

IP Australia Accommodation Project: Building Refresh Discovery House, Woden ACT

June 2017



Table of Contents

Executive Summary	2
Background	3
IP Australia	3
Outcome and Programme Structure	5
Organisational Structure.....	5
Staffing.....	6
Need and Purpose of the Proposed Works	8
Purpose of Works	8
Existing Accommodation and Future Accommodation	10
Lease/ Accommodation Options Considered.....	13
Scope of the Proposed Works	14
IP Australia Scope of Proposed Works.....	14
Financial Management and Project Delivery	21
Financial Aspects	21
Project Delivery	21
Public Value	25
Operational efficiencies and savings	25
Works-specific value	25
Other Issues.....	25
Consultation with stakeholders	25
Attachment A	28
Concept Floor Plans	29
Attachment B.....	31
Current Floor Plans	32

Executive Summary

1. IP Australia is seeking Parliamentary Standing Committee on Public Works (PWC) approval to undertake a tenancy and building refresh, and introduce enhanced amenities at its Head Office Discovery House facility in Woden in order to meet the agency's emerging and future accommodation needs.
2. Progress of the works is dependent on the successful negotiation of a new 15 year lease. Subject to PWC approval and the successful conclusion of lease negotiations, IP Australia will commence work to achieve a new, modern fit-out at the facility. The accommodation refresh will create an efficient, adaptable, and sustainable workplace designed to support flexible work practices, provide a childcare facility, and achieve the whole of government target occupied work point density of 14 sqm per person. It is anticipated that at the conclusion of the works 2,000 sqm of office space will be freed and become available to sub-let to another government agency.
3. Building work is planned to commence in February 2018 and be completed by December 2019.

Background

IP Australia

4. IP Australia is the entity responsible for administering Australia's intellectual property (IP) rights system, specifically trade marks, patents, designs and plant breeder's rights. IP Australia is a listed entity within the Department of Industry, Innovation and Science. IP Australia operates independently of the portfolio on financial matters and with delegated authority on other matters. It recovers almost all of its costs by charging fees for its IP rights services.
5. To achieve its outcome, IP Australia grants exclusive IP rights for a period of time. This fosters innovation, investment and international competitiveness by:
 - Providing an effective legal framework for protection of innovative products and brands which creates a secure environment for investment;
 - Providing incentives for undertaking research and development;
 - Promoting the disclosure of discoveries and follow-on generation of ideas; and
 - Enabling firms to build brand value and business reputation, which in turn contributes to improved consumer confidence.
6. IP Australia also promotes awareness of IP, provides advice to Government on the development of IP policy and contributes to bilateral and multilateral negotiations and development cooperation programs to support the global IP system. From time to time, this system will require adjustment to meet new demands or to keep up with economic, legal and business developments. IP Australia's role is to seek to ensure that these changes are in Australia's best interests.
7. The IP Australia Corporate Plan guides the organisation's future direction in pursuit of its goal to deliver a world leading IP system building prosperity for Australia. This plan provides an overview of IP Australia's priorities for the next four years and the key strategies used to deliver them. It also includes estimates of our projected IP Rights workload as shown in Table 1.

Table 1: IP Australia examination and registration services (IP Australia Corporate Plan 2016)

Deliverables	2015-16	2016-17	2017-18	2018-19	2019-20
	Revised Budget	Predicted units	Forward year 1	Forward year 2	Forward year 3
Receipt of applications					
Patents	30,631	30,012	30,413	30,692	31,018
Plant Breeder's Rights (PBR)	350	350	350	350	350
Patent Cooperation Treaty (PCT)	3,209	2,980	2,980	2,980	2,980
Trade Marks (TM)	72,872	73,725	75,260	76,830	78,440
Designs	7,103	7,350	7,605	7,870	8,145
Professional Standards Board	120	120	120	120	120

Examination services					
Patents	27,731	28,723	27,378	26,948	25,305
Plant Breeder's Rights (PBR)	275	280	285	290	295
Trade Marks (TM)	71,256	76,618	78,667	77,621	77,932
Designs	1,352	1,385	1,430	1,480	1,530

Registration service					
Professional Standards Board	1,480	1,490	1,505	1,520	1,530

8. The priority areas can be summarised as follows:

- Deliver improved IP rights administration and professional registration;
- Increase awareness of the IP system;
- Shape the IP system domestically and internationally to serve Australian innovation and business; and
- Build the capability of our people and our organisation.

Outcome and Programme Structure

9. IP Australia has one outcome and three programmes that contribute to that outcome, as shown in Table 2.

Table 2: IP Australia outcome and programme structure

Outcome 1: Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry
Programme
1.1 Rights Administration and Professional Registration
1.2 Education, Awareness and International Engagement
1.3 Advice to Government

Organisational Structure

10. Figure 1 shows IP Australia's organisational structure. Figure 2 shows the Department of Industry, Innovation and Science organisational chart and how IP Australia fits into the overall departmental structure.

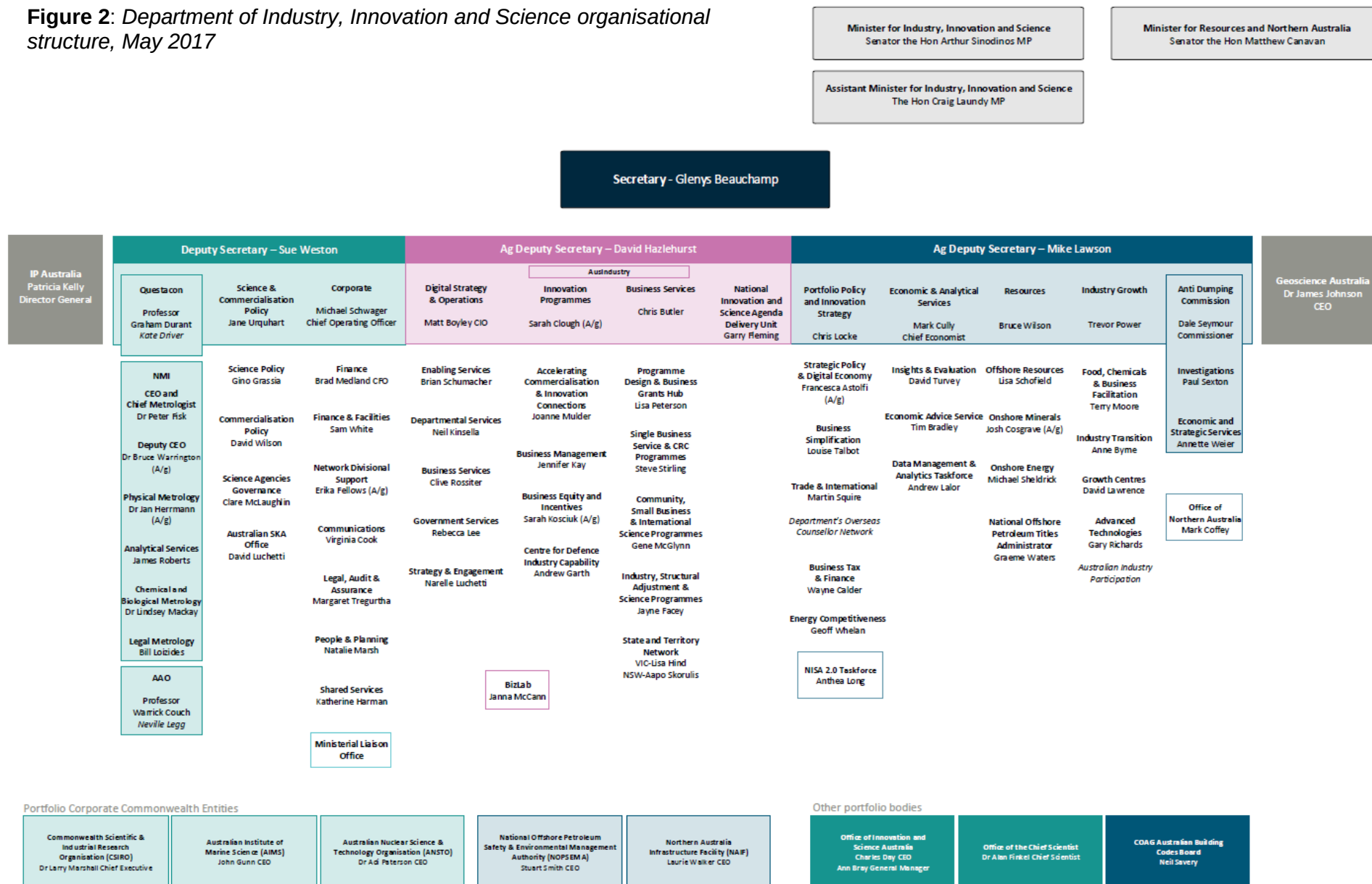
11. In addition to assisting the Director General to manage IP Australia, the Deputy Director General, IP Rights Division holds the offices of Commissioner of Patents, Registrar of Trade Marks, Registrar of Designs and Registrar of Plant Breeder's Rights. These functions and powers are exercised under the legislation IP Australia administers, including the *Patents Act 1990*, the *Plant Breeder's Rights Act 1994*, the *Trade Marks Act 1995*, the *Designs Act 2003* and the *Olympic Insignia Protection Act 1987*.

12. In 2015–16, the role of Deputy Director General, Policy and Corporate Division was created. This role strengthens the separation between policy advice and operational issues and supports a stronger focus on organisational improvement.

Figure 1: IP Australia organisational structure, June 2017

Director General Ms Patricia Kelly	
Deputy Director General, IP Rights Division	Deputy Director General. Policy and Corporate Division
General Manager, Trade Marks & Designs	General Manager, People and Communications
General Manager, Patents Chemical, Plant Breeder's Rights, and Electrical	General Manager, Finance, Quality, Reporting and Property
General Manager, Patents Mechanical and Oppositions	General Manager, Policy and Governance
	General Manager, Business and Information Management Solutions
	General Manager, Rights in One, Program and Business Futures

Figure 2: Department of Industry, Innovation and Science organisational structure, May 2017



Staffing

13. As at May 2017 IP Australia had 1,156 ongoing APS staff nationally. IP Australia staff are employed under the terms of the Public Service Act 1999 (Cth). IP Australia's staffing profile is detailed at Table 3. Staff are either based at IP Australia's two principal offices, Woden in the ACT and Melbourne, or home based. Staff locations are detailed at table 4.

Table 3: Headcount of Ongoing, Non-Ongoing employees and Contractors May 2017

	Ongoing	Non-ongoing	Contractors	TOTAL
APS 3	2	2		4
APS 4	84	13		97
APS 5	54	6		60
APS 6	607	3		610
EL1	278	7		285
EL2	86	1		87
SES Band 1	8			8
SES Band 2	2			2
SES Band 3	1			1
Total	1,122	32	121	1,275

Table 4 Headcount of personnel at each location May 2017

Location	Staff	Contractors	Total
Discovery House (Woden ACT)	1,038	121	1,159
MPEC (Melbourne)	45		45
Home Based/outposted Workers	71		71

Need and Purpose of the Proposed Works

Purpose of Works

Overview

- The proposed works referred to the Committee consist of a refreshed fitout of just under 19,000 sqm of office space to support flexible work practices, introduction of a childcare centre, and improved amenities and services at IP Australia's head office Discovery House, Woden.

15. While IP Australia currently leases 20,797 sqm of office space at the Discovery House site, it is proposed that at the conclusion of the works, with the achievement of an improved occupant density of 14 sqm, up to 2,000 sqm of floor space will be freed for sublease to another government agency.
16. Progress of the works is dependent on the successful negotiation of a new 15 year lease for Discovery House, which will significantly offset the costs associated with the refresh fitout through both a new incentive and rental reduction, together with the potential for sub-lease income generated by the freeing up of space via the proposed works.
17. Following submission of a Strategic Business Case in December 2016, the Department of Finance granted IP Australia approval to negotiate a new lease for Discovery House . The commercial terms of the lease are close to finalisation with the building owner, Challenger Life Nominees Pty Ltd, at the time of this submission to the Committee.. The draft terms of the negotiation inform aspects of this document.¹

Objectives of the proposed works

18. The objective of the proposed works is to achieve a value for money building refresh, new amenities and, and whole of life efficiencies that address IPAustralia's long-term accommodation needs. The accommodation needs identified include:
 - A contemporary fitout that supports flexible work practices, thereby allowing IP Australia to increase its occupational work point densities with a view to achieving the Government's target of 14 square metres per occupied work point;
 - Reducing the costs associated with churn (staff relocations required to run the business, related to organisational changes and the preferred co-location of Group staff);
 - Improving the typology and ratio of meeting rooms and shared spaces to better meet the needs of an emerging and future workforce;
 - Upgrades to aged (20 years in North and South Wings) base building services and amenities;
 - Future proofing the agency for changes in IP Rights demand levels through integration of a sublease strategy; and
 - Targeted enhancement to accommodation, which includes on site access to a childcare facility and health and well being room in order to retain and attract high value employees.

¹ Those aspects include the scope of base building works and project delivery methodology.

Existing Accommodation and Future Accommodation

19. The following sections outline the activities that IP Australia has undertaken, and options considered, prior to making a decision to progress the described works. It should be noted that in considering the available options for achieving its strategic accommodation objectives, as part of the lease approval process IP Australia noted (in accordance with the relevant Resource Management Guide) that its staff make up approximately 10% of the Commonwealth APS workforce in the Woden ACT town centre.

Existing Property

20. Discovery House, located at 47 Bowes St Woden, Canberra is IP Australia's head office. The office has been in operation since 1997. In September 2007, delivery of a new West wing extension to Discovery House added an additional 10,500 sqm to the existing building (North and South wings), effectively doubling its size. This enabled all Canberra based staff to be collocated in a single building, and achieved significant improvements in operational efficiencies. All three wings (North, South and West) of Discovery House currently have a NABERS energy rating of 5 stars.

21. IP Australia also leases a small 1,218 sqm office in Richmond, Melbourne which has been operational since September 2008.

Table 5: IP Australia's existing office property profile at September 2016 (PRODAC)

Location	Net Lettable Area (m ²)	Usable office area (m ²) (for the purpose of PRODAC)	Total work Points (WP)	Occupied work Points (OWP)	Occupational density (m ² /OWP)
Discovery House, 47 Bowes St, Phillip, ACT, 2606	22,239	18,809	1,421	1,109	17
MEPC, Richmond, Melbourne, VIC	1,218	1,218	64	54	22.5

Discovery House

22. IP Australia's holds a current lease for Discovery House with the landlord - Challenger Life Nominees Pty Ltd (Challenger). The lease term is for 13 years, and is due to expire on 20 September 2022. The lease provides for a further optional term of 10 years (to 20 September 2032), exercisable at IP Australia's option noting the following:

- The terms and conditions of the further option term is substantially the same as the current lease; and
- IP Australia must advise Challenger no more than 6 months prior to the current lease expiry date, and not later than 3 months before the end of the term whether it intends to exercise the option.

23. The terms and conditions of the current lease are standard for a lease by a Commonwealth entity of a privately owned building.

Future Accommodation

24. In 2015 IP Australia developed a Workplace of the Future Strategy 2015-2018 to provide an overarching approach to developing and programming works to suitably accommodate an evolving workforce.

25. The Workplace of the Future Strategy 2015-2018 was informed by IP Australia's 2015-2018 Strategic Plan and the IP Australia Strategic Workforce Plan 2015-2018. The Strategic plan identifies the following objectives designed to:

- *Maximise engagement of our people to realise our vision;*
- *Develop the capabilities of our workforce to enhance quality and consistency;*
- *Develop innovative service delivery and flexible working practices; and*
- *Maximise the efficiency and effectiveness of our organisational support capabilities.*

26. These strategic objectives informed the IP Australia Strategic Workforce Plan 2015-2018, which focuses on:

- *Transitioning our workforce in response to business innovation;*
- *Motivating and retaining quality people by improving workplace amenity;*
- *Attracting and selecting the best people; and*
- *Enhancing our flexible work environment.*

Current accommodation limitations

27. The Workplace of the Future Strategy 2015-2018 noted the limitations of IP Australia's current accommodation, which is not only dated (North and South wing amenities and services are 20 years old), but no longer entirely fit for purpose.

28. IP Australia's current style of accommodation is predominantly traditional open plan. Its bay to office ratio has been tailored to support a hierarchical management structure. EL2s and a significant number of EL1s are accommodated in a cellular arrangement of offices located along the central spine of each floor plate. At September 2016 (PRODAC) Discovery House had a total of 1,421 work points, and of these work points 161 were allocated to EL2s and EL1s housed in offices.

29. Interspersed amongst the offices and bays of workstations are meeting rooms and quiet rooms. However, in recent years almost all quiet rooms have been converted into offices. Further, a number of large meeting rooms have been converted into secluded bays of workstations, principally used by project teams. This has created pressure on the availability of meeting rooms.

30. Approximately 230 patent examiners are accommodated in a unique cellular arrangement of individual cubicles.

31. IP Australia's occupied work-point densities are currently lower than the 14 sqm per person mandated by the Department of Finance (DoF). While the design density at the agency is currently 13.2 sqm the vacancy rate is 22%. The issues that limit the ability of IP Australia to effectively consolidate staff and improve occupational densities includes:

- The allocation of offices to EL2s and a significant number of EL1s, which not only increases the footprint for these staff but as the office to bay accommodation ratio is rarely a neat fit there are many instances where bays remain unfilled. Additionally, this workforce profile makes restructures complex as the construction of new offices is often required, which is both a lengthy and costly process; and
- the specialised nature of accommodation for particular cohorts such as examination teams, which were previously deemed necessary due to the requirement for concentrated work.

32. The inflexible configuration of accommodation combined with an inflexible ICT solution means that moves and re-structures require significant after hours resourcing. The churn costs and difficulties associated with this will continue for the foreseeable future as IP Australia continues to require staff co-locations as project teams are stood-up and the nature of corporate services delivery evolves in-line with Government's shared-services priorities.

33. The Strategic Workforce Plan 2015-2018 identified a commitment to achieve a 10% proportion of telework by 2018 for IP Australia employees. We are close to achieving that target although the rate of take-up has slowed in recent years. The proposed new fit-out will allow for more flexibility in shared workspaces for teleworkers (when in the head-office) and ultimately the option to increase sub-lease space easily if an increase in telework was achieved in future.

Accommodation initiatives: Rights In One Pilot Flexible Work Space

34. During 2015 IP Australia developed and evaluated the success of a pilot flexible work environment designed to accommodate 90 staff in an area of 1000 sqm. In addition to achieving accommodation efficiencies, the objective was to explore the potential operational benefits that might be realised with a flexible fitout.

35. The pilot project fitout was developed together with end user staff using a co-design approach. The fitout was integrated with a flexible ICT solution. No individual offices were allocated. Instead multipurpose, shared spaces were created with furniture that could easily be re-configured and re-purposed as required.

36. While the original intention was to explore the potential benefits of hot-desking (no allocated spaces), this was not deemed appropriate for the end user teams. Instead, an alternative flexible model was developed, which allowed staff to move themselves as the business need arose from time-to-time.. Since the end user was an ICT project group utilising an agile methodology, moves were frequent, yet easily self managed.

37. The successes and lessons learned from the project were captured in a formal evaluation that has informed a broader design strategy and methodology for working with staff to realise fit for purpose flexible designs in the new accommodation project.

New Accommodation objectives and principles

38. In order to redress the limitations of the current accommodation IP Australia has reviewed its accommodation principles. These new principles will guide the development and management of the new fit out.

39. In the refreshed fitout, offices will only be allocated to SES. Patent examiner's requirement for a focused work environment will be addressed through design layout (minimising the disruption of circulation spines) rather than bespoke solutions.

40. IP Australia's Accommodation Principles (May 2016) will ensure consistency and sufficient flexibility in design to meet future business needs of IP Australia and to comply with Commonwealth Government requirements.
41. Eight key accommodation principles form the framework for allocating the most appropriate office accommodation and workplace environment. The framework is consistent with IP Australia expectations for quality, value and sustainability.
42. The eight principles for IP Australia's New Accommodation project are:
1. **The workplace as a functional unit** – balance occupant and operational needs in a flexible, fit for purpose environment;
 2. **Innovation and flexibility** - flexible to changing needs, such as restructuring, expansion or contraction (noting the move towards shared services in the corporate streams out to 2020), possible sub-letting of workspace and responsive to new trends in workplace design;
 3. **Security and safety** – a balanced application of security and safety measures that can respond to the range and nature of risks to which workplaces are exposed;
 4. **Integrated design** – a well-designed accommodation project will deliver a balanced solution across all three key elements (property, technology and people) as well as drive efficiencies (particularly those costs associated with churn and duplication of effort with the use of mobile ICT);
 5. **Ecologically sustainable design** – aims to minimise the whole-of-life impact on the built environment;
 6. **Value for money** – be appropriate for IP Australia needs and cost effective over the life of the lease;
 7. **Improved staff amenities** – economically and socially sustainable to deliver benefits to all staff; and
 8. **Accessibility** – provide equality of access (entry, mobility within and egress) to buildings and their services for people with a range of abilities.

Lease/ Accommodation Options Considered

43. Although the current lease for Discovery House has just over five years to run (expiring on 20 September 2022) with a ten year lease option, discussions with Challenger in early 2016 to review options for building works on-site highlighted that the remaining lease term represented a problem in relation to planned works. There was no incentive in the current lease for Challenger to participate in funding the required upgrades to the tenancy fit-out or to bring forward the needed base building upgrade works.
44. In response, Challenger submitted an unsolicited offer to IP Australia consisting of a new 15 year lease with a 5 year extension option. The offer reflects the current state of the ACT commercial office market, and in particular in the Woden Town Centre. In preparing the Strategic Business Case to obtain Ministerial approval to negotiate the new lease, this offer was compared with the option of a new build in the Woden town centre, noting that IP Australia represents approximately 10% of the eCommonwealth APS staff in the Woden locality.
45. In December 2016, IP Australia received Ministerial approval to commence negotiations with Challenger for a new Discovery House lease. In comparing the unsolicited offer with the likely financial details of a new build and subsequent lease in the Woden town centre area, the Department of Finance agreed with IP Australia that the likely net financial benefit was similar to staying on-site at Discovery House.

Scope of the Proposed Works

46. The proposed scope of works to be included in the building refresh undertaken by IP Australia includes:

- Relocation of the cafe and multipurpose amenities room;
- Fitout of new childcare centre designed to cater for up to 60 children;
- Reconfiguration/relocation of the existing conference facilities/ hearing rooms;
- A health and well-being room; and
- A rolling program of flexible fit-out improvement to the office tenancy.

47. The base building upgrade scope of works under a new lease arrangement includes:

- Lobby upgrades to accommodate new café;
- Bathroom upgrades to all floors and common/shared areas to meet current codes and requirements, and to ensure that the standard of amenities is consistent across the whole site;
- Lift interior upgrades and review of lift services;
- Upgrade of Mechanical/HVAC services , including increasing the sensor zones to improve energy efficiency management;
- Building/Construction Code and Disability standards compliance upgrade to lifts, bathrooms and stairs where applicable;
- Installation of energy efficient lighting and controls throughout the building;
- Refit of all floors with new ceiling tiles and grids and new air conditioning diffusers;
- Recarpet of all floors will be incorporated with the proposed program of upgrade works; and
- Improved entrance airlocks.

48. The building owner's obligation to achieve a minimum NABERS Energy rating of 4.5 (or above) will be incorporated with the proposed program of upgrade works.

IP Australia Scope of Proposed Works

49. In 2016 IP Australia engaged Davenport Campbell (Achitects) and Puzzle Partners (Workplace Strategist) to assist in developing (in consultation with IP Australia staff) concept designs for the proposed works. The Executive endorsed concept designs and the functional design brief, which allowed IP Australia to conduct further discussions with Challenger, frame the Strategic Business Case, and understand the costing implications associated with the proposed works.

50. In accordance with the agreed concept designs, there is a requirement to initially relocate the café and amenities/multipurpose/training room, as the current site of these facilities was deemed the optimal location for the childcare centre and their current co-location has compromised the workings of both. This relocation, which is planned for the ground floor of the North wing represents the first stage of construction works. Upon completion of North Wing ground floor, works will commence on South Wing ground floor, which includes the childcare centre. Concurrently, workspaces will be refreshed floor by floor on the upper floors.

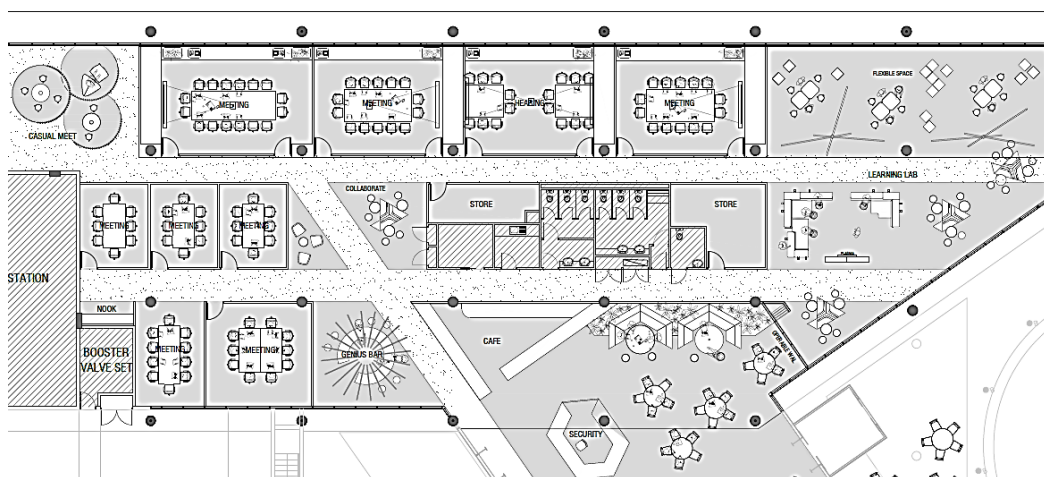
51. The concept design seeks to reinvigorate the main atrium space which is currently under-utilised and simply used as a thoroughfare. This zone will be activated with the relocated café and permit ready access to public hearings rooms, a business hub, and conference rooms.
52. The following key elements are included in the IP Australia Accommodation Refresh Project:

Childcare Centre

53. A new childcare centre (internal floor area of approximately 550 sqm) suitable to accommodate 60 children will be constructed at the site of the current café and staff breakout area in the South wing.
54. IP Australia is intending to engage an early childhood education service provider to deliver child care services at the new child care centre.
55. In 2014, IP Australia began undertaking comprehensive studies into the potential options for a childcare centre at Discovery House.
56. CBRE Australia prepared a due diligence report for IP Australia in 2014 to investigate the development potential of the site for childcare use. The report determined that under the provisions of the Territory Plan Controls and relevant Development and General Codes, there were opportunities to develop the site for childcare uses and that the constraints to its development were not prohibitive. The report also provided an indication of the required areas for a 60 place childcare centre.
57. Puzzle Partners undertook a feasibility study in 2014 to review the suitable location options for a childcare centre at the IP Australia workplace. Subsequently market sounding was conducted by IP Australia with Communities at Work and Department of Industry, Innovation and Science.
58. The approach to market that has been developed is designed to test the market's appetite to meet the fitout and lease costs and allow the best value for money response to be selected.
59. The pricing model will test the market's appetite for different pricing commercial arrangements. The aim is to minimise the cost of the childcare centre to IP Australia. The commercial arrangements will provide options for tenderers to bid for the costs they will meet. It is anticipated that this tender process will be completed September 2017
60. It is intended that the onsite childcare centre will act as an incentive to IP Australia staff, and that they will have priority access to the childcare centre (noting the "Priority of Access Guidelines" which apply for benefits approved child care).

Relocation of Café and Multipurpose Amenities Room

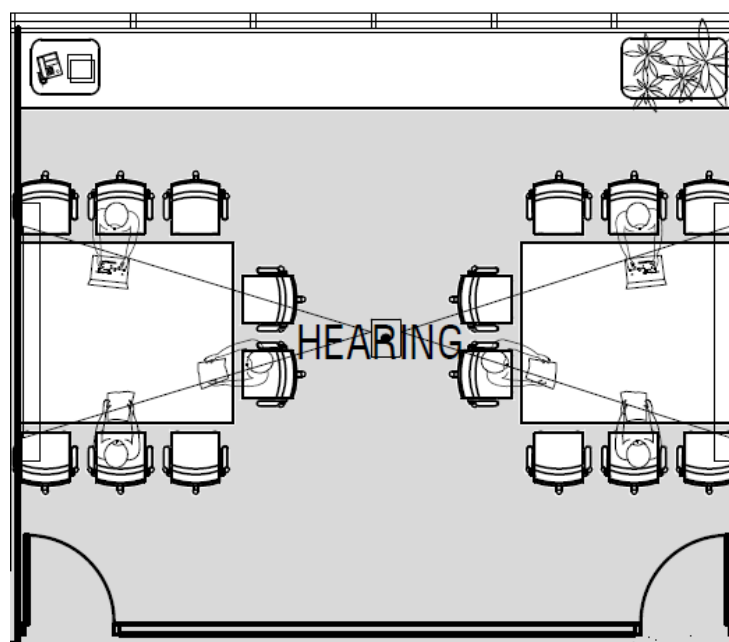
- 16



Cafe and multipurpose amenities room concept design

Hearings Rooms and Conference Centre Meeting rooms

64. The fitout offers an opportunity to not only refresh the conference centre area but improve its functionality. Wherever possible spaces will be multipurpose and re-configurable.
65. IP Australia has a requirement for two purpose built hearings rooms which can also double as multipurpose meeting rooms or conference rooms when not being utilised for hearings. The hearings rooms, one for patents hearings and the other for trade marks hearings have specific requirements. The patents hearing room will need to cater for up to 24 people and the trade marks hearing room will need to cater for up to 15 people. Both rooms need to be publically accessible. The technology to support these rooms includes, acoustic treatment, audio, digital screens, video conferencing, Wi Fi, power and data. Much of the technology for these rooms has been purchased and is currently in use and it will be re-used in the new fitout.
66. All the interview and meeting rooms (for 10 people and above) in the refreshed conference centre will offer audio, digital screens, video conferencing, Wi Fi, power and data.



Hearing room concept design

Health and well-being space

67. The centre will cater for approximately 30 people. It will include an enclosed space for active classes such as yoga and pilates, a prayer room, parenting spaces, as well as spaces for first aid. The technology to support this zone will include, digital display, Wi Fi and power.

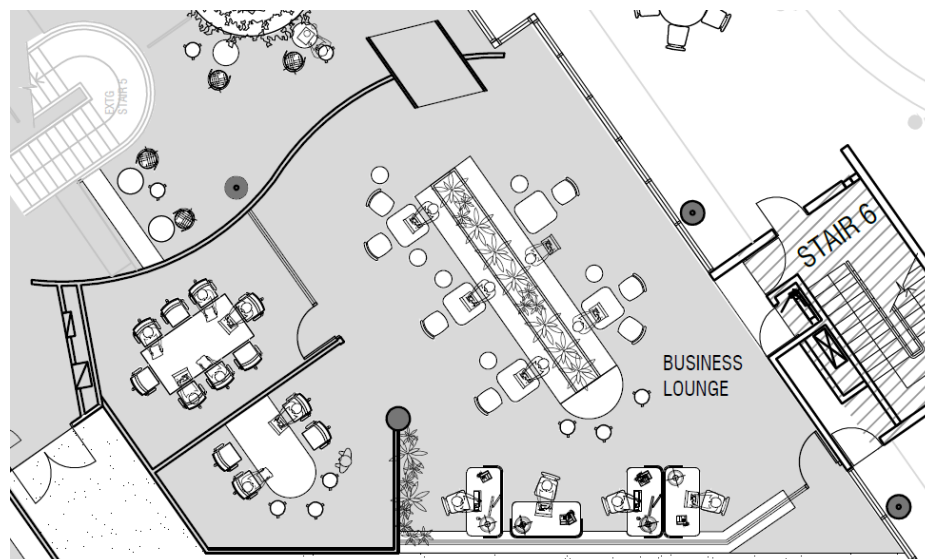


Health and well-being space concept design

Business Centre and Library

68. The Business Centre is designed as a drop-in working space that will potentially accommodate up to 20 visitors, there will be touch down points to plug in lap-tops and two meeting spaces. Outposted workers that only access the office intermittently might choose to work in this space, as might visitors such as auditors and contractors. The technology to support this space will include a digital display, Wi Fi, power, data and monitors

69. Catering for up to 20 people the library space will not only house relevant printed material, but will serve as a quiet retreat for individual working and concentration, it will be Wi Fi enabled, provide access to power, data and monitors.



Business centre concept design

Refresh of Office Accommodation

70. Office based accommodation comprises workspace areas for individuals and teams, support spaces (e.g. meeting rooms, conference rooms, waiting areas, storage etc.) and circulation space. The typological make up of the new office accommodation is derived from a series of studies, stated requirements, storage audits, workplace utilisation studies, and observations. The design intent is that the circulation spine constitutes the active zone behind which focused areas remain undisturbed. While IP Australia will allow for a 1:1 allocation of workpoints (work areas have been designed to a workpoint density of 14 sqm) the design will support desk sharing/hot-desking should the agency decide to implement this accommodation model in the future.

Workstations

71. Maximum flexibility will be achieved by using generic workstation sizes configured in varying open-plan layouts to suit teams and functions. Generally speaking each floor plate will be considered a neighbourhood. Enclosed meeting rooms will be used to separate focused workstations from active zones and circulation paths. It is proposed to reuse existing sit to stand workstation desks where possible.

Furniture

72. Where possible current furniture will be re-used or re-purposed except when it is at the end of its economic life, is functionally obsolete or is uneconomical to refurbish or adapt to new uses. Materials and products will be selected based on economy, durability and sustainability criteria. Wherever possible furniture will be mobile, stackable and easily reconfigurable.

73. More generally, furniture will be ergonomically suited to tasks and the individual performing the task. Furniture solutions that offer maximum adjustability will be preferred in order to meet the needs of the widest range of users.

Area Guidelines

74. The following accommodation standards are based on best practice as described in the Department of Finance Flexible and Efficient Workplace Design Guidance 2014 (RMG 506). Their application offers consistency in the planning and management of office accommodation and will assist in achieving the target occupational density target of 14 sqm per person.

Table 6: Accommodation standards to be applied in the new fitout

Level	Accommodation Standard
Group Executive (SES)	Dedicated office in accordance with DoF Guidelines (SES Standardisation) capable of accommodating: - an appropriate workstation, - secure storage, - white board, - either a 6 to 8 person meeting table or informal meeting area for up to six people (based on identified needs) - television (video-conferencing and parliamentary TV)
Staff (APS – EL2)	Access to a variety of work areas and collaboration spaces including; - a dedicated workstation; - shared meeting rooms (small and large); - quiet time rooms; - standing work areas and amenities; and - provisions for any office based specialist and unique equipment required by the team (e.g. secure communications for Ministerial and Parliamentary). These staff will be housed in an open plan environment with appropriate noise abatement to achieve an occupational density target and overall space utilisation of 14 m² per occupied work point.
Other offices	Below the level of SES, individual enclosed offices will be only be provided on a demonstrated needs basis – - Medical reasons (certificate evidence); - Rare exception based on a demonstrated need rather than by classification. Individual business case should be submitted for approval by the DG and both DGGs.

Flexible ICT Solution

75. Mobile ICT devices (lap tops and/or alternative portable devices) will be rolled out across the agency to support flexible working and optimise the benefits of the new fitout (allowing staff to work productively in a wide range of settings). This solution will be funded through the 'business as usual' (BAU) refresh program. As the project will be staged out to the end of 2019, most staff will be operating in the new environment by the time the fit out is complete.
76. Soft phones are currently being rolled out across the agency as part of a unified communications project. This roll-out will be completed in the 2016-2017 financial year, well before completion of the accommodation project.
77. Expanded installation of video conferencing technology and enhancements to Wi Fi will be funded over time as part of BAU.

Financial Management and Project Delivery

Financial Aspects

Estimated Cost

78. The overall estimated cost of the proposed works is \$39.70m (excluding GST) which includes all capital construction works, fixtures, fittings and furniture, design and project management fees, design, contingency, relocation costs, internal resourcing and risk estimation costs which equates to an amount of \$2,101 per square metre.
79. The estimated cost of the proposed works that includes all capital construction works, but exclude fixtures, fittings and furniture, design and project management fees, design, contingency, relocation costs, internal resourcing and risk estimation costs is \$26.90m (excluding GST) which equates to an amount of \$1,424 per square metre.
80. As required by the Committee's manual of procedures the estimated fitout cost 'per square metre' for the proposed works that includes all capital construction works, plus design, project management and consultancy costs is \$29.60m (excluding GST) which equates to an amount of \$1,567 per square metre. Non-construction related costs such as contingencies, relocations and fixtures and fittings have been excluded from this estimate.

Project Funding

81. IP Australia will fund the capital construction works via cash reserves held in the IP Australia Special Account 2017 and planned in the 2017-18 Portfolio Budget Statements. Gross cash outlays on capital construction works are estimated to be offset over time through a combination of –
- a. a new lease incentive;
 - b. savings on rental; and
 - c. sub-lease receipts.
82. Due to the commercially sensitive nature of the incentive and the lease generally, details of these aspects are provided in IP Australia's confidential submission. IP Australia has sufficient funds to meet the estimated project costs and contingencies and additional funding will not be sought for the completion of the project.

Project Delivery

Delivery Methodology

83. The works will be delivered via an integrated base building and tenancy fitout works model, where one Head Contractor is appointed to undertake works for both the building owner and the tenant, with separate cost centres. This model maximises efficiency ensuring that the project timeframe is as short as it can be for an occupied building project. This strategy also achieves best value for money for both parties, as the Head Contractor's costs are shared between both parties.
84. The Head Contractor appointed will be responsible for management of all construction work and will be responsible for coordinating the work of all trades. This methodology ensures that

there is a single point of management and responsibility for the works, which minimises project risks which may emerge through lack of coordination on site and work conflicts.

85. An independent Quantity Surveyor will be appointed to ensure that all costs are correctly allocated to each party.
86. The integration process ensures that the base building works being delivered by the Building Owner – Challenger are tailored to suit the tenant - IP Australia. This means that there is no requirement for the rework generally associated with fitting out a completed Base Building, which is typically a cost to the tenant.

Procurement Methodology

87. There are four key procurement activities to be undertaken by IP Australia:
- a. Head Contractor – delivery of building works and fitout including subcontracting all necessary trades;
 - b. Quantity Surveyor – for managing open book attribution of Head Contractor costs to IPA and the building owner;
 - c. Engineering Services – engineering services design, documentation and relevant certification; and
 - d. Childcare Centre Operator – a service provider to operate the new childcare centre.

Head Contractor

88. As the value of these proposed works exceed \$7.5m the provisions of Division 2 of the Commonwealth Procurement Rules (CPRs) will apply to the procurement. In order to comply with the requirements of the CPRs it is proposed that the Head Contractor will be procured via a competitive procurement process.
89. The mandatory minimum requirements for Indigenous participation also apply to this contract as it is over \$7.5m and is in the building, construction and maintenance sector. As outlined in Section 4 of the Indigenous Procurement Policy, these will be included in the approach to market documentation, be evaluated as part of the evaluation process, be included in any resultant contract and compliance monitored and reported.
90. IP Australia will proceed with the procurement once the Committee has given permission for IP Australia to issue concurrent documentation, or parliamentary approval has been granted. An expression of interest stage may be undertaken in preparation, prior to the granting of permission/approval.

Quantity Surveyor and Engineering Services

91. Where the value of these contracts will exceed \$80,000 the provisions of Division 2 of the Commonwealth Procurement Rules (CPRs) will apply to the procurements. In order to comply with the requirements of the CPRs it is proposed that the services will be procured under separate and competitive procurement processes.
92. If the value of the procurements is estimated between \$80,000 and \$200,000 the mandatory set aside provisions of the Indigenous Procurement Policy will also be applied.
93. The preferred approach is to use established panel arrangements.

94. IP Australia will proceed with the Quantity Surveyor procurement once the Committee has given permission for IP Australia to issue concurrent documentation, or parliamentary approval has been granted. As the Engineering Services relates to design services and is needed for the Head Contractor request documentation, the approach to market will be conducted prior to PWC approval.

Childcare Centre Operator

95. An open approach to market will be undertaken to identify a childcare centre service provider to operate the on premises childcare centre.
96. The contract form will be a licence agreement. The approach to the commercial model is detailed in paragraph 58.
97. This activity will proceed following execution of the Head Agreement with the building owner. The request documentation will clearly identify that the licence is contingent on IP Australia receiving PWC approval.

Project Timeline

98. Construction activities are expected to take approximately 2 years, on the basis that works will proceed on a staged basis of about 2000 sqm per stage. Works are planned to start on the typical office floors concurrently with the more complicated works on the ground floor, including the café and childcare.
99. Subject to the Committee's report and the parliamentary expediency motion, which the timeline assumes will be granted in the October sitting of parliament; it is expected that the main contractor would be appointed at the start of 2018, and that construction would be completed by the end of the 2019 calendar year. This timeline has been prepared by IP Australia's client side Project Manager. The final timeline will be confirmed upon parliamentary approval.
100. The timetable is subject to a number of factors:
- PWC Approval;
 - Finalising negotiations with the Building Owner and executing a new lease;
 - The Building Owner completing their design works to align with the program; and
 - Finalisation of the design for the fitout.

Table 7: Indicative project timeline

#	Item	Date
1	Finalisation of initial concept plan	Completed December 2016
2	Detailed design documentation	Completion August 2017
3	Issue of requests for tender (Head Contractor)	From October 2017 to December 2017
4	Appointment of a head contractor	Appointment by February 2018
5	Commencement of construction works	Commencement by February 2018

6	Practical completion of construction works	Completion by December 2019
7	Defects liability	Completed by December 2020

Project Risk

101. A review of project and organisational risks associated with the accommodation refresh was conducted subsequent to development of the concept designs and prior to bidding for internal project initiation funding. A detailed risk assessment is included in the confidential submission. A summary of key risks and mitigation strategies are documented in the table below.

Table 8: Key project risks

	Risk	Treatment
Project Risks	Environmental impacts	Floor plates will be isolated and sealed to the maximum extent possible prior to commencement of works. IP Australia will require a robust solution (acoustic treatment). Where possible IP Australia will look to have noisy work such as penetrations and demolition of blockwork undertaken during non-core hours.
	Work health and safety risk	Floor plates will be isolated and sealed to the maximum extent possible prior to commencement of works. IP Australia will require a robust solution (acoustic treatment). Where possible IP Australia will look to have noisy work such as penetrations and demolition of blockwork undertaken during non-core hours.
	Cost escalation	Mitigated by allowing an appropriate escalation allowance in the budget. Escalation will be managed within agreed cost plan.
	Delays to program	Proper planning and the fact that this is a staged project of significant duration will mitigate the impact of any changes to schedule. Delays could be potentially absorbed, or managed, with parallel programming of elements. Staging can be comfortably managed within the accommodation footprint thus minimising the impact of delays on operations.
Organisational risks	Disruption to operations	This risk will require careful management and be partially offset with improved amenities being rolled out to parts of the organisation immediately and increasingly over the coming years. Risk is also offset with staged opportunity to manage organisational change and ensure fit for purpose design i.e. issues can be addressed in early stages. From a change perspective staff will have time to adjust to the concept of the new space and see the benefits as they unfold for others. If managed well this could be a strategy that supports transition to a flexible work environment.
	Related project delays – flexible ICT solution	The flexible ICT solution will be in place prior to the conclusion of the project
	Acceptance of the new way of working in the fitout – benefits not realised.	At the outset staff will be allocated a workstation. ABW may be introduced at a point in the future
	Childcare procurement and operation	If a childcare centre provider cannot be sourced the area can be sublet. Places that are not filled by the children of IP Australia staff will be offered to other government agency staff in the Woden area

Public Value

Operational efficiencies and savings

102. At the conclusion of the works IP Australia will be able to realise savings and operational efficiencies by:

- Achieving occupational workplace densities of 14 sqm per person through standardised allocation of accommodation (no EL2s in offices) and avoidance of bespoke accommodation solutions. This will be supported by the BAU flexible ICT solution. This will future proof the agency as accommodation will readily and efficiently support a workforce that expands and contracts;
- Incorporating a flexible ICT solution the work place environment will allow staff to work in a variety of settings within the business, and thereby optimise productivity;
- Enabling staff to move themselves and reduce churn costs;
- Offering attractive amenities, making IP Australia a workplace of choice for high value employees. Retention and attraction of these employees represents an operational saving;
- Introducing a childcare centre, might assist IP Australia in attracting women in key patent examination technologies and thus address the gender imbalance in this cohort;
- Subleasing surplus space to other government agencies. As a cost recovery agency these reduced overheads can be passed on as savings to IP Australia customers;

Works-specific value

103. By remaining in the Woden town centre IP Australia will be contributing to the local economy through offering potential employment and the purchase of goods and services.

104. IP Australia might be in a position to offer childcare places to support staff working in other government agencies in the Woden precinct.

Other Issues

Consultation with stakeholders

Internal Stakeholders

105. Key internal Stakeholders were identified in a project scoping plan and communication planning document.

106. Internal Concept design development involved extensive consultation with internal stakeholders, which included surveys, meetings, co-design workshops, user labs, and question and answer sessions. These key internal stakeholders will continue to be involved in iterative design development, and the design solutions that will subsequently be tested with staff.

107. Key internal stakeholders involved in the development of concept designs, and staff consulted throughout the process include:

- Senior Executive and Project Sponsors;
- Governance Committees;
- Directors and business subject matter experts;
- End users;
- Work Health and Safety;
- The Project Working Group;
- Environmental Representative;
- Human resources policy team and the communications team;
- Workplace Committee/ CPSU;
- Social Club;
- External stakeholders (café);
- ICT Infrastructure;
- Property team;
- Agency security;
- Honeywell (Challenger's On- site Manager); and
- Emergency Planning Committee.

108. A Stakeholder Engagement Plan is being developed before finalisation of the Detailed Business Case (once designs are at 90% completion) for the construction phase of the project.

External Stakeholders

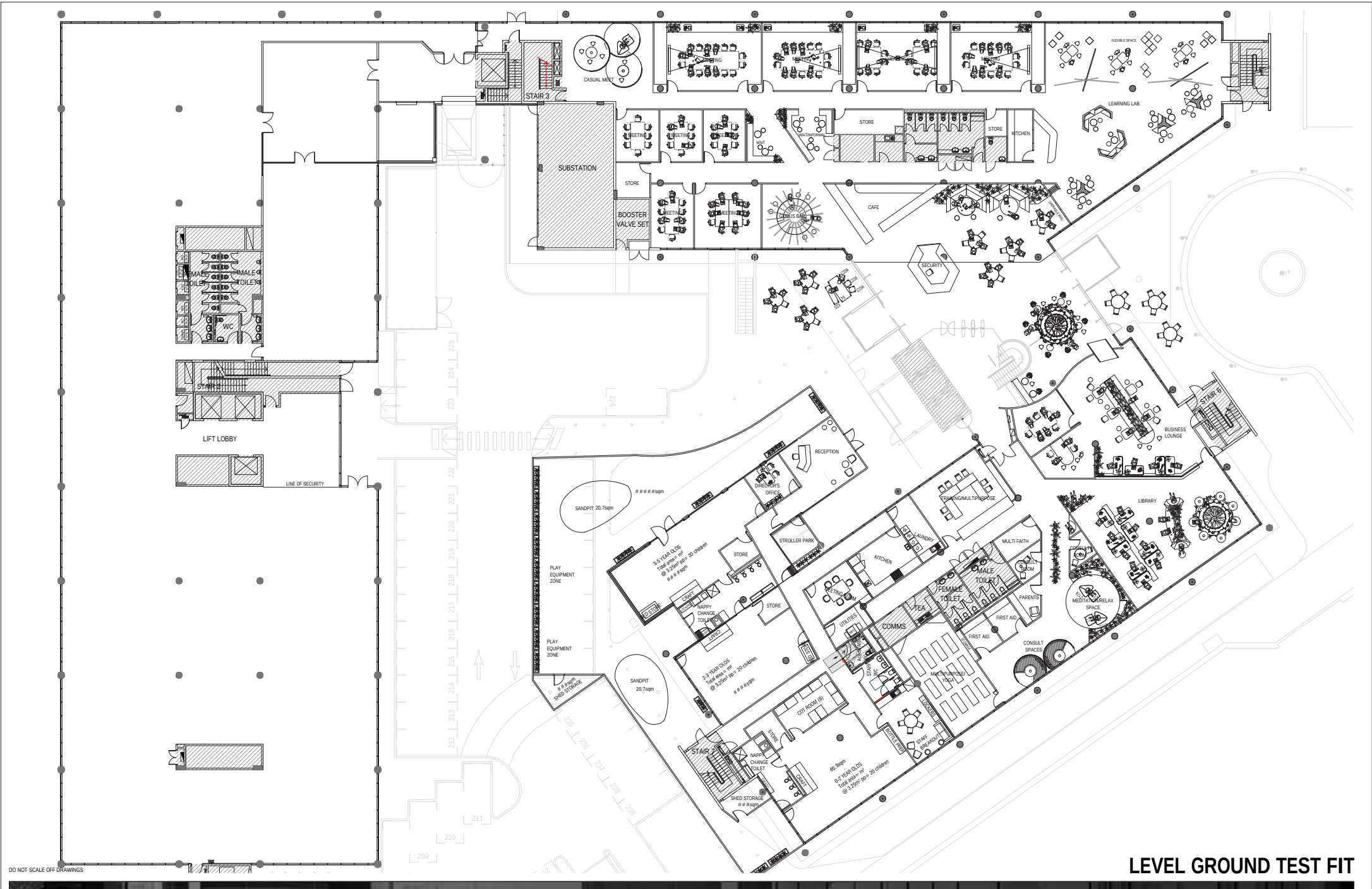
109. IP Australia will hold a Community Consultation Presentation on site in June 2017. IP Australia will outline the scope of the proposed refresh works, noting the agency's intention to establish a Childcare Centre on site, and that works will only proceed subject to PWC approval. Community representatives will be advised that they can make representation to PWC. Invitations to the Community Consultation Presentation will be extended to representatives from the the following agencies, local groups, and operators as a minimum.

- Department of Health
Sirius Building, Furzer St Phillip
- Department of Veterans Affairs – Head Office
13 Keltie St Woden
- Australian Public Service Commission
16 Furzer St Phillip
- Civil Aviation Safety Authority
Aviation House 16 Furzer St Phillip
- ACT Government
- Woden Community Council
- ACT Health and Access Canberra (planning to move 1100 staff into the Woden Town Centre)
- Access Canberra (Woden shopfront)

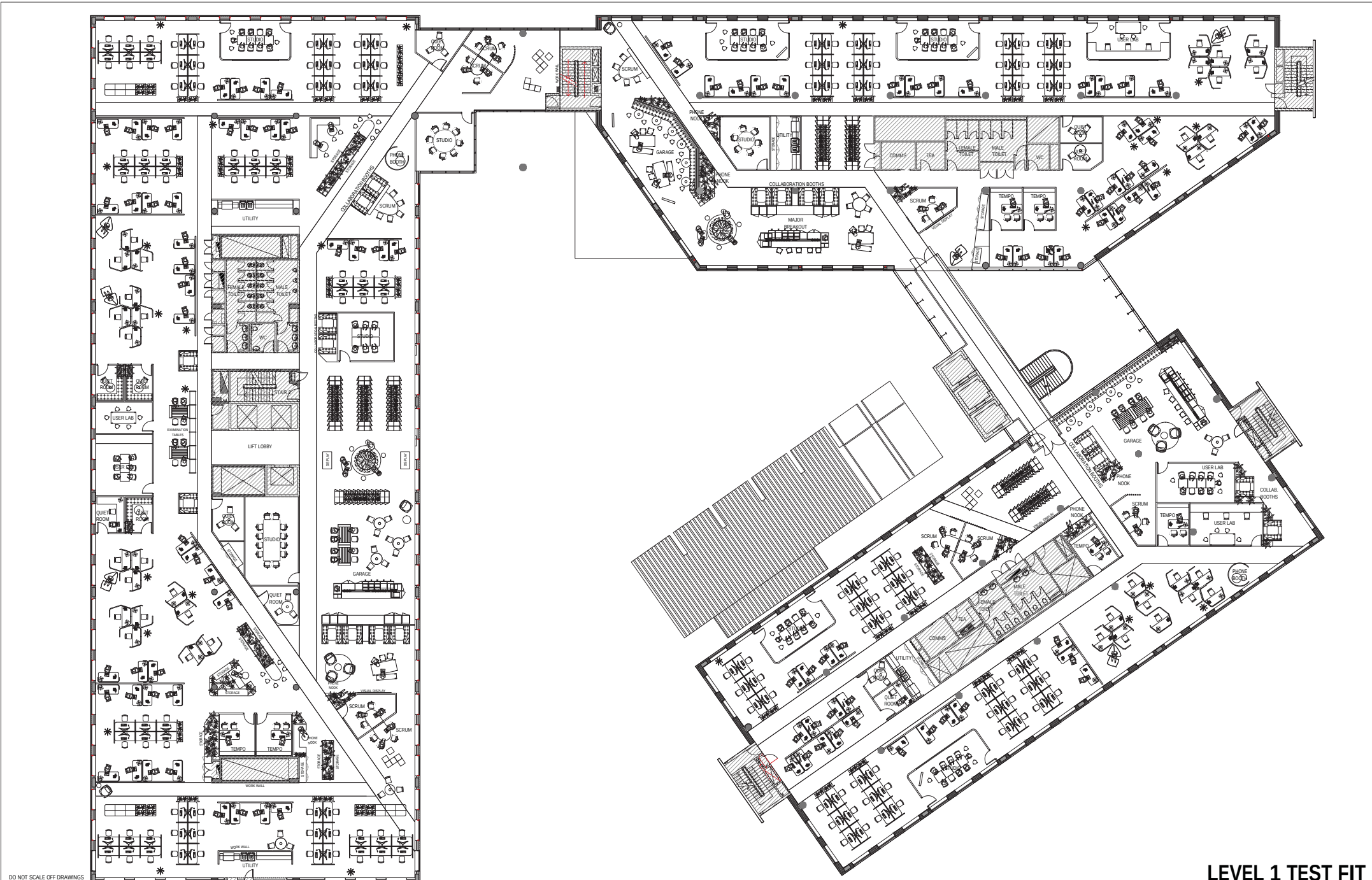
- Cosmopolitan Centre, 21 Bowes St Woden
- ACT Health – Approximately 750 staff to move to Woden
Currently at 11 Moore St, Canberra –also in Callam Offices in Woden
- Legislation and Regulation
- Department of Education and Training
- ACT Childcare Licensing Authority: Children’s Policy and Regulation Unit
- Neighbouring Clubs
- Hellenic Club
- Southern Cross Club

Attachment A

Concept Floor Plans



LEVEL GROUND TEST FIT



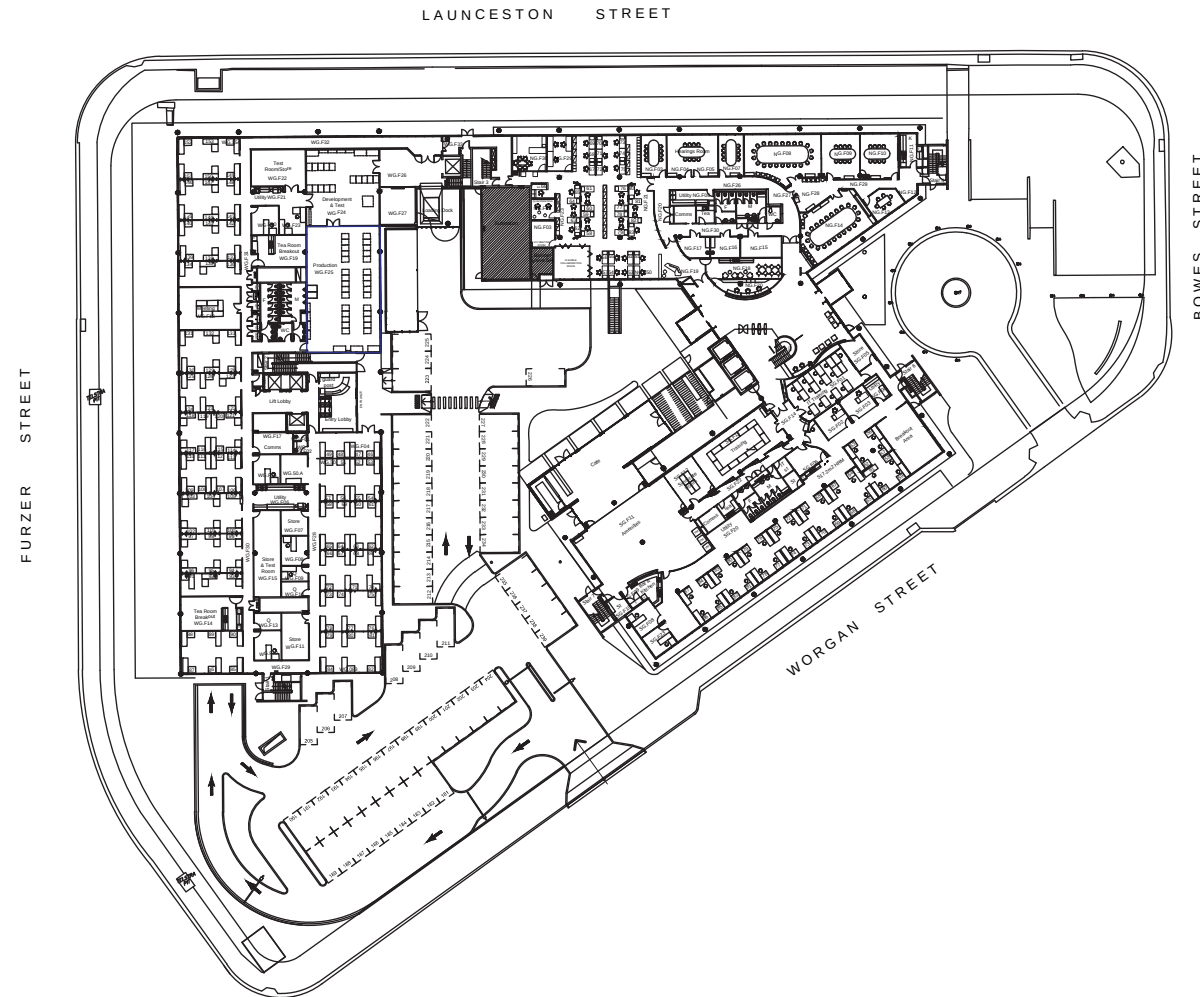
LEVEL 1 TEST FIT

Danpat Campbell

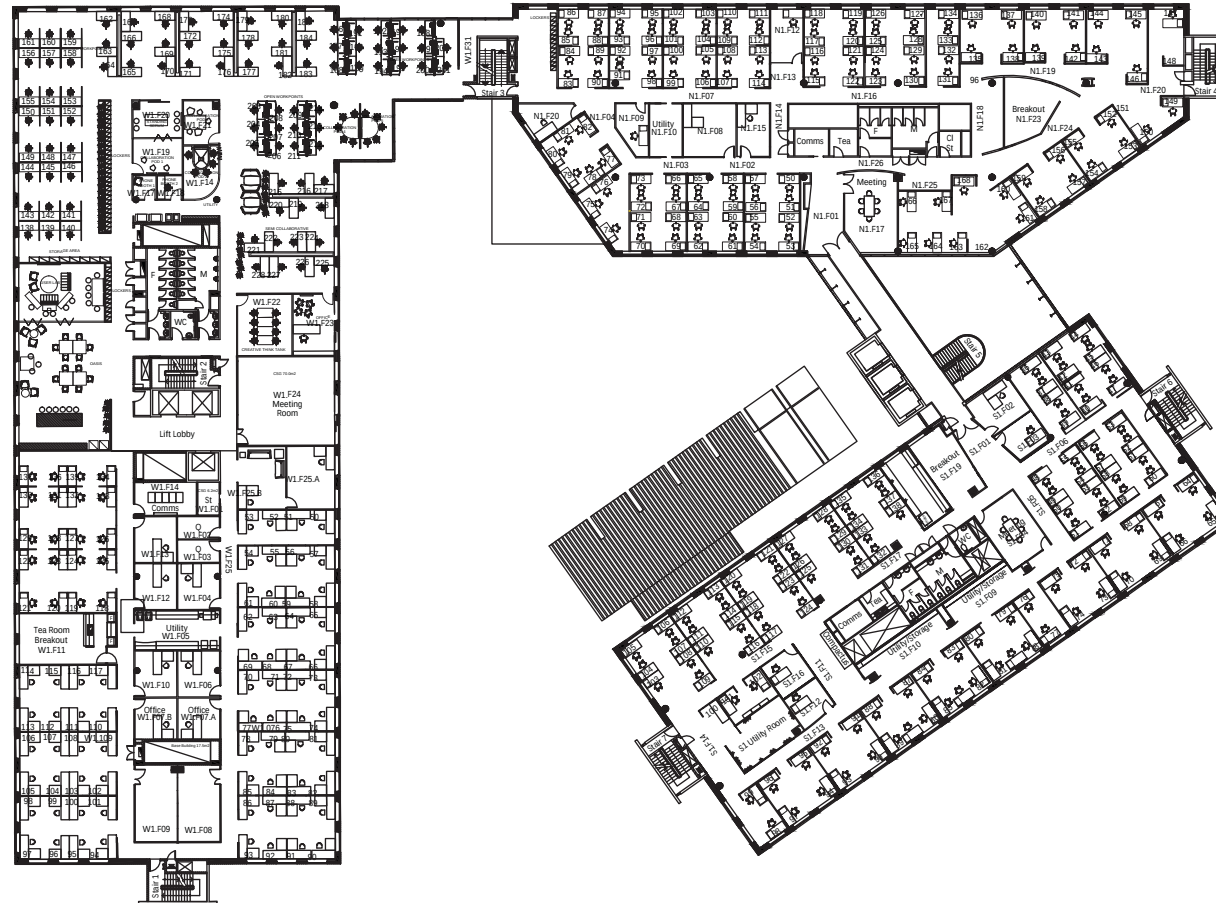
Attachment B

Current Floor Plans

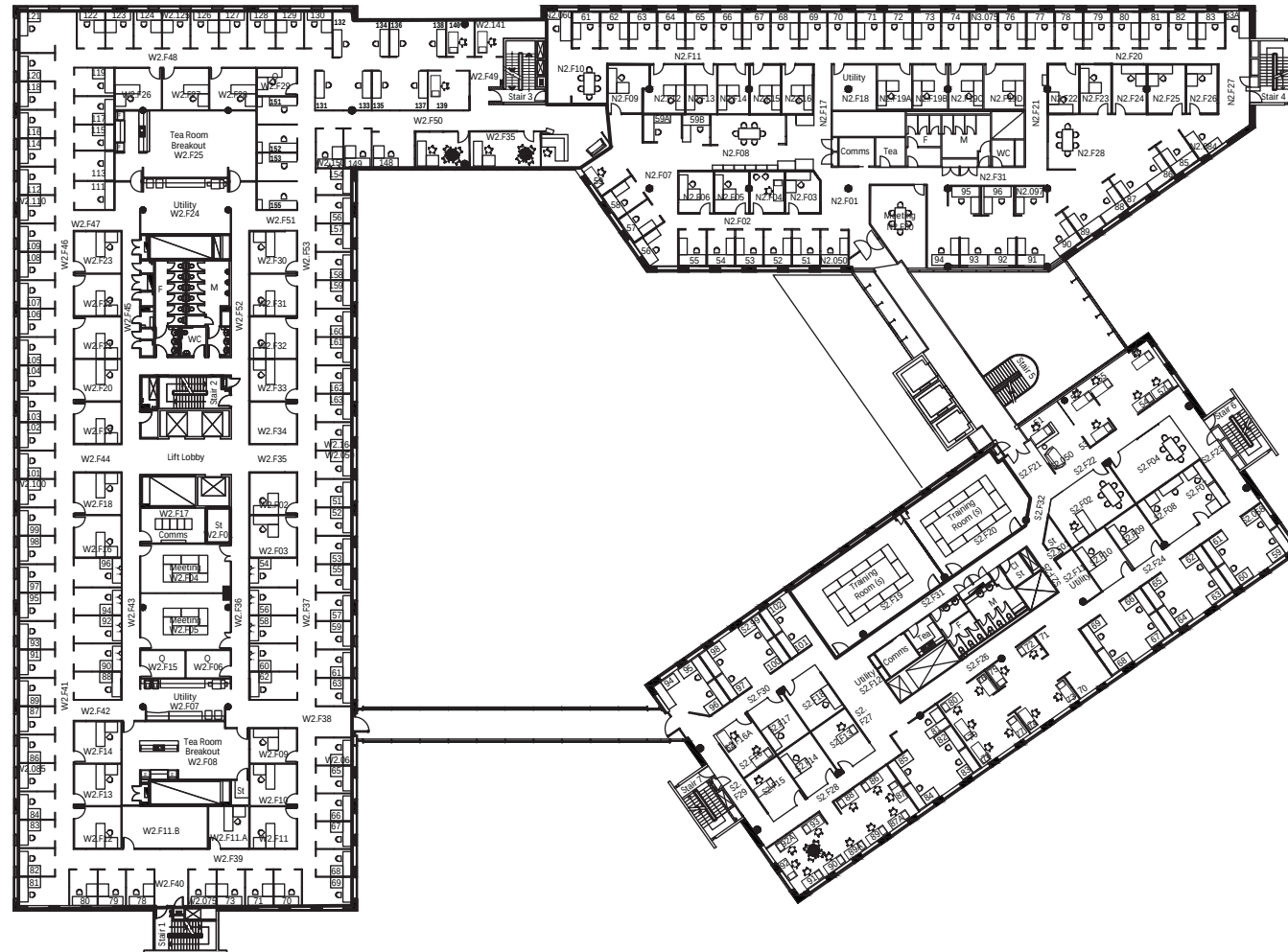
Discovery House Ground Floor



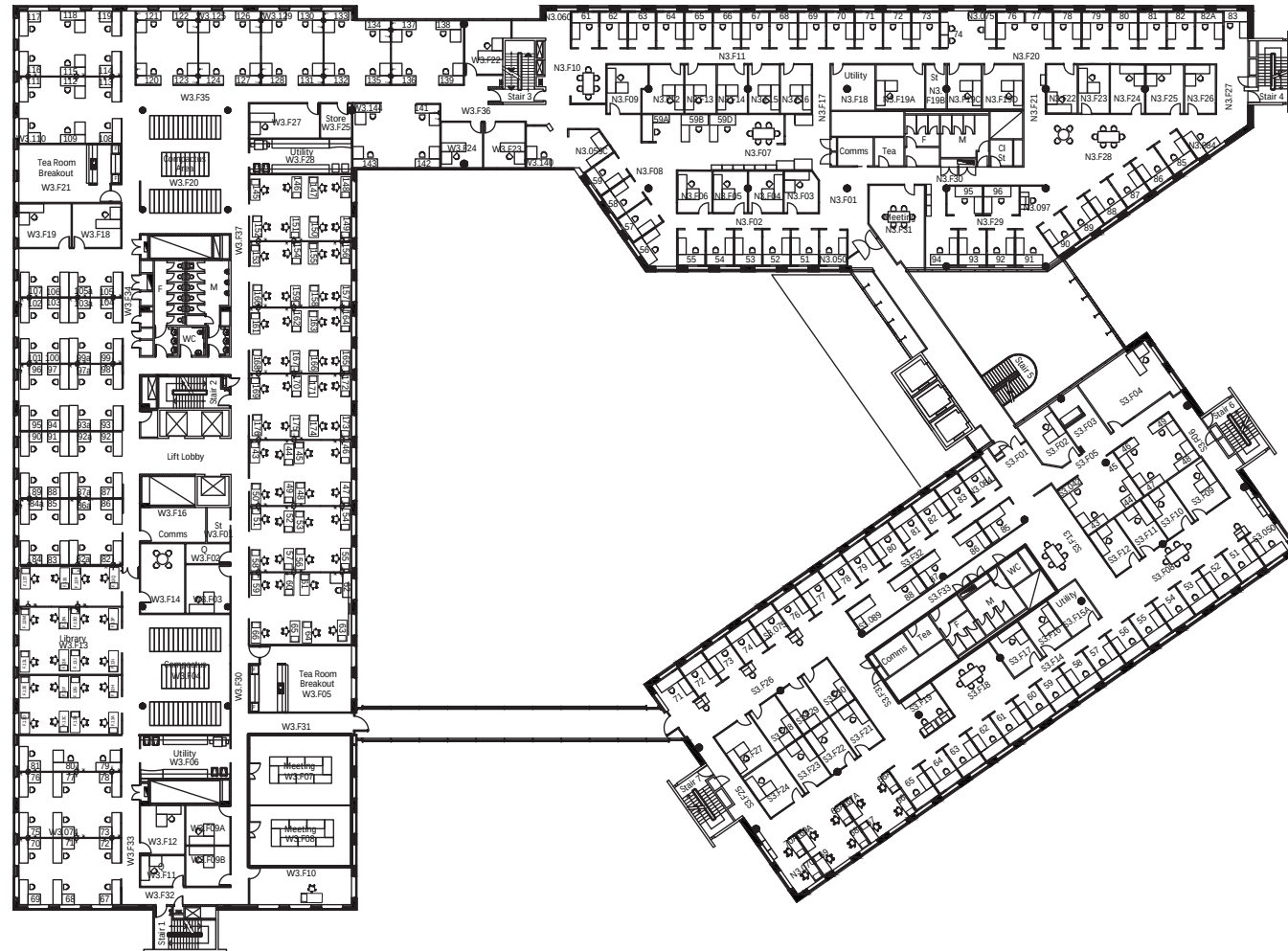
Discovery House Level 1



Discovery House Level 2



Discovery House Level 3



Discovery House Level 4

