

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
AUSTRALIAN FEDERAL POLICE

Question No. 121

Senator Ludwig asked the following question at the hearing on 13 February 2007:

ANZAC Park West Headquarters

With reference to the Statement of Evidence to the Parliamentary Standing Committee on Public Works dated June 2004 paragraph 1.10.3 states that “The AFP is proposing to consolidate its National Headquarters functions from locations in Civic, Parkes, Kingston and Fyshwick into one location.”

- a) Could the AFP list the locations it was proposing to consolidate to the ANZAC Park West site in June 2004?
- b) For each of the locations listed in response to part (a) could the AFP provide:
 - 1) When the lease operating as at June 2004 was due to expire?
 - 2) Whether any extensions to the lease (or new leases) were signed due to the AFP being unable to occupy the ANZAC Park West site by July 2006? If so provide details of each extension including:
 - 1) The lease extended or entered into
 - 2) The period of the extension or new lease
 - 3) The cost of the extension or new lease
 - 4) Whether the extension was an exercise of an option contained within the original lease or required new negotiation
- c) For each of the locations listed in response to part (a) could the AFP indicate whether the AFP still intends to relocate the functions to the ANZAC Park West site and if not, why not?
- d) Are there any additional locations that the AFP now intends to consolidate into the ANZAC Park West that are not listed in part (a)?
- e) Paragraph 1.10.4 lists the “operational and administrative improvements by consolidating these functions into the one building.” Can the AFP:
 - i. Indicate whether the improvements listed are still expected to be realized? And if not detail which improvements are no longer anticipated and why?
 - ii. Provide an estimate, if available, of the savings to government/AFP for each of the improvements listed?
- f) Paragraph 1.12.3 indicates that the “AFP facilitated an open market Expression of Interest (EOI) process”. Could the AFP provide:
 - i. The date the process commenced?
 - ii. The number of EOIs received?
 - iii. The number of ‘genuine options’ identified by the AFP?
 - iv. The final outcome of the process and the date it was achieved (e.g. preferred option selected; process abandoned)
 - v. The cost of this process?
- g) Paragraph 1.18.2 indicates that the “key drivers for this (the consolidation of AFP sites) is the expiration of existing Headquarters leases at 68 and 70 Northbourne Avenue, Civic in 2006, security of operational activities, enhancement of the AFP’s operational capability and effectiveness”. Could the AFP:

- i. Detail how the consolidation would improve 'security of operational activities'?
 - ii. Were there any security concerns with the existing locations? If so provide further details (where appropriate) and indicate if they have been resolved.
 - iii. Detail how the consolidation would lead to an 'enhancement of the AFP's operational capability'?
 - iv. Were there any specific inadequacies with the existing locations? If so provide further details and indicate if they have been resolved in the interim.
- h) Paragraph 2.28.2 indicates that the ANZAC Park West building was due to be completed and fitout by June 2006 and that the AFP was due to occupy the building by July 2006. Could the AFP detail why this did not occur?
- i) Paragraph 1.18.3 indicates that the building owner of the AFP's current premises (68 Northbourne Ave) "has been aware of the AFP's desire to vacate the premises since 2002 and has commenced planning to redevelop the building to attract tenants." Could the AFP indicate whether the building owner has been compensated for their efforts because of the extended delay?
- j) Paragraph 1.18.4 indicates that provision is to be "made for the Canberra office of the Australian Crime Commission in the new Headquarters." Could the AFP:
- i. indicate whether the extended delay has had any impact on the ACC's operations?
If so:
 - 1) provide details of the impact.
 - 2) Indicate any financial costs incurred by the ACC as a result of the delay.
- k) Paragraph 2.25.1 indicates that the proposed fitout were to cost an estimated \$22.0 million based on 2004 prices. Could the AFP indicate:
- i. Whether this amount has changed? If so, by how much and why?
 - ii. Provide a breakdown of the original expected cost (i.e. of \$22million) by:
 - 1) Consultant fees,
 - 2) Project management and supervision costs
 - 3) Construction costs
 - 4) Legal costs
 - iii. Provide a breakdown of the current expected cost by:
 - 1) Consultant fees,
 - 2) Project management and supervision costs
 - 3) Construction costs
 - 4) Legal costs.

The answer to the honourable senator's question is as follows:

- a) The buildings that were considered part of this exercise were:
- Headquarters Building, 68 Northbourne Ave, Civic ACT;
 - Drakeford Building, 72 Northbourne Avenue, Civic ACT;
 - West Block, Queen Victoria Terrace, Parkes ACT;
 - 90 Wentworth Avenue, Kingston ACT;
 - 109 Canberra Avenue, Kingston ACT; and
 - Centre Court, Pirie Street Fyshwick ACT.
- b)
- 1) The leases operating as at June 2004 were due to expire as follows:

Site	Lease Expiry
Headquarters Building	7 Sep 2005
Drakeford Building	30 Sep 2005
West Block	28 Feb 2007
90 Wentworth Avenue	31 Aug 2009
109 Canberra Avenue	5 Nov 2005
Centre Court	31 Aug 2005

- 2) 1) The lease at 90 Wentworth Avenue is not set to expire until August 2009. New leases were entered into for the remaining sites (refer to table below).
- 2) Refer to the table below
- 3) Refer to the table below
- 4) The site leases detailed below required new negotiations.

Site	Period of new leases	Cost of new leases (for the term of the lease)
Headquarters Building	8 Sep 2005 – 7 Jun 2011 with option to extend until 7 June 2012.	\$18,867,230.00
Drakeford Building	1 Oct 2006 – 30 Jun 2009.	\$5,663,040.00
West Block	1 Mar 2007 – 28 Feb 2008.	\$510,000.00
109 Canberra Avenue	6 Nov 2005 – 5 Nov 2009 with option to extend to 5 Nov 2010.	\$1,771,865.00
Centre Court New lease	1 Sep 2005 – 28 Feb 2007 with 1 st option exercised from 1/3/07-31/8/07, and a further 6 month option thereafter.	\$355,440.00

- c) The AFP intends to relocate some functions to ANZAC Park West from:
- o Headquarters Building;
 - o Drakeford Building;
 - o West Block; and
 - o 109 Canberra Ave.

The functions remaining at Centre Court are specialist training facilities for Protection and will remain there until suitable facilities are constructed at another location and part of a separate capital works proposal. The functions remaining at 90 Wentworth Avenue also form part of the Protection portfolio and have been identified to occupy a second Headquarters building.

- d) 24 Mort Street, Braddon, and Fujitsu House, 7-9 Moore Street, Civic.
- e)
- i) The improvements listed are expected to be realised.

- ii) Much of the improvements are expected to occur through improved effectiveness in organisational cohesion. Given the qualitative nature of the improvements, it is difficult to quantify in dollar terms.
- f)
- i) The AFP sought Expressions of Interest (EOI) for the provision of 15,000m² to 20,000m² of office space to form the new national Headquarters by placing advertisements in the Canberra Times and the Weekend Australian on Saturday 20 September 2003.
 - ii) 30 parties lodged an EOI.
 - iii) Seven accommodation options were originally explored as possible collocation scenarios for the AFP.
 - iv) Hoadly Budge Olpheret + Edwards Madigan Torzillo Briggs (HBO+EMTB) was recommended as the preferred tenderer. The contract was awarded to HBO+EMTB on 15 December 2003.
 - v) The cost of HBO & EMTB services was \$61,760. Additional costs associated with the EOI process form part of the AFP's overheads to run projects and cannot be determined with any degree of precision.
- g)
- i) The consolidation was expected to improve security of operational activities in the following ways:
 - Security at ANZAC Park West can be tailored to meet existing and anticipated threat and risk profiles of the AFP;
 - The co-location of specialised functional streams will increase synergies and operational effectiveness;
 - A reduction in the number of sites will streamline the provision of security services; and
 - Improved parking facilities for operational vehicles.
 - ii) Yes. Some AFP buildings are multi-tenanted. This has required the implementation of additional security measures. Complications and inefficiencies (including costs) brought about by the mixture of security services at the various AFP sites will be reduced through consolidation. Furthermore, many of the sites did not have adequate stand off distances and the buildings occupied by the AFP did not meet the Commonwealth Protective Security Manual (CPSM) minimum guidelines.
 - iii) The consolidation of the AFP's operational facilities will provide secure and cost-effective operational and specialist facilities for the AFP. The operational benefits for the AFP include substantially improved coordination, responsiveness and security. This will be achieved through consolidating AFP operational, specialist and administrative areas from 10 leased sites into two headquarters buildings and Majura.
 - iv) Specific inadequacies associated with the existing locations include:

- some premises did not have back to base alarm systems,
- some premises did not meet Commonwealth Protective Security Manual minimum standards, and
- some premises had inadequate stand off distances.

These inadequacies have been treated temporarily through the implementation of additional physical, procedural and personnel procedures for each site.

- h)
- i) The AFP was able to negotiate an extension to its existing lease end date by three months to end of September 2006, providing the project an opportunity to reduce project risks associated with the tight project timetable, and hence afford greater opportunity to achieve a better value for money outcome. This amendment to the project delivery period was advised to the PWC Chairperson on 31 January 2005.
 - ii) Some delay occurred during the tender process for the Design and Construct Contract for the base building works as a result of a need to address a number of risks prior to awarding the contract. When this contractor was engaged it became clearer that ANZAC Park West project would not be completed until at least mid 2007. This revised completion date was advised to the PWC Chairperson on 21 December 2005.
 - iii) In February 2006, the AFP requested some late changes to the base building works as a result of recognising the emerging new business activities for the AFP and the likely occupation in its national Headquarters building over the potential twenty five year tenure. These changes resulted in a nine week delay to the completion date of the base building works.
 - iv) The AFP has also experienced a number of scope changes occurring in the intervening period due to a number of business changes occurring with growth within the AFP necessitating a reassessment of space and functional requirements. By May 2006, the AFP had grown so considerably it made it necessary to explore a second headquarters site and consider the functional affinities of the groups selected to relocate to APW.
- i) The AFP was able ultimately to reach agreement on new lease terms with the building owner. Given the growth of the AFP it became clear that a 5 year lease for the existing Headquarters would be required to maintain operations that could not be accommodated at APW. As part of the new lease arrangements, the AFP reached an agreement with the building owner of 68 Northbourne Avenue to pay \$3m by 30 June 2006 in lieu of “physical make good” at expiry of the lease. There were no other arrangements to compensate the building owner.
- j) The delay has not had any impact on the ACC Headquarters operations.
- k)
- i) The proposed fit-out estimate has changed from \$22m in 2004 prices to an approved budget of \$48.9m in 2006. The increase in the cost estimate of \$26.9m from the original estimate reflects the following:

- i) The original fit-out estimate was established prior to the preparation of a detailed fit-out brief and sketch plans. This amount represented a very preliminary estimate using professional external advice with a number of assumptions made based on the available information at that time;
 - ii) The price estimates for such a project are revised regularly to reflect both actual costs and tendered works. The cost changes also reflect changes in market conditions, with the current Canberra market reflecting a period of high activity which has created upward cost pressures;
 - iii) There has been a 3 ½ year period between development of the original estimate and the current estimates. This recognises that the project was envisaged to be completed in time for the expiry of AFP's existing Headquarter lease in September 2005. This was revised to mid 2008 which has resulted in some prolongation costs;
 - iv) There has been a change in the delivery strategy from that originally contemplated. AFP had envisaged an integrated delivery strategy and this was amended to a Design and Construct approach which usually means there is greater potential for rework at the fit-out stage;
 - v) At the time of tendering for the base building works, the AFP recognised that the Principal's Project Requirements (the base building brief developed by GHD for Finance) did not fully meet AFP's needs for a fit for purpose building that would meet the potential demands on AFP's Headquarters for the next 25 years.
 - vi) In February 2006, the AFP requested some late changes to the base building works as a result of recognising an enhancement to the AFP's occupation in its national Headquarters and making an investment long term. Accordingly, there were changes to enhance the building foyer and other elements of the building and these changes resulted in a nine week delay to the completion date of the base building works.
 - vii) There are also some project costs to be borne by the AFP as reflected in the MOU for Finance's project management role which would not have been contemplated in the original estimate.
- ii) Breakdown of the original budget figure \$22m ex GST in 2004 prices:
1. Consultant fees
 - Design fees \$1.3m
 2. Project management and supervision costs
 - Assumed to be contained within the \$2.4m in preliminaries.
 3. Construction costs
 - \$17m
 4. Legal costs
 - Not included.
- iii) Breakdown of the expected costs of \$48.9m ex GST:
1. Consultant fees
 - \$3.2m
 2. Project management and supervision costs

- \$2.9m
- 3. Construction costs
 - \$42.5m (including fit-out and base building enhancements)
- 4. Legal costs
 - \$0.2m