

Proposed Fit-Out of New Leased Premises for the Department of Education, Employment and Workplace Relations at Block 9, Section 31, Canberra, ACT

- 2.1 The proposed fit-out of the new leased premises for the Department of Education, Employment and Workplace Relations (DEEWR) at Block 9, Section 31, Canberra, ACT aims to co-locate office accommodation for the Department, consolidate existing leases and provide employees with a modern, efficient work environment which will meet their needs for at least the next 15 years. The estimated cost of the project is \$66.6million (excluding GST.)
- 2.2 The proposal was referred to the Committee for inquiry on 18 March 2008.

Conduct of the inquiry

- 2.3 The inquiry was advertised in the *Canberra Times* on 19 April 2008. The Committee received two submissions to the inquiry and one confidential submission detailing the project cost estimates. A list of submissions can be found at Appendix A.
- 2.4 The Committee undertook a site inspection, in-camera hearing and public hearing on 6 June 2008 in Canberra. A list of witnesses can be found at Appendix B.

- 2.5 The transcript of the public hearing as well as the submissions to the inquiry are available on the Committee's website¹. Plans for the proposed works are detailed in Submission 1, Department of Education, Employment and Workplace Relations.

Need for works

- 2.6 The purpose of the proposed works is to create efficiencies by the co-location of 2550 of the 4600 Canberra-based staff who are currently housed in 21 different locations. These buildings range in quality and design, many of which no longer meet energy and security requirements.²
- 2.7 In late 2005, the then Department of Education, Science and Training (DEST) developed plans to accommodate all their national office staff in one building and called for expressions of interest for the project. The proposed new development on the site at Block 9, Section 31, City was selected and an Agreement to Design, Construct and Option to Lease (ADCOL) signed by the Department in October 2007. In November 2007 DEST was amalgamated with the Department of Employment and Workplace Relations (DEWR) which almost doubled the department's staffing level.³
- 2.8 The Committee notes that the new building will only accommodate approximately half of DEEWR's Canberra based staff. The Committee appreciates that changes to the structure of the Department brought about by machinery of government changes since original planning of the project began have resulted in a considerable increase in staff numbers.
- 2.9 DEEWR indicated to the Committee that it intends to manage its continuing lease arrangements and its new building by rationalising and consolidating the existing lease portfolio as leases expire, reorganising staff location to promote more efficient and effective working arrangements for business groups and teams.⁴

1 <www.aph.gov.au/pwc>

2 Submission 1, DEEWR, p. 3 & p. 6.

3 Submission 1, DEEWR, p. 3

4 Submission 1, DEEWR, p. 5.

Mr Burmester, DEEWR, Proof Transcript of Evidence, 6 June 2008, p. 3.

Scope of works

2.10 The proposed scope of works is detailed in Submission 1, Department of Education, Employment and Workplace Relations.⁵ In short, the works propose the following:

- allocated office space for SES and EL2 officers;
- open plan office accommodation for EL1 and APS Level officers;
- flexible, modular office design and demountable partitions;
- breakout areas and kitchens;
- meeting rooms;
- theatrette on ground floor;
- mail room, equipment, storage and resource areas;
- separately air conditioned communications equipment rooms;
- carers' and first aid rooms;
- showers, lockers and bicycle storage;
- basement parking spaces;
- staff gymnasium on level 12;
- standard workstations and personal storage units; and
- loose furniture.⁶

2.11 The Department of the Environment, Water, Heritage and the Arts reviewed the proposal and additional information provided by DEEWR to assess the compliance with the Energy Efficiency in Government Operations (EEGO) policy. The Department advised the Committee that 'there is sufficient intent to comply with the relevant provisions of the EEGO policy.'⁷

2.12 The Committee has assessed the scope of works and finds them suitable to provide the facilities necessary to meet the needs of the proposed co-location of DEEWR office accommodation.

5 The submission is available on the Committee's website or by contacting the Committee Secretariat.

6 Submission 1, DEEWR, p. 10.

7 Submission 2, DEWHA, p. 2.

Cost of works

- 2.13 The total out-turn cost of this work is estimated to be \$66.6 million (excluding GST) which includes contingency, project management, design and documentation and escalation to 2010.⁸
- 2.14 The Committee received detailed cost plans for the project and held an in-camera hearing with DEEWR on the full project costs.
- 2.15 The Committee was satisfied that the costs were appropriate.

Integrated fitout

- 2.16 The proposal includes an integrated fit-out that would provide an estimated saving of approximately nine months in dead rent as the fit-out will be completed simultaneously with the base building.⁹ As Mr William Burmester, Deputy Secretary, Department of Education, Employment and Workplace Relations, explained:

Integrating the fit-out means designing the fit-out and building the base building requirements around the known, final deployment of those services. It means that you can take the base building provision and extend it to the very points that you want those services delivered to at the time that you are building the base building. If you do not do that, the only alternative is to retrofit it. Once the building is finished, you then have to design your fit-out and adjust everything that the base building has been provided with to the design that you want. ... by getting the design specified and agreed beforehand, the base builder can actually incorporate all that work in one pass of the building, so it will be cheaper overall than subsequent retrofitting.¹⁰

- 2.17 The project was referred in March 2008 with the fitout commencing concurrently with the base building construction scheduled to commence in March 2008. At the public hearing the Department provided a new schedule of work with a revised commencement date of 22 September 2008.
- 2.18 The Committee notes that the Department is committed to a long lease and there would be significant costs to the Commonwealth should the Committee not approve the fitout.
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8 Submission 1, DEEWR, p. 21.

9 Mr Burmester, DEEWR, Proof Transcript of Evidence, 6 June 2008, p. 2.

10 Mr Burmester, DEEWR, Proof Transcript of Evidence, 6 June 2008, p. 4.

Committee comment

- 2.19 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 2.20 No submissions were received raising issues with the proposed fitout. The Committee is satisfied that there are no significant reasons to object to the proposed work proceeding.
- 2.21 However, the Committee is concerned that the very late stage of referral of this work meaning that the scope of parliamentary scrutiny is limited.
- 2.22 Nevertheless, having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works proceed.

Recommendation 1

The Committee recommends that the House of Representatives resolve, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Fit-out of New Leased Premises for the Department of Education, Employment and Workplace Relations at Block 9, Section 31, Canberra, ACT.

