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Public inquiry needed into new government office building

The Property Council of Australia has today called for a public inquiry to be conducted into the planned construction of a new ACT Government Office Building, announced in the 2011-12 Budget.

Property Council ACT Executive Director, Catherine Carter, said that while the property industry is supportive of the ACT public service being centrally located in the city in better quality office accommodation, there are concerns that a detailed business case has not been presented which explores all the comparative options.

“The Government has forecast this project will cost \$432 million. This is a very significant project, and the largest infrastructure project undertaken by the Government to date. For this reason alone, it is appropriate that a high degree of scrutiny and independent analysis be undertaken to ensure value for money and significant community benefit.

“It is unusual for governments to seek to construct and own their own buildings. For at least the past decade the Commonwealth has sought to divest itself of property (other than buildings with particular security sensitivity) and look to the private sector from which to lease back general office buildings, as well as the actual construction and delivery.

“The Government is looking to achieve savings of around \$19.3 million per year, and to achieve a result whereby the value of the building will be more than the construction cost.

“In the interests of seeing public funds used wisely, these estimates should be independently and thoroughly tested. Issues such as site selection and delivery options that ensure risk is shared with or divested to the party that is best equipped to deal with it also need to be examined.

“Put simply, what alternatives have been considered and how do they compare?”

“Additional issues which are likely to be uppermost in the Government’s mind are likely to include achieving energy efficiencies and reducing carbon footprint. Has an independent and thorough evaluation been made into upgrading and retrofitting existing buildings?”

“In addition, how does the Territory propose to deal with infrastructure such as roads, traffic and parking impacts of a new building in London Circuit? Inevitably the final cost will be more than the construction of the building alone, and these costs will need to be examined as well.

“Before going any further, a public inquiry should be undertaken, to enable a proper evaluation of the business case, including having the under-pinning assumptions tested and the analysis made public,” Ms Carter concluded.

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