

## Issues and Conclusions

### Project Approval

#### Ministerial Approval

- 3.1 Customs states that at the time of drafting of the project submission (September 2005),

...the proposed tenancy of the Port 1010 Building remains subject to approval by the Minister for Finance under regulation 10 of the Financial Management and Accountability Act.<sup>1</sup>

The Committee enquired whether Customs had received approval for the lease agreement and whether any issues had arisen during the approval process.

- 3.2 The Committee remains concerned to ensure that departments do not commit to major contracts prior to the completion of a comprehensive parliamentary inquiry into proposed works, as required under the terms of the Act. To this end, the Committee questioned Customs as to how far its contractual arrangements had progressed prior to parliamentary scrutiny. Customs informed the Committee that the proposed arrangements for the lease had received Ministerial approval and that no substantial changes to the agreement had been recommended. Customs added that the heads of agreement were signed on 14 September, with the agreement for lease signed on 31 October. Customs added that all arrangements were:

...subject to the ability to annul the arrangement or stop works if the committee or parliament were not satisfied that it was an appropriate expenditure of public funds.<sup>2</sup>

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1 Appendix C, Submission No. 1, paragraph 1.12.1

## State Government Approval

- 3.3 The Committee further enquired whether local and state government authorities had approved that Customs intended use of the Port 1010 Building. Customs advised the Committee that the state government authority VicUrban is responsible for the approval of tenants with the Digital Harbour precinct, and that Customs had undergone an extensive program of satisfying VicUrban in respect of its use of technology and commitment to research and development. Furthermore, Customs assured the Committee that all appropriate state government and local council approvals for base building construction and proposed occupancy had been received.<sup>3</sup>

## Security

- 3.4 At the public hearing Customs informed the Committee that it planned to engage a security consultant by the end of November 2005.<sup>4</sup>
- 3.5 The Committee expressed concern at the possible flow of dangerous goods to and from the building, and the risks this may pose to building occupants. Customs assured the Committee that whilst no specific approval is required from state or local authorities for the movement of seized goods in and out of Customs House at Melbourne Airport and at current premises, Customs observes all safety measures. The proposed building design reflects these safety considerations through features such as a sky bridge from the proposed multi-storey car park.<sup>5</sup> Until the car park is built, Customs will implement procedures for the safe transit of seizures to and from the Port 1010 Building.<sup>6</sup>

## Sky Bridge

- 3.6 The multi-storey car park proposed for construction within the next few years will include a secure sky bridge to level four of the Customs building. The sky bridge will enable secure transit of contraband in and out of the building. Customs proposes to locate sensitive areas such as its armoury on level four of the Port 1010 Building. Locating the armoury

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2 Appendix D, Official Transcript of Evidence, page 5

3 *ibid*

4 *ibid*, page 2

5 *ibid*, page 5

6 *ibid*, page 6

close to the sky bridge will allow Customs officers to collect and deposit weaponry safely when required.<sup>7</sup>

## Other Tenants

- 3.7 Customs proposes to occupy approximately half the ground floor and levels one to five of the Port 1010 Building, with parts of levels six, seven and eight to be let to Victorian Government tenants.<sup>8</sup> The Committee enquired as to any security concerns with possible tenants and their access to the Customs-occupied levels of the building.
- 3.8 To address such concerns, Customs proposes to install secure access systems at lifts and entry doors on each level. These precautions will restrict unauthorised persons accessing Customs floors. In the event that an unauthorised person was to access a Customs foyer area, further ingress would be prevented by the requirement for a security pass.<sup>9</sup> Customs also anticipates that security contractors will have an enhanced role and be more mobile.
- 3.9 Customs explained that levels seven and eight of the Port 1010 Building had already been let to Film Victoria and VicTrak prior to Customs expressing an interest in the tenancy. However, Customs informed the Committee that its agreement with the building developer stipulated that all co-tenants would comply with Customs' security requirements.<sup>10</sup> Whilst Customs will not seek to arbitrarily impose security initiatives, recommendations would be made following an assessment by a suitably qualified security consultant.

## Access to Roof

- 3.10 Customs will have access to a secure rooftop compound which will house various communications equipment such as existing antenna and microwave dishes relocated from its building at 414 LaTrobe Street.<sup>11</sup> Customs also proposes to build a secure riser through the three floors it does not occupy to the roof compound to prevent any tampering at floors six through to eight. The compound access ladder will be security controlled and be monitored by closed circuit television (CCTV).<sup>12</sup>

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7 Appendix D, Official Transcript of Evidence, page 3

8 Appendix C, Submission No. 1, paragraph 1.9.2

9 Appendix D, Official Transcript of Evidence, page 6

10 *ibid*, page 7

11 *ibid*, page 3

12 *ibid*, page 8

## Incident Room

3.11 During its inspection of Customs' current premises, the Committee visited a small room used for monitoring of regional operations and specific projects. The Committee sought confirmation that the new building had greater capacity to handle regional operations, especially in times of peak capacity. Customs admitted that the regional operation control room observed by the Committee was:

...woefully inadequate - it was too small, it was ill-equipped...<sup>13</sup>

The new building will have a suitable regional operations control room with the ability to draw its feed from the NMC should it be required.

## Options Considered

3.12 Customs' main submission outlines the progress of the site selection process as follows:

- July 2004 - Customs advertised for Expressions of Interest (EOI) to lease suitable office accommodation in the Melbourne central business district (CBD);<sup>14</sup>
- January 2005 - Customs appointed a negotiator to identify the most appropriate and best value-for-money option;<sup>15</sup> and
- June 2005 - a final submission from the consultant recommended the Port 1010 Building at Digital Harbour, 1010 LaTrobe Street, Docklands as most suitable option.<sup>16</sup>

Prior to the public hearing the Committee was provided, in-confidence, with a detailed summary of Customs' tender process and evaluation of offers. The Committee was satisfied with the information provided relating to the site selection process undertaken by Customs.

## Airport

3.13 During the site inspection Customs explained to the Committee that staff could be located at, or deployed to, the airport depending on work requirements. In view of this, the Committee wondered whether the airport had been considered as a suitable relocation option.

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13 Appendix D, Official Transcript of Evidence, page 11

14 Appendix C, Submission No. 1, paragraph 1.4.1

15 *ibid*, paragraph 1.4.2

16 *ibid*, paragraph 1.5.1

- 3.14 Customs informed the Committee that the indicative costs provided for relocation to the airport did not compare favourably with the cost of relocating to a site in the CBD. Furthermore, moving to the Docklands represented a balance between maintaining close access to key stakeholders in the CBD; meeting the needs of staff travelling to the airport, waterfront or other agencies; and meeting the public transport needs of staff.<sup>17</sup>
- 3.15 Whilst no economies of scale had been undertaken specifically in respect of relocation to the airport, witnesses reported that Customs House at Melbourne airport has very little spare space. Relocation to the airport would therefore have necessitated a greenfield development to accommodate the 400 staff. Customs added that though there may be synergies in relation to its compliance assurance area, relocation to the airport would not ultimately have been as cost-effective or beneficial for staff.<sup>18</sup>

## National Monitoring Centre

### Space

- 3.16 During the site inspection of Customs' existing premises the Committee observed the NMC in operation. The Committee was impressed with the monitoring capabilities of the NMC, but noted shortcomings in the current NMC workspace. Customs indicated that the capability of the NMC would increase significantly following relocation, and the Committee enquired whether the new premises would be able to handle the extra residual radiation, air movement, and equipment required to accommodate the greater operational capacity.<sup>19</sup>
- 3.17 Customs assured the Committee that while the available floor space of the NMC would double in the new premises, not all additional space would be occupied by equipment. The extra space will also provide for an improved work environment for staff allowing including more work space and break-out areas.

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17 Appendix D, Official Transcript of Evidence, page 9

18 *ibid*

19 *ibid*, page 10

## Air-conditioning

- 3.18 Customs' proposes that its new computer room will include separate air-conditioning.<sup>20</sup> The Committee sought clarification as to the type of air-conditioning system proposed, and whether this statement referred to the NMC. Customs responded that,

Because of the 24/7 nature and criticality of the work in the National Monitoring Centre, it will have a separate [air-conditioning] unit...that would be used after hours and at weekends when the base building system is not operational.<sup>21</sup>

Customs added that its budget makes adequate provision for the air-conditioning needs of the NMC and building as a whole.

- 3.19 Customs does not propose that the air-conditioning system will incorporate a water cooling tower, thus avoiding the risk of Legionella bacillus.<sup>22</sup>

## Staff Amenity

### Public Transport and Services

- 3.20 The Port 1010 building site is well served by public transport with five tram routes running along LaTrobe Street and Harbour Esplanade, and two train stations within walking distance. A takeaway and café facility is proposed for the ground floor of the Port 1010 Building, however there are also other food outlets, a small supermarket and other services readily available in the area.<sup>23</sup>

### Parking

- 3.21 Customs submitted that a covered 64-space asphalt surface car park will be provided immediately to the east of the Port 1010 Building, and that a multi-storey car park will be built within twelve to eighteen months of Customs occupation of the building pending commitments from other tenants.<sup>24</sup>
- 3.22 At the public hearing, Customs reported that provision for bicycle parking will be provided in both the temporary and multi-storey car parks. Visitor

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20 Appendix C, Submission No. 1, paragraph 2.2.7

21 Appendix D, Official Transcript of Evidence, page 11

22 *ibid*, page 12

23 *ibid*, page 4

24 Appendix C, Submission No. 1, paragraph 1.9.3

parking is also available underneath nearby Telstra Dome and at other temporary car parks within the Digital Harbour area.<sup>25</sup>

## Consultation

### Staff

- 3.23 In its main submission, Customs explained that the communication strategy for internal and external consultation would involve:
- briefings for managers and staff;
  - work area involvement in the development of the requirements;
  - information sessions for staff;
  - a comprehensive intranet site containing information and relevant pictures, and opportunities for enquiries and feedback; and
  - the establishment of a Reference Group comprising work area, union and occupational health and safety (OH&S) representatives; and appropriate consultants.<sup>26</sup>
- 3.24 At the hearing, Customs reported that it has commenced extensive consultation with staff through a fortnightly electronic newsletter providing information on project developments. Face-to-face staff briefings and consultation have also begun and the feedback to date has been positive.<sup>27</sup>

### Community and Public Sector Union (CPSU)

- 3.25 The Committee sought clarification of the grounds on which consultation with staff and the CPSU had been undertaken. Customs replied that,
- There is certainly a section of the current certified agreement that talks of cooperation on significant issues, but my recollection is that there might also be a side agreement held by our [Customs] executive with the CPSU in relation to moves of this significance.<sup>28</sup>
- Customs later confirmed that it is a registered federal certified agreement that binds parties, such as the CPSU, in relation to consultation.

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25 Appendix D, Official Transcript of Evidence, page 3

26 Appendix C, Submission No. 1, paragraph 2.17.2

27 Appendix D, Official Transcript of Evidence, page 4

28 *ibid*, page 8

## Environmentally Sustainable Development

- 3.26 While Customs anticipates that the Port 1010 Building will comply with the Digital Harbour Precinct Environmental Management Plan (PEMP), it will also exceed the required 4.5 star energy rating.<sup>29</sup> Environmentally Sustainable Development (ESD) features proposed for the new premises include:
- solar hot water heating panels which should provide up to 75 per cent of the building's hot water needs;
  - double glazed windows to the western side of the building and high-specification glass on the northern side;
  - building management systems for lighting and air-conditioning;
  - perimeter dimming lights to allow for enough natural light near windows;
  - sub-metering of electricity on each floor to monitor usage;
  - high performance tap wear in showers and bathrooms;
  - environmentally friendly carpet tiles; and
  - avoidance of workstations and joinery that may have harmful toxins such as formaldehyde.<sup>30</sup>
- 3.27 In addition, Digital Harbour proposes to install a black water treatment plant that will have the capacity to recycle all waste water from the building. Whilst the recycled water would be suitable for consumption, it is intended that the water will be used for toilets, some air-conditioning and for watering gardens during the summer period.<sup>31</sup>

## Project Delivery

- 3.28 Subject to parliamentary approval, Customs anticipates that works will commence in March 2006, with base building completion by December 2006. Customs expects to occupy the building from 1 April 2007. Due to the critical nature of the NMC, Customs' lease provides the NMC and computer server room be complete by 31 January 2007. This extra time will ensure the NMC will be fully functional and operative by the time Customs occupies the rest of the building.<sup>32</sup>

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29 Appendix C, Submission No. 1, paragraph 1.10.7

30 *ibid*

31 Appendix D, Official Transcript of Evidence, page 4

32 *ibid*, page 2



## Future Expansion

3.29 The Committee enquired whether the proposed building would be able to accommodate any future increase in staff and equipment. Customs reassured the Committee that the proposed building and fit-out represents an appropriate solution for staffing needs over the next decade and possibly for the future five year option period. In order to maximise the flexibility of the workspace, workstations will have the ability to be reconfigured to accommodate increased staff numbers, whilst remaining within the Customs occupancy guidelines. The capacity for further installation of workplace specific equipment will also be possible.<sup>33</sup> Customs' also anticipates that the proposed lay-out, which comprises enclosed areas around a common core, with open-plan workstations around the perimeter, will allow for reconfiguration without major expense.<sup>34</sup>

### Recommendation 1

**The Committee recommends that the proposed fit-out of new leased premises for the Australian Customs Service at 1010 LaTrobe Street, Melbourne Docklands, proceed at the estimated cost of \$12.507 million.**

**Hon Judi Moylan MP**

Chair

7 December 2005

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33 Appendix D, Official Transcript of Evidence, page 11

34 *ibid*, page 12