



Submission No. 03

(NAA Mitchell)

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Australian Government
Department of Finance and Deregulation

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Ms Kirsten Livermore MP
Chair
Parliamentary Standing Committee on Public Works
Parliament House
CANBERRA ACT 2600

Dear Ms Livermore

Proposed National Archives Preservation Facility (NAPF)

I refer to issues raised at the hearing of the Parliamentary Standing Committee on Public Works on 15 February 2013 on the above project.

During the development of this proposal, Finance agreed that the business case methodology, including the use of net present value calculations, was an appropriate basis for assessing options for the project. This included the use of a uniform 8 per cent discount rate for assessing the net present value of options. This position has not changed. The original methodology remains a sound basis for assessing this project.

The discount rate used was a matter of judgement, rather than being set by an external body or institute.

Using assumptions consistent with the original business case, and an 8 per cent discount rate, in net present value terms, the cost of leasing the fitout and shelving is the same as purchasing the fitout and shelving at the start.

However, purchasing the fitout and shelving would involve significant upfront payments compared to leasing.

The 2011-12 Budget measure for the NAPF had a funding profile to cover a stream of lease payments for the proposed building, fitout and shelving, rather than purchasing any of these items upfront. There have been no later budget measures to bring forward the profile of the funding for this project.

Yours sincerely

Geoff Painton
Assistant Secretary
Central Agencies Branch
Budget Group
25 February 2013