

Issues and Conclusions

National Capital Authority Approvals

- 3.1 In its submission to the inquiry, the National Capital Authority (NCA) stated that all works in a NCA designated area (other than fit-out works) require prior approval from the NCA in order for them to proceed. The NCA noted that while works approval for 1 National Circuit had been granted back in April 2002, the authority had recently received an application for some amendments to the original proposal.¹
- 3.2 At the public hearing, the Committee wished to know what the nature of these amendments were and whether they might cause delays.²
- 3.3 PM&C informed the Committee that there were no major amendments. Issues still to be addressed included the ceremonial driveway of King's Avenue; the loading dock at the rear of the building; and the removal of a pedestrian crossing. ISPT had advised the Department that it expected these issues to be easily resolved within a month and they do not affect the commencement of the base-building works.³

Roof

- 3.4 PM&C's main submission stated that the roof of the new building will comply with NCA requirements.⁴
- 3.5 At the hearing, the Committee asked PM&C what specific requirements the NCA had for the roof. PM&C explained that the NCA requires the

1 Submission No. 2

2 Appendix D, Official Transcript of Evidence, page 3

3 *ib id*

4 Appendix C, Submission No. 1, paragraph 2.7.3

roof plant to be concealed in order that the external view is not obstructed.⁵

Traffic Management

- 3.6 Further to PM&C's comments regarding its negotiations with the NCA about driveways, loading docks and pedestrian ways, the Committee sought assurance that the Department had addressed the broader issue of traffic management in the area.⁶
- 3.7 PM&C told the Committee that as part of the base building design approval by the NCA, an independent traffic analysis was undertaken and signed off by the NCA. In addition, PM&C had conducted its own evaluation of traffic flow in and out of the building. The management of peak time traffic flow is an issue in the mornings, but the Department will mitigate this with the provision of two in-lanes. Furthermore, PM&C intends to monitor the situation, and can install more barriers at entry level if security levels change.⁷

Fire Safety and Emergency Evacuation

- 3.8 At the public hearing, the Committee wanted to ensure that other safety issues, such as fire protection and emergency evacuation procedures had been taken into consideration in the proposed design and construction of the new building.⁸
- 3.9 PM&C said that the proposed building complies with all the necessary regulations and will include smoke detectors. Moreover, the Department will install sprinklers in all areas other than those which contain a high density of IT equipment. In these areas, other forms of fire retardation will be used.⁹
- 3.10 PM&C confirmed that the Department will put emergency evacuation procedures in place.¹⁰

5 Appendix D, Official Transcript of Evidence, page 4

6 Appendix D, Official Transcript of Evidence, page 11

7 ib id, page 11-12

8 ib id, page 12

9 ib id

10 ib id

Staff Consultation

- 3.11 In written evidence, PM&C outlined communication strategies intended to effect consultation with internal and external stakeholders. Measures targeted specifically at PM&C staff will include:
- briefings for managers and staff;
 - work area involvement in the development of requirements;
 - the establishment of a reference group; and
 - all staff e-mails.¹¹
- 3.12 The Committee asked PM&C to elaborate on its staff consultation process at the hearing. The Committee wished to learn what formal mechanisms had been put in place to ensure that the consultative process included union or workplace representatives and occupational health and safety delegates.
- 3.13 PM&C said that there was a staff consultative committee which featured a number of staff representatives. In accordance with the Department's Certified Agreement, union representatives are invited to and have been present at meetings.¹²
- 3.14 To-date approximately half of the Department's employees have been briefed on the project. In addition, there had been articles in the staff newsletter and there is a standing display about the building in the coffee shop.¹³

Floor Plan

- 3.15 The PM&C submission indicated that the building's floor plans have not yet been finalised.¹⁴
- 3.16 The Committee asked the Department if it intended to consult with staff regarding any future decisions regarding the floor plan.¹⁵
- 3.17 PM&C replied that it envisages establishing a number of special purpose committees in addition to the consultative committee. These committees will supplement meetings at divisional and branch level and encourage comment and feedback on a range of matters.¹⁶

11 Appendix C, Submission No. 1, paragraph 2.16.1

12 Appendix D, Official Transcript of Evidence, page 4

13 ib id

14 Appendix C, Submission No. 1, paragraph 2.2.5

15 Appendix D, Official Transcript of Evidence, page 5

16 ib id

Child-Care Provisions

- 3.18 In written evidence, PM&C stated that it does not intend to provide child-care facilities in the new building.¹⁷
- 3.19 At the hearing, the Committee wished to learn what level of interest there was amongst staff to have an on-site facility.¹⁸
- 3.20 PM&C responded that while the issue had been raised by a couple of staff, it had had to consider the commercial viability of operating a child-care facility on-site. The Department said that it was considering different options, including entering into arrangements with other departments in the area, particularly, with its next-door-neighbour-to-be, the Attorney-General's Department (AGD).
- 3.21 The Committee emphasised how important access to child-care facilities was for all staff across the Public Service.¹⁹

Energy Efficiency

- 3.22 Further to PM&C's opening comments about working with the Australian Greenhouse Office to improve efficiency gains in the new building,²⁰ the Committee sought assurance from the Department that it would adhere to the Commonwealth's Energy Guidelines insofar as that is practical and possible.²¹
- 3.23 PM&C replied,
- “We are certainly undertaking to do that, yes. We aim to be an energy efficient building.”²²
- 3.24 The Department noted that the new building will feature double glazing and incorporate lighting efficiencies.²³
- 3.25 Given the water shortages in Canberra, the Committee was particularly interested to learn what water-saving measures PM&C intends to implement in the proposed building.²⁴

17 Appendix C, Submission No. 1, paragraph 2.12

18 Appendix D, Official Transcript of Evidence, page 6

19 ib id

20 ib id, page 3

21 ib id, page 9

22 ib id

23 ib id

24 ib id

- 3.26 PM&C outlined a range of water-saving technologies which it will investigate further, including the use of drought resistant plants and the installation of underground drip water irrigation systems.²⁵
- 3.27 The Department emphasised that it was in active discussions with the AGO on all these matters.²⁶

Breakdown of Costings

- 3.28 At an earlier confidential briefing, the Committee asked PM&C a number of questions in relation to security matters and project costs. The Committee requested that the Department supply it with a breakdown of the costings for preliminaries and margin costs, professional and authority fees, and contingency allowances. PM&C agreed to supply these details as the project progresses.

Lease Arrangements

- 3.29 At the public hearing, PM&C took questions on notice about the Department's current rental costs and future costs at 1 National Circuit.²⁷ The Department later provided the Committee, in-confidence, with a breakdown of rental terms for both buildings, by office rental, storage rental and car-parking. The substantive component of the new lease agreement, namely office space, involves a 16% cost increase per square metre per annum.
- 3.30 The examination of the terms of a proposed work's lease agreement does not fall within the Committee's terms of reference as set out in Section 7 (3) of the *Public Works Act 1969*. However, the Committee notes that lease arrangements for Commonwealth works, like this one, involve substantial expenditure of public monies over the life of the lease. The Committee believe that consideration should be given to amending the Act so that the Committee may have regard to such matters in its future consideration and reporting of works.

25 Appendix D, Official Transcript of Evidence, page 9

26 ib id

27 Appendix D, Official Transcript of Evidence, page 6

Future Expansion

3.31 According to PM&C's written evidence, the Department's responsibilities and staffing numbers have increased in recent years, stretching the existing building to capacity:

"The building was originally configured for 350 staff and currently houses 450 with resulting negative impacts on performance and staff amenity...Over the past five years PM&C has hosted a total of 55 Task Forces and we anticipate that this demand will continue. The hosting of task force activity, the creation of the National Security Division and ...the establishment of the Cabinet Implementation Unit have all had to be accommodated in this ageing building.²⁸

3.32 At the hearing, the Committee asked whether the Department anticipated further growth and how this might be comfortably accommodated in the new building.²⁹

3.33 PM&C said that it expects its task force activities to continue and space is required to accommodate peak activity in task forces as well as other growth (although it does not anticipate that the core of the Department will expand much more).³⁰

3.34 The Committee questioned PM&C on exactly how many extra people the proposed building will be able to accommodate.³¹

3.35 The Department responded that:

"We are provisioning for a task force on each of the five floors. So the task force space would be...a cushion against future staff expansion...[each task force would be comprised of] 10 to 15 people. That is based on the experience of the last 5 years."³²

Comparison with AGD's Proposal

3.36 The Committee asked PM&C to comment on why its fit-out costs are identical to AGD's but its proposal features 3000 square metres less space for the same amount of money. The Committee also wanted to know why PM&C will provide 12 square metres of space per employee: AGD by comparison will provide approximately six square metres per employee.³³

28 Appendix C, Submission No. 1, paragraph 1.2.2

29 Appendix D, Official Transcript of Evidence, page 10

30 ib id

31 ib id, page 11

32 ib id

33 ib id, page 8

- 3.37 PM&C explained that it has a higher proportion of senior level officers at the SES and Executive Level 2 than perhaps most other departments. These officers are entitled to extra space and their own offices, and this increases costs. PM&C also has greater, hence more expensive, security requirements for its fit-out. Two out of the five floors will be secure floors. A number of secure conference and meeting rooms will also be required.³⁴

Recommendation 1

The Committee recommends that the proposed fit-out of new leased premises for the Department of Prime Minister and Cabinet at 1 National Circuit, Barton, ACT, proceed at the estimated cost of \$23 million.

Hon Judi Moylan MP

Chair

7 December 2004

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8 December 2004

