

Issues and Conclusions

Costs

Savings from Collocation

- 3.1 The Health submission stated that there was a saving in property operating expenses to be realised from collocating Health's fragmented leases in the Woden Town Centre area into one site, the Scarborough House building.¹
- 3.2 At the public hearing, the Committee asked Health if it could expand on the cost efficiencies to be realised from the collocation.
- 3.3 Health indicated that savings of \$350, 000 per annum could be derived from collocating security arrangements, energy, repair and maintenance costs. Having one location as opposed to several outlying leases would result in additional savings in the travel costs of Health employees coming into the Woden area for meetings, venue hire, courier and freight charges.²
- 3.4 The Committee requested that Health supply it with a copy of the savings analysis. This information was supplied subsequent to the public hearing.

1 Appendix C, Submission No. 1, paragraph 1.10.1

2 Appendix D, Official Transcript of Evidence, page 4

Lease Comparisons

- 3.5 In written evidence, Health outlined the lease arrangement for the Scarborough House building. Health has negotiated a weighted average rent of \$274.06 per square metre over 16, 000 square metres of office space.³
- 3.6 At the hearing, the Committee was interested to learn how the rental rate for Scarborough House compared with the current rental rate paid by Health for its various fragmented leases, and whether the escalation arrangements for the new lease compared favourably with leases entered into by other departments in the Woden area.
- 3.7 Health advised the Committee that the existing aggregates are slightly less than the proposed rental rate for Scarborough House. The escalation rate for the lease is fixed at three per cent per year, with a mid-way option for market review. Health commented that while it was not sure how favourably the lease compared with other departments' leases in Woden, it compared very favourably with Health's other leases in the area.⁴

Relocation

- 3.8 At an earlier confidential briefing provided by Health, the Committee learnt that part of the budget had been set aside for staff relocation. At the hearing, the Committee commented that this seemed a considerable amount of money and asked Health to elaborate on the cost.
- 3.9 Health explained that the relocation costs might be higher because the figure allowed for a number of moves:
- “In effect, there could be one, two or three moves of people to realign our business entities so there is better cohesion between them.”⁵
- 3.10 At the request of the Committee, Health subsequently supplied a detailed cost breakdown of the relocation figure.

3 Appendix C, Submission No. 1, paragraph 1.10.3

4 Appendix D, Official Transcript of Evidence, page 7

5 ib id, page 8

Cost Escalation and Contingency Arrangements

- 3.11 Health's written submission contained conceptual floor plans for the fit-out. At the hearing the Committee voiced its concerns regarding the short time left for the contracted designer to finalise the design work, and the potential for cost escalation if the plans were not completed on time. Health said that the designer was confident that the deadline would be met.⁶
- 3.12 The Committee also wanted to know if Health had made any contingency allowances for the temporary relocation of staff should construction delays occur. Health replied that while no allowance had been made for that, the building owners would be responsible for meeting any extra costs incurred. Health reiterated its confidence at being able to move into Scarborough House on time.⁷
- 3.13 In view of the project's tight timeframe and the potential for costs to increase if deadlines were not met, the Committee requested that Health supply it with a timeline for the duration of the project. Health later provided the Committee with that information.

Building Amenities

Child-care Facilities

- 3.14 In written evidence Health said that it had decided against the provision of child-care facilities in the new fit-out on the basis that adequate facilities were available elsewhere in the Woden Town Centre and staff were simply relocating within the town centre rather than moving to a new area.⁸
- 3.15 At the public hearing, the Committee inquired if there had been any investigation into whether there were sufficient child-care places available in those child-care facilities located in the Woden Town Centre area. Health reiterated that employees will not be moving from other locations and that parents who wished to make use of the existing child-care facilities in the local area were already doing so.⁹

6 Appendix D, Official Transcript of Evidence, page 9

7 ib id, page 10

8 Appendix C, Submission No. 1, paragraph 2.11.1

9 Appendix D, Official Transcript of Evidence, page 5

- 3.16 Health told the Committee that there was another reason why child-care facilities were not included in the fit-out:

“The second reason for not including them is that the building has no external area for children to play. It is a hard, landscaped surface in a locked area of land, and there are no facilities available adjacent to the building.”¹⁰

- 3.17 Health added that it had undertaken with staff to revisit the child-care issue in the accommodation for 2009.¹¹

Cycle Accommodation

- 3.18 The Committee wanted to know whether the proposed works would accommodate those employees who wished to cycle to work. Health informed the Committee that bicycle spaces will be provided in the basement.¹²

Fire Safety

- 3.19 In written evidence, Health supplied details of the fire protection measures that will be built into the building design to ensure compliance with the Building Code of Australia.¹³
- 3.20 Elaborating on this at the hearing, the Committee sought assurance from Health that the proposed fit-out of Scarborough House would incorporate appropriate fire safety provisions, in particular evacuation procedures in the event of a fire or some other adverse event. Health confirmed that its consultant would ensure appropriate evacuation procedures were incorporated into the fit-out design.¹⁴

Provision for People with Disabilities

- 3.21 The Committee asked Health to comment on the proposed works’ provision for people with disabilities. Health said that the base building had been subject to checks by ACROD (the National Industry Association for Disability Services) to ensure that it complied with best practice. Health had a number of staff with disabilities and their views, along with

10 Appendix D, Official Transcript of Evidence, page 6

11 ib id

12 ib id, page 5

13 Appendix C, Submission No. 1, paragraph 2.12.2

14 Appendix D, Official Transcript of Evidence, page 10

those of occupational health and safety representatives, had been sought via the staff consultative forum process.¹⁵

Personal Workspace Environment

3.22 The Health submission stated that:

“Employees will be moving into an A class building with modern amenities.”¹⁶

3.23 In the context of that statement and given that little information on individual work space allocations was supplied in written evidence, the Committee wished to know if the intended workspace per employee was to increase, decrease or remain the same in the proposed works. Health told the Committee that the workspace per employee would be diminished slightly, but that the intended allocation of 14.6 square metres per person remained within acceptable departmental ranges.¹⁷

3.24 The conceptual floor plans provided in Annexure A of the Health submission indicated that up to 100 employees would be accommodated on each floor in an open plan setting.¹⁸ The Committee expressed its concern about the potential for background noise and questioned Health about mitigation measures.

3.25 Health acknowledged that the issue of sound intrusion from one area to another had been of some concern and was one of the questions asked of all the buildings visited for comparison. However, Health said that:

“In most cases, people were comfortable with the way in which their own workspace was set up and they did not find the noise intrusive.”¹⁹

15 Appendix D, Official Transcript of Evidence, page 10 – 11

16 Appendix C, Submission No. 1, paragraph 1.5.1

17 Appendix D, Official Transcript of Evidence, page 5

18 Appendix C, Submission No. 1

19 Appendix D, Official Transcript of Evidence, page 11

Consultation

Staff

- 3.26 In written evidence, Health outlined a Communication Strategy established to effect consultation with internal and external stakeholders. Measures targeted specifically at Health staff included:
- the establishment of a Reference Group;
 - staff information sessions; and
 - an intranet site which supplies information and allows questions and feedback.²⁰
- 3.27 The Committee was interested to learn more about the extent to which staff had been consulted and had direct input into the design process for fit-out work areas.
- 3.28 Health told the Committee that a staff consultative forum was formed in December 2003. The consultative forum had met in January 2004 and had since been provided with a number of presentations and tours of Scarborough House and other, similar departmental fit-outs.²¹ Health had developed a process whereby employees on the consultative forum went back to their work areas to discuss with colleagues the various fit-outs they had seen. Employees were going to write back to Health with staff feedback and suggestions. Health intends to use that feedback in its brief to the architect.²²
- 3.29 In addition, at the hearing, Health tabled a letter from one of the union representatives on the consultative forum which indicated that the forum was generally comfortable with the level of consultation, the information provided to it, and the opportunity to have input into the fit-out.²³

Australian Greenhouse Office

- 3.30 Health's written submission described a range of energy conservation measures which are to be incorporated into the proposed fit-out,²⁴ however it made no mention of consultation with the Australian

20 Appendix C, Submission No. 1, paragraph 1.91

21 Appendix D, Official Transcript of Evidence, page 5

22 ib id, page 9

23 Appendix D, Official Transcript of Evidence, page 5 and Exhibit 1

24 Appendix C, Submission No. 1, paragraph 2.8.1

Greenhouse Office (AGO) regarding energy conservation targets. The Committee was therefore interested to learn whether the AGO had been consulted.

3.31 Health confirmed that it had been in consultation with the AGO on this issue, stating that:

“Agreement was reached on 27 February 2004, with the Australian Greenhouse Office, for the renovated Scarborough House to achieve a target combined base building and tenant light and power consumption of 581 megajoules per square metre. This equates to a 4½- star Australian building greenhouse rating.”²⁵

Recommendation 1

The Committee recommends that the proposed fit-out of new leased premises for the Department of Health and Ageing at Scarborough House, Woden Town Centre, ACT, proceed at the estimated cost of \$18.5 million.

Hon Judi Moylan MP

Chair

2 June 2004

