

**Submission to the
Parliamentary Standing Committee on Public
Works
(Public Works Committee Act 1969)**



Australian Government

Australian Customs Service

**Proposed Fit-out of New Leased Premises
for the Australian Customs Service at The Circuit,
Brisbane Airport, Queensland**

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1 Identification of the Need

1.1 Purpose

- 1.1.1 The Australian Customs Service (Customs) has current leases which are due to expire around 30 June 2009.
- 1.1.2 This Statement of Evidence has been prepared to support a submission to the Parliamentary Standing Committee on Public Works (PWC) for approval of a \$15.84 million fit-out of premises to be leased by Customs.
- 1.1.3 The Statement of Evidence outlines the selection process for the new leased premises and a description of the fit-out works to be completed.
- 1.1.4 Customs seeks approval for the fit-out of premises it proposes to occupy from 1 July 2009 at The Circuit, Brisbane Airport, Queensland.

1.2 Objectives

- 1.2.1 The key objective for Customs is:

“Effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics.”
- 1.2.2 Customs is expecting to realise a number of operational and administrative efficiencies by integrating all staff to a single new building at The Circuit, Brisbane Airport, Queensland. These include:
 - a) A cost effective property solution, with lower energy consumption and improved environmental initiatives.
 - b) Advantages from technological improvements in building services.
 - c) Efficiencies in infrastructure, eg training facilities, staff amenities, conference/meeting facilities and floor layout.
 - d) Inclusion of Customs requirements into base building, eg security, air conditioning and other services.
 - e) Improved provision for public contact, with the majority of public contact occurring on the ground floor.
 - f) Minimisation of the costs of internal churn by adopting an open plan office fit-out; and;
 - g) An ability to flexibly deploy staff and consolidate operational activities due to the close proximity to other Customs business units.
- 1.2.3 Customs aims to achieve this through the fit-out of a leased building. The term of the lease is fifteen (15) years commencing 1 July 2009 with two options to renew of five (5) years each and an access date in the new building six (6) months prior to lease commencement to allow the completion of fit-out works prior to occupation.

1.3 Historical Background

- 1.3.1 Customs in Brisbane is currently located in the Central Business District (CBD) at 140 Creek Street, Brisbane. Customs has occupied this building since 1999. Customs also has work areas within the Brisbane environs at the airport precinct and the Fishermans Island port precinct.
- 1.3.2 Over the past 10 years Customs has been expanding to additional sites as required to meet operational requirements and house increased staff numbers. This has resulted in a number of dispersed leases.
- 1.3.3 In October 2005, Customs appointed their property managers, United Group Services, to conduct a market assessment of the Brisbane commercial and leasing market in 2009. In December 2005, they concluded that Customs would be best placed to conduct an open market procurement process to find a suitable accommodation solution.
- 1.3.4 Customs is seeking to relocate from its existing premises in and around the Brisbane metropolitan area at the end of the current lease (on or around 30 June 2009) to new premises.

1.4 The Need for the Work

- 1.4.1 Customs requires the provision of office-based accommodation that can accommodate the specialist function areas that meet the objectives and operational requirements of Customs. These specialist function areas include a public counter, data centre, investigation facilities, an armoury and detained goods store, including dangerous goods storage.
- 1.4.2 Leases and Memorandums of Understanding (MOUs) with other Federal Agencies of existing Customs premises in and around the Brisbane metropolitan area expire on or around 30 June 2009, as shown in the table below.

Property	Occupied By	Lease Expiry
AQIS Building, 42-44 Qantas Drive, Brisbane Airport	Air Cargo and Client Services	15 February 2009
Terrica Place, 140 Creek St, Brisbane City	Corporate Services, Intelligence, Investigations, Compliance and Executive	30 June 2009
412 Main Myrtletown Road, Pinkenba	Detector Dog Unit	30 June 2009
1 Rosa Street, Brisbane Airport	Air Cargo Examination Facility	05 June 2010
21 Whimbrel Street, Fisherman Island	Container Examination Facility	2 March 2018

- 1.4.3 Customs has a lease at Terrica Place, 140 Creek Street, Brisbane City, which is due to expire on 30 June 2009. Customs leases four whole floors and part of one floor consisting of 6,009 sqm square metres of office space and 33 car parking spaces.

- 1.4.4 Customs has a MOU with Australian Quarantine and Inspection Service (AQIS) at Qantas Drive, Brisbane Airport, which is due to expire on 15 February 2009. Customs occupies approximately 600 sqm in office area, public counter space and storage. While discussions are yet to be finalised, preliminary discussions indicate Customs will be able to extend the current MOU until 30 June 2009.
- 1.4.5 The accommodation requirement needs to be satisfied by 30 June 2009 prior to the expiration of Customs current lease at Terrica Place, 140 Creek Street, Brisbane.
- 1.4.6 Customs is keen to avoid delaying the commencement of construction of the base building and subsequent completion date, as this may result in increased costs to Customs by requiring an extension of the current lease beyond 30 June 2009. To ensure the commencement of construction is not delayed, approval from the PWC is required by 30 September 2007.

1.5 Description of the Proposal

1.5.1 Identification of the Need

- 1.5.1.1 In May 2006, Customs appointed a property consultant to identify the accommodation needs of Customs and to assist Customs in sourcing the most appropriate and best value for money option to address these needs.
- 1.5.1.2 By June 2006, the accommodation needs of Customs had been defined in a document titled the Accommodation Requirements Brief (The Brief). The Brief identified three facility options:
 - a) Facility A (Client Services) – a 2,000sqm (approx.) facility that should be located within 10 minutes of Brisbane Airport (the intersection of Qantas Drive and Rosa Street) and would primarily provide accommodation for Air Cargo and Cargo and Client Services.
 - b) Facility B (Corporate Services, Operations) – a 6,000sqm (approx.) facility that should be located within 40 minutes of the intersection of Port of Brisbane (Whimbrel Street and Sandpiper Avenue, Fisherman Islands), within 40 minutes of Brisbane Airport (the intersection of Qantas Drive and Rosa Street) and within 40 minutes of Brisbane City (the intersection of George Street and Turbot Street) and would primarily provide accommodation for Corporate Services, Intelligence, Investigations, Compliance and Executive.
 - c) Facility C (Detector Dog Unit) – an office and dog kennelling facility that should be located within 10 minutes of Brisbane Airport (the intersection of Qantas Drive and Rosa Street) and would primarily provide accommodation for the DDU.
 - d) The Brief also included a provision stating that the Facility A and Facility B requirement may be co-located.
- 1.5.1.3 Under the above facility options, the Container Examination Facility (CEF), located at the Port of Brisbane, would remain under its current lease, with Customs business units Waterfront Operations and Enforcement Operations to be re-located to the CEF.
- 1.5.1.4 Following preparation of the Brief, Customs commenced their approach to market to find a suitable provider(s) to satisfy the requirements of the Brief.

1.5.2 Approach to Market

- 1.5.2.1 To ensure compliance with the Commonwealth Procurement Guidelines, the approach to market was a two-stage process. This being:
- a) Stage 1 – Request for Proposals, evaluation and selection of a short-list of Proponents
 - b) Stage 2 – Request for Offer, evaluation and selection of a Proponent to finalise negotiations
- 1.5.2.2 The first stage of the two-stage approach to market was conducted on 17 June 2006 with a call for Request for Proposals from property owners/developers interested in providing an accommodation solution for Customs. Fourteen (14) responses were received by the tender closing time on 13 July 2006, and a fifteenth (15th) proposal was delivered late.
- 1.5.2.3 Following an extensive evaluation process, a short-list of suitable properties was prepared from the proposals received and on 4 September 2006 invitations for presentation of offers were made to nine (9) proponents.
- 1.5.2.4 A total of six (6) offers were received on the closing date of 4 October 2006, of which one was a notice of withdrawal from the process and a further offer (for Facility C) was related to a concurrent procurement exercise being conducted for the co-location of Customs Detector Dog facilities. This resulted in Customs advising the Facility C proponent that they would suspend the process pending the outcome of the separate Detector Dog facilities procurement exercise.
- 1.5.2.5 Four (4) final offers were received. The respondents were:
- a) An existing building at Terrica Place, 140 Creek Street, Brisbane (current premises);
 - b) A proposed building at Sinnathamby Drive, Springfield, Brisbane;
 - c) A proposed building at 3 Port Central Avenue, Port of Brisbane, Fishermans Island; and
 - d) A proposed building off Prior's Road, Aerotech Park, Brisbane Airport.
- 1.5.2.6 The four (4) responses were then subjected to an intensive evaluation process by the property consultant. The evaluation process reviewed by non-price and price criteria previously agreed with the Steering Committee.
- 1.5.2.7 Of the four (4) offers only the proposed building off Prior's Road, Aerotech Park, Brisbane Airport was able to satisfy both the Facility A and Facility B requirements and provide a total accommodation solution without the need to pursue a separate procurement process. On 19 October 2006, the probity advisor recommended that, as part of the evaluation process for Stage 2, Customs enter into direct negotiations with Brisbane Airport Corporation Pty Ltd (BAC) and Port of Brisbane Corporation (POBC) with a view to obtaining a suitable accommodation solution for Facility A. These were the two highest ranked proposals and, on 20 October 2006 were identified by the property consultant to move through to the final selection stage.

1.5.2.8 A summary comparison of the two recommended sites is shown in the table below.

	Advantages	Disadvantages
3 Port Central Avenue, Port of Brisbane (Greenfield Site)	<ul style="list-style-type: none"> • Meets the building requirements. • Provides a competitive rent. • Located in close proximity to the Customs CEF at the Port of Brisbane 	<ul style="list-style-type: none"> • Provides only a part accommodation solution. • Concern with staff driving to the building in close proximity to road trains and container transports. • Limited access to and from Fishermans Island. • Limited public transport
Off Priors Road, Aerotech Park, Brisbane Airport (Greenfield Site)	<ul style="list-style-type: none"> • Provides a total accommodation solution. • Located on the northern side of the Brisbane Rive and Gateway Bridge in closer proximity to Brisbane Airport - representing 80% of clientele. • Meets the requirements. • Provides a competitive rent. 	<ul style="list-style-type: none"> • Location within the Airport precinct not ideal, i.e. away from the airport and allied industry. • Poor proximity to public transport and other amenities for staff • Poor transport for the public to access the client services counter.

1.5.2.9 On 10 November 2006 initial negotiation meetings were held with the two preferred offerors, following which each offeror presented an amended offer to address the disadvantages identified above.

1.5.2.10 Port of Brisbane Corporation (POBC) was unable to provide a solution that met the requirements of Facility A, and therefore was unable to provide a total accommodation solution to Customs. In this case, Customs would have needed to pursue a separate procurement process to meet the Facility A requirement, which it was agreed did not represent the best value for the Commonwealth in consideration of the escalating rental rates at the time and the lack of commercial office space available.

1.5.2.11 Key reasons for selection of the Aerotech Park, Brisbane Airport building include:

- a) It provides a total solution that met the requirements of Facility A and Facility B, without the need to initiate a separate procurement process;
- b) It ranks highest across all evaluation criteria;
- c) It provides a well-designed building at a competitive base rent;
- d) The rent offered is competitive and within the benchmark expected for a building of this nature in the location provided;
- e) The building will have an Australian Green Building Rating of not less than 4.5 stars; and
- f) The building will meet the requirements of the Brief.

1.5.2.12 As noted in the table above, the location of the building offered by Brisbane Airport was not in an ideal location within the Airport precinct. The reasons for this include:

- a) Poor proximity to public transport, and other amenities for staff; and
- b) Poor transport for the public to access the client services counter; and
- c) Accessibility and distance from other Customs work locations within the airport precinct.

On 10 November 2006, BAC were advised that the current location proposed for the total accommodation solution at Aerotech Park was not ideally suited to Customs operational requirements. As provided for in the Request for Offer documentation, Customs sought an amended offer from BAC for an alternative site located in closer proximity to Airport Drive and Qantas Drive, that was closer to public transport facilities and amenities for staff.

1.5.2.13 Through further negotiations with the Brisbane Airport Corporation Pty Ltd (BAC), an alternative site was agreed at The Circuit, Brisbane Airport. This site was selected due to:

- a) Improved proximity to bus transport and the proximity to a future train station as described further in this report;
- b) Proximity to the International Terminal and the International Mail Centre; and
- c) Exposure to passing traffic on Airport Drive, the main access to the International Terminal, and the Gateway Motorway, the main north south arterial road in the Brisbane metropolitan area.

1.6 Other Options Considered

1.6.1 The offers received in relation to Customs existing tenancy at Terrica Place, 140 Creek Street Brisbane, and the proposed building at Springfield were only able to provide two-thirds of Customs' total accommodation requirements and did not represent best value for money. The table below identifies the key advantages and disadvantages of both the Springfield and 140 Creek Street offers.

	Advantages	Disadvantages
Sinnathamby Boulevard, Springfield (Greenfield Site)	<ul style="list-style-type: none"> • Meets the building requirements. • Provides a competitive rent. 	<ul style="list-style-type: none"> • Provides only a part accommodation solution. • Not in close proximity to Customs facilities, when compared to other offers – was the most remote option. • Limited public transport.
Terrica Place, 140 Creek Street, Brisbane City (Existing Building)	<ul style="list-style-type: none"> • Good location, close to public transport and close proximity to Customs clients. 	<ul style="list-style-type: none"> • Provides only a part of the accommodation solution. • Rent not competitive to other offers. • Growth and security requirements not completely satisfied. • Customs would share the tenancy

	Advantages	Disadvantages
		<p>of the building with others providing an increased security risk.</p> <ul style="list-style-type: none">• Concern with the ability of the landlord to achieve a 4.5 star ABGR whole building rating.

1.7 Reasons for Adopting Proposed Course of Action

- 1.7.1 Brisbane Airport Corporation Pty Ltd is able to provide a total accommodation solution in a prime location situated within the airport precinct at The Circuit, Brisbane Airport. They have offered a competitive rent under the proposed lease of \$400 per square metre (excluding GST) on the basis of the lease term being over 15 years.
- 1.7.2 The property consultants' advice indicates that this reflects the market and represents good value for money. Lease costs to remain in the current tenancy at Terrica Place would be significantly higher than the proposed site at Brisbane Airport.
- 1.7.3 The offer of a prime site within the Airport precinct offers a number of benefits to Customs. These include an ability to flexibly deploy staff and consolidate operational activities due to the close proximity to other Customs work locations (Airport and International Mail Centre); increased visibility and access for clients; an opportunity to expand and accommodate future growth, and an overall value for money offer when compared to other market proposals submitted during the procurement process.

1.7.4 Reasons for non-selection of the current location

- 1.7.4.1 The majority of the Customs staff to be accommodated in the new building are presently based at Terrica Place, 140 Creek Street, Brisbane. The owners of the Terrica Place building submitted a proposal in accordance with the tender documentation and process described above. The Terrica Place offer was not selected for the following reasons:
- a) The Offer did not present a value for money offer, being one of the highest rents offered.
 - b) The Offer was not able to demonstrate clearly an ability to provide a minimum 4.5 star ABGR rating, which is a mandatory requirement.
 - c) The Offer was not able to demonstrate an ability to provide a building that was able to accommodate critical facilities such as an armoury.
 - d) Acceptance of the Offer would have required Customs to undertake a separate procurement process to source a building to satisfy the Facility A requirement.
 - e) The Offer did not adequately address the requirement for future growth.

1.7.5 Cost Issues

- 1.7.5.1 The total occupancy-related cost (including the fit-out) over the projected fifteen year lease period for the current building at 140 Creek Street is projected to be \$ 102.592 million (GST inclusive) Net Present Value (NPV) whilst the projection for the new building at Brisbane Airport is \$ 92.215 million (GST inclusive). This is a difference of approximately \$ 10.377 million (GST inclusive) NPV or \$ 0.692 million (GST inclusive) averaged per annum over the life of the fifteen-year lease.

- 1.7.5.2 The NPV for 140 Creek Street, Brisbane is higher due to their higher gross rent rate. The NPV recognised that there would be cost savings during the fit-out of 140 Creek Street as some elements of the existing fit-out would remain, although modifications and replacement of elements of the 10-year old fit-out would still need to occur to meet the current requirements of Customs. The NPV has also included an allowance for the cost of satisfying the Facility A requirement through another provider using model rates that are the same as The Circuit, Brisbane Airport. The rates at The Circuit, Brisbane Airport are lower than 140 Creek Street by more than \$ 100 per square metre.
- 1.7.5.3 The NPV for The Circuit, Brisbane Airport is lower due to their lower gross rent rate. The design of the new building meets the requirements of Customs and will assist Customs in managing its security obligations and achieving operational efficiencies, as Customs will be located closer to its operational centres at the International Mail Centre and Brisbane International Airport Terminal Building.
- 1.7.5.4 The Minister for Finance and Administration exercised the Regulation 10 authorisation of the *Financial Management and Accountability 1997* (FMA) Regulations for a spending proposal over a 15-year lease period on 22 December 2006.

1.7.6 Acceptance of Recommendation

- 1.7.6.1 The overall assessment by the consultant took into account financial and a range of non-financial factors associated with the quality of the buildings offered, security requirements, efficiency ratings, location, and an assessment of risks associated with each offer.
- 1.7.6.2 Taking into account all factors the overall outcome is that the building at The Circuit, Brisbane Airport ranks significantly better than the other offers and provides the best operational outcome for Customs at a competitive NPV cost. Customs has commenced negotiations for a lease of fifteen (15) years commencing 1 July 2009 with two options to renew of five (5) years each for the new building.
- 1.7.6.3 The Queensland Accommodation Strategies Steering Committee has endorsed the above recommendation.
- 1.7.6.4 At the time of writing this report, the Agreement to Design, Construct and Lease is being finalised and is not yet signed.

1.7.7 Probity

- 1.7.7.1 Customs appointed a probity advisor from DLA Phillips Fox in Brisbane who scrutinised the entire process. The probity advisor has provided a report confirming that the process was fair and equitable.

1.8 Environmental Impact Assessment

- 1.8.1 Section 90 of the Airports Act 1996 provides that major airport developments must not be carried out except in accordance with an approved Major Development Plan (MDP). Among the matters that must be addressed in an MDP (Section 91 (1)(h)) are:
- a) "...the airport-lessee company's assessment of the environmental impacts that might reasonably be expected to be associated with the development."
- 1.8.2 A MDP is being prepared by BAC in accordance with and in order to meet the requirements of the Airports Act 1996 as outlined above. This will be submitted in accordance to the Act separately.
- 1.8.3 The Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act) provides protection to matters of National Environmental Significance (NES).
- 1.8.4 The MDP provides an assessment of environmental impacts to determine whether any matters of NES are affected. Key observations from the environmental assessment undertaken and addressed in the MDP include:
- a) The site of the new building is not contaminated, or listed on BAC's Contaminated Sites Register.
 - b) The impact of Acid Sulphate Soils during construction is considered to be low adverse and negligible during operation.
 - c) The site is currently grassed with no natural vegetation with the impact to flora and fauna during construction and operation assessed as being negligible.
 - d) The impact on hydrology and water quality during construction and operation is assessed as negligible.
 - e) The impact on air quality during construction and operation is assessed as negligible.
 - f) The noise impact during construction is assessed as low adverse and during operation as negligible.

1.9 Heritage Considerations

- 1.9.1 The BAC Airport Environment Strategy (AES) identifies and describes the findings of previous cultural heritage studies undertaken on the airport site. It is understood there are no indigenous or non-indigenous sites located either within or immediately surrounding the proposed development site. In addition the site has been cleared and filled as part of the preparation of the site for the Number 1 Airport Drive precinct with no cultural heritage material having been uncovered. It is not proposed for the office development (including the under-croft car park) to excavate beneath the base of the filled surface.

- 1.9.2 Given that the works associated with the development are not required to excavate beneath the base of the filled surface and that there are no known indigenous or non-indigenous cultural heritage sites identified within the proposed development area, the potential for uncovering any human skeletal remains, or materials resembling indigenous artefacts is considered negligible.
- 1.9.3 Notwithstanding the above, assessment works will cease and BAC's Environment Manager and the Airport Environment Officer will be informed immediately if any materials resembling indigenous artefacts or human skeletal remains are identified during the course of construction.
- 1.9.4 There are no heritage overlays relating to the site.

1.10 Details of Consultation Carried out Among Stakeholders

- 1.10.1 Customs will develop a comprehensive Communication Strategy for internal and external consultation with clients following the execution of the Agreement to Design, Construct and Lease. Following this, all references to the project will be qualified to recognise that the proposal remains subject to the approval of the Public Works Committee.
- 1.10.2 Local managers from each of Customs' operational units were consulted during the identification of the requirement in preparation of the Brief by the property consultant between May 2006 and June 2006. Managers were asked to describe their operational requirements for incorporation into the Brief. This included identification and determination of the spatial requirement.
- 1.10.3 No staff briefing sessions have been held at the time of writing this report. Staff information sessions will be conducted during the development of the fit-out design, and following receipt of PWC approval. The sessions will be to brief staff directly on the project and the proposed future direction, possible transition arrangements and to obtain feedback from staff following the announcement of the decision. Members of the Project Team, consultants and Reference Group members will be involved in the information sessions.
- 1.10.4 The Department of Finance and Administration was consulted during the development of this submission.

1.11 Revenue to be Derived from the Project

- 1.11.1 There will be no revenue derived by Customs from this project.

2 Technical Information

2.1 Project Location

- 2.1.1 The proposed building site is located within the Number 1 Airport Drive precinct at the entrance to Brisbane Airport on the southwestern perimeter of BAC's lease area. The site is to the north of the Direct Factory Outlet (DFO) centre, to the northwest of the BAC Administration Building and northwest of a potential future Airtrain station. The site is bounded by Airport Drive and the Gateway Motorway.
- 2.1.2 The building is a four (4) storey building with under-croft car parking with a net lettable area (NLA) of approximately 9000 sqm to accommodate an armoury, detained goods store, general stores and offices. The car park and verandas are not included in the stated NLA.
- 2.1.3 Associated facilities and works for the precinct include:
- a) Installation of drainage and stormwater infrastructure adjacent to the site; and
 - b) Landscaping at the site in accordance with the security requirements of the Federal Government Agency and the Brisbane Landscape Master Plan (2005).
- 2.1.4 The office building is to be oriented in a northerly direction. The main car parking area is under the building and vehicle access to the car park will be from The Circuit, which links Airport Drive to the site via existing precinct roads.
- 2.1.5 Delivery and service vehicles will use the western service yards/secure loading dock accessed via a separate crossover from Circuit Drive. This access is not shared with public and staff access to the building.
- 2.1.6 A site location plan is located in Appendix A.

2.2 Project Scope

- 2.2.1 The works include the fit-out of a four (4) storey office building with a net lettable area (NLA) of approximately 9000 sqm and each floor having an area of approximately 2400-2800 sqm. The height of the building will be approximately 24.5m. The building has an under-croft car park with the provision of 29 new visitor parking spaces and 60 operational vehicle spaces at the site. There will also be an external enclosed four (4) vehicle garage at the site for operational mobile x-ray vehicles.
- 2.2.2 The economic life of the building is expected to be 30 years.
- 2.2.3 The building is to be used by Customs for operational and corporate services including a client service counter. The building is to include secure and general storage areas, change rooms and storage for operational vehicles that service business units within the airport precinct.
- 2.2.4 Customs will be the sole occupant of the building.
- 2.2.5 The building will be designed to achieve 4.5 stars under the Australian Building Greenhouse Rating (ABGR) scheme. This scheme is a method of assessing the energy efficiency of a building with 5 stars being the highest rating.

- 2.2.6 The works to be undertaken include:
- a) Integration of services into the base building works, including electrical, mechanical, communications, security, fire and hydraulic services. The services include building security monitoring, lighting, data installation to Customs specified requirements, flexible air-conditioning zoning to enable ease of change with spare capacity for additional package units and spare electrical capacity within the floor distribution boards to allow for the fit-out;
 - b) The fit-out to meet Customs specific requirements of the premises;
 - c) Architecturally designed office accommodation including construction of public counter, general office areas, computer facility, meeting rooms, utilities, store, kitchens, first aid room, carers/family room, conference and training facilities.
- 2.2.7 Fit-out design and specifications will meet the Disabilities Legislation requirements both in respect to access for clients and staff including wheel chair access to the building and office areas, door widths and height, lift arrangements, parking, toilets and access to counter facilities.
- 2.2.8 The fit-out will be designed to conform to the Customs "Draft National Space and Fit-out Standards and Guidelines".
- 2.2.9 The fit-out will be integrated with the construction to the maximum extent possible. The advantage of an integrated fit-out is that there are cost savings of at least 5% if the base building services can be designed and constructed to suit Customs floor plans, without the need for any abortive works. This places a tight timetable on Customs to complete its floor plans by 30 September 2007, however this target date is considered realistic.
- 2.2.10 The office is expected to operate between 7.00am to 7.00pm daily with an after hours support operation, where required, to facilitate the 24 hour operational needs of Customs. It will accommodate approximately 350 staff with provision for expansion for a further 60 staff.
- 2.2.11 Further details are described in this document under Planning and Design Concepts.

2.3 Details of Site Selection

- 2.3.1 Customs commenced the building and site selection process through a two staged procurement process in June 2006. The selection process was fair to offerors of both new and existing buildings. The evaluation of the short-listed buildings focused on the quality of the buildings, the ability to meet the spatial requirement, the utility of the site, the suitability of facilities, accessibility to other Customs operational sites, access to public transport and security considerations.
- 2.3.2 A risk analysis was conducted for each of the offered sites, with elements being considered including; commercial risk, environmental risk, timing risk and risk to Customs operations. Whilst consideration of risk influenced the scoring of certain buildings, none were excluded totally on the basis of risk.

- 2.3.3 The costs aspects of the buildings were evaluated on the basis of the Net Present Value (NPV) of all provided building occupancy costs over a 10 year then 15 year period. The NPV per building was then combined with the non-cost appraised consideration to form a cost/quality ratio for each building. This identified two options that were then assessed further as described previously in this report.
- 2.3.4 The site and building located at The Circuit, Brisbane Airport was selected as the preferred location as a result of the procurement process and is the site subject to this report.

2.4 Site Description

- 2.4.1 The proposed building site is located within the Number 1 Airport Drive precinct at the entrance to Brisbane Airport on the southwestern perimeter of BAC's lease area. The site is to the north of the Direct Factory Outlet (DFO) centre, to the northwest of the BAC Administration Building and north west of a potential future Airtrain station. The site is bounded by Airport Drive and the Gateway Motorway.
- 2.4.2 The site is currently cleared with no building structures and allows for the development of a north facing building.

2.5 Zoning and Approvals

- 2.5.1 The land is zoned "Business" according to the 2003 Master Plan. This includes the permitted use of office function areas and associated storage.
- 2.5.2 Prior to construction of the proposed building, Brisbane Airport Corporation Pty Ltd will be required to obtain a Major Development Plan approval as provided below.
- 2.5.3 The Airports Act 1996 requires a Major Development Plan (MDP) for each major development at a regulated airport. Section 89 of the Act prescribes those activities that are included as a 'major airport development'. The proposed development outlined in this MDP would be defined as a 'major development' by virtue of Section 89(1)(d):
 - a) "constructing a new building, where:
 - i. The cost of construction exceeds \$10 million or such higher amount as prescribed."
- 2.5.4 A major airport development requires the preparation of a Major Development Plan (MDP) under section 90 of the Airports Act 1996 and requires approval by the Minister for Transport and Regional Services. Concurrent approval must also be sought under Section 160 of the Environmental Protection and Biodiversity Conservation Act 1999.

- 2.5.5 Supplementary to the preparation and approval of an MDP, the office building is subject to other requirements of the Airports Act 1996 such as:
- a) Acquisition of Building Permits which are to be granted by the Airport Building Controller (ABC) in accordance with the Airports (Building Control) Regulations 1996; and
 - b) Submission of an Environmental Management Plan (EMP) to the Airport Environment Officer (AEO).
- 2.5.6 An important implication of this process is the requirement that the Draft MDP be made available for public comment for 90 days. During this period, the project proponent, being BAC, must provide detailed briefings to all relevant stakeholders to ensure a complete understanding of the proposal and its environmental implications. This public consultation process will commence in April 2007. Customs has requested that the Department is not identified as the occupant of the building during the consultation process. All advertising material produced by BAC refers to the occupant as a Federal Government Department.
- 2.5.7 It should be noted that as the office building will not result in any penetration of 'prescribed airspace' at Brisbane Airport, no approvals are required pursuant to Part 12 of the Airports Act 1996.
- 2.5.8 In addition to the preparation and approval of an MDP, a new development is subject to an internal BAC approval process and a Building / Works Permit Application to the appointed Airport Building Controller (ABC).
- 2.5.9 The Building / Works Permit Approval cannot be issued by the ABC without written consent from BAC, as required under the Airports (Building Control) Regulations 1996 confirming that the new development is consistent with:
- a) Brisbane Airport Master Plan; and
 - b) Brisbane Airport Environment Strategy (AES).
- 2.5.10 The MDP and Building / Works Permit Approvals related to the base building are being prepared and sought by BAC. The MDP will be lodged in June / July 2007.
- 2.5.11 No other planning or authority approvals are required by the Queensland State Government and Brisbane City Council.

2.6 Land Acquisition

- 2.6.1 The land is held under a 50 year Head-lease, with a 49-year option by the BAC from the Commonwealth of Australia. BAC manages the land under the guidance of the Airports Act 1996. The land will be occupied under a sub-lease, the terms of which are currently being finalised.

2.7 Codes and Standards

- 2.7.1 All provisions of the National Code of Practice for the Construction Industry, the Building Code of Australia, Australian Standards and Queensland Government reference standards will be met during the fit-out.
- 2.7.2 All works are to be certified by the Airport Building Controller (ABC) in accordance with the Airports Act 1996. It is the intention of the project team to engage with the ABC early during the design phase to ensure compliance items are addressed early so as to not delay the approval of the fit-out building works.

2.8 Planning and Design Concepts

- 2.8.1 Detailed planning and design of the fit-out are expected to commence in April 2007 with the Concept Design Report due in June 2007. While detailed planning has not yet commenced, the spatial requirement has been identified along with a number of key requirements by Customs. It is these requirements that will help direct the planning and design of the fit-out.
- 2.8.2 The base building and the fit-out will be designed to achieve a 4.5 star Australian Building Greenhouse Rating (ABGR) and Customs has incorporated the Green Lease Schedule into the lease documentation.

2.8.3 General and Building Structure

- 2.8.3.1 The building will be four storeys high. The overall height of the building above ground level will be approximately 24.5 metres.
- 2.8.3.2 The floor will be designed to accommodate standard live loads for office buildings with areas for compactus storage, safes and an armoury.
- 2.8.3.3 The building entrance shall provide an identifiable access point containing the following:
 - a) Automatic entry doors
 - b) Shelter entry from weather including prevailing wind and rain
 - c) Directory board
- 2.8.3.4 The building includes a secure loading dock for the delivery of goods, including secure items and dangerous goods, to and from the building. This is separate to the public access point.
- 2.8.3.5 The building has an under-croft car park with the provision of 29 new visitor parking spaces and 60 operational vehicle spaces at the site. There will also be an external enclosed four (4) vehicle garage at the site for operational mobile x-ray vehicles.
- 2.8.3.6 Foundations for the building structure will be typical for this type of construction, for example, piled solutions. The superstructure will consist of typical elements such as precast and insitu reinforced concrete, steel work and typical roofing and wall claddings. The suspended floor slabs will are likely to be post-tensioned. External finishes are to comply with the Airport Master Plan 2003.

2.8.3.7 Consideration has been given to the use of sustainable materials in the construction of the building. This includes the use of recycled timber and materials with low Volatile Organic Compounds (VOCs).

2.8.4 Fit-out

2.8.4.1 The typical ceiling height will be 2.7 metres in enclosed areas with sufficient above ceiling space to install building services including mechanical, electrical, data, communications, and fire protection services.

2.8.4.2 The fit-out will be designed to conform to the Customs “Draft National Space and Fit-out Standards and Guidelines”.

2.8.4.3 The building services are designed to provide for the office accommodation of not more than one person per 12.5 square metres to office function areas.

2.8.4.4 The fit-out of the building will be designed and constructed to include the following functions.

- a) Public counter including waiting area, public meeting rooms and a media briefing room. This will be a single public area on the ground floor will be restricted to the ground floor with controlled access to other areas of the building. Access to lifts will be controlled and monitored by the security systems and a 24-hour 7 days a week guard service.
- b) Storage of detained and dangerous goods. Storage of such goods will be managed in accordance with Customs policy and the requirements of local authorities.
- c) Armoury.
- d) Secure loading dock with controlled access and security monitoring.
- e) Training rooms for general, computer-based, operational and personal defence equipment training.
- f) General office areas including offices, open plan workstations, shared meeting room facilities, private rooms, and utility areas. The majority of fixed partitioning for offices and meeting rooms will be located towards the core of the building with open plan areas located around the perimeter to maximise the use of natural light.
- g) Conference room comprising video-conference facilities.
- h) Storage facilities including individual, shared and archive storage areas.
- i) First-aid Rooms.
- j) Family Rooms.
- k) Computer forensic room.
- l) Investigation evidence and interview rooms.
- m) Interview rooms with recording and monitoring facilities.
- n) Gymnasium.
- o) Showers and change room facilities.
- p) Kitchen and lunch room facilities that breakout onto outdoor areas comprising the base building verandahs.

2.8.4.5 The building will be designed to provide accommodation for approximately 350 staff with provision for expansion for a further 60 staff.

- 2.8.4.6 Modularisation of the size and shape of offices and meeting will be explored to maximise the future flexibility of the workspace and ability to alternate the use of the space during the term of the 15-year lease.
- 2.8.4.7 An opportunity to have designed and constructed new internal stairs, other than fire escape stairs, is being investigated. The incorporation of internal stairs between each of the floors will provide an alternative mode of egress between floors, other than the lift, and will help with energy conservation, promoting a healthy, active work environment, and encouraging further interaction between staff. The stairs will be designed in consultation with the landlord so as to not adversely impact on the structure of the building and will also be designed in consideration of the security requirements of Customs. An allowance has been included in the cost estimate for the incorporation of new internal stairs.

2.8.5 Amenities

- 2.8.5.1 Disabled toilets and shower facilities will be provided on each floor.
- 2.8.5.2 Toilets for both genders will be provided to each floor in accordance with the Building Code of Australia.
- 2.8.5.3 Change room and shower facilities will be provided in proximity to fitness facilities, training rooms and the main lunchroom.
- 2.8.5.4 Tea points will be made available on each floor.
- 2.8.5.5 Bicycle parking will be made available in the under-croft car park with direct access to the lift, which will then provide access to the change room and shower facilities.

2.8.6 Building Services

- 2.8.6.1 The communications riser will be physically secure and will be for the exclusive use of Customs. The communications riser will be provided in a central location within the building as part of the base building works and will be fitted-out by Customs during the fit-out to suit their communications and data requirements.
- 2.8.6.2 A suspended rooftop plant deck will be provided for the installation of communication equipment (microwave dishes and antennas) required for Customs operations.
- 2.8.6.3 A dedicated 24-hour air-conditioning system will be provided to the Data Centre, comprising the server room and communication facilities as part of the base building. This air-conditioning system will include humidity control.
- 2.8.6.4 Air-conditioning to the remainder of the building will be serviced by a chilled beam system to achieve the 4.5 star ABGR whole building rating.
- 2.8.6.5 Back-up power supply will be provided as part of the base building to service the Data Centre, security system and PABX.
- 2.8.6.6 The fit-out will be designed in order to achieve a 4.5 star Australian Building Greenhouse Rating (ABGR) whole building rating.
- 2.8.6.7 The base building will incorporate a rain harvesting (water tank) system. It is proposed that the water captured through the rain harvesting system will be used in irrigation and to service urinals and toilets.

2.8.7 Growth / Expansion Area

- 2.8.7.1 The building includes a provision of 855 sqm for future growth during the term of the lease. The growth component has been calculated on the average growth over the last 10 years and then extrapolated over the next ten years.
- 2.8.7.2 Under the lease, Customs is not required to pay rent on the growth area component, unless it is occupied by Customs, until the end of year five of the lease. Fit-out of these areas will be carried out in year five of the lease. The cost plan includes an allowance for fit-out of this area.
- 2.8.7.3 The growth area will be separated by partitions to restrict access until required. An option to isolate electrical (lighting) and mechanical services to the growth areas is being confirmed with the intent to isolate these from operation and saving on energy costs until required.
- 2.8.7.4 The growth areas are shown on the base building plans enclosed in Appendix B.

2.9 Acoustics

- 2.9.1 Operational practices at the new office building will include general office activities that will not be discernible from outside the building and some additional traffic movements at the precinct.
- 2.9.2 The building will be designed in accordance with relevant standards to ensure aircraft noise intrusion is managed appropriately, as outlined in 91(1)(f) of the Airports Act.
- 2.9.3 The impact of the new office building on noise in the operation phase is considered to be negligible.
- 2.9.4 Noise generated by the mechanical services will not exceed the recommendations of the relevant Australian Standards.
- 2.9.5 Offices and meeting rooms will be designed to restrict noise entering into open plan work areas, with some rooms identified during the fit-out design as having a higher acoustic performance rating to allow the discussion of confidential matters.

2.10 Energy and Water Conservation Measures – including targets

- 2.10.1 The building will be designed having regard to the applicable components of “Section J – Energy Efficiency” of the Building Code of Australia (BCA) and will take into consideration aspects of the following criteria as appropriate for a Class 5 building. The design will also consider the Federal Government’s Policies for energy efficiency and Ecologically Sustainable Development.

- 2.10.2 During the design process Customs, with the developer, will investigate, among other components, some of the following aspects:
- a) Annual energy consumption;
 - b) Environmental conditions;
 - c) Air conditioning and ventilation systems;
 - d) Artificial lighting and power; and
 - e) Roof form and shading.
- 2.10.3 The base building and the fit-out will be designed to achieve a 4.5 star Australian Building Greenhouse Rating (ABGR) whole building rating. Customs have included the Green Lease Schedule as part of the lease documentation.
- 2.10.4 The base building will incorporate a rain harvesting (water tank) system. It is proposed that the water captured through the rain harvesting system will be used in irrigation and to service urinals and toilets.
- 2.10.5 Landscape plantings in the surrounding area will be in accordance with the Airport Master Plan and will look to minimise water usage.
- 2.10.6 Other Ecologically Sustainable Development initiatives being considered as part of the fit-out of the building include:
- a) Provision of bicycle parking. Complemented by shower and change room facilities.
 - b) Incorporation of internal stairs to reduce lift usage and encourage a more active workplace.
 - c) Roof insulation.
 - d) Sun shading devices to the northern façade.
 - e) No glazing to the western façade and construction of plant rooms along the western façade to shield the office areas from thermal heat transfer.
 - f) Incorporation of a Building Management System that is monitored by BAC, with building performance benchmarked against other buildings in the airport precinct.
 - g) Use of low wattage florescent light globes.
 - h) Use of recycled materials.
 - i) Minimising the use of materials that are non-renewable or create toxic pollution in their manufacturing or disposal.

2.11 Master Planning and Site Planning Considerations

- 2.11.1 Development on the site is guided by the 2003 Brisbane Airport Master Plan.
- 2.11.2 The precinct is intended to develop into an “exciting fully-integrated airport business, retail and leisure community”, under the 2003 Brisbane Airport Master Plan. With the precinct the following facilities have been established, or are planned to be established during the term of the lease:
- a) Direct Factory Outlet Shopping Facility (established)
 - b) BAC Administration Building (established)
 - c) New Multi-storey Office Complex (under construction)
 - d) New Shopping and Convenience Centre including Supermarket, Newsagent, Chemist, etc (planned to be opened by lease commencement)
 - e) New hotel (planned to be opened by lease commencement)
 - f) Child Care Centre (planned to be opened by lease commencement)
 - g) Medical Centre (planned to be opened by lease commencement)
 - h) Multi-storey Car Parking (planned to be opened during lease term)
 - i) New train station (planned to be opened during lease term)
- 2.11.3 Other future developments planned within proximity to the site include:
- a) The duplication of the Gateway Motorways, which will help improve vehicle access to the site
 - b) The development of Airport Link, a new road and tunnel network, which will help improve vehicle access to the site
 - c) Two new business parks north and south of site, which will help improve industry access to Customs
- 2.11.4 Food outlets at the Direct Factory Outlet and the Shopping / Convenience Centre, will be available by the lease commencement date and will be within a 500 metre radius of the new building.
- 2.11.5 Convenience facilities comprising newsagent and supermarket will be within a 500-metre radius of the new building.
- 2.11.6 A copy of the precinct plan is shown in Appendix A.

2.12 Provisions for People with Disabilities

- 2.12.1 Provisions for mobility-impaired people within the building will comply with applicable codes, including the Disabled Design Standards (DDS) requirements of the Building Code of Australia (BCA), and will include:
- a) Disabled persons amenities;
 - b) At-grade access to the building from vehicle drop-off points;
 - c) Mobility parking;
 - d) Generally uniform floor level throughout the interior of the building;
 - e) Access to the pedestrian walkways around and through the car park in accordance with BCA; and
 - f) The use of contrasting colour border floor finishes.
- 2.12.2 The Customs fit-out will be designed on the basis of the Customs Guidelines. The Customs Guidelines also make specific reference to accommodation complying with Australian Standard AS1428.
- 2.12.3 The on-site disabled parking bays are proposed to be 5.4m long and 3.2m wide, in accordance with Brisbane City Council's policy and AS2890.1:1993. It should be noted that AS2890.1:2004 refers to AS2890.1:1993 for the design of disabled parking facilities pending the future release of AS2890.6.

2.13 Heritage Issues

- 2.13.1 There are no heritage overlays relating to the site.

2.14 Child-care Provisions

- 2.14.1 Customs has developed a Family Support Policy in recognition of the importance of balancing work and family needs. Customs is committed to enabling staff with family responsibilities to be employed without discrimination, and, as far as possible without conflict with their family responsibilities. As part of that commitment Customs will establish a carers/family room in the building.
- 2.14.2 The future development plans of the Number 1 Airport Drive precinct include the construction and operation of a child-care facility. It is anticipated that this facility will be available by the commencement of the Customs lease in 2009.

2.15 Fire Protection

- 2.15.1 Fire protection of the building and safety of staff and visitors to the proposed office are of paramount importance. The building will be protected in accordance with regulations and relevant Australian Standards. The fire protection and safety aspects of the design will be developed by qualified personnel who will also work closely with the relevant fire authority to obtain their approval for the design and completed building.
- 2.15.2 The site and the building will be protected by a system of hydrants, hose reels and fire extinguishers linked to a central monitoring system that can be monitored on site and remotely.

2.16 Security

- 2.16.1 The building will be solely occupied by Customs. Customs has the right to sub-lease if required with the approval of the landlord.
- 2.16.2 The proposed development site is remote from security-controlled areas and all aviation security restricted areas related to operations, therefore perimeter security is not required.
- 2.16.3 External security lighting to car park areas, service driveways, loading docks and escape doors will be provided.
- 2.16.4 Monitoring and access control devices including Closed Circuit Television (CCTV), read switches, swipe card and security key will be installed to the perimeter of the building and the premises.
- 2.16.5 The main foyer of the building will have installed a security deck, which will be staffed by a 24-hour, 7 day a week guard service.
- 2.16.6 Access to the roof area will be controlled by Customs.
- 2.16.7 The delivery and dispatch of goods, including dangerous goods, will be via a controlled entry point separate to the main public entry to the building.
- 2.16.8 Any dangerous goods stored on the building will be managed in accordance with Customs policy and to meet relevant local authority requirements.

2.17 Occupational Health and Safety

- 2.17.1 The building will incorporate a number of Occupation Health & Safety (OH&S) requirements. The Customs fit-out will be designed on the bases of Customs OH&S Guidelines. The Guidelines make specific reference to Occupational Health & Safety requirements.
- 2.17.2 Occupational Health and Safety requirements within and adjacent to the proposed development site will be in accordance with relevant BAC, Commonwealth Federal Government Agency requirements and applicable statutory requirements.

- 2.17.3 Australian Standard (AS2021-2000) 'Acoustic noise intrusion – Building siting and Construction' (Standards Australia 2000) recommends that the maximum noise level from aircraft noise inside 'commercial buildings and offices and' should be reduced to 75dBA. The design and construction of the building on site will be consistent with the provisions of this standard.
- 2.17.4 The Office site is located outside the 20 contour of the Proposed Ultimate Capacity Australian Noise Exposure Forecast (ANEF) as mapped in the 2003 Airport Master Plan.

2.18 Landscaping

- 2.18.1 The proposed development area currently comprises a cleared site with some landscape tree species to the north of the site adjacent to Airport Drive. The surrounding landscape across the general airport site is predominantly flat and low lying. Dominant features surrounding the site include the BAC Administration Building to the south, Airport Drive and the elevated Airtrain structure to the north and another site to the east.
- 2.18.2 The new building will be in keeping with the other developments of the precinct and will maintain the existing context of the site. The site will be appropriately landscaped following construction and the building itself will undergo architectural treatments to integrate the building design with other developments in the precinct.
- 2.18.3 The landscaping will be in accordance with the BAC Landscape Master Plan (2005) and will be low level in accordance with the specific security requirements of Customs.
- 2.18.4 On-site night lighting will be consistent with existing lighting at the precinct. Street lighting and external lighting around the building and car park will comply with Australian Standards and the requirements of the BAC, the Civil Aviation Safety Authority (CASA) and Air Services Australia (ASA). In particular, there will be no spill of light above the horizontal.
- 2.18.5 Landscape plantings in the surrounding area will be in accordance with the Airport Master Plan and will look to minimise water usage.

2.19 Consultation

- 2.19.1 Community consultation will be limited. BAC will be advertising publicly the proposed new base building development. The proposal will only advise the potential tenant as a Federal Government Agency.
- 2.19.2 Customs will develop a comprehensive Communication Strategy for internal and external consultation with clients following the execution of the Agreement to Lease. Following this, all references to the project will be qualified to recognise that the proposal remains subject to the approval of the Public Works Committee.
- 2.19.3 BAC and Air Services Australia are the primary authorities related to the Airport precinct. Customs has commenced discussions with BAC and will consult with Air Services Australia, with the assistance of BAC, prior to finalising the design of the fit-out and commencing any works.

- 2.19.4 No other planning or authority approvals are required by the Queensland State Government and Brisbane City Council.
- 2.19.5 Staff information sessions will be conducted during the development of the fit-out design, and following receipt of PWC approval, to brief staff directly on the project and the proposed future direction and to obtain feedback from staff following the announcement of the decision.
- 2.19.6 External clients will be consulted through the network of current consultative forums and electronic means.

2.20 Impact to the Local Community

2.20.1 Workforce

- 2.20.1.1 The relocation of Customs to Brisbane Airport will increase the local employment base within the precinct by approximately 350 people initially. The relocation of staff from the Central Business District (CBD) will result in the majority of Customs personnel being based within the Airport precinct.
- 2.20.1.2 The increase in the local employment base may lead to the development of additional services within the precinct, which is consistent with the Airport Master Plan. This will provide additional employment opportunities for people in service-based industries such as child-care, hospitality, and health care.
- 2.20.1.3 Being located closer to Customs' second largest employment base in Queensland at the International Terminal Building, will also allow Customs to be more responsive to the deployment of staff between each of the operational facilities.

2.20.2 Traffic Flow and Accessibility

- 2.20.2.1 The site offers a number of alternative modes of access including:
 - a) Private vehicle;
 - b) Taxi;
 - c) Bus;
 - d) Bus transfer from Train Station; and
 - e) Train (future)

- 2.20.2.2 A pay and display car parking facility for up to 200 private vehicles will be developed by Brisbane Airport Corporation (BAC) and will be made available at the commencement of the lease. This car parking facility has been incorporated into the MDP application lodged by BAC.
- 2.20.2.3 Existing bus services, through Queensland Transport and Brisbane Transport's Translink service, already service the site. With the increasing working population to the precinct, it is anticipated additional services will be provided at the commencement of the lease.
- 2.20.2.4 A new train station is proposed to be built approximately 800 metres from the site. BAC has commenced discussions with the train operators, Airtrain, to accelerate the development of the train station. It is anticipated that the new train station will be made available within the first 5 years of the 15-year lease.
- 2.20.2.5 Controlled car parking, with up to 89 parks, will also be made available under the building within a secured enclosure for operational vehicles and visitor car parking. Access from the controlled car park to the building will be by access controlled lift (direct and secured) or pedestrian pathway adjacent to the building (indirect).

2.21 Project Costs

- 2.21.1 A full cost estimate has been prepared by Quantity Surveyors, Currie & Brown showing a fit-out cost estimate of \$ 15.84 million (including GST). A full copy of the report will be provided as part of the Confidential Cost Breakdown.
- 2.21.2 Cost estimates are subject to competitive market tendering processes to be conducted in accordance with the Commonwealth Procurement Guidelines (CPG's).
- 2.21.3 Provision has been made to fund the fit-out costs out of existing departmental appropriations of the 2008/09 budget.
- 2.21.4 The cost estimate allows for the fit-out and provision of services to a "public service like" fit-out of approximately 8,100sqm with storage and office areas as described earlier in this report. The Concept Design Report for the fit-out is expected to be finalised in June 2007 with fit-out works to commence in January 2009.
- 2.21.5 The cost estimate also incorporates \$1.4 million (including GST) for the fit-out of an expansion area of 855 sqm as nominated in the Agreement to Design, Construct and Lease and the Lease. The fit-out of this area is to be carried out in the fifth year of the lease.
- 2.21.6 The cost estimate allows for escalation of 9.90% from March 2007 until January 2009, when building works are to commence. The escalation is based on the Quantity Surveyor's and property consultant's assessment of the Brisbane market and projected fit-out costs in 2008/09.
- 2.21.7 The cost estimate includes allowances for consultant costs, authority fees and charges, base building modifications, fit-out building works, furniture, fittings and equipment (FF&E), contingency allowances and relocation costs.
- 2.21.8 The cost estimate does not allow for new computer equipment, server room equipment, forensic equipment, safes and make good to the current premises.

- 2.21.9 The cost estimate have also taken into consideration recent building fit-outs in Brisbane, as well as the fitout of the new Customs House in Melbourne which was completed in December 2006.
- 2.21.10 It is intended that the design of the fit-out will be in accordance with the budget. This will be monitored and controlled by an independent project manager with assistance from the quantity surveyor throughout the design and procurement process.
- 2.21.11 The Minister for Finance and Administration exercised the Regulation 10 authorisation of the Financial Management and Accountability 1997 (FMA) Regulations for a spending proposal over a 15-year lease period on 22 December 2006.
- 2.21.12 There will be no charge for naming rights and no charge for the installation of the rooftop communications equipment.

2.22 Project Delivery System

- 2.22.1 Customs will be undertaking the proposed internal fit-out and will be procuring consultants, project managers, contractors and suppliers in accordance with the Commonwealth Procurement Guidelines.
- 2.22.2 The design of the proposed fit-out and associated services, will, to the maximum extent possible, be integrated with the base building design in order to minimise costs. All efforts will be made to further minimise costs by integrating the construction of the fit-out with the base building works should such opportunities exist.
- 2.22.3 In April 2006 Customs established a Steering Committee to provide a governance framework and to be responsible for key decisions impacting on the region and the organisation that arose as a result of the Accommodation Strategies Project. The Steering Committee comprises the Chief Financial Officer, National Director People and Place, Regional Director Queensland, Director National Property, Director People and Place Queensland and Manager Queensland Accommodation Projects.
- 2.22.4 A Project Control Group (PCG) is to be established comprising two representatives of the landlord (Brisbane Airport Corporation), two representatives from Customs and the Superintendent (yet to be appointed) as described under the Agreement to Design, Construct and Lease.
- 2.22.5 A fit-out Project Team will be established to deliver the project. The Project Team will comprise the Manager Accommodation Projects, an independent project manager, design consultants, quantity surveyor and other experts as required.
- 2.22.6 The Project Team will consult with a Reference Group comprising representatives from each of the Customs operational units. The Reference Group will be responsible for communicating the fit-out requirement to the Project Team and reviewing the design solution to ensure that it meets the requirements of Customs. The Reference Group will also be responsible for assisting the Project Team in communicating to staff on developments with the fit-out and seeking their feedback.
- 2.22.7 Customs will develop a comprehensive Communication Strategy for internal and external consultation with clients following the execution of the Agreement to Design, Construct and Lease. Following this, all references to the project will be qualified to recognise that the proposal remains subject to the approval of the Public Works Committee.

- 2.22.8 It is proposed that an independent project manager will be appointed to represent Customs during the construction of the base building and to manage the design and construction of the integrated fit-out.
- 2.22.9 The project manager will be responsible for implementation of the Communication Strategy with the Manager Accommodation Projects. The project manager will also be responsible for ensuring the objectives of Customs are achieved during the design and construction of the fit-out.
- 2.22.10 Procurement of consultants, contractors and suppliers related to fit-out works will be undertaken in accordance to the Commonwealth Procurement Guidelines.

2.23 Construction Program

- 2.23.1 The construction of the base building is planned to commence in October 2007 and is targeted for completion by March 2009.
- 2.23.2 The fit-out procurement process is expected to be conducted during the period September to November 2008.
- 2.23.3 Customs anticipates occupying the building for completion of the fitout from January 2009 and will occupy the building progressively from May 2009. The Agreement to Design, Construction and Lease has been negotiated to allow Customs to access the base building from 1 January 2009 to commence fit-out works. The payment of rent commences 1 July 2009.
- 2.23.4 A contingency plan is in place in case the above milestones are not able to be met. The plan involves the securing of other leases or options to maintain the operational capability of Customs. The budget allocation to meet the contingency plan, if required, has not yet been confirmed as at the time of writing this report. Any costs of delay that is the cause of the landlord is being addressed in the Agreement to Design, Construct and Lease and Lease documentation.

Appendices

- A -

Appendix A: Precinct and Site Plans

Appendix B: Base Building Plans

Appendix C: Abbreviations Acronyms

ABC	Airport Building Controller
AEO	Airport Environment Officer
AES	Airport Environment Strategy
ANEF	Australian Noise Exposure Forecast
AQIS	Australian Quarantine and Inspection Service
ASA	Air Services Australia
BAC	Brisbane Airport Corporation Pty Ltd
BCA	Building Code of Australia
BCC	Brisbane City Council
CASA	Civil Aviation Safety Authority
CBD	Central Business District
CCTV	Closed Circuit Television
CEF	Container Examination Facility
DDS	Disabled Design Standards
DDU	Detector Dog Unit
DFO	Direct Factory Outlet
EMP	Environmental Management Plan
ESD	Ecologically Sustainable Development
FMA	Financial Management and Accountability
GST	Goods and Services Tax
MDP	Major Development Plan
MOU	Memorandum of Understanding
NES	National Environmental Significance
NLA	Net Lettable Area
NPV	Net Present Value
OH&S	Occupational Health and Safety
POBC	Port of Brisbane Corporation
PWC	Parliamentary Standing Committee on Public Works