



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Fit-out of new leased premises for Centrelink in Greenway, Australian
Capital Territory**

MONDAY, 27 MARCH 2006

CANBERRA

BY AUTHORITY OF THE PARLIAMENT

**JOINT STATUTORY COMMITTEE ON
PUBLIC WORKS**

Monday, 27 March 2006

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Forshaw, Parry and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

Members in attendance: Senators Forshaw and Troeth and Mrs Moylan, Mr Brendan O'Connor, Mr Ripoll and Mr Wakelin

Terms of reference for the inquiry:

To inquire into and report on:

Fit-out of new leased premises for Centrelink in Greenway, Australian Capital Territory.

WITNESSES

HAVLAT, Mr Karel, Acting Chief Financial Officer, Centrelink 2
MITCHELL, Mr Eddie, Project Director, National Support Office New Building, Centrelink 2
PARKER, Mr Colin, National Manager, Property and Environmental Management, Centrelink 2
SERCOMBE, Mr Steve, Managing Director, Wilde and Woollard Consultants Pty Ltd..... 2

Committee met at 10.29 am

CHAIR (Mrs Moylan)—I declare open this public hearing into the proposed fit-out of new leased premises for Centrelink at Greenway, ACT. This project was referred to the Public Works Committee on 8 February 2006 for consideration and report to 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 received a confidential briefing from Centrelink this morning and inspected the current premises and site of the proposed works. The committee will now hear evidence from Centrelink.

[10.30 am]

HAVLAT, Mr Karel, Acting Chief Financial Officer, Centrelink

MITCHELL, Mr Eddie, Project Director, National Support Office New Building, Centrelink

PARKER, Mr Colin, National Manager, Property and Environmental Management, Centrelink

SERCOMBE, Mr Steve, Managing Director, Wilde and Woollard Consultants Pty Ltd

Witnesses were then sworn or affirmed—

CHAIR—Welcome and thank you for meeting with us today. The committee has received a statement of evidence from Centrelink. This will be made available in a volume of submissions for the inquiry and they are also available on the committee's website. Does Centrelink wish to propose any amendments to the submission that was made to the committee?

Mr Havlat—Yes, please. Centrelink would like to adjust the figure that was presented to the committee of the cost of the fit-out. The original submission contained the figure of \$40.9 million. We would like to adjust that to include the design and management fees, totalling \$1.89 million, which will make the overall total \$42.79 million.

CHAIR—The committee needs to agree to accept that further submission; it is so ordered. I now invite a representative from Centrelink to make a brief opening statement, after which we will proceed to questions.

Mr Havlat—This proposal seeks approval for the fit-out of a new building to be leased by Centrelink at block 4, section 30, Greenway. The building will be developed by Allco and constructed by Multiplex. Currently, Centrelink's national office in Canberra has approximately 11 buildings, with 3,500 staff spread across those in different locations, in Tuggeranong, Woden, Weston, Fyshwick and Symonston. The Woden and Weston buildings are over 15 years old and are not appropriate for Centrelink's changing business requirements and do not meet the energy consumption requirements of Commonwealth environmental standards. The other Tuggeranong buildings are of medium to low grade and are mainly located above retail premises. Due to the large number of sites and the increasing inappropriateness of some of the buildings for Centrelink's changing business needs, we have identified a need to consolidate as far as possible the National Support Office in the Tuggeranong town centre precinct, with the majority of our staff in Canberra in one building. Centrelink has achieved this through the development of the Greenway proposal.

The total costs are contained within the envelope of the estimated long-term costs that will be incurred if Centrelink continue to occupy the 11 sites across Canberra. The business case supporting the co-location fit-out of the new building was endorsed by the Department of Finance and Administration in August 2004. Underpinning the business case was a commitment

by Centrelink to fund the new building fit-out costs within its existing five-year capital plan and not to seek additional fit-out funding from government. Currently, Centrelink occupies 55,414 square metres in Canberra. Under the new arrangements, Centrelink will occupy 40,000 square metres in the new building in Greenway, whilst retaining an overflow capacity of approximately 11½ thousand square metres in Tuggeranong Office Park and two other Tuggeranong sites. The new building at Greenway will accommodate 2,750 staff, with the remaining staff at the overflow sites.

The new building will consist of two parallel north-facing buildings of four and five storeys, with large floor plates and an internal 'Main Street' atrium. There will be flexibility for office spaces to be adapted to business needs as they change and the building will contain ample meeting rooms, break-out areas, a café, an auditorium and a kiosk.

Provision will also be made for settling National Support Office staff with disabilities. Interior workspaces, resource and meeting areas, café and kiosk will include comprehensive features, including adequate circulation for wheelchairs, accessibility of all basic amenities such as toilets, adjustable workstations, tables, desks and automatic-opening doors. Centrelink is also committed to the provision of a dedicated child-care centre for up to 90 children in the National Support Office precinct, within walking distance of our new building. This will occur through a subsequent proposal.

The new building will achieve a 4.5-star Australian Building Greenhouse Rating. The lease requires the landlords, Allco, to achieve this rating and to minimise the consumption of town water. Both of these requirements are underpinned by rental offset provisions within the lease with the landlords. The new building will incorporate leading-edge ecologically sustainable development innovations in areas such as energy consumption, greenhouse gas emissions, stormwater and grey water containment, and minimisation of water consumption and waste.

The revised budget for the fit-out is \$42.79 million. This includes coverage of workstations, furniture and fittings, appropriate allowances for contingencies as well as design and management fee components. Subject to parliamentary approval, fit-out procurement is planned from June 2006 to July 2007 and fit-out installation is planned to be conducted from August to November 2007. This will enable the commencement of the relocation of Centrelink National Support Office staff into the new building from November 2007.

CHAIR—Thank you. I will lead off with a couple of questions. One is in relation to fire services and appropriate evacuation of the building in an emergency. Can you tell us what you have done to ensure that it meets the standards?

Mr Mitchell—We are working with the developer to develop a full fire management system during the base building construction and before we commence our fit-out design. We already have in place in the building full fire protection, sprinkler systems, early warning evacuation systems and we will also have VESDA early protection in our basement computer facilities. There is comprehensive egress provision. One of the requirements for the building is that everybody must be within 40 metres of a fire escape—which is quite unusual in current design. Normally it exceeds that, but we are looking for flexibility in our future fit-out and we do not want the fire protection measures to in any way erode our ability to conduct our fit-out in future years. So there is a very high standard of fire protection in this building.

CHAIR—You did say in the inspection of your existing building today that you have quite a large number of people with a disability working in Centrelink offices. What arrangements are made for them in the case of an emergency evacuation?

Mr Mitchell—We make arrangements initially in the placement of people on the floors, to ensure that they have ready egress. However, that is not going to be a problem in our building, because we are moving to the draft disability code, which will ensure that all of our corridors provide egress. Secondly, from a management perspective, we ensure that all of our fire wardens take personal responsibility for people who have mobility problems. Thirdly, we have designed our fire stairs to have waiting areas for people in wheelchairs. On every corner of the building, somebody in a wheelchair can simply be taken into the fire stair, which is sealed off, and can be left there. We would not leave them there; we have a volunteer who stays with them until the fire brigade can come up and remove them from the building.

CHAIR—While we are talking about people with a disability, given that you do have a high number of people with a disability working for you, I understand you have taken some particular measures. Would you like to outline them for the record?

Mr Mitchell—We have a principle that people with any mobility problems and, as a matter of fact, with any disability should have full access to every facility within the building without exception. Particularly for those with mobility problems, we want to ensure that when they come in off the street, from public transport or from their own car, they can move freely into the building, up the building through the 10 lifts and to any part of the floor without having to open doors. So all the doors will be automatic. The selection of floor coverings will ensure that we minimise rolling resistance for people in wheelchairs. There are a whole range of other initiatives such as hearing loops, which we will put in meeting rooms, tactile indicators on floors, full braille signage throughout the building, disabled toilets and showers on every floor of the building, sensor taps where possible—in some cases the code will not allow us to provide sensor taps, so we will put in the hospital type large winged taps, particularly for people with arthritis and those sorts of problems. It is particularly important for Centrelink to be able not only to attract new staff but to retain its staff by providing a full range of facilities.

Mr BRENDAN O'CONNOR—On page 11 of your submission you indicate that you would conduct briefings for the CPSU in February. That month has come and gone. Have briefings taken place or has there been some change to that?

Mr Parker—The briefings have not yet taken place. We have conducted briefings throughout the organisation for all the staff. Our intent at the time of writing the submission was to provide the CPSU and the other couple of unions involved with a copy of the briefing material. Unfortunately, that did not go as I planned last week and I intend sending it to them very early this week.

Mr BRENDAN O'CONNOR—So we can say March 2006 then, can we?

Mr Parker—Yes.

Mr BRENDAN O'CONNOR—What agreement binds you to the CPSU, other unions and your employees? I presume it would be a registered federal agreement. Is it a section 170LJ or a section 170LK?

Mr Parker—That is not my area of expertise.

Mr BRENDAN O'CONNOR—Do you know whether it is a union or non-union agreement?

Mr Parker—It is a certified agreement with the union.

Mr BRENDAN O'CONNOR—That is a section 170LJ under an act, which has of course been superseded. So you will not actually meet with them; you will just provide them with the overheads you have provided to staff?

Mr Parker—I have met with the workplace delegates informally on a number of occasions over the last few years in relation to this. I will meet with anyone from the union at their request. I was going to make that offer in terms of sending material to them, so if they want to discuss it that is fine. There are no secrets as far as I am concerned.

Mr BRENDAN O'CONNOR—I thought, as a party and an employer, you would be bound by the agreement to consult anyway. It is not a question of discretion, is it?

Mr Parker—We are consulting through the occupational health and safety committee. That is a part of our process.

Mr BRENDAN O'CONNOR—But pursuant to the enterprise agreement you would be bound to consult with parties to that agreement on changes to the work places, wouldn't you?

Mr Parker—We would be, I would imagine.

Mr BRENDAN O'CONNOR—So you are obliged to and you are going to do that?

Mr Parker—Yes.

Mr BRENDAN O'CONNOR—What are the current arrangements for staff accessing car parking? Would the 2,700 or so people going across to the new building perceive it as an improvement or not? I do not know whether there is a net increase or reduction in access to parking spaces.

Mr Havlat—At the higher level, as we are dispersed across 11 buildings, there are different parking issues associated with Tuggeranong Office Park and the four buildings in Woden. Certainly, in Woden we have some issues with parking. Overall, at the higher level, it would be an improvement by consolidating in one building in Greenway. Do we have the numbers?

Mr Mitchell—In Tuggeranong Office Park we have around 750 car parks for the 2,450 staff on site. That includes the FaCS staff. In the new building we will have 1,100 car parks, which meet the ACT government planning requirements for car parking.

Mr BRENDAN O'CONNOR—Do you need a ratio of people per—

Mr Mitchell—Yes, we need 2.5 vehicles per 100 square metres gross floor area.

Mr BRENDAN O'CONNOR—So it is not people; it is actually square metreage versus car parking?

Mr Mitchell—That is correct.

Mr BRENDAN O'CONNOR—That means there are more car parking spaces per capita than there was. Is that right?

Mr Mitchell—There will be in the new building.

Mr BRENDAN O'CONNOR—Does that mean that there will be increased access for some employees or not?

Mr Parker—We are here to determine the best arrangements for car parking. In fact, I intend to set up a number of working groups to specifically consider the best way to go about car parking. There are a lot of choices. Whether we continue with the current arrangement—I am not sure that is the best choice—is something that I think we need to involve as many people in as possible. It is one issue that we get the most feedback about.

Mr BRENDAN O'CONNOR—When you relocate there are people who see it as a benefit because it might be closer to where they reside, but often there are people who are concerned about the relocation being a disadvantage because it was not planned when they were first employed. I wonder, therefore, to what extent you have regard to the potential adverse effects upon employees who have had to relocate, given that you have had a net increase in car parking spaces per employee.

Mr Parker—We know that the majority of our staff actually live in Woden or Tuggeranong Valley or south thereof. We certainly anticipate that the majority of staff will be better off in terms of proximity to work and home than they were previously. We also know, however, that a lot of staff do travel to work by car or, if they do not take their car, are dropped off and we cannot satisfy everybody who has a need for parking.

Mr BRENDAN O'CONNOR—So people who have parking now may not have parking with the relocation?

Mr Parker—It would depend, after consultation with our staff, on what way we decided to approach it. Like many other agencies, whether you have access to reserved car parking is to some extent currently a matter of status in the organisation. For example, SES have reserved car parking. Whether we continue with that and whether that provides sufficient equity for all in the longer term, I think we still need to discuss and work through. We do not have a firm position on it at this stage. It may be that in fact we take a different approach to reserved car parking, or lack thereof, which provides more equitable access to every employee than it currently does.

Mr BRENDAN O'CONNOR—Finally, there seems to be, at least on the face of it, an improvement in access to child care. I know that you are having a child-care centre built. Is that right?

Mr Parker—Our commitment is to have a child-care centre within walking distance of the new development, not in the building itself. We considered having it in the new building, but in order to satisfy requirements we would have had a maximum sized child-care centre there of 90-plus—

Mr BRENDAN O'CONNOR—How do you fulfil that obligation? Are you aware of available locations within walking distance or is it something you have undertaken without being assured of the possibility?

Mr Parker—There is available land and there is land which has child care as one of the land uses under the lease-purpose clauses. I am not sure at this stage that a lack of land in Tuggeranong would prevent a child-care centre being built. If we went to the market for a child-care centre, I am fairly confident that we would have a developer coming forward with one.

Senator TROETH—I noted with interest that in being able to build a building from the ground up you have put a great many energy conservation methods into play and I wondered how you proposed to record energy consumption in the new building.

Mr Mitchell—The electrical energy in the building will be fully metered at every electrical distribution board and captured on a centralised computer system. We want to ensure that we have a full breakdown of all the components of energy—be it lighting, power, landlord's mechanical services—and we need that for the AGRB rating as well. So there is comprehensive electrical metering. We will also monitor diesel fuel consumption for our standby power generation and we will also have separate metering for any gas consumption by the landlord on the heating systems and by our cafe operator. So every element of energy consumption will be fully metered.

Senator TROETH—From what you have said, that takes in the AGO's suggestion for separate digital metering, does it?

Mr Mitchell—Yes. We are having the highest level digital metering to ensure that we have accuracy and the ability to reconcile with the main meters from the utilities coming in each month.

Senator TROETH—Can you tell us about the airconditioning system and the precautions against Legionella bacillus and so on?

Mr Mitchell—The precautions against Legionella are primarily from a management perspective. We do have cooling towers on the roof, so we will have warm water storage systems, which are subject to the ACT statutory requirements. Under a separate facilities service agreement, which appends to our lease, the landlord must provide us every month with their Legionella testing results and they must alert us immediately to any test results that are beyond the statutory requirements. We will also be involved in overseeing the landlord's quality assurance processes. Under the Facilities Service Agreement we put in place they have an

obligation to consult with us and advise us of the risk management arrangements that they are putting in place to protect our staff and people in surrounding sites.

Senator TROETH—That is good. I am pleased to hear that. What sort of airconditioning system is it? Can you briefly describe the airconditioning system itself?

Mr Mitchell—The cooling system will be based around three or four chillers—at this stage we are unsure of the number. The heat rejection plant will be cooling towers. We will also have some closed circuit air-cooled condensers for areas such as our computer centre. Our heating systems will primarily be gas-fuelled boilers, but we will also be having a variation, I guess, of what is called a ‘chilled beam’ system in our walkways. Obviously, we do not want to be heating and cooling large expanses of the atrium, so we are going to develop microclimates in the walkways which are based on a variation of the chilled beam system. We also have some infloor electric heating in the main street areas. Once again, it is for microclimates, not for the bulk airconditioning.

Senator TROETH—Are the main street areas in between the two separate buildings?

Mr Mitchell—Yes, particularly on the ground floor. They are the break-out areas from conference and meeting areas which are on a slab floor rather than an access floor.

Senator TROETH—So you are confident that all of that will be maintaining the indoor air quality, because you do have a large number of employees?

Mr Mitchell—We probably have one of the highest standards set within a lease in recent times. The landlord must maintain this building at 22½ degrees plus or minus 1.5 degrees in general office areas or plus or minus three degrees in non-office areas such as down in the plant room, the basement. If they fail to do so, they are subject to a rental offset. We do give them some latitude. We give them two hours in which to respond to a complaint and if they fail to respond and fail to fix the problem within a further two hours they can be subject to the financial penalty, which is automatic. It is not as if we are abating rent in the future. It is not a particularly large penalty, but it is sufficient to give an incentive for the people managing the building to respond quickly and fix it quickly.

Senator TROETH—On my calculations that means, for instance, that in summer the temperature would never rise above, say, 25 or 26 degrees, with a similar lower temperature in winter?

Mr Mitchell—Yes. We are also matching that with not just temperature requirements but ventilation standards and humidity standards—to a limited extent only because in Canberra humidity is not a particular problem.

Senator TROETH—I also wanted to ask you about the other proposals that you could have taken up. You mentioned in your submission that there were three, I think, but one proposal was deemed suitable based on the size of the site. Could you tell us briefly the details of the other two proposals?

Mr Mitchell—Two others were nominated. One was a site at the southern end of Tuggeranong. I am not sure whether you are familiar with where the big Bunnings Warehouse is, but the site was south of there, right at the extreme end of the Tuggeranong town centre precinct. The block of land there is also shared with the ACT government's recycling facility. That proposal was advanced by a consortium, but they would not have been able to get even a 30,000 square metre building on that site. They did approach the ACT government to try to move the recycling facility, but the ACT government refused. Therefore, the site would not have been of much use to us.

The other one was in Woden, not too far from the Scarborough House project that the committee looked at recently. Juliana House is quite an old building now—I think it is 30-odd years or more—and behind that there is a cafeteria which is currently being redeveloped. The total on that site also would not have come to more than 30,000 square metres. There was a quite speculative proposal by that developer to try to negotiate with the ACT government to get control of the car park adjoining that, but unfortunately it came to nothing. It was really too speculative for Centrelink to proceed with any certainty.

CHAIR—Going back to the question the deputy chair asked about parking, what arrangements have you made for people who want to bike to work? Is there bike parking? You said there were shower and toilet facilities on each floor.

Mr Mitchell—Immediately adjacent to the main staff entrance and the shower and toilet facilities, the developer will provide us with a 100-bike park. It is to be covered and secured, and we will provide CCTV coverage for it as well. We are working with the developer to identify another area, which would not be covered, initially for a further 100 bicycles. There are advantages for the developer in doing that in terms of ACT planning. They do get some benefits in the planning exercise.

CHAIR—I want to mention a couple of points on the building design. There are two issues. You talk about hotelling and hot-desking. I thought you might like for the record to explain a little bit more about what they are and also the actual work spaces for each employee, because they are a touch under the acceptable size for government buildings. You might like to, for the public record, tell us why they are slightly under the usual size and whether you have discussed this with employees of Centrelink, who obviously occupy the building.

Mr Mitchell—Perhaps I will deal with the last question first, the issue of space. Yes, it is correct that Centrelink's net lettable area per person now and in the new building is relatively low compared to that of some other government agencies, particularly the more prestigious ones in the Parliamentary Triangle. While we will have less net lettable area per person, we are essentially eliminating all of the inefficiencies, particularly in the areas of lift foyers and the duplication of mail services. We anticipate that the space per person in the general office area, broadly, will increase by about 13 per cent. The floor you saw this morning, for example, has a space per person of 10.4 metres. In the new building, people will get 11.8 square metres, which is about a 13 per cent increase. Not only will they get that but also they will have more amenity on the floor and our initial planning shows that we will be able to get somewhere around a nine per cent increase in the space at the work point. So we are reducing inefficiencies and giving people more amenity on the floor and more work space.

The previous question related to hot-desking and hotelling. We are putting hotelling points on the floors, and they are primarily designed for visiting officers. We have a lot of visiting officers coming from our 500 offices around Australia. In many cases they simply need a place to touch down, plug in a laptop or get a phone. Rather than have to provide them with a full workstation, we will have these hotelling points. We are not moving to hot-desking, beyond what we currently do for people who are on shiftwork. For example, people in our help desk currently work a number of shifts and they share a desk—one goes out and another comes in. But hot-desking is not intended to go beyond that in the new building.

CHAIR—Thank you. I must say it is refreshing to see the attention you have paid to the environment issues and also to the issues for people with disabilities. There being no further questions, I thank the witnesses who have appeared before the committee today and the people who have assisted our inspections and private briefings.

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 11.01 am