have now. The problems with our existing shape of our floor plate give us those angles.

**Mr JENKINS**—Is the 9,000 based on—I do not know whether this is still the jargon—an EFT of what for the agency?

**Mr Lehmann**—This is staffing level?

**Mr JENKINS**—Yes.

**Mr Lehmann**—We are looking at 505 people in the new building.

**Mr JENKINS**—Has that been a constant number over time?

**Mr Lehmann**—No. That number will go up and down this week, next week and next year in the lead-up to our moving date in 2007. That is our best estimation based on our assessment of our staffing needs to deliver the program at that time.

**Mr JENKINS**—What is your best estimation of your maximum number? I may not have been listening properly. What is the maximum number you think you can fit into London Circuit?

**Mr Lehmann**—The maximum number is about 505. To go further than that we would have to look at staff amenities, and we are reluctant to do that. There is some flexibility in structure. There is an area in the building which can be used for staff who are perhaps visiting us from overseas. It is a hot-desking type of arrangement. There is some flexibility within that arrangement but there is a sort of natural ceiling there of just over the 500 mark.

**Mr JENKINS**—What were the numbers for AusAID's central office, say, five years ago?



**Mr Lehmann**—I cannot be exact about that figure. I know that over the last five or 10 years we have gone down from around 600 staff. Our numbers have been reducing, in trend terms, but I can provide exact figures if you would like them. But we are certainly smaller now than we have been in the past. According to our annual report in 2000-01 we had 507 staff, and according to last year's annual report we had 473.

**Mr JENKINS**—So you are hoping that it plateaus out and does not decrease any further. Talking about the nature of AusAID's business, you mentioned the tsunami. In the submission there is a control room—that is my expression again—for about 30 people. What would that be used for in the non-critical times?

**Mr Lehmann**—When we are not having a crisis to respond to, we can convert that room to a standard meeting room. So it will have flexible use when it is not being used as a crisis room. We are looking to include features such as retractable screens and communication technology that can be simply unplugged and put away until needed.

**Mr JENKINS**—In those types of situations, when there is a lot cross-agency and cross-department cooperation going on, are there are other places that this type of control room could or might be?

**Mr Lehmann**—There are other agencies who have some facilities, but they are often being used for other purposes at the time. There may be several different task forces happening, even on the one issue, at the same time, so we think this way provides us with a bit more flexibility to work, when there is a crisis, within our own confines.

**Mr Jackson**—It is also part of our business continuity planning where, with other agencies such as Foreign Affairs and Trade and Austrade, we have reciprocal arrangements.

**Mr JENKINS**—What about Defence? How do you rope them in?

**Mr Lehmann**—At the moment, our business continuity plan extends to the portfolio. I am sure they would be accommodating.

**CHAIR**—I would like to go back over the point about future growth. Obviously this is something you have given a fair amount of thought to but, in the context of the Prime Minister's recent announcement about an increase in the aid budget over the next four years, I think, would you anticipate staff increases rather than decreases?

**Mr Lehmann**—That is a very good question. We have thought extensively about this issue. In response, I would like to say that we believe that we will be able to keep our present staff numbers in our central office in Canberra at a relatively stable level. At the same time, we are looking at how we deliver the aid program, including how we deliver an increased volume of aid overseas. Increasingly we are looking at how we can deliver that by managing our programs in country, including—

**CHAIR**—Does that include contracting outside work?

**Mr Lehmann**—It includes contracting to Australian private industry and non-government organisations. It also includes engaging staff locally, both Australians and foreign staff. So we are looking at a more complex matrix of staffing arrangements to deliver the program. On the other side of the ledger, with the nature of the programs that we fund being less management- or people-intensive in Canberra, we are looking at fewer, larger and higher impact programs rather than a proliferation of smaller programs that involve lots of staffing resources in Canberra. That was ongoing, even before the new accommodation move was proposed.

**CHAIR**—So AusAID has made the best efforts to estimate its requirements for the next 15 years, which is the term of the lease on this new building?

**Mr Lehmann**—That is right. We are confident that we can accommodate ourselves within that building here in Canberra whilst still delivering a larger program overseas—but, as I said, involving a range of modalities, staff engagement and contracting offshore.

**CHAIR**—This is really out of curiosity, but has the current building that you have occupied for about 20 years been fitted out in that period, apart from the original fit-out?

**Mr Lehmann**—We had a minor fit-out in 1997.

**Mr BRENDAN O’CONNOR**—What was that?

**Mr Lehmann**—There was a \$2 million fit-out in 1997. That is where we would have got the marble in our foyer. Apart from that it has pretty much remained intact since we moved in.

**CHAIR**—I would like to go back. I know Mr Jenkins has pursued the issue of the environmental developments within the building. I would like to say how pleased I am to see AusAID paying close attention to the energy and water efficiency of the building, particularly given that, when AusAID met the Australian Greenhouse Office in September, you agreed to achieve a 4.5-star rating. So we are particularly pleased to see you move that up a notch and become the first government building in Canberra to head for a five-star rating. That is fantastic. That is more a comment than a question.

Moving to fire control: can you tell us what measures have been taken to meet the requirements in relation to fire protection and the ability to evacuate the building in view of a possible fire, or indeed some other adverse event that may require rapid evacuation.

**Mr Lehmann**—I can advise the committee that fire egress has been designed in accordance with the Building Code of Australia. We have the smoke hazard management fire protection systems. Emergency warning and intercommunications systems will also be installed in accordance with the relevant codes.

**CHAIR**—Thank you very much. I have one other question on the project delivery. You said in your submission that the developer was well known and had an established track record of successfully completing other property developments in the Canberra region. What other developments has London 11 Pty Ltd completed? Were these projects completed on time and within budget? What is the track record?

**Mr Jackson**—The London 11 consortium is a group of private sector individuals. I do not have the exact addresses at hand but they have delivered projects in Manuka and Civic, predominantly in the very large-scale housing market—in both the housing and the unit market. We have been advised that they have been completed on time and on budget as both the developer and the builder themselves.

**CHAIR**—Did you independently check that out?

**Mr Jackson**—We did seek advice on that from the industry, from our valuer and quantity surveyor.

**CHAIR**—If they have been developing mostly units and housing, are you satisfied that they have the expertise to develop a commercial building such as this?

**Mr Jackson**—We are. We have done extensive analysis of what London 11 proposed and their ability to deliver on that, and we have various clauses in our agreement to lease to ensure that they can deliver on that.

**CHAIR**—The construction program looks fairly tight. I know you have allowed contingencies and so on, but you are expecting to occupy the new premises in June 2007 and that will leave about three months to complete the fit-out part of this project. We talked about that earlier, and you gave us some assurances that you felt the project would proceed on time and on budget. Are you confident that the timing is reasonable within the current building climate?

**Mr Jackson**—We are very confident that we can meet the program that we supplied to the committee and that there was enough time contingency within that, which was one of the reasons we undertook to do an integrated fit-out as well, which will compress the construction time period.

To address the previous question, the London 11 consortium have completed a development in Five Dock in Sydney to the value of \$40 million and also a residential complex in Canberra to the value of \$45 million within the last couple of years.

**CHAIR**—Have they have come in on budget and on time?

**Mr Jackson**—On budget and on time, and those amounts are in excess of what this project is valued at, so we do have confidence that they can manage a large development of this nature.

**CHAIR**—The construction of the building itself is much more, and your part in that is contingent on that building being completed on time, presumably, which leads me to the question of indemnity. What happens in a worst-case scenario if there is a delay? One never knows in the imprecise business of construction. If there is a delay, what is the current situation with AusAID in the present building and what indemnity is there for such an event where you might have to do a double move?

**Mr Jackson**—Our lease expires on 31 July 2007. We are anticipating that we will move in before then but we are currently in negotiations with our present landlord regarding contingency planning should there be a delay. We have very stringent penalties embedded in our agreement to

lease that the developer is obliged to pay to AusAID, and it is obliged to meet all our costs for holding over the lease and any incidental costs due to a delay in the project.

**CHAIR**—So the developer would meet any cost to AusAID should the development take longer and there be a problem with your current landlord.

**Mr Jackson**—Yes.

**CHAIR**—What kind of contingency plans do you have in place for the situation where you could not continue in the current building and the new building was not ready?

**Mr Jackson**—We have a plan in place where, if we are for any reason forced to vacate prior to our being able to move into the proposed development, we have the IT infrastructure to be able to fragment ourselves and place ourselves in holding accommodation on short-term leases and still be able to meet our operational capability.

**CHAIR**—And the cost of that would be borne by the developers if they had not completed the construction.

**Mr Jackson**—Yes.

**Mr JENKINS**—During our inspection it was indicated to me that the airconditioning system used chilled water. Of interest was the fact that, because of that system, the service core on each floor was reduced and therefore there was more useful area for the building footprint. I thought it might be worth while getting on record (1) the type of technology that is being used for airconditioning and (2) the fact that it reduced the size of the service core.

**Mr Jackson**—Yes, Mr Jenkins. One of the benefits of using the chilled beam system is that to gain the same net lettable area our building footprint is much smaller and therefore has less impact on the natural environment around it. We take up less net lettable floor area for the amount of net lettable area that we have due to the fact that we are not ducting air around the building, we are just ducting chilled water.

**Mr JENKINS**—Thank you for that. You saved me embarrassment; I had forgotten that it was ‘chilled beam’.

**Mr Jackson**—It is chilled beam technology.

**CHAIR**—As there are no further questions, I thank the witnesses who have appeared today and everyone who has helped with our inspections and private briefing this morning. I thank our secretary and Hansard for their assistance.

Resolved (on motion by **Mr Brendan 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 11.21 am**

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