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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC
WORKS

Reference: Fit-out for the Australian Federal Police of the Edmund Barton Building, Barton, Australian Capital Territory

FRIDAY, 19 SEPTEMBER 2008

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**PARLIAMENTARY STANDING
COMMITTEE ON PUBLIC WORKS**

Friday, 19 September 2008

Members: Mr Butler (*Chair*), Senator Troeth (*Deputy Chair*), Senators Mark Bishop and Forshaw and Mr Champion, Mr Forrest, Mr Lindsay, Mr Price and Mr Slipper

Members in attendance: Senators Forshaw and Troeth

Terms of reference for the inquiry:

To inquire into and report on:

Fit-out for the Australian Federal Police of the Edmund Barton Building, Barton, Australian Capital Territory

WITNESSES

BROCKLEHURST, Mr Jon, Chief Finance Officer, Australian Federal Police 1
KEELTY, Commissioner Mick, Commissioner, Australian Federal Police 1
SAWYERS, Mr Justin, Manager Commercial Support, Australian Federal Police 1
WOOD, Mr Andrew, Chief Operating Officer, Australian Federal Police 1

Committee met at 10.56 am

BROCKLEHURST, Mr Jon, Chief Finance Officer, Australian Federal Police

KEELTY, Commissioner Mick, Commissioner, Australian Federal Police

SAWYERS, Mr Justin, Manager Commercial Support, Australian Federal Police

WOOD, Mr Andrew, Chief Operating Officer, Australian Federal Police

ACTING CHAIR (Senator Troeth)—Good morning. I declare open this public hearing of the parliamentary standing committee inquiry into the proposed Australian Federal Police premises at the Edmund Barton Building, Canberra. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament. Consequently, they warrant the same respect as proceedings of the parliament itself. I remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Would you care to make some introductory remarks?

Commissioner Keelty—If I may, I would like to go through a public statement. I would like to thank the committee for giving us the opportunity to do that this morning. I would like to outline the AFP's accommodation strategy to the committee. One of the strategic objectives for the AFP, and a key contributor to the ongoing success of our operations, has been to identify a national headquarters for the longer term. A second site at Majura in the ACT is our longer term training and technical site. The AFP owns that site of some 200 hectares. A single building for our headquarters will achieve business and cost efficiencies through centralisation and it will provide better accommodation for the large number of people who are now working with AFP in Canberra, conducting national leadership, operational strategy, management and enabling functions. The majority of our headquarters' functions are located in six sites, which will be vacated by relocating to a new national headquarters, which will enable the AFP to derive benefits from consolidating its property portfolio.

The AFP's review and selection of a national headquarters site has involved identifying a new location, which is the Edmund Barton Building. The AFP determined the Edmund Barton Building as the preferred site for its national headquarters following a property market and business case review in August 2007, which was carried out in collaboration with the Department of Finance and Deregulation. The Edmund Barton Building provides the optimal location, sufficient occupancy space, earliest completion time and the lowest cost of all of the options considered in the AFP's business case.

I will provide the committee with an overview of the Edmund Barton Building and the AFP's proposed fit-out as outlined in our statement of evidence. The Edmund Barton Building was designed by Mr Harry Seidler and built in 1974. It is now a Heritage listed site on the Register of the National Estate. The Edmund Barton Building is a significant landmark on the edge of the parliamentary precinct and has been occupied by a number of Commonwealth agencies since it was first built. The AFP has entered into a lease of the Edmund Barton Building for an initial period of 15 years, with options to extend the lease for two further periods of five years. The AFP will fit out and occupy the whole of the Edmund Barton Building as a single tenant,

accommodating our non-technical, non-training national headquarters operations and approximately 2,200 staff.

The Edmund Barton Building consists of five levels and has 18 lifts distributed across six access cores. The Edmund Barton Building has approximately 40,000 square metres of office space, and the following additional areas of benefit to the AFP and its staff include: a conference centre for staff musters and potential secure location for media briefings; a childcare centre to support work-life balance, the attraction and retention of staff, and which will be the first of its kind in any AFP building; and a forecourt cafeteria.

The building owner, Stockland Property Trust, has commenced a thorough refurbishment of the Edmund Barton Building to meet the benchmarks of the Property Council of Australia's A-grade office standard. The base building upgrade undertaken by Stockland will involve the total replacement of plant and equipment, including heating and air conditioning, electrical switchboards and fire systems. Stockland will also be installing double-glazed windows, replacing bathroom facilities, upgrading the lifts and providing new landscaping. Importantly, it has agreed to comply with the Building Code of Australia in the works that are to be performed.

The Edmund Barton Building will be designed and constructed to achieve a minimum national Australian built environment rating of 4.5 stars. The AFP and Stockland have executed a B1 green lease schedule which has been amended to include additional obligations of Stockland to comply with the National Australian Built Environment Rating System energy measurement protocols and to eliminate the option to re-rate to any level below 4.5 stars. The AFP will be targeting a Green Building Council of Australia rating of five green stars. We will be promoting a fit-out in line with the following objectives: firstly, a design which is environmentally efficient; secondly, the recycling of all waste; thirdly, the adoption of energy-efficient lighting; fourthly, the use of sustainable materials and recyclable products in the construction of the building; and, lastly, the implementation of water conservation measures such as rainwater harvesting for the use in toilet flushing and landscape areas.

The AFP fit-out is intended to apply the following design principles to achieve maximum flexibility and minimise the cost: firstly, open-plan concepts to optimise natural light, building energy efficiency and performance on the uninterrupted floor plates of the EBB and encouraging better team interaction; secondly, built zones located at the end of each floor, comprising areas such as senior executive service offices, conference rooms, utility bays and breakout spaces; and, thirdly, a modular design to enable the interchangeability of built zones and the easy conversion of areas to meet changes in our business needs.

Given the nature of AFP operations, a number of physical security measures are proposed for the Edmund Barton Building. These will include a transparent perimeter barrier to control pedestrian access to the courtyard, vehicle barriers which will be provided through landscape design, secure access and speed gates in the ground-floor entry lobbies and entry security to each floor. The AFP has an adequate budget for the fit-out of the Edmund Barton Building. The AFP's capital expenditure budget and cost estimate for the fit-out is \$115 million exclusive of GST.

The AFP is not seeking any additional funding from government with this proposal as it will fund the fit-out from existing cash reserves that we have prudently been setting aside for several years to fit-out a new headquarters building. The budget includes the cost of the fit-out, the

infrastructure, staff relocations, loose furniture, consultancy fees, design and construction contingencies and forecast escalation to completion. The cost estimate takes into consideration the provision of a higher-than-normal security requirement across the entire facility, including a number of areas within the fit-out that may be deemed to hold significant sensitivities surrounding operations. The AFP has engaged a consulting firm to provide cost planning services for the development of the business case for the project and to ensure that the budget is sufficient to cover all expenses.

I will briefly explain to the committee the program of delivery of the Edmond Barton building. Stocklands will carry out the refurbishment of the Edmond Barton building in three stages, with the first handover of office space to the AFP scheduled for April 2009. Subject to the approval of the committee and the parliament, the fit-out of the Edmond Barton building is planned to commence progressively thereafter. The AFP anticipates that the fit-out and the relocation of AFP staff into the new Edmond Barton building will be completed by early 2010. The AFP is implementing a communications strategy to engage staff and a governance structure to ensure the project is completed on time and within budget.

As a closing remark, I am pleased to refer our capital works proposal relating to the Edmond Barton building to the committee and seek your approval for this important initiative for the AFP. My colleagues and I will be pleased to answer any questions the committee might have.

ACTING CHAIR—If none of the other officers wishes to add anything to that we will proceed to questions.

Senator FORSHAW—Could I go to some aspects of your submission that deal with the changes, particularly with landscaping, environmental considerations, provision of better facilities and access for the disabled. Could you expand on those. I know that you have spoken about them in your written submission but I gather there is part of, for instance, the landscaping that you are trying to restore back to its original intent. You might expand on that for a start.

Mr Wood—With the landscaping, there are probably two aspects I would particularly like to highlight. The first is that of combining the security requirements of the headquarters for the Australian Federal Police with the way that the landscaping around the outside of the building is constructed such that we use the landscaping to ensure that the use of bollards and strung cable, which prevent access of vehicles into the undercroft area, are made less stark. So the exterior surrounds of the building, which currently have fairly minimal landscaping, will have improved landscaping that incorporates those security arrangements. More importantly, though, perhaps in terms of—

Senator FORSHAW—And all of that is part of the fit-out cost, rather than the initial base building work?

Mr Wood—They are part of the base building. It is part of what we have negotiated with Stockland as part of their refurbishment of the building.

Senator FORSHAW—So they are covering those costs?

Mr Wood—Correct. In terms of the heritage aspect of the building, the original intent of the use of the courtyards was to ensure that they were actually a welcoming environment for staff who are in the building. At present, the courtyards are reasonably sterile in terms of their appearance and their lack of a welcoming nature. So what the plans include is to ensure that the two courtyards within the building become attractive areas for staff to actually have their lunch break out, hence the cafe facility as well for the staff in the building. That will ensure that the original intent that those courtyards actually be a lively place for staff to interact is reinstated as was originally intended in the design of the building.

Senator FORSHAW—When we inspected the building this morning I recall one of the team making some comments about solar heating or solar power—doing some changes to the actual structure of the building. Could you explain that.

Mr Wood—With the base building refurbishment, the hot water systems are going to be supplemented by solar heating.

Senator FORSHAW—One of the other issues that has been raised with the committee are some concerns about the impact on available parking spaces in the local area as a result, I assume, of a larger number of employees coming to work in the building. Could you comment on that, and do you have any initiatives in respect of employees utilising other methods of getting to work other than by motor vehicle? And I say that as somebody who comes to this building generally in a car! So I plead guilty.

Commissioner Keelty—You might be pleased to know that at least one of my deputies rides his bike to work.

Senator FORSHAW—Good.

Commissioner Keelty—We are increasing the car park capacity from 211 spaces to 311 spaces. We are doing that by eliminating some of the storage space that has been used in the building for some period of time, which was in the actual underground car park area. In relation to alternative means of coming to work, we are putting shower facilities on each floor to encourage people to ride bikes to work and to be able to shower and change when they get to work. Previously, the building had multiple tenants that utilised some six different vehicle access points into the building. We will be able to reduce that to three, being a single tenant. So in terms of traffic around the area, we will have some positive impact on that. In relation to other car parking arrangements in the immediate area, obviously that is outside the control of the AFP, but we will work with the National Capital Authority or whoever to try and come up with some solutions there. Obviously the cost in that area is different to the cost of where we are now, in terms of the CBD.

Senator FORSHAW—Sorry, what do you mean by that?

Commissioner Keelty—The cost for parking in the proximity to EEB is much lower than in Civic. And, of course, it is on a bus route so we will be encouraging people to utilise the services of the bus route to come to and from work.

Senator FORSHAW—You said a moment ago that what happens with parking outside of the building is not directly the responsibility of the AFP, but if I understand planning laws generally—and I would assume they are similar here in the ACT—you need to provide a proportionate number of car spaces in the building for the number of employees so that you do not put undue pressure on local streets and other public parking spaces. You have allocated 300 spaces for 2200 people. How does that compare with what might be regarded as the normal ratio.

Commissioner Keelty—What we have proposed, by increasing car parking spaces by a further 100, does meet the requirements of parking to be made available for that number of staff.

Senator FORSHAW—Are they requirements of the ACT government or the National Capital Authority?

Mr Wood—It is the ACT planning authority. If we were building a brand new building, they may have put more stringent requirements for multi-level, below ground parking et cetera. For an existing heritage building, we are meeting the requirements.

Senator FORSHAW—What was the maximum number of employees that used to utilise this building previously?

Mr Wood—The figure that I have seen is approximately 2400, so we are certainly not increasing the level of historic occupation in that building. In fact, it is below levels that it has been at, partly because we do wish to use areas such as the theatrette—it is a significant opportunity for musters of large numbers of staff. So it will not all be office areas, which it may have been in the past.

Senator FORSHAW—I might leave it there, Acting Chair. There are other questions about childcare that I am sure you will probably pick up on.

ACTING CHAIR—You made some statements that the earlier proposal was that AFP go to Anzac Park West. That was not, in fact, occupied by the AFP but it did reach a certain stage. Has the AFP been paying rent on the building since 2004?

Commissioner Keelty—I will get Justin to outline what our current and previous leasing arrangements have been for Anzac Park West.

Mr Sawyers—We commenced paying rent on Anzac Park West in July 2007.

ACTING CHAIR—Right. What has been the total cost to the Commonwealth including rent, maintenance and utility cost of the failure to occupy Anzac Park West?

Mr Brocklehurst—There has been expenditure incurred by both the Department of Finance and Deregulation and the AFP in relation to Anzac Park West. The Department of Finance and Deregulation incurred expenditure associated with preparing the base building for occupancy. There was a fairly substantial upgrade to the building, which they carried out. The AFP has incurred expenditure in relation to what you might call operational costs associated with the buildings—that includes rent and various outgoings associated with the building; for example, the security guards on site, and so on. The total expenditure incurred by the AFP on those types

of expenditures is about \$9 million. That includes the rent since we started paying rent. Further to that the AFP has incurred expenditure associated with the preparation of the building for the occupancy by the AFP. The nature of the expenditure incurred there would be professional fees in developing designs and so on for the building, and actual works that were carried out on the building prior to the decision being made to suspend our occupancy of that building. The sort of expenditure that was incurred related to upgrading the air conditioning, changes to the glazing within the building, works that were required for the security requirements of the AFP, communication connections to the building, an upgrade in preparation of the foyer area of the building, and some mechanical works as well. Expenditure on those sorts of things amounts to about \$8 million, but I think it is important to recognise that that expenditure will be of value to whoever ultimately occupies that building.

Senator FORSHAW—Do you expect to get a refund?

Mr Brocklehurst—I do not think—

Senator FORSHAW—We might leave that question for estimates; I don't know.

Mr Brocklehurst—We will not get the benefits; some other tenant will, I suspect.

Mr WOOD—We are not making a provision in our financial statements on an expectation that we will. So, if we do, it is a gain, but we are not assuming that.

Commissioner Keelty—It is an important question though, that there is not a loss to the Commonwealth on what has been done to date.

ACTING CHAIR—And how long will the AFP be paying rent for that building?

Mr WOOD—About two weeks ago I had a meeting with the relevant deputy secretary in the Department of Finance and Deregulation about the next steps the AFP and the owner of the building, the Department of Finance and Deregulation, would take in relinquishing our relationship with that building. That is a matter that is being discussed between that department and their minister at the moment, so it is an active matter at the moment.

ACTING CHAIR—Discussions are underway at the moment.

Mr WOOD—Correct.

Senator FORSHAW—But you have a fixed lease at the moment, do you?

Mr WOOD—That is correct.

Senator FORSHAW—How long is that for?

Mr Brocklehurst—It has a further 13 or 14 years to go on it.

ACTING CHAIR—The project at Edmund Barton Building appears to be at a considerably advanced state and I am expecting that you have adequately taken into account the need for parliamentary approval in the project planning process.

Mr WOOD—Absolutely. The visible work that is going on at the moment is all Stockland's refurbishment work on the base building. There is no work going on on site in relation to fit-out. We have engaged consultants to start our concepts and to be able to provide information to this committee, but we have not even initiated a tender process. For example, we will not do the substantive work until we have heard back from the committee and parliament.

ACTING CHAIR—Right, but whatever our answer is, you would expect that to be before the end of the year or in January, if you did intend to commence the tendering process.

Mr WOOD—With all due respect I would hope that that would be before the end of the year; yes.

ACTING CHAIR—Will the childcare facility, which you indicated would be built, be available for staff of the building, and will it be operated on a commercial basis?

Mr Wood—That is correct. The intent is to have a commercial relationship between the AFP, the people using the childcare facility, and the operators of the childcare facility. The operation of that will be conducted entirely by the commercial organisation that wins that contract. The other part of your question was about the availability to staff—acknowledging that we want to retain as clean a commercial relationship as possible, we will go into those negotiations on the basis of wanting to achieve first-preference status for staff of the Australian Federal Police. If that does not fully utilise the facility, then it would be available to other parents and their kids from the surrounding area.

ACTING CHAIR—What is the capacity of the centre?

Mr Wood—The size that has been designed is for 80 children. It is certainly above what is generally regarded as a commercial break-even point.

ACTING CHAIR—Okay. You have just said that you will ultimately have 2,200 people in the Edmund Barton Building and that is around its capacity, give or take a few hundred staff. Are you satisfied that it will be adaptable to future changes and, if you do take up the ultimate lease option, that you will be able to use it for your needs?

Mr Wood—The initial number that would move in, probably in the first 12 or 14 months, would be more around 2,000. So there is some potential for growth across the following years, which is within a 10 per cent maximum margin, and which is reasonable without overinvesting in the site. In the longer term, the building itself is very flexible. As the site inspection indicated, there is very little structural intrusion to how we configure the building. The basement area is quite significant, which also gives opportunities for reconfiguring the way we allocate the various functional areas of the organisation. Certainly it is my view that the building is flexible enough, but also large enough, to accommodate current needs and a small amount of growth.

ACTING CHAIR—Without going into operational matters, could you give us some idea of the measures that you will undertake in the building to guarantee security of the structure?

Mr Wood—We mentioned earlier in the brief about ensuring, through the use of bollards and cabling, that there will be vehicle perimeter security to prevent vehicles being able to drive under the building or into the courtyard area. The use of bollards in all the vehicular access areas, or some other form of security, will ensure that vehicles cannot drive into the car park areas either without appropriate authority. The building will have card access style security to gain access to any part of the building, with the exception of the arrangements we put in place for the childcare facility: it will have its own independent access process, rather than people having to go through the security for the main building. In specific areas, the building will be capable of accommodating material and staff working on material to the secret level in some areas and to top secret level in other areas. Beyond that, I probably do not wish to say any more.

ACTING CHAIR—No. Fine. Thank you.

Senator FORSHAW—In your written submission you made mention of—and you indicated when we were inspecting the building this morning—the changes being made for people with disabilities. You might just comment on that for the record. I assume some of this is being done within the base building works. It is on page 25 in your written submission—those dot points there.

Mr Wood—The previous fit-out of the building, just as a simple example, had very heavy fire doors any time you wanted to leave one part of the building, pass through the core and go to another part of the building. The design approach that we are using is quite different from that, to enable much easier access and egress through the floors without a fair bit of physical effort to get through some of those areas of the building. The building itself, with 18 lifts, for example, does provide very good access—rather than people having to use stairs when the lifts are delayed and those sorts of things.

Senator FORSHAW—Are they all lifts that can readily take people in wheelchairs comfortably, with other passengers as well? Are they big enough?

Mr Wood—All 18 lifts will meet current standard requirements.

ACTING CHAIR—Thank you.

Mr Sawyers—It is a mandatory requirement for the fit-out to comply with the Disability Discrimination Act and it certainly will be a compliance aspect of our fit-out. In terms of specific facilities created for people with disabilities, the AFP will ensure that there is the appropriate number of self-contained accessible toilets per floor. There will be accessible shower facilities provided throughout the building for people with disabilities. We will have accessible parking bays designated for people in wheelchairs and so forth within the parking areas. Lifts, access ways, doorways and accessible toilets and showers will be sized to conform with the Building Code of Australia.

Senator FORSHAW—Were the building itself and the previous fit-out compliant in this regard? I am getting the message that you are actually improving them considerably, but I want to know whether that is correct or not.

Mr Wood—The previous issues were not so much with the base building; they were with the design of the fit-out itself. But, if I understand correctly, the number of showers that have access for people with disability is increased compared to the previous fit-out.

Senator FORSHAW—That is what I was trying to get at, because the building—

Mr Wood—The base building met contemporary codes at the time. The fit-out, however, compromised some of those contemporary codes.

Senator FORSHAW—That fit-out was pretty old, wasn't it?

Mr Wood—Portions of it were, given that numerous occupants of the building over time had changed some of it.

Senator FORSHAW—The inside of the building is being completely gutted, I suppose is the word—demolished.

Mr Wood—Yes.

Senator FORSHAW—Could you just comment on the arrangements for the disposal of the waste material. In particular, we know that there are a lot of ceiling tiles and so on.

Mr Wood—Stockland are conducting the refurbishment—

Senator FORSHAW—Sorry, a lot of our questions are related to the work that is going on in the base building, but it is an integral part of it.

Mr Wood—It is part of the joint approach between us as the tenant and Stockland. Stockland's approach to the refurbishment of the base building includes the sorting of waste as they dismantle and gut the existing building. As a result of sorting it, there are portions of that waste that can be either recycled or reused—predominately recycled rather than reused as is. For example, ceiling tiles, gyprock walls et cetera are sorted separately and shredded, and to the extent that they can then be recycled into further building materials or some other building material that is being done. But one of the other uses for, say, the gyprock is for soil conditioning after it has been shredded and treated. So the Stockland approach to the building refurbishment includes an approach to ensure maximum reuse and/or recycling of the materials they are stripping out of the building.

Senator FORSHAW—This building is heritage listed. Could you briefly indicate the significance of that with regard to what restrictions, limitations or issues you have to confront with the fit-out of the building.

Mr Wood—The importance of the heritage listing is quite significant to us in terms of our general attitude and approach to the overall project. For the building owners, Stockland, it is a

critical part of their refurbishment of the building to ensure that the heritage aspects of the architectural features of the building are not merely maintained but actually enhanced, including, as I have mentioned earlier, reintroducing original concepts that Harry Seidler had for areas such as the courtyards. Regarding the fit-out that we are constructing, it is relevant to the fit-out, but for the interior of the building the fit-out itself has less impact on the heritage value of the building. In fact the heritage value, which comes from the architectural features of the building, enhances our ability to fit it out because the floors have no columns as a result of the way it has been designed.

So the further detailed design of the fit-out that will progress, once we understand the attitude of the committee to our proposal, will be done in conjunction with the ongoing management of the heritage aspects of the building to ensure we remain consistent with the heritage plan for the building. But, in summary, the base building refurbishment has a significant impact for the heritage value. The fit-out is cognisant of it and will not breach the heritage plan for the building, but it is less impacted than the actual base building refurbishment.

Senator FORSHAW—Thank you.

ACTING CHAIR—I will declare the meeting closed. Thank you all very much for your attendance today.

Resolved (on motion by **Senator Forshaw**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 11.30 am