

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.¹
- 3.2 At the hearing IP amended the amount allocated for the Discovery House extension fit-out to \$14.451 million.² 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

¹ Appendix C, Submission No. 1, paragraph 2.21.1

² 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.³

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.⁴ 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.⁵ 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 \$1,750⁶ per underground car park bay, of which there will be 180⁷ bays.

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.⁸

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.⁹

⁸ Appendix C, Submission No. 1, paragraph 1.5

⁹ 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.¹⁰

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

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.¹² 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.¹³

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

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.¹⁴

- 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.¹⁵ 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

¹⁴ Appendix D, Official Transcript of Evidence, page 6

¹⁵ *ibid*

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

Security Services

3.20 IP's main submission outlines some security measures that have been incorporated into building design.¹⁷ 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...¹⁸

Consultation

3.22 At paragraph 1.11.1 of its main submission, IP lists the groups and organisations consulted in the development its proposal.¹⁹ 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.²⁰

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.²¹ 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.²²
- 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.²³

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.²⁴

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.²⁵

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.

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