



Australian Government

Department of Finance

**PROPOSED FIT-OUT OF NEW LEASED
PREMISES FOR THE DEPARTMENT
OF FINANCE AT ONE CANBERRA
AVENUE, FORREST, ACT**

**STATEMENT OF EVIDENCE
TO THE
PARLIAMENTARY STANDING COMMITTEE
ON PUBLIC WORKS**

**DEPARTMENT OF FINANCE
DECEMBER 2014**

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Table of Contents

NEED FOR WORKS.....	4
Introduction.....	4
Policy leading to the need for Works – Finance Accommodation Objectives.....	5
Deficiencies in Finance’s Current Leased Portfolio	5
Options Considered to fulfil the identified need.....	7
Reasons for adopting the proposed course of action.....	8
Historical background.....	10
Heritage Considerations.....	10
Environmental Impact Assessments	10
Key Legislation.....	10
Impact on local communities	10
Consultation with Relevant Authorities and Stakeholders.....	11
Staff Consultation	11
PURPOSE OF THE WORKS.....	11
Project Objectives	11
Details and Reasons behind Option Selection	12
Detailed Description of the Proposed Scope of Works.....	14
Location	14
Zoning and Approvals.....	14
Land Acquisition/Rights to Grant Lease.....	15
Base Building Design Concepts.....	15
Summary of key base building features	15
Base Building Services	18
Fit out Planning and Design Concepts.....	24
Further Fit out Details.....	25
Codes and Standards	26
Materials and Finishes	27
Mechanical Services	27
Hydraulic Services	27
Electrical Services.....	27
Information and Communications Technology (ICT) Services.....	28
Fixed Furniture and Joinery	28
Loose Furniture and Equipment.....	29
Acoustics.....	29
Environmental Sustainability.....	29
Measures to Reduce Energy and Water Use	30
Compliance with Territory and Commonwealth Water and Energy Policies	30

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Security	30
Fire Protection.....	31
Provision for People with Disabilities	31
Child Care Provisions	31
Public Transport.....	32
Access to cafes and other facilities	32
Work Health and Safety	32
Environmental Considerations.....	32
Heritage Considerations	32
COST EFFECTIVENESS AND PUBLIC VALUE	33
Cost Effectiveness - Overall Project Budget.....	33
Details of Tenancy Fit out Delivery System.....	33
Governance Structure.....	33
Construction Program and Project Schedule	34
Public Value.....	34
Revenue	34
ATTACHMENT 1: SITE LOCATION.....	35
ATTACHMENT 2: SITE PLAN	36
ATTACHMENT 3: INDICATIVE FLOOR PLANS.....	37
ATTACHMENT 4: ACCOMMODATION STRATEGY	38
ATTACHMENT 5: INDICATIVE PROJECT PROGRAM.....	39

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

NEED FOR WORKS

Introduction

This proposal seeks approval for the fit-out of 20,502m² of Net Lettable Area (NLA) within a new building which has been constructed by the Willemsen Investment Corporation Pty Ltd (The Developer) at One Canberra Avenue, Forrest, ACT. This new accommodation will allow the Department to release all of its current Commonwealth leases- and a majority of its privately owned leases and consolidate staff into a single tenancy with specialist staff continuing to be located offsite.

As a Central Agency of the Australian Government, the Department of Finance (Finance) plays an important role in assisting government across a wide range of policy areas to ensure its outcomes are met, particularly with regard to expenditure, financial management, and the operations of government.

Essential services delivered by Finance include:

- supporting the delivery of the Australian Government Budget;
- responsibility for the financial framework for Australian Government Agencies;
- maintaining shareholder oversight for Government Business Enterprises (GBEs);
- providing entitlements advice and support to parliamentarians and their employees;
- providing general insurance services to government agencies and promoting improved risk management;
- key asset sales;
- the ongoing management of the Australian Government's non-defence domestic property portfolio; and
- providing strategic advice, guidance and service provision for the productive application of new and existing information and communication technologies to government operations.

The Department's property portfolio in the ACT consists of 29,176m² consisting of 22,429m² of office space. Finance is currently located in a number of leased premises, including the Commonwealth-owned John Gorton Building (11,598 m² – month to month occupancy), the Commonwealth-owned Treasury Building (6,396 m² – lease expiry 5 September 2016), and the privately owned Tourism House (2,371 m² – lease expiry 30 September 2016), Burns Centre (2,200 m² – lease expiry 28 February 2017), the Dairy Road Facility comprising of Building 5,6 & 7 (2,226 m²), and Hume Data Centre (4,385 m²).

Building Name	Office Area (m ²)	Non Office Area (m ²)	Total Area (m ²)	Staff Numbers
John Gorton Building	9,753	1845	11,598	603
Treasury Building	5,557	839	6,396	419
Tourism House	2,371	0	2,371	193
Burns Centre	2,200	0	2,200	61
Dairy Road Complex	1,835	391	2,226	91
Hume Data Centre	713	3,672	4,385	46
	22,429	6,747	29,176	1,413

Finance considers that there are clear operational advantages in consolidating a majority of its staff and functions into one modern and flexible premises. Current leases are approaching expiry in the next two or three years, and there is no guarantee that they will be renewed on favorable terms. The lead time to secure new fully fitted out office accommodation is such that processes need to

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

commence immediately to ensure that Finance may be in a position to relocate before its leases expire.

In addition, the ACT commercial office property market is currently very favourable to a large scale “buyer”, offering static or falling net effective rents with significant lease incentives.

As a central agency, it desirable that Finance be located in or close to the Parliamentary Triangle so that it can provide crucial support to its Minister and the ERC of Cabinet in the Budget process.

The Australian Electoral Commission (AEC), which is currently in Commonwealth leased space in West Block Offices has expressed strong interest in sub-leasing some of the new space in One Canberra Avenue. If that was to occur, Finance would contemplate leasing a further 3,233 m² from the Willemsen Group and on a full cost recovery basis lease to the AEC, which is a Finance Portfolio agency.

The Department has established, on the basis of the current conceptual design, an indicative budget of \$32.066 million (excluding GST) for the proposed fit-out of its office accommodation. This budget includes provision for contingencies, cost escalation and associated professional fees. It also provides for the payment of early termination fees to vacate existing tenancies.

It is anticipated this budget will be provided for Finance, by the Developer in the form of a lease incentive.

Policy leading to the need for Works – Finance Accommodation Objectives

In February 2014 the Finance Executive Board adopted an Accommodation Strategy which takes a long term view to support decisions such as leases, and the changing nature of work and work practices. A copy of the Accommodation Strategy can be found at [Attachment 4](#).

Deficiencies in Finance’s Current Leased Portfolio

A range of problems have been identified in Finance’s current accommodation arrangements:

- The division of Finance across seven tenancies negatively impacts on operational efficiency and organisational cohesiveness/connectivity. This dislocation factor makes responding to new organisational needs and roles a time consuming, expensive, and ultimately not wholly satisfactory process. The current accommodation inhibits the Department’s ability to create cohesive spatial relationships which ultimately leads to siloed and isolated work spaces;
- As a consequence, staff density across Finance’s tenancies is well above Government targets.
- The lack of cohesiveness in its accommodation increases the difficulty of achieving the efficiencies required by the Government’s policy of 14 m² per occupied work point in dated office accommodation. Finance has absorbed the savings related to the 2010 decision to reduce the occupied work point footprint to 16 m². Finance now risks having to absorb further costs as leases are renewed at sites such as JGB due to the 2013 decision to reduce the occupied work point footprint to 14 m²;
- There are also risks to staff working late at night due to the difficulties of coordinating a reasonable level of security across all of these tenancies.
- There is poor staff amenity due to the variable condition of the sites that requires substantial funding to meet contemporary office standards and deal with staff safety risks;
- Façade works at the John Gorton Building, expected to continue progressively around the building through to 2018, have had a range of staff impacts such as noise, reduction of natural

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

light, staff entrance closures and car parking impacts together with essential repairs required to deal with safety issues such as exposure to asbestos and repairing tiles at risk of falling off the building;

- Timing and budgetary uncertainty caused by the variable end dates for leases with some significant tenancies expiring before the end of 2016 and the John Gorton Building already operating on a month by month lease/rental basis. Current favourable market conditions may not extend to the times when lease renewals are due, to the Department's financial detriment; High rent payments and property operating expenses, relative to offerings from the market, undermining the department's capacity to invest in areas such as IT. The lease in Tourism House is a prime example of A Grade and above rents being paid for a B or C grade building;
- Many of the current tenancies do not comply with current codes and standards such as disabled access and the National Construction Code. It is not only essential that the Department comply with the Disability Discrimination Act, but also that the Department be an exemplar in all accommodation compliance respects;
- The six separate Finance tenancies have multiple access points. The security provisions necessary to ensure that they all comply with the Australian Government Protective Security Policy Framework are inefficient, costly and difficult to manage and maintain;
- Inefficient internal design. The various Finance fit-outs (internal design, furniture types and layout/configuration) does not provide flexibility to adapt to the ever changing nature of the Department and portfolio changes as dictated by Government, without incurring significant costs. Finance has recently published design guidelines for flexible and efficient workplaces (*Financial Management Guidance No. 12, Flexible and Efficient Workplace Design Guidance*, September 2013) which are intended to assist agencies subject to the PGPA Act 2014 to incorporate efficient and effective workplace design into their accommodation planning consistent with the Commonwealth Property Management Framework. While use of the guidelines is not mandatory, the Finance facilities do not meet the published guidelines, with resulting inefficiency in responding to changes; and
- Energy Efficiency. A published policy objective of the Commonwealth is that the minimum requirement for leased accommodation (base building and fit-out) is the achievement of a 4.5 star National Built Environment Rating System (NABERS) rating in accordance with the Energy Efficiency in Government Operations Policy. Of the six buildings in which Finance has tenancies, none are compliant with this policy.

A move to the new accommodation at Forrest would support the objectives of Finance's Accommodation Strategy including:

- ensuring that Departmental business is undertaken effectively and efficiently and relationships with stakeholders are enhanced;
- providing staff and stakeholders with a modern and safe work environment to assist with enhanced productivity and the attraction and retention of staff;
- providing the flexibility to address changes to Departmental roles and structure with minimal disruption and cost;
- ensuring that advances in technologies which support Departmental business can be adopted with minimal disruption and cost; and
- ensuring the Accommodation Strategy aligns with the other Enabling Strategies under the Strategic Plan and vice versa.

For the reasons set out above, Finance's current accommodation arrangements fail to meet these objectives adequately, and are not consistent with Finance's business needs and overall Accommodation Strategy.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Options Considered to fulfil the identified need

The need to identify future accommodation by the Department was initiated in response to the impending expiration of its leases as well as significant deficiencies associated with the current accommodation and broader property portfolio inefficiencies.

In 2012 the Department commenced a two-stage process, consistent with the Department of Finance *Guidance for the Two Stage Capital Works Approval Process for Australian Government Construction Projects*, to determine through a Cost Benefit Analysis using whole of life costs, the options available for its future accommodation.

The options analysis acknowledged that range of accommodation options available to Finance was limited by its Budget process-related business requirement to be located in or close to the Parliamentary Triangle for the purposes of supporting its Minister and Expenditure Review Committee (ERC) and working with the Department of the Prime Minister and Cabinet and the Treasury.

Within the context of the Commonwealth Property Management Framework (summarised below)¹ the Department undertook an Initial Business Case that identified and evaluated a range of different delivery models to meet its future accommodation requirements to determine the best value for money solution for its operational needs beyond December 2016. These included:

- Lease an existing building;
- Pre-commit to lease a developer built building;
- Build Own Transfer;
- Commonwealth Property Register – relocate to a vacant building with long term Commonwealth lease obligations;
- Refurbish John Gorton Building; or
- Do nothing.

The analysis leading to the Initial Business Case considered the options identified in the Cost Benefit Analysis in the context of the Commonwealth Property Management Principles.

The analysis focused on the four most credible options in view of Finance's business needs particularly the need that, as a central agency, it desirable that Finance be located in or close to the Parliamentary Triangle so that it can provide crucial support to its Minister and the ERC of Cabinet in the Budget process.

As a result some options such as utilising vacant Commonwealth office space away from the Parliamentary Triangle (Commonwealth Property Register option) were not considered.

¹ **Commonwealth Property Management Framework**

The purpose of the Commonwealth Property Management Framework is to establish an evidence base for property decision making across Government based on the Commonwealth Property Management Principles. The principles of the framework include:

1. value for money: ensure the best outcome of property decisions;
2. property management planning: support property planning and management;
3. efficient and effective design: encourage the best design solutions for organisational needs;
4. appropriate accountability measures: document property decision making; and
5. co-operative Commonwealth property management measures: ensure property decisions consider whole-of-government outcomes.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Nor was the option of pre-committing to have a developer build a purpose built tenancy in the Parliamentary Triangle or near precinct. Finance received expert advice on the state of the ACT commercial office property market, and the availability of development options in the Parliamentary Triangle precinct, and it was apparent that very few possible sites existed that might have been considered. Of these, none would have been able to be developed anywhere near the timeframe required by Finance to ameliorate its accommodation situation.

Furthermore, options such as selling or demolishing Commonwealth buildings, and constructing something in their place were not canvassed because they will be subject to further detailed study on the operation of the Property Special Account and remain open to government regardless of Finance moving to alternative consolidated premises.

The option of leasing an existing building, the depressed state of the ACT market has severely curtailed quality supply, and after expert and independent investigation, it was apparent that the newly constructed office premises at One Canberra Avenue was the only option worth looking into further to see whether it met Finance's accommodation strategy objectives.

Therefore, the four options discussed in Finance's Initial Business Case were:

- One Canberra Avenue, Forrest - Finance leases a new building from the private sector. *Market conditions highly favourable to Finance;*
- Build, Own, Transfer - Private developer builds property on Commonwealth land in the Parliamentary triangle. Finance pays back amortised construction costs over 20 years and amortised fit out over 10 years. At end of a 20 year payback period, the asset transfers to Finance. *Complex solution with financial risk which would not deliver a timely consolidation response;*
- Refurbishment of John Gorton Building to a recognized A grade standard - Full building refurbishment with a lease incentive from the Building Owner of 4 years rent free, but requiring a substantial capital investment by the Commonwealth; and.
- Do nothing - Finance to stay in current accommodation, including public and private sector leases. Assumed refurbishment and fit out in John Gorton Building and Treasury Building in 2018-19 requiring substantial capital investment by the Commonwealth.

Reasons for adopting the proposed course of action

In view of Finance's specific business requirement that it is desirable that it be located in or close to the Parliamentary Triangle, and in view of the practical difficulties in locating and implementing a Build, Own, Transfer solution within the precinct in within a reasonable time, the only realistic options for office accommodation were to either do nothing or refurbish John Gorton Building, or to lease an existing building.

The Do Nothing option was not considered acceptable in any respect, as it failed to respond to any of the deficiencies in current office facilities identified above, and therefore did not seek to implement Finance's Accommodation Strategy.

Refurbishment of the John Gorton Building now or in the future was always considered to be an option that needed to be closely considered. However, there were and are four main caveats:

Funding – bringing the whole building up to a recognised A Grade standard that would meet minimum 4.5 stars NABERS energy rating and provide a far greater flexibility and adaptability in the tenancy areas would require very significant capital expenditure on both the base building and the tenancy areas (estimated at some \$220m). At the current time, such funding amounts are simply

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

not available to Finance or any other Commonwealth agency when other options that may offer better value-for-money solutions may exist;

Disruption – John Gorton Building is fully occupied, not only by Finance but by another major agency (Environment). The full building refurbishment, including major base building works and works to the tenancy areas, could be expected to extend until 2018, if not more. During this time it would require staging of large portions of Finance’s and Environment’s operations to another location for an extended period to allow works to proceed. Such multiple staging would be both expensive in itself (staging areas themselves would probably need a certain degree of fitting out and making good) and disruptive to those being moved at least twice, and possibly more. In addition, the noise of the works and the overall major construction project process could be expected to be highly disruptive to those remaining in the building.

Outcome – John Gorton Building was constructed in the thirties, and at a time when solid interior walls and structural divisions were acceptable and normal. The areas devoted to plant and services were not as would be designed now. Without major demolition and reconstruction of the interior of the building (which might not be structurally acceptable or allowable from a heritage viewpoint) the resulting tenancy areas might not quite achieve the requirements for flexibility and adaptability that are a key part of Finance’s Accommodation Strategy. In other words, while ostensibly it might achieve A Grade standards and allow operation of the building to minimum NABERS and green standards, none of this might be as good an outcome as could be achieved in fitting out a brand new “green fields” office building.

Other tenancies – the “Do Nothing” option requires Finance to stay in public and private leases until a part refurbishment in 2018-19. There are some risks, including risks to the operational budget, in seeking to remain in the privately owned tenancies, or finding alternative privately leased accommodation as necessary.

In view of that reasoning, the solution identified by the Department and endorsed by the Minister for Finance as the most cost effective for the Department to pursue, and the one which best meets its Accommodation Strategy objectives to serve the Government and other stakeholders, was to further investigate the only vacant new development in the precinct, One Canberra Avenue, Forrest.

This process was undertaken in the context of the Commonwealth Procurement Rules, and the key requirement that there must be a value-for-money outcome to any such procurement process. It was not considered appropriate to engage in a formal and competitive market testing process through Austender, as it was known and understood that within Finance’s required locational precinct and timescale such a process would not attract any realistic alternative proposals.

It was determined that Forrest was in fact a building constructed to a high degree of quality, and with modern Commonwealth Government work practices in mind. The Developer of the building contacted the Department with an unsolicited offer with leasing terms attractive to Finance in return for a long term tenancy proposal.

Following discussion and negotiation with the Developer, the following offer has been proposed to Finance (subject to PWC agreement):

- A tenancy of 20,502 m² in the brand new One Canberra Avenue building, with flexible and adaptable floor plates of between 2,200 m² to 2,800 m²;
- A lease term of 20 years with an option to renew of 10 years;
- Basement car parking for up to 495 vehicles;
- Basement storage of approximately 700 m²;
- No make good at the end of the tenancy;
- A minimum 4.5 star NABERS rating in the base building design; and

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

- A significant lease incentive that recognises current market conditions and offers a high quality commercial fit out. The quantum of the lease incentive offered (further details are provided in Submission 1.1) should allow Finance to relocate all of its functions to the new tenancy at little or no capital cost for fitting out its tenancy.

Historical background

Not applicable

Heritage Considerations

One Canberra Avenue is a new office building and there are no heritage considerations.

Environmental Impact Assessments

Not required. The internal tenancy fit out works in the building are not expected to impact the environment.

Key Legislation

The following key legislation is relevant to this project:

- Environmental Protection and Biodiversity Conservation Act 1999;
- Building and Construction Industry Improvement Act 2005;
- Federal Disability Discrimination Act 1992;
- Safety, Rehabilitation and Compensation Act, 1988;
- Work Health and Safety Act 2011 (Cwlth);
- Work Health and Safety Act 2011 (ACT);
- Public Governance, Performance and Accountability Act 2013; and
- Fair Work Act 2009 (Cwlth).

Relevant Australian Standards and the National Construction Code are applicable to all design, fabrication and installation works.

Impact on local communities

The proposal will have a positive economic impact on the ACT community. The project will generate significant employment opportunities for local trades contractors, suppliers, and businesses. It will lead to the anticipated continual employment throughout 2015 in the following sectors:

- Contractors: There is likely to be a need for up to approximately 20 trade companies and 100 personnel on site (and off site including manufacturers and suppliers) during the project delivery. This will assist in keeping staff and contractors gainfully employed;
- Professionals/Consultants: Approximately six separate companies will be engaged to provide consultancy services during the project delivery. This has the potential to involve

Proposed fit-out of new leased premises for the Department of Finance Submission 1

10 to 15 employees in order to ensure that the timeframes and deliverables are achieved; and

- Other businesses within the ACT region including hospitality and other services industries will also benefit from the construction works and eventual full occupation of the accommodation.

There will be minimal disruption to local community activities either during or post construction. Construction traffic will have minimal impact on local traffic networks with project activities to be coordinated with the ACT Government.

Consultation with Relevant Authorities and Stakeholders

During the development of the project, consultation has occurred with Finance staff and other stakeholders.

As the building already exists, consultation is required on the fit out only with the following key external stakeholders:

- Australian Capital Territory Fire Brigade; and
- Local Utility Providers.

Staff Consultation

Finance has established internal consultation and decision making mechanisms which will be employed for this project. The project team will engage strongly with staff representatives to ensure the project is informed and shaped to deliver the most cost effective, functional and quality outcome within budget and program constraints, including the Work Health and Safety committee, Equity and Diversity representatives, Information Management and Technology Group, the Staff Consultative Group and the Executive Management Group.

There are regular times when Finance staff must work long hours outside of normal business times, and thus amenities have an impact on staff satisfaction and retention. The ability for the Department to provide modern, attractive, and adaptable office accommodation, similar to other recent Commonwealth office accommodation, is an important factor in maintaining staff satisfaction and attracting and retaining skilled and experienced staff, who are often seen as valuable acquisitions by high level private sector organizations such as the major banks and accounting firms.

PURPOSE OF THE WORKS

Project Objectives

The Department is seeking to provide its employees with an efficient and sustainable work environment which meets Finance's needs for the next 20 years and beyond. The aim of the proposed works is to deliver an accommodation solution that meets the key goals and vision of the Department and provides high quality, versatile, flexible and secure office accommodation that enables the Department to meet the expectations held by Government, Ministers, Members, and other stakeholders for responsive, innovative and efficient service delivery.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

The principles of the Finance's Strategy are fully outlined in [Attachment 4](#).

Details and Reasons behind Option Selection

Estimates Memorandum 2011/54 '*Commonwealth Property Management Framework*' requires that all departments and agencies complete a whole-of-life cost-benefit analysis to inform property decisions with a value of \$30 million over the whole economic life of the property transaction. These decisions should consider a broad range of options such as owning, leasing or disposing of property.

In response Finance has developed the cost benefit analysis (CBA) (contained within [Submission 1.1](#)), which indicates that an existing commercial lease delivers the best financial outcome for Finance with the lowest:

- cash cost to Finance in the Budget year;
- cash cost to Finance across the forward estimate years;
- Net Present Costs and Whole of Life cost to Finance; and
- capital costs due to the fit-out offered as part of the incentive to relocate to One Canberra Ave.

Table 1 – CBA financial outcomes of options considered

Options	Finance Cash costs 2015-16	Finance Cash costs 2014-15 to 2018-19	Finance costs as Tenant (Net Present Value) (2014-15 to 2037-38)	Upfront capital costs requiring NPP
1. One Canberra Avenue - Finance leases a new building from the private sector	\$12.5m	\$62.1m	\$195.1m	\$0
2. BOT (Build, Own, Transfer) - Private developer builds property on Commonwealth land in the Parliamentary triangle. Finance pays back amortised construction	\$14.2m	\$71.6m	\$194.4m	\$0 This option could have reporting implications
3. Refurbishment of John Gorton Building (A grade) - tenant's refurbishment assumptions (\$2,900/m ²). Includes landlord's incentive of 4 years rent free.	\$15.7m	\$135.7m	\$240.8m	\$220.3m
4. Do nothing - Finance stays in current accommodation, including public and private sector leases. Assumes refurbishment and fit out in John Gorton Building and Treasury Building in 2018-19 and a refreshing of fit out in 2032-33.	\$14.2m	\$94.7m	\$259.6m	\$58.4m

The CBA also shows that on a Whole of Government (WoG) basis One Canberra Avenue:

- has the lowest cost over the forward estimates;
- has a higher cost on a whole of life basis than Option 3, Refurbishment of John Gorton Building;
- leaves no residual asset for the Commonwealth; and
- is the only option that does not require a New Policy Proposal as it can be funded from existing departmental resources.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Other financial benefits of the selection of One Canberra Avenue include:

- a turn-key fit out (proposed by the Developer to establish the new facilities) delivering a completely new work environment to Finance with new workstations and loose furniture, Executive Suite, internal fit out and partitioning, ceiling modifications and installation of new feature ceilings, joinery, window furnishings, floor finishes, floor and wall tiling to wet areas, etc;
- the developer absorbing the fit out design, profit and overheads charges, reducing the costs to Finance of moving to One Canberra Avenue;
- provision for the payment of early termination fees to vacate existing tenancies such as Tourism House, the Burns Centre, and the Treasury Building;
- the full value of the lease incentives proposed by the Developer is discussed in Submission 1.1;
- savings estimated at approximately \$0.5million per annum in corporate services such as security, cleaning, mail services, Departmental fleet vehicles and utilities through a managed services contract with the Developer; and
- savings estimated at approximately \$1.2million per annum in property operating expenses due to the consolidation of the leases in a single property.

Table 2 – Estimated Property Operating Expense savings

	Finance 2013-14 (excluding data centre and COMCAR)	Proposed One Canberra Avenue (floor area of 20,502 m ²)
Repairs and maintenance		\$158,275 (\$7.72* x 20,502)
Cleaning		\$507,425 (\$24.75* x 20,502)
Electricity		\$143,514 (\$7.00* x 20,502)
<u>Combined Property Operating Expenses (excluding Data Centre and COMCAR)</u>	<u>\$2,048,858</u>	<u>\$809,214</u>

*costs from Willemson quote

- it will allow Finance to meet the Government's policy of 14 m2 per occupied work point;
- it does not rely on obtaining funding through a Budget process or Finance running at a substantial loss in any year as required by other options;
- reduced Property Operating Expenses with lower electricity, cleaning, repairs and maintenance cost for Finance resulting from the move to a new single NABERS 5 star fit out site; and
- a firm figure rather than just a projection as with the other options.

Selecting a tenancy such as One Canberra Avenue allows Finance to transfer all of the financial and construction risks associated with a new building from the Commonwealth to the private sector. One Canberra Avenue is already built with the quality of construction immediately apparent. The other options project what a new building or refurbishment may be like at a point in the future. Finance's experience with the façade repair at the John Gorton Building shows that the problems and related costs of construction and refurbishment can quickly exceed initial costings potentially undermining the assumed benefits of options such as refurbishments or build, own operate.

Operational benefits of consolidating Finance at One Canberra Avenue

Operational benefits for Finance from consolidating its leases at One Canberra Avenue include:

- co-location in 2015 compared to mid 2018 at the earliest under the other options;
- enhanced departmental cohesion through the consolidation of most staff at a single site;

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

- improved building facilities such as improved air-conditioning, bathroom and access facilities, kitchen facilities, new feature ceilings, joinery, window furnishings, floor finishes, and a safe environment without residual asbestos risks;
- a single staff move and without the need for staff rotations (staging) across tenancies as is envisioned in the other proposals during the refurbishment period; and
- a completely new work environment with new workstations and loose furniture, Executive Suite, internal fit out and partitioning.

While more than 90% of Finance staff could be co-located at One Canberra Avenue with substantial ongoing savings to Finance, some functions such as the data centre and COMCAR depot may still be maintained as separate leases.

Detailed Description of the Proposed Scope of Works

Location

The fit out works are proposed to be undertaken in a new building completed in 2014 which has been constructed by the Developer at One Canberra Avenue, Forrest (on the corner of National Circuit) adjacent to the Parliamentary Triangle. The Building is located at the Parliament House end of Canberra Avenue within 500 metres of Parliament House, with roadways and or public reserves separating it from all adjacent sites. The site is bounded by Canberra Avenue, National Circuit, Windsor Walk and Game Court.

The building is well served with frequent public bus transport along both Canberra Avenue and National Circuit. There are modern hotels nearby offering a range of café and restaurant facilities, and One Canberra Avenue is a relatively short walk to the popular Manuka and Kingston shopping and eating precincts.

A Site Location map and Site Plan of the location of the new leased accommodation at One Canberra Avenue, together with some indicative floor layout plans, are shown in Attachments 1, 2, and 3 respectively.

Zoning and Approvals

The site is located within the Central National Area on Designated Land as defined under the Provisions of Section 10.(1) of the Australian Capital Territory (Planning and Land Management) Act 1988. The National Capital Authority is the approval authority in respect of planning consents. The base building has been developed by WIC in accordance with the Works Approvals granted by the National Capital Authority in 2012.

Building approvals are administered by the Act Government and in respect of which the base building was granted a Certificate of Occupancy and Use in accordance with Section 69 of the Building Act 2004 on 17 November 2014.

Procurement of Works Approvals and Building Approvals for the fit out will be the responsibility of the Developer (in its role as builder).

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Land Acquisition/Rights to Grant Lease

Willemsen Investment Corporation Pty Limited (ACN 103 231 554), ATF the Willemsen Investment Trust #2 (The Developer) is the registered Crown Lessee of the Land known as Block 1 Section 53 Forrest (Holding Lease) as delineated on Deposited Plan Number 10505 and owns the Building constructed on the site.

Neither the Land nor improvements constructed upon it are the subject of any mortgage or encumbrances.

The Developer has the rights to control the Land, Building, construct works on the site, and grant lease(s).

Base Building Design Concepts

The base building has been design and constructed to reflect current best practice in dynamic workplace design. All elements of the buildings fabric, services and layout have been carefully considered with regard to supporting:

- Modern workplace mobility and flexibility;
- efficient work point densities which substantially better current PRODAC requirements;
- equality of access for the disabled and mobility impaired;
- emerging Information Technology systems;
- environment sustainability;
- continuity of operation through services redundancy;
- future services upgradability; and
- minimised future tenant churn costs.

The base building has been constructed from high quality, enduring natural materials which reflect the established aesthetic of significant public buildings within the Parliamentary Zone. Particular attention has been given to selecting finishes which require minimal maintenance over their lifecycle whilst still maintaining a timeless high quality aesthetic.

Summary of key base building features

Layout

The five level building is comprised of North and South towers with an approximate total net lettable area (NLA) of 24,000m² (excluding the atrium which is not proposed to form part of leased area). Each level is interlinked by a naturally lit enclosed atrium with aerial bridges providing up to 5,000m² NLA on each level. The ground level of the building is proposed to contain a café facility which will be leased by Willemsen to a third party operator.

Public and general pedestrian access to the building will be via the atrium with a ceremonial driveway provided off Canberra Avenue (West) and general access from Game Court (East) which has short stay parking. Additionally access will be provided through the café from Windsor Walk (North). At ground level the atrium has been designed as a public access and assembly place with a centralised reception station to facilitate interdepartmental and public interface and connectivity. The North and

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

South towers have secure lift foyers which directly connect to the atrium providing enhanced security to all office areas and atrium facilities above ground.

Access to the basement of the building and loading dock is provided from the southern end of Game Court.

Each building tower is independently serviced by North and South roof level plant rooms. The basement of the Building provides all end of journey facilities including car parking, bicycle parking, showers, and lockers.

Car Parking

A total of 495 car parking bays are provided over 3 levels in the basement of the building. Access to the North and South tower lifts is via secure lift foyers on each level of the basement.

Basement vehicle access is controlled by 4 high speed secure roller doors with additional dedicated secure bicycle and pedestrian entrances. It is proposed that the Department be the exclusive user of the facility for security reasons.

Structure

The Building structure is predominantly reinforced post tensioned concrete with an expanded 10.2 metre x 8.4 metre column grid.

The building has a high efficiency glass façade with aluminium structural framing (refer sustainability). Glazing is floor to ceiling for maximum light penetration, with a typical 1.7m mullion spacing which aligns with building column grids.

Office floors have been designed with a 5Kpa live load typically with increased 10kpa load capacity provided on each floor level in each tower in a location that is appropriate for storage (eg, compactuses).

Sustainability

The base building incorporates a comprehensive array of passive and active systems designed to minimise energy and water consumption without compromising building functionality, redundancy capacity and reliability. The base building has been independently modelled by Hampton Sustainability (now known as Edifice) to exceed NABERS 5 star energy consumption in administrative office use.

The passive energy conservation systems (insulation and air infiltration sealing) incorporated into the base building substantially exceed the requirements of NCC 2012 and have been independently assessed against section J version 3 requirements of the NCC2012 by Hampton Sustainability. Sustainability features include;

Passive Insulation

The façade of the building is primarily comprised of an insulating glass unit (IGU) curtain wall which achieves a visible light transmission of 63% with an ISO G value of 0.26 (Total energy transmittance degree, permeability of glass to solar radiation). This class leading ratio of visible light transmission to insulation capacity allows a substantial reduction in lease area energy costs through a considerable

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

reduction in artificial lighting during daylight hours. An extensive façade shading system has been incorporated to further reduce energy consumption.

The building incorporates a double layer environmental sealing system with an outer weather seal layer and then inner air seal layer which prevents uncontrolled external air infiltration to Leased area. Likewise the office areas are insulated from the public atrium with the use of an IGU curtain wall system which provides increased thermal and acoustic control between the two areas.

All other surfaces that are exposed to external temperatures and or the basement and insulated on the internal face to achieve and R_t (summer heat flow in, winter heat flow out) value exceeding 3.

Water Conservation

The building harvests water from approximately 6,500m² of roof area and stores it in a 280,000 litre on-site storage system with particulate filtration. Harvested water is used for toilet flushing and irrigation. Wet areas fixtures have been selected for the functionality and water efficiency. Urinals and tap fittings are 6 star WELS rated, toilets and cisterns are 4 star WELS rated with dual 6/3 litre flush volume.

Energy Efficient Mechanical Plant

The building incorporated a mechanical system which has been specifically design to provide the highest possible levels of energy efficiency, reliability and occupant comfort with respect to local (Canberra) climatic conditions. Key features include:

- High efficiency “Eurovent” certified class E (highest level of energy efficiency possible exceeds class A) chillers with heat recovery and high level BMS interface;
- High level interfaced variable speed drives to all motors over 2Hp for precises response to building load conditions;
- Multi stage gas fired condensing boilers feeding with all variable air volume (VAV) units having dedicated reheats;
- 4 zone air handling supply with maximum 100m2 VAV zones within office area to provide precise response to thermal and occupant loads;
- Outside air cooling cycle with humidity compensation and CO2 detection;
- Outside air intake preheating during winter;
- Cooling system heat recovery; and
- Backnet (communication protocol providing highest level of equipment interoperability) building management system with a range of energy conservation strategies including optimised start stop, night purge, and economy cycle.

Intelligent Energy Efficient Lighting, Electrical Systems and Solar Generation

A core concept in the building’s energy conservation strategy is the elimination of artificial lighting during daylight hours. This has been achieved through the leading edge façade system that provides a 63% visible light transmission. To fully capitalise on high natural lighting levels the overhead office area lighting operates on 5 core networked DALI wiring system, where each light fixture can be individually controlled based on real world requirements.

The building has an expansive roof area of approximately 6,500m2 with no overshadowing which provides the opportunity to generate a substantial proportion of base building energy from solar generation. The building will have approximately 200Kw of solar generation capacity supplying building energy needs.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Common area lighting is controlled base on real world lux (luminance, light levels) and time clock. The building management system continuously monitors natural light levels and activates light only when illumination falls below a safe level.

Lighting in service areas such as toilets, showers, basement car parking, plant rooms, etc. is controlled by motion and passive infrared detection. Basement areas have zoned lighting control to avoid unnecessary lighting.

All building lifts incorporate regenerative drive units which generate electricity during downward travel which can be used in the building electrical network.

Base Building Services

Mechanical

The building mechanical system has been designed with full consideration to the high variability of the local climate and the optimisation of the relationship between occupant comfort and energy efficiency. The north and south towers of the building are independently serviced from roof top plant rooms with conditioned air distributed to the floors via centralised riser ducts.

The north tower is serviced by 5 air handling units (AHU) and the south tower is serviced by 4 AHU's to provide zonal control based on solar loads. On each floor variable air volume units (VAV) servicing no more than 100m² modulate air flow from the AHU's and provide heating to allow precise control over space temperature.

Heating water is produced in the plant rooms of both towers and is distributed to all building VAV units via a centralised heating water loop. Each tower also has a preinstalled tenant condenser water system servicing all floors to provide supplemental cooling for meeting and computer facilities.

Attention has been given to providing a base level of inbuilt building services redundancy, heating water boilers and cooling water chillers have been upsized to provide duty standby under normal administrative office cooling and heating loads. Mechanical pumping equipment has been duplicated to provide duty stand by operation. The building management system has been connected into a unified building services network which has UPS battery backup.

“Eurovent” is a global benchmark that certifies the performance ratings of air-conditioning and refrigeration products according to European and international standards. The Eurovent rating confirms that equipment will operate in accordance with the design specifications and that the energy costs will be correctly stated. The building chillers have been certified Eurovent SL-E which corresponds to super low noise and the highest level of efficiency possible. All of the buildings air handling units have been Eurovent certified and incorporate variable speed drive units controlling fans with static efficiency ranging from 73 to 80%.

Within office areas air is distributed via ceiling mounted swirl diffusers that prevent draft and temperature stratification whilst supporting energy efficient airflow rates. Mechanical duct work is fully insulated for thermal efficiency, in addition to this acoustic insulation is provide in specific areas to minimise ambient mechanical noise.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Reciprocating equipment has been mounted on vibration isolation mounts to prevent the intrusion of noise and vibration into the office space.

The mechanical system has been design to meet or exceed the requirement of:

- Building Code of Australia (NCC) 2012, including Section J (as applicable);
- AS/NZS 1668.1:1998 The use of mechanical ventilation and air conditioning in buildings, Part 1: Fire and Smoke Control;
- AS 1668.2:1991 (2002 and Draft 2012 for carpark ventilation design) The use of mechanical ventilation and air conditioning in buildings, Part 2: Mechanical ventilation for acceptable indoor-air quality; and
- AS 3666.1:2011 Air-handling and water systems of buildings – Microbial control.

The building incorporates a wide range of energy conservation measures which have been identified in the Sustainability section of this submission.

Electrical

Electricity is fed to the building via on site substation 9628 which is supplied by two high voltage cables each connected to different substations on a loop system (not radial) to provide high level of redundancy in case of network failure. The on-site substation is SCADA rated and contain two 1.5MV/A transformers.

Adjacent to the basement substation in a large switch room with expansion capacity, designed to accommodate future supplemental tenant switchboards for backup power. The switch room supplies power to the north and south towers along with the basement. Accessible dedicated risers in each tower contain the essential and non essential electrical service rising mains, and diesel supply pipes (for tenant backup power) rising to the plant room level. These risers have considerable additional capacity to permit the reticulation of future services.

Individual tenant rising sub mains are provided to each level of the building in each tower. These mains are connected to switchboards which have been designed to support subletting of each floor for future flexibility (up to 4 tenancies). Space has been provided in each switchboard for connection of Tenant electrical services, and a dedicated area has been provided for the installation of backup power switching equipment.

The office area lighting system operates off a DALI 5 core networked lighting grid. Each light fixture is fitted with high efficiency electronic dimmable DALI ballasts permitting individual control without the need for further wiring. This system allows the high natural lighting levels within the office area to be optimised as lighting output can be programmed in response to natural lighting levels, occupancy and fit out. In addition the system is designed to considerably reduce fit out churn costs as the lighting grid will not require rewiring to facilitate the fit out or splitting up of the of the office area. The individual addressing of each light fixture on the network permits switches and sensors to be added to the network which can be programmed to turn on or off one or many lights.

The building contains an extensive electronic energy metering network which is interfaced onto the building management system (BMS) to provide detailed real time information and historical reporting of energy consumption. The system is designed to meet the requirements for proactive NABERS monitoring and to facilitate stakeholders is meeting and exceeding NABERS targets.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

A 200 kw solar array is planned to supply a significant proportion of daytime base load house power. The generating capacity of this array will be optimised by the buildings high energy efficiency to facilitate a benchmark level of energy efficiency.

Located within the roof top plant area are designated zones for tenant backup power generators and or future cooling equipment to servicing computer facilities within the building.

Large accessible fire, security, communications and data risers are provided on each level from basement to the plant room, these risers contain a substantial area for the reticulation of tenant communications cabling. An amplified MATV system has been installed with connection points located on every level of each tower in these risers.

The mechanical system has been design to meet or exceed the requirement of:

- ASINZS 3000 - 2007: "Electrical Installations - Wiring Rules";
- ASINZS 2293.1 - 2005: "Emergency escape lighting and exit signs for buildings, Part I: System design, installation and operation";
- National Construction Code (NCC) 2012 - Part J6 "Energy Efficiency - Artificial Light & Power"; and
- National Construction Code (NCC) 2012 Clauses E 4.2, E 4.4, E 4.5, E 4.6 and E 4.8.

Hydraulic

The building is serviced by a new high capacity diverse water supply from the National Circuit frontage with back flow prevention. Water consumption is metered by the statutory authority and electronically by the BMS for the purposes of NABERS water consumption monitoring.

An acoustically lagged syphonic storm water drainage system is used to collect water for the roof surfaces for storage and reuse in non potable applications. Water collected by the roof is treated by a SPEL interceptor and then filtered for fine particulate matter; the harvested water is stored in 280,000 litre tanks and is used for irrigation and toilet flushing. Reused water in electronically metered by the BMS system, and is cut over to mains supply when tank levels are low.

Provisional sewer stacks and water supply points are provided at various locations across the floor for flexible connection of tenant wet area services. This system utilises a vent less drainage system to eliminate the need for future sewer vents.

An energy efficient instantaneous gas heated domestic hot water service is provided with BMS monitoring and metering of water and gas consumption. Hot water systems are provided in each plant room and supply hot water to an insulated loop which connects to each floor of the building above ground. A separate hot water system is provided within the basement to service the shower and locker rooms.

Separate male, female and disabled (AS 1428.1 2009 compliant) shower facilities are provided in the basement of the building. These facilities are designed to be easily serviced and water efficient with particular attention given to the elimination of surfaces which could accumulate dirt or provide a trip hazard. To avoid transit through public and office areas of the building the facilities are located with direct access to the bicycle parking facility and with direct access to the Canberra Avenue frontage for walkers and runners.

Both the north and south towers of the building have independent central male, female and disabled (AS 1428.1 2009 compliant) toilet facilities which are locate on each level. The facilities are equipped with water efficient and low maintenance fixtures including; in-wall dual flush cisterns, 6 star sensing urinals and 6 star tap fittings.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

A grease trap facility is provided at ground level for connection to commercial kitchens. The grease trap is serviced from outside of the building to avoid noxious gasses contamination and to eliminate spill risks.

Building hydraulic services have been designed to comply with:

- NCC (2012);
- Sanitary Plumbing and Drainage, AS3500.2 : 2003;
- Domestic Cold Water AS3500.1 : 2003;
- Domestic Hot Water AS3500.4 : 2003 and BCA Section J;
- Stormwater Drainage AS3500.3 : 2003;
- Fire Hydrant Protection AS2419.1 : 2005 and NCC Clause E1.3, and as modified by the project alternative solutions report;
- Fire Hose Reel Protection AS2441 : 2005 and BCA Clause E1.4 and as modified by the project alternative solutions report; and
- Natural Gas AS5601 : 2010.

Fire

The building contains a range of passive fire protection, smoke detection and automated fire extinguishing systems to mitigate fire risk.

A zoned smoke detection system is provided within Leased areas, VESDA (very early smoke detection) is installed within the atrium, and ventilation integrated smoke detection is provided in the basement.

All areas within the building have an automated fire sprinkler system for extinguishment of fires. Sprinkler heads are located on flexible droppers to facilitate fit out reconfiguration without the need to drain the system. This system is supplemented by a fire hose reel and fire hydrant system constructed in accordance with the NCC2012 and Australian Standards.

The building contains a smoke control system designed to ventilate smoke from fire affected areas of the Building and prevent to its spread to other areas.

A warden intercom system (WIP) and evacuation warning system (EWIS) with tone alert and automated voice announcement is provided to manage evacuation. Evacuation lighting and emergency lighting is provided to Australian Standards.

Building fire services have been designed to comply with:

- AS2118 - 1999 Automatic Fire Sprinkler Systems;
- AS1670.1 - 2004 Fire Detection, warning, control and Intercom systems;
- AS1670.4 - 2004 Fire Detection, warning, control and Intercom systems; and
- Fire Safety Engineering Report 28900064.

Security

The base building is equipped with a range of passive and active electronic security systems which form a backbone upon which the Department will implement security to meet the requirements of the Protective Security Policy Framework with regard to its security risk assessment of its business functions. The base building incorporates the following security features;

CCTV System

- The base Building has an extensive digital CCTV installation to provide coverage of the common areas and building surrounds. This system resides on the unified building services

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

network on its own secure V-Lan so as to permit rapid and minimal cost expansion of the system as required.

- The system currently includes 64 cameras (CH) with 400mb/sec recording throughput (real time recording), minimum 2 megapixel resolution and day-night performance. The buildings perimeter is covered by PTZ cameras to provide wide area automated patrolling with minimal user input and guard staffing.

Access Control

- The base building is equipped with an Inner Range (brand) “Integriti” (model) access control system with HID (brand) proximity cards. Electronic locking is generally FSH (brand) SCEC endorsed. The system provides access control to the general ground level access points, lifts and other key areas which can be readily expanded to meet additional security requirements within the Leased area. The access control system resides on its own secure network and is interfaced via firewall to the unified building services network to facilitate flexible monitoring and control within the building.

Mechanical Locking

- Non glazed doors are fitted with Assa Abloy (brand) Protec (Model) (SR) SCEC endorsed master keyed locking cylinders with Legge Pacific 990 (IR) SCEC endorsed mortice latches.

Electronic Lift Foyer Security

- Access to lift foyers on ground level and within the basement is controlled via access card interfaced to electronic locking or security races. Lifts transport is controlled by access card.

Vehicle Impact Protection

- The ground level of the building incorporates measures to resist vehicle impact. On the south, west and north elevations 200mm thick steel reinforced concrete walls have been constructed to a height of 750mm to resist impact forces. At the west driveway entrance large diameter impact bollards have been installed to resist vehicle impact. The east and part of the south and west the building is substantially elevated with reinforced concrete walls in place to resist vehicle impact.

Intrusion Resistant Glass Facade

- The glass façade elements have been structurally glazed without the use of removable glazing sections. Access to the interior of the premises is required for removal of glazing elements.

Centralised Guards Station

- Located immediately adjacent to the loading dock facility is a centralised guards / security station which can be staffed on a permanent basis. This facility provides secure centralised control over head end electronic security infrastructure and provides a receiving point for all deliveries and building contractors.

Centralised Reception Desk

- Located within the centre of the atrium is a large central reception desk which has the capacity to be efficiently operated by 2 staff with the capacity to accommodate up to 6 staff depending on security requirements. The desk provides unobstructed views of the primary public entrance points to the building and ground level secure lift foyers. The facility is

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

connected to the unified building services network providing either monitoring and or control of CCTV, electronic security and building management systems.

Redundancy

Building services have been designed where possible to operate on a duty stand by basis to provide an inbuilt level of redundancy. In each tower the chillers, hot water generators and pumps consist of two identical units each sized to provide heating or cooling water supply to service normal building loads and weather conditions. In the event of an equipment failure the BMS system automatically switches over to the standby unit providing continuity of operations.

The building designed for installation of a backup generator with a diesel tank room provided in the basement and associated riser piping to the north outdoor plant room where a generator set would be installed. The core of the building contains dedicated risers suitable for the distribution of backup power supply mains between the roof, main switch room and tenancy switchboards.

The access control system to building is provided with a UPS backup with 24 hours life. The building services network is provided with UPS units power filtering and orderly shutdown or switchover to generator power.

Primary access ways to the building have designed in redundancy, for example car park entry and exit gates are duplicated and public access to the atrium is provided through multiple points.

ACTEW Electricity has provided a diverse electricity supply to the building fed from two independent substations. ACTEW water have confirmed that the building is supplied with a grade 1 water supply.

Acoustics

The building has leading edge acoustic controls making it suitable for high density open plan work point layouts with low height partitioning. In the office areas the suspended ceiling system (used throughout) has a noise reduction coefficient NRC of 0.7 (70% sound absorption, 30% reflection). The floor system has a NRC of 0.15.

Within the atrium both ceilings and vertical spandrels are baffled and contain acoustic penetrations for reverberation control.

Stormwater and sewer pipe work with occupied tenancy areas are acoustically lagged to prevent sound ingress to occupied areas.

All reciprocating plant within the plant room is installed on acoustic isolation mounts, in addition “Super Low Noise” rated chillers are used.

Lifts

The building has been equipped with PCA (Property Council of Australia) “A” grade rated vertical transport capacity (lifts). Calculations have been based on the building being fully occupied with a highly efficient occupation density of 12 m² per person. The average morning peak wait times are calculated to be less than 30 seconds and lunch time peak are calculated to be approximately 35 seconds.

Lifts are fitted with large enhanced information displays which can be user programmed. Up-rated lifts with combined goods and passenger capacity (1600kg) are provided in each tower. All lifts have 2.7meter high lift cars and 1 meter wide reveal-less door openings for increased equipment transport capacity.

For optimal durability and performance lifts have fitted with roller bearing guides, high quality regenerative drive motors and have minimal (1m/s) “drive jerk” with a high 1.75m/s travel speed.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

To avoid disruption and security issues associated with servicing lift control units are installed remotely within the plant rooms.

Accessibility

The has been design for equality of access for mobility impaired and disabled persons in accordance National Construction Code (NCC) 2012, Australian Standard 1428.1 -2009 Access and Mobility, Australian Standard 1428.4 Tactile Indicators and performance based analysis undertaken by disability consultants Eric Martin & Associates.

The building contains a range of devices to facilitate workplace inclusion of disabled and mobility impaired persons including:

- both tactile and Braille signage;
- tactile floor indicators;
- ambulant facilities in all toilets;
- dual handicapped toilets on each level;
- disabled shower facilities;
- compliant handrails;
- voice annunciation and tactile buttons within lifts;
- wheelchair access to both East and West primary ground level entrance points; and
- compliant disabled car parking bays.

Fit out Planning and Design Concepts

Finance is responsible for administration of the “Commonwealth Property Management Framework” which establishes the principles for the efficient, effective, economical and ethical use of property resources and applies to property leased and owned by non-corporate Commonwealth Entities. The Department is seeking to demonstrate in its accommodation compliance and best practice with regard to this policy framework and industry standards.

In particular the fit out design will reflect the objectives stated within Commonwealth Government advisory documents:

- Flexible and Efficient Workplace Design Guidance - RMG 506, and
- Property Management Planning Guidance (Financial Management Guidance No 18).

Attached to this submission are sketch plans which reflect the objectives stated in the before mentioned documents and capitalise on the efficiencies and benefits offered by the base building.

Finance requires a dynamic and modern workplace that facilitates its business processes and supports it in attracting and retaining high quality professional employees who can successfully meet the Department’s business needs.

The planning and design concepts which will guide the design of the fit out include:

- Deliver a modern, contemporary tenancy that aligns with Commonwealth standards (including PRODAC workspace density targets of a maximum of 14 m² per occupied work point) and current best practice for office accommodation;
- Provide an office fit out that utilises to the maximum extent practical energy efficient and environmentally friendly and sustainable materials and goods and services. The fit out will achieve the minimum overall tenancy rating of NABERS 4.5 star and self-assessed 4 green star rating, and will reduce waste and use recyclable materials where practicable;
- Design to an occupational density of approximately 12m² per person as a standard in its office accommodation to ensure it meets the target of 14m² per occupied work point and

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

which will also allow Finance to provide some contingency space within its accommodation. This is consistent with the Property Management Planning Guidance (Financial Management Guidance No 18) publication, which states that the Australian Government occupational density target is 14m² per occupied work point; and

- The following basic design principles are included, and are enhanced by the base building design and construction features summarized above:
 - Access to natural light and views to be maximised for general open plan work areas;
 - Generic design principles to be employed in the layouts and design of workstations and offices to enable easy/quick/inexpensive churn and change, long life and high durability;
 - Power and data provision to facilitate flexible layouts;
 - Dedicated staff amenities to allow interaction and communication in the workplace;
 - Meeting places to be provided in the form of conference, auditorium, meeting and quiet rooms, in a variety of sizes and configurations. These facilities will be located within shared areas;
 - Consideration given to the design and inclusion of more collaborative areas, as opposed to the traditional meeting room concepts, with varying layouts and furniture styles introduced and which will meet both the individual's and group needs;
 - Provision of spare workstations within groups for visiting colleagues, consultants, graduates/cadets; and
 - All office equipment (servers, printers, laminating machines, etc) to be separated from the general office space to maintain optimal environmental conditions within the office areas and minimise energy consumption.

The design has adopted construction techniques and materials which are sustainable, robust, and address whole of life costs, and which are consistent with the capacity and capability of the local construction industry.

Further Fit out Details

It is proposed that the Department of Finance will be the major occupant of the building, which is comprised of three Ground tenancies and four upper levels (levels 2 to 5 inclusive) in two wings (North and South). It is further proposed the Department will occupy all of the building excluding the café area (300 m²), Level Ground 2 (1,037 m²), and Level 2 North (2,196 m²). Finance's proposed total NLA is 20,502 m², and in addition it might take further space of up to 3,233 m² and sub-lease it on a full cost recovery basis to the Australian Electoral Commission, which is a Finance Portfolio Agency.

The scope of the proposed fit-out works includes:

- Integration with base building services to achieve the design concepts described above. Design and construction of services to be integrated with the base building works including electrical, mechanical, communications, security, fire and hydraulic services;
- Office fit out. Design and fit out will conform to the Department's operational requirements including construction of the reception areas, general office fit out and open plan work areas to comply with the occupational density target of 14m² per occupied work point and to standards commensurate with contemporary, modern Commonwealth office accommodation including:
 - IT build/test rooms;
 - Records Management;
 - Library;
 - Multi-purpose rooms including first aid, multi-faith, carers/feeding rooms;

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

- Mail room – design to follow minimum security requirements for mail scanning;
- Store/loading dock facility;
- Breakout spaces, quiet rooms and casual meeting space;
- Communications room;
- Conference and training facilities;
- Dedicated First Aid room;
- Amenities areas;
- Kitchens;
- Showers and lockers.
- Security. Design and installation of security controls including a security alarm system, an electronic control system, door hardware and electronic access control at the main entrances, other entrances, exits, vehicle access points and internal areas with higher than normal security needs;
- Lighting control system. A lighting control system to reduce energy consumption in tenant areas including the ability to automatically turn off lights in unoccupied rooms and to provide reduced lighting levels when appropriate, such as reduced lighting levels for access after-hours. Some additional lighting will be provided as required in partitioned rooms;
- Data cabling. Data cabling throughout the tenant areas including phone and computer outlets at each work point. The cabling infrastructure will provide saturation cabling to in-ceiling consolidation points and be designed to cater for future capabilities in order to provide future flexibility and efficiency related to churn; and
- Flexibility for churn. The building design and fit-out will enable the Department considerable flexibility to meet its frequently changing (dynamic) accommodation requirements. This will be achieved through:
 - Work points that can easily and quickly be reconfigured without disturbing productivity;
 - Maximising the use of open plan areas;
 - Ensuring the enclosed areas are capable of being altered easily to allow for future change, e.g. the utilisation of modular meeting room design so that two small meeting rooms will also satisfy the requirements of one medium meeting room with minimal additional building works;
 - Building services that are located to allow for repositioning of walls; and
 - Changes in technology.

Typical floor plans are provided at Attachment 3.

Codes and Standards

The base building has been constructed in compliance with the National Construction Code 2012, relevant Australian Standards, Authority Requirements and Statutory Authority approved alternate engineering solutions. Compliance in this regard has been certified by ACT Government accredited building certifiers Blackett Maguire Goldsmith in November 2014.

The fit-out design and construction will comply with all relevant requirements of the National Construction Code - Building Code of Australia (BCA) 2014 including Disability Access, ACT Planning and Land Management and relevant Australian Standards. It will also comply with the Protective Security Policy Framework and agency security requirements.

An accredited Building Certifier will be engaged to certify compliance of the fit out works. Fit out construction contractors will be compliant with the Building Code 2013.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Materials and Finishes

Materials and finishes will be selected from those readily available locally for their functionality, durability, low maintenance and for their ecologically sustainable design properties.

Plasterboard, prefinished board and glass partitioning will be used to form individual offices, meeting rooms, reception areas, utility and store rooms, training rooms, communications equipment rooms and staff facilities. Partitioning will be a modular system based on generic room dimensions to accommodate future churn and change.

Mechanical Services

The office fit-out areas will be served by low temperature Variable Air Volume systems provided by the Base Building and integrated through the fit-out. Air handling units will be zoned through the offices and across floors to maximise ability to shut down areas not in use and save energy. On-floor reticulation will be flexible to facilitate re-arrangement of the fit out associated with churn.

Hydraulic Services

Hydraulic services will include the following provisions provided in the base building and integrated with the fit-out works:

- Domestic cold water reticulation serving all fixtures and fitting complete with consumption metering connected to the energy-monitoring system and required backflow prevention in each case;
- Domestic hot water independent of the system serving the mechanical services installation;
- Non-potable water treatment and reticulation system with consumption metering connected to the energy-monitoring system;
- Sanitary drainage reticulation separating reusable waste water (grey water) for processing in a water treatment system for reuse within the building;
- Branched valved connections for cold water supply for tenant future connection;
- Water conservation measures, including grey water treatment, rainwater retention and flow-limiting fixtures and equipment;
- Separate building owner and tenant authority metered natural gas supplies;
- Provisional sanitary drainage stacks to service the net lettable area; and
- Low water use in the landscape watering system.

Electrical Services

The electrical installation includes electrical supply, metering, distribution, lighting and special purpose power in compliance with Statute and Regulations. The provision of electrical services provided in the base building will be integrated with the fit-out works and include:

- Separate main switchboards for the base building supply services and tenancy supply services;
- Standby power system including an uninterruptible power supply, load banks, fuel supplies and programmable logic control systems;
- Power factor correction equipment for the base building main switchboard;
- Active power filtration for the tenant main switchboard;
- Separate base building mechanical services switchboard supplies, including essential services components and sub-metering provisions;

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

- Sub-mains to all base building and tenancy services including, but not limited to, vertical transportation, mechanical services, fire services and general light and power;
- Separate sub-mains to serve an unmetered tenancy supply arrangement;
- Tenancy distribution boards, including separately metered lighting chassis, separately metered general power chassis and separately metered supplementary mechanical services chassis;
- Metering of switchboards and electrical supplies;
- An energy-monitoring system to measure all meters and power analysers associated with base building and tenancy supplies;
- Light and power sub-circuit wiring;
- Luminaires;
- A modular lighting control system to control and manage all lighting throughout all areas of the building;
- General and specific power wiring to equipment;
- A cast-in cable management system to provide multiple services, including general power, data and voice communications, MATV cabling and audio visual cabling access for the future fit-out;
- Ceiling-mounted power distribution points to provide power to all workstation locations;
- Fully monitored exit and emergency lighting system;
- Lightning protection and primary and secondary surge suppression within switchboards; and
- Technical earth reticulation to the primary communications room, the tenancy communications rooms and main distributor room.

Information and Communications Technology (ICT) Services

The provision of ICT services provided in the base building will be integrated with the fit-out works and include:

- Installation of cable pathways (conduits and pits) associated with Telecommunications Carrier Lead-in services;
- Installation of cable pathways (conduits and pits) associated with incoming ICON network connections;
- Base building communications customer cabling to support the provision of telecommunications services in the new building;
- A range of provisions for distributed audio-visual facilities throughout the building; and
- Provision of hearing augmentation systems for conference and meeting rooms.

All cabling associated with secure networks will be installed in accordance with the Australian Government Information Security Manual.

Fixed Furniture and Joinery

Fixed furniture and joinery items include fixed shelving, pigeon holes, utility room cupboards and benching, meeting room, benching, kitchen facilities, interaction benching and kitchenettes, shelving, sink units and storage cupboards.

Specific proprietary fixed items have been identified including whiteboards, pin boards, coat hooks and dispensers.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Loose Furniture and Equipment

Loose furniture to offices, open work points and office support spaces including meeting rooms will be modular and flexible.

Specific proprietary loose items, including pallet racking, compactuses, open metal shelving, lockers, cabinets and acid and solvent cabinets will be procured and installed by the project. Where possible loose furniture and equipment will be identified and reused.

Acoustics

Noise and reverberation criteria for internal spaces have been specified in accordance with Australian Standards AS2107:2000 Acoustics and AS1469 Acoustics – Methods for the Determination of Noise Rating Numbers.

Internal sound insulation criteria for partitions have been nominated for specific areas of the fit out utilising industry standard approaches. These have been used as the basis for developing appropriate acoustic insulation construction between various internal spaces.

Design criteria and building performance for ambient noise ratings shall be in accordance with the ACT Environment Protection Act and Regulations for noise emissions.

Environmental Sustainability

The Department is committed to Ecologically Sustainable Development (ESD) and the reduction of greenhouse gas emissions. The building's objective is to achieve best practice in sustainable design in accordance with the Environmental Efficiency in Government Operations (EEGO) policy. The Base Building was designed and constructed to achieve a 5 Star NABERS energy rating and 5 star Green star as-built base building rating. The fit-out will achieve a minimum 4.5 Star NABERS energy rating and self-assessed 4.0 star Green star interiors rating.

The generic features that help achieve sustainability for the design are:

- Recycling of construction and demolition waste;
- Detailed building tuning and commissioning to ensure efficient building operation;
- Building orientation to maximise energy efficiency while allowing maximum daylight penetration and external views;
- Use of paints, flooring, carpets, adhesives and sealants with low Volatile Organic Compound emissions;
- Inclusion of engineered timber products with low or zero formaldehyde emissions;
- Selection of environmentally certified fit-out products;
- Use of thermal insulation and refrigerant products with zero Ozone Depletion Potential;
- Use of water efficient fixtures, toilets and appliances;
- Supply of all toilets and urinals with rainwater for flushing;
- Solar hot water systems with gas boost to provide domestic hot water;
- Use of economy cycle when outdoor ambient temperatures are suitable to minimise energy consumption;
- Recovery of waste heat from exhaust air to temper outdoor supply air;
- Lighting controls with time clocks, motion sensors and daylight sensors to minimise wasted energy, and energy efficient lighting design including consideration of LED lighting options;
- External lighting designed to minimise light pollution;
- Plant species to be low water use, indigenous and drought resistant;

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

- Use of recycled rainwater for landscape irrigation; and
- Provision of metering and sub metering to capture the energy and water consumption of each area within the building including server rooms.

A Green Lease Schedule will be included in the lease.

Measures to Reduce Energy and Water Use

The following passive design features have been integrated into the design to reduce the energy and water demand of the base building and fit out:

- Orientation of buildings, shading, thermal mass, insulation and glazing have been optimised to reduce energy consumed by active heating and cooling through appropriate use of solar gains throughout the year;
- Natural light has been maximised and artificial lights are linked with daylight sensors to limit energy use;
- Incorporating water sensitive urban design strategy to maximise water retention and reuse on site from the building and car park areas, reducing on site demand on potable water supplies;
- All taps and toilets will be water efficient and rated as at least 4 Star Water Efficiency Labelling and Standards (WELS);
- “Energy Star” compliant appliances and equipment will be installed where available and fit-for-purpose;
- Artificial lighting in the building will utilise low energy lamps and incorporate lighting; and
- Control systems such as daylight sensing, occupancy sensors and time switches to minimise energy usage.

Compliance with Territory and Commonwealth Water and Energy Policies

The base building and fit-out will be designed, constructed, operated and maintained in order to use energy and water as efficiently as possible and comply with the following statutory requirements:

- Parts J1 – J8 of Section J of the National Construction Code – Building Code of Australia 2014; and
- The Energy Efficiency in Government Operations policy.

Security

The security design will be developed from the Department’s security risk assessment of the business functions and will meet the requirements of the Protective Security Policy Framework and the Australian Government Information Security Manual. The Department’s security requirements will be implemented across the building and proposed fit-out and include an access control system, speed gates, security cameras, intruder alarm and intercom system.

All Departmental staff will use photo identification security passes to access the premises. The passes will interface with proximity card readers at specified locations around the perimeter.

Electronic access control and security features include:

- Electronic speed gates at controlled entry points to the facility;
- Vehicle and bicycle access control to parking areas;
- Loading dock and after-hours access control doors; and
- External doors, including emergency exit doors, will be electronically monitored.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Internal areas with higher than normal security requirements, such as server rooms will also have electronic access control installed to restrict access to authorised staff only.

A security risk assessment has been conducted in line with the requirements of the Protective Security Policy Framework and recommendations implemented as appropriate. In addition the building perimeter shall be cognisant of ACT Crime Prevention and Safety Guidelines.

Fire Protection

The provision of fire protection services provided in the base building will be integrated with the fit-out works and include:

- fire protection and detection systems including smoke hazard management in accordance with the National Construction Code;
- an emergency warning and intercommunication system complete with additions to cater for hearing-impaired requirements;
- Portable fire products, including extinguishers and blankets;
- an external and internal hydrant system;
- an internal fire hose reel system;
- ancillary alarm outputs to various subsystems;
- fire sprinkler systems, dry and wet pipe as defined; and
- Very Early Smoke Detection Apparatus (VESDA) system or equal to the primary communications room only.

Provision for People with Disabilities

The design of both the base building and fit-out include exemplary equitable access provisions for persons with a disability in accordance with the Disability Discrimination Act (DDA), the relevant technical requirements of the National Construction Code - Building Code of Australia, Access to Premises Standard (2010) and associated Australian Standards. Accordingly, the following facilities will be provided:

- The appropriate number of self-contained accessible toilets per floor;
- Accessible shower facilities;
- All lifts accessible and facilities provided in accordance with AS1735.12;
- Accessible parking;
- Hearing aid loops to meeting rooms, security desks and public areas; and
- Lifts, access-ways, doorways and accessible toilets and showers will be sized to conform to National Construction Code - Building Code of Australia.

In addition, joinery and furniture items such as kitchenettes, reception desks, external seating and vending machines will be provided in accordance with the enhanced design requirements of AS1428.2.

Child Care Provisions

No childcare provisions are being provided under this project, as is the case with Finance's current leases including John Gorton Building. However, Finance is aware that there are numerous child care facilities within a short walking or driving distance of One Canberra Avenue.

Designated Multi-Purpose rooms suitable for use as Parents Rooms will be provided on all floors including ground floor. These will be located within close proximity to lifts and amenities.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

Public Transport

One Canberra Avenue is located on the corner of Canberra Avenue and National Circuit in Forrest. National Circuit is a major conduit for all buses travelling to and from the south of Canberra, including from Tuggeranong, Woden, and Weston Creek. At peak office hours there are buses passing the One Canberra Avenue location every few minutes, and because of the number of routes accessing National Circuit there are buses very frequently in non-peak periods.

Access to cafes and other facilities

One Canberra Avenue has a designated café space on the ground level which will be sub-let by Willemsen to an independent operator. Most of the office buildings close-by have their own cafes, and there are three major hotels with a range of eating and other facilities either adjacent or within a five minute walk.

The popular shopping and eating areas of Manuka and Kingston are within walking distance or a short drive away, and the popular Griffith Shopping Centre is also a short drive away.

Work Health and Safety

The fit out will comply with the requirements of the Work Health and Safety Act 2011 (Commonwealth) and Work Health and Safety Act 2011 (ACT).

The Department is committed to improving occupational health and safety outcomes in the building and construction industry. In accordance with Section 35(4) of the Building and Construction Industry Improvement Act 2005 (Commonwealth), contractors will be required to hold full occupational health and safety accreditation from the Office of the Federal Safety Commissioner under the Australian Government Building Construction Occupational Health and Safety Accreditation Scheme.

Safety in design workshops will be undertaken during the design phases of the project.

Environmental Considerations

A Referral under the Environment Protection and Biodiversity Conservation Act 1999 (the EPBC Act) is not required for this proposal.

Heritage Considerations

There are no known heritage issues that are required to be addressed in relation to this proposal.

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

COST EFFECTIVENESS AND PUBLIC VALUE

Cost Effectiveness - Overall Project Budget

The Department has established, on the basis of the current conceptual design, an indicative budget of \$32.066 million (excluding GST) for the proposed fit out of its new office tenancy.

This budget includes provision for contingencies, cost escalation and associated professional fees. It also provides a provision to pay out existing lease tails, thereby covering the “double rent” on current leased office accommodation.

Funding for this initiative will be met, in major part if not in whole, from a lease incentive towards fit out and associated fees and the covering of outstanding lease tails, with any additional costs to come from funds appropriated to Finance.

Details of Tenancy Fit out Delivery System

The Department intends to engage Willemsen, the Developer of One Canberra Avenue, through an Agreement for Lease (AFL) to prepare the detailed design documentation and construct the fit out. This work will be undertaken entirely at Willemsen’s cost, within the bounds of the agreed Lease Incentive. If Finance requires any works to be undertaken outside of the provision of lease incentive (for example, enhanced security provisions or ICT provisions), it will be responsible for the cost of those works, which will be funded from Finance’s own budget resources. The likelihood of any such extra amounts are considered to be minimal. The AFL is conditional upon receiving Parliamentary approval for the project and clearly articulates the conditions precedent to progressing to the Commonwealth National Lease to be executed upon occupation of the new office accommodation.

A fit out provided by the Developer, utilizing the base building designers and construction contractors, is expected to provide Finance with the following benefits:

- Reduced costs associated with re-work or modification of the base building to accommodate the fit out as the design for both elements will be coordinated; and
- Reduced risks associated with the coordination of the project as the same base building project team manages all aspects of the fit out works. There are fewer overlaps in responsibility and less potential for disputes over matters such as interference.

The Department has engaged a specialist consultant team to manage the project and ensure its interests are protected throughout the project.

Governance Structure

The Department's Enterprise Management Office, Chief Operating Officer Group, will be responsible for the delivery of the works in accordance with the scope of works proposed within this submission.

The Department’s internal governance structure includes the following:

- Executive Board which is responsible for setting the broad project direction, communicating with the Minister on the project scope, status and issues, resolving issues affecting more than one stream of the Department and performing a high level review of project cost and time parameters;
- Steering Committee which is provide oversight and guidance on the implementation of the specific elements of the project including:

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

- defining project boundaries including agreeing time, cost and quality parameters;
- ensuring that the project stays within project boundaries;
- identifying and managing the project risks and emerging issues;
- ensuring effective management of all people and resources associated with the project;
- ensuring that the necessary communications mechanisms are in place; and
- ensuring compliance with all relevant statutory obligations.
- Project Control Group which convenes monthly to control and coordinate the project deliverables. This group reports to the Steering Committee.

Construction Program and Project Schedule

Subject to Parliamentary approval, the fit-out is scheduled to commence in March / April 2015 with Practical Completion scheduled for 1 July 2015.

An indicative fit out construction program has been provided by the Developer and is at Attachment 5.

Public Value

Public value associated with this tenancy fit out proposal is realised through the ability of Finance to continue to meet its important role in assisting government across a wide range of policy areas to ensure its outcomes are met, particularly with regard to expenditure, financial management, and the operations of government.

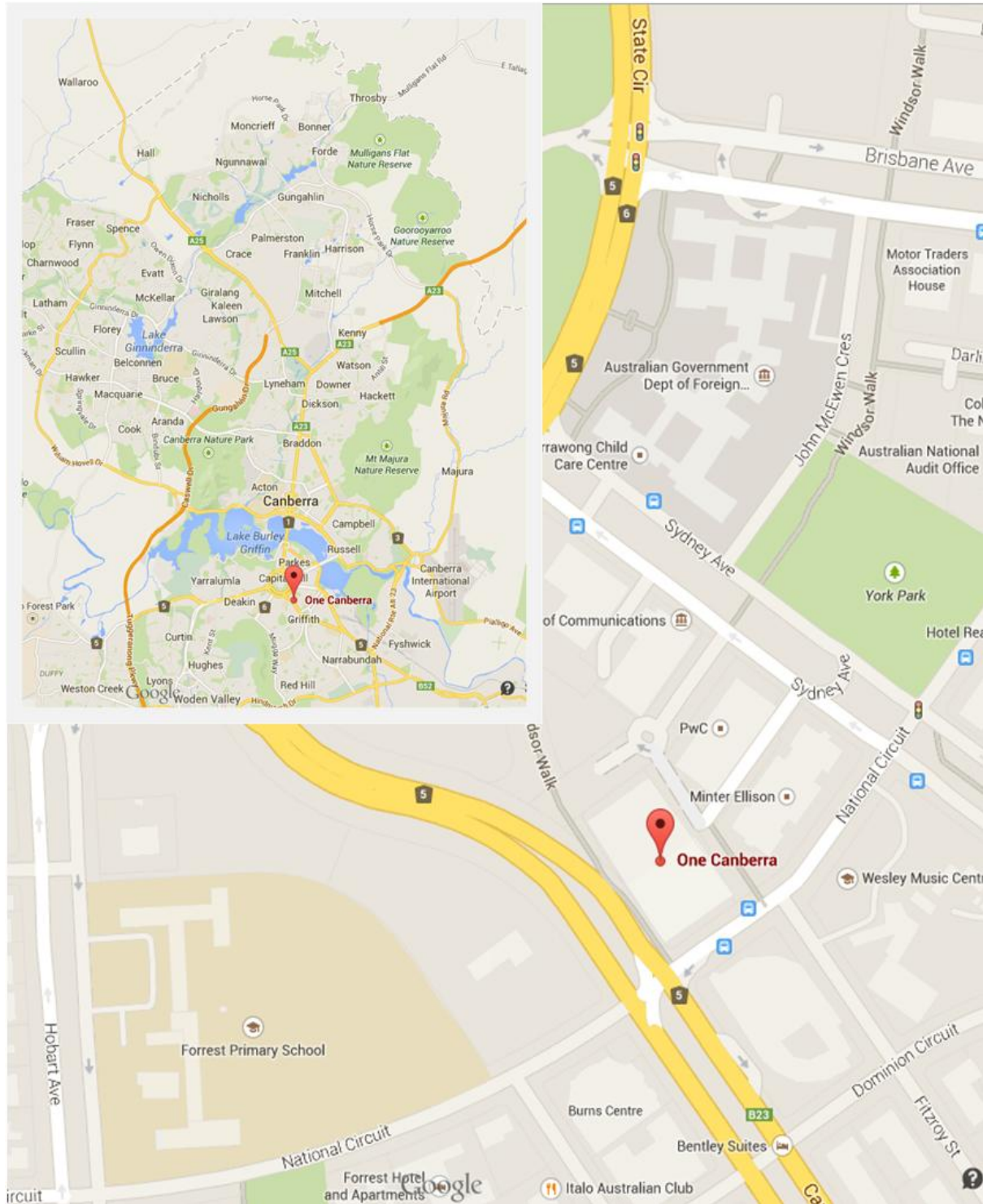
Public Value is also realised indirectly through ensuring that the current deficiencies in Finance's leased office portfolio, as identified above, are addressed and remedied. By addressing these deficiencies with a flexible and long term accommodation solution, Finance aims to attract and retain high quality staff who will contribute materially to Finance's overall public role.

Revenue

There will be no revenue derived from the project. Finance will only sub-lease space to other portfolio agencies on a cost recovery basis.

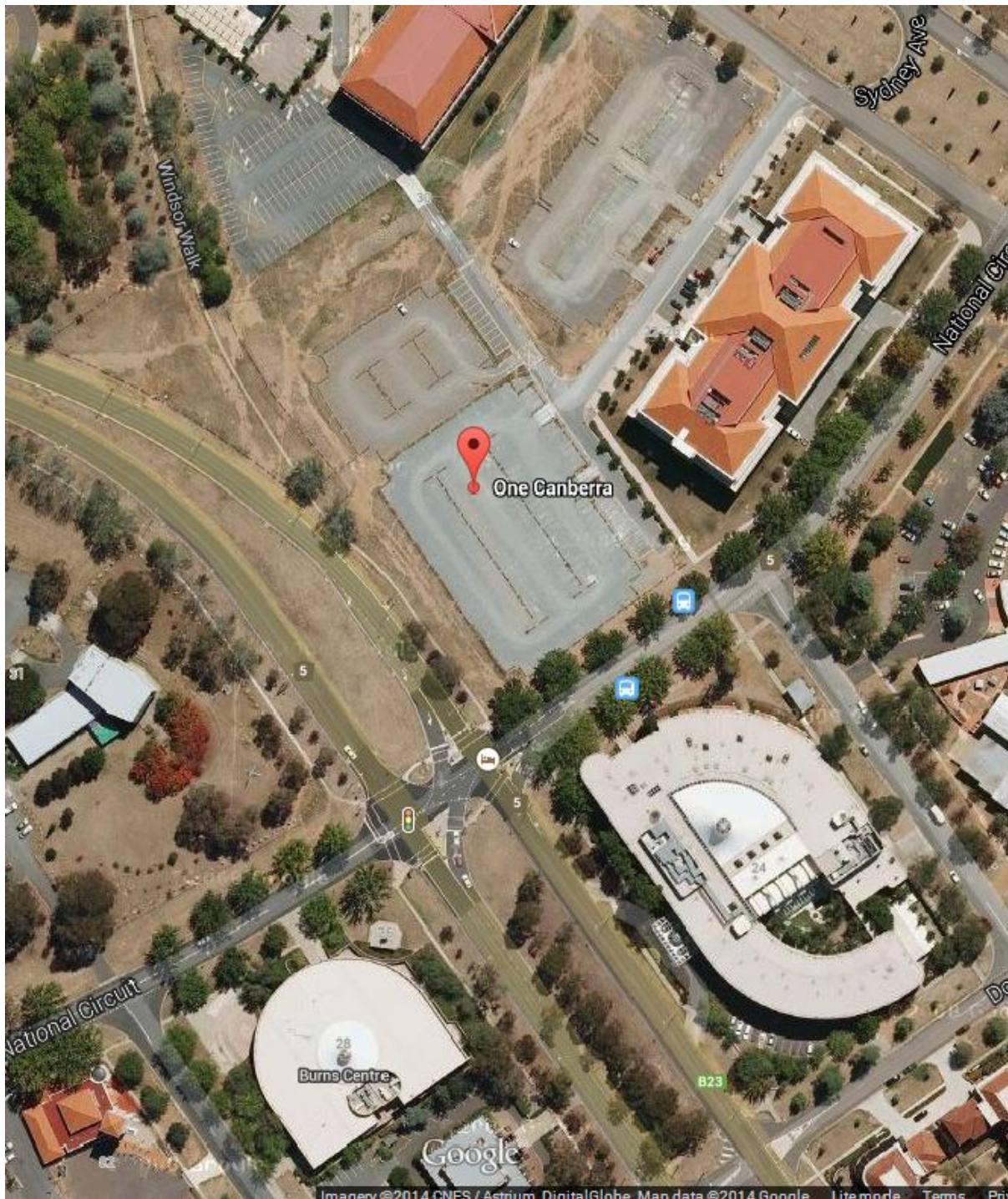
Proposed fit-out of new leased premises for the Department of Finance
Submission 1

ATTACHMENT 1: SITE LOCATION



Proposed fit-out of new leased premises for the Department of Finance
Submission 1

ATTACHMENT 2: SITE PLAN



ATTACHMENT 4: ACCOMMODATION STRATEGY



Australian Government
Department of Finance



Accommodation Strategy

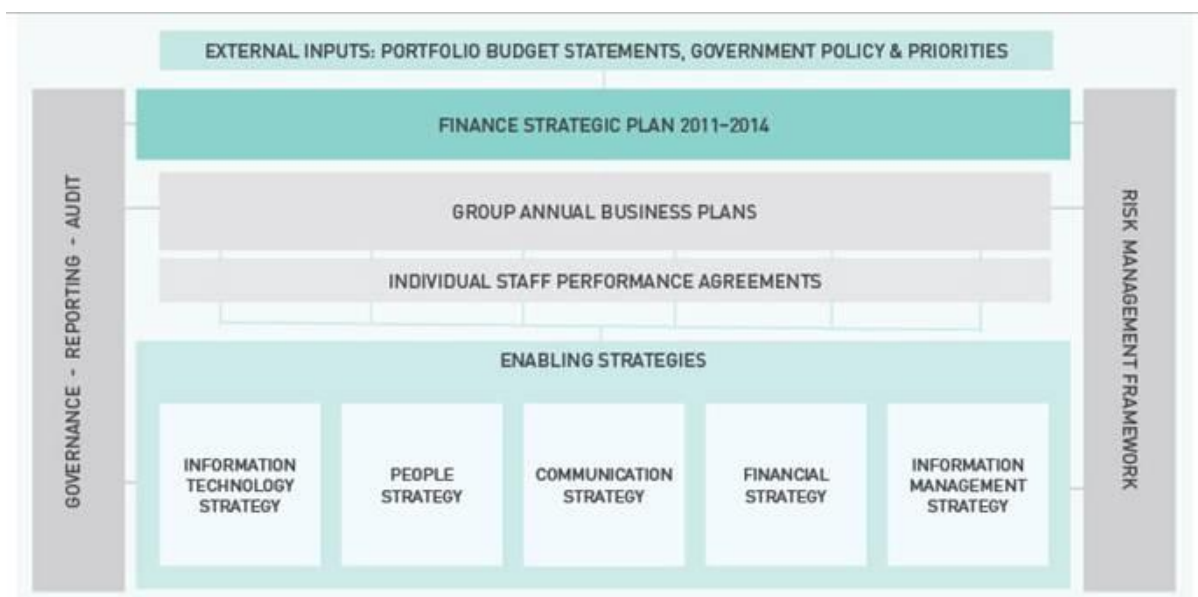


Introduction

The *Accommodation Strategy* is one of a suite of Enabling Strategies developed to support the *Finance Strategic Plan 2011-2014* (Strategic Plan). Focusing on six key areas for investment across the Department of Finance, the Enabling Strategies support our staff and build our business capacity. Our Enabling Strategies are essential to achieving the aspirations set out in the Strategic Plan.

Consistent with the Strategic Plan, this strategy is a living document. It will take a 10 year view to support longer-term decisions such as leases, but will be reviewed every five years to maintain currency with changing roles, work practices and technologies. It will also be reviewed whenever there is a significant event, such as a change to the size or role of the Department.

The diagram below provides context for how this strategy, like the existing Enabling Strategies shown below, fits within the overall Finance governance and planning framework¹.



What is the Accommodation Strategy?

The Accommodation Strategy is an enterprise approach to delivering a work environment that supports our culture for innovation and excellence in the delivery of our outcomes. The accommodation will support efficient and effective technologies and work practices, facilitate

¹ The Finance governance and planning framework diagram will be updated upon endorsement of the Accommodation Strategy by the Executive Board.



change with minimal disruption and cost, and enhance the Department’s reputation with staff and stakeholders.

Scope

The Accommodation Strategy includes accommodation for all of the Department’s office-based staff, including staff in Finance offices and COMCAR’s National office.

It excludes staff located at the Senators and Ministers’ electorate offices, and the Commonwealth Parliamentary Offices, as these requirements are covered by separate and specific legislation. It also excludes the Department’s Data Centres, which are covered by Whole-of-Government arrangements.

The Accommodation Strategy also excludes car parking leases outside of the depots for COMCAR and leases of space for short term events.

History

A summary is provided at [Annex A](#) of how the Department arrived at its current accommodation situation. This includes the associated Executive Board decisions.

Case for change

The current accommodation arrangements for the Department are in need of a comprehensive review to ensure they are supporting the Department’s Strategic Plan and business priorities. This case for change is emphasised by the following accommodation shortcomings and pressures:

- Finance’s workforce is distributed across numerous buildings. Some business groups are located across multiple floors and in separate buildings that are geographically dispersed. The dispersed nature of the current accommodation is perceived to be significantly impeding efficient and effective collaboration within the Department.
- The design and fit-out of the tenancies is old, and is based on outdated technology and work practices. The layout is inefficient and not geared for the knowledge worker of the future.



- The Department's leases are inefficient, expensive and costly to maintain. Small tenancies are costly to service and owner responsiveness can be lacking. Market conditions have changed considerably since Finance committed to its leases. As a result, Finance is paying above market rent.
- The buildings themselves are spatially inefficient, due to the size and nature of the building design and heritage overlay (in some cases). This translates to more space being leased than is needed. Most of Finance's expiring leases are not fitted out to comply with the current Commonwealth policy for accommodation density. If Finance was to renew its leases for these buildings without the fit-outs being reconfigured, Finance would receive insufficient operating expenses to cover the existing cost of these leases.
- Current market conditions are highly favourable to tenants and timely implementation of the Accommodation Strategy could yield significant short, medium and longer-term financial advantage to the Department.
- Doing nothing or remaining in the existing leases is expensive and potentially presents work health and safety risks and facilities issues. The cost-benefit analysis (April 2013) revealed it as the most expensive option for the Department.
- The leases do not meet modern environmental standards, or Commonwealth compliance targets for environment and sustainability. The quality of the buildings are low – offering little amenity and facilities to support the workforce.
- Government policies on workplace density and tele-working will be difficult to achieve in the existing tenancy portfolio.
- The amount of under-utilised space in both the Commonwealth-owned and leased office portfolios has increased pressure on agencies to take a more strategic, and WoG perspective in accommodation planning.

To address these current shortcomings and pressures, it is essential that an innovative and future focused approach, as articulated in this Accommodation Strategy, be adopted.



Vision for the future

The Department will be accommodated in an environment that supports our culture for innovation and excellence in the delivery of our outcomes. The work environment will support efficient and effective technologies and work practices, accommodate change with minimal disruption and cost, and enhance the Department's reputation with staff and stakeholders.

Objectives

The following sets out the Accommodation Strategy's 'objectives' and 'principles'.

The objectives describe what the Accommodation Strategy sets out to achieve. The objectives are then broken down into a set of principles that provide guidance on how these objectives can be achieved. These principles also become measures for assessing the relative potential of the solutions considered.

The objectives and principles are in no particular order or weighting, and should be assessed on a case by case basis when considering solutions for achieving this strategy.

The objectives of this Accommodation Strategy are as follows:

1. Ensure that Departmental business is undertaken effectively and efficiently and relationships with stakeholders are enhanced.
2. Provide staff and stakeholders with a modern and safe work environment to assist with enhanced productivity and the attraction and retention of staff.
3. Provide the flexibility to address changes to Departmental roles and structure with minimal disruption and cost.
4. Ensure that advances in technologies which support Departmental business can be adopted with minimal disruption and cost.
5. Ensure the Accommodation Strategy aligns with the other Enabling Strategies and vice versa.
6. Ensure the Accommodation strategy is implemented consistently with relevant Commonwealth policies.



Principles

Principle 1 - Enhance connectivity with key stakeholders and build on reputation

- Provide high quality, **modern accommodation**, that **embraces new technology**, to enhance Finance's **connectivity** and **reputation** with staff and stakeholders.
- Support the Finance workforce by making the accommodation **easily accessible** to transport, amenities, health and well being programs and childcare services.
- **Reduce fragmentation** and encourage collaboration and efficiency of communication by **consolidating** office locations, **collocating** closely related functions and then structures (e.g. branches, divisions, groups), in this order.
- Provide accommodation that reflects **Finance's values** and our role as a Central Commonwealth Government agency. Specifically, close **proximity to Government** and other Central agencies is important.

Principle 2 - Provide a work environment that enables performance excellence

- Provide modern, **fit for purpose** accommodation, that **facilitates different ways of working**, to enable performance excellence. This should include providing access to spaces, technology and tools necessary for collaborative, individual and sensitive work.
- Incorporate access to space for collaboration across groups to **enhance integrated delivery of outcomes**.

Principle 3 - Incorporate flexibility

- Incorporate the **flexibility to adapt to changes in work practices** (including work hours), new technologies and changing workforce demographics with **minimal disruption and cost**.
- Incorporate the **flexibility to adapt to emerging Government priorities**, and changes to the Department's role, composition and size with **minimal disruption and cost**.



Principle 4 - Build on organisational alignment

- Implement the Enabling Strategies in an **integrated** manner to maximise the benefit to the Department of a **coordinated** and **holistic** solution.

Principle 5 - Realise Government policy compliance

- **Demonstrate leadership** in adherence to Government policy, particularly in the areas of equity, diversity, safety, security, environment and innovation.
- Select accommodation solutions that support initiatives that **drive efficiency**, provide **value for money**, comply with the Commonwealth Property Management policy and are able to be managed **within budget** over the life of the solution.

Business benefits

When fully implemented, the Accommodation Strategy will deliver the following benefits:

Benefit area	Benefit
Efficiency	Improve the efficiency of the work environment and facilitate enhanced productivity by consolidating the number of tenancies.
Fit for purpose	The work environment will meet the requirements of a modern and mobile, knowledge-based workforce and enable the efficient and effective delivery of the Department's business.
Collaboration	The new environment will enable integrated policy development and improved service delivery by working across groups in a collaborative environment. The work environment will support cross-agency engagement.
Culture	The Department's culture will be enhanced by ensuring that the work environment supports different ways of working. In providing spaces, technology and tools for concentration, collaboration, development of knowledge or social and team based work, the Department's culture for innovation, excellence and integrated policy development will be strengthened.
Reputation	The Department's reputation as a ' <i>great place to work where great work is done</i> ,' will be enhanced by the work environment. Accommodation will become part of the value offering to help attract and retain talent. The Department will be respected by key stakeholders for demonstrating leadership in achieving compliance with policies, particularly those relating to property management and smart use of technology.



Measures of success

The following measures of success have been identified for each of the principles:

Enhanced connectivity:

- The ease of communicating will ensure stakeholders experience greater connectivity with Finance and the associated unproductive travel and administration time is minimised.
- The work environment enhances the Department's success in attracting and retaining quality people.
- Finance's workforce is better utilised, motivated to attend the workplace and enjoy greater work life balance.
- Communication between business groups is enhanced. The Finance workforce works together more effectively to achieve integrated policy delivery and service delivery outcomes.

Performance excellence:

- The work environment provides the necessary spaces, technology and tools to build on existing performance excellence.
- Staff have a greater range of work environments to suit different types of work being performed.
- The work environment is recognised as positive contributor to Finance's collaborative culture.

Flexibility:

- Finance is recognised for its improved ability to respond quickly to emerging Government priorities.
- Finance adapts more quickly to emerging Government priorities, changes in work practices and technologies with minimal cost and disruption.

Building organisational alignment:

- The work environment enables improved communication and collaboration across groups.
- The work environment support the realisation of the other Enabling Strategies.

Government policy compliance:

- Finance demonstrates leadership in Government policy (including property) compliance, and our ability to influence compliance across the APS is enhanced.
- Finance lives within its means by consolidating leases and reducing operating costs, and by transitioning to accommodation density targets that allow its lease costs to be fully met from its associated operating budget.

Implementation

The timing for implementation of the Accommodation Strategy is necessarily linked to the expiry dates for the existing leases. It is also linked to the availability of funding from either prospective landlords (through incentives) or Government (NPP) in order to fund fit-outs, and



the building infrastructure needed to meet this strategy. Implementation will need to be iterative and phased in accordance with these constraints.

The following are some key dates for the implementation of this strategy.

Year 1 (2013-2014)

- Executive Board endorsement of the Accommodation Strategy
- An Accommodation Plan is developed to implement the Strategy

Year 2 (2014-2015) and beyond

- Commence implementation of the Accommodation Plan

Year 5 (2017-2018)

- Review of the Accommodation Strategy

Organisational implications

The nature of the work environment impacts on the entire Department. The work environment must be viewed from an enterprise level, and delivered in an integrated manner, with accommodation, technology, information and people strategies closely linked. The work environment must be delivered in close partnership with business areas – to ensure appropriate solutions.

The delivery of this strategy requires integration of COOG enabling areas. It will require engagement across Finance. It must be forward focused and implemented through a robust and transparent process.

Dependencies

Business Processes	The business process of the organisation must be clearly defined to enable the accommodation to be designed to be fit for the purposes of the business.
Technology	Technology needs to support the environment we are trying to achieve.
Security	A risk management approach to security is essential to protect people, assets and information in an integrated work environment.



People Strategy	The People Strategy supports the changing needs of the modern workforce. This includes demand for flexible work options and providing greater support for staff's work-life balance preferences, including through Teleworking and mobile computing.
Information Management Strategy	Information needs to be easily accessible electronically to enable work place flexibility. Digital record keeping will assist flexible accommodation outcomes.

Risks to achieving this strategy

Business Process Review and integrated delivery

- Defining the way the Department works and how it wants to work in the future is important to ensure that the work environment remains fit for purpose. Failure to understand the business of Finance will result in a solution that fails to meet business needs.
- If the technology, information, people, and accommodation strategies are not delivered in an integrated manner, the solution will not foster collaboration or meet business needs.

Cost

- Failure to understand and accurately estimate the various costs associated with each of the solutions considered to achieve this strategy can result in a poor outcome. This can be avoided by closely following the cost-benefit analysis framework in the Commonwealth Property Management Framework, engaging appropriate industry advice and consulting closely with business groups to understand the operational costs.

Legacy Whole of Government Commitments

- The Australian Government has commitments to a variety of office buildings in the ACT, as a result of building ownership or under-utilised long-term leases. Within the current fiscal environment, there is Government and community pressure to utilise these buildings before committing to new leases or purchases. The size, design, condition or location of many of these buildings make them unsuitable for fulfilling this Accommodation Strategy. Comprehensive cost-benefit analysis will be required to balance the achievement of this Accommodation Strategy and addressing this Government and community pressure.



Reputation

- The Department will be highly scrutinised and must be exemplary in its delivery against the WoG policy framework (including property) that it administers. We must demonstrate leadership in this area or risk Finance's reputation.

Change Management

- There is always some resistance when ways of working and work environments change. Introducing a new approach to working as well as an integrated work environment will require a well planned and well communicated change management approach.

Key roles

Position	Role
Executive Board	Strategy Owner
Chief Operating Officer	Strategy Sponsor
Information, Technology and Workplace Division	Support and Implementation



Annex A

History of Finance's Accommodation

December 2010 Executive Board Decision

In December 2010, Executive Board agreed to an Accommodation Plan (The Plan) which would meet the long term needs of the Department. The Plan included the following principles:

- Co-location (like businesses together) wherever possible and practicable.
- Synergies (different but related or dependent businesses together or adjacent) wherever possible and practicable.
- Minimum Churn in delivering property solutions (key priority as past practice has seen excessive levels of churn, which is inefficient and disruptive to staff).
- Optimum efficiency in meeting needs and ensuring good value for money.

The Plan confirmed the following assumptions:

- A single building is preferred - perhaps the John Gorton Building (JGB); or a two building solution might consider JGB as the core office.
- The Department to be located in the Parliamentary triangle and/or Barton.
- The standard of office to be 'B grade' or better.
- Childcare facilities to be available for staff.
- Close to staff car parking and alternative transport options.
- Solution should provide a modern technology environment for staff.

To implement The Plan, a 20 year lease was negotiated for JGB, commencing from December 2015. All other leases were aligned to expire to allow for consolidation into JGB from 2016, which would allow for refurbishment of the building.

March 2012 Executive Board Decision

In March 2012, the offer to lease JGB was withdrawn. Executive Board requested a cost-benefit analysis to look at alternative options. At this time, a Departmental restructure required Deregulation Group to move from the Minter Elision Building (MEB) and into JGB. The lease of West Block Offices was also ceased as the accommodation became unsafe for occupancy.

To enable the Deregulation Group move, Funds and Super Division moved out of JGB and into a new lease at the Burns Centre, Forrest. The Central Budget Management System Redevelopment



Project (CBMSR) was relocated to the Burns Centre from West Block. The Chief Financial Officer Division (CFOD) vacated West Block and JGB to take up the former Deregulation space at MEB.

Also at the March 2012 meeting, a second stage of moves was agreed by Executive Board, which allowed for the lease of MEB to be relinquished at lease expiry. The moves required the CFOD staff and the AGIMO staff located at MEB to move into the Burns Centre in 2014. Space would become available as the lease area expanded and the CBMSR Project transitioned to business-as-usual.

April 2013 Executive Board Decision

At the 12 April 2013 Executive Board meeting, the Executive Board noted the outcomes of a cost-benefit analysis which presented options for a long term accommodation solution. The best option, assuming a 30 year commitment, would be for the Commonwealth to design, build and operate a 21,000 square meter office building on Commonwealth-owned land at York Park. However, the capital funding for this option was \$120m. The Executive Board agreed this option was not viable due to the difficulties of securing significant capital funding under the current tight fiscal constraints.

The next best option was to approach the private sector to develop a building. This option would require no capital funding from the Budget and could be secured within the Barton or Forrest area. Executive Board agreed this was the best way forward.

Executive Board agreed to defer a decision on timing to approach the market until after the election (September 2013) and after the impact of any Machinery of Government (MoG) changes were known.

Current Situation

MoG changes since the election have resulted in the Deregulation function being transferred to the Department of Prime Minister and Cabinet (PM&C). This has lead to around 50 vacant work points in JGB.

Staff redundancies and natural attrition have reduced the Department's staff profile to around 1,400 FTE. The Department's property portfolio is outdated and inefficient, and a number of its leases are about to expire. The Commonwealth Property Management Framework now stipulates that any new lease(s) will be funded in accordance with the occupational density target (14 square metres), and non-compliance will result in funding shortfalls for the agency.

The existing lease profile is at [Appendix 1](#).

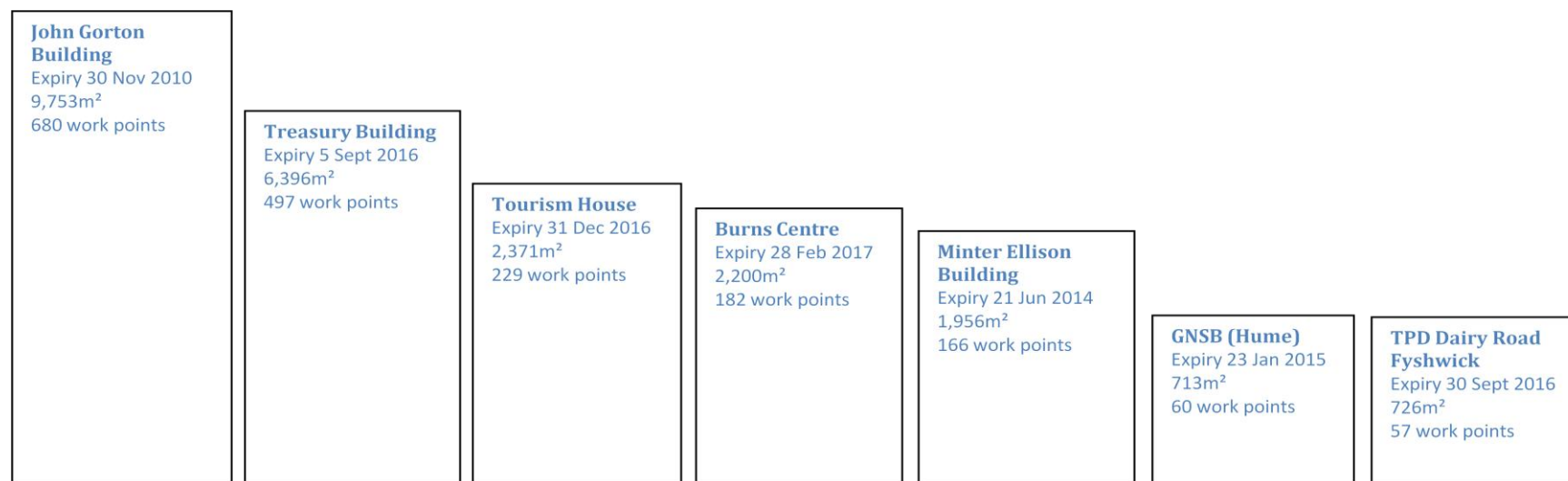


Appendix 1

Finance Property Portfolio

Property Name	Tenancy Size (m ²)	Rent (p.a)	POE (p.a. – budgeted)^	Total \$	Work Points	\$ / Workpoint	\$ / m ²	POE \$/m ²
John Gorton Building	9,753	\$3,823,355	\$1,225,443	\$5,048,798	680	\$7,425	\$392	\$126
Treasury Building	6,396	\$2,429,840	\$426,238	\$2,856,078	497	\$5,747	\$380	\$67
Tourism House	2,371	\$1,086,981	\$201,982	\$1,288,963	229	\$5,629	\$458	\$85
Minter Ellison Building	1,956	\$874,801	\$368,175	\$1,242,976	166	\$7,488	\$447	\$188
Burns Centre	2,200	\$935,742	\$235,195	\$1,170,937	182	\$6,434	\$425	\$107
TPD Dairy Rd	726	\$209,696	\$53,333	\$263,029	57	\$4,615	\$289	\$73
GNSB (Hume)	713	\$187,748	\$455,394	\$643,142	60		\$263	\$75
Total	24,115	\$ 9,548,163	\$ 2,965,760	\$ 12,513,923	1,871	\$6,688	\$519	\$123

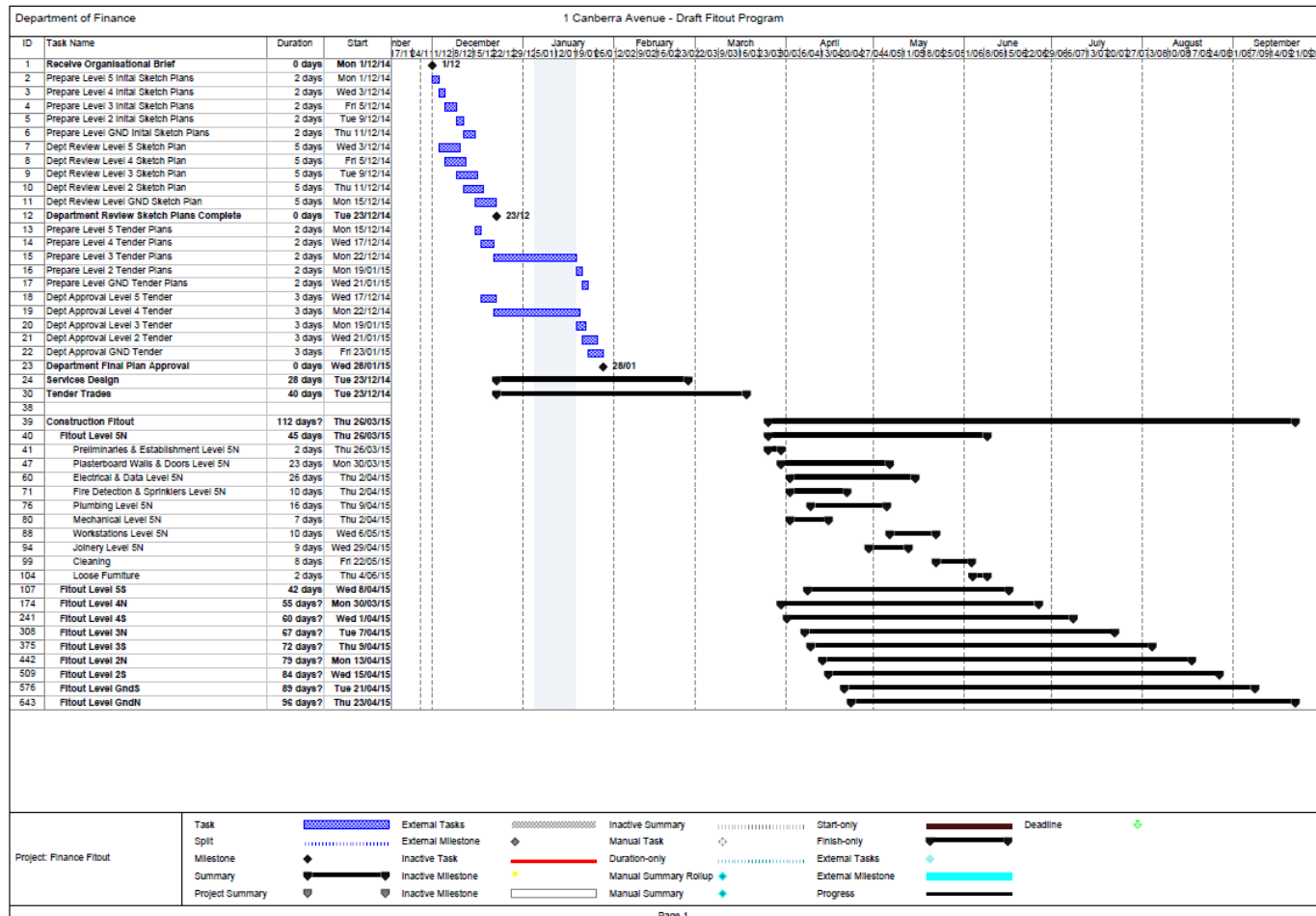
^ POE = Property Operating Expenses, includes utilities, cleaning, repairs and maintenance and other general services



Source: PRODAC Property Reporting data, 2013

Proposed fit-out of new leased premises for the Department of Finance
Submission 1

ATTACHMENT 5: INDICATIVE PROJECT PROGRAM



Proposed fit-out of new leased premises for the Department of Finance
Submission 1