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The Parliament of the Commonwealth of Australia

# **Fit-out of New Leased Premises for Centrelink at Greenway, ACT**

Parliamentary Standing Committee on Public Works

May 2006  
Canberra

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## **Membership of the Committee**

**Chair** Hon Judi Moylan MP

**Deputy Chair** Mr Brendan O'Connor MP

**Members** Mr John Forrest MP

Senator Michael Forshaw

Mr Harry Jenkins MP

Senator Stephen Parry

Mr Bernie Ripoll MP

Senator the Hon Judith Troeth

Mr Barry Wakelin MP

## **Committee Secretariat**

**Secretary** Mrs Margaret Swieringa

**Inquiry Secretaries** Mr Raymond Knight

Ms Vivienne Courto

**Research Officer** Ms Penny Wijnberg

**Administrative Officer** Mr Peter Ratas



## List of Abbreviations

the Act	The <i>Public Works Committee Act 1969</i>
ABGR	Australian Building Greenhouse Rating
ACTPLA	Australian Capital Territory Planning and Land Authority
ADCL	Agreement to Design, Construct and Lease
AGO	Australian Greenhouse Office
ASIO	Australian Security Intelligence Organisation
DEWR	Department of Employment and Workplace Relations
ESD	Ecologically Sustainable Development
FCSIA	Department of Families, Community Services and Indigenous Affairs
NLA	Net Lettable Area
NSO	National Support Office
RFI	Request for Information
SES	Senior Executive Service
TOP	Tuggeranong Office Park
UPS	Uninterrupted Power Supply
VESDA	Very Early Smoke Detection Apparatus



# **Extract from the Votes and Proceedings of the House of Representatives**

No. 80 dated Wednesday, 8 February 2006

## **14 PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE – REFERENCE OF WORK – PROPOSED FITOUT OF NEW LEASED PREMISES FOR CENTRELINK AT GREENWAY, ACT**

Mr Nairn (Special Minister of State), pursuant to notice, moved – That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed fit-out of new leased premises for Centrelink at Greenway, ACT.

Question – put and passed.



# List of Recommendations

## 3 Issues and Conclusions

### Recommendation 1

The Committee recommends that the proposed fit-out of new leased premises for Centrelink at Greenway, ACT, proceed at the estimated cost of \$42.79 million.

## Introduction

### Referral of Work

- 1.1 On 8 February 2006 the proposal for the fit-out of new leased premises for Centrelink at Greenway, ACT, was referred to the Public Works Committee for consideration and report in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).<sup>1</sup> The proponent agency for this work was Centrelink.
- 1.2 The Hon Gary Nairn MP, Special Minister of State, advised the House that the estimated cost of the proposed works was \$40.9 million. Subject to parliamentary approval, the fit-out procurement process could begin in June 2006, with the fit-out elements being manufactured between November 2006 and August 2007, for installation in the new building between August and November 2007.

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1 Extract from the *Votes and Proceedings of the House of Representatives*, No. 80, Wednesday 8 February 2006

## Background

### Centrelink

- 1.3 Centrelink is a statutory agency under the umbrella of the Department of Human Services operating within the Finance portfolio. It was established in October 2004 to provide Australian Government Services under the *Commonwealth Services Delivery Agency Act 1997*.<sup>2</sup>
- 1.4 The National Support Office (NSO) is Centrelink's headquarters and is predominantly located in Canberra. It supports the Executive and the Centrelink network, working closely with the Department of Human Services, other human services agencies and policy departments.<sup>3</sup>

### Location

- 1.5 Centrelink's NSO is currently accommodated in 55,414 square metres of leased accommodation across 11 buildings in Tuggeranong, Woden, Weston, Fyshwick and Symonston.<sup>4</sup>
- 1.6 The new NSO building is being constructed at Block 4, Section 13, Greenway, on the corner of Athllon Drive and Soward Drive, close to the western edge of the Tuggeranong Town Centre. The site contains an area of 3.35 hectares of flat undeveloped grassland, to be used predominantly for offices.<sup>5</sup>

## Inquiry Process

- 1.7 The Committee is required by the Act to consider public works over \$6 million<sup>6</sup> and report to Parliament on:
- the purpose of the work and its suitability for that purpose;
  - the need for, or the advisability of, carrying out the work;
  - whether the money to be expended on the work is being spent in the most cost effective manner;

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2 Appendix C, Submission No. 1, paragraphs 1.1.1 and 1.1.3

3 *ibid*, paragraph 1.1.4

4 *ibid*, paragraph 1.2.1

5 *ibid*, paragraphs 2.1.1 and 2.4.1

6 *Public Works Committee Act 1969*, Part III, Section 18 (8)

- the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
- the present and prospective public value of the work.<sup>7</sup>

1.8 The Committee called for submissions by advertising the inquiry in the *Canberra Times* on Saturday, 18 February 2006. The Committee also sought submissions from relevant government agencies, ACT government, private organisations and individuals, who may be materially affected by, or have an interest in, the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

### **Inspection and Public Hearing**

1.9 On 27 March 2006 the Committee visited Centrelink's current premises and also inspected the site and environs of the proposed works. A confidential briefing from Centrelink and a public hearing were held at Parliament House, Canberra, later that day.<sup>8</sup>

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7 *Public Works Committee Act 1969*, Part III, Section 17

8 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Monday, 27 March 2006 in Canberra

## The Proposed Works

### Purpose

- 2.1 The objective of the Centrelink NSO new building proposal, also known as the Greenway Project, is to lease a new 40,000 square metre net lettable area (NLA) office complex at Greenway, ACT. The new building will collocate NSO staff currently housed in older, sub-standard buildings over 11 sites throughout Canberra.<sup>1</sup>
- 2.2 Centrelink envisages that the fit-out for the new NSO building will:
- ...create a contemporary workplace which is innovative, flexible and economical and which will achieve Centrelink's changing organisational requirements.<sup>2</sup>

### Need

- 2.3 Centrelink's 3,200 NSO employees are currently accommodated in 55,414 square metres of leased accommodation over 11 buildings in Tuggeranong, Woden, Weston, Fyshwick and Symonston, ACT. The

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1 Appendix C, Submission No. 1, paragraph 1.1.5

2 *ibid*, paragraph 1.1.6

Woden and Weston buildings in particular are 15-20 years old and are incapable of being efficiently or economically adapted to Centrelink's changing business needs. The buildings do not provide suitable indoor working conditions, and do not meet Commonwealth environmental standards, particularly in respect of energy consumption.<sup>3</sup>

## Scope

- 2.4 The new NSO will consist of two buildings with a common basement, an enclosed shared zone between the buildings and a common roof. The northern building will have four levels and the southern building will have five levels, including covered car parking on the ground level.<sup>4</sup>
- 2.5 Proposed fit-out works include:
- two major entry and reception areas and a building facilities help desk;
  - two major security-controlled access points;
  - an operations control centre;
  - allocated office accommodation for Senior Executive Service (SES) officers, including a dedicated executive area;
  - open-plan office accommodation for other staff;
  - modular office design and demountable partitions;
  - standard workstations and mobile storage units;
  - hotelling, touch down and hot desk points;
  - loose furniture;
  - compactus, shared storage, resource and photocopier/printer rooms;
  - auditorium and multi-purpose briefing area;
  - meeting, focus, break-out and tea rooms;
  - carers' rooms, first aid rooms and a prayer room;
  - café, kiosk, health and fitness centre, showers, lockers and bicycle racks; and

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3 Appendix C, Submission No. 1, paragraph 1.2.1

4 *ibid*, paragraph 1.2.3

- facilities for staff, possibly including small retail outlets.<sup>5</sup>

## Project Delivery

- 2.6 On 14 September 2005 Centrelink executed an Agreement to Design, Construct and Lease (ADCL) with Allco SPC No 5 Pty Ltd (the developer) for a 40,000 square metre office complex at Block 4 Section 13, Greenway. The ADCL for the base-building under a single-select procurement method was cleared by Centrelink's consulting probity adviser and approved by the Centrelink Board of Management.<sup>6</sup>
- 2.7 Construction of the office base-building began in September 2005, and is scheduled for completion in July 2007. Subject to parliamentary approval, the fit-out procurement process could begin in June 2006. Fit-out installation is proposed for August-November 2007 with Centrelink relocation in November-December 2007.<sup>7</sup>
- 2.8 The proposed fit-out component of the new building project will be managed by Centrelink's established in-house new building project team, with advice from its building development consultants.<sup>8</sup>
- 2.9 Under the pre-commitment contract for construction of the base-building, Centrelink retained the right to contract with the developer for specified pre fit-out works. The fit-out works proper will not be provided with the base-building, but will be tendered separately.<sup>9</sup>

## Cost

- 2.10 The estimated cost of the proposed fit-out is \$42.79 million excluding GST.<sup>10</sup> This figure includes:
- workstations and loose furniture;
  - joinery, fittings and compactus units;
  - partitions, doors, finishes;

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5 Appendix C, Submission No. 1, paragraph 2.2.1

6 *ibid*, paragraphs 1.2.2 and 5.1

7 *ibid*, paragraph 1.2.5

8 *ibid*, paragraph .2.21.1

9 *ibid*, paragraphs 1.2.6 and 1.2.7

10 Appendix D, Official Transcript of Evidence, page 2

- services;
- audio-visual equipment;
- head contractor's preliminaries and profit;
- contingencies;
- escalation to completion<sup>11</sup>; and
- design and management fees.<sup>12</sup>

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11 Appendix C, Submission No. 1, paragraph 2.20.2

12 Appendix D, Official Transcript of Evidence, page 2

## Issues and Conclusions

### Project Costs

- 3.1 Centrelink states in its main submission that the estimated cost of the proposed fit-out is \$40.9 million, excluding GST.<sup>1</sup> At the public hearing, Centrelink advised the Committee that \$1.89 million for “design and management fees” had not been included in the project cost estimate of \$40.9 million as stated in its main submission. Therefore, the revised total project cost estimate is \$42.79 million.<sup>2</sup>

### Options Considered

- 3.2 Of the three responses received by Centrelink in response to its Request for Information (RFI) for office development in the Tuggeranong and Woden areas, only one proposal was deemed suitable, based on the size of the site.<sup>3</sup> The Committee requested more details on the two rejected proposals.
- 3.3 Centrelink summarised the other two options as follows:

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1 Appendix C, Submission No. 1, paragraph 2.20.2

2 Appendix D, Official Transcript of Evidence, page 2

3 Appendix C, Submission No. 1, paragraph 2.3.1

- One proposal was for a site within the Tuggeranong town centre precinct, which shared land with the ACT government's recycling facility. The site would not be able to accommodate a 30,000 square metre building and was therefore rejected by Centrelink.<sup>4</sup>
- The other proposal was for the 30 year old Juliana House site in Woden. Whilst the cafeteria adjoining Juliana House is currently being redeveloped, the site would still be unable to accommodate a 30,000 square metre building. The developer had approached the ACT government with regard to control of the adjacent car park for more space, but an agreement was not reached.<sup>5</sup>

## Access Equity

- 3.4 During the site inspection Centrelink highlighted a number of the features of the new building design that would ensure access equity for all building occupants. Some of these features are listed in Centrelink's main submission.<sup>6</sup> At the public hearing the Committee requested further information on specific access equity measures, as well as evacuation arrangements for people with a disability.
- 3.5 Centrelink assured the Committee that people who may require assistance exiting the building in an evacuation would be appropriately situated within work areas to ensure ready egress. Fire stairs would have a sealed-off waiting area where persons in a wheelchair could wait, accompanied by a staff volunteer, until the fire brigade arrives to evacuate the building. In addition, centrelink ensures that all fire wardens
- ...take personal responsibility for people who have mobility problems.<sup>7</sup>
- 3.6 Centrelink explained it has incorporated into the building design that staff
- ...with any disability should have full access to every facility within the building without exception.<sup>8</sup>

Centrelink added that:

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4 Appendix D, Official Transcript of Evidence, page 9

5 *ibid*

6 Appendix C, Submission No. 1, paragraph 2.13.3

7 Appendix D, Official Transcript of Evidence, page 4

8 *ibid*

It is particularly important for Centrelink to be able, not only to attract new staff, but to retain its staff by providing a full range of facilities.<sup>9</sup>

3.7 The new NSO building will be fitted with automatic doors so that persons with mobility concerns will be able to enter the building and utilise lifts to all areas without having to open a door. Other access equity measures to be incorporated into the new NSO include:

- specific floor coverings to minimise rolling resistance for people in wheelchairs;
- hearing loops in meeting rooms;
- tactile indicators;
- full Braille signage;
- disabled toilets and showers on every floor;
- sensor taps and large winged taps.<sup>10</sup>

3.8 The Committee commended Centrelink on the range of proposed access equity measures.

## Consultation

3.9 Centrelink's main submission lists internal and external stakeholder groups consulted regarding the proposal. Centrelink intends that the consultation program, which began in January 2003, will continue until relocation to the new NSO in August 2007.<sup>11</sup>

## Community and Public Sector Union

3.10 As part of its consultation program, Centrelink consulted extensively with current NSO staff, and stated in its submission that it intended to conduct briefings for the Community and Public Sector Union (CPSU) in February 2006. At the hearing conducted in March 2006 the Committee enquired about the outcome of the CPSU briefing.<sup>12</sup>

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9 Appendix D, Official Transcript of Evidence, page 4

10 *ibid*

11 Appendix C, Submission No. 1, paragraphs 1.9.1-1.9.6

12 *ibid*, paragraph 1.9.4

- 3.11 Centrelink informed the Committee that the briefing of the CPSU had not yet taken place, but a formal briefing was scheduled for late March to early April 2006. Centrelink reported that it has had several informal meetings with workplace delegates, and is also consulting through its occupational health and safety (OH&S) committee.

## **Building Facilities**

### **Car Parking**

- 3.12 Centrelink submits that at its new NSO will provide for 1,100 parking spaces to service 2,750 building occupants.<sup>13</sup> The Committee sought more information on the car parking arrangements at the new NSO, and asked how this compared to car parking at Centrelink's current premises.
- 3.13 Centrelink's current premises at Tuggeranong Office Park provides approximately 750 parking spaces for the 2,450 staff employed at the site including staff of the Department of Families and Community Services (FACS), which is currently collocated with Centrelink. The proposed 1,100 parking spaces for 2,750 building occupants is in accordance with Australian Capital Territory Planning and Land Authority (ACTPLA) requirements for 2.5 parking spaces per 100 square metres gross floor area. Consequently, there are more car parking spaces per capita at the new NSO.<sup>14</sup>
- 3.14 In addition to car parking, Centrelink proposes to provide a 100 space bicycle parking area, shower and toilet facilities adjacent to the main entrance. The bicycle parking area will be covered and monitored by closed circuit television (CCTV). Centrelink is currently in negotiation with the developer to identify an area for further bike parking.<sup>15</sup>

### **Child-care**

- 3.15 Centrelink states in its main submission that it is
- ...committed to providing a dedicated childcare centre for up to 90 children on a site within walking distance of this new building.<sup>16</sup>

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13 Appendix C, Submission No. 1, paragraph 2.19.3

14 Appendix D, Official Transcript of Evidence, pages 5-6

15 *ibid*, page 9

16 Appendix C, Submission No. 1, paragraph 2.14.2

The Committee sought further detail as to how Centrelink proposes to fulfil its commitment to child-care.

- 3.16 Centrelink confirmed that there is vacant land within walking distance of the new NSO zoned for use as a possible child care facility. Centrelink is confident that if it were to invite tenders for a child-care facility, a suitable developer would be found.<sup>17</sup>

## Fire Protection Services

- 3.17 In its main submission, Centrelink submits that fire safety measures to be incorporated into the building design will be in accordance with the *Building Code of Australia 2005*.<sup>18</sup> The Committee asked for more information on the fire protection services proposed for the building.
- 3.18 Centrelink responded that it intends to integrate a full fire management system into the base-building including sprinkler systems, early warning evacuation systems, comprehensive egress provision, and very early smoke detection apparatus (VESDA) for basement computer facilities. One of Centrelink's building requirements is that all building occupants be within forty metres of a fire escape. Centrelink is confident that there will be a "very high standard of fire protection" in the new building.<sup>19</sup>

## Office Configuration

- 3.19 Centrelink submits that the space allocation of 11.8 square metres per person in typical office areas, or 14.5 square metres per person in net lettable area, is

...at the lower end of comparable recent Government office developments.<sup>20</sup>

The Committee asked for further comment on the space allocation per person, and the different workplace arrangements for staff.

- 3.20 Centrelink responded that whilst the net lettable area per person may be relatively low when compared to other government agencies, proposed floor planning would eliminate space inefficiencies such as large lift foyers and duplication of mail services. In comparison to its existing office

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17 Appendix D, Official Transcript of Evidence, page 7

18 Appendix C, Submission No. 1, paragraph 2.12.1.1

19 Appendix D, Official Transcript of Evidence, page 3

20 Appendix C, Submission No. 1, paragraph 2.2.3

accommodation, Centrelink anticipates that the new building will provide an increase from 10.4 square metres per person to 11.8 square metres per person, which is approximately a 13 per cent increase per person in general office area.<sup>21</sup>

- 3.21 The proposed office configuration also includes hotelling points and hot-desking arrangements. Centrelink explained that the hotelling points are primarily designed for visiting officers who may require a temporary work area for laptop use or to make phone calls, rather than a full workstation. Hot-desking is being used in Centrelink's current premises, and is an arrangement whereby a workstation is shared amongst shift-work staff. Centrelink added that hot-desking at the new NSO would not be used beyond provision for shift workers.<sup>22</sup>

## Environmental Considerations

### Energy Consumption

- 3.22 The Australian Greenhouse Office (AGO) submitted that it:

...encourages good practice in installation of adequate electricity and water metering to facilitate accurate reporting and management by Commonwealth agencies.<sup>23</sup>

The Committee therefore sought more information regarding Centrelink's proposed energy consumption recording system.

- 3.23 Centrelink explained that it would monitor all components of energy consumption and confirmed that it would utilise a high level of separate digital metering as recommended in the AGO's submission. Electricity consumption will be metered at every electrical distribution board and monitored on a centralised computer system. A separate metering system will be used to monitor diesel and gas consumption.<sup>24</sup>

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21 Appendix D, Official Transcript of Evidence, page 9

22 *ibid*, page 10

23 *Volume of Submissions*, Submission No. 2, Australian Greenhouse Office, page 2

24 Appendix D, Official Transcript of Evidence, page 7

## Air-conditioning

3.24 In describing its energy conservation measures for the new NSO, Centrelink lists “cooling”; “space heating” and “control of heating and cooling” among the building mechanical services that will ensure efficient energy usage.<sup>25</sup> The Committee asked for information about the proposed air-conditioning system and precautions against *Legionella* bacillus.

3.25 Centrelink admitted that the air-conditioning system will make use of cooling towers on the roof and warm water storage systems, both of which are subject to ACT statutory requirements. Centrelink continued that,

Under a separate facilities service agreement, which appends to our lease, the landlord must provide us [Centrelink] every month with their *Legionella* testing results and they must alert us immediately to any test results beyond statutory requirements.<sup>26</sup>

Closed circuit air-cooled condensers are proposed for computer centre areas. Also, to avoid inefficiently heating and cooling of the large atrium area, Centrelink proposes “microclimates” in walkways, based on a variation of the chilled beam system, and in-floor electric heating in the “main street” areas.<sup>27</sup>

3.26 The management of indoor air quality was highlighted as an ESD feature of Centrelink’s proposal.<sup>28</sup> The Committee sought more information on how Centrelink proposed to monitor and maintain the indoor air quality. Centrelink responded that the landlord must maintain the building at 22.5 degrees Celsius, plus or minus 1.5 degrees Celsius in general office areas, and plus or minus three degrees in non-office areas. In the event that this temperature is not maintained, the landlord must respond to and resolve any temperature issues within a certain time or bear a financial penalty. Centrelink is confident that this arrangement is sufficient incentive for the building owner to maintain temperature, ventilation and humidity standards.<sup>29</sup>

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25 Appendix C, Submission No. 1, paragraphs 2.10.2 and 2.11.2

26 Appendix D, Official Transcript of Evidence, page 7

27 *ibid*, page 8

28 Appendix C, Submission No. 1, paragraph 2.11.2

29 Appendix D, Official Transcript of Evidence, page 8

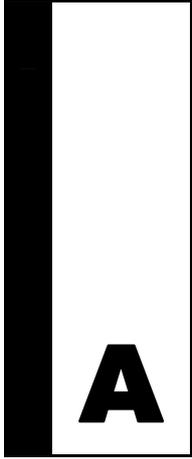
### **Recommendation 1**

**The Committee recommends that the proposed fit-out of new leased premises for Centrelink at Greenway, ACT, proceed at the estimated cost of \$42.79 million.**

**Hon Judi Moylan MP**

Chair

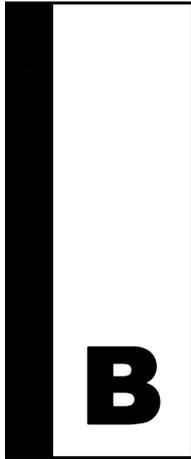
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## **Appendix A - List of Submissions**

### **Submissions**

1. Centrelink
2. Australian Greenhouse Office



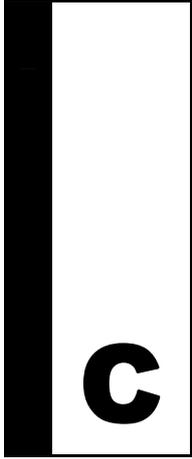
## **Appendix B – List of Witnesses**

Mr Karel Havlat, Acting Chief Financial Officer, Centrelink

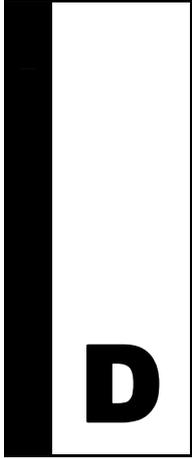
Mr Eddie Mitchell, Project Director, National Support Office New Building,  
Centrelink

Mr Colin Parker, National Manager, Property and Environmental  
Management, Centrelink

Mr Steve Sercombe, Managing Director, Wilde and Woollard Consultants Pty  
Ltd



**Appendix C – Submission No. 1 from  
Centrelink**



## **Appendix D – Official Transcript of Evidence**