



11 August 2004

Mr Kevin Greene MP  
Chairman  
Standing Committee on Public Works  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Greene

### **Inquiry into Joint Use and Co-Location of Public Buildings**

The Property Council fully supports the Committee's enquiry into the joint use and co-location of public buildings. There is a significant opportunity to achieve cost savings, better value, greater flexibility and improved public facilities. These benefits would flow onto better services to the public and local communities.

The State Government has an enormous portfolio or asset base of public buildings across NSW. These include courthouses, fire stations, ambulance stations, police stations, schools (primary and high school), TAFE colleges, office buildings and hospitals. This is before considering Local Government facilities like community centres, sporting facilities and council offices. Most country towns would have one of each of these facilities. Each one is managed separately by a different Government agency. A large number of these facilities have low utilisation, are poorly maintained, are struggling to meet the community's current needs (asset age in excess of 30 years) and are inflexible.

The Government's approach to limit capital borrowings and the reduction in investment in both maintaining current buildings and meeting the future infrastructure needs of the community is exacerbating this issue. However, this approach makes co-location and joint use of public buildings even more important in order to achieve better value out of the limited available capital.

The dynamic nature of business and changing community needs means that the flexibility of new public buildings is essential to meet these changing needs. The single use approach and 50 year design life of buildings has to change. Buildings need to be able to readily accommodate change and a variety of uses over their life. For example, in some new residential developments in South Australia school buildings are provided by the private sector and leased to the Department of Education. When the demographics change the buildings can be readily converted into a community facility. This model is being introduced in new developments in the north west sector of Sydney.

# The Voice of Leadership

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Simple opportunities like co-locating state government agencies in the one office building are frustrated by senior management in each agency, a perceived loss of control, resistance to change, inadequate planning and separate non-aligned budget allocations. Combining office facilities should be easier than operational facilities (e.g. police stations) as office space is usually generic with the fitout being tailored to suit.

There is the potential for the private sector to provide and maintain joint facilities through a pre-commitment lease or a PPP. The private sector can better manage the risk for backfilling space especially if an office building.

A model that has been used to achieve better outcomes is called Integrated Infrastructure. This model combines both the needs and resources of a number of groups to achieve a better outcome. An example was the Northern Beaches Indoor Sports Centre, a four court indoor multi-use facility, located at Warriewood in Sydney. The facility was developed by combining the needs and resources from eight groups at the Federal, State and Local government, and community levels. Individually no group could have achieved this outcome. The high quality \$2M facility that was developed is flexible, has high utilisation, broad community ownership and use, and provides value for money. The project was a success due to a committed team who understood government at all levels, were persistent and could remove roadblocks.

Unfortunately, there are too few examples of co-location and joint use of public buildings in NSW. There have been a number of attempts and initiatives to develop these facilities however, most have failed due to bureaucracy, threats to work practices, and a lack of commitment to share facilities. The few examples that have been developed were the result of having a committed team representing each organisation, a shared vision and a high level champion.

Another key issue is that the planning and funding of projects across government (state and local), is undertaken independently. This silo approach as well as the supporting processes and systems do not facilitate or encourage co-location or joint use projects. Once funding is approved there is a project focus, budget and completion date which drives the project. It is then too late and very difficult to change the project to accommodate any identified opportunities. To be successful, opportunities to integrate or co-locate need to be explored during the planning phase. However, there is still no perceived incentive or benefit to an agency to explore those opportunities.

The challenge in retrofitting or adaptive reuse of existing operational buildings is that they have been purpose designed and built with little consideration for future flexibility or change of use e.g. police stations, fire stations and courthouses. Heritage issues also place constraints on adaptive reuse.

Other examples of the joint use and co-location of public buildings include :

- Hurstville Joint Emergency Services Centre combining Police, Ambulance, Fire and SES into a refurbished office building.
- The Department of Education and Training have a number of examples of co-location of school facilities with community or council library and sporting facilities.

- The NSW Government's Crown Property Portfolio (400,000sq.m) which accommodates and encourages co-location in Government office space.
- New sustainable office buildings in Nowra and Lithgow which were developed to meet the needs of a number of State agencies. This was achieved through centralising the policy and management of office space.
- Coffs Harbour Education Campus combining University, TAFE college, and senior high school. (the Audit Office undertook a review and published a report on this project).
- Bondi Police Station, a privately funded multi-storey building developed by the private sector as part of an affordable housing development.

The following were some of the key success factors and key issues from these projects.

### **Key Success Factors**

- sharing of information to allow early identification of opportunities during the planning stage of projects.
- having a champion or leader with the authority to drive and implement.
- CEO commitment from each agency.
- alignment of the various capital and recurrent funding programs.
- implementing a change management program for the occupants prior to co-location to encourage sharing between the groups and overcoming work practice roadblocks.
- setting up benchmarks to measure the improvements and benefits of the new approach. This will allow the financial and productivity benefits to be documented for future business cases and projects.
- developing a committed project team with authority to complete the project representing all groups.

### **Key Issues**

- systems and funding processes do not support these projects.
- perceived loss of control by individual agencies or councils.
- lack of co-operation, different cultures and work practices.
- funding (capital and recurrent) which is not aligned.
- long lead time to develop the project.

- lack of skills in the public sector to facilitate these projects especially during planning phase.
- poor planning and communication of needs across government .
- no perceived benefits to each group in co-location.

An example of the challenges that occur in reuse of public buildings is the redevelopment of surplus school sites. Due to changing demographics, schools become redundant. The capital investment in the school is significant and Department of Education and Training is driven by NSW Treasury to receive a return on their asset for reinvestment in new schools. There is limited alternative use of the buildings except for a private school or community/council use of hall or sporting facilities. These uses may dramatically reduce the value of the property due to the fragmentation of the site. The highest and best use is usually medium density residential and so these conflicting priorities do not encourage the adaptive reuse of the school site.

The theory and logic supports greater co-location and joint use of public buildings. However, significant structural and systemic change will be required to develop and implement a model which will facilitate these outcomes. A review of successful projects to identify the key success factors would assist in this process.

If you would like further information on this submission, please to not hesitate to contact Stephen Simpson, Chair of the Property Council's NSW Commercial Office Committee on 02 9928 2215.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Morrison', with a long, sweeping underline.

Ken Morrison  
**NSW Executive Director**