



Australian Government
Department of Health and Ageing

Proposed Fitout of New Leased Premises
for the
Department of Health and Ageing
at the
Woden Town Centre

Statement of Evidence
to the
Parliamentary Joint Standing Committee on Public Works

March 2007

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ATTACHMENTS

- A – Current Health buildings
- B – Site plan and existing buildings
- C – New building floor plans
- D – New building perspectives and elevations
- E – Members of Parliament and Members of the ACT Legislative Assembly
- F – Landscape master plan
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1. IDENTIFICATION OF THE NEED

1.1 Objectives

- 1.1.1 The vision of the Department of Health and Ageing (Health) is “Better health and active ageing for all Australians” through a world class system which:
- focuses the health and aged care system more on healthy lifestyles;
 - improves the transparency, accessibility, accountability and quality of public and private health and aged care service provision;
 - consolidates and progresses reforms to ensure choice of, and access to, quality aged care services;
 - works towards improved health for Aboriginal and Torres Strait Islander peoples;
 - improves choice for consumers through strong private sector involvement;
 - leads a whole-of-government approach to strengthening Australia's readiness for disease threats, national emergencies and other large scale health incidents; and
 - works together with the States and Territories to deliver efficient, value-for-money health and aged care services.
- 1.1.2 To effectively deliver a ‘world class system’, Health requires a standard of accommodation that is safe and secure, supports a high level of operational efficiency, motivates staff and maximises productivity.
- 1.1.3 The need for the proposed new central office accommodation is driven by a number of major current leases expiring in mid 2009, without further renewal options, and the poor standard of the accommodation, both in terms of general quality and the high maintenance costs associated with the older buildings.
- 1.1.4 Stage 1 of the central office accommodation project was completed in 2005 and involved the fitout and long-term lease of Scarborough House and the collocation of most other central office personnel into the Woden precinct.
- 1.1.5 Health's long-term accommodation strategy is to consolidate central office functions into two sites in the Woden Town Centre thereby enhancing operational efficiencies. Therefore, Stage 2 of the project involves overcoming the accommodation deficiencies in the non-Scarborough House leases by the acquisition of suitable and sustainable long-term accommodation for the remainder of central office. Given the commitment to Scarborough House and

the resources already applied to collocate all central office personnel in the Woden precinct, Health's strongly preferred option is to continue to accommodate all central office personnel within the Woden precinct.

- 1.1.6 As a result, and taking into account the estimated future growth of the department and available accommodation options at this time, Health is seeking to secure a single 15-year lease for 44,500 m² of new office space, in addition to Scarborough House, to accommodate approximately 3,100 personnel from 2009-10.
- 1.1.7 The fitout is to be contemporary A-grade quality and of an economical, flexible design that will minimise the impact and cost of meeting future organisational change.

1.2 Historical Background

- 1.2.1 Health's central office has traditionally occupied space in the Woden Town Centre since the concept was developed by the then National Capital Development Corporation (NCDC) in Canberra's early planning stages. As the department expanded and the need for additional office space grew, it was necessary to take up space in a number of buildings both in Woden and the ACT more broadly. As a result, departmental operations had become fragmented across many areas of Canberra by 2003.
- 1.2.2 The department's mid-term accommodation strategy focussed on relinquishing a number of peripheral leases and consolidating Health's property portfolio into a smaller number of large leases in the Woden precinct. The relinquished leases were located in Barton and Civic, as well as some small lease-holdings in Woden.
- 1.2.3 Through the lease consolidation and the occupation of Scarborough House in 2005, Health reduced the number of office accommodation lease-holdings from 15 to 7 sites in the ACT. In addition to Scarborough House, the major buildings are the Albemarle and Alexander Buildings, Fishburn House, Borrowdale House and Penrhyn House in the Woden precinct; and Canberra House in Civic. The major Woden buildings, and their locations, are shown in [Attachment A](#).

1.3 Need

- 1.3.1 Excluding Scarborough House, Health leases total approximately 39,650 m². The major Woden leases are due to expire in mid 2009 with no further renewal

options. This office accommodation is of poor quality (generally C grade), does not meet the Government's 4.5 star Australian Building Greenhouse Rating (ABGR) requirements and cannot cater for future departmental growth.

1.4 Stage 2 Options Considered

1.4.1 The four future accommodation options considered by Health are:

- short-term leases on the current Woden accommodation;
- long-term leases on refurbished current Woden accommodation;
- a long-term lease on an existing building (or buildings) elsewhere in the ACT; and
- a long-term lease on a new building in Woden.

1.4.2 New short-term leases on the current accommodation would only be practically possible for a maximum of 3-years, given that the Australian Government's Energy Efficiency in Government Operations (EEGO) policy requires 4.5 star ABGR compliance and assuming dispensation from the 2-year policy to achieve best possible rental rates. However, a new 3-year lease would only buy time for the department to procure other long-term accommodation and, given the current market, short-term rental rates are likely to be set at a premium and are unlikely to represent the best value for money.

1.4.3 New leases for refurbished current Woden buildings would meet Health's accommodation quality and performance requirements but at a higher cost than a new building solution. In addition, there would be significant disruption to departmental operations during any refurbishment activity and additional expansion space would still be required.

1.4.4 Leasing an existing building elsewhere in the ACT would be similar in cost to the refurbished option but, given the long term lease on Scarborough House, an accommodation solution outside of Woden would result in the fragmentation of the department and be contrary to the objectives of Health's broader accommodation strategy. Such a solution would negatively impact operational efficiencies and result in significant relocation costs and reduced staff productivity/well-being.

1.4.5 The option of leasing a new building elsewhere in the ACT has not been considered as it would be similar in cost to a new building in Woden but have the same disadvantages as leasing an existing building elsewhere in the ACT.

1.4.6 A new building in the Woden precinct is Health's preferred option.

1.5 Reasons for Adopting Proposed Course of Action

1.5.1 Health's preferred option of a new Woden building, located in the vicinity of Scarborough House, will meet the stated accommodation objectives and provide the best value for money, long-term accommodation solution. It will:

- deliver purpose-built, functional, flexible and good quality A-grade office accommodation for Health personnel;
- meet currently predicted future space requirements to enable the collocation of all central office personnel in two leases, including Scarborough House, so as to maintain and further enhance the operational efficiencies achieved via Stage 1 of the project;
- meet the Australian Government's EEGO policy requirements;
- further reduce operating and maintenance costs for central office accommodation; and
- deliver improved security and staff amenities.

1.5.2 Cost models indicate that the Net Present Value (NPV) of lease expenditures for the three practical options (refurbished current; other existing; new) were similar over 15-years. However, the new building option offers the best value for money, would cause the least disruption to ongoing departmental operations, have the least relocation cost, and improve productivity and operational efficiencies.

1.6 Description of Proposal

1.6.1 The proposal is for the integrated fitout of a proposed new building to be located on the south-eastern corner of Furzer and Worgan Streets, Woden ACT, currently occupied by the Sirius Building and Fishburn House. A site plan is included at Attachment B.

1.6.2 Health sought an integrated fitout solution, in an effort to deliver construction efficiencies and thereby reduce cost and risk, via a tender for new office accommodation with a 15-year lease and a 5-year renewal option from 2009.

1.6.3 The Sirius Building is currently occupied by IP Australia. Their personnel are scheduled to relocate to new Woden premises in October 2007 (an expanded Discovery House), leaving the Sirius building vacant. Fishburn House is currently occupied by Health.

1.6.4 The proposed new building will comprise:

- Property Council of Australia “A-Grade” quality office accommodation of approximately 44,500m² NLA, plus 800m² of associated facilities, including storage and mail rooms;
- a generalised “L” shaped building with two contiguous 10 storey office towers - North Building 24,000m² NLA, and South Building 20,500m² NLA;
- energy efficiency ratings of 4.5 star ABGR and 5 Green Star;
- disabled access and facilities;
- mens/womens change facilities, each with 15 showers and 100 lockers;
- a minimum of 350 car-parking spaces, including four disabled car-parking spaces, 20 motorcycle bays, and 120 bicycle parking spaces, located on two basement levels;
- a dedicated loading dock with an additional 10 parking spaces; and
- additional space for a childcare facility to service 100 placements.

1.6.5 The main building entry is to be off Worgan Street, with the central foyer providing access through to Scarborough House, resulting in a prominent street level entry for the department.

1.6.6 The proposed building will not have public access. Floor plans and building perspectives/elevations are included in Attachment C and Attachment D respectively.

1.6.7 The generalised “L” shaped building, centred on Scarborough House, creates a Health office precinct with opportunities for future expansion towards the Woden Town Centre. Air-bridge links to Scarborough House might also be incorporated into the building design to increase departmental workplace connectivity.

1.6.8 Office accommodation is to be provided by large rectangular floor plates, offering approximately 4,500m² of accommodation per floor (between 2,000 m² and 2,500 m² per wing).

1.6.9 The proposed office floors are modular and column free, except for some columns located at the centre zone office partition locations. Floor plates larger than 2,000 m², with large column spacings, are generally considered by designers as more efficient for an organisation the size and structure of Health. The proposed design will therefore provide greater fitout flexibility, particularly

where fitout redesign is required to maximise the collocation of divisional personnel in the future.

1.6.10 The proposed works include:

- architecturally designed office fitout to meet Health's specified requirements, including the construction of a reception and security desk at ground floor level, general office areas, meeting rooms, utilities & storerooms, tearooms, first aid rooms, and carer's rooms; and
- where possible, the integration of service requirements into the base building works, including electrical, mechanical, communications, security, fire and hydraulic services. Data installation will be compatible with Scarborough House and designed to criteria to be specified by Health's Technology Group.

1.6.11 The childcare facility will be constructed as a shell for fitout and operation by a third party facility operator.

1.6.12 The total estimated capital cost of the fitout works is \$67 million (excluding GST) at \$1,505/m² and occupation is planned for early 2010.

1.7 Environmental Assessment

1.7.1 Health is committed to delivering healthy and sustainable accommodation to support its corporate vision. A new building also provides the opportunity to implement sound environmental and energy-efficient design.

1.7.2 The developer will complete an Environmental Impact Assessment (EIA) as part of the development approval process.

1.7.3 The base building and fitout will be designed to meet the 4.5 star Australian Building Greenhouse Rating (ABGR) requirements and comply with the Australian Government's Energy Efficiency in Government Operations (EEGO) policy.

1.8 Heritage Considerations

1.8.1 There are no known heritage considerations that would affect the replacement of the existing Sirius Building and Fishburn House with the proposed new building.

1.9 Details of Consultation

1.9.1 Health has developed a Communication Strategy for internal and external consultation and information sharing.

1.9.2 The internal consultative framework includes both formal and informal communication and consultation with departmental management, staff and staff

representatives, including the Community and Public Sector Union (“CPSU”).

The Communication Strategy includes:

- (a) briefings for the Executive and work area managers;
- (b) work area involvement in the development of specific requirements;
- (c) staff consultation and information sessions;
- (d) staff representative consultation and information sessions; and
- (e) an intranet site to provide information and for staff questions and feedback.

1.9.3 External stakeholders include:

- Department of Finance and Administration;
- Australian Greenhouse Office;
- Department of Employment and Workplace Relations;
- Office of the Federal Safety Commissioner;
- Department of Environment and Heritage; and
- ACT Planning and Land Authority.

1.9.4 Health has consulted with the Australian Greenhouse Office (AGO) in relation to EEGO requirements.

1.9.5 Health has also written to the appropriate Members of Parliament and Members of the ACT Legislative Assembly advising them of this proposal. Names and addresses are included at Attachment E.

1.10 Amount of Revenue, if any, derived from the project

1.10.1 In addition to the 44,500 m² of office space, Health proposes to lease space in the new building for a childcare facility. An independent childcare service provider would then sublet the space and fund purpose-designed fitout. It is anticipated that this would be a cost neutral arrangement for Health.

1.10.2 Health will require approximately 130 secure car spaces in the new building and, with planning regulations requiring some 360 spaces, the department may seek to make some of the remaining spaces available to Health staff.

2. TECHNICAL INFORMATION

2.1 Location

- 2.1.1 The proposed new building would be located adjacent to Scarborough House, Health's Head Office, on the corner of Furzer and Worgan Streets at the northern end of the pedestrian precinct in the Woden Town Centre. The consolidated site area is estimated to be 10,414 m².
- 2.1.2 The close proximity to Scarborough House will strengthen links between all areas of the department and negate the need to reproduce meeting and conference facilities, which already occupy two floors of Scarborough House.
- 2.1.3 Air bridges could be included to link Scarborough House to the new building for ease of access between the buildings and Health will consult with Indigenous Business Australia (IBA), the owners of Scarborough House, in this regard.

2.2 Scope of Work

- 2.2.1 Fitout construction will be integrated with that of the base building and will include:
- a single double-sided major security controlled entrance and reception area;
 - allocated office space for SES and EL2 officers;
 - open plan office accommodation for EL1 and APS level officers;
 - modular office design and demountable partitions;
 - standard workstations and personal storage units;
 - loose furniture;
 - equipment, storage and resource areas;
 - breakout/meeting areas and kitchens;
 - meeting rooms;
 - carers and first aid rooms;
 - multipurpose room; and
 - showers, lockers and bicycle racks.
- 2.2.2 The fitout will be specifically designed to meet the requirements of Health, and will be based on the style and themes used in Scarborough House to promote a corporate feel. Security and reception facilities will be accommodated on the ground floor at the building entrance.
- 2.2.3 Corporate space will be located away from the proposed building perimeter, against the building core, to enable open office planning. Open areas will be

provided on each floor for informal gatherings or meetings away from work areas. Café style seating may also be incorporated to provide staff with comfortable breakout areas adjacent to kitchen facilities.

- 2.2.4 Although final fitout design has not yet commenced, conceptual floor plans have been produced and are included at Attachment C. The office layouts will be finalised once space planning and a functional design brief have been completed by Health's design consultant.

2.3 Building Selection

- 2.3.1 In August 2004, Health publicly invited Expressions of Interest (EOI) to provide a complete A grade accommodation solution for central office staff in Woden, adjacent to, or within easy walking distance, of Scarborough House. The six respondents were all formally invited to tender in August 2006, with the tender closing on 3 November 2006.

2.4 Development Approval

- 2.4.1 The Fishburn House site forms part of the Woden Town Centre and is controlled by the Territory Plan and the Woden Town Centre Masterplan (April 2004). However, the Sirius Building site is National Land and under the control of the National Capital Authority. The developer is to consolidate the sites into a single site, to accommodate the proposed new building, under ACT Government control.
- 2.4.2 Both existing sites are zoned "Business Area B", which permits a purpose designed building including offices, child care and food shops under the Territory Plan.
- 2.4.3 The Development Application process is programmed to achieve early works (demolition and bulk excavation) development approval in September 2007, followed by Project Development Approval in October 2007.

2.5 Codes and Standards

- 2.5.1 The development will conform to the requirements of the *National Code of Practice for the Building and Construction Industry 1997* (the Code), the *Australian Government Implementation Guidelines for the National Code of Practice for the Building and Construction Industry 2003* (the Guidelines) and the *Building and Construction Industry Improvement Act 2005*.

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- 2.5.2 The developer will be required to ensure that only those organisations accredited under the Australian Government Building and Construction OHS Accreditation Scheme, as implemented by the Office of the Federal Safety Commissioner, are appointed to undertake works on the project.
- 2.5.3 The structural elements will be designed and constructed in accordance with the Building Code of Australia and all other statutory codes and standards that apply within the ACT.
- 2.5.4 Reference standards will be met, including the energy guidelines set out in the Australian Government's *Energy Efficiency in Government Operations* (EEGO) policy, the *Australian Building Greenhouse Rating (ABGR) Scheme*, and the Green Building Council of Australia Green Star environmental rating system for buildings; and the Property Council of Australia guidelines for A-grade buildings set out in *A Guide to Office Building Quality 2006*.

2.6 Planning and Design Concepts

- 2.6.1 The building will meet the Property Council of Australia A-grade office accommodation standards. Detail on specific design components is provided in the sections 2.7 to 2.14.

2.7 Acoustics

- 2.7.1 The Base Building Development Brief specifies that design criteria and building performance shall be in accordance with the requirements and recommendations of AS 1055.1-3: 1997, *Acoustics Description and Measurement of Environmental noise* and ACS-AIR-AIRAH Design Aids for *Noise Control in and around Buildings*.
- 2.7.2 Maximum noise levels are to be in accordance with AS/NZS 2017: 2000, *Acoustics – Recommended Design Sound Levels and Reverberation Times for Building Interiors*.

2.8 Energy Conservation Measures

- 2.8.1 The Base Building Development Brief requires that both the base building and tenancy achieve a 4.5 star Australian Building Greenhouse Rating (ABGR), with energy saving measures to be incorporated to minimise the energy load from the building occupants and users. Key energy efficiency design features include:
- use of extensive shading and high performance glass to minimise solar glare to maximise natural lighting and visual comfort levels to the occupants;

- high efficiency low temperature variable-volume air-conditioning systems;
- pollutant-controlled variable-speed car park fans;
- high efficiency lighting systems using single lamp T5 light fittings;
- electricity and gas sub-metering systems;
- high efficiency reticulated gas domestic hot water services with water conservation fittings; and
- state-of-the-art commissioning and post-occupancy tuning and monitoring processes (Building Monitoring Control System – BMCS) to ensure that all technologies in the building are functioning as intended and that energy efficiency is maximised.

2.8.2 The development brief also requires a 5 star Green Star rating for both the base building and tenancy.

2.9 Provisions for People with Disabilities

2.9.1 The Base Building Development Brief details a number of requirements for people with disabilities, including:

- the building shall be designed to the latest editions of the following:
 - the mandatory parts of the Building Code of Australia;
 - AS 1428.2: 1992, Design for Access and Mobility Part 2: Enhanced and Additional Requirements - Buildings and Facilities;
 - NBTC notes on the Science of Building Nos. 200 to 207 “Access for Disabled People”;
- persons with disabilities shall have access to buildings occupied by the Commonwealth without unnecessary segregation or isolation from other users;
- disabled parking for visitors and staff;
- disabled sanitary facilities on each floor; and
- suitable access to and within the building.

2.10 Heritage Issues

2.10.1 There are no known heritage considerations.

2.11 Child Care Facilities

2.11.1 The proposed new building includes space for a 100 place childcare facility that will deliver benefits to Health staff and the general public more broadly.

2.11.2 IP Australia has also indicated its commitment to the provision of a suitable childcare facility for its staff in the vicinity of Discovery House, Woden. As a result, IP Australia has proposed to enter into a financial commitment and an arrangement to enable its staff to access the proposed childcare facility.

2.11.3 The childcare facility will be sublet, fitted out and operated by a suitable childcare services provider.

2.12 Fire Protection and Security

2.12.1 The Base Building Development Brief details a number of requirements in relation to fire protection, including:

- integrated operation of the air handling plant and the building fire protection system is required to meet the current Building Code of Australia and AS 1668 Part 1, where applicable, and, in particular, the section on Smoke Exhaust and Stairwell Pressurisation; and
- the building is to be designed and constructed to meet the fire safety requirements of:
 - the Building Code of Australia;
 - the relevant Territory Building Regulations and AS 2118.1 for sprinkler systems;
 - AS 2118.1 relating to fire protection;
 - the ACT Fire Brigade requirements;
 - the BCA for fire egress minimum travel distances;
 - AS 1668.1 for fire protection in air conditioning design; and
 - AS 2220 for Emergency Warning and Inter Communication Systems.

2.13 Occupational Health and Safety (OHS)

2.13.1 The department will ensure that the parties involved in the base building and fitout construction are accredited under the Australian Government Building and Construction OHS Accreditation Scheme through the Office of the Federal Safety Commissioner.

2.13.2 The building contractor will be required to develop and implement a comprehensive safety management plan for the project.

2.13.3 The building's fitout will be designed to meet Health guidelines. These guidelines make specific reference to OHS issues and will allow for

improvements in staff OHS, including work point ergonomics, lighting, air conditioning, building security and emergency evacuation/control.

2.14 Landscaping

- 2.14.1 As part of the development of the Landscape Master Plan, Enviro Links Design and May and Russell Architects liaised with Asset Acceptance (Community and Infrastructure Services) to discuss and gain feedback on proposed verge-works elements during the development of the new building proposal. Enviro Links Design have also met with ACT Planning and Land Authority to discuss the project.
- 2.14.2 The proposed landscape design draws on First Fleet design elements, such as the:
- 11 sculptural 'sail' elements to the main square, representing each ship of the First Fleet;
 - a water feature providing a water element for the sculptures to 'sail' across;
 - two long lawn areas, with mounds representing waves - both lawn areas will have lines of trees to provide shade and some degree of privacy from surrounding offices; and
 - paving to the Furzer and Worgan street frontages, patterned to symbolise the wash of a ship underway at sea.
- 2.14.3 A proposed landscape master plan is included at Attachment F.

2.15 Local Impact

- 2.15.1 Health will ensure that the building contractor has in place a documented plan for the safe passage of pedestrians and motor vehicles during the construction period.
- 2.15.2 A number of existing trees and shrubs would need to be removed for the proposed development to proceed. New trees and ground cover shrubs would be planted in newly created garden beds.
- 2.15.3 It is anticipated that there will be potential for additional employment as a result of the construction works for the base building, office fitout and the manufacture of the workstations. The increase in the number of construction employees in the area will have the potential for increased trade for the local shopping centre.

2.16 Project Costs

- 2.16.1 Health will lease the office accommodation for 15-years and will undertake the office fitout. The fitout costs and ongoing operational costs will be funded from existing appropriations.
- 2.16.2 A total fitout construction cost of approximately \$67 million has been estimated for 44,500m² based on a 2006/07 cost of \$1,300 per m², escalated at 5% per annum to \$1,505 per m² in 2009/10.
- 2.16.3 The childcare facility will be incorporated into the total space leased by Health, but is additional to the proposed 44,500m² office space. However, the childcare space will be subleased, with its operation outsourced, and it will have no capital or operating expenditure implications for Health.
- 2.16.4 The design consultant's contractual arrangements stipulate that alternate design proposals are to be prepared to ensure that the agreed budget can be met.
- 2.16.5 Health has also engaged a specialist tenant advocacy/project management adviser to ensure that the fitout design and construction is managed to budget, mitigating the risk of budget overruns. The adviser will also assist Health to ensure that the building contractor provides a value for money quotation as part of the negotiated fitout works.

2.17 Lease Incentive

- 2.17.1 Health intends to directly apply any lease incentive offered against the estimated \$67 million total fitout capital cost, as this will deliver better value for money than the alternative rental offset.

2.18 Project Delivery System

- 2.18.1 The developer will construct the new building in accordance with the Base Building Development Brief produced by Health.
- 2.18.2 Fitout construction will be integrated with base-building construction and will be managed by the developer for a fitout management fee. Health representatives will be involved in the fitout construction subcontractor tender process to ensure value for money is achieved.

2.19 Construction Program

- 2.19.1 Works are proposed to commence in October 2007 with the demolition of the existing buildings. Practical completion of the proposed new building is planned for early 2010. A project schedule is included at Attachment G.

2.19.2 The developer will manage the integrated fitout with the building contractor to deliver the building and fitout for Health occupation by early 2010.

2.20 Sketch Plans

2.20.1 A design consultant has been contracted to:

- complete a Functional Design Brief (FDB); and
- develop preliminary and final sketch plans from the FDB.

2.20.2 Indicative floor plans are included at Attachment C.