

Tuesday, 26 June 2001
REPRESENTATIVES 28575

**Public Works Committee
Report**

Mrs MOYLAN (Pearce) (4.38 p.m.)—On behalf of the Joint Statutory Committee on Public Works I present the seventh report for 2001 of the committee, titled *Fitout of new central office building for the Department of Immigration and Multicultural Affairs, Belconnen, ACT*.

Ordered that the report be printed.

Mrs MOYLAN—by leave—This report relates to the fit-out of new central office accommodation for the Department of Immigration and Multicultural Affairs. The central office of the Department of Immigration and Multicultural Affairs has been accommodated in the Benjamin Offices in Belconnen, Australian Capital Territory, since the 1970s. In February 2000 the Commonwealth sold the Benjamin Offices to Benjamin Nominees Pty Ltd, which proposes to redevelop the complex. It is this redevelopment which gives rise to the fit-out proposal. At the time of sale the Department of Immigration and Multicultural Affairs held two separate leases in the Benjamin Offices complex. Benjamin Nominees Pty Ltd advised the department it would prefer the southern section of the complex to be vacated when the lease expired in February 2002 and that, if the department wished to remain in the complex, the rent would be increased to \$235

per square metre per annum. The department considered this option to be unsatisfactory in view of the building's age related problems, energy and space utilisation inefficiencies, and high running costs.

As an alternative, Benjamin Nominees Pty Ltd offered the Department of Immigration and Multicultural Affairs the option of moving into a new, purpose-built complex on the Benjamin Offices site. Building construction would commence in mid-2001 and be completed

in mid-2004. The department would fund and own the fit-out. The attractiveness of this option was enhanced considerably by the offer by Benjamin Nominees of a \$7.75 million cash incentive towards the cost of the

fit-out. Adding to the attractiveness of this option was a rental of less than \$280 per square metre per annum. This rental compares

favourably with the rates achieved by other government agencies for A-grade premises in Canberra. A recent comparison indicated a range of \$305 to \$405 per square metre per annum. A third option considered by the Department of Immigration and Multicultural

Affairs was to move to accommodation away from the Benjamin Offices site.

This option proved unsatisfactory due to the lack of available properties that met the department's needs with regard to timing and space requirements.

I would like to make a few comments about the cost of the project. The

Department of Immigration and Multicultural Affairs has negotiated a guaranteed maximum price for trade works with the project builder for an integrated fit-out of the new commercial building to be constructed on the Benjamin North site. Any savings realised against the guaranteed maximum price will be shared on a fifty-fifty basis between the Department of Immigration and Multicultural Affairs and the builder. The total project cost for the Department

of Immigration and Multicultural Affairs fit-out works is \$23.97 million.

When the fit-out incentive of \$7.75 million is brought to account, the net fit-out cost is \$16.22 million.

The new building option offers a number of advantages in addition to those already mentioned. A cost-benefit analysis prepared by an independent quantity surveyor established

that, over 13 years, the new building proposal was cost neutral. The additional rental costs of the new building would be offset by ongoing savings for fit-out and maintenance work for the older buildings. The new building proposal also avoids costs payable if the Department of Immigration and Multicultural Affairs were to take up

either of the other two options—for example, the payment of approximately \$2 million in ‘make good’ costs when the department vacates the building. The new building option also avoids the dead rent payable if the department were to terminate its second lease early, in order to move its central office operations to a new site. Knight Frank Price Waterhouse estimated this dead rent to be up to \$10.7 million. In addition, the new building development will provide further regeneration of the Belconnen Town Centre, creating short-term employment opportunities as well as boosting economic activity into the future. During the inquiry, the committee became aware it was examining a proposal to fit out a building that was yet to receive development approval. The committee considers this situation to be less than satisfactory and has therefore recommended that, in future, the referring agency obtain all necessary development approvals before referral to the Joint Statutory Committee on Public Works. The committee considers that every effort must be made to ensure suitable access for disabled staff and visitors to public buildings. The committee therefore sought advice from the Department of Immigration and Multicultural Affairs regarding the provisions being made for disabled persons in the proposed fit-out. The department advised that its builder, through its architect, would provide expert advice on disabled access issues. In addition, an independent quantity surveyor would audit all development design solutions through the construction period against legislative requirements and standards. The cost and conditions proposed for the new building option make it a highly competitive commercial offer. The new building will meet the Department of Immigration and Multicultural Affairs’s long-term accommodation

goals. It will deliver a modern, A-grade building complex that is space and energy efficient, constructed with awareness of rapidly changing technologies, and equipped to meet government environmental targets and contemporary occupational health and safety standards. The committee recommends that the proposed fit-out of a new central office building for the Department of Immigration and Multicultural Affairs at Belconnen, Australian Capital Territory, proceed at a net cost to the Commonwealth of \$16.22 million. In concluding my remarks., I would like to mention the support provided by the secretariat and, in particular, Ms Gemma Stone. Gemma is a participant in the Commonwealth’s Senior Women in Management program, more commonly referred to as the SWIM program. As many members are aware, the SWIM program provides a means for promising women managers to broaden their skills and experience. In this context, placements in the parliament are important in terms of understanding the institution and how it works, and we have appreciated Gemma’s and the committee’s approach to this inquiry and their work on the report. I commend the report to the House.