
The Parliament of the Commonwealth of Australia

Fit-out of New Leased Premises for the Department of Agriculture, Fisheries and Forestry in Civic, ACT

Parliamentary Standing Committee on Public Works

May 2006
Canberra

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Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor

Members Mr John Forrest MP

Senator Michael Forshaw

Mr Harry Jenkins MP

Senator Stephen Parry

Mr Bernie Ripoll MP

Senator the Hon Judith Troeth

Mr Barry Wakelin MP

Committee Secretariat

Secretary Mrs Margaret Swieringa

Inquiry Secretaries Mr Raymond Knight

Ms Vivienne Courto

Research Officer Ms Penny Wijnberg

Administrative Officers Mr Peter Ratas



List of Abbreviations

ABGR	Australian Building Greenhouse Rating
BCA	Building Code of Australia
CCC	Cost Control Committee
DAFF	Department of Agriculture, Fisheries and Forestry
EBB	Edmund Barton Building
NICTA	National Information and Communications Technology Australia
OH&S	Occupational Health and Safety
VAV	Variable Air Volume



Extract from the Votes and Proceedings of the House of Representatives

No. 74 dated Thursday, 1 December 2005

5 PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE –
REFERENCE OF WORK – FIT-OUT OF NEW LEASED PREMISES FOR THE
DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY IN CIVIC,
ACT

Dr Stone (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved – That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Fit-out of new leased premises for the Department of Agriculture, Fisheries and Forestry in Civic, ACT.

Question – put and passed.



List of Recommendations

3 Issues and Conclusions

Recommendation 1

The Committee recommends that the Department of Agriculture, Fisheries and Forestry advise the Committee of the Department's decision in respect of the child-care facility.

Recommendation 2

The Committee recommends that the proposed fit-out of new leased premises for the Department of Agriculture, Fisheries and Forestry in Civic, ACT, proceed at the estimated cost of \$36 million, noting that this figure may be less, due to lease incentive arrangements.

Introduction

Referral of Work

- 1.1 On 1 December 2005 the proposal for the fit-out of new leased premises for the Department of Agriculture, Fisheries and Forestry (DAFF), Civic, ACT, was referred to the Public Works Committee for consideration and report in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).¹ The proponent agency for this work is the DAFF.
- 1.2 The Hon Dr Sharman Stone MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the proposed works was \$36 million excluding GST. Subject to parliamentary approval, the proposed integrated fit-out will commence in March 2007, and is due for completion by September 2007.

¹ Extract from the *Votes and Proceedings of the House of Representatives*, No. 74, Thursday 1 December 2005

Background

Department of Agriculture, Fisheries and Forestry

- 1.3 DAFF is responsible for Australia's agricultural, fisheries, forestry and food industries. Its role is to increase the competitiveness, profitability and sustainability of these industries through:
- sustainable use and management of natural resources;
 - protection of the health and safety of Australia's plant and animal industries;
 - promotion of responsive and efficient industry;
 - provision of improved market access and performance;
 - embracing new technology and practices; and
 - assisting the development skilled, financially self-reliant producers.²

Location

- 1.4 Currently, the majority of DAFF staff are located in the Edmund Barton Building (EBB), Kings Avenue, Barton, with some overflow into Bligh House, 6 National Circuit, Barton.³

Inquiry Process

- 1.5 The Committee is required by the Act to consider public works over \$6 million⁴ and report to Parliament on:
- the purpose of the work and its suitability for that purpose;
 - the need for, or the advisability of, carrying out the work;
 - whether the money to be expended on the work is being spent in the most cost effective manner;
 - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and

2 Appendix C, Submission No. 1, paragraph 1.1.1

3 *ibid*, paragraph 1.2.1

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

- the present and prospective public value of the work.⁵

1.6 The Committee called for submissions by advertising the inquiry in the *Canberra Times* on Saturday, 14 January 2006. The Committee also sought submissions from relevant government agencies, ACT government, private organisations and individuals, who may be materially affected by, or have an interest in, the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

Inspection and Public Hearing

1.7 On 17 February 2006 the Committee visited DAFF's current premises and also inspected the site and environs of the proposed works. A confidential briefing from DAFF and a public hearing were held at Parliament House, Canberra, later that day.⁶

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

6 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 17 February 2006 in Canberra

The Proposed Works

Purpose

- 2.1 DAFF proposes that the fit-out will provide a modern, efficient work environment, which will meet the Department's needs for the next 15 years. The fit-out will be designed to reduce churn costs by adopting a modular, generic approach to the provision of workspaces and offices.¹ The new building will meet Commonwealth building, environmental and security standards and will take account of the occupational health and safety (OH&S) needs of staff.²

Need

- 2.2 The proposed relocation and fit-out has been prompted mainly by the condition of the EBB which is ageing and no longer meets current codes and standards in terms of:
- the Building Code of Australia (BCA);
 - OH&S;

1 Appendix C, Submission No. 1, paragraph 1.1.4

2 Appendix D, Official Transcript of Evidence, page 2

- access equity;
- ecological sustainability; and
- security.³

2.3 The need for the proposed new office facility has also been driven by an increase in staff numbers, and the approaching expiry of the EBB lease in February 2007.⁴

Scope

2.4 DAFF proposes to lease the whole of a new building at 18 Marcus Clarke Street, Civic, ACT, with overflow of office space into the adjacent building at 3-5 London Circuit, also known as the National Information and Communications Technology Australia (NICTA) building.⁵

2.5 The proposed fit-out works include:

- integration of services into base-building works including:
 - ⇒ electrical services;
 - ⇒ air conditioning;
 - ⇒ ventilation;
 - ⇒ lighting control;
 - ⇒ data communications;
 - ⇒ security services;
 - ⇒ fire services; and
 - ⇒ hydraulic services;
- office accommodation including:
 - ⇒ partitioning for individual offices;
 - ⇒ meeting and conference rooms;
 - ⇒ reception areas;
 - ⇒ utility and store rooms;
 - ⇒ training rooms;
 - ⇒ break-out and staff facility areas; and

3 Appendix C, Submission No. 1, paragraphs 1.2.7 and 1.2.8

4 *ibid*, paragraph 1.4.5

5 *ibid*, paragraph 1.5.1

- ⇒ communication equipment rooms;
- workstations including desks and personal storage units; and
- loose furniture.⁶

Project Delivery

- 2.6 DAFF proposes to engage a developer to prepare the detailed design documentation and to construct the fit-out concurrently with the base-building. The developer will be required to comply with the Commonwealth Procurement Guidelines in tendering the trade packages and will include the cost of this additional work in the management fee.⁷
- 2.7 Subject to parliamentary approval, the developer's draft construction and integrated fit-out program will commence in March 2007 with a view to practical completion of both the base-building and integrated fit-out works by October 2007.⁸

Cost

- 2.8 The estimated cost of the proposed fit-out is \$36 million, excluding GST. This figure includes:
- contingency;
 - project management;
 - design and documentation; and
 - escalation to 2007.⁹

6 Appendix C, Submission No. 1, paragraph 1.5.12

7 *ibid*, paragraph 7.1.1

8 *ibid*, paragraph 8.1.1

9 *ibid*, paragraph 6.1.1

Issues and Conclusions

Lease Arrangements

3.1 DAFF proposes to lease the entire premises at 18 Marcus Clarke Street, with overflow of office space into the adjacent NICTA building. Both leases will commence on completion of the buildings in October 2007.¹ At the public hearing, the Committee sought confirmation that the tenancy of overflow space in the NICTA building was necessary in addition to 18 Marcus Clarke Street.

3.2 DAFF assured the Committee that tenancy of both buildings would be both cost effective and beneficial for staff amenity. It added that:

We [DAFF] have engineered ourselves into a situation where once we have a much more detailed idea of the fit-out of Marcus Clarke we can, if necessary, hand back one floor...we have kept all options open and we have done that without any financial penalty.²

1 Appendix C, Submission No. 1, paragraphs 1.5.1, 1.5.7 and 1.5.9

2 Appendix D, Official Transcript of Evidence, page 10

Lease Expiry

3.3 DAFF's existing lease on the EBB expires on 28 February 2007, with a proposed date of October 2007 for occupation and lease commencement of the new building.³ The Committee enquired how DAFF proposes to manage the proposed relocation given that its current lease will expire approximately seven months prior to the completion of the new building.

3.4 DAFF submitted that it is currently,

...negotiating with the building owner, Stockland, to see if we [DAFF] can reach a mutually acceptable, short-term extension that would allow us to stay until the new building is ready.⁴

In the event that an agreement with the building owner can not be reached, DAFF has contingencies that would involve moving the Department to an interim location prior to completion of the new building. DAFF stated that it would prefer to avoid moving twice, as this would increase disruption to its staff and clients, and assured the Committee that such potential risks have been factored into project costings.⁵

Cost Control Committee

3.5 DAFF submitted that a Project Cost Control Committee (CCC) is responsible for overseeing aspects of the relocation project including strategic direction, goal and priority setting, and making recommendations to the DAFF executive management team.⁶ The Committee asked for further information about the role of the CCC.

3.6 DAFF explained that the CCC is chaired by DAFF's Chief Operating Officer, and also includes the Chief Information Officer and the Chief Financial Officer. Advice is also sought from a representative from the Australian Quarantine Inspection Service, which is the largest unit within DAFF.⁷ Details of the CCC's operations were also discussed during the confidential briefing.

3 Appendix C, Submission No. 1, paragraphs 1.3.3 and 8.1.1

4 Appendix D, Official Transcript of Evidence, page 3

5 *ibid*, page 7

6 Appendix C, Submission No. 1, paragraph 2.1.1.1

7 Appendix D, Official Transcript of Evidence, page 11

- 3.7 The Committee strongly commended DAFF on the establishment of the CCC and its approach to the management of the project.

Workflow Concerns

- 3.8 At the hearing, the Committee observed that many agencies relocate to consolidate operations at a single location, with a view to achieving improvements in operational efficiency. Having learned that DAFF proposes to relocate into two premises, the Committee were curious to know how this arrangement would impact upon staff management and workflow.

- 3.9 DAFF responded that while it has approximately 4,200 staff:

We [DAFF] presently have more than 50 per cent of our staff geographically dispersed right around Australia so we have a much higher level problem in how we manage that, than a lot of other departments that are very central to Canberra.⁸

DAFF added that its proposed relocation to two buildings is not dissimilar to its current arrangement at EBB, where overflow is accommodated next door at Bligh House. DAFF assured the Committee that it does not anticipate any difficulties with the management of the Department over the two buildings.

- 3.10 The Committee also asked how staff would be divided across the two buildings. DAFF answered that it would deliberately choose corporate staff areas to be divided so as

...not to lose the synergy that is necessary across the core activities of the department.⁹

Building Facilities

Security

- 3.11 DAFF submitted it would seek advice from relevant security agencies and undertake a security assessment will be undertaken as part of the base-

8 Appendix D, Official Transcript of Evidence, page 4

9 *ibid*

building design and fit-out specifications.¹⁰ The Committee was interested in the security challenges presented by the new premises.

- 3.12 DAFF explained that it had met the requirements of its Protective Security Manual in designing the security measures for the new buildings. At EBB, DAFF utilises four of the six core entries and conceded that the cost of manning multiple entries with security personnel was “quite high”. At the new Marcus Clarke Building, DAFF proposes to have a single guarded entry point on the ground floor, which will achieve cost savings and improve the overall security for the Department.¹¹
- 3.13 Based on the security assessments undertaken to date, DAFF is confident that the designs of both new premises will not present any significant security risks.¹²

Café, Gymnasium, and Child-Care Facilities

- 3.14 In its main submission, DAFF submitted that the on-site provision of a café, a gymnasium and child-care facilities was being considered against the availability of those facilities in the vicinity of the new buildings.¹³ The Committee enquired into the progress of the incorporation of these facilities into DAFF’s new premises.
- 3.15 DAFF explained that it was still examining options for the inclusion of the café, a gymnasium and child-care facilities. DAFF’s lease agreement contains the option to return a portion of the ground floor to the developer, for the commercial operation of a café.
- 3.16 According to DAFF, the proposed child-care centre would need to be located on the ground floor to comply with relevant standards and requirements for such facilities. DAFF is currently conducting a staff survey to measure the demand for on-site child-care facilities, and is also exploring any other child-care options which range from an on-site facility to shared facilities with other Commonwealth agencies.¹⁴

10 Appendix C, Submission No. 1, paragraph 5.1.16.6

11 Appendix D, Official Transcript of Evidence, page 7

12 *ibid*, page 10

13 Appendix C, Submission No. 1, paragraph 5.1.3.2

14 Appendix D, Official Transcript of Evidence, page 8

Recommendation 1

The Committee recommends that the Department of Agriculture, Fisheries and Forestry advise the Committee of the Department's decision in respect of the child-care facility.

Office Configuration

- 3.17 DAFF submitted that the average space allocation per employee at the new premises could be 16.5 square metres, while the current premises provides between 17.6 square metres and 18.6 square metres per person.¹⁵ The Committee sought further detail on the benefits of reducing the average space allocation per person in the proposed new office configuration.
- 3.18 DAFF explained that the floor plate size at EBB is 1,200 square metres compared to the 2,400 square metres at the Marcus Clarke Building. The unusual floor plate design at EBB has limited the amount of usable floor space. While the larger floor plate at the Marcus Clarke building will allow for more efficient use of space through improved office configurations. DAFF continued that EBB contains more meeting rooms than are required, which will be addressed in the proposed fit-out without loss of amenity to staff.¹⁶

Staff Population

- 3.19 Part of DAFF's stated need for the project is to accommodate the anticipated growth of staff population. Whilst EBB currently accommodates most of DAFF's 1,750 head office employees, the new buildings in Civic will be capable of accommodating up to 1,900 staff.¹⁷ At the public hearing, the Committee asked for more information on DAFF's projected staffing levels.
- 3.20 DAFF were unable to specify the timeframe over which it anticipated staff numbers to increase to 1,900, but explained that it did not want to occupy new premises at maximum capacity. DAFF added that it did not wish to

¹⁵ Appendix C, Submission No. 1, paragraph 1.4.2

¹⁶ Appendix D, Official Transcript of Evidence, page 6

¹⁷ Appendix C, Submission No. 1, paragraphs 1.4.1 and 1.4.2

pay rent on empty office space, and had therefore determined a level of 1,900 staff as appropriate.¹⁸

- 3.21 DAFF reassured the Committee that, based upon its current core activity, the proposed new premises would be able to accommodate the anticipated staffing levels of the Department.¹⁹

Site Considerations

Car Parking

- 3.22 At the public hearing, the Committee sought further information about parking arrangements at the proposed new premises.
- 3.23 DAFF explained that parking at EBB is free, but that there are insufficient spaces for all staff. The number of car parking spaces at the new premises would be similar to the number provided at EBB, and DAFF therefore anticipates allocating spaces according to its existing policy.²⁰ DAFF estimated, however, that there would be approximately 600 available pay-parking spaces in the vicinity of the new buildings.
- 3.24 DAFF explained that staff had raised concerns about the use of pay-parking and had been informed that an anticipated development in Barton would increase pressure on parking availability in that area. Therefore, DAFF concluded that remaining in Barton would not necessarily resolve parking issues.²¹
- 3.25 To further examine the car parking needs of the Department, the Committee requested details of the proportion of staff that would drive to work. Information provided to the Committee subsequent to the hearing showed that 912 staff (approximately half of staff surveyed) expect that they will drive to work at least one day per week after the relocation.

18 Appendix D, Official Transcript of Evidence, page 8

19 *ibid*, page 9

20 *ibid*, page 5

21 *ibid*, page 6

Environmental Considerations

Fresh Air Flush Cycle

- 3.26 In its main submission, DAFF lists a number of features intended to help achieve best practice in environmentally sustainable design. Specifically, the Committee sought more information on the “fresh air flush cycle” proposed for the new buildings.²²
- 3.27 DAFF explained the operation of the fresh air flush cycle as follows:
- Each floor has four automatic louvre sets in various locations and also automatic temperature sensors so that when the ambient temperature outside drops to a certain point, the louvres can open and the temperature differential will automatically flush the air. This saves a lot of energy in the start-up in the morning when, normally, air-conditioning is battling to bring down the temperature of a hot building.²³
- 3.28 DAFF added that another benefit of the fresh air flush cycle is that the building would receive fresh air, rather than continual circulation of the same internal office air. Fresh air flush louvres would not be installed on the ground floor, and would therefore not pose a significant security risk.²⁴

Recommendation 2

The Committee recommends that the proposed fit-out of new leased premises for the Department of Agriculture, Fisheries and Forestry in Civic, ACT, proceed at the estimated cost of \$36 million, noting that this figure may be less, due to lease incentive arrangements.

Hon Judi Moylan MP

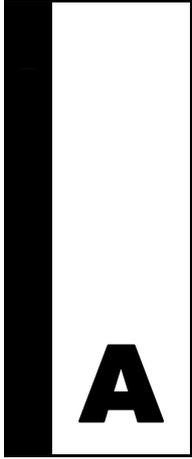
Chair

10 May 2006

²² Appendix C, Submission No. 1, paragraph 5.1.19.2

²³ Appendix D, Official Transcript of Evidence, page 6

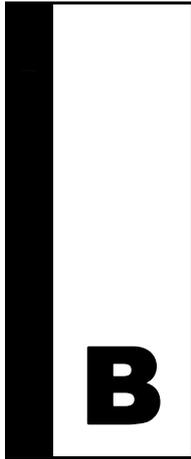
²⁴ *ibid*, page 7



Appendix A – List of Submissions

Submissions

1. Department of Agriculture, Fisheries and Forestry
2. Mr Simon Corbell, MLA, ACT Minister for Planning



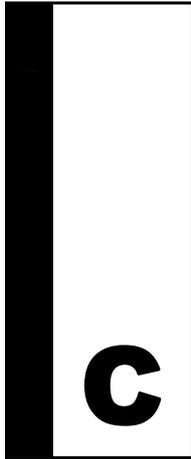
Appendix B – List of Witnesses

Mrs Yvonne Richards, Project Manager, ACT Accommodation Project,
Department of Agriculture Fisheries and Forestry

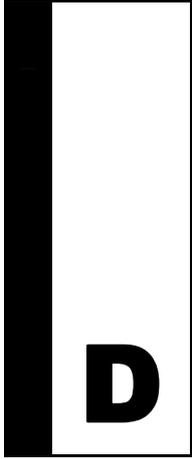
Mr William Pahl, Chief Operating Officer, Department of Agriculture,
Fisheries and Forestry

Mr Gerhard Lefiheit, Chief Information Officer, Department of Agriculture
Fisheries and Forestry

Mr Paul Wilkin, Project Manager, Property Advisory Australia Pty Limited



**Appendix C – Submission No. 1 from the
Department of Agriculture, Fisheries and
Forestry**



Appendix D – Official Transcript of Evidence