

Fitout of new leased premises for the Department of Climate Change and Energy Efficiency at the New Acton Nishi building, Edinburgh Avenue, Canberra City, ACT

- 3.1 The proposed fitout of new leased premises for the Department of Climate Change and Energy Efficiency (DCCEE) at the New Acton Nishi building, Canberra City, ACT aims to provide new, contemporary office accommodation, with a 5-star National Australian Built Environment Rating System (NABERS) rating, showcasing practical leading edge environmental initiatives. The estimated cost of the project is \$20.5 million (excluding GST).
- 3.2 The proposal was referred to the Committee on 11 March 2010.

Conduct of the inquiry

- 3.3 The inquiry was advertised in *The Australian* and submissions sought from those with a direct interest in the project. The Committee received nine submissions and one confidential supplementary submission detailing the project costs. A list of submissions can be found at Appendix A.
- 3.4 The Committee undertook a site inspection, public hearing and an in-camera hearing on the project costs on 10 May 2010 in Canberra.
- 3.5 The transcript of the public hearing as well as the submissions to the inquiry are available on the Committee's website.¹ Plans for the proposed

1 <aph.gov.au/pwc>

works are detailed in Submission 1: Department of Climate Change and Energy Efficiency.

Scope of the inquiry

- 3.6 The Parliamentary Standing Committee on Public Works can only inquire into works that are referred to it. The present inquiry was conducted into the fitout works proposed by the Department of Climate Change and Energy Efficiency. The construction of the Acton Nishi building itself is not a 'public work', as defined by the *Public Works Committee Act 1969*, and was not referred to the Committee for inquiry.
- 3.7 When the Committee conducts an inquiry into a proposed fitout, the inquiry does not include the building in which the fitout is housed. Elements of the building may be relevant to the Committee's consideration, but the Committee must confine its consideration to elements (if any) that have a practical impact on the fitout.
- 3.8 Whilst there is considerable community disquiet about the Acton Nishi building, the Committee cannot investigate the question of the building's approval by the relevant government authority, the National Capital Authority (NCA). Such approval has been given, and the Committee will restrict its report to consideration of the proposal referred by the Parliament for inquiry.

Need for works

- 3.9 The DCCEE submission states that the works are needed as:
- the current accommodation, principally at number 2 Constitution Avenue Canberra and number 20 Allara Street Canberra, have fitouts that are mostly more than 20 years old, in poor condition, and designed for previous tenants;
 - the Department currently leases two additional short-term workspaces, and the dispersal of departmental offices across four locations is inefficient and disrupts collaborative work practices;
 - current accommodation is of poor quality, dysfunctional and incapable of economical refurbishment to contemporary standards; and
 - the Department ideally needs accommodation that effectively reflects its mandate as the lead agency for the development and implementation of the Government's climate change framework, including the reduction of greenhouse gas emissions.

3.10 The Committee inspected current premises at 2 Constitution Avenue and agrees that the facilities are in very poor condition.

3.11 The Committee finds that there is a need for the proposed works.

Scope of works

3.12 The proposed scope of the works is detailed in Submission 1: Department of Climate Change and Energy Efficiency. In short, the project proposes the following works, integrated into the construction of the base building:

- open plan office accommodation;
- allocated office space for Senior Executive Service, and the departmental Secretary;
- breakout spaces and kitchens;
- meeting, quiet, carers and first-aid rooms;
- utility, storage, conference and training facilities;
- supplementary air-conditioning for rooms with abnormal cooling and ventilation requirements;
- bicycle racks, showers and locker facilities;
- security measures, both internal and external;
- car/motorcycle parking, including electric-car charging facilities; and
- provision of photovoltaic solar-electricity panels to reduce consumption of grid-electricity.

3.13 Construction is due to commence in August 2010 and be completed by August 2012.

3.14 The Committee finds that the proposed scope of works is suitable to meet the needs of the DCCEE project.

Cost of works

3.15 The total estimated out-turn cost for this project is \$20.5 million (excluding GST). The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with DCCEE on those costs.

3.16 The Committee is satisfied that the costings for the project provided to it are adequate.

Project issues

Building Approval

- 3.17 The Committee is not charged with inquiring into the building's approval, however, at the time of referral,² and indeed by the date of the public hearing, the NCA had not granted works approval.³ The NCA advised the Committee that its decision would be taken after the project was considered by the Department of the Environment, Water, Heritage and the Arts (DEWHA),⁴ primarily relating to the preservation of heritage in nearby buildings. This approval process was the subject of a number of submissions to the Committee, centred on the view that there was a significant risk that the building would not be approved or that the base building would require substantial amendments by the planning authorities.
- 3.18 The Committee offers no comment on the building approval itself. However, the Committee is concerned that this referral was made to it prior to building approval being granted and therefore with potential significant risks attached to the project. Under the Act, works must not be referred until 'all particulars of the work substantially affecting its cost have been determined.'⁵
- 3.19 The risks posed by basing estimated fitout costs on a building which has not been approved by local authorities is significant. Of course, agencies can enter negotiations with building planners at an early stage, particularly as integrated fitouts are now common practice and have cost benefit to agencies. The Committee noted that DCCEE's agreement with the building owner stipulated that, should the building not be approved that the builder would be responsible for DCCEE's costs to that point.⁶ Nonetheless, the Committee does not want to be put in a position of being seen to pressure local planning authorities to approve works that may have serious community concerns attached.
- 3.20 Works approval was granted by the NCA on 24 May 2010 and on this basis, the Committee now reports.
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2 Submission 2, National Capital Authority.

3 Mr M Snare, Project Manager, Project Point Management, *Transcript of Evidence*, 10 May 2010, p.5.

4 Submission 2, NCA.

5 The Act, Section 18(9).

6 Mr M. Snare, Project Manager, Project Point Management, *Transcript of Evidence*, 10 May 2010, p.5.

Community Submissions

- 3.21 A large number of submissions were made to the inquiry by groups opposed to this proposal being approved by the Committee. Significant concerns were raised, including:
- heritage implications;⁷
 - land-use and zoning under the National Capital Plan;⁸
 - public consultation in the NCA's approvals process;⁹
 - referral to the PWC before works approval was granted;
 - costs and the consideration of other options;¹⁰
 - changes to DCCEE; and
 - sustainability.¹¹
- 3.22 The Committee notes that those who made submissions to this inquiry are prominent supporters of maintaining the *Griffin Legacy* and the integrity of the landscape, architecture and heritage of the National Capital in keeping with the spirit of the original plan for the city, the *Griffin Plan*. The Committee also notes the willingness of these submitters to work with the NCA and developers to achieve outcomes that are in keeping with the *Griffin Legacy*.
- 3.23 While some of these issues are beyond the scope of this inquiry, the Committee acknowledges that the concerns raised by the community deserve serious consideration. As the primary tenant, the Committee considers that DCCEE has an obligation to work with its future neighbours and the community of Canberra to ensure that there is an understanding of how the above concerns were addressed in the building approval process.

7 Submission 3, Australian Academy of Science; Submission 4, Owners Corporation of Units Plan 3063; Submission 5, National Trust of Australia (ACT); Submission 6, Walter Burley Griffin Society Inc, Canberra Chapter; Submission 8, Walter Burley Griffin Society Inc.

8 Submission 4, Owners Corporation of Units Plan 3063; Submission 8, Walter Burley Griffin Society Inc.

9 Submission 4, Owners Corporation of Units Plan 3063.

10 Submission 6, Walter Burley Griffin Society Inc, Canberra Chapter; Submission 8, Walter Burley Griffin Society Inc.

11 Submission 8, Walter Burley Griffin Society Inc.

Machinery of government changes

- 3.24 The Department's main submission to the inquiry notes that machinery of government changes announced in February 2010 would alter the size and activity of the Department.¹² In particular, the Department undertook functions previously carried out by DEWHA. At the public hearing, the Department advised the Committee that this resulted in an additional 512 departmental staff, but that this number would fall significantly as the home insulation programme is wound down.¹³
- 3.25 The Department also advised the Committee that the delayed commencement of the Australian Climate Change Regulatory Authority would have an impact on staffing levels. The Department advised the Committee that eventual employee numbers will be around 750.¹⁴
- 3.26 Whilst the Department has negotiated an agreement for lease under which it can access additional space in the building, the Committee is concerned that the Department is committing to long-term accommodation arrangements when its size and structure is in a state of flux. The Committee nevertheless acknowledges that the Department is in urgent need of new accommodation, and is responding to factors largely outside its control.
- 3.27 Nonetheless, DCCEE is reminded of its obligation to seek Public Works Committee approval for any changes in scope and cost prior to works proceeding.

Building design

- 3.28 The current proposal includes a number of measures which will reduce the use of energy by building occupants. These measures include:
- operable windows for staff use to moderate temperature;
 - mechanical louvres for night-time cooling;
 - exposed structural concrete, using the thermal mass of the building to reduce temperature fluctuations;
 - underfloor air distribution, to increase airflow and efficiency; and

12 Submission 1, Department of Climate Change and Energy Efficiency, p.8.

13 Ms P. Weir, First Assistant Secretary, DCCEE, *Transcript of Evidence*, 10 May 2010, p.3.

14 Ms P. Weir, FAS, DCCEE, *Transcript of Evidence*, 10 May 2010, p.2.

- 400-kilowatt solar electricity panel on the roof, the largest in Australia, which will reduce consumption of grid-electricity by 30 per cent.¹⁵
- 3.29 The Committee is extremely pleased that this tenancy to be held by the Australian Government will have such forward thinking and sustainable features. Some of these are extremely simple, and others rely on developing technology, but together they demonstrate the need for both creative thinking and innovation in order to improve the sustainability of the built environment.
- 3.30 The Committee commends DCCEE for securing accommodation with such high environmental standards, and encourages other agencies to build on this example in their own activities.

Committee comment

- 3.31 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 3.32 Having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works proceed.

Recommendation 2

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: fitout of new leased premises for the Department of Climate Change and Energy Efficiency at the New Acton Nishi building, Edinburgh Avenue, Canberra City, ACT.

15 Mr M. Snare, Project Manager, Project Point Management, *Transcript of Evidence*, 10 May 2010, p.7.