

Issues and Conclusions

Amendment to the Statement of Evidence

Air-bridges

- 3.1 Attachment C (2) of Health's statement of evidence displays two "optional bridge links" connecting the proposed building to Scarborough House.¹ Reference to an air-bridge is also mentioned at paragraph 1.6.7 indicating that the air-bridges "might be incorporated in to building design to increase departmental connectivity".²
- 3.2 At the beginning of the public hearing, Health sought to confirm the issue of the optional air-bridges stating that,
- ...there will now be no air-bridges between Scarborough House and any proposed development.³

1 Appendix C, Submission No. 1, Attachment C (2).

2 *ibid.*, paragraph 1.6.7.

3 Appendix D, Official Transcript of Evidence, page 2.

Cafeteria

- 3.3 Included in Attachment C (1) of Health's main submission is space allocated for an "optional café".⁴ As there was no further information regarding the café included in the statement of evidence, Health clarified that,

...there would be a café facility owned and operated by the property owner for the benefit of staff.⁵

Project Certainty

- 3.4 In its main submission Health states that it has proposed an integrated fit-out solution in an effort to deliver construction efficiencies, and reduce cost and risk via a tender for new office accommodation with a 15 year lease and a five year renewal option from 2009.⁶
- 3.5 During the public hearing Health stated in its opening statement, with regard to the integrated fit-out with base building construction that,
- The status of the tender negotiations also means that the fit-out design is only in a very preliminary phase.⁷
- 3.6 The issues of project and cost certainty were also discussed during public and in-camera proceedings, and the Committee commented that it would require more details of project arrangements before making any recommendation to Parliament for approval for expenditure.⁸
- 3.7 Subsequent to the hearing, Health wrote informing the Committee that it was in a position to confirm that the fit-out costs as provided to the inquiry were accurate. Furthermore, there was no material change to the design of the proposed new building as submitted to the Committee apart from the removal of the proposed air-bridges, and redesign of the landscaped areas to minimise water usage.⁹

4 Appendix C, Attachment C(1).

5 Appendix D, page 2.

6 Appendix C, paragraph 1.6.2.

7 Appendix D, page 3.

8 *ibid.*

9 Letter to Committee from Assistant Secretary, Corporate Support Branch, Department of Health and Ageing, 6 July 2007.

Project Delivery

Tender Process

- 3.8 Health stated in its main submission that fit-out construction will be integrated with base-building construction and will be managed by the developer for a fit-out management fee. Officials of the department will be involved in the fit-out construction subcontractor tender process to ensure value for money is achieved.¹⁰ The Committee sought further detail regarding the tender process, and whether a preferred tenderer had been selected.
- 3.9 The Committee discussed in detail the tender process in the confidential hearing. During the public hearing Health explained that the tender process commenced with an open expression of interest (EOI) to market seeking new accommodation in the Woden area. All submissions to the EOI were considered and identified to go into a select tender process which was conducted as per Commonwealth procurement guidelines. Through the evaluation process, a preferred tenderer was selected and Health is currently in the negotiation phase with that preferred tenderer.¹¹
- 3.10 At the Committee's request, subsequent to the hearing Health submitted an update on the tender process and negotiations with the preferred tenderer.

Options Considered

- 3.11 The four future accommodation options considered by Health were:
- 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.¹²
- Health's preferred option on a new building in the Woden precinct, in the vicinity of Scarborough House, will meet stated accommodation objectives

10 Appendix C, paragraph 2.18.2.

11 Appendix D, page 4.

12 Appendix C, paragraph 1.4.1.

and provide the best value for money, long-term accommodation solution.¹³

- 3.12 The Committee stated on the public record that the cost details of the various options were discussed during in-camera proceedings and that the differences in costs were significant. Health confirmed this evidence at the public hearing and continued that it was assessed that the upgrade of Health's current accommodation to a 4.5 Australia Building Greenhouse Rating (ABGR) incurred a level of cost and funding that was beyond that which the Department would receive for constructing a new building.¹⁴

Office Configuration

- 3.13 In its main submission Health explained that the scope of integrated fit-out included:

- 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.¹⁵

The Committee requested further detail about the specific workstation area allocation and the comparison with current office configuration.

- 3.14 Health informed the Committee that the proposed office configuration is based on the Scarborough House layout, thereby maintaining continuity between the Health building fit-outs. Open office area workstations would be allocated approximately 7 square metres per workstation. Senior executive officers will be allocated office spaces.¹⁶

13 *ibid.*, paragraph 1.5.1.

14 Appendix D, page 4.

15 Appendix C, paragraph 2.2.1.

16 Appendix D, page 9.

Environmental Considerations

Water Conservation

3.15 Water conservation is an issue that has repeatedly been raised in recent Inquiries and been the source of much discussion and consideration by proponent agencies and the Committee alike. As such, the Committee requested further information regarding the water saving initiatives that Health have incorporated into building and fit-out design.

3.16 Health's consultant responded that,

The base building brief, which was tendered to the proponent, has a requirement for 4.5 star ABGR and Green Star. However, the local authorities have a requirement that, to successfully obtain development approval, the developer has to build retention and detention tanks. The detention tank will be used for flushing toilets.¹⁷

Health is yet to determine whether other water conservation initiatives, such as waterless urinals and timers on the showers, will be included into building design.

Recommendation 1

The Committee recommends that the Department of Health and Ageing provide further details of the water conservation measures proposed as part of the building and fit-out design.

Consultation

3.17 A 'Communication Strategy' was developed by Health for internal and external formal and informal consultation which included:

- briefings for the Executive and work area managers;
- work area involvement in the development of specific requirements;
- staff consultation and information sessions;

17 Appendix D, page 6.

- staff representative consultation and information sessions; and
- an intranet site to provide information and for staff questions and feedback.¹⁸

3.18 Health's main submission includes a list of external stakeholders and a list of members of Federal Parliament and the ACT Legislative Assembly with whom Health has consulted.¹⁹

Australian Public Trustees

3.19 Australian Public Trustees (APT) is trustee of the Government Property Trust, which owns Penrhyn House. Penrhyn House is one of the five Woden leases currently held by Health, and is adjacent to the proposed new building.

3.20 APT made a submission to the inquiry stating that a number of factual errors were contained in Health's main submission.²⁰ Health responded to these claims in its supplementary submission, specifically addressing two of the seven issues raised by APT.²¹ The Committee sought further information on how Health had addressed the issues and raised by APT and any consultative process that has been undertaken.

3.21 At the public hearing, Health explained that APT did seek to tender for the proposed project, however submitted its tender late. Subsequent to the hearing Health provided a copy of the list of organisations invited to tender, and the letter inviting for tenders containing details such as project scope and specification, and closing time and date for submission.²²

3.22 Health continued that, at the time of the hearing, it was still in negotiation with tenderers, and that once the preferred tenderer had been selected Health would debrief APT, and other tenderers, on the tender process. Health assured the Committee that any outstanding issues would be discussed during the debrief with APT. The Committee requested that Health report back to the Committee once the meeting with APT had taken place.²³

18 Appendix C, paragraph 1.9.2.

19 *ibid.*, paragraph 1.9.3 and Attachment E.

20 See *Volume of Submissions*, Submission No. 2, Australian Public Trustees.

21 See *Volume of Submissions*, Submission No. 5, Department of Health and Ageing (supplementary submission).

22 Letter to Committee from Assistant Secretary, Corporate Support Branch, Department of Health and Ageing, 6 July 2007.

23 Appendix D, page 11.

- 3.23 Subsequent to the hearing, Health informed the Committee that it had met with APT and that all outstanding issues had been addressed to the satisfaction of both parties.²⁴

Recommendation 2

The Committee recommends that the Department of Health and Ageing continue close consultation with all relevant stakeholders.

Staff Consultation

- 3.24 The Committee enquired as to the level of staff consultation that Health had undertaken to date. Health responded that,

Staff are aware of the concept of stage 2 of the central office accommodation plan, through a number of communications both locally within the various buildings and through a couple of messages the Secretary has put out to staff. From a function design point of view, detailed staff consultations regarding fit-out requirements and local business needs are due to be undertaken in the next couple of weeks.²⁵

Recommendation 3

The Committee recommends that the Department of Health and Ageing report to it on the outcome of the detailed staff consultations regarding the proposed fit-out.

Fire Authorities

- 3.25 Health's main submission stated that the base building brief incorporated a number of fire protection initiatives.²⁶ The Committee sought clarification whether there had been any consultation with the local fire authorities with regard to the proposed project.
- 3.26 Health responded that the local fire department had been notified of a development approval and building application, and were provided the

24 Letter from Chief Operating Officer, Department of Health and Ageing, 11 July 2007.

25 Appendix D, page 9.

26 Appendix C, paragraph 2.12.1.

opportunity to scrutinise building plans. The fire department may provide advice as to whether the proposed building plans are in accordance with BCA and associated fire protection requirements.

- 3.27 At the time of the hearing, Health understood that base building plans were progressing through this process. Health added that,

...we [Health] have only thought of block planning and numbers, we do not have a plan as yet how we are going to plan them. Once we get to the provisional sketch plan stage, our consultants will have a fire consultant on board, who will consult with the fire brigade to ensure the safety of the staff.²⁷

Staff Amenities

Childcare Facility

- 3.28 In its main submission Health proposed to lease space in the new building for a childcare facility which would provide 100 places. It is envisaged that an independent childcare service provider would sublet the space and fund a purpose-designed fit-out. The childcare facility would be a cost neutral arrangement, having no capital or operating expenditure implications for the Department.²⁸ The Committee asked for further information on the current and proposed childcare provisions and the associated arrangements.
- 3.29 Currently each Health staff member must make individual childcare arrangements, therefore Health views the inclusion of a childcare facility as a benefit to some individuals and families within Health. Whilst a formal survey has not been conducted, Health proposed that the provision of childcare would be brought to staff members' attention in due course.²⁹ Health informed the Committee that an EOI had not yet been sought.
- 3.30 Health continued that the proposed arrangement for childcare would be between the staff member and the childcare operator, without any involvement from the Department. Health stated that whilst other federal departments in the area have indicated interest in the childcare facility, Health personnel would receive preference of access.³⁰

27 Appendix D, page 12.

28 Appendix C, paragraph 1.10.1.

29 Appendix D, page 7.

30 *ibid.*, page 8.

Recommendation 4

The Committee recommends that the Department of Health and Ageing inform the Committee of the final arrangements for the proposed childcare facility.

Car Parking Bays

- 3.31 In its main submission Health states that the proposed new building will include 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.³¹ The Committee enquired as to how the proposed car parking arrangements differ from current arrangements.
- 3.32 During the public hearing Health informed the Committee that the proposal incorporated approximately 370 car parking spaces and 20 motorcycle bays, which represents more than the Department requires by way of entitlements for staff. However, at the time of the hearing, Health had not yet determined how excess car parking bays would be allocated.³²

Recommendation 5

The Committee recommends that the Department of Health and Ageing inform the Committee of the car parking arrangements, once finalised, for the proposed building.

Bicycle Parking

- 3.33 Included in the parking design of the proposed building is to incorporate 120 bicycle parking spaces.³³ The Committee enquired as to how Health determined the level of bicycle accommodation, and associated facilities, to be provided.
- 3.34 Health responded that it considers itself a department that encourages a healthy lifestyle, part of which may include riding a bicycle to work. Furthermore, the base building is designed to 5-star Green Star level, in addition to the 4.5 star ABGR. Part of achieving a 5-star Green Star rating

31 Appendix C, paragraph 1.6.4.

32 Appendix D, page 5.

33 Appendix C, paragraph 1.6.4.

is the provision of an appropriate level of bicycle parking spaces. Whilst the design is still at a schematic stage, Health's consultant will be undertaking staff consultation to further gauge the level of bicycle usage.³⁴

Future Growth

- 3.35 Health indicated in its main submission that part of the reason for adopting the proposed course of action was to meet predicted future space requirements to enable the collocation of all central office personnel into two leases, including Scarborough House, so as to maintain and further enhance the operational efficiencies achieved via stage 1 (Scarborough House) of the project.³⁵ The Committee sought further information regarding current and predicted future staff numbers, and how Health proposed to address changes in staffing levels.
- 3.36 Health responded that according to its 2005-06 Annual Report, the number of staff is approximately 3,050. Due to a number of budget measures for aged care, Health estimates that it currently has between 3,200 and 3,300 personnel.
- 3.37 Health has estimated that it will have about 4,000 work points which includes those at Scarborough House, and that there will be an estimated increase in the number of work points that will be available in the new building.³⁶

Recommendation 6

The Committee recommends that the proposed fit-out of new leased premises for the Department of Health and Ageing in the Sirius Building, Woden Town Centre, Australian Capital Territory, proceed at the estimated cost of \$67 million.

34 Appendix D, page 6.

35 Appendix C, paragraph 1.5.1.

36 Appendix D, page 5.

Hon Judi Moylan MP

Chair

9 August 2007

