

The Proposed Works

Need

- 2.1 Health has been situated in the Woden Town Centre area since the development of the town centre concept in the early planning of Canberra. As the Department has expanded, additional office space has been taken up in surrounding buildings. Health currently occupies 46, 000 square metres of leasehold accommodation across 15 sites in the ACT, 12 of which are in the Woden Town Centre.
- 2.2 The need for the proposed works is driven by Health's objective of consolidating its Canberra activities into two buildings (one of which will be Scarborough House) and the organisational benefits that will arise from such consolidation including:
- cost and operational efficiencies, including collocation of fragmented leases; and
 - the provision of a modern working environment for employees.¹

Scope

- 2.3 Health has negotiated to lease the Scarborough House building from IBA for 10 years, with a further five year option, and will be undertaking its own fit-out.

¹ Appendix C, Submission No. 1, paragraph 1.5.1.

- 2.4 Scarborough House has stood empty and unused for some years and requires complete refurbishment.
- 2.5 Works required to meet Health's objectives comprise:
- integration of electrical, mechanical, security, communications, fire and hydraulic services into base-building works; and
 - general office fit-out to meet Health's requirements, including security and reception facilities, office areas, meeting rooms, utilities, conference and training facilities, secure areas for incident rooms, and accommodation for the Departmental Secretary.²

Purpose and Suitability

- 2.6 Health expects that rationalisation of accommodation will result in a number of operational and administrative benefits, specifically:
- cost efficiencies;
 - technological improvements in services;
 - infrastructure efficiencies; and
 - efficiencies in work allocation and resource use.³

Cost

- 2.7 The total estimated cost of the proposed fit-out project is \$18.5 million. These costs include:
- workstations and loose furniture;
 - joinery/fittings/compactus partitions, walls, ceilings, doors and hardware;
 - services;
 - preliminaries;
 - project management and consultant fees;
 - contingencies;
 - escalation to completion; and
-

2 Appendix C. Submission No. 1, paragraph 2.2.2

3 ib id, paragraph 1.1.3

- GST.
- 2.8 The fit-out budget is set at the rate of \$1000 per square metre, which is in the mid-range for government fit-outs in Canberra.
- 2.9 Health has engaged a project manager to ensure that the design is managed to budget, thereby limiting the possibility of design overruns.⁴

Value for Money

- 2.10 Health believes the proposed development to be a cost-effective property solution. The collocation of Health's Canberra offices at Scarborough House is expected to result in operational and administrative efficiencies, and also to generate savings in property expenses, by consolidating fragmented leases into one site.
- 2.11 As Health will be the sole tenant of the Scarborough House property, there are also operational and financial advantages to be gained from incorporating Health's specific requirements into the base-building structure.
- 2.12 As part of their agreement with IBA, Health has negotiated a monetary incentive in the form of a two-month rent-free period on the new premises.⁵
- 2.13 In terms of broader public value, it is expected that the project will generate 250 jobs in the local construction industry and some direct employment opportunities will be created in the manufacture of workstations.
- 2.14 Once the fit-out has been completed and the building is occupied, Health believes that there is potential for increased trade at the local shopping centre.⁶

4 Appendix C, Submission No. 1, paragraph 2.16.6

5 ib id, paragraph 1.10.2

6 ib id, paragraph 2.15.2

