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Fifth Committee
Monday 5 November 2012

Item 130: Programme budget for the biennium 2012-2013: Capital Master Plan

**Statement by Emil Stojanovski, First Secretary, Permanent Mission of
Australia to the United Nations
on behalf of Canada, Australia and New Zealand**

(Check against delivery)

Thank you Mr Chairman

I have the honour to speak on behalf of Canada, Australia and New Zealand. I would like to thank the members of the Secretariat and the ACABQ for introducing their respective reports for agenda item 130: Programme budget for the biennium 2012-2013: Capital Master Plan.

Mr Chairman

CANZ delegations have been strong supporters of the CMP project since its inception, and we remain so to this day. We are greatly encouraged by the accomplishments in each of the three major portions of the project currently under renovation — the Secretariat Building, the Conference Building, and the basements. It is reassuring for us to see the re-occupation of the Secretariat Building, one of this year's milestones, and we look forward to the completion of the Conference Building by the end of this year. We note that the enhanced security upgrades to the Conference Building along FDR Drive have been completed, and we thank the Host Country for its voluntary contribution in this regard.

However, as with many other delegations, CANZ remains concerned at the ongoing cost overruns associated with the CMP and the lack of any comprehensive strategy to bring the project costs back to within the budget approved by the General Assembly.

Mr Chairman

CANZ recognises that most of the cost overruns relating to the CMP — including worse than anticipated concrete and asbestos conditions in the basements and the Conference Building, the additional swing space and security that was needed, and the resulting associated costs required to support construction — could not have been fully foreseen at the outset of the project when the budget was first approved. We also understand the difficulties of absorbing the associated costs within the approved budget at this stage of the project's implementation. Hindsight is always 20-20, but in retrospect member states might well have chosen to deal with these costs differently had their scale been evident from the outset. We should regard the experience with the CMP in this area as a significant lesson to be applied in future major construction projects.

Moreover, we do not consider that deferring a decision to remove the North Lawn Building, the continued suspension of renovation for the Library and South Annex Building, and deferring a decision on how to tackle associated costs by 12 months is a viable, action-oriented and forward-thinking strategy for reducing the cost overruns. Deferrals of planned activities do not constitute savings. We urge the Office of the CMP to give proper consideration to a comprehensive strategy that presents a realistic estimate of total costs, gives the General Assembly viable options to deal with cost overruns, and presents cogent recommendations on what to do with the Library and South Annex Building.

In this regard, CANZ welcomes the Administration's agreement to implement the recommendations of the Board of Auditors for the year ended 31 December 2011, in particular the recommendation that the Administration urgently take stock and rebuild the anticipated final cost of the CMP project. We look forward to seeing the final product of this exercise.

Mr Chairman

CANZ further welcomes the findings of the in-depth technical construction audit completed by OIOS in conjunction with a professional services firm. It was reassuring to know that lease costs associated with the swing space requirements were assessed as competitive when compared with market data, and that professional fees were within the industry standard as a percentage of construction costs. While the audit found that areas where cost savings or recoveries could be sought would not be significant in terms of the projected budget shortfall, we still expect the Administration to vigorously pursue all those recoveries and savings identified in the audit where it is cost effective to do so — every dollar counts.

We urge the Administration to pay close attention to the recommendations of the OIOS, especially in regards to lessons learned for future capital projects. In particular, we believe that more frequent reporting by the Office of the CMP to the General Assembly, with key performance indicators allowing us to track progress, will be vital to detecting potential delays or cost overruns early on. We urge other delegations to consider and identify a more suitable frequency for reporting and briefing for the remainder of the project.

Mr Chairman

CANZ welcomes Under Secretary-General Takasu's firm commitment and resolve to ensuring the successful completion of the CMP. We welcome his proactive role in monitoring and supervising progress, and his transparency in explaining where, how and why project costs have exceeded the agreed budget.

CANZ is fully cognisant that one of the core challenge before the General Assembly is to ensure we find a solution to the cost overruns, to avoid further delays and cost increases. We need to ensure that, regardless of how and why the cost overruns have occurred, we do not exacerbate them by failing to agree on a solution — whether it be scope and/or quality reductions, cost efficiency measures, or the reallocation of associated costs elsewhere, or a combination of these measures. In particular, we urge the Office of the CMP to give proper consideration to flexible workplace strategies to reduce the future space and resource needs of the Organization. We are convinced that significant savings could be found by adopting “hot-desking” and other flexible office solutions.

Mr Chairman

CANZ delegations wish to reiterate our strong commitment to seeing the CMP project through to its successful completion. We will work constructively with all other delegations to ensure that the project is delivered in as expeditious, efficient and affordable manner as possible, and which we trust will leave behind for future delegations a complex that is both modern and state-of-the-art, and one that retains its architectural integrity and stays true to the vision of its original designers.

Thank you Mr Chairman.