



Major Infrastructure Proposal Assessment

Department of Primary Industries and
Regional Development

New Metropolitan Facility
Summary Assessment Report



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Acknowledgment of Country

Infrastructure WA acknowledges the Traditional Custodians of Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

Major Infrastructure Proposal Assessment Summary Report

Purpose

This assessment report has been prepared in carrying out Infrastructure WA's (IWA) legislative function to assess and report to the Premier on major infrastructure proposals. The assessment is of the Department of Primary Industries and Regional Development (DPIRD) New Metropolitan Facility (NMF) Project Definition Plan (PDP). The previous business case, additional supporting information received, and consultation undertaken by IWA were also used to support analysis.

However, it is noted that the business case including options assessment and economic appraisal was not subject to a formal review by IWA at the time, as consideration by Government pre-dated IWA's assessment function commencing. As such this assessment is based on decisions already taken.

1. IWA observations

The project vision is to establish fit-for-purpose facilities for DPIRD that support the delivery of its critical state services, underpinning primary industries and regional development; in particular, specialist laboratory services supporting biosecurity, industry research and development, and market access.

IWA considers that the previous business case and newly submitted PDP and supporting information, prepared by Department of Finance on behalf of DPIRD, contain sufficient information and are of a suitable standard to inform a government investment decision should the full funding option be supported and considered affordable. Should government require a lower cost option, IWA considers there is insufficient information in the PDP to fully understand the impacts of the reduced scope options presented, particularly on DPIRD service delivery.

The PDP has further developed the scope, cost, schedule, and risk information, and expanded and refined the strategic justification for the project from what was detailed in the business case.

The proposal clearly identifies the need to provide suitable facilities for DPIRD's specialist laboratory and science research purposes, with most of the existing facilities at the Kensington site no longer fit for purpose or deemed to be approaching risk of failure over the next few years. Government has also previously considered and endorsed the preferred location, which IWA has subsequently taken as given.

The key areas that IWA considers would benefit from additional commentary to more fully understand the justification are: project scope adjustments; project cost detail; deliverability details; and economic analysis. There also needs to be greater clarity as to the status of key agreements that underpin the proposal to give greater confidence as to the project costs and timelines.

2. Context

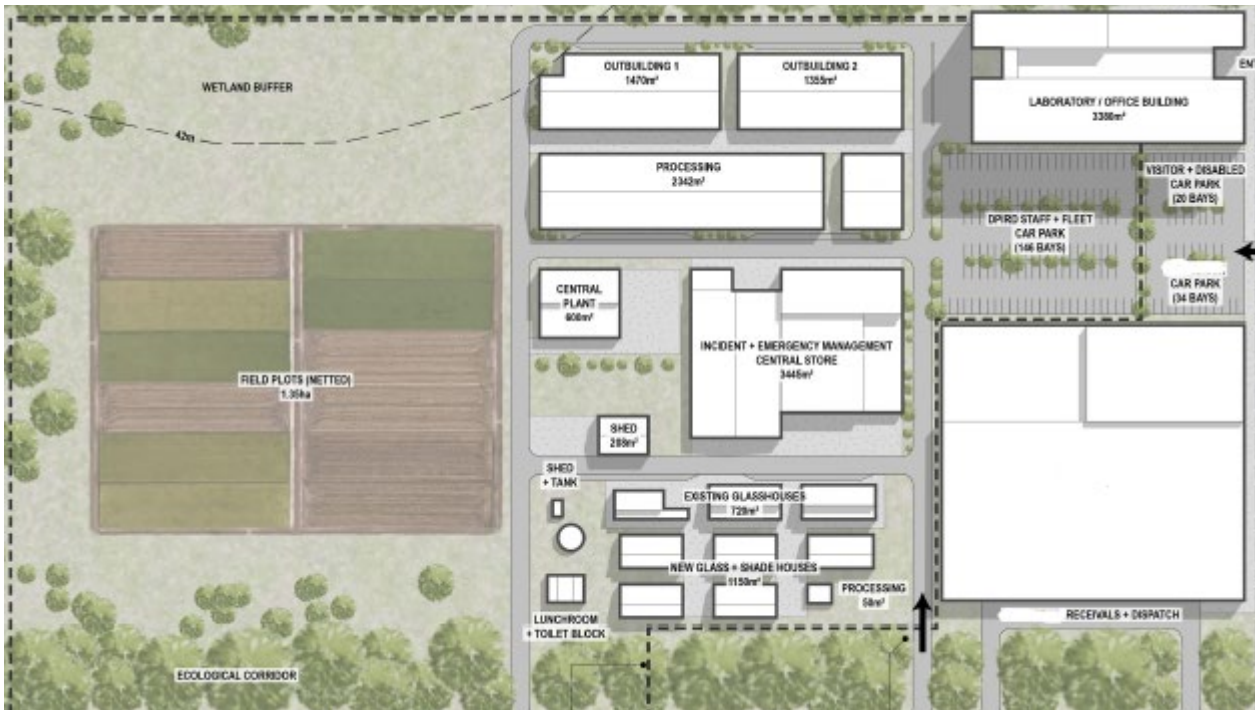
2.1 Project background

The NMF is set to deliver a safe, fit for purpose facility that will be of the required standard and calibre to deliver DPIRD's critical biosecurity, laboratory services, and primary industries research and development functions and services. The proposal is expected to provide a direct economic impact for the state with increased gross value production for WA's primary industries and agrifood products.

The existing DPIRD facility consists of numerous buildings spread across a 20-hectare site in Kensington that was developed and constructed from the mid-1950s. During the past 70 years the buildings have been adapted to meet the increasing complexity associated with the biosecurity and agricultural research requirements of the state.

The Kensington site has been contemplated for redevelopment since 1996. Relocation of DPIRD activities would enable government to further progress this, ultimately achieving higher and better use outcomes from the Kensington land and helping to achieve urban infill targets.

The project proposal is to construct laboratory buildings and supporting technical workspaces to accommodate DPIRD’s Sustainability and Biosecurity and Primary Industries Development staff. Accommodation for aligned organisations has been included, along with collaboration spaces. The proposal also provides for a glasshouse complex, Incident and Emergency Management centre, central plant facility and field plots. The total project cost is estimated to be \$388.6 million (ex GST). The masterplan for the new facilities is provided as follows.



3. Strategic merit

3.1 Alignment

While there are no direct State Infrastructure Strategy recommendations for the project, the project will align with the following Strategy objectives:

- Supporting a strong resilient and diversified economy.
- Maximising regional strengths to unlock strategic opportunities for WA.
- Enabling environmental sustainability and resilience, and address climate change.

The business case and PDP identify a number of state government strategic priority documents including *Diversify WA*, *Perth & Peel @ 3.5 million*, *Primary Industries Plan 2020-2024*, *Australia’s Biosecurity Future: Unlocking the next Decade of Resilience (2020-2030)*.

3.2 Problems and opportunities

The business case outlined the problems and constraints associated with the current site and its operation. Key problems identified included:

- Capacity to meet statutory obligations and accreditation requirements
- Inefficient use of space

- High maintenance costs and failing infrastructure
- Health and safety risks

The proposed new facility provided the following opportunities:

- Enhancing profile and service delivery through fit-for-purpose facilities
- Providing efficient workforces and productivity gains
- Reducing operational expenditure
- Optimising assets

4. Options assessment

Government has previously approved the recommended preferred site for the new facility. Funding was allocated for further development of the project planning and preparation of a PDP for presentation back to government for funding consideration.

DPIRD has put forward value management options to reduce the overall cost of the project.

5. Societal impacts

5.1 Economic and financial assessment

A key driver for the project is the expectation of increased gross value production for WA's primary industries and agrifood products, including through the protection and growth in market access and to maximise the economic value and impact of research activity and efficiency of public and private funding, with the ability to attract more of WA's share of national research and development funding. DPIRD notes the significant impact of research and development funding for economic productivity, including in WA regions.

The PDP includes an increased cost profile for the project since the business case, which is not unusual as projects are subjected to further definition and design through this phase of development. Key areas of change relate to construction costs, fees, contingency, escalation, and fit-out requirements. IWA considers further work is required to justify the project cost adjustments to support the total project estimate.

As part of the PDP, three value management options are detailed to reduce the overall cost. These ranged from "Minor Impact on Operations" to "Extreme to High Impact on Operations". While they provide some opportunities for cost reduction, there is limited details as to the consequences on proceeding with the options. None of the options detailed what review of the allocated fees, charges and contingencies was undertaken to determine potential savings in those areas. IWA recommends further scrutiny of these components.

5.2 Social assessment

The project economic assessment has identified that in addition to the increase in 704 additional local building and construction jobs over the life of the buildings, it will also support 419 jobs in research and development, including 112 new positions.

IWA considers that the value of DPIRD services and research and development are significant to the WA economy, and WA regions. While there was reference in regards to broader society impacts, this could have been more fully developed within the business case or PDP.

5.3 Environmental assessment

The PDP has outlined environmental assessments undertaken including findings from the initial contamination investigation and flora and fauna surveys. It notes that further flora surveys will be required in Spring to confirm whether threatened or priority flora species occur. The survey results will be important to understand potential impacts on the design and program. However, its

conclusion from the information available and subject to confirmation of further details, is that the risk to the project associated with obtaining the required approvals is low.

Broader environmental benefits of the project are not clearly detailed within the PDP or business case. While IWA acknowledges that the infrastructure sector is in a transitional phase and is still determining how best to respond to and quantify outcomes relating to recent State and Commonwealth government climate/net zero target commitments, project decisions made in the meantime will have long lasting implications. As such, IWA expects proponents to start making best endeavours to consider and articulate intended outcomes as part of their project proposals.

6. Recommended option and project definition

The proposed development will consist of different complexes across the site including:

- Five-storey laboratory building incorporating main laboratories and supporting technical workspaces to accommodate DPIRD's staff. Accommodation for other aligned organisations has been included along with collaboration spaces.
- Glasshouse complex with glasshouses, shade houses and associated facilities
- Combined central store incorporating operations centre for Incident and Emergency Management
- Area for a central plant facility
- Several single storey / double storey outbuildings
- Field plots, both netted and un-netted.

The overall facility will be 29,000m², accommodate approximately 400 staff.

7. Deliverability

The PDP somewhat addresses deliverability risks, with the development of a governance structure, procurement and project delivery detail, and external reports including a site master plan, engineering and environmental reports, and functional briefs.

As with a number of current major projects, progress is subject to industry's ability to respond to tender, government's approval requirements and market capacity issues. The PDP timeline, although detailed, is considered optimistic and this is a risk to the project timeline and budget.

Substantial progress has been made in establishing critical agreements to accommodate the new facilities. However, further agreements will need to be established to ensure there is no impact on the delivery schedule and cost allocations.