



Australian Government
**Department of Climate Change
and Energy Efficiency**

Submission No. 1

(NISHI Building)

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Office of the Secretary

10 March 2010

Parliamentary Standing Committee on Public Works
Parliament House
CANBERRA ACT 2600

The Department of Climate Change and Energy Efficiency is proposing to fit-out new office accommodation in Canberra. It is estimated that the fit-out will cost more than \$15 million.

The Department has entered into an Agreement for Lease to acquire the necessary premises and to undertake subsequently the fit-out of this accommodation. The Agreement is subject to Department being authorised to proceed with the proposed fit-out by the Parliamentary Standing Committee on Public Works.

In accordance with the Committee's established procedures, the Department has prepared a submission in relation to the proposed fit-out.

I am now forwarding the submission to you for the Committee's consideration.

Yours sincerely

Martin Parkinson
Secretary



PROPOSED FIT-OUT OF NEW LEASED PREMISES

**FOR THE DEPARTMENT OF CLIMATE CHANGE AND
ENERGY EFFICIENCY**

STATEMENT OF EVIDENCE

TO THE

**PARLIAMENTARY STANDING COMMITTEE ON PUBLIC
WORKS**

11 March 2010

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SUMMARY

S1. The Climate Change Portfolio presently comprises: the Department of Climate Change (the Department) which includes the interim form of the proposed Australian Climate Change Regulatory Authority (ACCRA), and the Office of the Renewable Energy Regulator (ORER). This submission reflects the Government's policy intentions regarding the environmental performance of the Department.

S2. The full implications of the revised administrative arrangements announced by the Prime Minister on 26 February 2010 are not reflected in this submission. Paragraphs S25-S27 below outline the Department's intentions for advising the Committee of these implications.

S3. The Department was established on 3 December 2007, drawing together organisational units previously located in several established agencies. The Department is responsible for policy advice, implementation and program delivery in relation to

- reducing Australia's greenhouse gas emissions;
- adapting to the impacts of climate change that cannot be avoided; and
- helping to develop and shape global solutions.

S4. Major policy and program initiatives being managed by the Department include

- development and implementation of the Carbon Pollution Reduction Scheme (CPRS);
- strengthening, in conjunction with the State and Territory administrations, the operation of the Renewable Energy Target (RET) scheme;
- implementation of the Australian Climate Change Science Framework and the Commonwealth's climate change adaptation policy;
- operation of the Climate Change Action Fund;
- development of international engagement, including bilateral partnerships;

- management of the greenhouse and energy reporting requirements specified by the *National Greenhouse and Energy Reporting Act 2007*. These arrangements are managed by the Department's Greenhouse and Energy Reporting Office; and
- portfolio co-ordination.

S5. The Office of the Renewable Energy Regulator is responsible for the administration of the Mandatory Renewable Energy Target established by the *Renewable Energy (Electricity) Act 2000* and the *Renewable Energy (Electricity) (Charge) Act 2000*.

S6. Passage of legislation to establish the CPRS will create the Australian Climate Change Regulatory Authority (ACCRA) which will be an independent agency within the Climate Change Portfolio. ACCRA will implement and administer the CPRS, administer the *National Greenhouse and Energy Reporting Act 2007* (currently administered by the Department) and the *Renewable Energy (Electricity) Act 2000* and the *Renewable Energy (Electricity) (Charge) Act 2000* (both Acts currently administered by ORER).

S7. For practical policy and operational reasons, the Department is proceeding to develop its office accommodation arrangements on the basis that all the policy, program and regulatory functions currently managed by the Department and ORER will be co-located. These arrangements would continue following the establishment of ACCRA.

S8. The Department's main current office accommodation is located at 2 Constitution Avenue, Canberra City. Additional office accommodation is also leased at 20 Allara Street, Canberra City which is in close proximity to 2 Constitution Avenue.

S9. The total area occupied by the Department across both locations is 11,557 square metres; 9,891 square metres at 2 Constitution Avenue and 1,666 square metres at 20 Allara Street. The Department shares its tenancy at both locations with other Commonwealth agencies.

S10. From the beginning of its operations the Department sought to bring all its constituent organisational units into one location. The only practical option available at the time was the utilisation of surplus accommodation at 2 Constitution Avenue (which has been subsequently supplemented to cater for substantial growth by surplus capacity at 20 Allara Street). In both locations the Department has inherited the office facilities, in most cases more than 20 years old and

in poor condition, which had been established to satisfy the functional needs of the previous occupants. The accommodation is generally of a poor quality, dysfunctional in relation to the organisational and operational needs of the Department and not capable of economical refurbishment to modern standards. A NABERS energy assessment was undertaken prior to the Department's occupation of 2 Constitution Avenue which determined a rating of 2.5 stars for the existing fit-out.

S11. The Department's lease for 2 Constitution Avenue expires on 31 December 2012. There is no provision for an extension of this lease. The lease at 20 Allara Street (a sub-lease from the Australian Customs Service) is scheduled to expire on 14 June 2011; with provision for an extension of this lease for a further term of two years.

S12. The Government has agreed to the fit-out of new, contemporary office accommodation for the Department. The Government's expectations for this fit-out include the achievement of a 5 Star rating under the National Australian Built Environment Rating System (NABERS) – the maximum rating currently available – as well as providing a showcase for a number of practical, leading edge environmental initiatives that demonstrate improved environmental performance and are fully capable of adoption by other organisations. Funds for this purpose were provided in the 2009-10 Budget.

S13. The Department undertook an open market process during 2009 to identify commercial premises that would meet the Department's longer term office accommodation needs. This process sought the submission of proposals from several developers and property owners, including from the Department's current landlord at 2 Constitution Avenue.

S14. As a result of this approach to market, the Department has identified a proposed commercial development in the Canberra City area which would most effectively meet its accommodation requirements. This development will provide approximately 12,250 square metres of A Grade high quality office space within a building with approximately 20,000 square metres of commercial office accommodation space.

S15. Initial planning has been based on providing office accommodation for up to 750 staff. This anticipated providing capacity for current staffing numbers (572 at 31 January 2010) as well as anticipated future growth. The Department is currently assessing, as a matter of urgency, the implications for this proposal of the Machinery of Government changes announced by the Prime

Minister on 26 February 2010. The results of this assessment will be advised to the Committee through a Supplementary Departmental Submission.

S16. The development, to be known as the Nishi Building, will be situated in the West Acton area of Canberra City. It will be located on Edinburgh Avenue and adjacent to Parkes Way.

S17. The base building will be designed and developed to achieve, as a minimum, a 5 Star National Built Environment Rating System (NABERS) classification and a 6 Green Star rating under the Green Building Council of Australia protocols. Proposed environmental initiatives include passive air handling systems, photovoltaic arrays on the roof and facade structures, and state of the art energy management and lighting controls.

S18. The Department's office fit-out will be designed and developed to achieve, as a minimum, a 5 Star National Built Environment Rating System (NABERS) classification for tenancy fit-out and a 6 Green Star rating under the Green Building Council of Australia protocols. Initiatives will include a number of environmentally sustainable design features including task lighting systems and environmentally sensitive selection of fit-out materials. The design and construction of the Department's office fit-out will be integrated with the design and construction of the base building. This will provide opportunities for the Department to develop contemporary office accommodation which will have a high level of amenity for staff and visitors and which will demonstrate opportunities for the adoption of leading edge sustainable environmental initiatives that are practical, cost effective and fully capable of adoption by other organisations.

S19. The Department has established, on the basis of current conceptual design, an indicative budget of \$20.5 million for the proposed fit-out of its office accommodation. This budget includes provision for contingencies, cost escalation and associated professional fees.

S20. It is anticipated that, consistent with the expiration of its current lease arrangements, the Department would be able to take occupancy of its new accommodation in the second half of 2012.

S21. The new accommodation will conform to all relevant Australian building codes and practices. This development is expected to contribute to the on-going development and renewal of the New Acton and City West precincts of Canberra City through the provision of high quality accommodation designed to achieve best practice in environmentally sustainable design and continued support of the ACT construction industry.

S22. Staff have shown strong interest and enthusiasm in being able to contribute to the design and delivery of the proposed office fit-out and associated environmental initiatives. In this regard, it has been noted that the ongoing location of the Department in the Canberra City area would continue to provide access to transport and commercial infrastructure more likely to be conducive to achieving sustainable environmental results for the project, would provide essential ready access to key central agencies and Parliament consistent with the Department's central policy role and would mitigate any further disruption of staff, all of whom have relocated to 2 Constitution Avenue during 2008.

S23. Initial discussions and consultations have occurred with Departmental staff both directly and through relevant representative fora. These discussions and consultations will be on-going throughout the life of the project.

S24. The Department welcomes the opportunity to present this submission for consideration by the Committee.

S25. The Department notes that the Prime Minister announced on 26 February 2010 the Government's intention to combine certain functions of the Department of Environment, Water, Heritage and the Arts with the Department of Climate Change to create a Department of Climate Change and Energy Efficiency.

S26. At the time of finalisation of this submission to the Committee, the Department did not have final or clear information about the precise functions and associated staff that will transfer as a result of the Prime Minister's announcement. While these are likely to have significant implications for this proposal, the proposed terms with the new building's developer are expected to cater for this development.

S27. The Department anticipates that, by the end of March 2010, it will be in a position to advise the Committee of the implications of the announced administrative changes for the fit-out proposal included in this submission.

1. IDENTIFICATION OF THE NEED

1.1 Project Objectives

1.1.1 The Department was established on 3 December 2007. It is the lead agency for the development and implementation of the Australian Government's climate change framework. It provides policy advice and manages the implementation and delivery of programs that:

- a) help reduce Australia's greenhouse gas emissions;
- b) adapt the impacts of climate change we cannot avoid; and
- c) help shape global solutions.

1.1.2 The Department's Mission is:

To support the government by leading and coordinating the cost-effective mitigation of climate change, adaptation to its impacts, and the shaping of global solutions through:

- *advice to the government that is of the highest quality, integrated, objective and well informed; and*
- *effective delivery of programs and services to Australia.*

1.1.3 As part of its responsibility for policy development and advice on climate change issues, the Department works closely with other Australian Government agencies (in particular the central agencies), State and Territory jurisdictions, relevant international and national agencies in other countries as well as industry and community groups.

1.1.4 To effectively deliver on its mandate, the Department requires office accommodation that effectively reflects this mandate, provides a safe and secure work environment for staff, supports a high level of operational efficiency and seeks to maximise productivity.

1.1.5 From the beginning of its operations the Department has sought to bring all its constituent organisational units into one location. The only practical option available at the time was

the utilisation of accommodation at 2 Constitution Avenue (to cater for substantial subsequent growth this has been supplemented by securing additional office capacity at 20 Allara Street). In both locations the Department has inherited the office facilities, in most cases more than 20 years old and in poor condition, which had been established to satisfy the functional needs of the previous occupants. The accommodation is generally of a poor quality, dysfunctional in relation to the organisational and operational needs of the Department and not capable of economical refurbishment to modern standards. A NABERS energy assessment of the office fit-out available at 2 Constitution Avenue was undertaken on 29 January 2008 prior to the Department's occupation. This assessment determined a rating of 2.5 stars. In its current form the fit-out is non-compliant with the Energy Efficiency in Government Operations (EEGO) Policy.

- 1.1.6 In seeking to achieve its objective of securing a contemporary fit-out solution the Department will be seeking to realise a number of operational and administrative efficiencies including:
- a) cost effective property solution, with lower energy consumption and improved environmental initiatives;
 - b) advantages from technological improvements in building services;
 - c) demonstration of a range of "green building" principles;
 - d) efficiencies in infrastructure including training facilities, staff amenities, conference/ meeting facilities and floor layout; and
 - e) the minimisation of costs associated with internal realignments to accommodate functional and operational change by adopting a number of open plan office concepts.
- 1.1.7 The proposed fit-out will establish an office environment which will allow for the co-location of all existing staff as well as provide some prudent capacity for future growth. These arrangements will provide opportunities for the development and implementation of collaborative and innovative workplace practices including between associated agencies in the Portfolio.

- 1.1.8 The Government's expectations for the Department's fit-out include the achievement of a 5 Star NABERS rating (the maximum available) as well as providing a showcase for a range of practical, leading edge environmental initiatives that demonstrate improved environmental performance and are fully capable of adoption by other agencies. These latter measures will provide support for the Department to actively pursue a 6 Star rating under the Green Building Council of Australia's (GBCA) classification system for Office Interiors (see Section 1.3 below).
- 1.1.9 The construction and operation of buildings account for nearly a quarter – 23 percent – of Australia's greenhouse gas emissions, with commercial buildings representing 10 per cent¹. In accordance with the Department's mission to lead and coordinate the cost-effective mitigation of climate change, the proposed fit-out works include a number of environmental initiatives that could be showcased to industry and other Commonwealth Government agencies.

1.2 Operational Environmentally Sustainable Design and Objectives

- 1.2.1 The Department was established to take action to combat climate change and to drive change within the sustainability field. The Government has appropriated funding to support this project and, as such, the Department is committed to demonstrating leadership and to show-case the adoption of environmentally sustainable design (ESD) principles in all its operational processes. Therefore, the Department has very specific requirements and targets with respect to the energy and water performance of the building which it occupies. These requirements encompass all aspects of sustainability including energy, water, materials, management, indoor environmental quality, traffic efficiency, emissions and ecology.
- 1.2.2 The Department's objective is to achieve best practice in sustainable design. The fit-out works are proposed to include a number of environmental initiatives that could be showcased to other agencies and Industry. The Department is committed to achieving a 5 Star NABERS rating and actively target a 6 Star Green Star Office Interiors rating with the

¹ Centre of International Economics, Capitalising on the Building Sector's Potential to lessen the costs of a Broad Based GHG Emissions Cut, September 2007.

GBCA which represents world leadership in environmentally sustainable design and / or construction.

1.2.3 The Department has engaged Point Project Management (Point) in conjunction with Viridis E³ to provide advice and peer review in the establishment of environmentally sustainable design principles. These principles will extend beyond the conventional ratings measures, while satisfying the criteria for achieving a minimum of 5 star NABERS and 6 star Green Star ratings.

1.2.4 It is anticipated that the building and fit-out will represent a new benchmark in office accommodation energy and resource efficiency in Australia. The ultimate fit-out solution will employ cutting edge technology to drastically reduce the environmental footprint of the building and its associated functions. It is anticipated that, consistent with the objectives noted at paragraph 1.1.7, the building will become a point of reference for cost effective and environmentally efficient commercial buildings; appropriate for the Department mandated to deliver the Australian Government's climate change framework.

1.3 Green Star Office Interiors Rating

1.3.1 Green Star is a comprehensive, national, voluntary environmental rating system that evaluates the environmental design and construction of buildings and assesses both base building and fit-out performance independently. The Green Building Council of Australia (GBCA) launched the Green Star environmental rating system for buildings in 2003 to drive the transition of the Australian property industry towards:

- a) sustainability by promoting green building programs, technologies, design practices and operations; and
- b) integration of green building initiatives into mainstream design, construction and operation of buildings.

1.3.2 Green Star was developed for the property industry in order to:

- a) establish a common language;
- b) set a standard of measurement for green buildings;

- c) promote integrated, whole-building design;
- d) recognise environmental leadership;
- e) identify building life-cycle impacts; and
- f) raise awareness of green building benefits.

1.3.3 These industry objectives are consistent with the Department's mandate to reduce greenhouse gas emissions and overall policy objectives.

1.3.4 The rating system assesses a building's environmental impact on a scale of 0 to 6 stars with a;

- a) 5 Star Green Star Certified Rating signifying 'Australian Excellence' in environmentally sustainable design and/or construction; and
- b) 6 Star Green Star Certified Rating signifying 'World Leadership' in environmentally sustainable design and/or construction.

1.3.5 The Department is actively seeking to achieve a 6 Green Star Office Interiors rating to promote and demonstrate the opportunities for achieving such a result in a built office environment.

1.4 NABERS

1.4.1 The National Australian Built Environment Rating System (NABERS) is a performance based rating system used to assess the efficacy of buildings and office tenancies in terms of their measured operational impacts on their immediate environment. Specific NABERS rating tools provide robust, comparable measures of a building's operation in relation to energy and water efficiency, indoor environmental quality and waste recovery. The rating tool provides a simple indication of how well a building and, in particular, its occupants are managing these environmental impacts compared with its peers and neighbours.

1.4.2 NABERS ratings are also applied, on a similar basis, to office tenancies as well as base buildings and whole buildings (tenancies and base building combined).

- 1.4.3 The NABERS suite of rating tools measures performance on a scale of 1 to 5 stars with 2.5 stars representing market median performance. A 5 star rating demonstrates market leading performance, while a 1 star rating means the building is performing below median market practice and has considerable scope for improvement.
- 1.4.4 The Department is actively targeting 5 star ratings in all NABERS assessment areas to promote, consistent with its charter, a range of practical measures that can be adopted to support environmental sustainability. The Department will need to undertake substantial further design work in conjunction with the base building developer to achieve this objective.

1.5 Current Accommodation

- 1.5.1 The Department is currently located at 2 Constitution Avenue in Canberra's central business district. The Department leases 9,891 square metres at this location with the remainder of the building's office space (10,123 square metres) being held by the Australian Customs Service. In addition, the Department leases 102 undercover secure car parks. To cater for immediate growth needs the Department has recently committed to an additional 1,666 square metres of space at 20 Allara Street for the short term. The quality of the accommodation is generally poor and dysfunctional for the needs of the Department.
- 1.5.2 The Department's lease for 2 Constitution Avenue expires on 31 December 2012. There is no provision for an extension to this lease. The lease at 20 Allara Street (a sub-lease from the Australian Customs Service) is scheduled to expire on 14 June 2011 (with an option for a two-year extension). An alternate accommodation and fit-out solution will offer significant savings in functionality, operating efficiencies and administrative overheads over the longer term.
- 1.5.3 At the time the Department took occupancy, the previous lease at 2 Constitution Avenue was transferred by the Department of Environment, Water, Heritage and the Arts. The Department took up accommodation on a "walk-in" basis with no opportunity to refit or reconfigure the floor layouts due to time and funding constraints associated with a newly established Department.

- 1.5.4 The existing fit-out at 2 Constitution Avenue is beyond the end its economic life, requiring substantial refurbishment or replacement to meet the needs of the Department. There has been no substantial upgrade to the base building services and it does not comply with Commonwealth Green Lease requirements and does not meet basic accommodation standards.
- 1.5.5 As part of its preparation for managing the expiration of current lease arrangements, the Department has undertaken an assessment of its existing and future accommodation requirements. The assessment has sought to establish in a comprehensive manner the nature and scope of the office accommodation that provided the best fit for meeting the Department's functional and operational needs.
- 1.5.6 The accommodation review, commissioned by the Department, assessed the current and future spatial and operational requirements and assessed a number of leasing and design options. The strategy was to test the market with open parameters to enable a thorough analysis of all possible options and to achieve maximum value for money for the Department's lease commitments.
- 1.5.7 Following these investigations, including the analysis of the alternative options, it was determined that the Department's commitment to the lease of a proposed new commercial office development would most efficiently achieve the preferred accommodation solution.

1.6 Site Selection

- 1.6.1 During 2009 the Department undertook an open market process to identify commercial premises that would meet the Department's longer term office accommodation needs. This process sought the submission of proposals from several developers and property owners within the ACT, including from the Department's current landlord at 2 Constitution Avenue. Following a formal Expression of Interest, five respondents were invited to tender in October 2009.
- 1.6.2 Subsequently the Department has selected a proposed commercial development in the Canberra City area which would most effectively meet its accommodation requirements.

This development would secure 12,250 square metres of A Grade high quality office space within a 20,000 square metre building.

- 1.6.3 The Department's central policy functions and role requires, for effectiveness, close proximity to Parliament, relevant central agencies located in the Parliamentary Triangle and other Departments in Canberra City with related policy interests. In addition, following the Department's recent consolidation in the city, staff re-established their daily travel plans, their arrangements for child care facilities and their access to retail and commercial services. The accessibility of bicycle paths and public transport to the Canberra City centre is also a key consideration, particularly considering the high proportion of Department staff who cycle to work.

1.7 Description of the Proposal

- 1.7.1 The new building is to be located at Block 5 & 6 Section 24 Canberra City, off Edinburgh Avenue (Location Plan at Annexure A). The building will be known as New Acton Nishi and is designed to be one of Australia's leading environmentally sustainable buildings. The tenancy will provide the Department with a net letable lease (NLA) of approximately 12,250 square metres over seven floors, with space on the ground floor which will be sufficient to accommodate current Departmental staff numbers and projected growth. This is consistent with the Commonwealth Property Management Guidelines (Nov 2009) published by the Department of Finance and Deregulation (October 2009).
- 1.7.2 The Department proposes to enter into a 15-year lease with two five-year options, commencing on 1 October 2012.
- 1.7.3 The base building provides approximately 20,000 square metres of commercial NLA and will be multi-tenanted. The Department has negotiated first right of refusal of additional commercial space beyond the 12,250 square metres currently negotiated, should additional space be required. Adjacent to the proposed commercial building (located on separate title) is the "green" Nishi residential development designed to be one of the "greenest" multi residential developments in Australia.

- 1.7.4 The average office floor plate is 1,821 square metres providing large efficient floor space enabling greater flexibility of fit-out design elements in an open plan office environment.
- 1.7.5 A dedicated area of approximately 250 square metres situated on ground floor will provide meeting facilities allowing the Department the flexibility to consult with stakeholders without the need for detailed security screening, and negates the need for visitors to enter the Department's secure office environment.
- 1.7.6 The base building will be designed and developed to achieve, as a minimum a 5 star NABERS classification and a 6 Green Star rating under the GBCA. An additional feature in the development of the base building will be the inclusion of photovoltaic technology. The Department will receive the benefit of the operation of this photovoltaic technology in proportion to its occupancy of the total NLA.
- 1.7.7 The Department fit-out will be architecturally designed office accommodation, predominantly open plan, supported by flexible workstation design, increased meeting room capacity, kitchen, amenities and break out facilities. Special function requirements such as a computer room, secure areas, reception, first aid and carers rooms will be provided.
- 1.7.8 In general, offices and meeting/conference rooms will be located within the core of the building maximising the use of natural light for the majority of staff. Offices and meeting rooms will be modular in design and interchangeable as business requirements dictate.
- 1.7.9 The design and construction of the Department's office fit-out will achieve a fit-out design achieve a 5 Star NABERS rating and actively target a 6 Star Green Star Office Interiors rating.
- 1.7.10 Integration of fit-out related services into the base building works will be negotiated to produce cost savings and construction efficiencies including electrical, mechanical, communications, security, fire and hydraulic services.
- 1.7.11 Provision for 60 dedicated car spaces (42 car parks less than current arrangements) and 10 motorcycle spaces will be made via a secure basement. Car parking designated for persons with disability will be located in the closest possible position to lift access. These

1.7.12 Provision for 150 bicycle racks have been provided in a secured area within the basement car park accompanied closely by change room, shower and locker facilities with additional space provided for future growth should it be required. There is capacity within the proposed lease area to increase the amount of bicycle parking numbers if required.

1.7.13 Building specifications have been examined to ensure that all essential Department requirements are met prior to development of concept designs, maximising the opportunity to integrate efficient design principles.

1.7.14 Fit-out design and specification will meet relevant Disabilities Legislation both in respect to access for clients and staff including wheel chair access to the building and office areas, door widths and height, lift arrangements, parking, toilets and access to counter facilities.

1.7.15 The proposed site is in close proximity to the Department's existing accommodation, transport services and other related Commonwealth agencies. Relocation from the current tenancies is not expected to affect significantly the current arrangements which staff have only recently put in place to cover personal travel, health or child care needs. The location plan for the proposed development is attached as Annexure A.

1.8 Environment Issues

1.8.1 The Department is not aware of any reportable environmental issues in relation to the construction of the proposed premises or delivery of the office fit-out. It is proposed that all works will be delivered in accordance with relevant environmental protection legislation and any other related legislation.

1.9 Heritage Considerations

1.9.1 The development proposal for the construction of the base building is subject to National Capital Authority (NCA) planning approval. The NCA's processes are yet to be finalised.

1.9.2 We are aware that the proposed development will be located adjacent to the Diamant Hotel and in close proximity to the Australian Academy of Science (Shine Dome). Both these buildings are heritage listed.

1.9.3 Any heritage issues arising in relation to these buildings as a consequence of the proposed development are matters for the NCA. It is noted that the hotel is owned by the Molonglo Group (the developer of the Nishi Building) and that they have undertaken a program of restoration works for the hotel building. It is understood that the development of the Nishi Building will be sympathetic to the approaches adopted in relation to this heritage related work.

1.10 Technical Support

1.10.1 A formal consultative approach has been adopted to provide expert advice to the Department. The Department has developed a communication strategy for internal and external consultation. The consultative framework includes both formal and informal means of communication and consultation with the public and private sector, community and staff consultative forum.

1.10.2 The following technical support organisations have been consulted to date:

- a) The National Capital Authority;
- b) Australian Government Solicitor (Probity Advisor);
- c) United Group Services (Leasing agent);
- d) Clayton Utz (Legal representation);
- e) Point Project Management (External Project Manager);
- f) Barmco Mana Partnership (Peer services consultants);
- g) Viridis (Peer ESD consultants);
- h) Woodhead (Fit-out architect);
- i) Umow Lai (Fit-out consulting engineers); and
- j) Wilde and Woollard (Fit-out concept design cost advisers)

1.11 Revenue

1.11.1 There will be nil revenue derived from the proposed fit-out.

2. TECHNICAL INFORMATION

2.1 Location

2.1.1 The Department's new fit-out will be undertaken on seven floors and part of the ground floor in the building known as New Acton Nishi, specifically this building will be located at Block 5 and 6 Section 24 Canberra City.

2.2 Scope of Works

2.2.1 The Department will lease approximately 12,250 square metres of NLA for 15 years with two five-year options and will be undertaking an integrated office fit-out. Annexure B provides the concept floor plan layouts.

2.2.2 The Department has the option to integrate the construction of the fit-out with that of the base building or sever the fit-out works and undertake the construction on completion of the base building.

2.2.3 The fit-out will include;

- a) Open plan office accommodation;
- b) Allocated office space for SES and Secretary and Deputy Secretary officers;
- c) Flexible, modular office design utilising interchangeable desks and workstation partitions;
- d) Standard office workstation and personal storage facilities;
- e) Breakout spaces and kitchens;
- f) Meeting rooms of various sizes, quiet rooms and informal meeting zones;
- g) Centrally located utility and storage facilities (compactus zones);
- h) Conference and training facilities;

- i) Carers and first aid room(s);
- j) Provision of supplementary air-conditioning in dedicated facilities with a higher than normal cooling and ventilation requirement including large meeting and conference rooms, computer rooms and social amenities room;
- k) Loose furniture;
- l) Bicycle racks, showers and locker facilities;
- m) Secure reception and entrance lobby;
- n) Type 1 security controlled access;
- o) Computer room built to specifications; and
- p) Car and motor bicycle parking spaces including battery charging facilities for potential future tenant electric vehicles.

2.2.4 A proposed space allocation of 16 square metres per person consistent with Commonwealth Property Management Guidelines (October 2009) has been adopted. This new Commonwealth accommodation policy has driven in some significant ways the proposal's accommodation design and lay-out.

2.2.5 The workplace will provide users with an environment that has the ability and capacity to meet the changing organisational needs of the Department. This will be achieved through:

- a) Provision of work points which can easily and quickly be reconfigured without disturbing productivity;
- b) Providing open plan areas;
- c) Ensuring the enclosed areas are capable of being altered easily for future change;
- d) Provision of building services that are flexibly located to allow for repositioning of walls, work point layouts and accommodation; and
- e) Allowance for changes in technology.

- 2.2.6 Built forms such as offices, kitchens and meeting rooms will be located, with very few or any exceptions, adjacent to the core of the building, allowing strong distribution of natural light through to the open plan configuration.
- 2.2.7 Built forms will be minimised to reduce the environmental impact of the construction of the building. This reduction in built form offers the following environmental related benefits:
- a) Improved ventilation rates;
 - b) Reduced CO₂ monitoring and control;
 - c) Improved daylight penetration;
 - d) Reduced electric lighting levels;
 - e) Improved external views; and
 - f) Reduced consumption of walls and partitions materials.
- 2.2.8 Interconnecting fire stairs between floors will promote a high level of interpersonal communication and healthy work practices.
- 2.2.9 The integrated Construction Program is provided at Annexure C to this submission.

2.3 Zoning and Approvals

- 2.3.1 At the time of writing, it is noted that the building development is subject to the NCA works approval. The developer's submission states that the NCA has confirmed that the proposed Nishi office development is consistent with the National Capital Plan's land use zoning that applies to the site.
- 2.3.2 The fit-out works shall occur internal to an existing building, as such the fit-out works themselves will not be affected by zoning or town planning approvals. An accredited Building Certifier will be engaged to certify compliance of the fit-out works with all relevant regulatory and statutory requirements.

2.3.3 The building site is located within an area defined as a Designated Area in the National Capital Plan, the land use policy (zoning) is derived from the National Capital Plan, specifically Amendment 61. Amendment 61 identifies the Nishi site as part of the Land Use Area A. Office space is classed as ancillary to the primary land use zoning.

2.4 Master Planning and Site Planning

2.4.1 When the proposed development is completed the Department will occupy a building appropriately classified for commercial use. Consequently, there are no specific master planning or site planning considerations for this fit-out.

2.5 Codes and Standards

2.5.1 The fit-out will comply with all relevant requirements of the Building Code of Australia (BCA), Disability Access, Australian Standards, Commonwealth Protective Security Manual and specifications consistent with agency security requirements. An accredited Building Certifier will be engaged to certify compliance of the fit-out works.

2.5.2 The development and fit-out will conform to the requirements of the National Code of Practice for the Building and Construction Industry 1997 (the Code), the Australian Government Implementation Guidelines for the National Code of Practice for the Building and Construction Industry 2003 (the Guidelines) and the Industry Building and Construction Industry Building Improvement Act 2005.

2.5.3 The Department will ensure that only those organisations accredited under the Australian Government Building and Construction OHS Accreditation Scheme, as implemented by the Office of the Federal Safety Commissioner, are appointed to undertake works on the project.

2.5.4 Reference standards will be met, including the energy guidelines set out in the Australian Government's Energy Efficiency in Government Operations (EEGO) policy, Green Lease schedules, NABERS Scheme and the Green Building Council of Australia Green Star environmental rating system for buildings and office interiors and the Property Council of Australia guidelines for A-grade buildings.

2.6 Energy Conservation Measures

- 2.6.1 To ensure that the Department's environmental sustainability development (ESD) objectives are realised, a comprehensive Base Building Design Brief has been developed outlining the minimum standards and requirements of the base building services which are required to achieve compliance with operational and sustainability ideals of the Department. The base building brief applies the ESD requirements of the Department into every aspect of building services and its environmental performance.
- 2.6.2 The following criteria are specified in the Department's base building brief to minimise energy usage and operating costs without a reduction in accommodation standards:
- a) A 5 Star NABERS Energy rating as currently defined will be maintained for the duration of the Department tenancy, with the design to maximise energy savings possible beyond the calculated 5 star NABERS threshold;
 - b) Actively target a 6 Star Green Star or better As-built rating;
 - c) Compliance with Section J of the Building Code of Australia;
 - d) Services which meet the minimum commercial performance standards of an A-Grade Commercial Office as defined by the Property Council of Australia;
 - e) Compliance with Energy Efficiency in Government Operations (EEGO) policy in areas which are applicable to the base building; and
 - f) Compliance with Green Lease schedules (GLS) in areas which are applicable to the base building.
- 2.6.3 It is also expected that the base building premises must have the design and operational qualities which will allow the Department as a tenancy to achieve the following targets;
- a) A 5 Star NABERS rating in all eligible categories for energy, indoor environment, waste and a whole building rating for water which must be maintained for the duration of the Department tenancy, noting that, where possible, the design should maximise support to tenancy energy savings beyond the calculated 5 star NABERS threshold;
 - b) A 6 Star Green Star Office Interiors rating;

- c) Compliance with EEGO policy; and
- d) Compliance with GLS.

2.6.4 The landlord and tenant ongoing responsibilities for environmental management will be specified in the lease via the Green Lease schedule and supported by the relevant Green Star credits. Operating procedures to reduce environmental impacts will include separation of different waste streams to enable the full extent of recycling possible, raising staff awareness on energy, water and waste management, regular auditing environmental performance, purchase of energy efficient equipment and ongoing adjustments to the base building and tenant engineering services to ensure they continue to operate in the most efficient manner. Initiatives include the installation of photovoltaic array technology designed to supplement energy consumption and reduce associated green house gas emissions.

2.6.5 The fit-out design, construction and commissioning is required to account for Commonwealth of Australia Policy EEGO and is required to use the NABERS rating tool and validation criteria applicable to the Agreement For Lease.

2.6.6 The fit-out design is required to make all due allowances to achieve a 5 star NABERS rating in design, construction and operation. It is expected that due to the nature of the tenancy, the required outcome will cause the inclusion of renewable energy technologies and technologies that reduce the overall carbon footprint of the building.

2.7 Planning and Design Concepts

2.7.1 The major objectives considered essential to the outcome of the Department fit-out are:

- a) To meet the operational requirements of the Department and help to provide a pleasant, functional and relevant work environment for Department staff;
- b) To make extensive use of, and implement, ESD principles, objectives and initiatives at the earliest possible stages of design and planning;
- c) To ensure optimum energy efficiency and comfort within the workplace in all seasons;
- d) To promote material waste minimisation in design and construction phases;

- e) To promote and effect emissions minimisation from equipment, materials and finishes including paints, sealants and adhesives; and
- f) To demonstrate whole of life costing of major system components and equipment, giving consideration to the sum of all materials acquisition, installation, operation, maintenance, refurbishment and disposal costs associated with the fit-out.

2.7.2 The selection of materials and finishes to be adopted in the fit-out will take into account environmental impact, appearance, durability, functionality and ease of maintenance and cleaning while providing a pleasant environment for staff to work.

2.7.3 Typical materials and finishes will include demountable partition systems, fabric panels on workstation screens, feature colours on selected walls and feature ceilings incorporating lighting solutions. In all cases, these materials and finishes will be responsive to sustainability considerations.

2.8 Technical Services

2.8.1 All building services have been designed to meet current expectations for Grade A commercial buildings as defined by the Property Council of Australia, and to comply with all statutory requirements and the Building Code of Australia.

2.8.2 The Building Services Systems for the Department fit-out are intended to be designed, constructed, installed and commissioned in accordance with the full requirements of the Base Building Services Brief (BBSB). The BBSB has been designed to ensure building services systems installed in the fit-out shall:

- a) Be extensively coordinated and integrated (where applicable) with the base building systems to provide high quality purpose design outcomes;
- b) Have capacity to reliably perform the function for which they were designed;
- c) Be easily and economically maintained, repaired and replaced as necessary;
- d) Be readily operated with a high level of energy efficiency;
- e) Be designed and procured in accordance with best environmentally sustainable development (ESD) principles and practice;

- f) Be designed, constructed and commissioned based on the latest standards;
- g) Have the capacity to cater for highly variable tenant occupancy loads, fit-out configurations, and operational demands with minimal modification; and
- h) Be designed to achieve minimum noise and vibration characteristics as defined in the BBSB.

2.8.3 **Mechanical** - The mechanical infrastructure within the building, including tenancy and base building areas, shall comply with all relevant BCA "Deemed to Satisfy" provisions and local government and building regulations and standards and relevant performance criteria specified within the Department base building brief.

2.8.4 The Nishi building development has responded to the Department BBSB by providing innovative mechanical systems including an underfloor air distribution system and active slab system designed to provide a high level of performance while minimising energy consumption. The under floor distribution system also provides maximum flexibility for the Department's fit-out and future reconfiguration requirements.

2.8.5 **Hydraulic Services** - The hydraulic services within the building shall comply with the Building Code of Australia and all relevant Australian standards and authority requirements. The hydraulic services base building provisions shall meet the following minimum requirements:

- a) Sanitary drainage and plumbing;
- b) Domestic water;
- c) Domestic hot water;
- d) Storm water drainage/downpipes;
- e) Gas service;
- f) Sanitary fixtures and fittings (WELS 4 Star);
- g) Additional shower facilities to accommodate the tenant use of bicycles;
- h) Appropriate hydraulic services and stack space for installation if tenant hydraulic services including additional tea points, breakout spaces and kitchenette services; and

- i) A rooftop water collection system to harness rainwater for reuse in the building toilet systems.

2.8.6 **Electrical and Communication Infrastructure** - The electrical and communication infrastructure within the building, including tenancy and base building areas, shall comply where relevant with all BCA “Deemed to Satisfy” provisions, relevant authority, statute and regulatory requirement and will comply with PCA A Grade building power supply requirements.

2.8.7 **Fire Protection** - The fire detection and suppression system for the building shall be provided in accordance with an engineered solution that complies with the provisions of the Building Code of Australia. In addition, the detection and suppression system shall be provided in accordance with all relevant Australian standards and local authority requirements including:

- a) ACT Fire Brigade;
- b) AS 1668, AS2117, AS1670;
- c) Rules and regulations of the local government;
- d) Local building rules and regulations; and
- e) Local supply authority rules and regulations.

2.8.8 Technical scope will adequately cater for dry and wet design principles including;

- a) Fire indicator panel (FIP);
- b) An emergency warning and intercommunication system (EWIS); and
- c) Automatic fire sprinkler system.

2.8.9 **Acoustics** - The building design incorporates measures to reduce noise in the work environment including new double glazed external windows, acoustic ceiling tiles, fabric panelling and floor carpet. Acoustic performance criteria will be incorporated into the fit-out design brief to ensure adequate noise insulation between offices, meeting rooms, training rooms and other work areas.

- 2.8.10 **Security** - A security risk assessment has been conducted for the Department and relevant recommendations will be implemented into design as required. A security design brief will be developed by a Security Construction and Equipment Committee (SCEC) approved security consultant on behalf of the Department.
- 2.8.11 The fit-out will incorporate all Departmental security requirements accommodating the various levels of internal and external security up to T4 level.
- 2.8.12 Internal areas with higher than normal security requirements, such as server rooms and communications risers will also have access control installed to restrict access to authorised staff only.
- 2.8.13 The Department base building brief specifies general security requirements including access control, tenant fit-out, CCTV and foyer operation in a broad context.
- 2.8.14 All Departmental staff will be provided with access control passes to access the premises' internal and external entry and exit points, car park, bicycle storage, dedicated toilet and change facilities, lifts and security races at ground floor.
- 2.8.15 Building security shall be provided as part of the base building design for base building common areas including all external doors, foyer and lift security. The security system will comply with all Building Code of Australia requirements, the Protective Security Manual (PSM) and all other relevant codes and standards.
- 2.8.16 The base building construction shall consider possible T4 accreditation requirements to the centre zone elements of the fit-out, including possible façade treatments.
- 2.8.17 The Department will continue to consult appropriate security consultants and the Department Agency Security Advisor regarding the development of additional security requirements for the building and tenant fit-out.

2.9 Provision for People with Disabilities

2.9.1 The building brief requires access for people with disabilities to all areas of the office in accordance with the latest edition of Australian Standard AS1428.2 and the Building Code of Australia.

2.9.2 The following facilities will be provided:

- a) The appropriate number of self-contained accessible toilets per floor;
- b) Accessible shower facilities;
- c) All lifts accessible and facilities provided in accordance with AS1735.12;
- d) Accessible parking; and
- e) Lifts, access-ways, doorways and accessible toilets and showers will be sized to conform to BCA.

2.10 Occupational Health and Safety

2.10.1 The fit-out contract shall require that all contractors and subcontractors comply with Occupational Health and Safety (OH&S) legislation appropriate to the building site.

2.10.2 The Department will involve their internal OH&S specialists to assist in the selection of fit-out furniture and fittings including adjustable desk height, shelving, work tables and compactus units, to ensure they are suitable for a wide range of staff to use safely.

2.10.3 Lighting and window treatments are specified to reduce glare and provide appropriate lighting levels for the work environment.

2.11 Landscaping

2.11.1 Landscaping will comply with the NCA approved Master Plan. Planting external to the building will comprise 80% indigenous planting with a mix of low water usage trees, shrubs and groundcovers. Water sensitive urban design initiatives will also be incorporated into the project with the capture and storage of rainfall runoff for reuse in the building and irrigation. Paving will be consistent with the New Acton precinct.

2.11.2 The Departmental security risk assessment will include a review of the proposed landscape design including the placement of external bollards.

2.12 Internal Consultation

2.12.1 The Department has developed a communication strategy for internal and external consultation. The internal consultative framework includes both formal and informal means of communication and consultation with managers, staff, community and the staff consultative forum. This strategy includes:

- a) Establishing a project steering committee responsible for oversight of the project including overall strategic direction;
- b) Establishing a divisional oriented reference group to provide advice on more significant specialist aspects of the project;
- c) EL2 Forum;
- d) Briefings for managers and staff;
- e) Work area involvement in the development of the user group requirements;
- f) Ongoing series of staff consultation workshops as detailed design is further developed;
- g) A comprehensive intranet site and regular articles in the Department newsletter, and
- h) All staff e-mails.

2.12.2 External clients will be consulted through the network of consultative forums.

2.13 Impact on the Local Community

2.13.1 It is estimated that the developer and builder will engage directly at least 25 people to provide and manage construction activities. In addition up to 260 employees in the construction and fit-out trades are expected to be employed on site during the period of construction. Other off-site employment opportunities will be generated in areas such as material supply and support, off site fabrication, management and administration.

2.13.2 The increase in employees located at the site could positively impact on patronage of local retail businesses and the public transport system.

3. Project Costs

- 3.1 The cost for the proposed fit-out works is estimated at \$20.5 million (exclusive of GST) and includes for the cost of the fit-out, infrastructure, consultant fees, design and construction contingencies and forecast escalation to completion. The estimate also includes the cost of staff relocations, loose furniture, fittings and equipment.

4. Project Delivery

- 4.1 A project team will be responsible for overseeing the design, fit-out, relocation and managing consultants including the project manager and design consultants.

5. Key Project Milestones

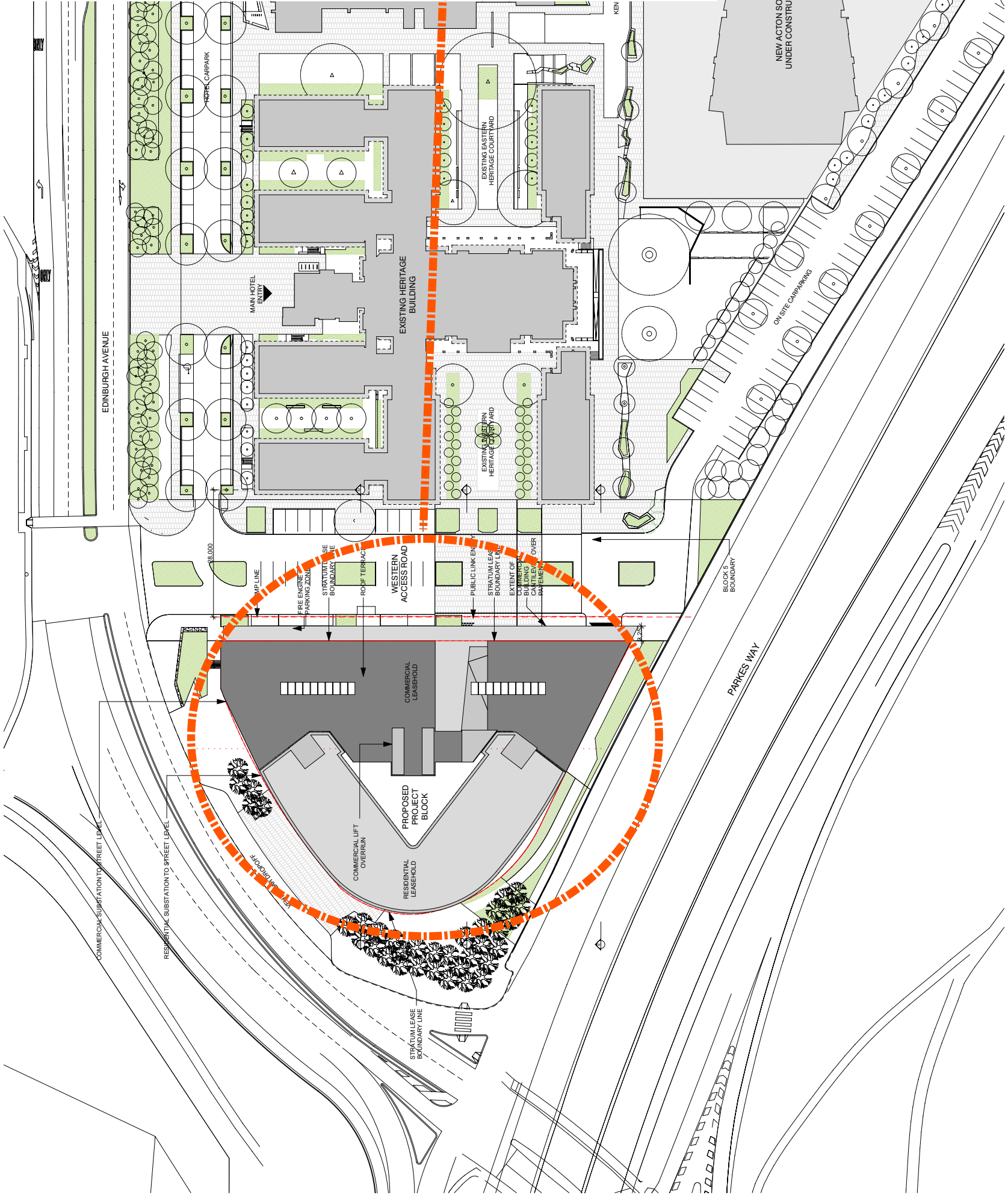
- 5.1 The outline programme for construction of the proposed works is:
- a) Referral to PWC March 2010
 - b) PWC Hearing May 2010
 - c) Construction commencement August 2010
 - d) Works complete August 2012
 - e) The proposed program is attached at Annex C

ANNEXES:

- A. Location Plan
- B. Indicative Floor Plans
- C. Construction Program



Locality Plan

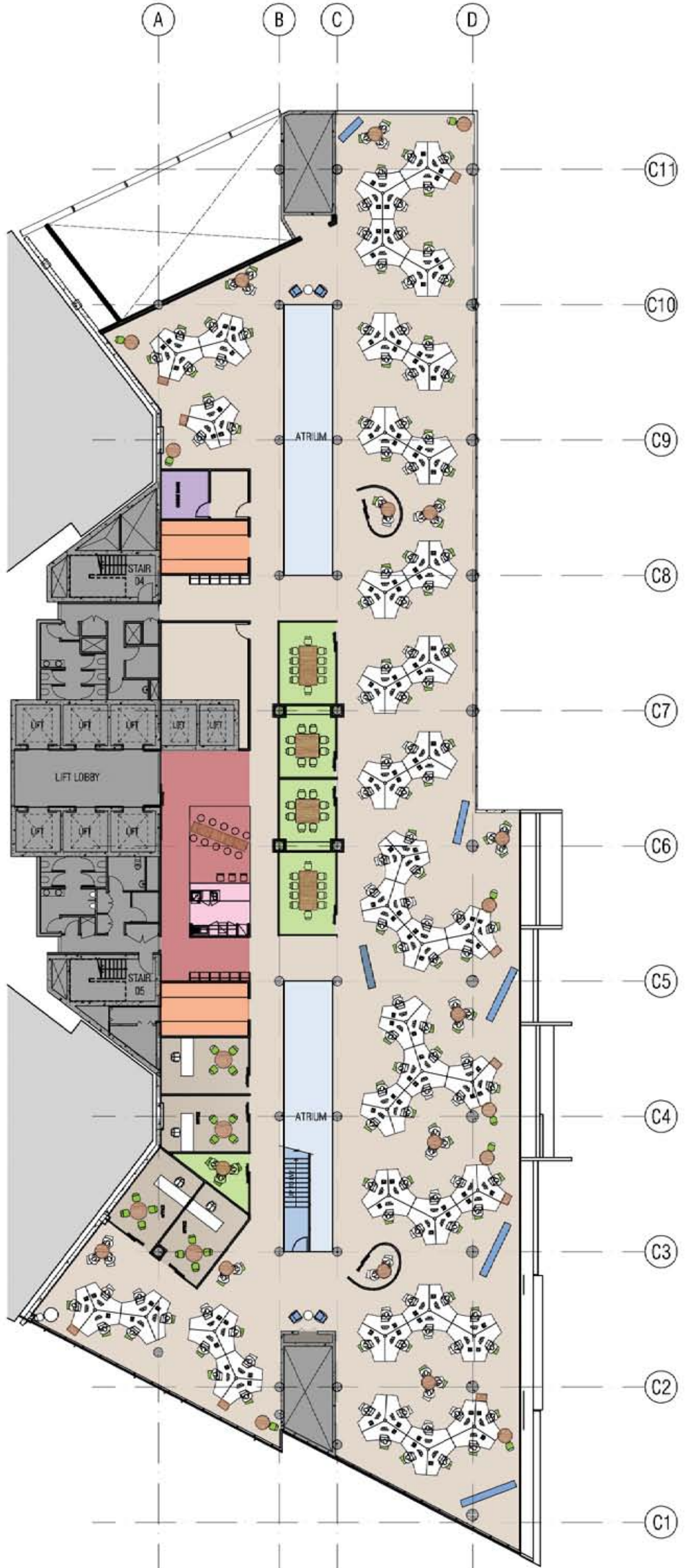


NISHI New Acton - Location Plan

Concept Floor Plans

Level 1

- Open Work Area
- Meeting Rooms
- Community Space
- Utility Area
- Communications Room
- Offices
- Executive Areas
- International (T4 Secure Area)
- Kitchens and Teapoints



- Open Work Area
- Meeting Rooms
- Community Space
- Utility Area
- Communications Room
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- Executive Areas
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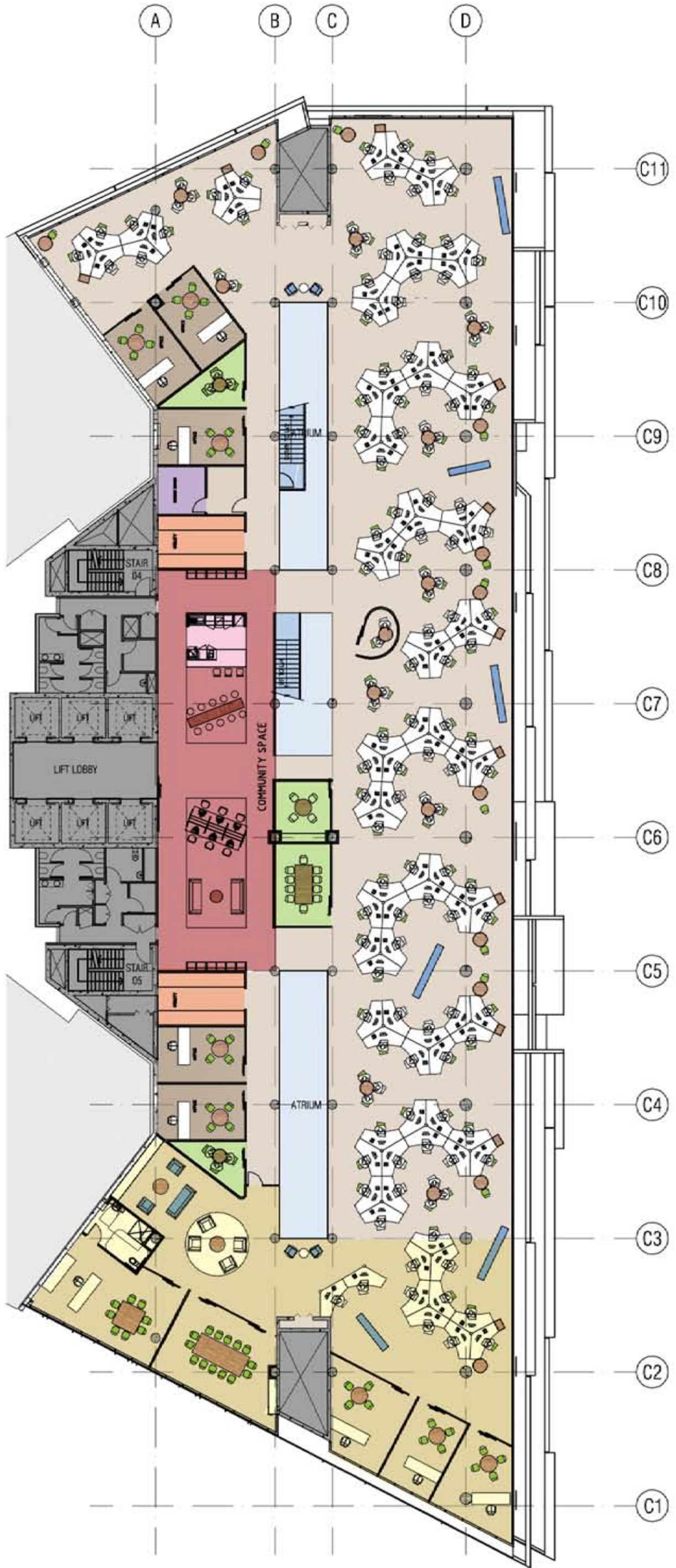
Concept Floor Plans Level 2



Concept Floor Plans

Level 3

- Open Work Area
- Meeting Rooms
- Community Space
- Utility Area
- Communications Room
- Offices
- Executive Areas
- International (T4 Secure Area)
- Kitchens and Teapoints



- Open Work Area
- Meeting Rooms
- Community Space
- Utility Area
- Communications Room
- Offices
- Executive Areas
- International (T4 Secure Area)
- Kitchens and Teapoints

Concept Floor Plans Level 4



Concept Floor Plans

Level 5

- Open Work Area
- Meeting Rooms
- Community Space
- Utility Area
- Communications Room
- Offices
- Executive Areas
- International (T4 Secure Area)
- Kitchens and Teapoints



- Open Work Area
- Meeting Rooms
- Community Space
- Utility Area
- Communications Room
- Offices
- Executive Areas
- International (T4 Secure Area)
- Kitchens and Teapoints

Concept Floor Plans Level 6



Concept Floor Plans

Level 7

- Open Work Area
- Meeting Rooms
- Community Space
- Utility Area
- Communications Room
- Offices
- Executive Areas
- International (T4 Secure Area)
- Kitchens and Teapoints



