

# The office boom: an inflationary boost from the Commonwealth

By VINCENT SMITH

One of the big forces behind the huge increase in planned private office buildings in August (approvals up from \$14.5 million to \$45.2 million) which is worrying the Federal Government is the Commonwealth's own voracious demands for office space.

Commonwealth Government departments pay nearly \$20 million a year in rent for office space — some of it in Australia's premier buildings. Ironically, this appetite for leased space is a major inflationary factor in an area where the Government has been urging restraint.

The Federal Government is the biggest office tenant in the country. It owns 6.3-million square feet of office space Australia-wide and in order to accommodate the bureaucracy must lease almost as much again — 5.4 million square feet.

The size of its annual rent bill would be substantially higher — perhaps another \$10-million — were the Commonwealth not able to command considerable rent discounts because of its size and stability as a tenant.

It pays annual rents ranging from an average 19c a square foot, for Navy Department space in Hobart, to an average \$5.54 a square foot, for Works Department accommodation in Sydney. The Works Department's Sydney rent average is boosted well above the figures for other departments by the fact that much of the space it leases is in the Australia Square Tower — at the time it was let, the most expensive office accommodation in the nation.

The Trade Practices Tribunal and Commissioner and the Customs and Excise Department, which occupy a large section of the adjacent Plaza Building in Australia Square, are said to have covered the cost of the building in the rent they have paid.

As the table shows, the Treasury, with an annual rent bill of \$4.6 million, is the Commonwealth's biggest tenant in money terms. It leases 1.2 million square feet of space in a variety of buildings. The PMG which, understandably, is the next biggest tenant, leases 1.3 million square feet of offices and pays annual rent of \$4.5 million. But in order to provide its essential services in the more expensive rent areas — such as downtown city districts — where land is at a premium, it is forced to lease rather than own its premises.

## Central business addresses

While there may be a good case for many sections of Government departments being accommodated in the central business districts of the major cities — perhaps even in the more prestigious buildings — the accompanying tables suggest a stronger case could be made for the Commonwealth to channel its rent bill into constructing its own accommodation.

But as part of its anti-inflationary measures, announced in February by Mr Gorton when he was Prime Minister, the Commonwealth has practised what it preached to private developers and heavily braked its own construction programs. Completion of the second stage of the Government-owned Commonwealth Centre in Sydney's financial district has been curtailed.

This action may have seemed like backing its words with action but as the building approvals figures emphasise the action has backfired on the Government. Critics say the \$20 million spent on rent should be spent on construction of Commonwealth-owned offices, including completion of the second office tower in the Commonwealth Centre. This would ease the demand for leased office space which is encouraging private developers to build, and remove the Commonwealth from its present position of creating its own special demand-pull inflationary effect.

A broadly planned Commonwealth construction program, whereby only those Government services essentially located in central business districts remained there, would provide a side-benefit of easing city congestion.

The cities also argue that by leasing private buildings the Commonwealth is paying rates

SPACE LEASED BY EACH COMMONWEALTH DEPARTMENT AND ITS ANNUAL RENT

	sq ft	rent
Air .....	94,000	\$277,120
Army .....	46,000	\$153,760
Attorney-General .....	236,000	\$1,040,280
Civil Aviation .....	319,000	\$969,910
Customs and Excise .....	51,000	\$222,880
Defence .....	75,000	\$259,780
Education and Science .....	94,000	\$378,040
Environment, Aborigines and the Arts .....	25,000	\$96,530
External Territories .....	45,000	\$228,240
Foreign Affairs .....	38,000	\$224,260
Health .....	87,000	\$340,360
Housing .....	72,000	\$269,120
Immigration .....	61,000	\$196,650
Interior .....	319,000	\$1,295,810
Labour and National Service .....	225,000	\$783,300
National Development .....	105,000	\$280,470
PMG .....	1,309,000	\$4,513,600
Prime Minister and Cabinet .....	91,000	\$397,170
Primary Industry .....	39,000	\$146,510
Repatriation .....	39,000	\$125,250
Shipping and Transport .....	68,000	\$86,830
Social Services .....	182,000	\$173,030
Supply .....	129,000	\$404,050
Trade .....	64,000	\$267,420
Treasury .....	1,203,000	\$4,604,900
Works .....	219,000	\$1,019,380

— as a rent component — which it would not have to pay if it owned its own offices. For the local Government authorities of course that is all to the good.

The Commonwealth argues that it does have a policy of providing its own buildings, but that there are difficulties in following it. A spokesman for the Department of the Interior, which is responsible for accommodating Government departments, said: "The Commonwealth has long-term proposals for office construction in capital cities and regional centres but the commencement of construction of these must depend on the availability of capital resources and other priorities."

"The practice of renting privately owned office buildings must continue until such time as the Commonwealth is in a position to develop more Commonwealth offices. Looking across Australia as a whole the Commonwealth tends towards ownership. However, having regard to funds and priorities and resources, it is not possible for the Commonwealth to build offices to accommodate all its staff."

"It is necessary therefore to lease privately owned office space which, in some cases, having regard to circumstances and location, is cheaper than to build. Public servants must be housed. Building of Commonwealth offices takes time. If there is available leased space in the meantime the Commonwealth makes the best deal on rental having regard to location and suitability of the premises for the elements of the department concerned."

## Leasing from supporters

There are other reasons why the Commonwealth continues to lease space to the extent it does. In the crudest political terms, some of the people from whom the Commonwealth leases space are strong financial supporters of the Government at election time. The Foreign Affairs Department leases some of Canberra's most expensive office space — in John McEwen House, Country Party headquarters.

But the Interior Department spokesman was quite right when he said the Commonwealth makes the best rent deals. Being the biggest office tenant in the nation the Commonwealth wields considerable bargaining power when negotiating rents with private office developers.

One developer said: "Anybody who rents more than 100,000 square feet in an office building gets a good discount but the Commonwealth is an especially good tenant and gets better than average discounts. Come hell or high water they pay the rent. And they are always there through good times and bad."

"Whereas most tenants propose a five-year

lease with an option for a further five years the Commonwealth usually wants a 20 or 30-year lease or a 10-plus-10-plus-10 deal. You know you are going to get the rent coming in for 30 years."

With power like that the Commonwealth was able to negotiate a discount of "better than \$2 a square foot" for the 126,758 square feet it rents in the Australia Square Tower and the 74,704 it leases in the adjacent Plaza Building.

The lower 15 floors of the Tower Building are renting at present for \$9 to \$10 a square foot to private tenants taking an entire floor. In the Plaza Building current rates are about \$8.50.

The Commonwealth's discount would comprise consideration for the amount of space it takes in the buildings — almost 10 floors in the tower — and the length of its lease. Its rent bill would look good compared with other tenants because it was among the first occupants and is still operating on 1967 rents which would not be due for review for another year. According to one developer these considerations could bring its rent down to about half the present going rate. How long the impressive discount in these two buildings lasts will be decided when the rent is reviewed.

Unlike most commercial tenants whose rent is reviewed every three years in Sydney the Commonwealth is able to command an extension of rent reviews to every five years — another side benefit from its size as a tenant. What happens when Commonwealth rents throughout Australia come up for review in the present tight market for new office space in prime locations — evidenced by the big rise in approvals — is a cause of some concern, particularly to critics of the Commonwealth's size as a tenant.

When rents go up at review time the Commonwealth has either to pay up or move out — and because of the mammoth logistical task involved in moving, and its cost, it becomes a case of pay up and send the annual rent bill further upwards. One developer in Sydney accused his competitors of rent re-

viewing the Commonwealth out of some central city buildings. He said they did not want to give the Commonwealth the premiums it had once commanded in slack new office space markets.

About two years ago the Commonwealth set a ceiling on rents it was prepared to pay. It no longer does this, according to the department's spokesman. He said: "Officers of the Commonwealth Public Service have to be accommodated but departments do not rent space in buildings in central city areas if suitable space is available elsewhere. Each case is looked at on its merits and guided by Commonwealth valuers."

But central city areas attract the Commonwealth as a tenant because, among other things, often they are the only areas where suitable transport is available for the large number of public servants who go with each department. One Sydney developer said the Commonwealth would not look at a building unless it was close to suitable public transport, such as the railway system.

The Commonwealth is far more flexible without the rent ceiling — which two years ago was \$5 a square foot anywhere in the nation — and is now able to negotiate comparable accommodation in all centres. While the ceiling applied the Commonwealth was able to secure only medium-range accommodation in expensive cities like Sydney while it leased the best space available in cheaper centres, like Brisbane.

Nevertheless, the Commonwealth still occupies much of the prime office space in major cities. For example, in Sydney, apart from the Australia Square buildings, the Commonwealth leases 177,291 square feet in the Commonwealth Bank Building in O'Connell Street, and substantial areas in Bank House, the Carlton Centre, Dymocks Building, the Imperial Centre and Combined Insurance House — all centrally located.

## Regional projects

In Melbourne the main buildings leased to the Commonwealth are Communications House, Kings Parkade, Aviation House, Flotta Lauro Building, Grand Central Park, Rialto Building, AMP Building, Commonwealth Bank, Goldsbrough Mort Building and the London Stores Building.

In Brisbane the Commonwealth leases space in APA Building, the Prudential Building, the Ampol Building, Australia House and Phoenix House, among others.

BP House is the biggest lessor in Adelaide, followed by the new AMP Building, the Da Costa Building, the Richards Building and the Prudential Building.

In Perth, where a new Commonwealth tower has just been completed, the Government leases space in Cable House, the Victoria Centre (across the road from the Commonwealth building), Humphry House, the City Arcade Tower and others. In Hobart Kirksway House is by far the biggest lessor to the Commonwealth and is followed by the CML Building.

The Minister for Works, Senator Wright, told "The National Times": "Buildings under construction by the Commonwealth which will provide additional office accommodation are: Brisbane, Commonwealth office of 20 storeys; Hobart, Commonwealth office of 15 storeys; Brisbane, administration block for the Post Office of 17 storeys; and Darwin, three office blocks of three storeys each."

Several minor regional Commonwealth office projects had been approved for construction, he said.

"The Government has already approved in principle the progressive development of Commonwealth office accommodation on the Sydney (Woolloomooloo) and Melbourne (Spring Street) sites by the construction of standard general-purpose office space on each of the sites and the development of plans for the first stage of each proposal for reference to the Parliamentary Standing Committee on Public Works."

"These two sites have the potential for continued development over a number of years."

SPACE LEASED BY THE COMMONWEALTH AND RENT PAID CITY BY CITY

	Sq ft leased	Rent paid	Sq ft owned
Sydney .....	1,309,000	\$5,628,980	1,030,000
Melbourne .....	1,874,000	\$6,302,130	2,108,000
Brisbane .....	378,000	\$1,307,690	437,000
Adelaide .....	564,000	\$1,950,000	118,000
Perth .....	346,000	\$1,135,650	315,000
Hobart .....	151,000	\$412,450	114,000
Canberra .....	617,000	\$2,756,810	1,935,000
Darwin .....	69,000	\$250,850	214,000
Total .....	5,411,000	\$19,745,120	6,323,000

## MOTORING

# The power, the glory and the promise that was steam

By PETER BURDEN

Steam, even if it has almost vanished from public view into the turbines of remote power generating stations or into the bowels of the diminishing race of ocean liners, is still within the memory of those who lived through an age of steam trains and chuffing road rollers and who saw steam-propelled harbour and coastal vessels. It is a romantic curiosity to schoolchildren who have read of James Watt, and is perhaps even romantically remembered by those few who actually saw a steam car.

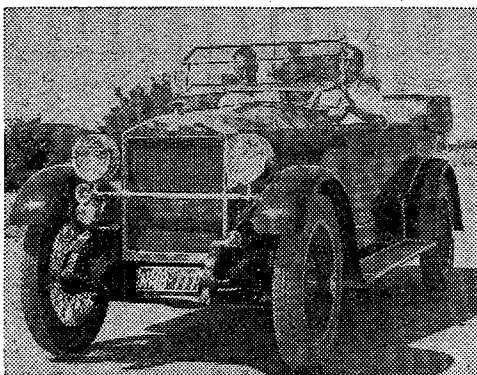
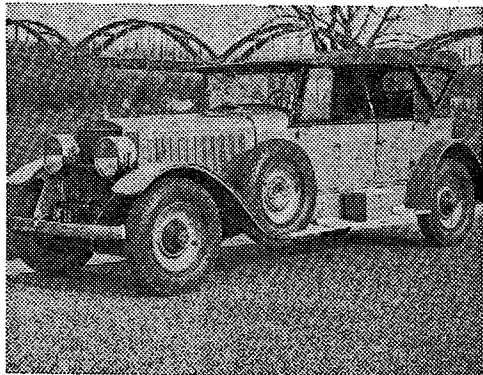
There were very few of these. A figure of 20,000 is generally given for the total number of steam cars built between 1880 and the present (this figure does not include steam-powered trucks or traction vehicles which are different propositions), and of these about 10,000 were made by the Stanley brothers or to their designs in the US.

Very few steam cars were built after the Stanley company ceased production in 1927. Mostly their heyday was in the first 10 years of this century.

Yet steam is a seducer of men's minds paralleled only by the promise of high-flying financial shares, and once under its influence a person is forever a gambler waiting on the next lucky break.

Only this could explain why late in the 1860s a hard-headed businessman in the additional self-made US mould such as William Lear (responsible for the Lear business, among other things) committed \$US4-million of his own money to the quicksands of steam car development, only to find he would need at least \$5 million more to sort out engine problems.

And it is a promise that has drawn in tough-minded General Motors to develop steam car prototypes which apparently run,



Steam cars of 1923: a Stanley, right, and a Doble.

but not all that successfully. GM has a vested interest, of course, because it is hedging its bets (the Wankel rotary-piston engine is another) in the battle to produce a motor car engine that can meet the increasingly tougher American requirements on exhaust emissions. Lear's plunge can only be termed eccentric, however.

Yet this is the trouble with steam. To the uninitiated it appears to be a delightfully simple form of energy — you merely boil water to get it — that can be applied to an equally simple piston engine for impressive results. The thing runs silently, smoothly and at low cost (and, in our obsessive age, without pollution) so easily that a child can very nearly do it. But is it really as simple as all that?

The short answer is no. Steam in spite of its outward appearance is a vastly complicated subject encompassing thermodynamics, latent heat and the laws governing the expansion of gases.

Lubrication of a high-speed and high-efficiency steam piston engine is more difficult than that of today's familiar ignition-compression engine, and the problems with a car of efficient steam recovery through condensation and separating lubricants in this part of the cycle are so formidable as never to have been fully solved.

Successful steam engines of this type in fact have been the exception rather than the rule. If one puts on one side railway experience, which was a narrow path in the development of high-speed steam engines (and railway engines were massive affairs weighing around 50-100 tons and more), the whole trend to high speed and high efficiency ran the way of the steam turbine which was developed in the 1880s.

The motor car pioneers who fancied steam really had to do their own thing. And their failure was magnificent.

Steam was the first to move wheeled

vehicles. In the mid-seventeenth century Father Verbiest made a steam-propelled toy carriage (apparently a steam turbine was linked to the driving wheels by clockwork gears) for the Emperor of China.

This was a throw-away design whose intention was to impress, rather than the forerunner of a motor car age.

Nor were Cugnot's efforts with steam tractors in France, starting in 1770, on the track of the motor car. His intention was to develop a tractor capable of drawing artillery, and the French Army was sufficiently impressed to back the project.

Cugnot's tractors apparently worked, although there is some controversy about how well and the authenticity of the surviving example. The Army, as armies are prone to do, looked and admired and lost interest.

After Cugnot steam propulsion developed fairly rapidly. Steam coaching enjoyed a vogue in Britain early in the nineteenth century and its failure to succeed was probably as much due to technological problems as the ire it aroused in entrenched horse-coaching interests.

But by 1873 technology had caught up and Amedee Bollee's steam carriage l'Obeissante was almost certainly the first really successful self-propelled vehicle. It was reliable and had a maximum speed of around 25 mph. While it was large and weighed somewhat over four tons, it inspired the trend to lighter designs that culminated in the steam car itself.

By 1900 a good part of the world of motor cars had not really made up its mind whether the future engine was going to be steam or petrol.

In the event the world chose petrol engines. Within 10 years of the start of the century Royce in Britain and Leland in the US showed that cars, even by today's standards, could be reasonably well refined and made to precision standards in mass production.

Steam experience is harder to come by, but reading the starting instructions of a White (reprinted in the book "Steam Cars," by Lord Montagu of Beaulieu and Anthony Bird) gives one pause to wonder. Whites, among the more successful steam cars, were made by the White Company in the US between 1900 and 1911, and possibly around 3,000 were built.

These starting instructions cover the best part of two closely printed pages and make about as much sense as an introduction of similar length on playing the violin.

And economy was not all it was cracked up to be. Figures are hard to come by, but in 1932 a Doble Model F (the Dobiles were the last gasp of steam car production) was tested in Britain and returned 5½ miles on a gallon of furnace oil costing 9d. By comparison a 40/50 Rolls-Royce (costing somewhat less than the Doble) ran 12 miles on a gallon of petrol costing 1d.

Steam, of course, had its glories and wonders. The Paris-Rouen concourse of 1894, the world's first organised motoring event, was won by a De Dion Bouton steamer at an average speed of 12 mph; the world's official land speed record was raised to 75 mph in 1902 by a Serpollet and to an astonishing 127.56 mph in 1906 by a Stanley; and steam cars gained a deserved reputation for reliability in the great European races between cities in this period.

But little of this impressed the public which applauded the efforts of experts while realising its own shortcomings: yes, the steam car could do remarkable things; but in average hands it was an intractable and unpredictable bully.

Perhaps the end came as early as 1917 when F. E. Stanley, one of the twins who had helped to make the steam car so successful, was killed in one of his own cars and his surviving brother, F. O. Stanley, sold the business. Perhaps as late as 1961 with the death of Abner Doble, who was to steam what Frederick Royce was to petrol cars.

That steam had persisted for so long was largely due to Doble's efforts, which were in the area of refining basic principles. In a more-or-less manner the Doble cars — and very few were ever made — were as simple to start up and drive as any petrol-engined one. But they were fearfully expensive.

Steam's kettle, of course, still boils merrily as the recent work at Lear and GM shows. There may even be a breakthrough in using chemicals such as hydrogen peroxide and calcium permanganate to generate steam without the need of boilers and burners. And while the demands of environmentalists persist one assumes similar "breakthroughs" will be announced.

To find that we can't improve on the work and techniques of the past makes fools of us all.

## FOOD

By MARYLOU ARNOLD

Food, the most basic of man's needs, has been linked down through history with people, places and events. It is a pity that in this age of computers, automation and mass production a lot of the originality has gone out of naming dishes.

The French had the bright idea of naming dishes after the regions that specialised in the garnish.

What about Pokolbin for red wine, Barossa for white, Murrumbidgee for rice, Murray for olives, Riverland for oranges, Sydney for oysters and Port Hedland for turtle?

Or we could name dishes after famous Australians. If Dame Nellie Melba had a dessert created for her, why not one for Joan Sutherland? Namatjira, who hailed from up north, is a natural for a beef dish.

Back to France and we find Chicken Marengo, a dish created by Napoleon Bonaparte's cook at Marengo in 1800. The only ingredients the cook had, so the story goes, were olives, anchovies, fried eggs with tomato and a chicken stew. "Put it all on the same plate," cried Bonaparte. And so a new dish was created.

## CHICKEN MARENGO

A 2½lb chicken; 1 clove garlic, crushed; 6 tablespoons olive oil; 1 tablespoon flour; salt; pepper; ½lb mushrooms, sliced; 2 tomatoes, peeled and sliced; ½ cup chicken stock; bouquet garni; 2 slices white bread; 2oz butter; 4 fried eggs; 1 teaspoon chopped parsley.

Joint the bird — wings, thighs, drumsticks, breasts — and dredge with seasoned flour. Heat the oil in an oven-proof casserole and saute the legs and garlic for 5 minutes. Add the rest of the chicken and cook until browned. Add the mushrooms, cook for a few minutes more, then pour in the tomatoes, stock and bouquet garni and season to taste. Cover and simmer for 45 minutes or until the chicken is tender (or cook in a 350 deg F oven).

Remove the crusts from the bread, cut into triangles or dice and fry in the butter

## Why not Sutherland and Namatjira on the menu?

on both sides until golden (croutons). Fry the eggs. Remove the bouquet garni, dish up the chicken on a platter, top with the eggs and croutons and sprinkle with parsley. Serves 4.

The English are not renowned these days for unusual recipe titles, but this was not always the case. Who would guess that behind Love in Disguise lies a calf's heart, stuffed with ham and eggs, smothered in breadcrumbs and baked.

The Turks reveal the most romantic trend, however. Bread and Velvet is nothing more than bread with clotted cream. The Emir's Pearls is an eye-catching salad of sliced oranges and onions, mixed with black olives and drizzled with olive oil and lemon juice. Asparagus is aptly called Kush-Konmez, that-upon-which-no-bird-can-sit. And Dilbir Dugagi translates to "Sweethearts' Lips", a pastry, shaped like a lip and dipped in syrup as "sweet as a kiss."

## SWEETHEARTS' LIPS

1lb flour; 2 pints water; 4oz sugar; 4oz butter; 3 eggs; salt; oil for frying; sweet syrup for dipping (or substitute castor sugar); 3oz mixed nuts.

Add enough water to the sifted flour to make a smooth paste. Gradually blend in the remainder of the water, mix in the sugar and pour into a large saucepan. Bring to the boil, stir in the butter and continue stirring with a wooden spoon, until the mixture becomes thick. Remove from the heat, allow to cool and beat in the eggs, one at a time, vigorously. Add a pinch of salt.

Knead this dough until smooth on a lightly floured board. Break off in pieces and flatten each one into small rounds. Fold the round in half — to resemble lips, which they do when cooked — and deep fry in hot oil until golden. Drain, then dip into a sweet syrup or roll in the castor sugar and sprinkle with nuts. (I prefer the latter).

The Americans are much more down to earth with names. Shoo-fly Pie contains molasses, an ingredient flies are very partial to, so the cook has to keep shooing them away when making this pie.

## SHOO-FLY PIE

Pastry: 8oz flour; 4oz shortening; 3-4 tablespoons water; a little lemon juice; pinch salt.

Crumb mixture: 8oz flour; 2oz brown sugar; pinch salt; half teaspoon cinnamon; pinch each of ginger and nutmeg; 2oz soft butter.

Filling: Half teaspoon baking soda (soda bicarbonate); 6oz molasses; ½ cup (4oz) boiling water; 2/3rds crumb mixture.

Make the pastry and line an 8in pie plate.

Crumb Mixture: Combine the flour, brown sugar, salt and spices. Rub in the butter until the mixture looks mealy. Set aside.

Filling: Stir the baking soda and molasses into boiling water. Add two-thirds of the crumb mixture and pour into the pastry case. Sprinkle the remaining crumbs over the top and bake in 375 deg F oven for 30-40 minutes or until the crust and crumbs are golden.