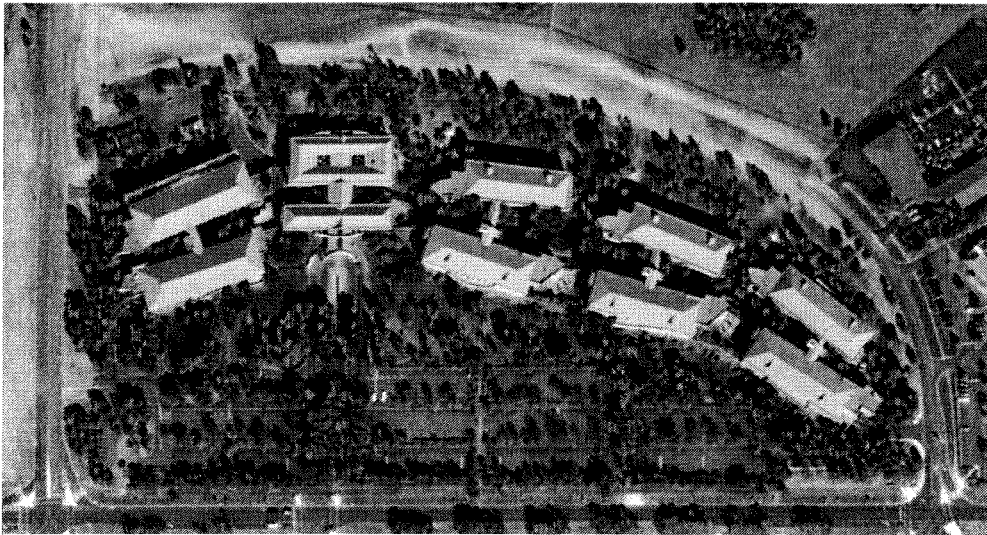


4/6/09 MC

Proposed Fit-out of Leased Premises

**Block 2, Section 14 in the Division of Greenway and District
of Tuggeranong, Australian Capital Territory**



Statement of Evidence and Supporting Drawings

to the

Parliamentary Standing Committee on Public Works

4 June 2009

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1 Summary

1.1 Background

- 1.1.1 The Department of Families, Housing, Community Services & Indigenous Affairs (FaHCSIA) is the Australian Government's principal source of advice on social policy and is responsible for about a quarter of the government's budgetary outlays. FaHCSIA works in partnership with other government and non-government organisations in the management of a diverse range of programs and services designed to improve the lives of Australians by creating opportunities for economic and social participation by individuals, families and communities. FaHCSIA is responsible for coordinating a whole of government approach to programs and services for Indigenous Australians, and has a central role in the Australian Government's arrangements in Indigenous Affairs. Further information on the Department can be found at www.fahcsia.gov.au.
- 1.1.2 FaHCSIA's Property Portfolio accommodates approximately 3,500 staff across Australia. The portfolio can be broadly described as National Office located in the ACT (46,000 square metres), State and Territory Offices located in other capital cities (15,000 square metres), Indigenous Co-ordination Centres located in regional cities (25,000 square metres), and Government Business Manager Accommodation based in remote communities.
- 1.1.3 FaHCSIA's National Office consists of ten leased offices spread across the Woden and Tuggeranong districts in the ACT. The largest of these is Tuggeranong Office Park (TOP), which has the capacity to house approximately 2,000 staff, which accounts for around seventy percent of FaHCSIA's National Office. The other nine offices or thirty percent of the portfolio ranges in size and quality and are located in Woden and Tuggeranong.
- 1.1.4 TOP is located at Block 2, Section 14 in the Division of Greenway and District of Tuggeranong, in the ACT. The TOP campus was designed with five partially separated, three to four storey buildings with a total Net Lettable Area (NLA) of 33,045 square metres. Each building is referred to as an alphabetical Block being Blocks A, B, C, D and E, with Block A being the southernmost building. The Blocks are divided between east and west wings, and the wings are joined with pedestrian linkways.
- 1.1.5 TOP was designed and constructed in 1991 by Lend Lease on behalf of the Commonwealth with a twenty five year lease-back arrangement which commenced in 1991. On 30 June 2008, the facility was sold by the Commonwealth to the Cromwell Group with an eight and a half year sub-lease to FaHCSIA. The term of the sub-lease reflected the remaining term of the original sub-lease for the premises prior to the sale. The sub-lease will expire in December 2016.
- 1.1.6 Prior to May 2008, FaHCSIA previously occupied thirty seven percent of the net lettable area of TOP and was a joint occupant of TOP with Centrelink. In May 2008, when Centrelink relocated the majority of its staff to the Caroline Chisholm Centre in Greenway, FaHCSIA assumed responsibility for ninety two percent of the facility. Centrelink's Canberra Data Centre (CDC), which is listed as National Critical Infrastructure, and its Business Television Studios remain at TOP in Block A.
- 1.1.7 The area vacated by Centrelink included part Block A (3,245 square metres), Block D (6,484 square metres) and Block E (6,450 square metres).

- 1.1.8 FaHCSIA has been preparing to consolidate the majority of its ACT based staff to TOP for the past two to three years. However the Department had to defer the implementation of this strategy due to delays with Centrelink's program to occupy the Caroline Chisholm Centre, and an extension in the schedule for the sale of TOP. With both of these critical activities now complete, the Department has been working to quickly implement the co-location program to address expiring leases in eight of its Canberra leased offices. The most significant of the expiring leases which is to be co-located to TOP is 6,500 square metres of office space in Juliana House, Woden. The lease for these premises expires in September 2010.

1.2 Capital Works Previously Notified

- 1.2.1 A letter dated 20 May 2009 was issued to the Parliamentary Standing Committee on Public Works as notification of a series of early occupation projects that have been or are currently being undertaken by FaHCSIA at TOP.

- 1.2.2 A summary of the early works (exclusive of GST) as notified in this letter is provided below:

- Block A minor fitout project to a value of \$1.02 million to accommodate staff who relocated from three expiring leases in Canberra in August 2008;
- Replacement of the obsolete and failing Electronic Access Control System at TOP at a total cost of \$670,000;
- Replacement of the obsolete Fire Indicator Panel for TOP at a total cost of \$285,000;
- Fitout of 6,450 square metres of office space in Block E to a value of \$7.22 million to accommodate information management and technology staff relocating from four expiring leases in Canberra by 29 June 2009; and
- Fitout of 6,484 square metres of office space in Block D to a value of \$6.01 million to accommodate staff relocating from a large Woden lease in 2010.

- 1.2.3 The reasoning for why each project was commissioned at different points is provided below.

1.2.4 Block A Minor Works

- 1.2.4.1 In mid to late 2008, FaHCSIA had three separate leases expiring in Woden and Civic which had to be vacated. Block A was vacated by Centrelink in May 2008 which provided an opportunity to co-locate the staff from these sites into TOP. A minor works package was developed to undertake minimal office reconfiguration, workstation changes and cabling upgrades to prepare the offices for temporary occupation pending decisions to refit the remainder of TOP. The works were completed on time which avoided the need to negotiate lease extensions to the four sites and negated duplicated rental exposure of approximately \$650,000 per annum.

1.2.5 Fire Indicator Panel Replacement

- 1.2.5.1 Upon completion of the Block A minor works programme in July 2008, the ACT Fire Brigade provided provisional acceptance of the fire system on the basis that in early 2009, a fire engineered solution would be agreed and infrastructure works undertaken to address the fire system deficiencies. The most critical element of the fire system upgrade was the replacement of the Fire Indicator Panel, this would align the fire system to comply with current standards and codes. FaHCSIA accordingly commissioned a project to upgrade the Fire Indicator Panel and sub-panels throughout TOP. The Fire Brigade accepted the fire engineering solution for long term occupation of Block A and the remainder of the complex should further fitout works occur.

1.2.6 Security Access Control System Replacement

1.2.6.1 In May 2008, Centrelink formally handed over the facilities management responsibility for the TOP complex to FaHCSIA and were subsequently advised that the existing Electronic Access Control System was failing and the ageing technology was obsolete. To address this immediate security risk, FaHCSIA commissioned a project to decommission the existing infrastructure and install a new security system which is compliant with the Australian Government Protective Security Manual. The works were deemed urgent in order to appropriately secure and monitor FaHCSIA's largest and most sensitive tenancy. The works are now complete.

1.2.7 Block E Fitout Works

1.2.7.1 The Block E fitout project was commissioned in January 2008 as a discrete project to address three additional office leases due for expiry in the period between June 2009 and September 2009. There was again the opportunity to consolidate these leases into TOP as Block E remained vacant after Centrelink's relocation.

1.2.7.2 The most significant of the expiring leases was Homeworld in Tuggeranong totalling 3,836 square metres and which was earmarked for release at its expiry date of 29 June 2009. The requirement to complete the fitout of Block E was based around this critical date. The works are now complete which has mitigated the need for lease extensions to the three sites. Furthermore, this strategy represents a significant rental saving of \$1.175 million per annum.

1.2.7.3 FaHCSIA acknowledge that formal notification should have been provided to the Public Works Committee at the time of commissioning Block E in July 2008. FaHCSIA has taken steps to ensure that it has a clearer understanding of our responsibilities to notify the Public Works Committee of such projects.

1.2.8 Block D Fitout Works

1.2.8.1 The Public Works Committee notification letter of 20 May 2009, included the advice to of a new and separate project for the refit of Block D at TOP. This project is in the early planning and design phase and is targeting a completion date of November 2009. At this stage, no construction works has been tendered or let.

1.2.8.2 Block D has been vacant since May 2008 when Centrelink vacated the building and FaHCSIA is planning to relocate staff from the 6,500 square metre tenancy at Juliana House in Woden to TOP, although not specifically into Block D.

1.2.8.3 In early May 2009, FaHCSIA decided to commission the planning phase of the proposed Block D fitout to ensure that space was prepared in TOP for the expiry of the Juliana House lease in September 2010.

1.2.8.4 Documentation for Block D commenced in May 2008. FaHCSIA is seeking early works approval from PWC for this project as completion by November 2009 is critical to the success of the overall TOP refurbishment and refit and program. Completion of D Block by November 2009 will allow for a full Block of TOP to be vacant for fitout throughout the proposed program of works.

1.2.8.5 The strategy to retain an unoccupied Block at TOP allows for the fitout works to be achieved at an accelerated programme and enables completion of all fitouts by September 2010. Juliana House is intended to be the final external tenancy to be relocated into TOP.

- 1.2.8.6 The delivery strategy involves completion of Block D by November 2009 to enable Block C staff to be moved into the new refurbished office areas. As a result, Block C will be vacant and available for refurbishment. This process will continue until Blocks A, B and C are complete.
- 1.2.8.7 Consideration was offered to undertaking the fitout of the Block whilst in occupation, however this option presented significant safety issues for FaHCSIA staff, substantial costs increases due to an extended delivery programme and it was unlikely that the works could be completed prior to the September 2010 deadline.
- 1.2.8.8 The implementation of this program will avoid a short term lease extension at a cost in the order of \$2.5 million per annum.

1.3 Proposed Scope of Work

- 1.3.1 The TOP complex base building is in excess of eighteen years old and has not been substantially refurbished, or the office areas refitted, since its construction in 1991. FaHCSIA is currently undertaking a series of early occupation projects and is proposing a larger project of leasehold improvements that will:
- enable it to meet its duty of care obligations by accommodating staff in an office environment which meets the most important aspects of the current Building Code of Australia, the *Occupational Health and Safety Act (1991)*, relevant Australian Standards and the *Disability Discrimination Act (1992)* requirements, for the remainder of the TOP sub-lease; and
 - provide for co-location of expiring leases in the ACT into currently vacant areas of TOP.
- 1.3.2 The existing TOP fitout, including the areas previously occupied by Centrelink, is in poor condition and does not meet the requirements of the Department. It is generally characterised by low quality and non-ergonomic office furniture, worn and damaged finishes including floor coverings, walls (low acoustically rated) and ceilings, non-compliant or obsolete data and power reticulation, poor energy efficiency lighting and appliances and non-compliant services, including fire and emergency systems. In addition, the TOP base building is now 18 years of age, and much of the plant and equipment is now obsolete or reaching the end of its economic life.
- 1.3.3 Under the terms of the TOP sub-lease, which will be in place until December 2016, FaHCSIA is responsible for all building outgoings and maintains all the buildings and the land, which is different to a standard commercial arrangement where these responsibilities would rest with the Lessor. A proportion of the proposed refurbishment works are attributable to these sub-lease arrangements. However, the works will also provide significant tenancy benefits until the end of the sub-lease in December 2016.
- 1.3.4 The scope of works for refurbishment and fitout of the complex can be broadly categorised as the following:
- Category 1: Whole of Complex Base Building Upgrades
 - Building Code of Australia compliance upgrades;
 - Central services upgrades of tenant use facilities deemed critical to the operation of the Canberra Data Centre and to continued occupation to the end of the sub-lease. Works proposed include the upgrade of the building management system, the lifts and infrastructure upgrade to critical systems that support the Canberra Data Centre.

- Category 2: Whole of Complex Tenancy Upgrades
 - Upgrade of the tenancy areas and base building to meet the draft Disability Access Standards including additional disabled toilets, upgrading of the kitchens, provision of tactile indicators, installation of hearing loops and other measures;
 - Upgrade of lighting controls and other environmental measures to comply with the Energy Efficiency in Government Operations Policy where it is practicable to do so.
- Category 3: Office Fitout
 - Partial fitout of FaHCSIA's currently occupied areas and fitout of the areas previously occupied by Centrelink to include the fitout of C Block, part of B Block and the areas of A Block occupied by FaHCSIA.

1.3.5 The general principle of the TOP refit and refurbishment is to provide FaHCSIA with sustainable accommodation which meets staff and operational needs whilst maximising cost efficiencies through the reuse of existing furniture and partitioning. This approach will ensure the investment is consistent with the remaining seven year period of the TOP sub-lease while achieving the goals of FaHCSIA to provide efficient and effective office accommodation to the majority of National Office staff.

1.3.6 The refit and refurbishment of TOP will also enable FaHCSIA to occupy and use the areas of the complex vacated by Centrelink thereby ending the duplicated rent being paid for these areas across TOP, as well as reducing the number of offices leased by FaHCSIA in the ACT. The consolidation of FaHCSIA staff into TOP will provide a significantly improved working environment for FaHCSIA staff, thus enhancing the Department's ability to deliver its portfolio responsibilities.

1.4 Timeframe

1.4.1 The proposed refurbishment and refit works at TOP are planned to be delivered in a staged program whilst FaHCSIA is in occupation of the buildings. The project must be completed by September 2010 to avoid the possibility of lease extensions in buildings to be co-located to TOP. Critical to the success of the program is the completion of the early works for TOP by late November 2009 (which have already been notified to the Public Works Committee) and the requirement to keep a full Block of TOP vacant for fitout throughout the duration of the construction works.

1.5 Outturn Cost

1.5.1 The estimated Outturn cost of the proposal is \$29,872,334 including GST. The Outturn cost includes design, documentation, consultant fees, project management fees, construction costs, relocation costs, contingency and escalation to September 2010.

1.5.2 Funding of \$26,771,000 (excluding GST) for this initiative is provided through budget measure for TOP which was announced in the 2009-10 Federal Budget. The shortfall will be met by FaHCSIA's internal budget.

2 Project Objectives

- 2.1.1 FaHCSIA is seeking to provide its employees with a more efficient and sustainable work environment which will meet the organisations needs for the next seven years. This objective will be met by upgrading TOP to a level comparable to other Commonwealth agencies including the Department of Education, Employment and Workplace Relations; Department of Health and Ageing; and Department of Human Services (including Centrelink).
- 2.1.2 The requirement for FaHCSIA to refit and refurbish TOP is being driven by a number of factors which are outlined below.
- There is a need to provide efficient and effective office environments for the majority of ACT based staff who are currently accommodated in buildings and tenancies which are at the end of their economic life and are considered poor in comparison to other Commonwealth agencies. Provision of good office accommodation is an import factor in the recruitment and retention of quality staff and has been an issue for FaHCSIA for a number of years.
 - The consolidation of FaHCSIA's Canberra lease holdings to significantly fewer and larger tenancies is a priority for the organisation. The refit will allow for full occupation of TOP, including those areas previously occupied by Centrelink. The occupation of these areas will facilitate the release of a number of leases between July 2009 and September 2010, reducing the duplication of rental costs and consolidating FaHCSIA to a core group of larger properties.
 - There is a need to mitigate high risk occupational health and safety base building issues at TOP. A range of issues were identified in the sale documentation to be address by year three of the lease however, the conditions of sale did not require for these issues to be addressed by the new owner. Accordingly FaHCSIA, as the manager of the entire complex and to ensure the risk is appropriately managed, has a responsibility to ensure the building complies with the most important aspects of these codes and standards.
 - FaHCSIA, as the Government's principal source of advice on disability policy should ensure it is exemplar in the provision of accessible premises. FaHCSIA is seeking to upgrade the facility to meet the draft Disability Access Standards currently being considered for inclusion in the Building Code of Australia. A detailed Disability Compliance Assessment has been conducted and an action plan developed to meet this requirement.
 - FaHCSIA is aspiring to make a significant contribution to the Government's energy consumption reduction targets as provided for in the Energy Efficiency in Government Operations policy (EEGO) where it is cost effective to do so. The remaining term of the lease will influence what measures will be implemented to ensure investment is consistent with the savings that can be achieved.
 - FaHCSIA has identified a need to improve the physical security infrastructure to meet minimum requirements under the Australian Government Protective Security Manual. A protective security risk review has been completed which forms the basis of the proposed security works for TOP.
- 2.1.3 The office fitout will achieve a density less than fifteen square metres per work point which is consistent with targets being developed by Department of Finance and De-regulation (Finance) as part of the Commonwealth Property Management Framework Review.

3 Background to Requirement

3.1 FaHCSIA Accommodation Portfolio

3.1.1 FaHCSIA's property portfolio accommodates approximately 3,500 staff across Australia. The portfolio can be broadly described as follows:

- National Office – consists of ten office leases and a small number of storage leases in the ACT. The offices range in size from 33,045 square metres at TOP to 700 square metre tenancies;
- State and Territory Offices – which consist of 1,000 to 3,000 square metre leased offices;
- Indigenous Coordination Centres – which consist of regional and remote offices of around 1000 square metres each; and
- Government Business Manager Accommodation – which includes community based accommodation in remote locations in the Northern Territory.

3.2 National Office Leasing Arrangements

3.2.1 ACT Leasing Strategy

3.2.1.1 The table below provides a list of FaHCSIA's office accommodation leases in the ACT which have been, or are planned to be co-located to TOP throughout the refit and refurbishment project.

Leased Premises	Net Lettable Office Area Square Metres	Staff Relocated To	Project/ Status	Critical Date
Level 2 Bonner House, Woden	958	Block A	Block A Fitout Complete	September 2008
Levels 3 & 4, 10 Hobart Place, Canberra CBD	1,098	Block A	Block A Fitout Complete	July 2008
Level 4 Churches Centre, Bradley Street, Woden	717	Block A	Block A Fitout Complete	October 2008
Level 1, Homeworld, Anketell Street, Greenway	3,836	Block E	Block E Fitout Complete	29 June 2009
Level 1, Cnr of Soward Way & Scollay Street, Greenway	760	Block E	Block E Fitout Complete	15 July 2009
Levels 1 + 2, Southpark 28 Oaken Street, Greenway	740	Block E	Block E Fitout Complete	4 September 2009
Levels G to 9, Juliana House, Bowes Street Woden	6,573	Block C at TOP once all of TOP is refitted	Block A, B and C Proposed Works	30 September 2010
Total	14,682			

3.2.1.2 While TOP is the major complex in the portfolio, further expansion to meet operational growth will need to be met from other commercial sites pending finalisation of FaHCSIA's long term leasing strategy by 2012.

3.2.2 TOP Sub-Lease

- 3.2.2.1 The original ownership structure for Tuggeranong Office Park was a public/private partnership arrangement, established by the Commonwealth in 1989.
- 3.2.2.2 The building was privately financed with the Commonwealth guaranteeing a rental stream for investors for seventeen years under the terms of a lease known in the industry as a 'triple net lease', after which the building would be sold with proceeds returning to the Government. The original lessee was with the Department of Social Security, which subsequently split to become Centrelink and FaHCSIA. Centrelink managed the facility on behalf of the Commonwealth until it relocated to the Caroline Chisholm Centre in May 2008. At this time, FaHCSIA assumed responsibility for the management of the complex.
- 3.2.2.3 A trust deed with a sinking fund provided for a \$30 million refurbishment in 2001, by the then owner, TOP Pty Ltd. The refurbishment was subject to there being sufficient monies in the sinking fund after liabilities to the bond holders were extinguished. TOP Pty Ltd, in July 2006, advised that these funds were not available for the refurbishment. FaHCSIA understands that the shortfall in the value of the sinking fund was a trigger for the sale of the building.
- 3.2.2.4 The building was sold in June 2008 with the similar sub-lease arrangements to those previously in place, but excluding the requirement for the new owners to undertake the \$30 million refurbishment of the facility.
- 3.2.2.5 Under the conditions of the sale of TOP to the Cromwell Group, FaHCSIA as the current tenant was required to enter into a new eight and a half year sub-lease for the premises, based on similar triple net lease terms.
- 3.2.2.6 The sub-lease details are summarised as follows:
- Sub-lease commencement - 30 June 2008
 - Sub-lease expiry - 5 December 2016
 - Rental, Outgoings, Repairs and Maintenance Costs and Responsibilities - The lease requires that the tenant effectively assumes the normal 'building owner' responsibilities for statutory and operating outgoings, maintenance, building management and major repair expenditure for the premises in addition to paying the rent. Under the lease the building owner only has responsibility to replace certain assets once they are no longer economically repairable.
- 3.2.2.7 The following table summarises the total floor areas of the TOP campus:

TOP Complex Blocks	Net Lettable Office Area Square Metres	Net Lettable Storage Area Square Metres	Gross Floor Area Square Metres
Block A	7,993.30	0.00	11,628.08
Block B	3,323.44	2,288.38	8,350.12
Block C	6,506.63	0.00	9,253.55
Block D	6,483.75	0.00	7,902.71
Block E	6,449.75	0.00	7,757.41
TOTAL	30,756.87	2,288.38	44,891.87

3.3 The Need for the Work

3.3.1 Category 1 – Whole of Complex Base Building Upgrades

3.3.1.1 The TOP sale documents provided an extensive BCA non-compliance report which detailed a range of non-compliances but only required the new owner to address a certain proportion of these (short to medium term – being one to two years). The long term compliance issues (recommended to be addressed within 3 years of the sale) were excluded from the requirements imposed on the new building owner through the contract for sale.

3.3.1.2 In July 2008, on completion of the sale and following transfer of the management responsibility, FaHCSIA undertook a detailed risk assessment of the base building non-compliances. The findings recommended a number of key building upgrades to ensure that applicable standards and statutory requirements were met. The majority of these findings related to tenant occupancy safety and, given FaHCSIA's relatively long remaining term of the lease and large number of staff located on the site, these items were included in the proposed scope of work.

3.3.1.3 The key findings tabled in the Building Divestment Report of the base building compliance issues were as follows:

- Presence of hazardous materials;
- Extensive occurrences of non-compliant balustrades and handrails across the complex;
- Lack of link stair tactile indicators;
- Lack of stair nosing non slip finishes;
- Non-compliant fire isolated stair signage;
- Lack of fire isolation to fire stairs;
- Limited alternative exits from some areas of the building;
- Obsolescence of the Fire Indicator Panel;
- Incorrect positioning of fire hydrants and fire hose reels;
- Missing fire sprinkler system in the undercroft car park; and
- Deficiencies in the emergency lighting and exit signage systems.

3.3.1.4 FaHCSIA commissioned Echelon (a special facility management consultancy firm) to provide a full risk assessment of the TOP facilities to enable FaHCSIA to prioritise upgrades of plant to maintain the TOP facility over the term of the sub-lease. Importantly, the risk assessment sought to identify works that would minimise the risk of major interruption to the Centrelink/FaHCSIA data centre located in Block A.

3.3.1.5 Echelon prepared a detailed and comprehensive building condition assessment which generally confirmed that the building plant and equipment had reached the middle to end phase of their respective life cycles.

3.3.1.6 The Echelon Report identified an appropriate level of contingency funding to be allocated to cover unforeseen failures which could occur as a result of advancing age.

3.3.1.7 The key findings from the Echelon Report recommended the following upgrades to the TOP central services:

- Replacement of the redundant Building Management System (BMS);
- Chiller control and monitoring system upgrades;
- Data Centre power system upgrades to the diesel generators; and
- Lift upgrades to replace controllers, call buttons and door operators.

3.3.1.8 The Echelon Report also identified an appropriate level of contingency funding to be allocated to cover unforeseen failures which could occur as a result of advancing age. These costs are not associated with the proposed TOP works.

3.3.2 Category 2 - Whole of Complex Tenancy Upgrades

3.3.2.1 Under the TOP sub-lease the responsibility to maintain and keep the premises in a state which is lawfully occupiable does not rest with the owner. FaHCSIA, through the sub-lease, is essentially the responsible entity for the entire site and must manage the risks of occupation where the owner would normally do this.

3.3.2.2 Applicable legislation to FaHCSIA's occupation of TOP includes the *Disability Discrimination Act (1992)* and *Occupational Health and Safety Act (1991)*. Whilst it can be debated as to whether or not the Building Code of Australia can be applied on National Land (as the ACT *Building Act* and other related planning Acts may not apply), the *Disability Discrimination Act (1992)* and *Occupational Health and Safety Act (1991)* impose significant responsibilities on FaHCSIA to provide equitable, compliant and safe working environments.

3.3.2.3 FaHCSIA as the agency with responsibility for disability policy must seek to provide a best practice work environment for disabled persons.

3.3.2.4 FaHCSIA, through the commissioning of a Disability Access Compliance Assessment, has prepared a list of works to meet or exceed the draft Disability Access Standards to ensure it complies with the *Disability Discrimination Act (1992)* and *Occupational Health and Safety Act (1991)*. These works include:

- Reconfiguration of doorways to comply with Australian Standard 1428.1 – Design for Access and Mobility;
- Refit of existing disabled toilets with current statutory requirements;
- Construction of an additional disabled toilet on each floor of each wing to comply with the Draft Disability Access Standards and best practice;
- Upgrade kitchens to provide disabled access; and
- Upgrade lift cars to comply with the draft access standards.

3.3.2.5 FaHCSIA is aspiring to make a significant contribution to the Government's energy consumption reduction targets as provided for in the Energy Efficiency in Government Operations Policy where it is cost effective to do so. The remaining seven and a half year term will influence what measures can be implemented to ensure investment is consistent with savings that can be achieved. The current TOP fitout has not yet been rated in accordance National Australian Built Environment Rating System (NABERS) however early advice is the current complex is not efficient.

3.3.2.6 FaHCSIA has commissioned an energy and environmental audit to be undertaken as part of the start-up project management services for the TOP refit and refurbishment to determine a range of environmental measures to improve the performance of the complex, whilst limiting expenditure on assets which are not owned by the Department.

3.3.2.7 FaHCSIA is aware that the refit of the TOP base building will likely trigger the requirement for the tenancy fitout to achieve a NABERS rating of 4.5 stars. Due to the short term of the lease and consequential shorter payback period, FaHCSIA may not be able to cost effectively provide tenancy areas which fully comply with the EEGO. Following completion of the energy audit for TOP, FaHCSIA will be consulting with the Department of Environment, Water, Heritage and the Arts to determine whether a 4.5 star NABERS rating can be achieved and, if not, whether an exemption is required to be sought.

3.3.3 Category 3 - Office Fitout

3.3.3.1 The fitout at TOP is in excess of eighteen years old and is at the end of its useful economic life and does not provide accommodation for FaHCSIA staff consistent with other like Government agencies.

3.3.3.2 The ex-Centrelink office areas are in very poor condition with much of the services, structure, equipment, furnishings and carpet are in a highly dilapidated state. In the FaHCSIA areas of TOP, a large proportion of workstations are in good condition, however the remaining fitout elements are from the original 1991 fitout and in a similar dilapidated state to the ex-Centrelink areas.

3.3.3.3 Since 1991, minor upgrades to a number of office areas have been undertaken to satisfy immediate business requirements, however the majority of TOP retains the original fitout.

3.3.3.4 The original Centrelink cabling IT infrastructure has also been inherited by FaHCSIA, this Cat3 cabling technology is in excess of 10 years old and is considered obsolete. FaHCSIA is proposing to decommission the Cat3 cabling and install the new generation Cat6 cabling throughout TOP which is in line with industry standards. The upgrade of cabling infrastructure to TOP will enable FaHCSIA staff to be efficient and effective in their daily operations.

3.3.3.5 Approximately every ten years, office based organisations, including most Commonwealth agencies, refresh office environments to ensure the work environments are contemporary, meet technology and business requirements and meet current occupational health, safety and regulatory frameworks. This has not happened at TOP since 1991. Refit works were planned to be undertaken at the time of the refurbishment of the base building under the previous TOP Pty Ltd sub-lease, post 2001. However, the removal of the refurbishment from the sale and the delay to full occupation of TOP by FaHCSIA has deferred the refit to the present time. Although this submission proposes a shorter term capital investment than might otherwise be made in a new lease situation (being for ten years or more) FaHCSIA has decided to refit the tenancy areas for a seven year depreciation period to ensure the organisation can consolidate its National Office to good quality environments for the remainder of the TOP lease. There are significant risks if this is not done as FaHCSIA will increasingly find it difficult to recruit and retain quality staff.

3.3.3.6 There is also a need to provide efficient and effective office environments for the majority of FaHCSIA's ACT based staff who are currently accommodated in buildings and tenancies which are at the end of their economic life and are considered poor in comparison to other like Commonwealth agencies.

- 3.3.3.7 The consolidation of FaHCSIA's Canberra lease holdings to significantly fewer and larger tenancies is a priority for the organisation. The refit will allow for the full occupation of TOP, including those areas previously occupied by Centrelink. The occupation of these areas will facilitate the expiration and release of a number of leases between July 2009 and September 2010, reducing the duplication of rental costs and consolidating FaHCSIA to a core group of larger properties.
- 3.3.3.8 FaHCSIA has identified a need to improve the physical security environment to meet the minimum requirements under the Australian Government Protective Security Manual. An audit has been undertaken to confirm the requirements for the refit and refurbishment works for TOP.
- 3.3.3.9 The general principle of the refit is to provide FaHCSIA with sustainable accommodation which meets staff and operational needs whilst maximising cost efficiencies through the reuse and retention of existing furniture equipment where cost effective. This pragmatic approach will ensure the investment is consistent with the remaining seven year period of the sub-lease.

3.4 Description of the Proposal

- 3.4.1 The refit and refurbishment of TOP is to primarily upgrade the tenancy fitout at TOP for FaHCSIA staff and business units for the next seven years and to address key 'whole of complex' occupation health and safety, disabled access and performance issues which FaHCSIA has responsibility for under the sub-lease.
- 3.4.2 The overarching principle of the program of works is to ensure an improved office environment is facilitated for the majority of FaHCSIA's national office staff which embodies the principles of 'value for money' through consolidation of expiring leases to vacant TOP accommodation and modest levels of investment consistent with the remaining term of the sub-lease.
- 3.4.3 The categories of works described below address the issues identified in the need for the works.

3.4.4 Early TOP Works as Notified

- Block A minor fitout project to accommodate who relocated from three expiring leases in Canberra in August 2008. The work mostly included provision of upgrade data and power cabling and reconfiguration of the existing offices for short term occupation;
- Replacement of the obsolete and failing Electronic Access Control System at TOP;
- Replacement of the obsolete Fire Indicator Panel for TOP;
- Fitout of 6,450 square metres of office space in Block E to accommodate information management and technology staff relocating from four expiring leases in Canberra by 1 July 2009; and
- Fitout of 6,484 square metres of office space in Block D to accommodate staff relocating from a large Woden lease in 2010.

3.4.5 Category 1 -- Whole of Complex Base Building Upgrades

- 3.4.5.1 A package of works is proposed to address the base building deficiencies of the TOP building to comply with the most important aspects of the current building codes.

- 3.4.5.2 The proposed refurbishment works are planned to ensure compliance with legislative and regulatory requirements and improve the overall condition of the TOP facility.
- 3.4.5.3 In addition, through the upgrade of the Building Management System, FaHCSIA will be in a position to support the national critical infrastructure requirements for the Canberra Data Centre.
- 3.4.5.4 The proposed works include:
- Replacement of fire stair handrails and balustrades;
 - Installation of additional handrail to link stairs; tactile indicators to top and bottom of stairs and landings and installation of colour contrasted stair nosings;
 - Installation of an extension to the balustrade and infill panels to terrace and balcony openings;
 - Replacement of non slip finishes and/or strips near the edge of the link stairs nosings;
 - Approximately 30% of the emergency and exit lighting fittings need to be replaced and re-wired to be on stand alone systems for each wing and each level;
 - Installation of signage in fire isolated stairs; and
 - Construction of fire isolated exits where required.
- 3.4.5.5 FaHCSIA is refining, in consultation with Echelon, a list of works which limit expenditure on the TOP base building. The proposed central services upgrade are primarily focused on tenant use facilities, such as lifts, and building management control systems which are now obsolete and which are critical to support the Canberra Data Centre.
- 3.4.5.6 The proposed central services upgrade include:
- The replacement of the obsolete and proprietary Building Management System (BMS);
 - Chiller control and monitoring system upgrade; and
 - Lift upgrades to replace controllers, call buttons and door operators.
- 3.4.6 Category 2 - Whole of Complex Tenancy Upgrades**
- 3.4.6.1 FaHCSIA is seeking through the refit and refurbishment to comply with the draft Disabled Access Standards to ensure it is exemplar in application of Government policy to its own operations.
- 3.4.6.2 The proposed disabled access works include:
- Reconfiguration of the majority of doorways to enable disabled circulation space;
 - Upgrade of the existing disabled toilets to comply with current statutory regulations;
 - Provision of additional disabled toilets throughout TOP to comply with disability access standards;
 - Upgrade of the lift cars to comply with disabled access standards;
 - Upgrade all existing kitchens to allow disabled access and utilisation; and
 - Modification of lighting, lighting controls and other environmental measures to improve environmental performance for the facility where it is cost effective to do so.
- 3.4.6.3 FaHCSIA is aware that the refit of the TOP base building will likely trigger the requirement for the tenancy fitout to achieve a NABERS rating of 4.5 stars. Due to the short term of the lease and consequential shorter payback period, FaHCSIA may not be able to cost

effectively provide tenancy areas which comply with the EEGO. Following completion of the energy audit for TOP, FaHCSIA will be consulting with the Department of Environment, Water, Heritage and the Arts to determine whether a 4.5 star National Australian Built Environment Rating System (NABERS) rating can be achieved and, if not, whether an exemption is required to be sought.

3.4.6.4 Due to the fact that FaHCSIA under the sub-lease has to pay the full energy costs for TOP, we anticipate that there will be a number of low cost measures which will significantly improve energy performance and pay back investment during the remaining term. Although the energy audit has not been completed, we expect these measures to include:

- Occupancy sensors to office areas and conference rooms;
- Modification or upgrade of the existing T8 lighting;
- Improvements to the existing lighting control system to provide better zoning and timer control;
- The installation of more efficient appliances including supplementary air conditioning systems, whitegoods and filtered water supply units; and
- Consideration of central plant upgrades including variable speed drives and other energy measures.

3.4.6.5 Other environmental measures for TOP which are likely to be low cost include:

- The establishment of a rainwater collection system for the artificial river which runs between the east and west wings of the buildings. The current system is supplemented with potable water from the main water supply which increases costs to FaHCSIA and is not an efficient use of this resource;
- The establishment of improved waste management and recycling systems including the installation of a green waste composting facility;
- Improved monitoring of the diesel storage tank systems which service the Centrelink Data Centre power generation systems to protect the Murrumbidgee Corridor and catchments;
- Other water recycling and reduction measures including the waterless urinals, low water using shower heads, dishwashers, faucets and grey water recycling for the grounds maintenance where cost effective; and
- Reuse of existing furniture and partitioning where appropriate.

3.4.6.6 The capital costs for the environmental measures to be installed at TOP have not yet been finalised and a provisional sum for these measures has been estimated. FaHCSIA anticipates that any additional capital beyond that already provided for these items will be funded from internal cash reserves where funding is available and investment is cost effective.

3.4.7 Category 3 - Office Fitout

3.4.7.1 The proposed works include the fitout of all Blocks of TOP including part A, part B and Block C which will include the provision of standard office fitout incorporating new partitions, cabling, carpets, painting, refurbishment of work stations and other loose furniture.

- 3.4.7.2 Reconfiguration of floor layout will provide greater efficiency and utilisation of the available area. This will enable a proposed density of 14 square metres per work point to be achieved. The overall proposed Government benchmark is likely to be set at 15 square metres per work point.
- 3.4.7.3 If fitout is being undertaken in any single Block of TOP, the services (including electrical, fire and mechanical) need to be upgraded in those areas to current building code requirements. This advice has been confirmed by our consultants and is supported by the Building Divestment report prepared for the TOP sale process.

3.5 Other Options Considered and Comparative Costs

- 3.5.1 As FaHCSIA has a sub-lease for TOP until December 2016, the cost for FaHCSIA to relocate to alternate premises would be prohibitive. FaHCSIA's long term accommodation strategy post 2016 is for a competitive open market approach. Therefore FaHCSIA did not deem it feasible to negotiate with the building owner about an extension to the current lease at this time. On this basis, options were considered as to how to best provide for the occupation of TOP for the remaining term of the sub-lease. The options centred on the degree of fitout work to be undertaken as the base building works were not considered to be discretionary.
- 3.5.2 The lowest cost option provided a basic level refit (approximately \$535 excl. GST per square metre) being recarpeting, repainting, re-cabing and replacement of non-ergonomic furniture. This option did not meet FaHCSIA's operational requirements and would not have provided a sustainable office environment for the remainder of the lease term. The option, if selected, would have created a disparate standard of accommodation across FaHCSIA's National Office, with TOP, although being the largest office, providing the poorest quality office environment.
- 3.5.3 The highest cost option provided for a complete fitout of all of the TOP office areas at cost of \$1350 excl. GST per square metre. Whilst this option would have delivered a high standard of office fitout for FaHCSIA, the cost in comparison to the remaining term of the sub-lease was prohibitive.
- 3.5.4 The funding agreed by Government, combined with FaHCSIA's existing resources, will provide a fitout of \$950 a square metre will provide a medium level refit of TOP to a reasonable standard of office accommodation, which centres on reduction of expenditure through reuse of furniture and fittings where possible. FaHCSIA has developed a scope of work which is consistent with the remaining term of the sub-lease whilst meeting operational requirements and occupational health and safety standards.

3.6 Revenue Derived From the Works

- 3.6.1 There will be no revenue derived from the proposed works.

4 Technical Information

4.1 Project Location

- 4.1.1 TOP is a unique office development in the ACT. The eight hectare site is on the edge of the Tuggeranong Town Centre. Refer to **Annexure A - Site Location Map** and **Annexure B - Detailed Site Map of TOP**.
- 4.1.2 TOP is built in a pedestrian campus style, comprising of ten buildings ranging in height from two to four storeys, with a total net lettable area (NLA) of approximately 33,045 per square metres set in extensively landscaped grounds.

4.2 Site Description

- 4.2.1 The buildings are arranged in five twin Blocks oriented with the long sides to the east and west. The east and west wings of each Block have a central link that contains a lift and stair providing access from level one to the upper floors and linking each level.
- 4.2.2 For the purpose of referencing areas/floors within each Block of the complex the following abbreviation are commonly utilised and this is how various floors will be referred to within this submission:
- Block Letter (A to E) , Wing (East or West), Floor Level (1 to 4)
 - For Example Block E, West Wing, Level 2 would be referred to as EW2
- 4.2.3 An artificial man made 'Central River System' runs along the pedestrian open air walkways between Blocks A to E. The river system is in a generally dilapidated state and the holding pond appears to be losing significant amount of potable water from its supply. The sale documentation for TOP provided a number of recommendations to address this issue and one option was to fill in the holding pond. Rectification works are being investigated and water storage and collection options are being considered to reduce the need to supplement the system with potable water.

4.3 Existing Site Conditions

4.3.1 Building and Plant

- 4.3.1.1 TOP buildings have reinforced concrete pier foundations and reinforced concrete frame comprising of columns supporting flat slab and beam systems.
- 4.3.1.2 The external façade has a single skin of brickwork.
- 4.3.1.3 The plant rooms are located at levels 0 and 1 of TOP. Most of the central engineering services plant rooms are located at Block A. Other plant rooms are located at Block B and E.

4.3.2 General Fitout

- 4.3.2.1 The general office fitout has a double row of offices with open plan workstations to the remaining floor area. Fire stairs are placed at each end of the typical floors of each wing for each Block. A circulation spine runs the length of the floor to the courtyard side of each Block. A core area with toilets, tea room, air handling plant, and alternative disabled toilet or sick room are located at one end of every level.

- 4.3.2.2 The office floors have a 300 mm deep suspended access floor system with a 600mm x 600mm tile grid (screw fixed to metal frame) and carpet tiles over. Power and data (Cat 3 cabling) is reticulated through this false floor space, with a floor box at each workstation providing four power outlets, one phone outlet and one data outlet.
- 4.3.2.3 Walls are generally metal stud with plasterboard linings, designed to be relocatable. Rendered and painted masonry walls are used for the toilets and plant rooms of the core areas.
- 4.3.2.4 Most windows are double glazed, with single glazed door units. There are isolated areas of single glazing, mainly in Block B.
- 4.3.2.5 The ceilings are generally a suspended 1200mm x 600mm metal grid with mineral fibre acoustic ceiling tiles and water proof plasterboard tiles in toilets areas.

4.4 Information on Zoning and Approvals

- 4.4.1 The TOP complex is located within the Murrumbidgee River Corridor, which is an element of the National Capital Open Space System (NCOSS) that is regulated by the National Capital Authority (NCA). The development is therefore sited on Commonwealth designated land.
- 4.4.2 Future development approval for the site requires the approval of the NCA via its Works Approval process. The NCA has also formally confirmed that all development that does not impact or change the existing external appearance does not require NCA approval. However the NCA has confirmed that the approval of ACT Planning and Land Authority (ACTPLA) should be sought for all developments, including the proposed fitout works. This process has been followed and adhered to for the early works (fitout and base building upgrade) that has been undertaken since July 2008;
- 4.4.3 The refurbishment works will require the approval/endorsement by the new building owner, Cromwell Group. In addition the works will need to be undertaken in accordance with Cromwell's Fitout and Refurbishment Guidelines. This is not considered a major risk to the process as their approval cannot be unreasonably withheld. However, it is a process that has been allowed for within the project delivery strategy.

4.5 Details of Applicable Government Policies, Building Codes and Australian Standards

- 4.5.1 The proposed refurbishment works will comply with all statutory requirements including the:
- *The ACT (Planning and Land Management) Act (1998)*
 - *ACT Planning and Development Act (2007)*
 - *The ACT Building Act (2004)*
 - *The ACT Emergencies Act (2004)*
 - *The ACT Environment Protection Act (1997)*
 - *Commonwealth Disability Discrimination Act (1992)*
 - *Commonwealth Occupational Health and Safety Act (1991)*
 - *Commonwealth Environment Protection and Biodiversity Conservation Act (1999)*
 - *ACT Discrimination Act (1991)*
 - *ACT Human Rights Act (2004)*

4.5.2 Relevant code and standards:

- the Human Rights and Equal Opportunity Commission (HREOC) advisory notes;
- The Australian Refrigeration and Air-Conditioning Code of Good Practice Part 1 Reduction of Fluorocarbon Refrigerants in Commercial and Industrial Refrigeration and Air-Conditioning Applications;
- Relevant Australian Standards;
- Building Code of Australia; and
- Draft Disability and Access Standards.

4.5.3 Relevant Government policies which will also be applied throughout the development process include:

- Utilisation of contractors, suppliers and consultants who have demonstrated compliance with the National Code of Practice for the Building and Construction Industry;
- Utilisation of a Head Contractor or Construction Manger who possesses certification with the Occupational Health & Safety Accreditation scheme. Whilst this requirement is not mandatory for the proposed scope of works, it will however be beneficial in ensuring the project, personnel and construction risk is properly and effectively manage;
- The Australian Government Protective Security Manual (PSM);
- Energy Efficiency in Government Operations Policy (EEGO); and
- Commonwealth Procurement Guidelines.

5 Proposed Scope of Works

5.1 Category 1: Whole of Complex Base Building Upgrade

5.1.1 Planning and Design Concepts

5.1.1.1 Planning and design concepts include the requirement to ensure the base building compliance upgrades are undertaken in accordance with relevant codes and standards.

5.1.2 Structure

5.1.2.1 Not applicable.

5.1.3 Lifts

5.1.3.1 Lift upgrades to replace controllers, call buttons and door operators.

5.1.3.2 Internal refurbishment of the lift interiors.

5.1.4 Fitout and Furniture

5.1.4.1 Not applicable.

5.1.5 Materials and Finishes

5.1.5.1 Remove hazardous materials.

5.1.5.2 Install additional handrail to link stairs; tactile indicators to top and bottom of stairs and landings; install non-slip finishes near edge of stair; install colour contrasting stair nosing in order to comply with current statutory regulations.

5.1.5.3 Install extension to balustrade and infill panel to terrace and balcony openings in order to comply with current statutory regulations.

5.1.6 Central Services

5.1.6.1 Replacement of the obsolete and proprietary Building Management System (BMS).

5.1.6.2 Replace and upgrade Date Centre diesel generator controls.

5.1.6.3 Replace and upgrade chiller controls and water treatment system.

5.1.6.4 Install new chiller refrigerant monitoring system.

5.1.7 Mechanical Services

5.1.7.1 Not applicable.

5.1.8 Electrical Services

5.1.8.1 Replace emergency and exit light fittings and re-wire to be on stand alone systems for each wing and each level.

5.1.9 Hydraulic Services

5.1.9.1 Not applicable.

5.1.10 Fire Services

5.1.10.1 Replace and supplement all existing fire detectors with new smoke detectors (and cabling) that have greater sensitivity. They are required in order to achieve mandatory compliance with the Fire Engineering Report and acceptance by the Fire Brigade and Certifier.

5.1.10.2 Install signage in fire isolated stairs in order to comply with current statutory regulations.

5.1.11 Landscaping and Civil Works

5.1.11.1 Not applicable.

5.1.12 Acoustics

5.1.12.1 Not applicable.

5.1.13 Provisions for People with Disabilities

5.1.13.1 Not applicable.

5.2 Category 2: Whole of Complex Fitout Tenancy Upgrades

5.2.1 Planning and Design Concepts

5.2.1.1 FaHCSIA is seeking through the refit and refurbishment to comply with the draft Disabled Access Standards to ensure it is an exemplar agency in application of Government policy to its own operations.

5.2.1.2 FaHCSIA is also seeking through the refit and refurbishment to comply with the Energy Efficiency in Government Operations Policy.

5.2.2 Structure

5.2.2.1 Not applicable.

5.2.3 Lifts

5.2.3.1 Not applicable.

5.2.4 Fitout and Furniture

5.2.4.1 Not applicable.

5.2.5 Materials and Finishes

5.2.5.1 Not applicable.

5.2.6 Mechanical Services

5.2.6.1 Due to the age of the mechanical services throughout TOP, it is considered that its environmental performance is generally inefficient. On the basis that FaHCSIA is responsible for all energy costs at TOP, the performance of the mechanical system has been identified as a key area to improve energy performance. Works that have been identified and scoped include replacement of sheathed ducting with insulated flexible ducting, rectifying leaks within the mechanical system, provision of additional temperature sensors to minimise room temperature fluctuations, cleaning of all fresh air and return air outlets and improvement in room design to maximise daylight penetration.

5.2.7 Electrical Services

5.2.7.1 Subject to the outcomes of a detailed energy audit of TOP, the energy efficiency measures are likely to include:

- Occupancy sensors to office areas and conference rooms;
- Modification or upgrade of the existing T8 lighting; and
- Improvements to the existing lighting control system to provide better zoning and timer control.

5.2.8 Hydraulic Services

5.2.8.1 Subject to the outcomes of a detailed environmental audit of TOP, the water efficiency measures are likely to include:

- The establishment of a rainwater collection system for the artificial river which runs between the east and west wings of the buildings; and
- Other water recycling and reduction measures including the waterless urinals, low water using shower heads, dishwashers, faucets and grey water recycling for the grounds maintenance where cost effective.

5.2.9 Fire Services

5.2.9.1 Not applicable.

5.2.10 Landscaping and Civil Works

5.2.10.1 Not applicable.

5.2.11 Acoustics

5.2.11.1 Not applicable.

5.2.12 Provisions for People with Disabilities

5.2.12.1 Reconfigure the majority of doorways to enable disabled circulation space in order to comply with current statutory regulations.

5.2.12.2 Refit existing disabled toilets to comply with current statutory regulations. Not all disabled toilets comply with current or previous statutory requirements.

5.2.12.3 Install new disabled toilets as required in order to provide a disabled facility in accordance with the Disability Compliance Report and Draft Disability Access Standard.

5.2.12.4 As part of the Category 1 upgrade of lift cars, the door operations, controls and height of button panel will comply with draft Disability Access Standards.

5.2.12.5 Upgrade all existing kitchens to allow disabled access and utilisation.

5.3 Category 3: Office Fitout

5.3.1 Planning and Design Concepts

- 5.3.1.1 Partial fitout of FaHCSIA's currently occupied areas including Blocks A, B and C.
- 5.3.1.2 FaHCSIA developed a National Accommodation Guideline in 2006 which was endorsed by the Department's Executive Management Group. The guidelines specified the Department's standard for general office fitout and amenity. These accommodation guidelines have been progressively implemented across FaHCSIA's national and regional offices. To date, the National Office at TOP does not conform to these accommodation standards.
- 5.3.1.3 Fitout rate of approximately \$950 per square metre (excluding escalation) has been estimated in order to apply the same office standards as the recently completed Block E fitout. Usable fitout life is expected to be around seven years, based on planned completion dates.
- 5.3.1.4 The fitout will achieve a density of staff of 14 -15 square metres per person which is consistent with targets being developed by Finance as part of the Commonwealth Property Management Framework Review.
- 5.3.1.5 The design solution for the fitout works is to adopt a low cost strategy which relies upon the refurbishment and reuse of existing furniture where possible.
- 5.3.1.6 The planning and configuration of Blocks A and C will be based upon the design principles of the Block E fitout which has been recently completed. Refer to **Annexure C** –Typical Block E Fitout Floor Plan.
- 5.3.1.7 The planning and configuration of B Block will provide an improvement to the overall design efficiency, level of amenity whilst addressing the compliance requirement for an alternative emergency exit within the cafeteria. Whilst B Block is not considered to be in as poor condition as the other blocks, the current configuration provides poor visitor access to the main conference facilities which are located a level below the main entry to TOP. Preliminary planning suggests that the reconfiguration of BW1 and BW2 will provide a secure environment for the FaHCSIA Executive and a dedicated public conference area on BE2 which provides significantly improved visitor and disabled access..
- 5.3.1.8 The proposed scope of works generally includes removal of 50% of partitions, the installation of new partitions to suit revised layout, rectification of damaged ceilings as a result of the changes, replacement of floor coverings where required and painting throughout, the retention of 70% of workstations and storage units, upgrade of services infrastructure (including improvements to environmental performance where viable) and improvement of the audio visual systems to suit operational requirements.
- 5.3.1.9 The proposed Block B Outturn cost of approximately \$750 per metre square (excluding escalation and GST provides the upper limit for these works and will be refined through the planning process.

5.3.2 Structure

- 5.3.2.1 Provide additional structural supports under access floor where compactus and safes are located in Blocks A and C. The current access floor provides insufficient structural capacity.

5.3.3 Lifts

- 5.3.3.1 Not applicable.

5.3.4 Fitout and Furniture

- 5.3.4.1 Reuse of existing workstations (that have height adjustability) and replacing the fabric on workstation screens.
- 5.3.4.2 Purchase of new workstations to replace workstations that do not have height adjustability.
- 5.3.4.3 Reuse of meeting room tables and chairs from Centrelink fitout – re-fabric chairs as required.
- 5.3.4.4 Reuse of loose furniture from Juliana House fitout that can be reasonably utilised.
- 5.3.4.5 Reuse of existing task chairs.
- 5.3.4.6 A proportion of new loose furniture (shelving, lateral filing units, etc) where the reuse of existing is not possible.
- 5.3.4.7 Provision of new workstation tops to replace all reusable workstation screens and frames.
- 5.3.4.8 Replacement of all personal storage units with new steel lockable cabinets for 'In-Confidence' material.
- 5.3.4.9 Provision of new furniture where required Senior Executive Service and Executive Level 2 offices (reuse of some where possible).
- 5.3.4.10 Upgrade of Block B mailroom centre in order to improve overall security and functionality.

5.3.5 Materials and Finishes

- 5.3.5.1 Recovering of existing workstation screens with a new fabric and inclusion of a cable management system to reduce occupational health hazards.
- 5.3.5.2 New floor finishes throughout and re-painting of the base building internal finishes.
- 5.3.5.3 New blinds to replace existing/ damaged blinds.
- 5.3.5.4 Utilisation of a demountable partition system in between offices which will allow for future conversion into a meeting room or executive office. The conversion can occur very quickly without impacting on existing occupants as there is no dust, noise or odours as no painting or plastering is required and the demolition process is minimal.

5.3.6 Mechanical Services

- 5.3.6.1 New supplementary units will be installed as required to comply with provision of fresh air as stipulated within the Australian Standards, BCA and FaHCSIA design brief.
- 5.3.6.2 Minimal adjustment to overall mechanical services layout and design.
- 5.3.6.3 Provision of additional temperature sensors in order to provide improved regulation of fresh air in addition to greater operational efficiency.

5.3.7 Electrical Services

- 5.3.7.1 Improving reticulation of power and data to workstations and upgrading existing cabling to Category (Cat) 6 cabling to enable upload/download speeds to be to an acceptable standard.
- 5.3.7.2 Install power rails to each desk which includes four power outlets and two data outlets.

- 5.3.7.3 Supply and installation of audio visual equipment and interactive whiteboards for new conference rooms, including the reuse of existing equipment where possible.
- 5.3.7.4 Upgrade of existing distribution boards to all Blocks to include for Residual Current Device (RCD) protection.
- 5.3.7.5 Minor reconfiguration of lighting layout to improve the efficiency of the design.
- 5.3.7.6 Connection to existing parliamentary TV reception where required, including reuse of existing televisions where possible.
- 5.3.7.7 Provision of new servers, racks and switches into the communications rooms. However, a number of these services/assets can now be centralised and, therefore, capital and maintenance costs can be minimised.

5.3.8 Hydraulic Services

- 5.3.8.1 Install new filtered boiling/chilled water units in kitchenettes with safety features to comply with Australian Standards.
- 5.3.8.2 Provision of stop valves to potable water entry points into each Block. This will allow shutdown of each Block individually. The complex did not previously have the ability to shut down a single Block and the entire complex had to be shut down in order to undertake any hydraulic services work.
- 5.3.8.3 Installation of dishwashers to breakout spaces/tearooms, where they currently do not exist. This will also assist with minimising water use due to efficient wash cycles of the nominated dishwashers. These dishwashers generally utilise less water than hand washing.
- 5.3.8.4 Viable water saving initiatives are currently being investigated which may include waterless urinals, treated grey water dual flush pans and automatically controlled 'timer taps'. FaHCSIA will consider options which provide savings within the remaining lease term.

5.3.9 Fire Services

- 5.3.9.1 Replace and supplement all existing fire detectors with new smoke detectors (and cabling) that have greater sensitivity. They are required in order to achieve mandatory compliance with the Fire Engineering Report and acceptance by the Fire Brigade and Building Certifier.
- 5.3.9.2 Provision of visual fire alarms in large conference rooms and open office areas in order to alert hearing impaired occupants to a fire alarm.

5.3.10 Landscaping and Civil Works

- 5.3.10.1 Not applicable.

5.3.11 Acoustics

- 5.3.11.1 New dry wall construction for offices, providing an increased acoustic capability not available in the current wall system used throughout TOP.
- 5.3.11.2 Provision of ceiling baffling and acoustic wave bar where required to minimise sound transmission between offices and meeting rooms and also improve heating and cooling efficiency.

5.3.12 Provisions for People with Disabilities

- 5.3.12.1 Reconfigure existing doorways to enable disabled circulation space.
- 5.3.12.2 New doorways to be constructed with larger door leaves in order to comply with draft Access Standards (920mm door in lieu of a 870mm door).
- 5.3.12.3 Provision of hearing loops in conference rooms.
- 5.3.12.4 Refer to Category 2 works for other upgrades.

5.4 Water and Energy Conservation Measures Including Energy Targets

- 5.4.1 FaHCSIA has reviewed the requirement for the project to comply with the Energy Efficiency in Government Operations (EEGO) Policy to determine the requirement for the TOP base building and tenancy fitout to achieve a 4.5 rating on the National Australian Built Environment Rating System (NABERS).
- 5.4.2 Information collected for the sale of the property suggests that because the new sub-lease to the Cromwell Group is essentially a continuation of the previous sub-lease to TOP Pty Ltd, there is no mandatory requirement to upgrade the base building to achieve a 4.5 star NABERS rating. The effect of this exemption was that under the new sub-lease for TOP, the building owner was not required to upgrade the central services and lighting to achieve 4.5 star rating and comply with the EEGO. Given that FaHCSIA does not own the building and the payback periods of many of the major energy efficiency measures is seven years or more, FaHCSIA is proposing to limit energy efficiency measures to the base building to those that provide a near full return by December 2016.
- 5.4.3 FaHCSIA has commissioned an energy and environmental audit to be undertaken as part of the start-up project management services for the TOP refit and refurbishment to determine a range of environmental measures to improve the performance of the complex, whilst limiting expenditure on assets which are not owned by the Department.
- 5.4.4 FaHCSIA is aware that the refit of the TOP base building will likely trigger the requirement for the tenancy fitout to achieve a NABERS rating of 4.5 stars. Due to the short term of the lease and consequential shorter payback period, FaHCSIA may not be able to cost effectively provide tenancy areas which comply with the EEGO. Following completion of the energy audit for TOP, FaHCSIA will be consulting with the Department of Environment, Water, Heritage and the Arts to determine whether a 4.5 star NABERS rating can be achieved and, if not, whether an exemption is required to be sought.
- 5.4.5 Due to the fact that FaHCSIA under the sub-lease has to pay the full energy costs for TOP, we anticipate that there will be a number of low cost measures which will significantly improve energy performance and pay back investment during the remaining term. Although the energy audit has not been completed, we expect these measures to include:
 - Occupancy sensors to office areas and conference rooms;
 - Modification or upgrade of the existing T8 lighting;
 - Improvements to the existing lighting control system to provide better zoning and timer control;
 - The installation of more efficient appliances including supplementary air conditioning systems, whitegoods and filtered water supply units; and
 - Consideration of central plant upgrades including variable speed drives and other energy measures.
- 5.4.6 Other environmental measures for TOP which are likely to be low cost include:

- The establishment of a rainwater collection system for the artificial river which runs between the east and west wings of the buildings. The current system is supplemented with potable water from the main water supply which increases costs to FaHCSIA and is not an efficient use of this resource;
- The establishment of improved waste management and recycling systems including the installation of a green waste composting facility;
- Improved monitoring of the diesel storage tank systems which service the Centrelink Data Centre power generation systems to protect the Murrumbidgee Corridor and catchments;
- Other water recycling and reduction measures including the waterless urinals, low water using shower heads, dishwashers, faucets and grey water recycling for the grounds maintenance where cost effective; and
- Reuse of existing furniture and partitioning where appropriate.

5.4.7 The capital costs for the environmental measures to be installed at TOP have not yet been finalised and a provisional sum for these measures has been estimated. FaHCSIA anticipates that any additional capital beyond that already provided for these items will be funded from internal cash reserves where investment is cost effective.

5.5 Heritage Issues

5.5.1 Included within the Divestment Building Report was a comprehensive heritage value assessment of the complex. The findings were that TOP:

- is a Commonwealth Place;
- is not currently located on any heritage register;
- is not a place of importance to the Indigenous Community;
- does not possess any natural heritage values;
- is unlikely to possess values which satisfy any of the heritage list criteria and threshold tests applicable for inclusion on the Commonwealth Heritage List; and
- there are no known proposals for the nomination of TOP for inclusion on a heritage list or register.

5.6 Child Care Provisions

5.6.1 There are no existing child care services at TOP. No provision has been included within this proposal for any child care facilities.

6 Consultation with Relevant Authorities

6.1 Consulted Agencies

6.1.1 A formal consultative approach has been adopted to provide expert advice in relation to various aspects of the project. The following agencies have been consulted to date:

- Department of Finance and Deregulation, including the Agency Advice Unit and Asset Management Group;
- Department of Human Services, Centrelink; and
- National Capital Authority (NCA).

6.2 Agencies FaHCSIA Will Be Consulting

6.2.1 FaHCSIA will consult with the:

- Department of Environment, Water, Heritage and the Arts in the application of the Energy Efficiency in Government Operations Policy and to seek advice about other environmental initiatives; and
- Department of Education, Employment and Workplace Relations regarding the National Code of Practice for the Construction Industry and the Australian Government Building and Construction OHS Accreditation Scheme.

6.3 Internal Consultation

6.3.1 FaHCSIA has established internal consultation and decision making mechanisms which will be employed with throughout the project. The project team will engage strongly with stakeholders to ensure the project is informed and shaped to deliver the most cost effective, functional and quality outcome within budget and program constraints, including the OH&S committee, Equity and Diversity representatives, Information Management and Technology Group, the Workplace Consultative Forum and the Executive Management Group.

6.4 External Consultation

6.4.1 Where construction works are likely to impact on the Tuggeranong community, FaHCSIA will ensure it engages with community groups and businesses which might be affected.

6.4.2 External consultation on the proposed works will also be conducted through the Public Works Committee review process.

7 Impact on the Local Community

7.1 Employment

7.1.1 The refit of TOP will provide significant employment opportunities for local businesses. It will lead to the anticipated continual employment from September 2009 to September 2010 of the following:

- Professionals/Consultants: Approximately 10 separate companies will be engaged to provide consultancy services during the project delivery. This has the potential to involve 16 to 20 employees in order to ensure that the timeframes and deliverables are achieved.
- Contractors: There is likely to be a need for up to 60 trade companies and 800 personnel on site (and off site including manufacturers and suppliers) during the project delivery. This will assist in keeping staff and contractors gainfully employed.

7.1.2 Other Tuggeranong based businesses including hospitality and other services industries will also benefit from the construction works and eventual full occupation of TOP.

7.1.3 FaHCSIA is a major employer and thus amenity has impact on staff satisfaction and retention. The ability for FaHCSIA to provide a reasonable level of accommodation is of valuable assistance in maintaining staff satisfaction and attracting skilled and experienced staff.

7.2 Community Resources

7.2.1 No adverse impact on existing parking will result from the refurbishment or refit of TOP. Temporary parking for construction personnel will be provided on site during the construction works.

7.2.2 The refurbishment and refit of TOP will:

- have no significant detrimental impact on the natural or human environment;
- encourage improved utilisation of existing public facilities and transport infrastructure;
- make use of, and improve existing engineering services including water, sewerage and storm water in the area;
- improve overall operation, efficiency, safety and staff satisfaction through the provision of refurbished staff accommodation;
- have a positive effect on the local economy via the creation of jobs during construction and fitout; and
- have a positive effect on the FaHCSIA staff who will be involved with the refurbishment project through attendance at the relevant accommodation committees.

8 Project Outturn Costs

8.1 Overall Outturn Cost

- 8.1.1 The estimated Outturn cost of the proposal is \$29,872,334 including GST. The Outturn cost includes design, documentation, consultancy fees, project management fees, construction costs, relocation costs, contingency and escalation to September 2010.
- 8.1.2 Funding of \$26,771,000 excluding GST for this initiative is provided through budget measure for TOP which was announced in the 2009-10 Federal Budget. The shortfall will be met by FaHCSIA.
- 8.1.3 The costs for the early works at TOP were detailed in FaHCSIA's letter to the Public Works Committee Secretariat on 20 May 2009.

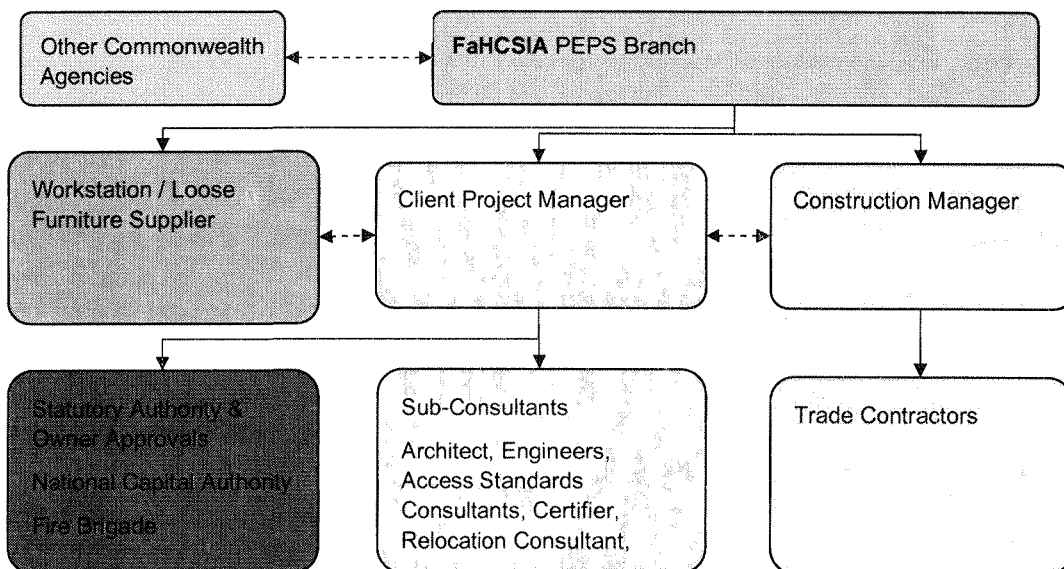
9 Programme and Project Delivery

9.1 Project Delivery

9.1.1 FaHCSIA is considering a delivery strategy that has been successfully used for a variety of its fitout and base building projects during the past few years. This strategy incorporates the engagement of a project management firm that has responsibility for the direct engagement of relevant design consultants, engineering consultants, ergonomic consultant and quantity surveyor. In addition to this, panel contracts have also been established with a Head Contractor and workstation/ loose furniture panel via a Standing Deed of Agreement.

9.1.2 FaHCSIA's Property, Environment & Protective Security (PEPS) Branch would be responsible for the delivery of the works in accordance with the scope of works proposed within this submission. This Branch has significant experience in delivering complex and accelerated project programmes, having been responsible for the delivery of fitout and refurbishment projects across Australia in the past three years.

9.1.3 The proposed delivery structure is summarised in the diagram below:



9.1.4 The current FaHCSIA project team includes:

- An internal project delivery team including an EL2 director, two EL1 project managers and other project coordinators;
- Xact Project Consultants (Client Project Manager) for the early works, including the Block D refit and Public Works Committee submission;
- Peckvonhartel (Architect & Interior designer) for the early works, including the Block D refit and Public Works Committee submission;
- Norman Disney & Young (Services Engineers) for the early works, including the Block D refit and Public Works Committee submission;
- Access Standards / Disability Consultant (Eric Martin & Associates);
- JJ Frith (Ergonomic Consultant);
- Relocation Laws (Relocation consultant);

- Certified Building Solutions (Building Certifier);
 - Property Concept Management (Quantity Surveyors) for the early works including the Block D refit and Public Works Committee submission;
 - Panel Contract for Construction Managers; and
 - Panel Contract for the supply and installation of workstations and loose furniture.
- 9.1.5 FAHCSIA has and will continue to consult and work closely with all relevant ACT Government authorities including the ACT Planning and Land Authority (ACTPLA) and the Fire Brigade.
- 9.1.6 All contractors currently on contract for the early works are National Code of Practice compliant and, where required, are also certified to the Federal Safety Commissioner & OH&S Accreditation scheme. FaHCSIA is aware of the need for contractors working on various aspects of the proposed works to comply with both these requirements.
- 9.1.7 Cost control will be managed by FaHCSIA's appointed Quantity Surveyor and subject to review by FaHCSIA's Project Director and financial delegates.

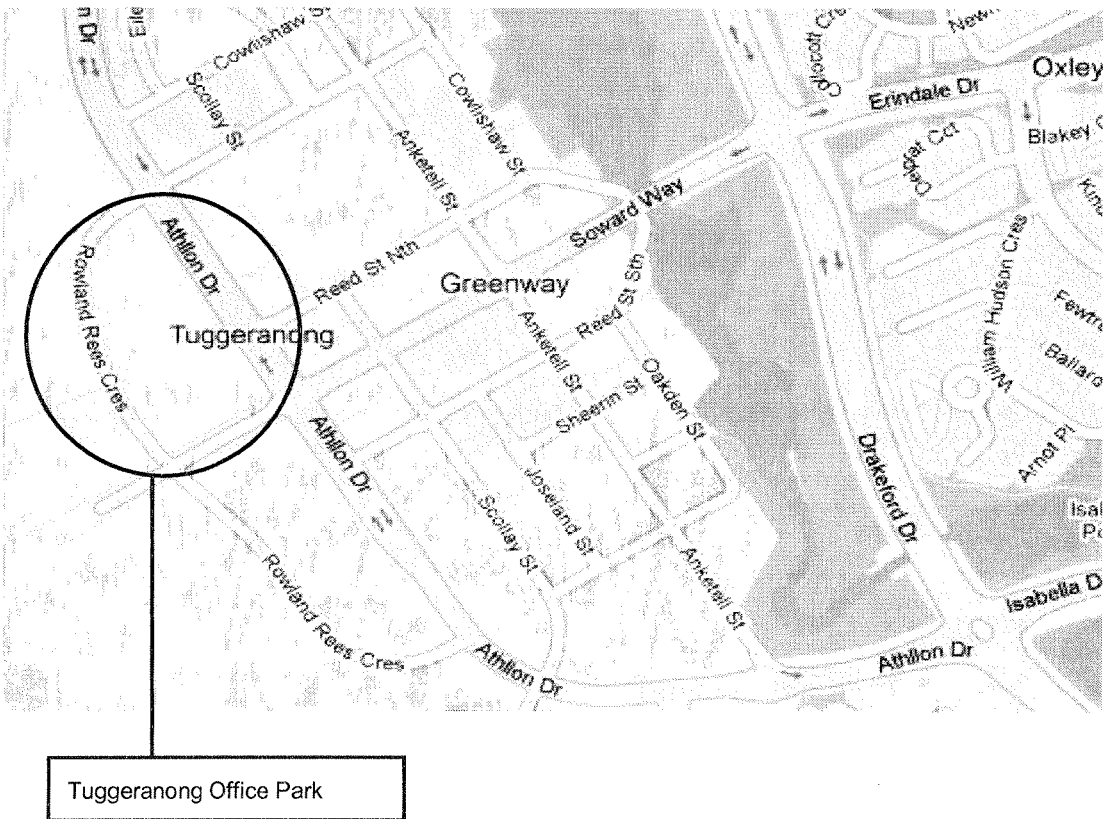
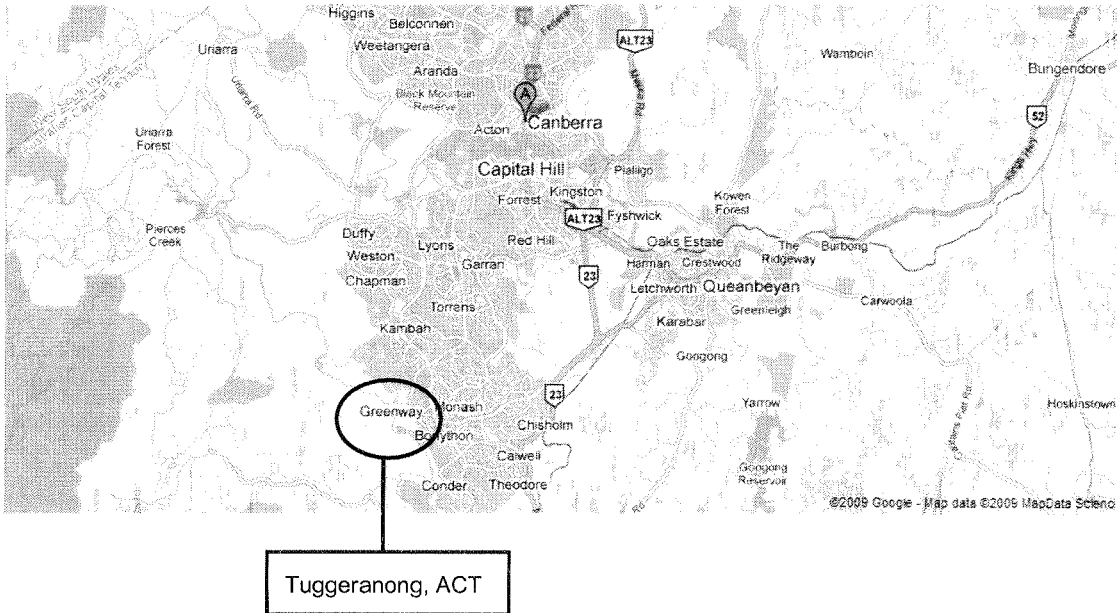
9.2 Programme

- 9.2.1 The critical milestone that is required to be achieved to ensure that substantial benefit is gained from the capital works expenditure is the vacation and make good of Juliana House, Woden, prior to September 2010. Failure to achieve this milestone may result in a requirement to extend this current lease whilst paying dead rent within the vacant Block at TOP.
- 9.2.2 The ability to complete the fitout works and to enable relocation of staff from Juliana House is assisted by the fact that an unoccupied Block (Block D currently) exists at TOP and can be utilised as essentially a staging space. This enables a majority of the fitout works (Blocks D, C and A) to be undertaken as an unoccupied building. Without the risks associated with an occupied floor, an accelerated construction programme can be accommodated and completion of the works prior to September 2010 can be achieved.
- 9.2.3 A detailed delivery programme as prepared by our Project Manager is attached in **Annexure D – Delivery Programme**. The delivery programme has been developed in close consultation with ISIS Projects and the design team, with all parties committed to the milestones proposed. The timeframes utilised have also been based on existing experience with other fitouts in TOP, with the latest being the Block E fitout. This previous experience also assists in identifying reasonable and realistic delivery expectations.

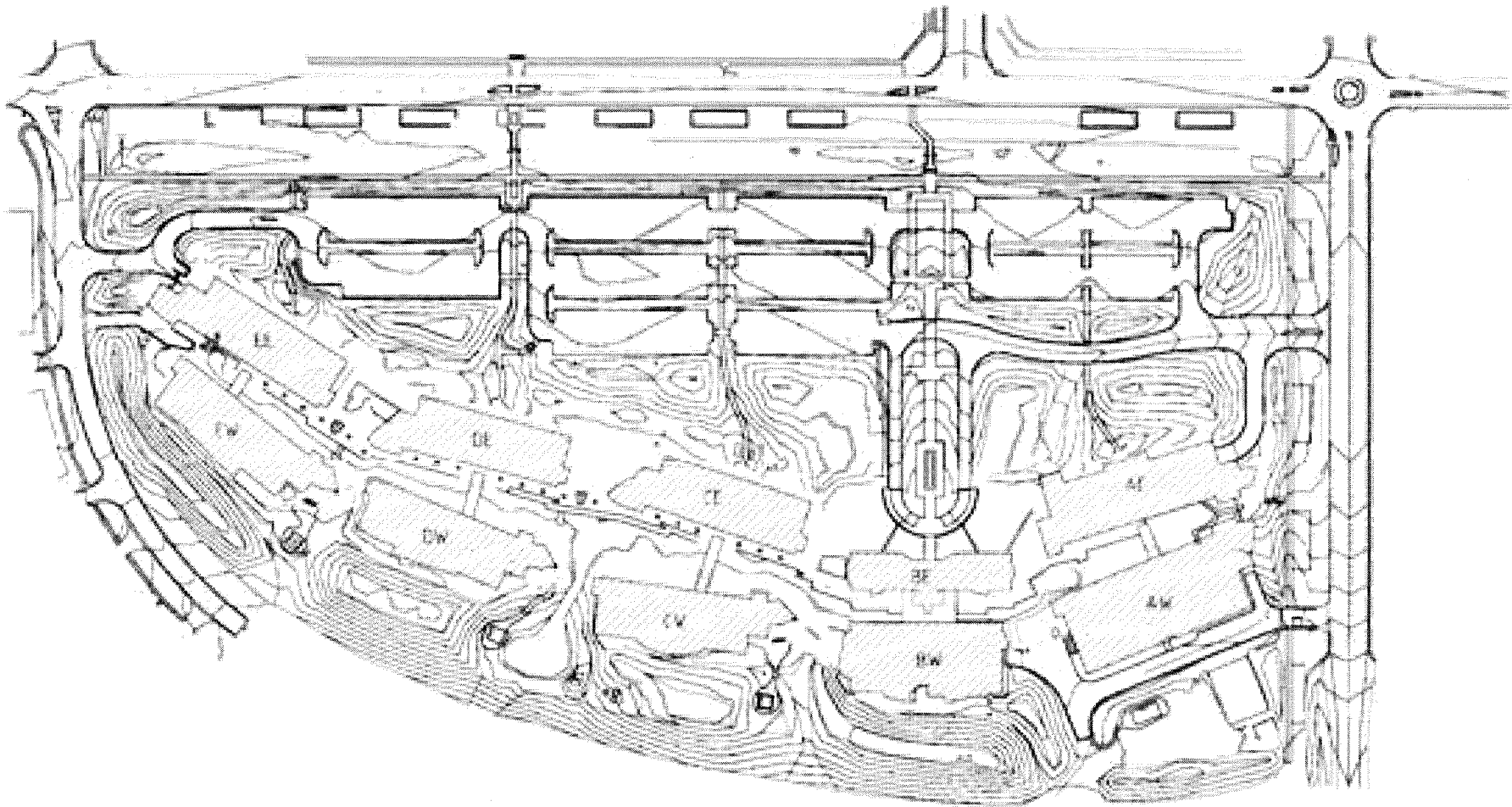
9.2.4 The key milestones as identified within the delivery programme and based on an anticipated Parliamentary approval around mid September 2009, are as follows:

TOP Building	Critical Date
Block C	
Concept design approval	August 2009
Fitout commencement	December 2009
Practical completion of fitout	April 2010
Block A	
Concept design approval	January 2010
Fitout commencement	April 2010
Practical completion of fitout	August 2010
Block B	
Concept design approval	August 2009
Fitout commencement	February 2010
Practical completion of fitout	June 2010
Base building / BCA / access compliance	
Design documentation	October 2009
Construction commencement	February 2010
Practical completion of works	June 2010

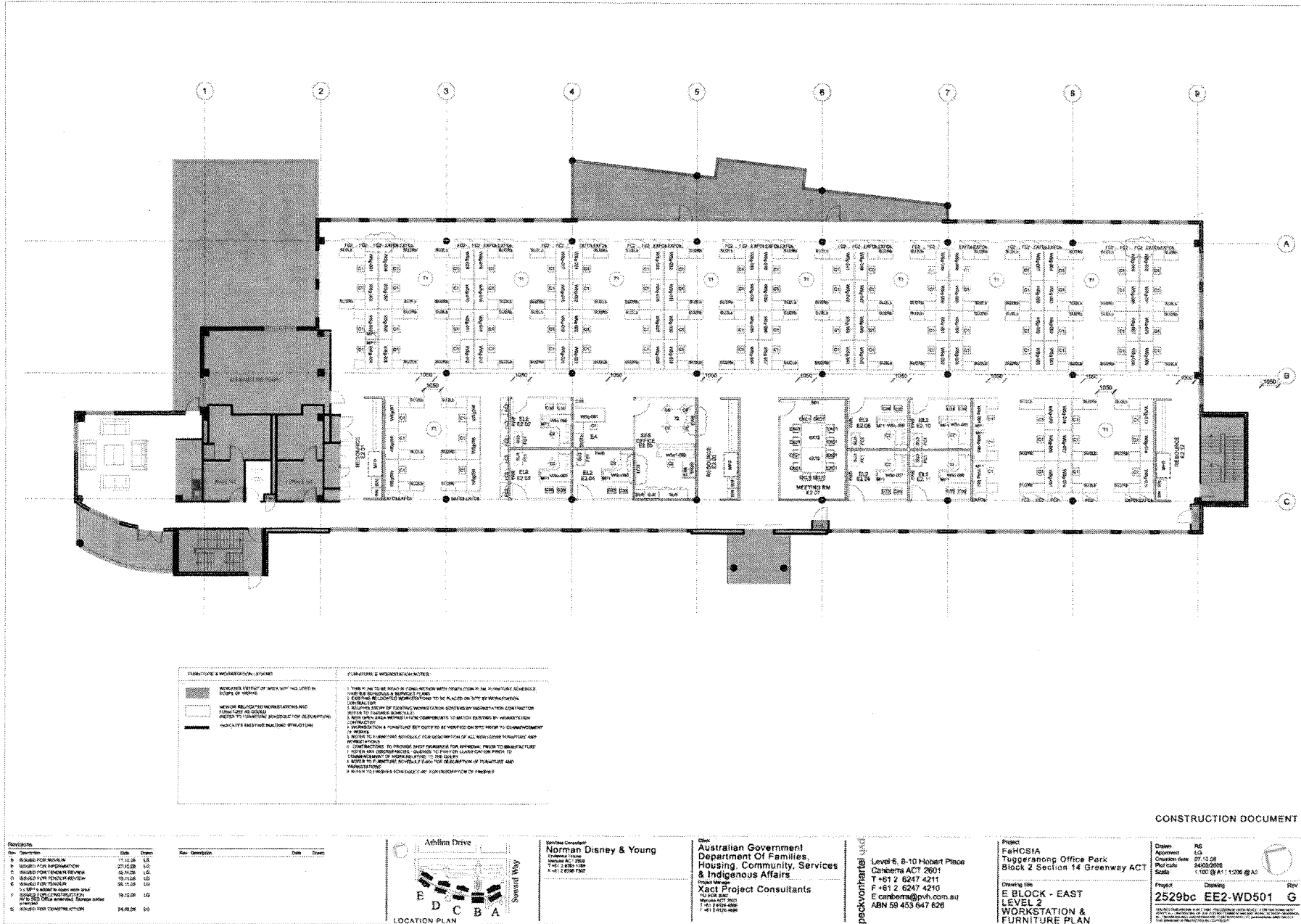
10 Annexure A – Site Location Map



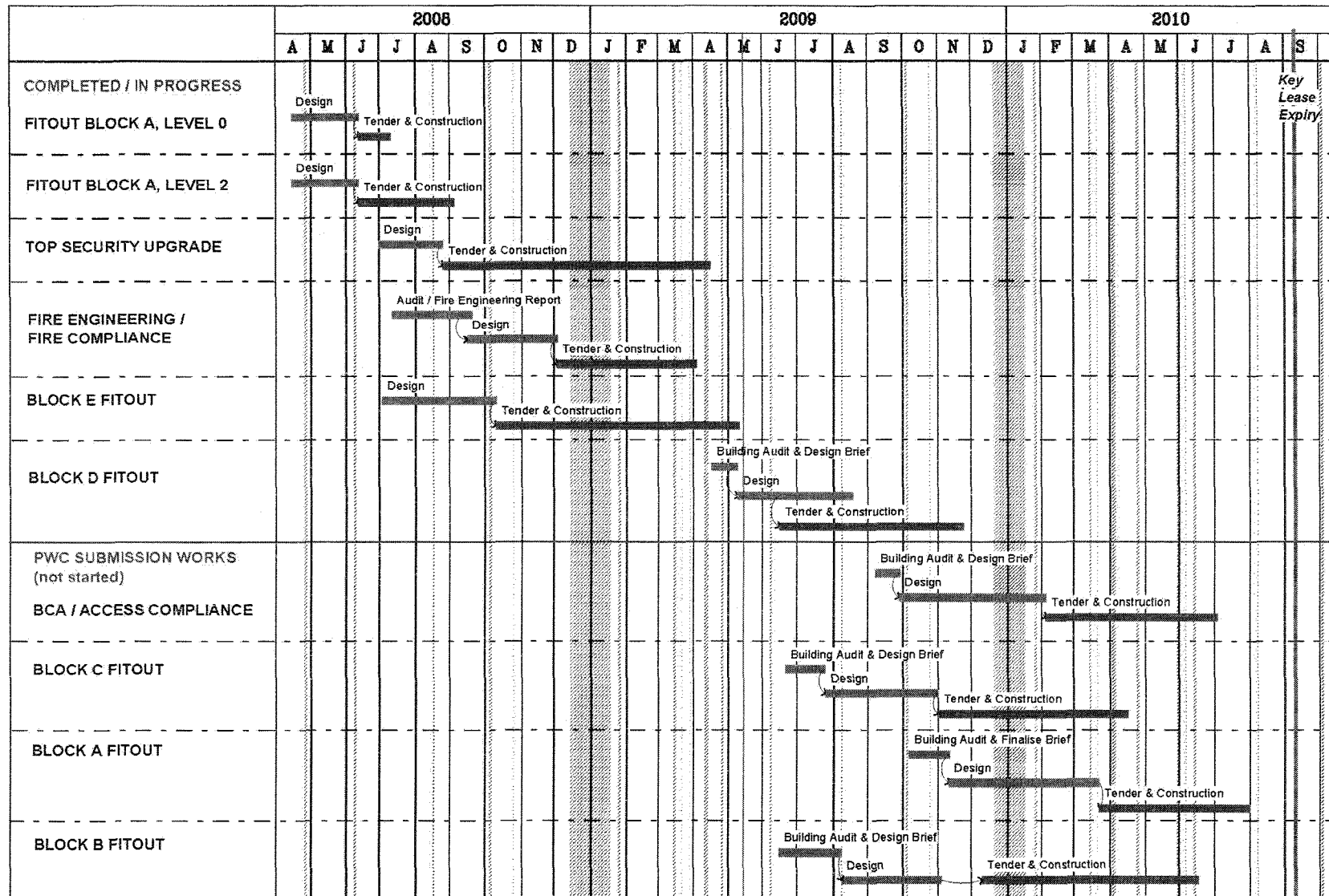
11 Annexure B – Detailed Site Map of TOP



12 Annexure C – Typical Block E Fitout Floorplan



13 Annexure D – Delivery Programme



Current Status →