



Delivered by the
National Disability
Insurance Agency



Australian Government
Department of Human Services

Committee Chair
Parliamentary Standing Committee on Public Works
PO Box 6021
Parliament House
CANBERRA ACT 2600

JOINT PUBLIC WORKS SUBMISSION – NATIONAL DISABILITY INSURANCE AGENCY AND THE DEPARTMENT OF HUMAN SERVICES ACCOMMODATION FITOUT, GEELONG

The National Disability Insurance Agency (NDIA) and the Department of Human Services (DHS) propose a capital works project for an integrated fitout at 13–19 Malop Street, Geelong with an estimated value \$27 006 900 (excluding GST) for consideration by the Parliamentary Standing Committee on Public Works.

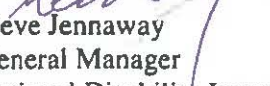
Currently, the NDIA and DHS separately lease 10 240 m² of office accommodation across multiple premises in Geelong. The NDIA lease approximately 5472 m² across six separate buildings as their temporary national office, with an increasing need for additional office space as the National Disability Insurance Scheme transitions to full scheme implementation. DHS lease 4768 m² across two separate buildings. The NDIA are seeking to establish their national office and consolidate leases with DHS at 13–19 Malop Street, Geelong. The proposed premises will be developed by CHUT Holdings Pty Ltd, trustee of the Carlton Holdings Unit Trust, and is a multi-tenant, multi-function development offering 26 700 m², of which 13 766 m² will be occupied by the NDIA (8744 m²) and DHS (5022 m²). The development is scheduled for practical completion in August 2018, with occupation from October 2018.

The NDIA and DHS propose to undertake fitout works at 13–19 Malop Street, Geelong to meet their organisational and business objectives through the consolidation of existing leases. The fitout works will provide an occupation density of 14.6 m² for the NDIA and 12.2 m² for DHS. The DHS occupation density is well below the required 14 m² per occupied workpoint. The NDIA are not subject to this requirement and the slightly higher occupation density reflects the need to provide world-class access and facilities for people with a disability.

The Department of Finance has advised DHS that public works submissions cannot be lodged prior to the Minister for Finance agreeing to a lease endorsement proposal. The DHS lease proposal was endorsed by the Minister for Finance on 30 November 2016. The NDIA are exempt from *Resource Management Guide 504 – Commonwealth Property Management Framework Lease Endorsement Process* (RMG504) and, as such, are not required to seek approval from the Minister for Finance for their lease proposal.

Please contact Kelvin Zhu, NDIA Branch Manager (03 5224 8367), or Robert Towner, DHS National Manager (02 62234065), if you need further information to progress this matter.

Yours sincerely


Steve Jennaway
General Manager
National Disability Insurance Agency

1 December 2016


Robert Higgins
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1 December 2016



Australian Government
Department of Human Services



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National Disability
Insurance Agency

SUBMISSION ONE

PROPOSED FITOUT OF NEW LEASED PREMISES AT 13–19 MALOP STREET GEELONG, VICTORIA

NATIONAL DISABILITY INSURANCE AGENCY
DEPARTMENT OF HUMAN SERVICES
CANBERRA, ACT
30 NOVEMBER 2016

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1 PURPOSE OF WORKS

1.1 Purpose and Key Objectives of Proposed Works

- 1.1.1 The National Disability Insurance Agency (NDIA) and the Department of Human Services (DHS) currently lease 10 240 m² of office accommodation across multiple premises in Geelong, with the NDIA leasing approximately 5472 m² across six separate buildings and DHS leasing 4768 m² across two separate buildings. The NDIA and DHS are seeking to consolidate leases at 13–19 Malop Street, Geelong with a 10 year lease with two further five year options at an estimated whole-of-life cost of \$253 908 136 (\$165 671 183 for the NDIA and \$88 236 954 for DHS).
- 1.1.2 The NDIA are seeking 8744 m² of office accommodation to establish their head office in Geelong, consolidating staff from six temporary sites (approximately 5472 m²) at 13–19 Malop Street and relinquishing existing leases, with current expiry dates ranging between 31 January 2017 and 31 March 2018. The NDIA proposal seeks an increase in leased office space of 3272 m² to allow the NDIA to continue to grow to deliver full scheme rollout by 2020. The DHS proposal is to relinquish existing leases at 100 Brougham Street (2114 m²) and 237 Ryrie Street (2654 m²), at or before lease end on 30 June 2018 and 31 December 2019 respectively and replace these with a new lease of 5022 m² at 13–19 Malop Street. The proposal includes separate leases for the NDIA and DHS, both with an initial term of 10 years with two further five year options.
- 1.1.3 The proposed premises will be developed by CHUT Holdings Pty Ltd and is a multi-tenant, multi-function development offering 26 700 m², of which 13 766 m² will be occupied by the NDIA (8744 m²) and DHS (5022 m²). The development is scheduled for practical completion in August 2018, with occupation from October 2018.
- 1.1.4 As there are a number of existing lease arrangements that are due to expire prior to the estimated occupancy in October 2018, lease extensions on the existing NDIA and DHS sites will be negotiated, where required.
- 1.1.5 The NDIA and DHS propose to undertake fitout works at 13–19 Malop Street, Geelong to meet their organisational and business objectives through the consolidation of existing leases. The proposed fitout is estimated at \$27 006 900 (excluding GST), being \$19 192 100 (\$2332/m²) for the NDIA and \$7 814 800 (\$1556/m²) for DHS. The NDIA fitout estimates exclude 514 m² of ground floor foyer area, which the developer has agreed to fitout at their own cost. The fitout works will provide an occupation density of 14.6 m² for the NDIA and the 12.2 m² for DHS. The DHS occupation density is well below the required 14 m² per occupied workpoint. The NDIA are not subject to this requirement and the higher than average density is to provide world-class access and facilities for people with a disability.
- 1.1.6 The proposal will deliver considerable operational efficiencies for both agencies through the co-location of staff, and the consolidation and rationalisation of leases. Operational savings will also be achieved through the implementation of high energy efficient technologies in the new building.

1.1.7 The Department of Finance has advised DHS that public works submissions cannot be lodged prior to the Minister for Finance agreeing to a lease endorsement proposal. The NDIA are exempt from *Resource Management Guide 504 – Commonwealth Property Management Framework Lease Endorsement Process* (RMG 504) and, as such, are not required to seek approval from the Minister for Finance for their lease proposal. The DHS lease proposal was endorsed by the Minister for Finance on 30 November 2016.

1.1.8 The following table provides a summary of the proposals.

Proposed Development	NDIA	DHS	Total
Planned Construction Commencement			April 2017
Planned Practical Completion			August 2018
Planned Occupation			October 2018
Land Area (m ²)			4,250
Building Area (m ²)			26,700
Carparks (No.)*			116
Bicycle Storage (No.)			100
Net Lettable Area (m ²), NDIA & DHS	8,744	5,022	13,766
Fitout Area/PRODAC Area (m ²)**	8,230	5,022	13,252
Work Point (No.)	564	412	976
Work Point Density (m ² per work point)	14.6	12.2	13.6
Total Fitout Cost (\$)	19,192,100	7,814,800	27,006,900
Total Fitout Cost (\$/m ²)	2,332	1,556	2,038
Lease Cost, Whole of Life Cost (\$)	165,671,183	88,236,954	253,908,136
Current Arrangements			
Arrangements to be consolidated (No.)	6	2	8
Net Lettable Area*** (approximate m ²)	5,472	4,768	10,240
Work Point (No.)	365	407	772

*Includes at least 13 accessible carparks

**Excludes 514 m² of ground floor foyer area to be fitout by the developer at their own cost

***At 15 m² per work point

2 NEED FOR WORKS

2.1 Entity Operations

2.1.1 The NDIA is an independent statutory agency of the Commonwealth. The role of the NDIA is to implement the National Disability Insurance Scheme (NDIS), which will support a better life for hundreds of thousands of Australians with significant and permanent disability, their families and carers. The NDIA aims to optimise the independence and full participation of people with a disability in our community.

2.1.2 DHS is responsible for the development of service delivery policy and provides access to social, health, and other payments and services. On 26 October 2004, DHS was created as part of the Finance and Administration portfolio and on 1 July 2011, the *Human Services Legislation Amendment Act 2011* integrated Medicare Australia and Centrelink into DHS. DHS works closely with Australian Hearing in providing strategic advice to the DHS Minister and Secretary on service delivery policy and regulatory requirements for services delivered under the Australian Government Hearing Services Program.

2.2 Deficiencies in Current Facilities

- 2.2.1 The proposal will deliver considerable operational efficiencies and savings for both agencies through the co-location of staff and the consolidation and rationalisation of leases.
- 2.2.2 The proposal aligns with the Department of Finance mandatory coordinated approach across the Commonwealth for the procurement of property services, including the leasing of premises under its National Leasing Efficiency Program, ensuring that leasing and other property services are delivered through coordinated procurements that maximise the Commonwealth's purchasing power.

2.3 Historical Background

- 2.3.1 On 4 June 2013, the then Prime Minister, Julia Gillard, and Victorian Premier, Denis Naphine, announced that the NDIA head office would be located in Geelong. The NDIA currently has a temporary national office in Geelong, which operates out of separate buildings.
- 2.3.2 DHS has had a presence in the Geelong region since 1993.

3 OPTIONS CONSIDERED

3.1 Options Considered to Fulfil Identified Need

- 3.1.1 The Cost Benefit Analysis process in respect to the three available options found that:
 - 3.1.1.1 The option to approach the market for newly constructed or existing vacant premises for the required space with a view to consolidation into one building. A Request for Tender process was undertaken, which resulted in two viable proposals for consolidation into a single building. A financial and qualitative analysis indicates the 13–19 Malop Street proposal is the best value for money for the Commonwealth.
 - 3.1.1.2 The status quo option does not meet ongoing operational requirements and financial modelling indicates this option is more expensive over the initial 10 year lease term compared with the proposed new lease at 13–19 Malop Street, Geelong. If the status quo was to be maintained and a ten year lease with two further five year options renewals were implemented, full refurbishments would be necessary and would include significant base building works to improve the buildings to acceptable standards for a potential 20 year commitment. Temporary 12 month leases and fitouts of additional floors would be necessary to provide staging space to facilitate the required base building and refurbishment works.
 - 3.1.1.3 The option to relocate to surplus leased government space in the Geelong Central Business District is not viable as no existing Commonwealth leased or

owned accommodation in Geelong could accommodate the operational requirements of the NDIA and DHS.

3.2 Justification for Proposed Course of Action

3.2.1 Market research conducted by the DHS property services provider (Cushman and Wakefield) indicates that there is no suitable alternative existing accommodation in Geelong that would provide the required space for the NDIA and DHS to implement the consolidation plan.

3.2.2 It is proposed to progress with a newly constructed building for the required space with a view to consolidation into one building at 13–19 Malop Street.

3.3 Cost Benefit Analysis

3.3.1 Further details of the Cost Benefit Analysis are included in Submission 1.1.

4 SCOPE OF WORKS

4.1 Site Selection and Project Location

4.1.1 The NDIA released a Request for Tender (RFT) on 27 October 2015. Following discussions between the NDIA and DHS, an addendum was issued to the RFT018 to incorporate DHS requirements into the RFT and providing a revised closing date of 29 February 2016.

4.1.2 Four tender responses were received in response to the RFT. Further details of the responses are provided in Submission 1.1.

4.1.3 The site at 13–19 Malop Street, Geelong was selected as the preferred site.

4.2 Evaluation process and methodology

4.2.1 The tender evaluation included senior representatives of both the NDIA and DHS, in addition to external subject matter experts in the areas of: commercial proposals, technical specifications, risk and compliance matters, probity and legal.

4.3 Preferred Tenderer

4.3.1 At the completion of a detailed tender evaluation, two proposals were assessed as being unable to offer value for money and were not selected to progress to the negotiation stage.

4.3.2 Negotiations with the remaining two tenderers resulted in the selection of the site at 13–19 Malop Street, Geelong.

4.3.3 All commercial terms and conditions have been successfully negotiated, a draft Agreement for Lease (AFL) for the premises has been agreed between the parties, and a Letter of Intent has been provided to the preferred tenderer, which is subject to all necessary government approvals.

4.3.4 Subject to all relevant approvals, the NDIA and DHS will enter into separate lease agreements.

4.4 Relevant Local Facilities

- 4.4.1 The site is currently used as low cost backpacker accommodation and a temporary open-air carpark.
- 4.4.2 The development will provide commercial lettable spaces in addition to the NDIA and DHS office accommodation, providing opportunities for new businesses and cafes to open
- 4.4.3 The Carlton Hotel, which forms part of the proposed development, is in a state of disrepair and has been the subject of a number of unsympathetic developments. This proposal seeks to restore the Carlton Hotel building, including the restoration of the heritage listed façade.

4.5 Public Transport

- 4.5.1 The site has road frontage along Malop Street and is well serviced by public transport, being 450 metres from Geelong railway station, and 350 metres from the bus interchange.

4.6 Local Roads and Traffic Concerns

- 4.6.1 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 Local Council.

4.7 Zoning and Local Approval, Including Land Acquisition

- 4.7.1 The site forms part of "Precinct SE" and Activity Centre Zone Schedule 1 in the City of Greater Geelong. The use of the site for business purposes is consistent with the precincts permitted use.
- 4.7.2 A Planning Permit for the site has been issued by the City of Greater Geelong.
- 4.7.3 The preferred tenderer holds an option agreement to procure the four titles that comprise the overall development, including the site for the NDIA and DHS proposed building. The current option agreement is due to expire in 30 June 2017.
- 4.7.4 The draft AFL, as negotiated with the preferred tenderer, requires the option to acquire the land to be exercised within 28 days of the execution of the AFL.

4.8 Building Structure

- 4.8.1 The new building, which incorporates the redevelopment of the Carlton Hotel and associated heritage listed façade, consists of approximately 4250 m².
- 4.8.2 The building will include a new commercial office development which, based on current plans, comprises six levels and is inclusive of ground floor office space, meeting rooms, and foyer.
- 4.8.3 The entire development, including car parking, is approximately 26 700 m².

4.9 Building Material and Furnishings

- 4.9.1 The primary external façade of the new building is double glazed windows with Colourbond aluminium roofing. The new building is incorporated into the existing façade of the Carlton Hotel, which is heritage listed bricks and mortar architecture.

4.9.2 Materials and finishes will meet local council requirements.

4.10 Mechanical Services

4.10.1 Mechanical Engineering Services will be based on the following principles:

- (a) minimum noise and vibration characteristics
- (b) reasonable maintenance costs
- (c) proven design
- (d) reliability
- (e) durability
- (f) ease of maintenance without entry to tenant areas
- (g) ease of replacement
- (h) efficiency of operation
- (i) environmentally sustainable principles.

4.11 Hydraulic Services

4.11.1 The Hydraulic Engineering Service installations to the building will be in accordance with National Plumbing Code AS/NZS 3500 requirements and include:

- (a) potable and non-potable water supply
- (b) cold water storage and pump system
- (c) domestic hot water via a central gas-boosted solar hot water system
- (d) sewer drainage and sanitary plumbing
- (e) natural gas service for base building and tenant provision
- (f) roof drainage designed to include drainage to a rainwater harvesting tank
- (g) water efficient tapware and flushing devices
- (h) grey water treatment and re-use, along with harvested rainwater for irrigation and toilet flushing.

4.12 Electrical Services

4.12.1 The electrical installation includes electrical supply, metering, distribution, lighting and special purpose power in compliance with statute and regulations.

4.12.2 The building will employ tenancy sub-metering; a highly efficient automated lighting system with provision for a diesel standby generator.

4.12.3 An automated lighting control system will be installed consisting of occupancy sensors, daylight harvesting, switch controls every 50 m² and after hours security and cleaning modes.

4.12.4 Category 6 data cabling will be used throughout the building.

4.12.5 Vertical power and data distribution is provided through riser ducts.

4.12.6 A Distributed Antenna System for mobile and 4G coverage and a Video Distribution System including Internet Protocol Television (IPTV), Digital Signage and Way Finding will be incorporated into the design of the building.

4.13 Acoustics

4.13.1 The building design incorporates measures to reduce noise in the work environment including: insulated glazed external windows, acoustic ceiling tiles in offices and meeting rooms, fabric panelling, and carpeted floors. Attention will also be paid to air-conditioning detailing to reduce noise from moving air and mechanical plant.

4.13.2 Acoustic performance criteria has been incorporated into the fitout brief to ensure adequate noise insulation between offices, meeting rooms, training rooms and other works spaces.

4.13.3 Design criteria and building performance for ambient noise ratings shall be in accordance with the requirements and recommendations of the Australian Standards relating to Acoustics (AS/NZS 2107:2000).

4.14 Landscaping

4.14.1 Landscaping on the Malop Street access plans will include hard and soft treatment in conjunction with the City of Greater Geelong "City in the Park" strategy. Visitors bicycle parking and seating furniture may also be included.

4.15 Other Civil Works

4.15.1 The building street interface on Clare Street is to be developed in consideration of the future pedestrian-only laneway network as per City of Greater Geelong "Central Geelong Action Plan", potentially including street-tree planting, furniture upgrade, and laneway paving.

4.16 Environmental Sustainability

4.16.1 The lease incorporates a Green Lease Schedule in accordance with the standard Commonwealth requirements under the Energy Efficiency in Government Operations policy.

4.16.2 The project targets a:

- (a) Five Star NABERS Energy rating over the base building
- (b) Five Star NABERS Water rating over the whole building
- (c) Five Star NABERS Indoor Environment rating.

4.17 Measures to Reduce Energy and Water Use, Including Recycling

4.17.1 In order to minimize energy usage and operating costs, the building design incorporates:

- (a) floor plan layouts configured to enhance the level of natural daylight into office floors

- (b) a Building Monitoring System (BMS) compatible with accepted protocols for building automation and control networks (BACnet) to control and monitor all mechanical services including power, gas and water consumption to meet Green Star objectives
- (c) high efficiency glazing/reflective glass to minimise solar penetration
- (d) the addition of external sun shading fins if required
- (e) zoned lighting controls to reduce energy use, especially in unoccupied areas and out-of-hours
- (f) water harvesting and grey water usage for toilets and landscaped areas

4.18 Re-use of Existing Structures

4.18.1 The major heritage façades, being the south and east elevations of the building, will be renovated in accordance with heritage requirements. Further details are provided under section 5.2.

4.19 Demolition and Disposal of Existing Structures

4.19.1 A detailed demolition plan will be developed as part of the detailed design phase.

4.20 Compliance with Local, State and Commonwealth Water and Energy Policies

4.20.1 The development of the building will comply with all local, state and Commonwealth water and energy policies.

4.21 Master and Site Planning

4.21.1 Relevant master and site plans are at Attachment A.

4.21.2 There has been no indication of additional development above and beyond the current development proposal.

4.22 Provisions for People With a Disability

4.22.1 The ambition for the NDIA is to establish a new standard where the experience of people with different levels of disability is more than just supported.

4.22.2 The building (and subsequent fitout) will meet or exceed disability access requirements as referenced in the *Disability Discrimination Act 1992*, the Disability (Access to Premises) Standard 2010 and AS1428 Application of Premises Standards, Version Two (November 2012).

4.22.3 The basement car park includes at least 13 accessible carparks for staff. These carparks will also have the ability to accommodate a minibus.

4.22.4 The base building includes a number of requirements to assist people with disabilities including:

- (a) the building shall be designed to comply with AS1428.2 and comply with the mandatory provisions of the Building Code of Australia
- (b) provision of accessible parking for staff

(c) access for accessible toilet areas for the office will be provided in accordance with the following:

- AS 1428.1-2001 Design for access and mobility – General requirements for access – New building work.
- AS 1428.2-1992 Design for access and mobility – Enhanced and additional requirements – Buildings and facilities.
- AS 1428.3-1992 Design for access and mobility – Requirements for children and adolescents with physical disabilities.
- AS 1428.4-2002 External landscaping and layout to ensure wheelchair access is available to main entry.

(d) suitable access to the building

(e) all lifts to be accessible and provide facilities in accordance with relevant Australian Standards, including AS1735.12 and AS1428.

4.22.5 Lifts, access ways, doorways, and accessible toilets and showers will be designed to comply with Australian Standards and the Building Code of Australia.

4.22.6 The NDIA workstation design is not based upon activity based working, but is supportive of an agile workforce. With 20 per cent of the current NDIA staff identified with a disability, dedicated home workstations are important, especially for those needing personalised workstation and chair adjustment.

4.22.7 The NDIA design will incorporate interactive wayfinding using integrated building sensors enabling users to pre-identify their destination and potentially the availability of various spaces and rooms.

4.23 Childcare Provisions

4.23.1 No childcare facilities are being provided under this project.

4.23.2 A first aid/carers room will be provided within close proximity to lifts and amenities.

4.24 Security Measures

4.24.1 The NDIA and DHS are committed to providing a safe and secure workplace to ensure:

- (a) staff under threat of violence are identified, protected and supported
- (b) the confidentiality, integrity and availability of official information is maintained
- (c) physical assets are protected from theft and loss.

4.24.2 The building's physical security arrangements will be designed to comply with the physical security management core policy and meet the seven mandatory physical security requirements of the Protective Security Policy Framework (PSPF). The physical security design covers:

- (a) Construction of the external perimeter and a compartmentalised IT Communications room has been designed to meet Zone Two security requirements, and
- (b) Individual physical security control elements include:

- an integrated Security Alarm System
- building Electronic Access Control Systems
- an integrated Duress Alarm System (including mobile duress alarm devices)
- a concierge desk where visitor access is controlled
- two dedicated security guards
- Security Construction and Equipment Committee (SCEC) approved doors, locks and door hardware
- Closed-circuit television (CCTV).

4.25 Fire Protection

4.25.1 The building brief requires provision of fire services in accordance with the Building Code of Australia and local Fire Brigade Authority requirements, including:

- (a) fire protection, detection systems, smoke hazard management and fire egress travel distances in accordance with the Building Code of Australia and AS1668 and AS2118.1
- (b) battery operated self-contained emergency lights and exit signs connected to a computerised automatic testing system, including toilets, plant rooms and switch rooms, the office area and car park
- (c) Emergency Warning and Intercommunication System complete with additions to cater for hearing impaired requirements
- (d) visual alarms installed in all areas including where the ambient sound pressure levels are greater than 95 (dB)
- (e) extinguishers, fire blankets
- (f) external and internal hydrant system
- (g) internal fire hose reel system
- (h) ancillary alarm outputs to various building sub systems.

4.26 Occupational Health and Safety Measures

4.26.1 The project team will work closely with recognised Workplace Health and Safety consultants to advise on the design and construction of the new fitout. Further the NDIA and DHS teams will work closely with its Project Managers, Cushman and Wakefield, to ensure that the fitout design complies with the relevant codes.

4.26.2 The design, materials, and finishes used in the furniture and fitout construction will take into account Workplace Health and Safety aspects and avoid sharp edges, furniture legs that cause obstructions, and highly reflective surfaces.

4.26.3 All contractors and sub-contractors shall comply with Workplace Health and Safety legislation appropriate to the building site.

4.27 Associated Plans and Drawings

- 4.27.1 The NDIA and DHS concept designs have been developed by Peckvonhartel, working collaboratively with the NDIA and DHS project control group and the NDIA's National Office Accommodation Committee.
- 4.27.2 The design is open plan with minimal built space, which will be placed within the building core. Workstation location is predominantly around the perimeter of the building to provide a greater use of natural light within the open plan work area.
- 4.27.3 The design concept and a set of draft floor plans are provided at Attachment B. The final floor layouts will be developed with the developer in consultation with key stakeholders.

4.28 Components Outside the Required Scope of Works

- 4.28.1 Nil known.

5 OTHER ISSUES

5.1 Key Legislation

- 5.1.1 The proposed works will comply with the requirements of the *Work Health and Safety Act 2011* (Commonwealth) and *Work Health and Safety Act 2011* (VIC).
- 5.1.2 All works will be compliant with the National Construction Code 2016 and certification of the works will be obtained by the NDIA and DHS on completion. The Project Manager will be responsible for obtaining the required building approval for this project.
- 5.1.3 The building (and subsequent fitout) will meet or exceed disability access requirements as referenced in the *Disability Discrimination Act 1992*, the *Disability (Access to Premises) Standard 2010* and *AS1428 Application of Premises Standards, Version Two* (November 2012).

5.2 Heritage or Geographical Considerations

- 5.2.1 The Carlton Hotel building, located in the south-east corner of the site, is identified as having an 'individually significant' heritage status, being a B-Listed, regionally significant building. Architecturally, the Carlton Hotel is a prominent and externally intact example in the streamlined modern style. Although not a primary contributor, it still possesses the parapet articulated form of other buildings in its precinct. There have been a number of sympathetic and unsympathetic additions to the hotel, all of which have no identified heritage significance.
- 5.2.2 Built in the 1930's, the Carlton Hotel, along with several other hotels of the time such as the Britannia and National Hotels, received extensive publicity and were regarded as symbols of the city's prosperity.
- 5.2.3 Heritage Overlays HO1638 and HO987 partially affect the site. HO1638 is a blanket overlay applying to all land in the Woolstores Industrial Heritage Area. HO987 responds to the heritage significance of the Carlton Hotel.

5.2.4 The major heritage façades, being the south and east elevations of the building, will be renovated in accordance with heritage requirements. The renovation plans to maintain the two existing access doors on Clare Street, a traditional hotel corner door on the intersection of Clare and Malop Streets, and include the renewal of the main hotel entrance on Malop Street.

5.2.5 The new building will be attached to the north and west facades, which hold no heritage importance and are the subject of numerous developments since 1930, including the construction of a drive through bottle shop.

5.2.6 The heritage issues have all been satisfactorily addressed as confirmed in the Planning Permit conditions. The site does not require a Cultural Heritage Management Plan as it is not a defined site of cultural heritage sensitivity.

5.3 Environmental Impact Assessments

5.3.1 There are no known environmental issues associated with the site and an Environmental Impact Assessment has not been undertaken for this project.

5.4 Impacts on Local Community

5.4.1 The development of the building will have a positive impact on the local community and is consistent with the aim of the City of Geelong of increasing employment opportunities in the region and stimulating business activity.

5.5 Consultation with Relevant Stakeholders

5.5.1 A formal consultative approach has been adopted to provide expert advice in relation to various aspects of the project, including the detailed evaluation of tenders and the assessment of value for money.

5.5.2 The following agencies and business have been consulted to date:

- (a) Department of Finance
- (b) Clayton Utz Lawyers (Legal Services)
- (c) DLA Piper Lawyers (Legal Services)
- (d) Sparke Helmore Lawyers (Probity Advisors)
- (e) Cushman and Wakefield (Property Leasing, Project Management and Facilities Management)
- (f) Scandrett Asset Services (Asset Services)
- (g) Property Concept Management (Property Consultants)
- (h) KPMG (Risk Management Services)
- (i) Deloitte – Real Estate Advisory Services (Commercial Services)
- (j) Cox Architecture (Architects – external)
- (k) Access Design Solutions (Access Management Consultants)
- (l) BCA Certifiers (Building Compliance Certifiers)

- (m) Trevor Main (Quantity Surveyors)
- (n) Geelong City Council (Municipal Council)
- (o) Peckvonhartel (Architects – internal)
- (p) Aquenta (Quantity Surveyors)
- (q) Umow Lai (Building Services Engineers).

5.5.3 No key issues of concern have been raised by the above stakeholders at this time.

6 COST-EFFECTIVENESS AND PUBLIC VALUE

6.1 Project Cost and Available Budget

- 6.1.1 The estimate for the fitout of the proposal is \$27 006 900 (excluding GST), being \$19 192 100 (\$2332/m²) for the NDIA and \$7 814 800 (\$1556/m²) for DHS. The NDIA fitout estimates exclude 514 m² of ground floor foyer area, which the developer has agreed to fitout at their own cost. Funding for the fitout costs will be met from the respective agency capital budgets. Both agencies have sufficient appropriation to cover these costs.
- 6.1.2 The lease arrangements provide for an effective rent that is inclusive of incentives. Funding for the lease payments will be met from the respective agency operating budgets and both agencies have sufficient appropriation to cover the associated costs.
- 6.1.3 The project cost estimate was prepared by Aquenta Pty Ltd Quantity Surveyors and is provided in Submission 1.1. The cost estimate includes design, fitout, project management costs and associated contingencies.
- 6.1.4 The contingency has been set at 15 per cent of the total project cost, including a design contingency of 10 per cent and construction contingency of 5 per cent (\$2 197 600 for the NDIA and \$848 000 for DHS). The contingency has been assessed as suitable to successfully deliver the project.
- 6.1.5 Further details of project costs and available budget are provided in Submission 1.1.

6.2 Project Delivery Method

- 6.2.1 A Project Management form of delivery is proposed to be used for the integrated fitout works. Cushman and Wakefield (CW) has been appointed as the Client-Side Project Manager.
- 6.2.2 Architects Peckvonhartel has been engaged for the fitout component of the project and are finalising the integrated fitout brief based on the NDIA and DHS concept design.
- 6.2.3 Aquenta Pty Ltd has been engaged as the Quantity Surveyor and Umow Lai as the Services Engineers to manage the fitout costings and undertake fitout peer reviews of tendered packages.
- 6.2.4 The NDIA and DHS have provided a letter of intent to the preferred tenderer to enable commencement of the detailed design documentation and planning to construct the fitout concurrently with the base building. This work will be undertaken on a cost-plus basis, with

the NDIA and DHS paying actual tendered prices for goods and services received, and the preferred tenderer charging a percentage fee for management of the works.

- 6.2.5 Tendered work packages related to fitout will be tendered by the preferred tenderer, with NDIA and DHS approval, and the NDIA and DHS will also approve the costings of tendered fitout packages.

6.3 Construction Program

- 6.3.1 Occupation of 13–19 Malop Street, Geelong is expected to occur in October 2018, depending on the timing of government approvals and the subsequent signing of the AFL.
- 6.3.2 Fitout works are proposed to be undertaken concurrently with the base building construction. Base building works are proposed to commence in April 2017. Fitout access date for NDIA and DHS is anticipated to occur in August 2018. Practical completion is estimated to occur in October 2018. Project consultants have reviewed the construction program to ensure it is feasible and that there is appropriate contingency to cover time over-runs.
- 6.3.3 A contingency construction programme has been agreed with the preferred tenderer, should appropriate approvals not be gained by March 2017. The brief for the NDIA and DHS Project Manager places a high priority on monitoring the program to ensure any potential program delay is identified at an early stage to avoid potential delays for the estimated practical completion date. The draft AFL also includes penalty clauses should the preferred tenderer miss critical project deadlines.
- 6.3.4 A contingency construction program has been agreed with the developer should appropriate approvals not be obtained by March 2017. The architects and service engineers intend to meet from December 2016 to progress the design and services components of the base building and fit-out.
- 6.3.5 A defect period of 12 months from practical completion has been agreed with the developer, with an additional 12 month defect period from the rectification of any identified defects.
- 6.3.6 The draft AFL also includes penalty clauses should the Developer miss critical project deadlines.

7 REVENUE

- 7.1.1 There will be no revenue to the Commonwealth derived from the project.

8 PUBLIC VALUE

8.1 Public Value of Proposed Works

- 8.1.1 During construction, it is estimated that the peak workforce on the project will be approximately 210 people. The workforce is estimated to include nine newly created apprenticeships or traineeships. It is also estimated that approximately 85 per cent of the workforce will be sourced locally from the Geelong area.

8.1.2 The development will provide commercial lettable spaces in addition to the NDIA and DHS office accommodation, providing opportunities for new businesses and cafes to open.

8.1.3 The proposal will allow the NDIA to continue to grow to deliver full scheme rollout by 2020.

8.2 Operating Savings of Proposed Works

8.2.1 There is an overall saving in lease payments to the Commonwealth. Further information is provided in Submission 1.1.

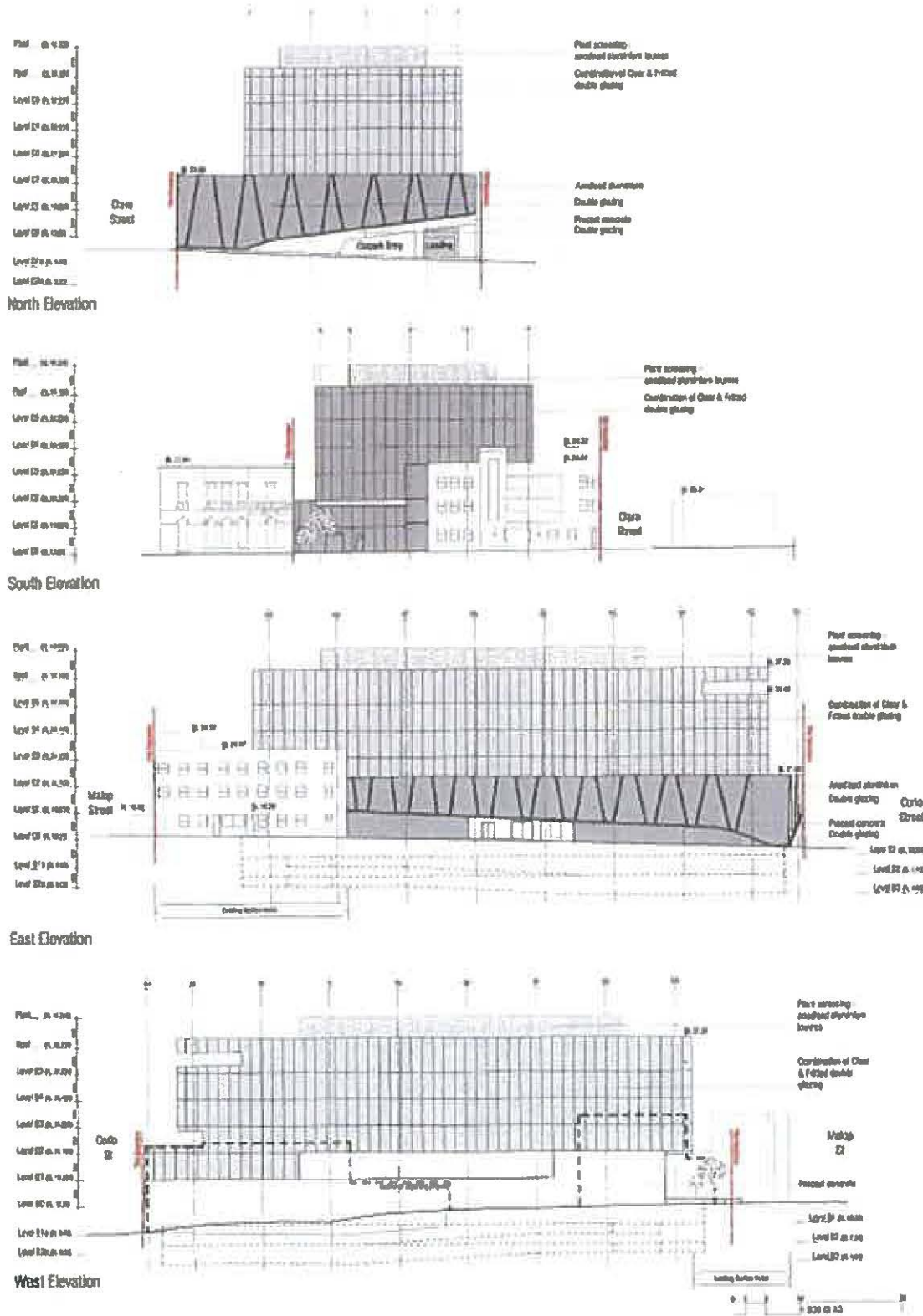
8.2.2 The proposal will deliver considerable operational efficiencies for both agencies through the co-location of staff, and the consolidation and rationalisation of leases. Operational savings will also be achieved through the implementation of high energy efficient technologies in the new building.

8.2.3 Financial modelling indicates remaining at current sites is more expensive over the initial 10 year lease term compared with the proposed new lease at 13–19 Malop Street, Geelong.

ATTACHMENT A – MASTER PLANS Concept Graphics

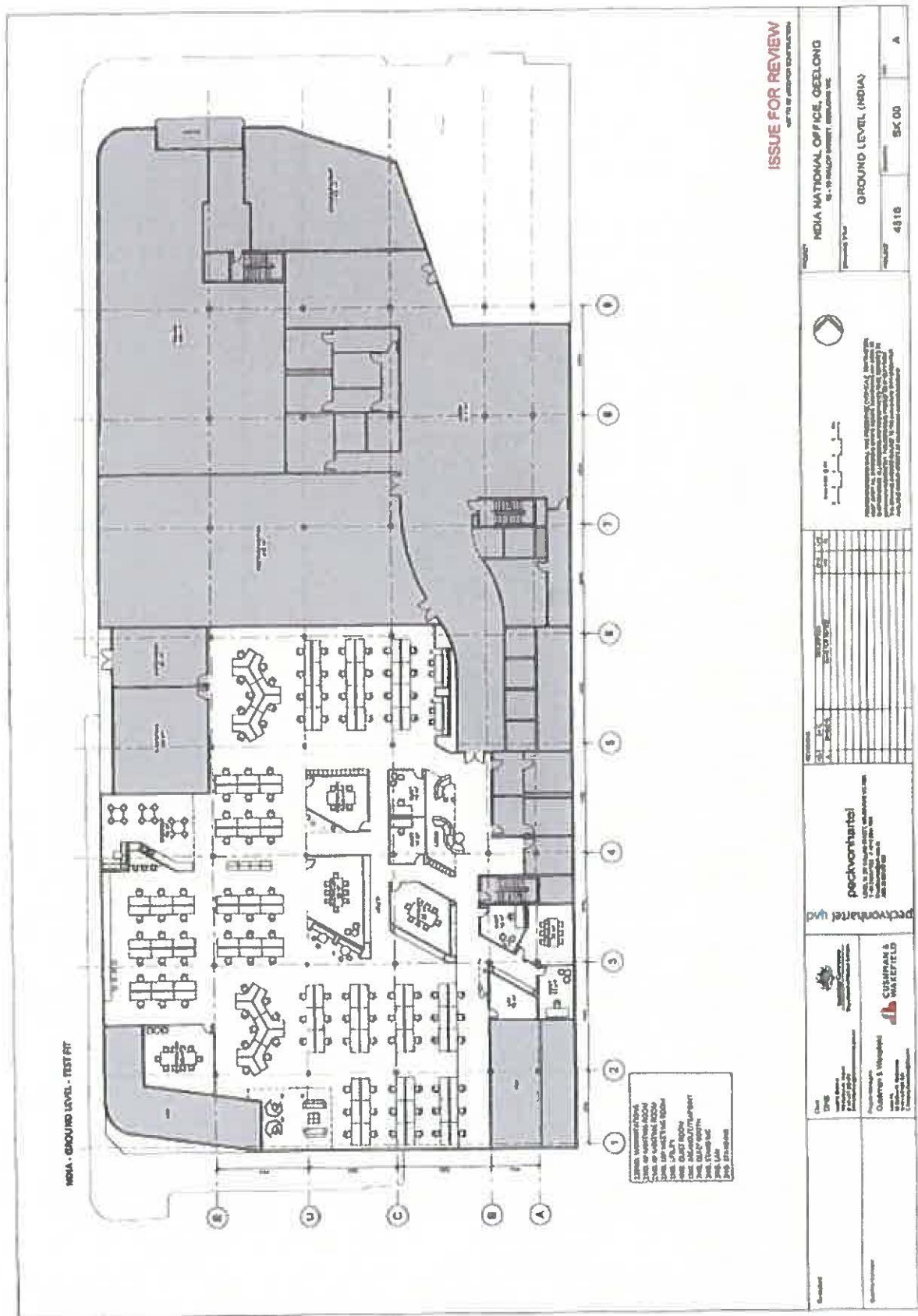


Site Elevation Plan



ATTACHMENT B – FLOOR PLANS

Ground level



Upper level

