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The Parliament of the Commonwealth of Australia

# **Fit-out of an Extension to Leased Premises for IP Australia in Woden, ACT**

Parliamentary Standing Committee on Public Works

March 2006  
Canberra

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## **Membership of the Committee**

**Chair** Hon Judi Moylan MP

**Deputy Chair** Mr Brendan O'Connor

**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 Officers** Mr Peter Ratas



## List of Abbreviations

ABGR	Australian Building Greenhouse Rating
ACTPLA	Australian Capital Territory Planning and Land Authority
BCA	Building Code of Australia
CCTV	Closed Circuit Television
DoFA	Department of Finance and Administration
Health	Department of Health and Ageing
HQSD	High Quality Sustainable Development
IP	IP Australia
OH&S	Occupational Health and Safety



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

**No. 61 dated Wednesday, 12 October 2005**

19 PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE –  
REFERENCE OF WORK – PROPOSED FITOUT OF AN EXTENSION TO LEASED  
PREMISES FOR IP AUSTRALIA IN WODEN, ACT

Dr Stone (Parliamentary Secretary to the Minister for Finance and Administration), 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 fitout of an extension to leased premises for IP Australia in Woden, ACT.

Question – put and passed.



# List of Recommendations

## 3 Issues and Conclusions

### Recommendation 1

The Committee recommends that IP Australia keep it informed on the progress regarding the incorporation of the café and gymnasium, and the associated costs and prospective revenue.

### Recommendation 2

The Committee recommends that the proposed fit-out of an extension to leased premises for IP Australia in Woden, ACT, proceed at the estimated cost of \$14.451 million and that an additional \$2 million be allowed for work on the existing premises for workstation reconfigurations.

## Introduction

### Referral of Work

- 1.1 On 12 October 2005 the proposal for fit-out of an extension to new leased premises in Woden, ACT, was referred to the Public Works Committee for consideration and report to the Parliament in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).<sup>1</sup> The proponent agency for this work is IP Australia (IP).
- 1.2 The Hon Dr Sharman Stone MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the works was \$12.95 million, with an additional \$2 million for work on existing premises. Subject to parliamentary approval construction of the proposed fit-out will be undertaken concurrently with the later stages of the base-building construction. Both are due for completion in early September 2007.

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1 Extract from the *Votes and Proceedings of the House of Representatives*, No. 61, 12 October 2005

## Background

### IP Australia

- 1.3 IP Australia is a prescribed agency of the Department of Industry, Tourism and Resources, and is the Federal Government agency responsible for administering the Australian Patents, Trade Marks, Designs and Plant Breeders Rights system.<sup>2</sup>

## Inquiry Process

- 1.4 The Committee is required by the Act to consider public works over \$6 million<sup>3</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;
  - 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>4</sup>
- 1.5 The Committee called for submissions by advertising the inquiry in the *Canberra Times* on Saturday, 14 January 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

- 1.6 On 10 February 2006 the Committee visited IP's current premises and also inspected the site and environs of the proposed works. A confidential

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2 Appendix C, Submission No. 1, paragraph 1.1.1

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

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

briefing from IP and a public hearing were held at Parliament House, Canberra, later that day.<sup>5</sup>

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5 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 10 February 2006 in Canberra

## The Proposed Works

### Purpose

- 2.1 IP Australia (IP) is seeking to consolidate into one purpose-designed facility in Bowes Street, Woden, a large extension to its current modern premises at Discovery House.<sup>1</sup>
- 2.2 The proposed works seek to:
- enhance the operational flexibility and the ability to manage ‘churn’ with less cost and time;
  - reduce environmental impact;
  - provide improved facilities for staff;
  - enhance security by having a single building with limited access points;
  - increase space efficiency; and
  - improve access and facilities for visitors.<sup>2</sup>

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1 Appendix C, Submission No. 1, paragraph 1.1.3

2 *ibid*, paragraph 1.1.4

## Need

- 2.3 The central office for IP is in Canberra and currently spreads across three office buildings in Woden. IP's principal purpose-built building is Discovery House, which it occupied in February 1997. Discovery House is not large enough to accommodate all of IP's work areas, so the Sirius Building and 10 Corinna Street are leased to handle the overflow.<sup>3</sup>
- 2.4 The Sirius Building and 10 Corinna Street are ageing, and in their current state, are unable to fully support IP's ongoing operational requirements. IP is seeking to consolidate into one purpose-designed facility on Bowes Street, Woden, a large extension to IP's current premises at Discovery House.<sup>4</sup>
- 2.5 The need for the proposed extension was driven by factors such as:
- planned staff growth;
  - the inability of existing accommodation to meet IP's medium and long term requirements;
  - the inefficiency of operating from three separate buildings; and
  - the approaching expiry of the current lease of the Sirius Building.<sup>5</sup>

## Scope

- 2.6 IP's proposal has two major elements: the fit-out of the extension to office accommodation, and the modification of Discovery House.
- 2.7 The extension will provide approximately 10,500 square metres of lettable office space and will consist of:
- five levels of office accommodation incorporating:
    - ⇒ a central core containing lifts;
    - ⇒ toilets;
    - ⇒ communication facilities;
    - ⇒ kitchenettes;
    - ⇒ break-out areas;

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3 Appendix C, Submission No. 1, paragraph 1.1.3

4 *ibid*

5 *ibid*, paragraph 1.4.1

- ⇒ workstations and partitioning;
  - ⇒ meeting and training rooms;
  - ⇒ reception areas;
  - ⇒ storage rooms for IT and communications equipment; and
  - ⇒ loose furniture.<sup>6</sup>
  - two levels of basement parking providing 180 spaces, and 59 outdoor parking spaces;
  - a ground floor with a secondary entrance lobby, reception/security facilities, loading dock and mail centre<sup>7</sup>;
  - the integration of service into the base-building works including:
    - ⇒ electrical and hydraulic services;
    - ⇒ air-conditioning and ventilation;
    - ⇒ lighting control;
    - ⇒ data and communications; and
    - ⇒ security and fire services.<sup>8</sup>
- 2.8 The existing Discovery House basement car park refurbishment includes:
- staff showers and change rooms;
  - building services;
  - files stores; and
  - possible staff gymnasium.<sup>9</sup>

## Project Delivery

- 2.9 IP proposes to engage the developer to prepare the detailed design documentation and to construct the fit-out concurrently with the base building. IP has engaged its own client advocate and quantity surveyor to ensure its interests are protected throughout the process.<sup>10</sup>

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6 Appendix C, Submission No. 1, paragraph 1.7.5

7 *ibid*, paragraph 1.7.2

8 *ibid*, paragraph 1.7.5

9 *ibid*, paragraph 1.7.2

10 *ibid*, paragraphs 2.22.1 and 2.22.3

- 2.10 The developer will construct the building from February 2006. Fit-out will be undertaken concurrently with base-building construction and both are due for completion in early September 2007, before the October 2007 lease expiry of the Sirius Building. This will enable the relocation from the existing buildings to the new premises to take place over a two-month period if necessary.<sup>11</sup>

## **Cost**

- 2.11 The estimated cost for the proposed fit-out is \$14.451 million<sup>12</sup>, excluding GST. This figure includes:
- contingency;
  - project management;
  - design documentation; and
  - escalation.<sup>13</sup>
- 2.12 An additional \$2 million has been allocated for realignment of workspaces in the existing Discovery House.<sup>14</sup>

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11 Appendix C, Submission No. 1, paragraph 2.23.1

12 Appendix D, Official Transcript of Evidence, page 1

13 Appendix C, Submission No. 1, paragraph 2.21.1

14 *ibid*

## Issues and Conclusions

### Project Cost

- 3.1 IP states in its main submission that the budget for the fit-out of the Discovery House extension is \$12.95 million with a further \$2 million allocated for the realignment of workspaces in the existing Discovery House building.<sup>1</sup>
- 3.2 At the hearing IP amended the amount allocated for the Discovery House extension fit-out to \$14.451 million.<sup>2</sup> The Committee enquired into the reasons for the increase in estimated project cost, which IP satisfied during the confidential briefing.
- 3.3 In the course of questioning, the Committee became aware of a difference between the amount requested by IP and the amount ultimately required for the works. It was revealed that this differential related to a lease incentive.
- 3.4 Following consultation with the Department of Finance and Administration (DoFA), the Committee was satisfied that such arrangements were usual commercial practice, however DoFA advised it

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<sup>1</sup> Appendix C, Submission No. 1, paragraph 2.21.1

<sup>2</sup> Appendix D, Official Transcript of Evidence, page 1

would anticipate that any surplus would be returned to Consolidated Revenue.

## Lease Arrangements

- 3.5 Information regarding the specific lease arrangements for IP were addressed to the Committee's satisfaction in information supplied by IP subsequent to the hearing. The Committee was specifically concerned with the lease incentives for the project.
- 3.6 IP are confident that the building can be delivered as scheduled, however it has penalty clauses within the contract should there be an issue with the project delivery. The lease agreement stipulates that in the event that the building is not completed within the specified schedule, the developer has an obligation to
- ...facilitate an ongoing accommodation solution to IP Australia's satisfaction and...bear any additional costs in providing that accommodation solution.<sup>3</sup>

## Rental Rate

- 3.7 IP submitted that its current rents ranges from \$248 per square metre per annum to \$350 per square metre per annum for the 20,068 square metres over the three buildings it currently occupies.<sup>4</sup> The Committee asked what IP's rent for its premises would be once the extension and fit out had been completed.
- 3.8 IP responded that the rate for the whole building, 21,000 square metres, from 1 July 2007 will be \$365 per square metre with a 3.25 per cent annual rental review.<sup>5</sup> The rent for Discovery House was scheduled to increase to \$420 on the 1 October 2007, however IP renegotiated the rent of \$365 for both Discovery House and the extension. IP added that the rental arrangement for the car park was a fixed rate of \$1,750<sup>6</sup> per underground car park bay, of which there will be 180<sup>7</sup> bays.

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3 Appendix D, Official Transcript of Evidence, page 5

4 Appendix C, Submission No. 1, paragraphs 1.2.4 and 1.7.2

5 Appendix D, Official Transcript of Evidence, page 3

6 *ibid*, page 5

7 Appendix C, Submission No. 1, paragraph 2.12.6

## Options Considered

3.9 IP lists in its main submission three main options it considered in making its proposal:

- Do nothing option – remain in existing accommodation in three separate buildings;
- Do minimum option – remain in the existing three buildings with refurbishment and upgrades to services; or
- New Building Option – consolidated new accommodation, including building extension, at Discovery House site.<sup>8</sup>

IP also indicated that several major Woden accommodation options were considered and a more detailed analysis was conducted in the examination of accommodation options. The Committee requested that IP provide the detailed analysis of the options considered.

3.10 Subsequent to the hearing, IP provided supplementary confidential information of the option consideration process. This also addressed lease arrangement issues raised throughout the confidential and public hearings. The Committee was satisfied with the information provided.

## Building Amenity

### Access Equity

3.11 At the public hearing, the Committee enquired what provision IP had made with regard to access equity. IP responded that the building brief requires the builder to meet relevant building code standards for disability access. Access equity provisions include:

- accessible car parking;
- self-contained unisex access toilets on every floor of the extension;
- disability accessible showers;
- lifts, walkways and corridors compliant with disability access requirements.<sup>9</sup>

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<sup>8</sup> Appendix C, Submission No. 1, paragraph 1.5

<sup>9</sup> Appendix D, Official Transcript of Evidence, page 9

## Car Park

3.12 During the site inspection the Committee noted that the current IP car park operates under a paid parking arrangement. As the provision of car parking is a planning requirement of the ACT government, the Committee asked what arrangements would be made for the proposed staff car park. IP answered that whilst the specific arrangement for the car park had not yet been determined, it presented the following possibilities:

- a car parking space could be negotiated into an employment arrangement;
- car parking spaces could be made available to all staff for a certain fee; and
- car parking spaces could be allocated for staff who car pool.<sup>10</sup>

3.13 IP also submitted that approximately 110 spaces for bicycle storage would be provided as part of the new car parking area.<sup>11</sup>

## Child Care

3.14 IP states in its main submission that whilst a child-care facility will not be included as part of this project; it proposes to investigate opportunities with the Department of Health and Ageing (Health) to provide a combined facility.<sup>12</sup> The Committee asked IP for more detail on the child-care arrangements for IP staff and the nature of the arrangement with Health.

3.15 After examination of the child-care facility options, IP formed the opinion that the IP site would not be suitable for a viable child-care centre. IP have had discussions with Health, which is adjacent to Discovery House, regarding a joint venture child-care facility which may be incorporated into an anticipated future Health building project.<sup>13</sup>

## Café

3.16 According to IP's main submission, the provision of a café as part of the proposal is currently the subject of consultation with IP staff. The Committee sought more detail on the possible inclusion of a café to which IP replied that planning for an on-site café is continuing. IP expects that

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10 Appendix D, Official Transcript of Evidence, page 5

11 *ibid*, page 7

12 Appendix C, Submission No. 1, paragraph 2.15.1

13 Appendix D, Official Transcript of Evidence, page 6

the café would be leased to a commercial provider and that the incorporation of a café would not affect the project cost estimates provided to the Committee.<sup>14</sup>

- 3.17 The Committee was also interested in the anticipated revenue that may be generated from the possible café and gymnasium. Whilst the Committee was aware final decisions on the café and gymnasium have not been made, it asked IP to keep it informed on these matters.

## Gymnasium

- 3.18 As with the café, the inclusion of the gymnasium had not been finalised at the time of the hearing. The proposed location for the gymnasium is in the basement of Discovery House, however IP are still determining how much basement space will be required for other purposes such as storage. IP assured the Committee that should the inclusion of a gymnasium proceed, there would be no significant associated fit-out costs.<sup>15</sup> It was suggested by IP that the gymnasium could be owned and maintained at IP's expense in an initiative to promote good health within the organisation.

### Recommendation 1

**The Committee recommends that IP Australia keep it informed on the progress regarding the incorporation of the café and gymnasium, and the associated costs and prospective revenue.**

## Building Services

### Fire Services

- 3.19 The Committee sought more detail on the fire protection provisions for the extended building. IP informed the Committee that appropriate fire detection and suppression systems, and smoke hazard management in accordance with standards of the local fire authorities, would be incorporated. Supplementary fire protection services that may be

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<sup>14</sup> Appendix D, Official Transcript of Evidence, page 6

<sup>15</sup> *ibid*

required due to particular fit-out configurations has also been accounted for within IP's project costs.<sup>16</sup>

## Security Services

3.20 IP's main submission outlines some security measures that have been incorporated into building design.<sup>17</sup> The Committee asked for more detail on the security measures to ensure adequate security levels are met.

3.21 IP proposes that it will maintain the current security pass system and the current staffed main entrance. Electronic access control will be used for access to the car park, bicycle parking area and the loading docks. Whilst IP view the building as a low-threat location, it expects that

...the redesign we [IP Australia] are proposing on the existing ground floor will improve access for security, and we have security cameras in strategic locations around the building's car parks, storage area, entrances, exits...<sup>18</sup>

## Consultation

3.22 At paragraph 1.11.1 of its main submission, IP lists the groups and organisations consulted in the development its proposal.<sup>19</sup> The Committee sought reassurance that IP had undertaken staff consultation and had addressed any concerns raised by staff. IP assured the Committee that it has ongoing staff consultation and that

...given the potential disruption to staff and inconvenience, we [IP Australia] made a point of pursuing and agreeing in the legal terms of the agreement ... that the developer is obliged to present and have IP Australia agree to a management plan for the site and environs.<sup>20</sup>

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16 Appendix D, Official Transcript of Evidence, page 9

17 Appendix C, Submission No. 1, paragraph 2.16.2

18 Appendix D, Official Transcript of Evidence, page 8

19 Appendix C, Submission No. 1, paragraph 1.11.1

20 Appendix D, Official Transcript of Evidence, page 8

## Environmental Considerations

### Australian Building Greenhouse Rating (ABGR)

- 3.23 IP states in its main submission that the building is required to meet and continue to operate at the ABGR of 4.5 stars.<sup>21</sup> The Committee was interested in what energy conservation measures were being incorporated into the building design to achieve this rating.
- 3.24 IP informed the Committee that it has contract arrangements for a 4.5 star ABGR building and provision for appropriate testing. The contract between IP and the building developer contains obligations to ensure the building maintains the ABGR rating over time, otherwise the building owner stands to incur various penalties.<sup>22</sup>
- 3.25 Features incorporated into the building design to help attain the ABGR include:
- double glazing;
  - special lighting arrangements;
  - use of stormwater and grey water;
  - maximum use of natural light; and
  - building management systems.<sup>23</sup>

## Traffic Management

- 3.26 During the site inspection the Committee discussed traffic management and, at the public hearing, asked IP what impact the proposal would have on traffic in the area. IP expects that traffic management issues of the area will improve as a result of the proposed works. The car park exit close to the corner of Furzer and Launceston Streets will be closed and moved to the less busy Worgan Street. IP continued that there should be no increase in traffic as a result of this proposal.<sup>24</sup>

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21 Appendix C, Submission No. 1, paragraph 2.11.2

22 Appendix D, Official Transcript of Evidence, page 10

23 *ibid*, page 10

24 *ibid*, page 6

3.27 The Committee was interested to know whether a Traffic Impact Statement had been produced during the development of IP's proposal, and, if so, whether any issues had been raised in the report. IP responded that

As part of his [the developer] application and approval to proceed with the development a traffic impact statement was completed and presented to the local authorities.<sup>25</sup>

3.28 IP stated that it intends to work closely with project management to address any issues of noise, dust, dirt and traffic disruptions. IP commented that it had sighted the Traffic Impact Statement and is satisfied with traffic management arrangements, both throughout the period of construction activity, and once the building is completed.

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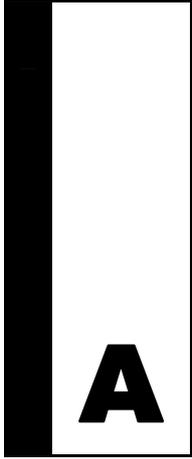
## **Recommendation 2**

**The Committee recommends that the proposed fit-out of an extension to leased premises for IP Australia in Woden, ACT, proceed at the estimated cost of \$14.451 million and that an additional \$2 million be allowed for work on the existing premises for workstation reconfigurations.**

**Hon Judi Moylan MP**

Chair

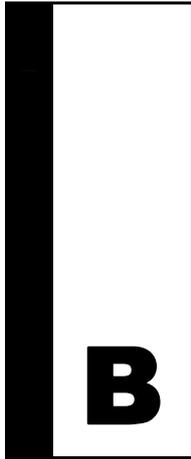
29 March 2006



## **Appendix A – List of Submissions**

### **Submissions**

1. IP Australia



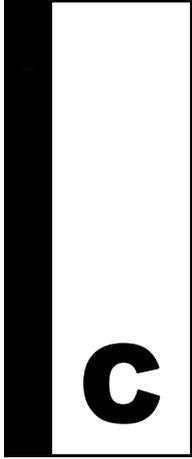
## **Appendix B – List of Witnesses**

Dr Ian Heath, Director General, IP Australia

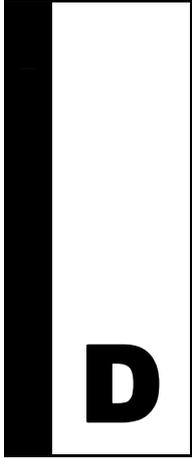
Mr Adrian Plunkett, Director, New Accommodation Project, IP Australia

Mr Derek Ambrose, Chief Financial Officer, IP Australia

Mr John Dowse, Principal, Haralambous Dowse and Associates



**Appendix C – Submission No. 1 from IP  
Australia**



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