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Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

Reference: Proposed fit-out of new leased premises for the Australian Customs Service at Sydney International Terminal, Sydney, New South Wales

FRIDAY, 16 MAY 2003

SYDNEY

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JOINT COMMITTEE ON PUBLIC WORKS

Friday, 16 May 2003

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Colbeck, Ferguson and Forshaw and Mr Jenkins, Mr Lindsay, Mr Lloyd and Mr Ripoll

Senators and members in attendance: Senator Forshaw, Mr Brendan O'Connor, Mr Jenkins and Mrs Moylan

Terms of reference for the inquiry:

To inquire into and report on:

The proposed fit-out of new leased premises for the Australian Customs Service at Sydney International Terminal, Sydney, New South Wales.

WITNESSES

CALIGARI, Ms Sandra, Director, National Property Services, Australian Customs Service 1
COCHRANE, Mr Alistair, Chief Financial Officer, Australian Customs Service 1
HANNA, Mr Andrew Peter, Project Manager, Jones Lang LaSalle (NSW) Pty Ltd 1
**WILLIAMS, Mrs Karen Suzanne, Director, Sydney Accommodation Project, Australian
Customs Service 1**

Committee commenced 10.59 a.m.

CALIGARI, Ms Sandra, Director, National Property Services, Australian Customs Service

COCHRANE, Mr Alistair, Chief Financial Officer, Australian Customs Service

HANNA, Mr Andrew Peter, Project Manager, Jones Lang LaSalle (NSW) Pty Ltd

WILLIAMS, Mrs Karen Suzanne, Director, Sydney Accommodation Project, Australian Customs Service

CHAIR—I declare open this hearing of the Joint Committee on Public Works in its inquiry into the proposed fit-out of new leased premises for the Australian Customs Service at Sydney International Terminal, Sydney. This project was referred to the Public Works Committee on 24 March 2003 for consideration and report to the parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) In considering and reporting on a public work, the Committee shall have regard to—
- (a) the stated purpose of the work and its suitability for that purpose;
 - (b) the necessity for, or the advisability of, carrying out the work;
 - (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
 - (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
 - (e) the present and prospective public value of the work

We appreciated the inspection we had earlier that was arranged by the Australian Customs Service. We were able to see not only the existing building but also the site of the proposed works. The committee will now hear evidence from the Australian Customs Service, whose representatives are already at the witness table. We have already said welcome, but thank you very much for your cooperation today. The committee has received a submission from Customs. The submission will be made available in a volume of submissions for the inquiry, and it is also available on the committee's web site. Do you wish to propose any amendment to your submission?

Mr Cochrane—Yes, we do, Madam Chair. We request permission today to table two exhibits which indicate changes made to the construction plans since our submission. In our opening statement I will provide an explanation of these plans.

CHAIR—Is the committee agreeable to accept these exhibits? Thank you. I now invite you to make a brief opening statement and then we will proceed to questions.

Mr Cochrane—Thank you, Madam Chair. Customs currently occupies two main office premises in Sydney, located at 477 Pitt Street and Link Road. We also have staff located at a Marrickville site. We propose to relocate staff from these three buildings in one purpose-built facility. After considering the accommodation options available, in August 2001 Customs commenced a two-stage tender process which led to an agreement to design, construct and lease with Airport Nova Developments Pty Ltd. The developer, a wholly owned subsidiary of Sydney Airport Corporation Ltd, set up a special-purpose vehicle for this office development project which was signed on 22 November 2002.

The commencement date for the proposed new lease is 30 June 2004. Customs will lease the new office accommodation for 10 years, with two five-year options, and will undertake an office fit-out. The building is proposed to be located on a 1.3 hectare site fronting Cooks River Drive in the international precinct at Sydney airport. This site is approximately 300 metres north-west of the existing Sydney International Terminal building. This will mean that in excess of 90 per cent of Customs staff in New South Wales will be located in the airport precinct.

This project has several benefits to Customs. Firstly, operational activity in Sydney will be consolidated into one site, achieving operational efficiencies; secondly, the consolidation will result in significant cost savings; and, thirdly, the Link Road building, which is expected to be demolished, requires, apart from its ongoing airconditioning and air quality problems, significant repairs annually at Customs' expense and those costs will no longer be incurred.

The budget estimate developed by quantity surveyors sets the total fit-out cost at \$13.49 million. This includes costs for all items of loose furniture and assumes that no items will be reused. We will, however, be assessing the issue of reusing existing items while the design is being developed. We will develop the design to a cost plan rate of \$1,000 per square metre rather than the design being costed after it has been completed. This will ensure that the end cost is within the stated budget. We will be undertaking the fit-out of the office accommodation and we will be incorporating aspects of the design, especially services, into the base building construction where possible and where there is a benefit to Customs, including cost. The developer will undertake construction of the building from late May 2003 until the end of June 2004, according to the current timetable. The fit-out construction by Customs will be undertaken from July 2004. We anticipate occupying the building before the end of December 2004.

There have been two material changes to the construction plan as per the table of exhibits. The proposed new building has been reorientated on the site. The building will now have an almost due north aspect. This reorientation has benefits to Customs. There will be an energy management benefit, as the shorter sides will have the greatest exposure to the sun. There are also small gains in improving acoustics with less vibration as the building will be further away from the flyover and the tunnel. The original building design had three central cores. This has now been reduced to one. The single core provides greater efficiency for design. The largest impact will be on the ground floor, where there will be a fully open plan.

I would like to comment on energy management. Customs met with the Australian Greenhouse Office on Thursday, 8 May. The Greenhouse Office asked Customs whether the Greenhouse Office could be involved in the Sydney accommodation project so they can use their expertise to develop a best practice model of energy management to assist with future Commonwealth projects. Customs has agreed to this and will be involving Mr Lloyd Woodford

of the Australian Greenhouse Office in an advisory capacity. Customs expects there will be benefits to us in energy efficiency gains.

In response to the Australian Greenhouse Office letter to the Public Works Committee, I am pleased to advise that the lease agreement is a gross lease. Clauses 6.4 and 23 of the lease agreement address one of the issues raised by the Greenhouse Office, section 4.2 of the Commonwealth Energy Policy. These clauses ensure that there will be no recovery from Customs of the cost of energy used by building essential services during normal working hours.

Lastly, the other issue raised by the Australian Greenhouse Office, the requirement for a minimum building energy performance standard, has been discussed with officers from the Greenhouse Office. Customs will be working towards the target of 400 megajoules per square metre per annum, as required by section 4.1 of the Commonwealth Energy Policy. We have discussed this requirement with the specialists and are confident we can meet this target. Customs will continue to liaise with the Australian Greenhouse Office so we can use their specific expertise to ensure the building is as energy efficient as possible.

CHAIR—Thank you very much. Now that some changes have been made to the initial design of the building, does the design still meet the Commonwealth's requirements?

Mr Cochrane—I will pass that question over to Ms Caligari to answer.

Ms Caligari—I hate to flick it, but I think Andrew might be the best person to answer that question.

Mr Hanna—Yes, we are very comfortable with the changes. In fact, we believe they improve the total energy efficiency of the building by reorientating it correctly for solar radiation. We believe that the other alterations to the building by way of the redesign of the core all enhance the building's efficiency.

CHAIR—You have explained what the modifications are, the relocating of the building on the block and its orientation. Can you explain what other significant changes in the design have taken place?

Mr Hanna—As Alistair has explained, the other significant change is to the core. Initially there were two outboard stairwells which impinged on the free airflows on the floor, the views and the natural light, and a central lift core. The development has now produced a design more typically found in a medium-rise building where the stairs are in the same core as the lifts. That affords much greater flexibility in design fit-out solutions. Customs will be better able to manage future churn by modifying and altering the building. It probably has a spin-off too in the amount of natural light that will enter all the internal areas of the building.

Mr BRENDAN O'CONNOR—Firstly, can I compliment the Australian Customs Service for producing such a comprehensive submission. Also, I apologise for not being able to be at the inspections this morning. The submission makes the assertion that there will be savings as a result of relocation. Can you explain the net gains or the net financial gains that might arise from moving from the two locations to one? I am not sure who wishes to answer that. I am sure we can get more than one answer.

Mrs Williams—I will start by mentioning a few things. Then I might hand over to Ms Caligari and she might talk from a National Property Services perspective.

CHAIR—It may be that you do not need to talk about the specific amounts. If you feel that there is any commercial-in-confidence material, that can be given to us outside this hearing.

Mrs Williams—In general terms we believe by co-locating our staff in one building we will gain some efficiencies in relation to communication with staff, deployability of staff. We will have, as Mr Cochrane said in his opening address, 90 per cent of our staff located in the airport precinct. So for issues between the two buildings it will create greater flexibility in deployment of our resources. At the moment people attend meetings and training sessions at a number of sites. People have to travel into the city. Related to those types of aspects are issues about not only savings but also sharing facilities, because we have had to duplicate facilities in a number of our buildings. So we will be able to rationalise our facilities.

For our clients we will go from having a number of counters within our two main office buildings. At the moment we have a large counter within the Pitt Street building. When we initially moved into the building in 1992 there was much greater counter requirement. That has now changed. A lot of members of the public and our clients come to our Link Road offices. We have about four or five counters within our Link Road offices. We feel we will be able to consolidate those counters, and therefore the infrastructure needed behind the counter for people to attend the counter. Our main counter area within the new building will have a permanent face for members of the public and our clients. So people will be able to go there and do their business, and not have to call people up and wait for someone to attend, as happens with some of our counters because they are not permanently staffed. So we do feel there are a number of infrastructure aspects.

There were other aspects when we were initially doing the planning in relation to long-term costing. In relation to rent—considering our current buildings, the costs involved in maintaining the Charles Ulm building, the additional costs in rent and the price increases being in the CBD—over the life of the 10-year lease of the new building we will have a net gain of a significant number of dollars. After taking into account the cost of a refit of the building as well as the cost of the lease, we realised we would gain a cost saving by moving into a new building.

Mr BRENDAN O’CONNOR—That is taking into account the moving costs?

Mrs Williams—Yes, that is taking into account moving costs as well.

Mr BRENDAN O’CONNOR—There is also reference to having staff sessions. I think the reference was to March; I presume that was last March. The submission is dated 20 March, so perhaps that paragraph was written a little earlier than that. Have those staff sessions taken place? I imagine there may be not one view but a mixed view from staff about the relocation. I imagine there might be some who would be very happy and some maybe less so given their personal circumstances. Can you explain the varied views, if there are varied views, of the staff with respect to the relocation?

Mrs Williams—Yes, those sessions have taken place. We did delay the sessions until early May. That was mainly because we were trying to wait until we had developed a little further the

plans for the building. We set up our intranet site in January, so staff had already been able to see a number of aspects of the building. Before we went to the staff information sessions we wanted some of the revisions that were taking place in our discussions with the developer so that we could show and discuss the new changes to the building—the new orientation, those types of things. So the sessions took place in early May. There is a variety of views amongst the staff. Some staff are in favour of moving; some staff would prefer to remain in the CBD. That is largely to do with the fact that we have a lot of staff who travel long distances. So Central Station is a hub for those people.

Mr BRENDAN O’CONNOR—Are many of them currently driving or catching public transport to the CBD?

Mrs Williams—Most people within the CBD catch public transport. It is a little mixed at Link Road. We have staff who do drive to work, and we do have an arrangement in relation to staff car parking for our Charles Ulm, Link Road building at the moment. A lot of staff also catch public transport. They catch either buses or trains to our Link Road offices as well.

Looking at the recent changes, we have moved from our Pitt Street offices to Link Road more staff than were previously located in the Link Road building and moved some of the staff from Link Road out to our Marrickville site; so more of the staff will now have a time of getting accustomed to travelling by public transport and driving, if they choose to drive there. So there is a reluctance in relation to the transport. One of the aspects that were raised in recognition of that disruption was a one-off payment to staff. A mechanism was put in place to pay people who moved early as part of our interim accommodation arrangements. So it was a multitiered system subject to whether you moved early or whether you would move later on. Payments were made progressively to people who moved to Marrickville.

Mr BRENDAN O’CONNOR—Would the people most adversely affected receive a higher payment, or is the payment universally applied and the same figure?

Mrs Williams—It is a universal payment.

Mr BRENDAN O’CONNOR—So even those people who perceive a benefit from moving receive the same amount as those who feel they have been disadvantaged? That has not caused any concerns amongst the staff?

Mrs Williams—It was accepted fairly overwhelmingly by staff and supported by the union and its membership in January. The method of payment and the amount was accepted by staff and the union.

Mr BRENDAN O’CONNOR—Is car parking for staff now available in Pitt Street or would there be very limited car parking for staff in Pitt Street?

Mrs Williams—In the building itself the only parking is for operational vehicles. So there is no staff car parking within the Pitt Street office. Within our Link Road building our staff who work on the night shift are allowed to park their cars within the building for safety purposes. Staff who work normal hours park in the public car park at the moment.

Mr BRENDAN O'CONNOR—For which they pay?

Mrs Williams—No, it is a free parking arrangement at the moment. But if staff are working outside normal business hours—we do have a small number of staff who work an evening shift within our Link Road building—they park within the building at the moment for safety reasons.

Mr BRENDAN O'CONNOR—Is it the case that all staff, wherever they are located now, receive free car parking?

Mrs Williams—No. If people choose to drive to our Pitt Street office, then they park in normal public car parking.

Mr BRENDAN O'CONNOR—They pay their own costs?

Mrs Williams—They pay their own.

Mr BRENDAN O'CONNOR—Are there any people who, by moving to this location, would benefit from the three-year car parking arrangement?

Mrs Williams—Yes.

Mr BRENDAN O'CONNOR—So there is that potential improvement for staff who are possibly paying for a public car parking space, that they may be getting up to at least three years free parking; is that correct?

Mrs Williams—That is right.

Mr BRENDAN O'CONNOR—What is the current situation and the proposed situation for the public's access to car parking?

Mrs Williams—At our Pitt Street building the public have to pay for their car parking. There is rate and meter parking around the building. At Link Road there are approximately 15 spaces that are free to the public. There are some other spaces down Link Road where people can park for short periods—that is available now. At the new building we will have 15 car parking spaces that will be free of charge for members of the public and our clients. We are looking, with Sydney Airports Corporation, at the possibility of short-term parking arrangements within the public car park.

Mr BRENDAN O'CONNOR—If you achieve that objective, will there be improved parking facilities for people coming to see you?

Mrs Williams—For people going to our Pitt Street office, the parking situation will certainly be improved because there will be no cost. There is often not very much parking available around the Link Road building. So, even though there might be a fee attached to it, there will be more parking available with the international car parking space.

Mr BRENDAN O'CONNOR—Has the department contemplated what it is likely to do once the three-year arrangement for staff parking has finished?

Mrs Williams—At this stage there has been no decision about whether those charges will be attributed to the staff. That decision still has to be made.

Mr BRENDAN O'CONNOR—You also made reference to wanting to respond favourably to requests by staff for locating a child-care centre in the building. You have not done that, but there is some reference in the submission to contemplating or at least looking at that issue. Mr Jenkins has helped me here.

Mr JENKINS—The submission states 'researching the requirements and possibilities'.

Mr BRENDAN O'CONNOR—Is that being undertaken?

Mrs Williams—On our intranet site, which is available to staff, we have posted all the child-care centres in the vicinity of Sydney airport and given staff all the contact details for those child-care centres. That was also part of our staff presentations. We have also spoken to Sydney Airports Corporation. They have given us some contacts with some of the other agencies there that have also contemplated putting in child-care arrangements. So we are pursuing that with them. At this stage not much further progress has been made. Those who have moved forward have tended to do it more for their own staff only. Those are the avenues we are looking at at the moment. When we have conducted surveys of our staff who have been located at Link Road and Sydney airport, one of the things that have come through is that the large majority of staff prefer to have child-care arrangements closer to their homes so that if they are taking a day off they do not have to drive to work to take their children to child-care facilities.

Mr BRENDAN O'CONNOR—This is a less significant matter, but you did refer to concerns about access to food. I presume you are talking about food outlets?

Mrs Williams—Yes.

Mr BRENDAN O'CONNOR—Have you looked at resolving that issue?

Mrs Williams—One of the things we did earlier this year was run a food and beverage questionnaire in which we asked staff questions such as the type of food they bring from home, the type of food they purchase and what their requirements were. We have a subgroup of the reference group to look at that analysis. We have made it very clear that we are not providing a canteen within the building and subleasing it, and providing those types of operations. But we are looking at alternatives such as vending machines and mobile carts, and we are in discussions with Sydney Airports Corporation about what they might be able to do with their current vendors. We have passed to the reference group the results of the analysis of the food and beverage questionnaire so that we can try to develop things along those lines. The representatives in that group are work area representatives and CPSU representatives.

CHAIR—Mr Jenkins?

Mr JENKINS—Senator Forshaw should ask questions next because the project is in his state.

Senator FORSHAW—Can I follow up the issues that have been raised about parking and transport. We drove past and had a look at the site. How many people will be employed at the site when the building is fully operational?

Mrs Williams—My estimate is about 620, but we are looking at a figure of up to about 650.

Senator FORSHAW—I had in mind a figure of 700. I did not get a chance to see what was nearby the site. What is the nearest building complex to the new site where there is a reasonable number of people employed? I am trying to get an idea of the proximity of this site in relation to other workplaces.

Mrs Williams—In relation to other workplaces or ours?

Senator FORSHAW—No, in relation to other workplaces in the area.

Mrs Williams—The site is about 300 metres from the International Terminal, which is the largest site. To Rockdale it is probably around—

Senator FORSHAW—No, I am thinking in terms of the airport perimeter only.

Mrs Williams—I am not sure of any others as far as—

Mr Hanna—The airport terminal would be the closest, and then obviously there is the Qantas catering—

Senator FORSHAW—On the map it looks like a lot of the surrounding area is the car park or the roads going through the area.

Mrs Williams—Some of the catering services, things like that, within the airport precinct—

Senator FORSHAW—I asked that question because issues like access to a canteen, food and beverage services and parking and access have to be taken into consideration. Why was the decision taken not to provide a canteen? You have a canteen in the current building, which has a smaller number of people.

Mrs Williams—We have a canteen within our Link Road building only. There is only one other Customs building in Australia that has a canteen, and that is a building in Melbourne. All other Customs buildings do not have canteens, that I know of, because of their proximity to food outlets.

Senator FORSHAW—That is what I assumed. You do not have any problems getting a sandwich and a milkshake in Pitt Street, and it costs you a lot more than \$5. The impression I am getting is that the 650 people employed in this building will have to travel a reasonable distance to access any food outlet.

Mrs Williams—One thing we did when we were conducting the food and beverage questionnaire was to do a comparison of the food costs at our current canteen within Link Road with the cost of food at outlets under the Pitt Street building and at outlets within the Sydney

International Terminal building. Certainly some of those items were dearer at the International Terminal, some of the items were comparable and only a couple of the items were cheaper within the International Terminal. We have done that analysis to see how much of a difference there is in the price of food.

Senator FORSHAW—I was focusing on the issue of access. It is not a bad idea to go for a long walk at lunchtime to buy your lunch, but—

Mrs Williams—One issue raised by staff doing that food and beverage questionnaire was that we were wrong in assuming that staff bought food from the building. Staff walk within a 300-metre radius of our current Pitt Street building to buy food as well.

Senator FORSHAW—You have probably answered my query. They are a lot healthier than I am. Could you clarify the issue of transport access. I understand there are obviously bus and train services. Where do they catch the train to the airport?

Mrs Williams—There is a train to the International Terminal. That would be back either to Wolli Creek with connections through Wolli Creek or to Central with connections from Central. The airport bus service from Central has been taken off or will be taken off. The No. 400 bus runs from Rockdale, through the western area and out to the eastern seaboard through Coogee, Bondi, those types of areas. That stops at the International Terminal.

Senator FORSHAW—Given security and access arrangements, are there problems in, say, walking from those transport services to the building?

Mrs Williams—We do not think so. The current covered walkway that is part of the International Terminal will be extended and there will be a covered walkway all the way to the building for staff. So it will be under cover. For staff who park in the south-west corner car park, there is a regular bus service run by Sydney Airports Corporation. At the moment that service runs at different intervals over 24 hours for staff working at the International Terminal. So staff who park in that particular parking area will catch the same bus service. That is run for longer hours than will be required by a lot of the staff who will be moving into the building.

Senator FORSHAW—Was this the preferred site or was this the only site available? Did you have the opportunity to consider developing this building on other sites within the airport perimeter?

Mrs Williams—This was the only site within the airport precinct put up as part of our evaluation process. There were other sites, and all but one of them were on the Airport Link back into the city. The other site that was part of the evaluation was our current building at Pitt Street. One of the issues with that, though, was that we would not get contiguous floors within the building. We would have staff in our current location, which is levels 3, 4, 5 and 6, and then the other floors offered to us were levels 21 through to 24 of the tower. There are two aspects to the Pitt Street building; there is a south tower and a north wing. So we were going to be split fairly significantly between the buildings. The cost to the organisation was significantly higher to remain in that building. The remaining buildings were all on the Airport Link, near either Green Square or Mascot stations.

Senator FORSHAW—The potential of there being other tenants in the building was raised when we visited your existing premises and had the private briefing. Could you explain that so it is on the record. I also noticed an AQIS sign behind a desk in the Link Road building. Will AQIS be co-located in this building? I understand the relationship between AQIS and Customs, but what is the arrangement in terms of personnel?

Mrs Williams—In relation to the occupancy of the building, at this stage we will not be occupying one floor, and that has been identified as level 3. As part of our agreement to lease we have an arrangement where certain people will be allowed into the building but through the security perimeter controlled by Customs, and those people will be from other Commonwealth government agencies, state government agencies and Sydney Airports Corporation. Sydney Airports Corporation can get other tenants, but the corporation will liaise with and raise those names with us first. We cannot unreasonably withhold our agreement to those tenants going into the building. Part of that arrangement is that for five years we have the option to, with seven months notice, occupy that floor. The corporation will have as part of its leasing arrangements with other tenants a seven-month clause which will state that the tenants have to vacate the building if we say we want to occupy that floor. That is for the first five years of the lease.

In relation to the question about AQIS, about two to three years ago AQIS and Customs started the interface on the front counter to have a better working relationship with clients. AQIS will be part of our counter arrangement in the new building. At this stage they will be looking at having three points on the counter and an area behind that for support staff to continue performing that co-located function with Customs.

Senator FORSHAW—Will any of these fit-out costs be offset in AQIS's budget, or will they be borne by Customs?

Mrs Williams—At this stage we have not looked at attributing any costing back to AQIS. It may be looked at, but at this stage, no, we have not pursued that.

Mr JENKINS—Just a quick follow-up question relating to the matters to do with child care. The brief talks about providing a family room: what might that be?

Mrs Williams—As part of our working relationships policy within Customs we provide a family room for staff. What is to be included in the family room is set out. We have an area where we set up a computer facility, we have toys, and arrangements can be made for a cot if children have to be brought in. Basically this is a multipurpose room for people if they have to bring their children in to work or they need to work somewhere quietly. Women who are breastfeeding and have to express milk can go to the family room and express milk there and keep it in the refrigerator. If people need to bring someone in for an appointment, they can go and work in that room and not work in the workplace. It is part of our working relationships policy.

Mr JENKINS—We visited the Link Road building. At the moment there are obviously maintenance problems there, but also you have had difficulties because of the leasing arrangements at Link Road. How will maintenance be dealt with under this proposal?

Mrs Williams—Because the new building will be a gross lease we will not have to deal with aspects relating to maintaining the building. We have provisions within the lease for recarpeting and repainting. The carpet will be owned by Sydney Airports Corporation. There is an agreement within the lease that they will replace the carpeting. The arrangement is that will be done after seven years but, if both parties agree that the carpet does not need to be replaced, that arrangement will be rolled over until such time as we would need to replace the carpet. Sydney Airports Corporation have to repaint the general common areas, but repainting internal fit-out areas is a Customs responsibility.

Mr JENKINS—What about maintenance of airconditioning?

Mrs Williams—The lease contains agreements regarding maintenance of airconditioning and the continuation of airconditioning, but the airconditioning plants will be part of base building and therefore are Sydney Airports Corporation's responsibility. We may have a number of small units set up for various areas. We have small groups of 24-hour workers, so we may put in supplementary airconditioning for the areas concerned rather than have airconditioning running on a larger floor plate. We will probably have supplementary air units for our meeting rooms, training rooms and conference rooms. Obviously they will be our responsibility, but base building airconditioning would be Sydney Airports Corporation's responsibility.

Mr JENKINS—Do you have critical IT issues in relation to airconditioning as the service is moving more towards electronic processing?

Mrs Williams—Mr Hanna might like to answer that one. He can be a little more technical than I can.

Mr Hanna—There are two areas which will require airconditioning. One is obviously the main computer room. At this stage we are looking at probably an area of less than about 150 square metres for the computer room, making it quite small. So the very special requirements for that are in a minimal area. The other area will be the wiring closets or the IT racks on each floor. At this stage we believe that the base building airconditioning will probably be sufficient, maybe with some supplementary exhaust fans, for operation out of hours. So we do not at this stage expect a huge cost there, with the exception of the computer room, which will have a dedicated unit and 100 per cent redundancy. The reason for that is obviously the computer room is most important for the balance of Customs' network and other facilities. But the rest of the airconditioning will really be run through the base building, and the developer has also at its own cost put in a tenancy condenser loop, which can obviously add quite a cost to the fit-out. But it has decided to provide those sorts of additional services as part of its base building costs.

Mr JENKINS—One of the additional aspects of the fit-out for the service is the security arrangements. I am getting a bit ahead of myself by talking about the maintenance of that, but perhaps you might wish to talk about the advantages of bringing all the New South Wales security operations onto one site.

Ms Caligari—I said before that we have had increasing costs relating to both what I call physical security and what I call IT security. IT security is fairly specialised in protecting cabling, terminals and things like that from incursion. Physical security is the alarming and all aspects of physical security. Costs have gone up, but by consolidating all our security on one site

we do make considerable savings. Putting security into buildings is a big cost for Customs and also for other law enforcement agencies. We do not have the replication of security requirements across sites, so we have a saving there immediately. As well there will be considerable savings in our having security in base-building rather than retro-fitting. In other buildings we have had to go through and still are in the process of retro-fitting some of the IT security, which is the racking required for the cabling to upgrade the network. I am not sure whether I have answered all of your questions.

Mr JENKINS—I think that basically covers it. The only other aspect I would ask you about is whether there were any greater security considerations because of the location of the project within the airport precinct?

Ms Caligari—That goes more to the actual planning of what we do. In terms of the building itself, we can ensure that there is greater security because we do not have the same elements as we have in the Pitt Street and Link Road buildings, where we have multi tenants. Even though there is the possibility of a sublease we will still control the security, and we will control it at the ground floor, which is the best place to control it, and in fact the perimeter as well whereby we look at things like how close cars can park and whether the building has any overhangs under which someone can park. We believe we can make it more secure because of those aspects.

In terms of contingency planning, Customs is well advanced, like all of the law enforcement agencies, in planning for counter-terrorism, as is the airport. Both organisations are involved in those sorts of things. The threat assessment being done, which will cover the whole airport, will be used by us to ensure that we keep modifying our plans to ensure that we have a secure building and that we have the best plans possible in the event of something happening.

Mr JENKINS—The briefing goes to the relationship with the airport's master plans and this project. As I understand it, the airport is in the middle of a planning process, so there is the added difficulty of your having to take account of already existing planning arrangements and what might go forward. As I understand it, you are still dealing with some issues relating to the access through road network. Of course we do not know whether the grand plan of the airport owners will ever eventuate, but if in the future a sort of retail zone were developed within the airport car park in front of your building are there concerns that this might disadvantage access and, if it were an ongoing problem, would there be any disadvantage to the service, even an economic disadvantage, that you might have to address by being involved in new arrangements being put in place?

Mr Hanna—The master planning that SACL has embarked on has solidified a substantial amount since the first submission made to your committee. It probably enhances all of the negatives of the current site—that is, a building in a 300-metre zone from the International Terminal building. It is proposed to have additional buildings around it. It is proposed that some of those buildings may well have their own food outlets. It is also the reason why the building has been reorientated and moved to accommodate not only the additional buildings but also future development and traffic flows. The traffic flows have been a major aspect, I believe, in SACL's replanning to ensure that there is the best flow of vehicles in and around the airport, even to the point of separating the arrival and departure vehicles from the commercial vehicles visiting these buildings. With the increase in the retail precinct between the new Customs building and the International Terminal, that will further supplement those other facilities for the

Customs staff. So I think it will be a long-term benefit. The SACL designers with the base building are still reviewing some of the minor detailing on traffic movements, particularly with the view to separate pedestrians accessing the buildings from delivery vehicles. So I think all of the planning at this stage is only finetuning and improving those aspects of the design.

Mrs Williams—Our building will be the northern-most building, so we will still be the first building to have an impact in relation to any planning.

Mr JENKINS—Does the leasing arrangement provide for guaranteed access? I suppose I am a little concerned that, if the arrangements were to change because of a greater master development, at some stage you might be impeded and you might be told if you want it fixed you will have to pay for the reparation.

Mr Hanna—I do not believe so. The plans that we have seen show that, as the building is the most northerly building, it has the most immediate access from the public roads.

CHAIR—Paragraph 2.19.5 of the submission states:

Whilst the design has not been commenced for ...the fit out, the rate—

and I will not divulge the rate—

per square metre is considered by Customs, Jones Lang LaSalle (The Project Managers) and the Quantity Surveyor to represent an achievable end cost.

The submission stipulates that the design ‘will be developed to the cost plan’. The question is: is there any danger that Customs’ requirements will not be met under the proposed cost plan arrangements?

Mr Hanna—I do not believe so. The rates that we have in Sydney will range from as low as \$500 a square metre for a very rudimentary 200 to 300 square metre fit-out without computer rooms and many other facilities in a small building up to at the top end of town—say, legal and financial—\$2,500 a square metre. We think \$1,000 per square metre total, which covers the project costs not just the construction costs, is a sensible figure that is achievable. I can see your concern of, yes, we will not go over the \$1,000 because we actually design to that cost rather than cost the design.

CHAIR—Yes, exactly.

Mr Hanna—Likewise, we would not think that \$1,000 a square metre is so low that we would have to take things out to the detriment of Customs’ operation.

CHAIR—I think earlier you mentioned that the developers are taking into account fire provisions, but I notice that point 12 in the Wilde and Woollard notes about the costings or the budget estimate talks about the ‘VESDA system plus additional fire sprinklers as required’. Does this mean that there is a split responsibility? I am not quite sure what the VESDA system is, and I think some other committee members might not either, so you might explain that. I presume it is part of the fire system arrangements?

Mr Hanna—Yes. The base building will be designed to comply with the BCA, the Building Code of Australia, and with the Airport Building Controller who represents the construction certification authority. That means that the building will be fully sprinkled. Because it is over 25 metres but under 50 metres in height, it has all the bells and whistles, if you like, that go with a medium-rise building. So it has an EWIS, an early warning intercommunication system, which is the speakers you often hear in fire testing in fire modes. It will have smoke detection and smoke exhaust in the fire stairs, stair pressurisation and sprinkler heads.

The VESDA system is part of the fit-out which is a small, sensitive early warning system installed in the computer room so that if there is any early sign of fire or smoke the VESDA system, being so sensitive, will pick that up and give us the best opportunity to put the fire out before it even sets sprinklers off. There is not a huge amount of money allocated for the fire system because it is basically covered by the base building, including fire hydrants and hose reels. So that allocation of money is for (1) the VESDA system and (2) some alterations that may have to be done to sprinkler heads if we cannot have them installed early enough in the fit-out design by the base building contractor at no cost to Customs and also for additional fire extinguishers.

Senator FORSHAW—I have a question about your current leasing arrangements. The lease in Pitt Street expires at the end of 2004. The lease at Link Road expires at the end of June this year, but you are renegotiating. What are you hoping to achieve there, given that the lease is due to commence on the new building in June next year? Could you comment on that and also on what will happen if the building is not completed and ready to be occupied by June next year.

Ms Caligari—We have extended the Pitt Street lease to December 2004. We are hoping that everything will go well with building and the building plan will occur as it should and that Andrew ensures that nothing untoward happens. The people there will be the first people we will move because that is our most at risk lease in terms of a further extension. The extension to the Link Road lease is with the head of SACL at the moment for signing. That will extend the Link Road people's stay there virtually right through to whenever we do move into the new building from Link Road. So we do not consider Link Road to be at threat at all. We have previously been given a verbal agreement that that is what will happen, and once the building is up we can move all the Link Road people in.

Senator FORSHAW—You are not looking at possibly being locked in for a couple of years or so?

Ms Caligari—No. It is pretty much a good agreement we have in relation to Link Road.

Senator FORSHAW—This issue arose with another project we were looking at not so long ago.

Ms Caligari—I will just ask my colleagues whether the Link Road lease extension that is with SACL at the moment is written in a way so that it is extended right through. Given that SACL are managing both leases, we certainly have no fears that there will be a smooth transition from Link Road. But we consider our Pitt Street lease as our most worrying one. Maybe I should hand over to Andrew in terms of the building plans.

Mrs Williams—I was going to say that our lease agreement has a clause which provides that, if delays caused by Sydney Airports Corporation mean that we cannot get in by the end of December and we need to relocate our staff, the corporation will have to pay the relocation costs and rent. It is a standard clause within Commonwealth leases. So we do have provision for that within the lease. I might just hand over to Mr Hanna to talk about the possibility of our not meeting the time frame.

Mr Hanna—We believe that three months is adequate time to fit out the building, given that a degree of integration of some of the base building works will be undertaken as a lessee initiated variation to the developer, which will help reduce the amount of work to do in fit-out. It will also help reduce the amount of disruptive work or abortive work in pulling down ceilings to put cables up and in putting ceilings back up again. We have a mechanism to be able to increase that scope to reduce the time of the fit-out should the base building take longer. We have reasonable confidence in the builder, being Multiplex. They pride themselves on a record of being quick. We think there is also sufficient time in their net program for delays. I think their program allows for about five weeks of extensions of time in order to finish by the June-July date. We then still have a month of float in our program to be finished by December. I suppose the final stopgap if all of those things fell over is that we would look to move the Pitt Street people in first and then let them do a subsequent move in the building. So we have a number of stopgap measures depending on which triggers occur during the base building program.

Mr JENKINS—In acknowledging that Commonwealth agencies can now set their own levels of work space allocation, does the Australian Customs Service as an agency have an agreement or policy about work space allocation?

Ms Caligari—Yes, we do. We have an agreement. It is a little dated now, and it was actually never endorsed finally. A lot of work was done with union representatives and Customs, but it was never officially endorsed. From looking at the file I could not work out how that did not happen, but we do have an agreement and everyone is quite happy with the basis we work on. It is 21 metres squared for people generally with their workstation size according to requirements. We have three different requirements for workstations. But we have to update that agreement, obviously. It is now five or six years old.

Mrs Williams—It was in 1996.

Ms Caligari—They are called the draft guidelines. That is what we operate from, and we have done for some time. I cannot see why they were never endorsed finally, but that is what we do operate from and we have not had any problems union-wise.

Mr Hanna—Maybe I can talk about the size of that space. That figure is calculated by dividing the whole area of the building by the number of staff. It does not represent the size of the individual work area for a desk. Generally our offices for the senior executives are 16 square metres. The regional director has a slightly larger office, and that is the only one in the building of that size. We have a generic process in the design planning phase to have these offices and meeting rooms at a similar size so that it further improves the ability to swap offices for meeting rooms and meeting rooms for offices to reduce the need for demolition and reconstruction during the life of the lease. There are two sizes of workstations. One is a double workstation, which is a standard L-shape with an additional return, making a U-shaped station; and then a standard

workstation, which is just an L-shape. Their dimensions are 1.8 by 2.4 and 1.8 by 4.8. We find that individual space size is consistent with what most of the private sector are adhering to. I know that some firms have gone down as low as 12 and 14 square metres. That tends to be more for people who are processing on a computer and do not need any document or layout space. So we are fairly comfortable that the figures adopted by Customs are pretty consistent with industry standards as they are today.

Mr JENKINS—The reason I was pursuing this is that 4.32 seems a little low compared with some other agencies. I think we have had evidence that at DIMIA's central office the figure is about 5.763 and at DSTA it is 9.5 because the specialised nature of the work being conducted involved more manuals and paperwork as well as access to computers.

Mrs Williams—The spacing there does not include the circulation space around workstations. There would be at least another half a metre for the space between the workstations because the workstations do not abut. There has to be a minimum of a metre between the workstations as you place them on the foot plate. So for each person within that space there is another half a metre by the length of the workstation, which is the 2.4 for each workstation as a minimum requirement. Subject to the way the design is laid out, it could be more than that. So it would take it up to something like seven square metres per person in an L-shaped environment as a minimum standard.

Mr JENKINS—Mrs Williams, based on that explanation, I will show a lack of courage and withdraw, although one of my colleagues may be more courageous and take you on. But I thank you for that. It will help me with further research about this matter.

Senator FORSHAW—He will go back and clean out his own office!

CHAIR—There being no further questions, I thank you for appearing as witnesses today before the committee, and also for facilitating and assisting the committee with this morning's inspections and of course the private briefing. I also take this opportunity to congratulate you. I concur with the deputy chair's comments that the submission is excellent and it helped facilitate the committee's work prior to this hearing. I also congratulate you on the work you have done in consulting with Australian Customs Service staff and your client base. It is refreshing.

Resolved (on motion by **Mr Brendan O'Connor**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it and submissions presented at public hearing this day.

Committee adjourned at 12.00 p.m.