

Frequently Asked Questions – Bendigo GovHub

The Greater Bendigo City Council has confirmed its commitment to the \$90M Bendigo GovHub project.

At the February 2019 Council meeting, Council resolved for the City of Greater Bendigo to become a tenant in the new Bendigo GovHub project, which will be constructed on the site of the City's Lyttleton Terrace office. At this meeting, Council agreed in-principle to sell the site to Development Victoria, which is building the GovHub on behalf of the Victorian Government.

At the May 20, 2020 Council meeting, Council agreed to sell the site for \$5.5M and enter into an initial 20-year lease agreement with the Department of Treasury and Finance.

What is the Bendigo GovHub?

The Bendigo GovHub is a Victorian Government project that will place a range of government departments and agencies in one building.

GovHubs are considered a new, centralised way of doing business in regional Victoria that focus on enhancing customer service. GovHubs also help to revitalise city centres and deliver a range of economic benefits during construction and ongoing operation, particularly to neighbouring retail and hospitality businesses.

Why is the City of Greater Bendigo involved?

The 2013 Independent Review of the City of Greater Bendigo recommended advocating and planning for the consolidation of City offices to enable the more efficient delivery of services.

Recommendation 11 – Advocate and plan for consolidation of City offices was included as one of Council's top 10 priorities from the Independent Review.

Where will the GovHub be developed?

It will be developed on the site of the City of Greater Bendigo office on Lyttleton Terrace, which includes the former main office and three surrounding buildings (all of which are owned by Council).

How much is Council selling the Lyttleton Terrace site for and who will it be sold to?

The site has been valued at \$5.5M, excluding GST.

The Valuer-General Victoria, Victoria's independent valuation authority, valued the site and set the sale price. All proceeds from the sale will go towards Council's cost of fitting out the building (e.g. installation of desks, chairs, computers, printers etc.). The developer will be responsible for the costs associated with clearing the site.

The site is being sold to Development Victoria, which will build the project on behalf of the Victorian Government. The sale will be managed in accordance with the requirements of the Local Government Act (1989 and 2020).

When will construction start?

Demolition is expected to commence mid-year, subject to the relevant approvals. Construction will commence thereafter and is anticipated late 2020, subject to relevant approvals.

How many City of Greater Bendigo staff will sit in the GovHub?

It is expected that up to 500 City staff will be located in the Bendigo GovHub. The City is focused on moving to more flexible and modern ways of working, so will provide space for up to 400 City desks. This number also accounts for growth in the years to come.

What Victorian Government departments will sit in the GovHub?

The Department of Jobs, Precincts and Regions (including Regional Development Victoria and Agriculture Victoria), the Department of Environment, Land, Water and Planning (including Parks Victoria), and Department of Transport (Regional Roads Victoria).

The Victorian Government has also committed 100 new public sector jobs. Fifty-five of these jobs have already been allocated across the new Victorian Labour Hire Licensing Authority and Portable Long Service Authority.

All up, it is expected the building will house approximately 1,000 desks.

What are the benefits of developing a GovHub in Bendigo?

The GovHub will centralise the delivery of a range of government services that are currently located across Greater Bendigo, making it a one-stop-shop for customers who will be able to make planning enquiries, obtain permits, make general enquiries and pay bills all in one place.

The GovHub will bring an additional 600 workers into the city centre. The increased number of people, both workers and customers, will help to increase revenue for neighbouring businesses.

The project is expected to generate approximately 90 construction jobs and contribute \$131M to the economy during the life of the project.

The project will also place all City staff located in the northern-end of the city centre in one building, as they are currently spread across seven buildings, making for the more efficient delivery of Council services. The three buildings Council currently leases will be returned to the market, creating vacancies for new businesses to move into the city centre.

Is there a business case to support the development of the Bendigo GovHub?

The Victorian Government developed a business case. To assist Council to make its in-principle decision in February 2019 a further two, separate independent reports by respected multi-national consultants Urbis and PricewaterhouseCoopers were commissioned and considered seven development options. To read about these options in detail and how they were evaluated, please visit www.bendigo.vic.gov.au/govhub to access the February 2019 Council meeting report.

Why has Council chosen to sell an asset it owns and pay rent?

Of the seven options considered, option 1 to sell the site and become a tenant in the building best delivered on Council's objectives to revitalise the city centre and provide a better customer experience without putting Council and the community under extreme financial pressure.

All other options whereby Council would either own the development in the long term or develop a building for City staff only would all result in Council falling into the Victorian Auditor-General's Office 'high risk' financial sustainability category and put at risk future investment in capital expenditure.

Why not refurbish and/or extend on top of the former main office on the Lyttleton Terrace site?

Two options specifically analysed the viability and cost to extend and/or refurbish the existing offices on the Lyttleton Terrace site. Whilst it was recognised the foundations may be able to support additional levels, the viability and cost to retrofit present-day technology and sustainability requirements made these options unfeasible. Furthermore, the addition of two levels would leave a significant deficit of desks to support current City staff numbers. These options also would result in Council falling into the Victorian Auditor-General's Office 'high risk' financial sustainability category.

The option to remain in the current seven buildings (three of which are rented) was also explored. Many of these offices are outdated and require significant investment to renew them to a standard that provides enough ventilation, natural light, amenities and appropriate access. For these reasons this was also considered unfeasible.

How sustainable is the GovHub proposed to be?

The building has been designed in accordance with the National Construction Code (2019) and to achieve a 'Nabers' rating of 5.5 and a Greenstar rating of at least 5. The developer believes this will make the Bendigo GovHub the most sustainable government building in Australia.

In addition to decreasing emissions, the design features will result in reduced power costs of an estimated 63 per cent (compared to standard building costs) and even greater savings when compared to the City's current outdated buildings.

The sale agreement will also impose conditions on the developer that at least 90 per cent of waste generated from demolition be diverted from landfill.

How much will it cost Council to participate in the project?

The all-inclusive project cost, including the City's decant costs and contribution to fit out costs is projected to be \$35.6M over 40 years. As the initial lease term will be 20 years, a 20-year total project cost has also been calculated and is projected to be \$24.47M in today's dollars.

Although Council is committing to long term rental costs greater than it is currently paying in today's dollars, it is expected that a portion of this increase will be offset by the operating costs of a more sustainable building, productivity gains through centralising offices, changes to work practises and technology improvements. These costs and the associated benefits have been considered as part of deliberations.

Has the Victorian Government committed financially to this project?

In May 2017 the Victorian Government allocated \$1M to investigate the feasibility of a GovHub for Bendigo and in May 2018 allocated a further \$16M to the project, which shows a strong commit to the project.

The following Victorian Government contributions have already been allocated to the City:

City’s temporary accommodation	\$1.5M
GovHub fitout costs	\$4.5M

Were other sites considered?

The Victorian Government looked at a range of sites, however the Lyttleton Terrace site continued to be the best site because it was centrally located and could house 1,000 people, so could also contribute to activating the city centre. All parties involved wanted to remain/be close to central Bendigo.

Has parking been considered?

At the May 6, 2020 Council meeting, Council endorsed a Bendigo City Centre Parking Futures Action Plan to support the delivery of the city’s long term parking needs.

The City has also appointed a consultant to examine the cost, size, model and potential location of a multi-storey car park for the northern-end of the city centre.

City staff are also working to ensure the building is easily accessible for staff and customers choosing other forms of transport, including walking, riding and public transport.