



## Old Bega Hospital (R.180050) Reserve Trust

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26 July 2017

Ms Alison Stone  
Deputy Director General  
Department of Industry - Lands  
PO Box 2185 Dangar NSW 2309

by email: [alison.stone@crowland.nsw.gov.au](mailto:alison.stone@crowland.nsw.gov.au)

Dear Ms Stone

### Old Bega Hospital

Thank you for your letter of 6 April 2017 (ref DOC17/059911) in reply to our letter of 24 February 2017 to the Hon Paul Toole MP, Minister for Lands and Forestry, concerning the future of the Old Bega Hospital, a Crown Reserve.

You advised that DoI Lands was to meet with the Reserve Trust to discuss building restoration and funding issues. Mr Corke did indeed visit, on 20 April, with Mark Edwards from Crown Lands Nowra, and we had a fruitful discussion. It centred on the Trust and Crown Lands working in partnership to further our collective interests in the Old Bega Hospital.

Subsequently, on 15 June, Mark Edwards visited again, with a team from Public Works Advisory, which, we understand, has been engaged by Crown Lands to provide:

- a condition report on all buildings and structures
- a report on heritage value
- a structural assessment
- an opinion on costs to restore/reconstruct the building
- commentary on heritage re its landscape context
- commentary on redevelopment re the purposes of the crown reserve, with an estimate of reasonable costs.

At that meeting, Public Works Advisory asked if Crown Lands was fully behind the reconstruction proposal. Mr Edwards said it was not: all options are on the table; there is not much support for it, but there is no opposition to it either.

We also discussed what the Trust was doing. The Trust had commissioned a comprehensive site survey by registered surveyors, had commissioned a measured drawing for the building by an architectural draftsman, and was about to advertise for expressions of interest from architects in undertaking design work for the Old Bega Hospital community and cultural centre proposal. Public Works Advisory suggested that the Trust might get bogged down with multiple contractual arrangements, was exposed to risk of loss of a key member or members of the Trust, and would be taking on a range of responsibilities across a range of contracts and other processes that could well get it into trouble, possibly with ICAC as we were

expending public funds. Public Works Advisory suggested the Trust engage a project manager to take on those responsibilities and to work with both the Trust and Crown Lands, and advised that it could perform that role. PWA was to prepare its report for Crown Lands, and it would be made available to the Trust in due course. In the meantime, the Trust should continue with the architects EoI process, but should consider its position and engage a project manager before it engaged an architect.

One member of the PWA team advised doing reconstruction work in stages; another argued forcefully for doing it all at once, with a considerable saving in costs and effort.

The Trust proceeded to advertise for expressions of interest from architects in undertaking design work for the Old Bega Hospital community and cultural centre proposal. The closing date was Friday 21 July.

We received 11 expressions of interest. An evaluation team considered the applications yesterday and identified two preferred applicants. We want to consult with Crown Lands now regarding whether to proceed.

Issues we see at this juncture are:

- We are proceeding on the basis of a proposal that is public rather than private; not commercial; not for profit rather than for profit; volunteer rather than professionally managed; community rather than government; and a restoration rather than redevelopment. We understand Crown Lands has all options on the table, which may include any or all of the alternatives. Before we proceed, we want to be assured that we are not wasting our time and the government's money pursuing a course that is counter to what Crown Lands has in mind for the site. It is our intention to get a design that will be attractive to government and to the community, and thus attract funding.
- At this stage we are proceeding without a project manager. We will engage the architect, and most likely the model will be that we will also directly engage the specialist consultants, coordinated by and/or on the advice and recommendation of the architect. That exposes us to risks of running over budget, as the full costs of the exercise will not be known at the beginning. Does Crown Lands wish to appoint a project manager, or to direct the Trust to appoint a project manager?
- We are proceeding on the basis that the final product will be development approval and a construction certificate. It would be considerably cheaper, at least on some of the proposals we have received, to go only to development approval. Should we go all the way?
- Some proposals include a significant sum for 3D and other presentation materials, with a view to using them to seek funding for construction. Are they required?
- Some proposals include substantial assurances regarding cost control at the project implementation stage, i.e. to ensure that the project will not run over the \$3m proposed budget. While the \$3 figure comes from quantity surveys, those surveys make many assumptions about what is included and what is not, and clearly there is room to work to an alternative figure. In some cases the architects' fee proposals are explicitly based on the \$3m figure, with caveats that fees may change if the project value changes. Should we continue to work on the \$3m figure?
- We still have the question of proceeding in stages or as a single project. One expression of interest (one of the two we prefer) proposes a staging pathway. The remainder give little or no attention to the staging question, even though it was raised in the advertisement for EoIs. We raised the staging question in our February letter to your Minister. Mr Edwards' advice is that staging is essential, while Mr Barilaro's grant offer is conditional on completing the project as a single stage. Are you any nearer to resolution of those issues? If not, should we give preference to the staged development proposal? Should we insist in negotiations with the preferred architect(s) that their design must provide for staging?
- Several of the proposals, including the more attractive ones, cost at or beyond, in some cases well beyond, the \$100,000 limit of available funds from the OEH grant. Does Crown Lands want us to consider over budget proposals on the basis that Crown Lands is prepared to contribute additional funds from Crown Lands resources (as it has with the Public Works Advisory engagement), in order to have a more satisfactory design (or a more complete process, e.g. to CC stage, or to include presentation materials)?

- One architect has proposed a parallel process of developing a business case for the project. That seems sensible and attractive to us. Should we cut the scope of architect's services in order to include funding for business case development (indicative order of costs \$20,000 to \$30,000). Would Crown Lands like to fund that?
- Once we have completed due diligence, we intend to proceed direct to a negotiated contract with a preferred architect, without going through a tendering process. That may not be entirely in accordance with the Trust Handbook. Does Crown Lands want to meet with the preferred architect before we sign a contract?

If Crown Lands has no view on these matters, then the Trust will proceed as we see fit, taking due care within the limitations of our capabilities and volunteer capacities. We are fully engaged in getting a good result for the community and the site.

The matter is tolerably urgent. To meet the deadline for completion of the OEH grant process, architects are going to have to start work early in August, with first on-site meetings before 21 August. We need to decide on preferred architect(s), do due diligence (sort out details not adequately covered in the expressions of interest, including fees and other outgoings, confirm statements with referees), negotiate a contract, finalise our position and make a decision, and be ready for them to start by mid August.

The expressions of interest can be made available via the Old Bega Hospital website. You will need a user name and password to access them.

Yours sincerely

A handwritten signature in cursive script that reads "Patricia Jones".

Patricia Jones  
Chair