

Issues and Conclusions

Project Cost Estimate

- 3.1 DoFA states in its main submission that the cost of refurbishment is \$41.2 million budgeted over three years from 2005 to 2008.¹ However upon further examination of confidential costs, the project cost figures totalled \$39.33 million. The Committee sought clarification of the costs and an explanation for the discrepancy in project costs.
- 3.2 DoFA responded that budget appropriation was calculated at a very early stage in the process, and based on concept design. In the time since the initial cost estimate, DoFA:

...have been able to bring a little more cost certainty to that forecast through schematic work...²

Furthermore, DoFA's operation project delivery costs have not been included and will be absorbed in the cost difference. DoFA added that given the volatility of the construction industry,

...it is healthy to have both an adequate contingency provided in the contract directly and for there to be a small gap left between project out-turn prediction and the budget appropriation.³

1 Appendix C, Submission No. 1, paragraph 1.6.1

2 Appendix D, Official Transcript of Evidence, page 7

3 *ibid*

Cost-Benefit Analysis

- 3.3 The Committee enquired whether DoFA had undertaken a cost-benefit analysis of the proposal, specifically what proportions are attributed to increased efficiency compared with issues such as public access. Whilst DoFA was unable to provide specific figures, it explained to the Committee that the majority of the funds are allocated to upgrade the operational and services efficiency of the Mint buildings, which includes mechanical, hydraulic and electrical systems. DoFA added that the public access component does not constitute a large part of the project cost.⁴

Options Considered

- 3.4 DoFA lists in its main submission that the options considered for this project were:
- do nothing: continue with general repairs and maintenance as required; and
 - refurbishment: undertake a major refurbishment of the existing Mint buildings.⁵

Whilst acknowledging that DoFA opted to refurbish the Mint, the Committee was interested to know whether DoFA had considered other development options such as building on a greenfield site. DoFA informed the Committee that the greenfield option was examined, however constructing a new Royal Australian Mint would be significantly more expensive. In terms of efficiency, DoFA believes that:

...the refurbishment does achieve a very high level of efficiency not at all dissimilar to a greenfields solution when we take into account the various activities that are undertaken in processing and the needs of visitors and staff as key stakeholders...⁶

Heritage Considerations

- 3.5 DoFA states in its main submission that the Minister for the Environment and Heritage has identified the Mint buildings as having Commonwealth
-

4 Appendix D, Official Transcript of Evidence, page 10

5 Appendix C, Submission No. 1, paragraph 1.5

6 Appendix D, Official Transcript of Evidence, page 9

heritage values.⁷ Whilst the Committee acknowledged that the Mint buildings were not registered on the Commonwealth's Heritage List, the Committee enquired as to the specific heritage values that have been identified in the Mint buildings.

- 3.6 DoFA explained that to ensure future consideration for listing in the Australian Heritage Register, it aims to preserve heritage characteristics which are of high value particularly:

...the external façade and the form of character of the main building in its setting.⁸

Heritage Impact Statement

- 3.7 In its main submission DoFA continues that a *Statement of Heritage Impact* report was undertaken in April 2005.⁹ The Committee sought further information on the *Statement of Heritage Impact* report and its findings.
- 3.8 DoFA informed the Committee that the report was conducted by a Canberra based heritage architect and planner - Peter Freeman Pty Ltd, who examined both cultural aspects and heritage value of the Mint. The report formed the basis of a submission to the Department of the Environment and Heritage under the *Environment Protection and Biodiversity Conservation Act 1999* which determined that it was not a controlled action.¹⁰

Architectural Context

- 3.9 In its main submission DoFA states that the Mint buildings shares "articulation and form" with a number of significant buildings constructed in Canberra in the 1960s.¹¹ The Committee was interested in some examples of Canberra architecture with which the Mint buildings shared articulation and form of that era.
- 3.10 DoFA explained that the Anzac Park West and East buildings, as well as some Department of Defence buildings in Russell, were of similar vintage to the Mint buildings.¹²

7 Appendix C, Submission No.1, paragraph 1.12.1

8 Appendix D, Official Transcript of Evidence, page 4

9 Appendix C, Submission No. 1, paragraph 1.12.7

10 Appendix D, Official Transcript of Evidence, page 4

11 Appendix C, Submission No. 1, paragraph 1.12.6

12 Appendix D, Official Transcript of Evidence, page 5

National Capital Authority Concerns

- 3.11 The National Capital Authority (NCA) states in its main submission that DoFA's proposal as submitted is supported in principle, subject to design resolution of a number of minor matters.¹³ The Committee sought further information on the minor matters that concerned the NCA, and whether they had been resolved.
- 3.12 The NCA explained that placement of one of the two coat of arms was a concern, as from a heritage perspective the coat of arms would be better placed on the actual building rather than having it incorporated into a separate sign. Placement of the coat of arms on the actual provides a more permanent solution.¹⁴
- 3.13 DoFA confirmed that it does not object to recommendations of the NCA regarding the coat of arms and will work with the NCA to find appropriate placement of the coat of arms. DoFA further assured the Committee that it would maintain ongoing dialogue with the NCA throughout the design and construction process to address all outstanding concerns.¹⁵

Building Design

Office Configuration

- 3.14 DoFA states in its main submission that refurbishment of office space in the Mint buildings seeks to:
- ...address inadequacies of the current accommodation and the operational inefficiencies of outdated services and facilities.¹⁶
- As office accommodation constitutes as large part of refurbishment of the Mint buildings, the Committee sought details on staffing numbers and how they were to be accommodated in the refurbished facilities.
- 3.15 DoFA informed the Committee that there are approximately 80 staff in the production areas and approximately 40 staff occupying office space. DoFA do not anticipate any major change in staffing numbers in the after the refurbishment. Area measurements for workstations are as follows:
-

13 *Volume of Submissions*, Submission No. 2, page 3

14 Appendix D, Official Transcript of Evidence, page 20

15 *ibid*, page 18

16 Appendix C, Submission No. 1, paragraph 1.10.3

- 7.5 square metres plus 20percent for storage and pedestrian circulation;
 - 42 square metres for the Chief Executive;
 - 24 square metres for Directors; and
 - 12 square metres for Managers.¹⁷
- 3.16 During the site inspection of the Mint buildings the Committee noted inadequacies of current arrangements and configuration. The Committee asked DoFA what steps were proposed to improve the current work situation.
- 3.17 DoFA explained that the major change as a result of the refurbishment was the consolidation of Mint staff into the one building, rather than dispersed throughout the two buildings. Office accommodation will be upgraded to current workplace standards, with the use of open-plan office configuration where appropriate.¹⁸

Sound Attenuation

- 3.18 DoFA's main submission stresses the importance of sound attenuation in office accommodation. DoFA will seek to achieve this through the appropriate use of material and adoption of suitable construction techniques.¹⁹ The Committee was interested in the particular measures DoFA will employ to minimise noise.
- 3.19 DoFA responded that the process area currently has sound-attenuating beams (which are foam wrapped in perforated metal covering) suspended above the area. These beams will be cleaned, refurbished and reused as part of sound attenuation. Furthermore, DoFA explained that the production areas are acoustically isolated from the office areas.²⁰

Provision for Persons with a Disability

- 3.20 In its main submission, DoFA states that access for the disabled will be in accordance with particular codes and standards.²¹ The Committee sought reassurance that after refurbishment the Mint buildings will provide appropriate access for persons with a disability. DoFA responded that the OH&S aspects of the building condition report showed areas of non-

17 Appendix D, Official Transcript of Evidence, page 5

18 *ibid*

19 Appendix C, Submission No. 1, paragraph 2.9.1

20 Appendix D, Official Transcript of Evidence, page 6

21 Appendix C, Submission No. 1, paragraph 2.17.1

compliance with disability access requirements. DoFA assured the Committee that:

...both the concept design and costings provide for full compliance with the disability access requirements and compliance with all national codes.²²

Landscaping

3.21 In its main submission DoFA outlines landscaping initiatives that will be undertaken as part of the refurbishment.²³ The Committee sought more detail on the landscaping elements regarding the entrance to the Process building. DoFA responded that landscaping works include a new entry podium, with a new canopy, colonnade and address point. The new entrance, and associated landscaping, will help visitors identify the Process Building.²⁴

Car Parking

3.22 DoFA's main submission includes a site plan of the Mint buildings after the refurbishment.²⁵ The Committee sought further information on the capacity of the car parking area for both buses and cars.

3.23 DoFA responded that parallel parking for five buses has been allocated within the car park which, according to their assessment will be sufficient as the Mint would not expect in excess of that number of visitors at any one time. Furthermore, 51 car parking spaces have been allocated which should be sufficient given that traffic engineers calculated that a requirement for 35 car parking spaces would be required to cover peak visitor periods.²⁶

3.24 The Committee further enquired as to the possibility of further parking options should the allocated Mint parking areas not be sufficient. DoFA stated that it had had discussions with ACT government regarding the use of additional bus parking on Denison Street should the situation arise.

22 Appendix D, Official Transcript of Evidence, page 16

23 Appendix C, Submission No. 1, paragraph 2.13

24 Appendix D, Official Transcript of Evidence, page 10

25 Appendix C, Submission No. 1, Attachment 1, Refurbishment Drawing 02

26 Appendix D Official Transcript of Evidence, page 14

Environmental Considerations

- 3.25 DoFA's main submission outlines Ecologically Sustainable Development (ESD) rating systems, and the objective to achieve a 4 star Australian Building Greenhouse Rating (ABGR) scheme rating.²⁷ After discussions with the Australian Greenhouse Office (AGO), DoFA states in its supplementary submission that it would aim to achieve a 4.5 star ABGR for the Administration Building and 4 star ABGR for the Process Building.²⁸ The Committee enquired whether DoFA was experiencing any challenges in achieving the 4.5 star ABGR.
- 3.26 DoFA responded that refurbishing older buildings, such as the Mint, can be problematic with regard to achieving adequate ABGR. For example, skylighting to office areas require double glazing and which are extra costs. DoFA added that:
- there is a degree of compromise in preserving those heritage characteristics of the building and accepting that we [DoFA] have a four star rating rather than a 4.5 star rating target.²⁹
- 3.27 DoFA also assured the Committee that it will continue to work closely with the AGO to incorporate an appropriate Green Lease Schedule, where possible, to achieve better energy saving outcomes. DoFA added that it is moving towards a more 'whole of economic life cycle costing' consideration to emphasise the value of energy savings.³⁰

Air-Conditioning

- 3.28 In its main submission DoFA states that new air conditioning systems will be installed as part of the mechanical services upgrade of the Process Building.³¹ As the public will be granted greater access to more areas of the Mint from improvements of the refurbishment, the Committee sought reassurance that there will be separate air-conditioning systems for staff/visitor areas and the processing areas, to ensure there is no risk of cross contamination of fumes.

27 Appendix C, Submission No. 1, paragraph 2.7

28 *Volume of Submissions*, Submission No. 4, Department of Finance and Administration, page 2

29 Appendix D, Official Transcript of Evidence, page 17

30 *ibid*

31 Appendix C, Submission No.1, paragraph 2.5.11.1

- 3.29 In response, DoFA assured the Committee that whilst there is a central plant which provides energy for the building, office space; visitor/public areas; and work/processing areas will have acoustic and mechanical separation, as well as specific air-conditioning systems.³²

Removal of Hazardous Materials

- 3.30 DoFA states in its main submission that one of the OH&S concerns requiring attention in the Mint buildings is the removal of remaining hazardous materials.³³ The Committee sought further information on the type of hazardous materials that existed in the Mint buildings, and the procedures to be undertaken to remove those materials.
- 3.31 DoFA informed the Committee that as per the building condition report it:
- ...identified a number of hazardous materials in the building, including PCBs [Polychlorinated Biphenyls] and some asbestos in lagging and friction pads, and also a small amount contained in the caulking, or at least sealed behind the caulking, of the building façade...³⁴

With regard to the removal of the hazardous materials, DoFA assured the Committee that throughout the delivery of the project, removal of hazardous materials would be undertaken in accordance with national code requirements.

- 3.32 DoFA anticipates the refurbishment will leave a small amount of asbestos behind the caulking of the building façade, as efforts to remove these materials may damage the external fabric of the building. DoFA have been advised that the asbestos behind the caulking presents no hazard in its contained state, however DoFA will employ a management plan for the remaining hazardous materials.³⁵

Previous Projects

- 3.33 The Committee inquired as to whether there had been previous projects to remove hazardous materials that had left hazardous materials within the Mint buildings. DoFA informed the Committee that whilst there had been

32 Appendix D, Official Transcript of Evidence, page 13

33 Appendix C, Submission No. 1, paragraph 1.9.2

34 Appendix D, Official Transcript of Evidence, page 11

35 *ibid*

previous projects to remove hazardous materials, the asbestos that was not removed was encapsulated within fire doors and some in electrical switchboards. Asbestos was also found in some pipe lagging. DoFA added that the main reason this asbestos was left behind was due to the inaccessibility of certain locations. The major refurbishment will expose these areas, and therefore the hazardous materials will be removed.³⁶

Cost of Removing Hazardous Materials

3.34 Given that there may be some asbestos remaining within the Mint buildings after the refurbishment, the Committee were interested in the cost for removing all existing asbestos (including removal from the façade). DoFA informed the Committee that the cost to remove the asbestos contained within the building is \$40,000. To remove asbestos contained in the façade of the building would cost a further \$350,000.³⁷

Project Delivery

3.35 In its main submission DoFA outlines the concepts for project delivery strategies³⁸, however the Committee sought further detail on the project delivery system to be undertaken for the refurbishment.

3.36 DoFA explained that it has considered a number of project delivery methods and will await parliamentary approval prior to determining a specific project delivery method. Due to the integrated nature of the refurbishment and fit-out, as well as the Mint maintaining operations throughout the project, DoFA anticipate a design-and-construct form of contract will achieve the best outcome.³⁹

36 Appendix D, Official Transcript of Evidence, page 12

37 *ibid*

38 Appendix C, Submission No. 1, paragraph 2.21

39 Appendix D, Official Transcript of Evidence, page 16

Recommendation 1

The Committee recommends that the Department of Finance and Administration advise the Committee of the project delivery strategy to be employed, and the reasons for the specific strategy, once this has been determined.

Consultation

- 3.37 In its main submission DoFA lists organisations with which it has consulted regarding the refurbishment of the Mint buildings.⁴⁰ The Committee sought further detail on the nature and outcome of the consultation, specifically with unions and staff associations. DoFA responded that the Mint has a consultative forum which meets regularly, has the refurbishment as a standing item on the forum's agenda. The forum comprises of staff representatives Community and Public Sector Union, and Australian Manufacturing Workers Union representatives. DoFA added that the reaction from the staff had been very positive.⁴¹
- 3.38 DoFA also listed external groups with which it consulted, and had not been included in its main submission, namely:
- the Canberra Tourist Association;
 - the National Gallery of Australia;
 - the Australian War Memorial; and
 - ACT Tourism.⁴²

Tenancy of Administration Building

- 3.39 In its main submission, DoFA states that after the refurbishment, the Administration Building (3,000 square metres NLA) will be available for lease.⁴³ The Committee enquired as to what factors were being considered in identifying an appropriate tenant for the Administration Building.

40 Appendix C, Submission No. 1, paragraph 1.13

41 Appendix D, Official Transcript of Evidence, page 10

42 *ibid*

43 Appendix C, Submission No. 1, paragraph 1.2.4

DoFA informed the Committee that it carries the responsibility for administering the Commonwealth's non-Defence portfolio, which includes the Mint buildings. The lease conditions are determined, to an extent, by the National Capital Plan which describes the area "for government purposes" hence a Commonwealth agency tenant will be sought. Security of the administration building will be consistent with that of the process building, and tenant would therefore receive the same level of security protection as the Mint.⁴⁴

Revenue Derived from the Project

3.40 As the Act requires the Committee to examine any revenue raising possibilities, the Committee was interested in the revenue producing character of the refurbishment. DoFA responded that one of its responsibilities in the administration of the property portfolio is to show an appropriate commercial rate of return on capital invested, and assured the Committee that the Mint refurbishment achieves an appropriate rate of return on capital.⁴⁵

Increase in Visitor Numbers

3.41 Given the major upgrade to visitor facilities proposed as part of this project, the Committee enquired as to possible revenue that may be generated as a result of the refurbishment via an increase in visitor numbers. Whilst DoFA anticipate that visitor numbers will increase, it informed the Committee that along with other national institutions an entry fee for the Mint is not charged.⁴⁶

3.42 A shop is also located within the Mint which offers potential for increased revenue through higher visitor numbers. However, with the large proportion of visitors being schoolchildren, who generally do not purchase much from the shop, DoFA views the shop as an opportunity to display the national coin collection.⁴⁷ The Committee also expressed concern that whilst the Mint hopes to increase visitor numbers and access, providing greater visitor access to operations of the Mint may hinder or affect workflow. DoFA reassured the Committee that the Mint's operation is not compromised by visitor access. The visitor gallery is on the

44 Appendix D, Official Transcript of Evidence, page 6

45 *ibid*, page 8

46 *ibid*

47 *ibid*

mezzanine level, separate to the factory operation located on the ground floor and not expected to affect the Mint's operation.⁴⁸

Cafeteria

- 3.43 During the site inspection, the Committee was made aware of the proposal for a cafeteria as part of the refurbishment works. DoFA informed the Committee at the public hearing that the cafeteria will be available to the public, however DoFA expects the cafeteria to operate on a cost-recovery basis.⁴⁹

Post-Refurbishment Operation

- 3.44 The Committee was interested in the direction of the Mint over the next 25 years, and how the refurbishment may affect this. DoFA explained that the demand for producing and circulating currency is forecast by the Reserve Bank of Australia, in consultation with commercial banks. It is anticipated that the demand for coin will remain at a similar level over the next ten years with, the possibility of, a slight increase for coin. In line with constantly improving technology, the refurbishment will allow the Mint to make better use of modern technologies, thus improving workplace efficiency.⁵⁰
- 3.45 The Committee expressed concern that there may be a possibility of impact on future growth of the Mint by leasing out the 3,000 square metres NLA of the administration building. DoFA reassured the Committee that the proposed fit-out of the Mint buildings is flexible and should allow for a 10 – 20 per cent increase in growth of staff numbers. At this stage, DoFA does not anticipate any requirement for extra space in the future.⁵¹

48 Appendix D, Official Transcript of Evidence, Page 9

49 *ibid*, page 8

50 *ibid*, page 6

51 *ibid*, page 7

Recommendation 2

The Committee recommends that the proposed refurbishment of the Royal Australian Mint building, Canberra, proceed at the estimated cost of \$41.2 million.

Hon Judi Moylan MP

Chair

5 October 2005

