

## The Proposed Works

### Purpose

- 2.1 Health's long-term accommodation strategy is to consolidate central office functions into two sites in the Woden Town Centre thus enhancing operational efficiencies.<sup>1</sup>
- 2.2 The first stage of the central office accommodation project, and subject of the PWC's second report of 2004 *Fit-out of New Leased Premises for the Department of Health and Ageing at Scarborough House, Woden Town Centre, ACT*, was completed in 2005 and involved the fit-out and long-term lease of Scarborough House and the collocation of most other central office personnel to the Woden precinct.<sup>2</sup>
- 2.3 Stage 2 of the project involves the acquisition of suitable long term accommodation for the remainder of the central office, thus addressing deficiencies in the non-Scarborough House leases. Health would prefer to locate all central office personnel within the Woden precinct.<sup>3</sup>

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1 Appendix C, Submission No. 1, paragraph 1.1.5.

2 *ibid.*, paragraph 1.1.4.

3 *ibid.*, paragraph 1.1.5.

## Need

- 2.4 Health states in its submission that 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. According to Health, the current office accommodation is of poor quality (generally C grade); does not meet the Government's 4.5 star Australian Building Greenhouse Rating (ABGR) requirements; has high maintenance costs; and cannot cater for future departmental growth.<sup>4</sup>

## Options Considered

- 2.5 The options that Health considered were as follows:
- 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.<sup>5</sup>
- 2.6 The first three options were dismissed due to issues such as cost, value-for-money and location disadvantages.<sup>6</sup>
- 2.7 Health's preferred option of a new building in the Woden precinct, in the vicinity of Scarborough House, will meet stated accommodation objectives and provide the best value for money, long-term accommodation solution. Other benefits include:
- 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 through stage 1 of the project;
  - meet the Australian Energy Efficiency in Government Operations (EEGO) policy requirements;

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4 *ibid.*, paragraphs 1.1.3 and 1.31.

5 *ibid.*, paragraph 1.4.1.

6 *ibid.*, paragraphs 1.4.2 – 1.4.6.

- further reduce operating and maintenance costs for central office accommodation; and
- deliver improved security and staff amenities.<sup>7</sup>

## Scope

- 2.8 Health is seeking to secure a single 15-year lease for 44,500 square metres of new office space, in addition to Scarborough House, to accommodate approximately 3,100 personnel from 2009-10.<sup>8</sup>
- 2.9 The proposed new building will comprise:
- Property Council of Australia A-grade quality office accommodation of approximately 44,500 square metres Net Lettable Area (NLA), plus 800 square metres of associated facilities, including storage and mail rooms;
  - a generalised “L” shaped building with two contiguous 10 storey office towers – North Building 24,000 square metres NLA and the South Building 20,500 square metres NLA;
  - energy efficiency ratings of 4.5 star ABGR and 5 Green Star;
  - disabled access and facilities;
  - men’s and women’s 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.<sup>9</sup>
- 2.10 The fit-out 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.<sup>10</sup>

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7 *ibid.*, paragraph 1.5.1.

8 *ibid.*, paragraph 1.1.6.

9 *ibid.*, paragraph 1.6.4.

10 *ibid.*, paragraph 1.1.7.

- 2.11 The proposed works will include:
- architecturally designed office fit-out 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 and 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.<sup>11</sup>
- 2.12 In addition to office space, Health also proposes to lease space in the new building for a childcare facility.<sup>12</sup>

## Project Delivery

- 2.13 Fit-out construction will be integrated with base-building construction and will be managed by the developer for a fit-out management fee. Representatives of Health will be involved in the fit-out construction sub-contractor tender process to ensure value for money is achieved. The developer will manage the integrated fit-out with the building contractor to deliver the building and fit-out for Health occupation by early 2010.
- 2.14 Pending parliamentary approval, works are proposed to commence in October 2007 with the demolition of existing buildings and practical completion of the new building scheduled for early 2010.<sup>13</sup>

## Cost

- 2.15 The fit-out construction cost of \$67 million has been estimated for 44,500 square metres based on a 2006/07 cost of \$1,300 per square metre, escalated at 5% per annum to \$1,505 per square metre in 2009/10.<sup>14</sup>
- 2.16 Health submitted that it intends to utilise any lease incentive against the \$67 million fit-out cost as this will deliver better value-for-money than the alternative rental offset.<sup>15</sup>

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11 *ibid.*, paragraph 1.6.10.

12 *ibid.*, paragraph 1.10.1.

13 *ibid.*, paragraph 2.18.2 and 2.19.1.

14 *ibid.*, paragraph 2.16.2.

15 *ibid.*, paragraph 2.17.1.