

1 WILLIAM STREET – NOT THE EXEMPLAR FOR CAPITAL WORKS

Jon Stanford¹

The new and grandiose office building at 1 William Street, which, on completion, will be the biggest office building in Queensland with 45 stories including seven stories for private sector office accommodation and a number of areas for retail on the ground floor, is nearly completed and nearly ready for occupation. The problem is that its office space is too expensive for private sector tenants. This is no problem for the owner as the risk of unfilled tenancies was laid off a long time ago; the previous government had contracted to pay all the rent. The Treasurer has announced this week that Ministers and public servants move into the building in 2016.² He said the alternatives to moving in were to subsidise the rent to the tune of \$42 million over the next 15 years.

The previous government's support for the project was boosterism as expressed:

The strategic objectives of the State in the development of 1 William Street in the Brisbane CBD are to act as a catalyst for the activation of the Government Administrative Precinct and to meet the accommodation demands of the Queensland Public Service. The project will be financed and delivered by the private sector through a PPP.³

The project was developed through the new agency Projects Queensland, established in 2012 to 'enable the Government to engage with the corporate sector to explore opportunities for private finance and investment in public infrastructure and service delivery'.⁴ There are severe problems with this process; they will be discussed later.

The decision to locate the building ignored many issues which should have been considered in the planning and approval process. First of all, the site is an area of poor public transport and very limited parking. Second, during the 2011 floods the site was covered by water to a depth of one metre. It has been reported that the Brisbane City Council recognized a need to change inner-city buses to allow the thousands of public servants (there will be at least 4000) using the building to get to a train station. The building has 318 car spaces and 600 bike spaces although there is no direct connection with the Bi-Centennial bikeway along the river bank.

Brisbane has a need for a long term integrated capital works program to relieve congestion and improve civic amenity. The present level of traffic congestion is inefficient and increases costs. To be successful the program has to be developed through an open and transparent process which uses established methods of public sector project appraisal. As the Governor of the Reserve Bank stated last week:

... it would be confidence-enhancing if there was an agreed story about a long-term pipeline of infrastructure projects, surrounded by appropriate governance on project selection, risk-sharing between public and private sectors at varying stages of production and ownership, and appropriate pricing for use of the finished product. . . .

¹ Dr Jon Stanford is a TJRyan Foundation Research Associate.

² Media Release: '1 William Street to house Queensland public service from 2016, 15 June 2015'.

³ Capital Statement (Budget paper No 3) 2014-15, p.14.

⁴ Capital Statement (Budget Paper No 3) 2012-13, p.12.

The impediments to this outcome are not financial. The impediments are in our decision-making processes.⁵

The development of a long-term capital works program does not need to be shaped by short-term political stunts. Project Queensland is an inadequate vehicle for progressive decision making.

⁵ Glenn Stevens, Governor, 'Economic Conditions and Prospects: Creating the Upside', address to the Economic Society of Australia Luncheon, Brisbane – 10 June 2015.