

Parliamentary Standing Committee on Public Works

REPORT

relating to

OFFICE CONSTRUCTION AT SECTION 45, BELCONNEN, ACT

(Ninth Report of 1992)

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
1992

The Parliament of the Commonwealth of Australia
Parliamentary Standing Committee on Public Works

Report Relating

to

Office construction at section 45,
Belconnen, ACT

Radio and Television,
Artarmon, NSW

(Ninth Report of 1992)

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**MEMBERS OF THE PARLIAMENTARY STANDING
COMMITTEE ON PUBLIC WORKS**

(Thirtieth Committee)

Mr Colin Hollis MP (Chairman)

Mr William Leonard Taylor MP (Vice-Chairman)

Senate

Senator Bryant Robert Burns

Senator Paul Henry Calvert*

Senator John Robert Devereux

House of Representatives

Mr Ewen Colin Cameron MP

Mr Lloyd Reginald O'Neil MP

Mr Russell Neville Gorman MP

Mr Bruce Craig Scott MP

*Appointed on 24.8.90 following the retirement of Senator
Dr Glenister Sheil

Committee Secretary: Peter Roberts

Inquiry Secretary: Michael Fetter

Secretarial Assistance: Sophia Konti

EXTRACT FROM THE
VOTES AND PROCEEDINGS OF
THE HOUSE OF REPRESENTATIVES

No. 136 dated Thursday, 25 June 1992

- 30 PUBLIC WORKS - PARLIAMENTARY STANDING COMMITTEE
- REFERENCE OF WORK - OFFICE CONSTRUCTION,
SECTION 45, BELCONNEN, ACT: Mr Bilney (Minister for
Defence Science and Personnel), for Mr Beddall (Minister
representing the Minister for Administrative Services), pursuant
to notice, moved - That, in accordance with the provisions of
the provisions of the *Public Works Committee Act 1969*, the
following proposed work be referred to the Parliamentary
Standing Committee on Public Works for consideration and
report: Office construction at section 45, Belconnen, ACT, for
Australian Estate Management to be leased by the Australian
Taxation Office Canberra Branch.

Mr Bilney presented plans in connection with the proposed work.
Question - put and passed.

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS
OFFICE CONSTRUCTION AT SECTION 54, BELCONNEN, ACT

On 25 June 1992 the House of Representatives referred to the Parliamentary Standing Committee on Public Works for consideration and report the proposed office construction at Section 45, Belconnen, ACT.

THE REFERENCE

1. The reference involves the proposed construction of a five-storey building with about 16 500m² of net lettable space in the Canberra suburb of Belconnen. The site for the proposed building is owned by the Commonwealth and is bounded by Cameron Avenue and Chandler Street. It is proposed that the building will accommodate 715 staff from the Canberra branch of the Australian Taxation Office (ATO) which occupies leased premises.
2. The estimated completed cost of the building will not exceed \$40.9m.

THE COMMITTEE'S INVESTIGATION

3. The Committee received a written submission and drawings from Australian Estate Management (AEM) and took evidence from representatives of AEM at a public hearing held in Canberra on 8 September.
4. Representatives of the following organisations also presented submissions at the public hearing:
 - . Australian Taxation Office (ATO)
 - . National Capital Planning Authority
 - . ACT Planning Authority
 - . Royal Australian Planning Institute
5. Submissions and letters were also received from the following:
 - . ACT Fire Brigade
 - . Royal Australian Institute of Architects

- . Australian Heritage Commission
- . ACROD
- . Mr J P Laver
- . Childcare at Work
- . The Natural Gas Company
- . Commonwealth Environment Protection Agency
- . Commonwealth Fire Board
- . Senator Margaret Reid
- . Mr Michael Moore MLA

6. Prior to the public hearing the Committee inspected leased premises occupied by the Canberra branch of the ATO and the site for the proposed building.
7. A list of witnesses who gave evidence at the public hearing is at Appendix A.
8. The Committee's proceedings will be printed as Minutes of Evidence.

BACKGROUND

9. The subject of this reference is the construction of a five-storey building to be occupied by the ATO's ACT regional office. At present the regional office occupies leased premises at five locations in Civic Centre, one in Belconnen and two in Mitchell. There are cost and functional penalties associated with the dispersal of 500 staff. The ATO plans to increase staff numbers to about 700; to do so by utilising leased premises would add further to fragmentation of staff. The ATO is currently involved in an extensive modernisation program involving the installation of computing facilities in work areas. For this equipment to be installed, there would be a requirement to substantially upgrade the leased premises. Therefore, the ATO submitted to the Committee, there would be improvements to efficiency if all elements of the ATO's regional office were collocated. It was further submitted that by constructing rather than leasing new premises for the regional office there would be a reduction in overall rental payments to the private sector with a consequent attractive long term return on funds invested, and an increase in the stock of Commonwealth office accommodation.
10. AEM provided a 'commercial-in-confidence' briefing to the Committee on the likely returns to the Commonwealth investment.

THE ISSUES

11. The Committee agrees in principle with the proposition that various elements of the ACT regional office should be collocated in Commonwealth-owned premises.
12. The proposal submitted by AEM to the Committee involves the construction of a new building on Commonwealth land in Belconnen for the ATO regional office.
13. AEM advised the Committee in July of tight timeframes applying to the progression of the project and the Committee agreed to the early calling of tenders.
14. The Committee is generally satisfied with the design concept, although a number of issues emerged during the inquiry which are important.
15. These issues and the Committee's views and recommendations on them are as follows:

Location

16. There was considerable discussion at the public hearing about Belconnen being the best location for the ACT regional office. The Royal Australian Planning Institute submitted that the regional office would be more appropriately located in Civic Centre; it is the most accessible location, it is the major hub of Canberra's transportation system, and is the major retail and employment centre. Furthermore, the Joint Committee on the ACT, in a report presented to the Parliament in 1991, recommended that:

the employment location policies of the National Capital Plan be strengthened to ensure that new offices constructed in Civic are for occupation by the private sector, the ACT Government or local regional service offices of Commonwealth Government Departments.

17. The ACT regional office of the ATO is clearly a regional service office of Commonwealth Government departments.

18. The Committee was advised that the National Office of the ATO, located in leased premises in Civic Centre, has a staff of about 2,000, which it is planned to reduce to about 1,000 over the next ten years. If the national office were to be moved to Belconnen now, a building three times the size as is proposed for the ATO regional office would be required.

19. The Committee believes therefore, that in the longer term, with impending reductions in staff numbers there still remains scope for the National Office to be located in Belconnen.

Energy Efficiency

20. The merits and practicalities of using gas co-generation of electricity produced considerable discussion at and subsequent to the public hearing. By using this method of power generation, heat and power are produced at the point of use; it has a number of environmental benefits, lower carbon dioxide emissions and less land being required are two of them. The Committee believes, therefore, the installation of a gas co-generation plant in a Commonwealth building will be a reflection of the Government's commitment to energy conservation and to reducing greenhouse gas emissions.

21. A number of arguments were advanced by ACS and AEM for not providing this method of in-house electricity production.

22. One argument against the provision of gas co-generation was as follows:

ACS is not aware of any buildings in the ACT which currently make use of co-generation technology. Local maintenance firms are considered to have only limited experience in the operation and maintenance of absorption chiller installations. Electricity pricing is more competitive in the ACT than in most other states.

23. The Committee remains unconvinced about the weight of this and other arguments. They reflect a climate of conservatism.

Committee's Recommendation

24. Electricity for the proposed building should be derived from a gas co-generation plant to be provided as part of the engineering services.

Automatic Dimming of Lights

25. This method of lighting adjusts light levels to compensate for daylight penetration. Lights are dimmed or increasing levels of light are provided according to the amount of natural light entering work areas. ACS advised also that preliminary studies of a proprietary system indicate that savings in lighting energy use in the order of 30% could be achieved with a payback period of five to six years.

26. By installing a switched control system, the alternative to an automatic dimming system, ACS submitted, energy savings in excess of 35% with a capital cost of less than half that of the dimmed system could be achieved.

27. The Committee remains unconvinced about the comparative savings that may be available between the two systems. ACS appears to be too conservative in its approach to energy conservation. There may be some reluctance on the part of Commonwealth agencies to be leaders in energy conservation. The Committee believes the Commonwealth should take far greater initiatives in applying proven energy conservation measures in the built environment. The installation of a light dimming system would reflect a commitment to energy conservation.

Committee's Recommendation

28. In order to conserve energy the proposed building should be provided with an automatic dimming system for lighting.

Removal of Fill from the Site

29. The site contains a large amount of fill deposited on it from construction of adjacent buildings. This fill and excavated material will need to be removed. The Committee remains concerned about the method of disposal, especially if the successful fill removal contractor, having won the contract for its removal, then proceeds to sell it.

Committee's Recommendation

30. The contract for the removal of fill should not preclude its sale, but the final destination of the fill should be *determined*, and if it is offered for sale, the cost of removal should be adjusted accordingly.

Landscaping

31. At the public hearing the Committee was advised that the cost of landscaping can be attributed to:

... a limited amount of topsoil that will need to be brought to the site. It also includes a limited amount of tree planting; hard paving surfaces to the ramp outside the building; a limited amount of irrigated grassland; and security barriers to the main entry ramp and also a couple of other places around the building.

32. Following the public hearing ACS provided the Committee with a breakdown of the cost of landscaping. This breakdown suggests that far from being restricted to a limited amount of tree planting, there is a large amount apportioned to shrub beds and irrigation for them.

Committee's Recommendation

33. The extent of the landscaping be reviewed to reduce the scope of shrub beds and associated irrigation.

Urgency of the Project

34. AEM submitted that a degree of urgency surrounds the commencement of this project for the following reasons:

- the building would need to be completed by April 1994
- for this to be achieved tenders for the excavation and foundation contract would need to be called in mid-September and awarded in October 1992

- if the Committee reported on this reference during the next sittings (i.e. 3 to 12 November) it would not be possible for the earth work contracts to be completed and the building construction contract to be awarded before the building industry shut down over Christmas - New Year
- it would not then be possible for the building to be completed for an April 1994 handover and as a consequence there would be significant financial penalties.

Advice from Attorney-General's Department

35. The Committee sought advice from the Attorney-General's Department to ascertain if, under the provisions of the Public Works Committee Act 1969, it would be possible for the site works to be construed as an entity separate from the main works. The advice which the Committee received was that under the Act site works come within a 'public work' as defined by the Act. The Committee also sought advice about the possibility of presenting two reports on the reference; an interim report dealing with the site works and excavation and a final, more detailed, report later. Again, the advice was that in terms of a single project, there can be only one report. There have been references in the past on which two reports have been presented, but these involved discrete entities such as the upgrading of airport terminals at various capital cities for the introduction of wide-body aircraft. The proposal under consideration by the Committee is a single entity.

A matter for concern

36. In view of its current heavy work load, the Committee has decided to table a short report recommending that the work proceed and enabling Australian Estate Management to adhere to its construction timetable.

37. It must nevertheless be made clear that the Committee is seriously concerned about being placed in this situation. The following points are made in this regard lest there are any subsequent comments about the Committee's processes causing delays to the commencement of public works.

38. In late January Australian Estate Management requested the Committee approve the commencement of design and documentation and preliminary tender negotiations. The Committee agreed with this in late February. Australian Estate Management was hoping for an early hearing into the proposal and for the Committee's report to be tabled before the winter recess.

39. *The proposal was not referred to the Committee until 25 June, too late for the Committee to conduct its public hearing and present its report before the winter adjournment.*

40. On 15 July Australian Estate Management sought the Committee's approval to call tenders for the excavation and foundation works in advance of the report being tabled in Parliament. The Committee's approval to do this was given on 28 July. The Committee at this time was optimistic that its report could be tabled by mid-October.

41. However, because of the large number of references which had been received by the Committee in the intervening months, which tended to rearrange the timetable of hearings and report preparation, and over which the Committee has very little control, *the Committee was unable to meet this deadline.*

42. On 28 September Australian Estate Management sought the Committee's approval to award the earthworks contract in advance of the tabling of the Committee's report. The provisions of the Public Works Committee Act do not permit this course of action being followed.

43. This highlights the need for all departments and agencies to adhere closely to planned milestones during the development of a proposal. In this instance, Australian Estate Management's planning proceeded on the basis of *a favourable report from the Committee before the winter adjournment.*

44. The Committee believes the time has come to give the strongest possible signal to all departments and agencies that, in future, it will not have imposed on it unreasonable and unrealistic schedules which presuppose the approval of work by specified dates.

Committee's Recommendations


45. The Committee be provided with quarterly progress reports on the progress of the work and the implementation of its recommendations.

46. The Committee recommends the proposed office construction at Section 45, Belconnen, ACT at a cost of \$40.9m.

CONCLUSIONS AND RECOMMENDATIONS

47. The conclusions and recommendations of the Committee and the page in this report to which each refers are set out below:

| | Page |
|--|------|
| 1. Electricity for the proposed building should be derived from a gas co- generation plant to be provided as part of the engineering services. | 5 |
| 2. In order to conserve energy the proposed building should be provided with an automatic dimming system for lighting. | 5 |
| 3. The contract for the removal of fill should not preclude its sale, but the final destination of the fill should be determined, and if it is offered for sale, the cost of removal should be adjusted accordingly. | 6 |
| 4. The Committee be provided with quarterly progress reports on the progress of the work and the implementation of its recommendations. | 9 |
| 5. The Committee recommends the proposed office construction at Section 45, Belconnen, ACT at a cost of \$40.9m. | 9 |


Colin Hollis
Chairman

14 October 1992

APPENDIX A

WITNESSES

McMULLEN, Mr Vincent Michael, Senior Planner (Statutory Planning), National Capital Planning Authority, 10-12 Brisbane Avenue, Barton, Australian Capital Territory 2600

MESTROV, Mr Frank, National Manager, Development Management, Australian Estate Management, 111 Alinga Street, Canberra City, Australian Capital Territory 2601

NORTON, Mr Bruce Robert, National Manager, Investment and Estate Performance, Australian Estate Management, 111 Alinga Street, Canberra City, Australian Capital Territory 2601

O'CONNELL, Mr Ross John, Chief, Decentralisation and Accommodation Unit, Australian Taxation Office, 2 Constitution Avenue, Canberra City, Australian Capital Territory 2601

PATCHELL, Mr Kevin Francis, Deputy Commissioner of Taxation, Canberra Region, Australian Taxation Office, cnr Moore Street and Barry Drive, Canberra City, Australian Capital Territory 2601

REED, Mr David Charles, Project Manager, Project Services, Department of Administrative Services, Sirius Buildings, Furzer Street, Phillip, Australian Capital Territory 2606

ROFE, Mr Warren Anthony, Director, Decentralisation and Accommodation Unit, Australian Taxation Office, 2 Constitution Avenue, Canberra, Australian Capital Territory 2601

SMITH, Mr Malcolm Phillip, President, ACT Division, Royal Australian Planning Institute, c/- National Capital Planning Authority, 10-12 Brisbane Avenue, Barton, Australian Capital Territory 2600

TOMLINS, Mr George James Collyer, Chief Planner, ACT Planning Authority, ACT Department of the Environment, Land and Planning, John Overall House, 220 Northbourne Avenue, Braddon, Australian Capital Territory 2601

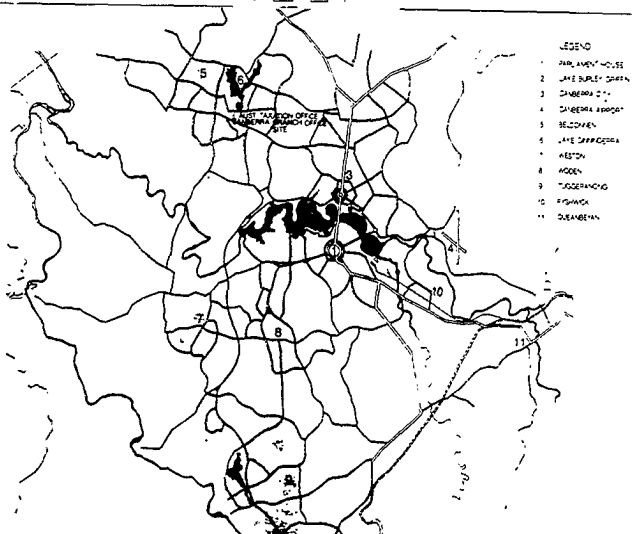
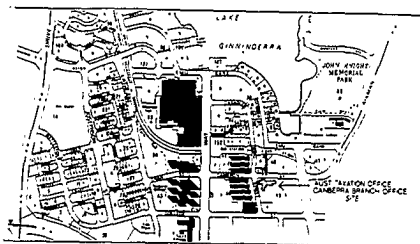
UREN, Mr Terence Neil, Project Architect, Project Services, Department of Administrative Services, Sirius Buildings, Furzer Street, Phillip, Australian Capital Territory 2606

WRIGHT, Mr David Terrence, Director (Statutory Planning), National Capital Planning Authority, 10-12 Brisbane Avenue, Barton, Australian Capital Territory 2600

APPENDIX B

PROJECT PLANS AND DRAWINGS

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|--------------------------|-------------|
| • . Location Plan | B - 1 |
| • . Site Plan | B - 2 |
| . Perspective | B - 3 |
| . East Elevation | B - 4 |
| . North Elevation | B - 5 |
| . South Elevation | B - 6 |
| . West Elevation | B - 7 |
| . Section-East Elevation | B - 8 |

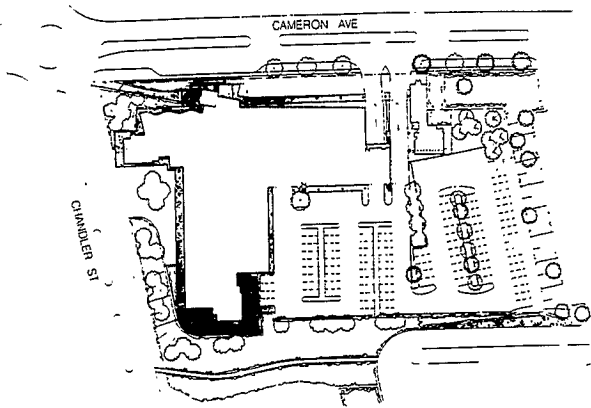











LOCATION PLAN

JULY 1992



AUSTRALIAN TAXATION OFFICE
CANBERRA BRANCH
RELOCATION
BELCONNEN ACT

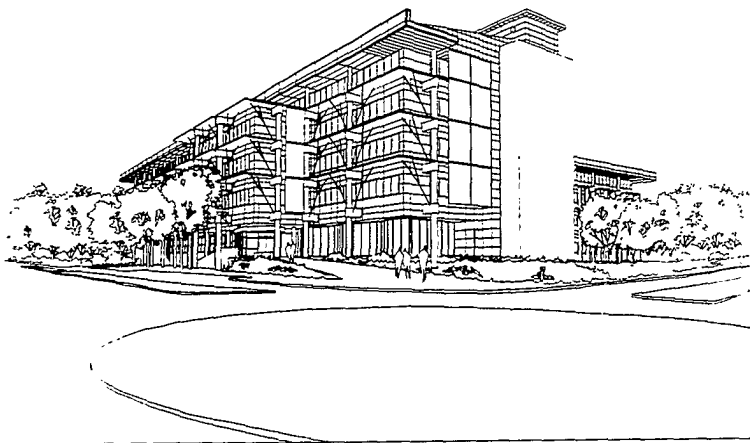


- LEGEND
-  EXISTING TREE
 -  EXISTING SHRUB PLANTING
 -  DECIDUOUS TREE
 -  EUCALYPTUS TREE
 -  NATIVE SHRUB AND GROUND COVER
 -  IRRIGATED GRASS
 -  DRYLAND GRASS
 -  PAVING
 -  DECOMPOSED GRANITE GRAVEL

SITE PLAN
JULY 1992

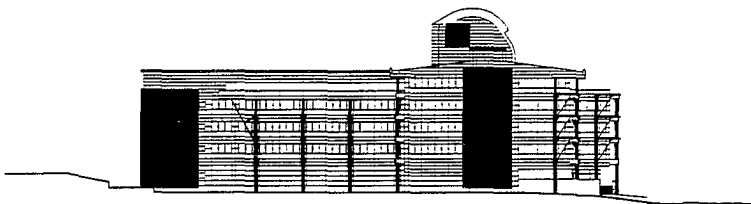


AUSTRALIAN TAXATION OFFICE
SYDNEY BRANCH
RELOCATION
BILCONNEN ACT



PERSPECTIVE
JULY 1992

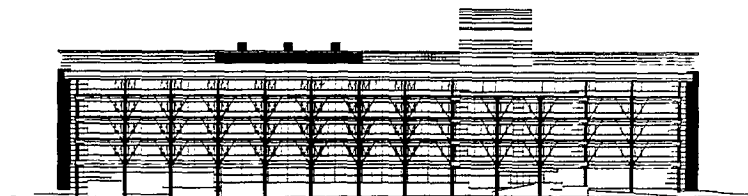
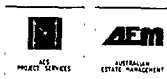
AUSTRALIAN TAXATION OFFICE
CANBERRA BRANCH
RELOCATION
BELCONNEN ACT



EAST ELEVATION
JULY 1992

0 10 20

AUSTRALIAN TAXATION OFFICE
CANBERRA BRANCH
RELOCATION
BELCONNEN ACT



NORTH ELEVATION

JULY 1992



AUSTRALIAN TAXATION OFFICE
CANBERRA BRANCH
RELOCATION
BELCONNEN ACT

B-5



ACE
PROJECT SERVICES

AEM

AUSTRALIAN
ESTATE MANAGEMENT

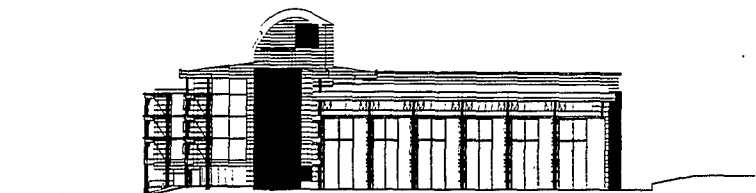
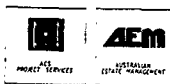


SOUTH ELEVATION
JULY 1992



AUSTRALIAN TAXATION OFFICE
CANBERRA BRANCH
RELOCATION
BELCONNEN ACT

B-6



WEST ELEVATION
JULY 1992



AUSTRALIAN TAXATION OFFICE
CANBERRA BRANCH
RELOCATION
SELCONNEX ACT