



Australian Government  
Department of Home Affairs

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# Department of Home Affairs

## 808 Bourke Street, Docklands, Victoria

### Fit-Out

Statement of Evidence

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# Executive Summary

1. As part of its Victorian (VIC) accommodation portfolio, the Department of Home Affairs and Australian Border Force (Home Affairs) currently occupies three separate sites in Melbourne Central Business District (CBD) and surrounds. There are no further options for the renewal at any of the three Melbourne sites. 2 Lonsdale Street and 50 Lonsdale Street both expire on 28 February 2023 and 1010 La Trobe Street on 31 March 2023. The Home Affairs Melbourne Precinct Strategy is to consolidate the current Melbourne office portfolio, with impending lease expiries, into one location. The strategy is to consolidate three sites into one new location, allowing for operational efficiencies and economies of scale when approaching the market for a larger requirement. Additionally, the current fit-out of some of the existing tenancies is no longer fit for purpose and beyond the design life. The Department also requires additional area to accommodate new business units.
2. To address these requirements, this project seeks to provide a consolidated office accommodation solution in Melbourne, VIC that:
  - a. is fit for purpose to meet current business and operational requirements;
  - b. physically secure to the required standard;
  - c. energy efficient;
  - d. is designed with enough flexibility to allow for changing and future business requirements;
  - e. results in reduced overall property operating costs;
  - f. can be delivered prior to the need to vacate the existing working accommodation;
  - g. is high in quality to facilitate productivity and output;
  - h. is to the satisfaction of staff;
  - i. demonstrates value for money (VFM); and
  - j. is compliant with the Commonwealth Property Guidelines.
3. Home Affairs Property Service Provider (PSP), Jones Lang LaSalle (JLL) in consultation with the Whole of Government Strategic Property Advisor (SPA) and the Department of Finance progressed with the identification of suitable office accommodation options. Opportunities were explored within the existing Commonwealth portfolio as well as properties available on the market. After an unsuccessful Expression of Interest (EOI) published on AusTender in April 2020, a revised EOI went to market via AusTender and closed on 15 October 2020. The revised EOI delivered 25 responses of which two (2) were discounted as they were not received before the closing time. 14 sites were deemed of significance and were studied further by means of a Whole of Life Cost (WoLC) Evaluation. Five (5) sites and Six (6) options were shortlisted and further assessed.
4. It was concluded that the building at 808 Bourke Street, Docklands provided the best overall property solution. The key reasons were the:
  - a. total leasing costs per square metre and building owner incentives;
  - b. compliance with the Commonwealth Property Guidelines and occupational density target;
  - c. single tenancy building;
  - d. timing of building availability; and
  - e. location of the building, proximity to public transport and access to daily amenities in line with services important to affected staff, as identified from the results of the staff Melbourne CBD Accommodation Survey.

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5. Subsequently, the project proposal is for fit-out works to establish a new, fit for purpose Home Affairs working accommodation at 808 Bourke Street, Docklands VIC, which upon occupancy, will consolidate three Home Affairs' existing Melbourne working accommodation sites.
6. The proposed fit-out works include building works, furniture, fixtures & fittings, security, and Information and Communication Technologies as necessary to occupy and operationalise the lease at the Bourke Street site. By function, the proposed works will comprise:
  - a. Home Affairs Front of House (client/public facing) Services;
  - b. Home Affairs Back of House Office Accommodation;
  - c. modification and installation of approximately 1786 open plan work points;
  - d. installation of approximately 104 additional new work points;
  - e. installation of ICT infrastructure;
  - f. construction of executive offices;
  - g. installation of security infrastructure including access control systems, CCTV cameras; and
  - h. installation of physical security including hostile vehicle management to the building perimeter, fragment retention film, secure zoning requirements and tamper-evident finishes to facades.
7. The total project cost is estimated to be \$34,261,000 (excluding GST), which represents \$1,390 per square metre of Net Lettable Area. This comprises the following:
  - a. fit-out works
  - b. structural works
  - c. project management and design consultants
  - d. contractor preliminaries
  - e. escalation
  - f. risk provision ( $P_{80}$ ) – Inherent and Contingent
8. \$19,118,000 (including GST) of this cost is being funded by the lease incentive being provided to Home Affairs by the landlord. The remaining costs will be funded via Home Affairs internal budget processes.
9. The fit-out has been designed to cater for an occupational density of 12.42m<sup>2</sup> per person. The expected design life of these facilities covers the total lease term of 10 years with one five-year extension option. The estimated whole of life cost (excluding construction and design costs) for this refurbishment work is \$388,366,747.
10. Lease costs for 808 Bourke Street, Docklands equate to \$469 per square metre (\$11,562,726 per annum), compared to the average (25) rental offers received through the Expression of Interest process at \$599 psm.
11. 808 Bourke Street was evaluated as the best VFM, the deal was completed at below market rates, entails a premium fit-out and stands at over \$150million better than the next-best shortlisted site.
12. While the works will support the provision of services which generate revenue, the works will not result in a net difference in current revenue generated, as the works only seek to consolidate these existing revenue producing services.
13. In terms of local impacts, a local impact assessment is not required to be undertaken in this instance as the proposed lease endorsement does not involve 10 or more percent of the local workforce in

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the Statistical Areas Level 2 (SA2) area, as defined by the Australian Bureau of Statistics (ABS) area calculations. In addition:

- limited local impacts expected by the vacancy from the relocation of staff out of 2 Lonsdale Street and 50 Lonsdale Street;
- relocation of staff from 1010 La Trobe, Docklands is within the same locality and not expected to have notable local impacts; and
- 808 Bourke Street, Docklands (the subject site) is a previously occupied existing site.

14. There are no known heritage or environmental issues associated with the project.

## Project Title

15. Melbourne Accommodation Consolidation.

## Department of Home Affairs

16. The Department of Home Affairs was created as part of the Home Affairs Portfolio on 20 December 2017. The Department is responsible for immigration and customs border policy, national security and law enforcement policy, emergency management, including crisis management and disaster recovery, counter terrorism policy and coordination, cyber security policy and coordination, countering foreign interference, critical infrastructure protection, multicultural affairs, countering violent extremism programs, and transport security.

## Purpose of Works

17. The purpose of this project is to provide a consolidated office accommodation solution for Home Affairs in Melbourne, VIC that:

- a. is fit for purpose to meet current business and operational requirements;
- b. physically secure to the required standard;
- c. energy efficient;
- d. is designed with enough flexibility to allow for changing and future business requirements;
- e. results in reduced overall property operating costs;
- f. can be delivered prior to the need to vacate the existing working accommodation;
- g. is high in quality to facilitate productivity and output;
- h. is to the satisfaction of staff;
- i. demonstrates value for money (VFM); and
- j. is compliant with the Commonwealth Property Guidelines.

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# Need for Works

18. Home Affairs currently occupies two buildings in the Melbourne CBD (2 Lonsdale Street and 50 Lonsdale Street) and one building in Docklands (1010 La Trobe Street) and there are no further options for the renewal at any of the three sites. The two Lonsdale Street sites lease expiry is 28 February 2023 and La Trobe Street is 31 March 2023. These three sites combined total 21,526.7m<sup>2</sup> of leased office space, with an occupational density of 11.95m<sup>2</sup> per person.
19. In line with Home Affairs' property strategy to reduce lease holdings and the Melbourne Precinct Strategy, which assesses Home Affairs' leased office accommodation requirements in Melbourne, coupled with the fact there are no further options for lease renewal at any of the three Melbourne sites, it was identified that it was no longer necessary to maintain multiple leased sites. It was concluded that the consolidation of the three office and operational sites would optimise operational efficiencies. Additionally, parts of the current fit-out of some tenancies are no longer fit for purpose and beyond their design life.

# Options Considered

20. Home Affairs has considered the following options to address the known future shortfall in Melbourne working accommodation, while using the opportunity to optimise its Melbourne service delivery and general working accommodation.
21. **Do Nothing.** There are two aspects to taking no action that have been considered.
  - a. with no further options for lease renewal at any of the three Melbourne sites and not sourcing new accommodation to replace the accommodation lost upon termination of the existing leases is considered intolerable. Home Affairs would not have enough office space to accommodate all staff and high-level of operational facilities post lease termination. This would result in the displacement of approximately 1740 departmental staff across 27 divisions. It also cannot be overstated the critical functions and border security operations Home Affairs and Australian Border Force undertake in Melbourne. This would put at risk the security of Australian borders; result in a reduction to services provided to the public; and a loss in efficacy for Home Affairs to provide its functions.
  - b. not conducting fit-out works to the new site (808 Bourke Street, Docklands). The existing building does not meet Home Affairs high Security and ICT requirements and standards. It is an essential security requirement to separate front of house (public) services from staff entrances and the existing fit-out in the new building provides no feasible way to safely and functionally achieve this.
22. **Construction of New Building.** As a key requirement of the project is to provide replacement working accommodation prior to the existing lease end dates, the construction of a new building under any type of delivery model is untenable. The time frames expected for site acquisition, consultant and contractor procurement, design and construction would be unable to be completed prior to the need to vacate existing tenancies.
23. **Fit-Out of New Building (Preferred Option).** This option best meets Home Affairs' requirements as it fulfils all Home Affairs requirements and can be achieved prior to the existing lease termination dates. Additionally, the inclusion of a lease incentive reduces the upfront capital investment of Home Affairs.

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# Scope of works

24. This section will provide the details of the scope of the proposed works to fulfil the need.
25. The fit-out works include building works, furniture, fixtures & fittings, building amenity, security, and Information and Communication Technologies as necessary to occupy and operationalise the leased working accommodation at 808 Bourke Street, Docklands. More specifically, the proposed works will comprise:
  - a. Home Affairs Front of House (client/public facing) services;
  - b. Home Affairs Back of House office accommodation;
  - c. modification of approximately 1786 open plan work points;
  - d. installation of approximately 104 additional new work points;
  - e. installation of ICT infrastructure;
  - f. construction of executive offices;
  - g. installation of breakout spaces; and
  - h. installation of security infrastructure including access control systems and CCTV cameras.
26. In developing the scope of works, key consideration was given to the following design requirements:
  - a. the need to securely create two separate entrances for front of house public facing services (clients/customers) and a separate entrance for staff. This is the reason for the structural works required on ground floor to create a new passageway. Additional entrances in the glass façade will also need to be facilitated for the same reason;
  - b. customer service access was also a key aspect of design consideration, particularly how to enable effective vertical transport for the customer and staff from the ground floor, to level 3 and 8 where most customer engagement will occur (Ground Floor, Level 1, Level 1A and 2 are carparks). Given the vertical distance of level three or eight; stair access is non-compliant from Disability Access and Workplace Health and Safety perspectives, therefore a dividing wall and allocation of separate secured lifts for clients and staff is being incorporated; and
  - c. the security required to the new tenancy for the safety of staff and clients including both Electrical and Physical security. Home Affairs Security standards include the requirement for CCTV, access control, perimeter treatments including hostile vehicle management, treatment to the glass and tamper-evident treatments to the internal facades.

## Site Selection

27. In late 2020, research commenced to determine the availability of suitable alternative working accommodation options that could accommodate the consolidation of the three Home Affairs offices. Existing office spaces between 20,000 and 25,000 square metres of quality grade space in and around the Melbourne metropolitan area, situated within a major business/residential district, with proximity to primary road transport and major public transport hubs were considered.
28. This resulted in five sites being identified, two of which were unsuitable due to the timing of their availability not aligning with Home Affairs' requirement. Of the five properties, three were located in Docklands and two in the Melbourne CBD. The remaining three sites received Lease Financial Analysis and the two most cost effective then received detailed consideration in terms of a cost, services and design audit.

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29. As part of the request for Leasing Proposals, the three shortlisted proponents were asked to provide detailed leasing proposals inclusive of total gross rental for their premises, incentives on offer and the rent review structure for the initial lease term in their proposals. A comparative financial analysis was undertaken for each proposal, which considered the:
- a. gross and net rentals submitted, including the fixed annual escalators sought for the office space and car parking. The rental escalation factors submitted by proponents were used over the initial lease term;
  - b. estimated building outgoings where net offers were submitted;
  - c. lease term of 10 years;
  - d. option of 5 years;
  - e. lease incentives;
  - f. areas for office and car parking;
  - g. estimated fit-out costs; and
  - h. make good costs included where proponents indicated a reinstatement requirement at lease end.
30. It was assessed that the building at 808 Bourke Street, Docklands provided the best overall property solution. The key reasons were the:
- a. total leasing costs per square metre;
  - b. total whole of life costs per annum;
  - c. timing of building availability;
  - d. location of the building and proximity to public transport and existing tenancy; and
  - e. the opportunity for the entire building to be leased by Home Affairs. (This excludes Landlord plant/services, loading dock, end of trip facilities, a retail space and car-parking for the other adjoining building).

## Planning and Design Concepts and Considerations

31. The functional design elements required in the fit-out have been developed with consideration to providing an internal environment that is responsive to human sensitivities, yet appropriate to the standing of a Commonwealth Office. The built environment needs to support the well-being of staff and end users and the design expression should be interesting, positive and affirming.

## Public Transport and Parking

32. 808 Bourke Street is located within the vicinity and catchment of Southern Cross Station and has significant train, tram and bus connections. The new site will have 227 parking bays on Level 1A and 2 for Home Affairs staff. There are also 150 parking bays for public parking, owned by Wilsons Parking.


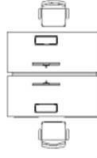

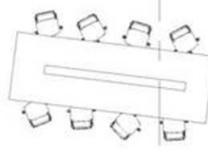

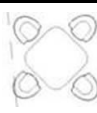
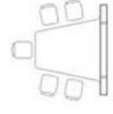

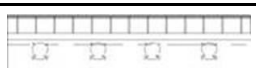
## Home Affairs and Border Force Staff

33. The full-time equivalent (FTE) for the Department in Melbourne is currently 1740 staff. Overall work points within Levels 3-8 total 1890 which leaves an additional 150 desks for growth. Therefore, there is currently sufficient space for each FTE staff member to have an allocated permanent desk if required.



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34. The types of workstations are noted in the table below, after item 37. There are also quiet rooms, meeting rooms and training rooms located in the new tenancy. These are of a higher quantity than the current Home Affairs environment.
35. Each desk will have a mobile pedestal consisting of three drawers for personal items.
36. Each staff member will also have access to lockers across the building for personal use.
37. Current design achieves an Occupational Density ratio of 12.42 square metres per person, in line with the AGPR occupational density target of 14.00 square metres of Usable Office Area per Occupied Work point.

Desk Type	Total
Workstation 1600 x 750 – sit to stand 	1890
Workstation 1600 x 750 – sit to stand in SCIF 11p x Zone 4 8p x Zone 5 (Delta) 3p x Zone 5 (Echo) 	22
Collaboration Table 6p Fixed High Bench 	9
Hot Desk Bench 8p fixed desk (existing furniture) 	1
Collaboration Table – 8p fixed table 	9
Small Collab table – 4p (existing furniture) 	5
Open meeting/Collab with screen 5p (existing furniture) 	8
Chair / table setting – 2p 	11
Hot Desk Bench (existing furniture) 	1

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38. Home Affairs and Australian Border Force staff will be co-located in this new tenancy. Home Affairs have been allocated Levels 3, 4, 5 and 6 of the building. Australian Border Force staff have been allocated Levels 7 and 8.
39. Care has been taken in the design to locate divisions in a similar location and adjacency to how they are currently working in their respective buildings. During the briefing stage, divisions were asked to provide information on critical team adjacencies to ensure locations were captured correctly.
40. A Change Manager will be on boarded as part of the project to support staff engagement activities through the transition to the new site and further support staff will be made available through the Department's Employee Assistance Program (EAP).
41. There are approximately 157 staff moving from 50 Lonsdale Street, 746 moving from 2 Lonsdale Street and 837 moving from 1010 La Trobe Street. Each of these staff members have been accounted for as part of the consultation process by engaging with the division leaders of all 27 divisions that house them.

### Structure

42. As this is a fit-out of an existing office building, no gross structural building works are being undertaken as part of this project, other than the partial demolition of some ground level core walls.
43. The building is an existing commercial office development comprising of 8 floors of office accommodation, retail space and vehicle parking. There is an East and West building, separated by link bridges. Home Affairs will occupy a portion of the ground floor and all of levels 3–8 in the West building.
44. The space provided to Home Affairs will include a separate staff entrance through a ground floor lobby with provisions for a guarding desk and security turnstiles, training and meeting rooms, workstations, secure communication facilities, secure vehicle parking spaces and bike spaces, and a dedicated prayer and multi-function carers' / first aid room.
45. The office accommodation is designed with central cores including lifts and bathroom facilities with large fully contiguous floor plates, maximising flexibility, connectivity and natural light.
46. Staff and visitor (non-customer) vehicle access to the parking will be from Enterprise Way. Customer (pedestrian) access will be from Bourke Street.
47. The building features a large centre atrium through Level 3–8.
48. The rooftop space is dedicated to building plant.

### Materials and furnishings

49. Materials and furnishings used in the fit-out will be selected for appearance, durability, functionality and ease of maintenance and cleaning, while providing a modern workplace which is functionally fit for purpose and delivers a level of financial austerity.
50. New materials and furnishings will also be carefully selected to tie in with the look and feel of the existing fit-out to create one holistic space ensuring there is little delineation between the new vs existing areas.
51. Existing furniture will be reused as much of the existing furniture is new and has hardly been utilised due to the space being empty over the last two years due to the COVID-19 pandemic.
52. New furniture will be selected on the basis that it demonstrates VFM and meets Home Affairs' workplace health and safety requirements. Specialist equipment required (such as biometric collection devices) will be relocated from the existing tenancies.

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### Mechanical services

53. The heating, ventilation and cooling servicing the Home Affairs office accommodation project will predominantly be via the base building mechanical services including air handling units, fans and thermal plant/infrastructure.
54. In areas of high occupancy density or heat loads, supplementary air conditioning will be provided complete with additional fresh air as required.
55. The mechanical services will conform to all relevant standards and guidelines including but not limited to:
  - a. AS1668 Mechanical ventilation and air conditioning;
  - b. AS1324.1 Air filters for use in general ventilation and air conditioning;
  - c. NCC 2019 Section J5; and
  - d. Australian Institute of Air-conditioning, Refrigeration and Heating (AIRAH) guidelines.
56. The air-conditioning for 808 Bourke St will ensure a temperature 22.5C +/- 1.5C will generally be maintained suitable for office accommodation requirements.

### Electrical services

57. The electrical infrastructure servicing the Home Affairs office accommodation project will be part of the base building electrical infrastructure services and modification will be made to the existing tenancy fit-out arrangement to suit the Home Affairs' working accommodation requirements.
58. Existing lighting will be retained and relocated to suit where practical. New LED lighting will be provided to new built form and areas of low illuminance. Approximately 320-400 lux measured at the workstation will be provided in the general office areas. All interior lighting will be in accordance with AS1680.1-2006 Interior Lighting - Part 1: General Principles and Recommendations and AS1680.2.2-2008 Interior Lighting - Part 2.2: Specific Applications – Office and Screen based tasks.
59. Base building generator supply will connect in conjunction with double conversion Uninterruptable Power Supplies (UPS) as part of the works, in accordance with Home Affairs' relevant security, Information Communication Technology (ICT) and business continuity policies and procedures. The redundancy and diverse power feed requirements will be provided as agreed upon with the Department's internal Data Centre and Storage Services section (DCIS).
60. Network cabling, security and Emergency Access Control System (EACS) will conform to the ICT Room Construction & cabling Specifications and Physical and Electronic Security Brief in coordination with DCIS.
61. Emergency and exit lighting will be provided as per AS2293.

### Acoustics

62. The acoustic performance has been designed to match the purpose and security rating of each component of the working accommodation, while taking into consideration the reduction of sound both vertically and horizontally. The exact acoustic treatments will be confirmed during the detailed design phase.

### Landscaping

63. Bollards and bench seating as part of the Hostile Vehicle Management Plan will be required around the perimeter of the building on Bourke Street, Enterprize Way and the waterfront.

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### Environmental sustainability

64. The fit-out will maximise the use of environmentally sustainable and recyclable materials wherever possible. Loose furniture, task chairs and workstation components will also be reused.
65. Individual offices are to be located away from external glazing to maximise the penetration of natural light into the general workplace and daylight harvesting will be utilised where possible.

### Master and site planning

66. A key aspect of the design solution for the project is maximising the use of the existing fit-out. The existing space has numerous meeting rooms, quiet spaces, utility zones and breakout spaces which have been maintained in their current conditions as much as possible.
67. The design centres on adaptability and flexibility of use of the fit-out. An example of this is the standardisation of workstations across all floors allowing teams to 'flex' across spaces if they grow/shrink in size.
68. The fit-out has been designed to cater for each team's operational requirements and needs across the fit-out. Extensive user requirement briefing has occurred to ensure detailed requirements have been included.
69. The master plan for this site unites areas currently spread across different locations into one centralised building. High consideration was given to departmental adjacencies and locations across the building stack.

### Provision for people with disabilities

70. The design will be completed in accordance with AS1428.1 Design for Access and Mobility and the National Construction Code (NCC). A Building Surveyor will be engaged to assess compliance with the *Disability Discrimination Act 1992* requirements during the design development process.

### Childcare provisions

71. No childcare facilities are proposed for this project. Several existing childcare facilities have been identified in proximity to 808 Bourke Street, Docklands.

### Security measures

72. The Security design will comply with the following:
  - a. Attorney-General's Department Protective Security Policy Framework – this defines security Zones 1 (public) to 5 (highly secure);
  - b. ASIO Tech note 1/15 which outlines physical and electronic security infrastructure required for each Zone 1 to 4;
  - c. ASIO Tech Note 5/12: Physical Security of Zone 5 areas;
  - d. ASIO Tech Not 5/12 Annex A – Compartments within Zone 5 areas including SCIFs;
  - e. ASIO Protective Security Circulars (various);
  - f. Security Construction & Equipment Committee: Security Equipment Evaluated Product List;
  - g. Australian Cyber Security Centre: Information Security Manual;
  - h. National Construction Code;
  - i. Australian Standards applicable to the systems being installed (various); and
  - j. Home Affairs' internal policies, procedures and best practice methodologies.

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73. An Australian Government Security Construction and Equipment Committee (SCEC) endorsed consultant has been engaged to inform detailed design development. The SCEC consultant will be further engaged in the construction phase, to ensure all physical and electronic security measures are constructed in accordance with the security design and assist certification of the facilities for ICT accreditation.
74. The SCEC endorsed consultant shall undertake final witness testing of the electronic security systems, particularly the Type 1A Security Alarm System (SAS), and provide the necessary certification documentation to facilitate accreditation by the relevant Accrediting Authorities.

### Fire protection

75. The fire protection system servicing the Home Affairs office accommodation will predominantly be via the base building fire protection services system and infrastructure. This includes the following items:
  - a. fire sprinkler system;
  - b. fire hydrant and hose reel system; and
  - c. fire extinguishers, either CO2 or Dry Chemical ABE type. The size and type of extinguisher depends on floor area of the working accommodation; AS244-2001 is used as a guide to establish how many and how far apart these need to be located.
76. Any new partitions or rooms created will need to be assessed to determine whether the existing fire protection services are still compliant and functional. Fire protection systems shall be modified to suite new configurations as required.
77. The fire protection services shall conform to all relevant standards including, but not limited to:
  - a. AS2419.1-2005 – Fire Hydrant installations
  - b. AS2118.1 – Automatic Fire Sprinkler Systems
  - c. AS2441-2005 – Fire Hose Reel Installation
  - d. AS2444-2001 – Portable Fire Extinguisher and Fire Blankets
  - e. NCC 2019 – National Construction Code

### Work Health and Safety measures

78. The Project will comply with the *Work Health and Safety (WHS) Act 2011* (Cth), Work Health and Safety (Commonwealth Employment – National Standards) Regulations, and relevant Home Affairs policies.
79. In accordance with the *Building and Construction Industry (Improving Productivity) Act 2016*, building contractors will be required to hold full occupational health and safety accreditation from the Office of the Federal Safety Commissioner under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme.
80. The construction site will be a restricted area and will be appropriately secured to prevent unauthorised access during the refurbishment period. No special or unusual public safety risks have been identified.
81. Consideration has been made in the design for safety and security. Sightlines to and from spaces in front of house zones are critical to provide passive and active surveillance and to provide no hidden corners or blind spots where people can be out of sighted range.

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# Other issues

## Key legislation

82. All works will be compliant with the National Construction Code 2016 and the *Disability Discrimination Act 1992*, as well as other applicable legislation.

## Heritage

83. There are no known natural, indigenous or historic heritage items in relation to the site.

## Environmental impact assessments

84. There are no known environmental issues associated with the site and an Environmental Impact Assessment has not been undertaken for this project.

## Anticipated impacts on the local community

85. The development of the building will have a positive impact on the local community during construction by increasing employment opportunities in the region, stimulating business activity and providing increased accessibility to Home Affairs' services. There is no significant change in the types of activities in the area.
86. There is limited local community impact expected from the offices Home Affairs is leaving as these tenancies are perceived to be in a high demand area and the lease expiry was known.

## Consultation

87. To achieve the project objectives and maximise its benefits, comprehensive and well-structured consultation is paramount. The Department is a major employer and thus amenities have an impact on staff satisfaction and retention. The ability for the Department to provide a reasonable level of office accommodation, similar to other recent Commonwealth office accommodation projects, is an important factor in maintaining staff satisfaction and attracting skilled and experienced staff.
88. Consultation has taken place with Division Heads across all 27 Divisions throughout the life of this project and extensive staff consultation occurred during the concept design process. This was facilitated through two different mediums. Firstly, workplace user requirement briefing documents were submitted to each division for completion. These included information on critical adjacencies, operational requirements for teams, ICT requirements, meeting and training requirements and a section for any additional staff wants and needs (including specific furniture and preferred location). Secondly, workshop user requirements sessions were completed with Divisions that required more complex spaces.
89. Due to COVID-19 restrictions these workshop sessions were restricted to and completed via videoconference and allowed additional staff consultation and consideration of requirements. Several Divisions were consulted additional times to ensure all requirements were met as part of the Concept design.
90. Due to probity considerations the Department has not released the location of new site, this will take place once Finance Minister approval is received for the new lease. For those that have signed Confidentiality Deeds and been included in the staff engagement, but not aware of the location, the feedback has been positive to date based on the designs reviewed and information shared.

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91. During the development of the project, consultation has occurred with Home Affairs' employees and other key departmental stakeholders. Home Affairs has established internal consultation and decision-making mechanisms which will be employed throughout the project. The project team has and will continue to engage with stakeholders to ensure the project is informed and shaped to deliver the most cost effective, functional and quality outcome within budget and program constraints.
92. The project specific Stakeholder Engagement & Communications Plan includes proactive engagement with the Departments Melbourne Accommodation Working Group. The working group consists of representatives from Staff, Executive, Community and Public Sector Union (CPSU), Work Health & Safety, People & Culture and Workforce Management & Conditions.
93. The project is currently undertaking the development of a change management user pack and dedicated intranet page which will provide: consistent messaging to affected staff; the latest information regarding project development; instructions on where to obtain support; and further information about changed accommodation arrangements in Melbourne; or to provide feedback about the project.
94. The Department will engage a Change Manager to assist staff with the likely impacts and to help the Department to realise the wider integration outcomes desired and further support will be made available to staff through the Department's EAP.
95. As appropriate and prior to the PWC Hearing, Home Affairs will undertake consultation with the relevant Federal Senators and Members of the House of Representatives, as well as select members of the immediate local community.
96. Home Affairs has and will continue to engage with relevant union representatives about the workforce impacts of the project.

## COVID-19

97. COVID-19 is having a wide range of impacts on the current market. Many of these impacts are difficult to predict as there is no real precedent for our current operating environment. A high-level review on the impacts and implications of COVID-19 on the real estate market was undertaken as part of the site selection process.
98. While the new fit-out has not been designed specifically for operation within a COVID-19 (or similar) environment, consideration has been given and some aspects of the design aid in maintaining operation during such an event, such as:
  - a. physical distances between customers sitting at counters;
  - b. screens at counters to separate customers and staff;
  - c. limited waiting area occupancies, supported by the appointment only system; and
  - d. workstations are spaced 100mm from each other to provide maximum separation between staff while maintaining the required work points for staff. A design and costing exercise was undertaken to agree to this strategy. The outcomes were as follows;
    - i. 1.7 metres physical distancing between staff members (measured desk centre to desk centre), 2 metres back-to-back;
    - ii. the Department's COVID-19 Taskforce and WHS advice confirmed that this separation is reasonably practicable to meet the Department's Health and Safety Duty;
    - iii. workstation spatial ratio of approximately 3.5m<sup>2</sup> p/person;
    - iv. this allows the tenancy to maintain an approximate additional 150 (9%); workstations for growth and greater flexibility;
    - v. this was a more cost-efficient approach than installing 1800mm workstations. Additionally, installation of larger workstations would see significantly impact the



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ability for growth and flexibility and see a reduction of at least 5% of workstations;  
and

- vi. 1600mm workstations with no spacing was deemed acceptable for staff safety, however the small cost increase to provide maximum spacing demonstrates the project has considered potential concerns related to COVID-19 physical distancing.

99. In the event that COVID-19, or a similar event occurs which places increased restrictions after the fit-out has been completed, Home Affairs is equipped to respond (as it recently has) to increase working from home arrangements and undertaking specific client engagement virtually.

100. The tender phase for the Head Contractor will include a request for COVID-19 approaches and mitigation to delays of material or reduction of personnel on site due to a COVID-19 outbreak. Detailed co-ordination will be completed with the Head Contractor to ensure materials are ordered in plenty of time and the Government guidelines for construction are upheld to the highest standard.

## Cost effectiveness and public value

### Cost effectiveness

#### Forecasted Project Cost and Available Budget

- 101. \$19,118,000 (inclusive of GST) of the estimated project cost is being funded by the lease incentive being provided to Home Affairs by the landlord. The remaining costs will be funded via Home Affairs internal budget processes.
- 102. The fit-out has been designed to cater for an occupational density of 12.42m<sup>2</sup> per person. The expected design life of the facilities covers the initial lease term of 10 years plus one five-year extension option. The estimated whole of life cost (excluding construction and design costs) for this lease is \$388,366,747.
- 103. The consolidation of three sites into one site of 24,654 square metres Net Lettable Area has been calculated to generate lease savings of \$539,399.50 per annum. Lease costs for 808 Bourke Street, Docklands equate to \$469 per square metre (\$11,562,726 per annum).
- 104. Other costs associated with the project, excluded for the purposes of fit-out projects within the PWC Procedure Manual, include:
  - a. active Information Communication Technologies (ICT). Estimated cost for active ICT components is \$7,591,347 (excluding GST); and
  - b. loose furniture and fixtures. Estimated cost for loose furniture and fixtures is \$986,030 (excluding GST) and is included in the Confidential Cost Plan.

#### Project Delivery Method

- 105. The Agreement for Lease (AFL) places responsibility to construct the fit-out works on the tenant. The physical and services separation of tenancies is the responsibility of the Landlord.
- 106. Home Affairs has engaged a multidisciplinary team consisting of an interior designer, services engineer including electrical, mechanical and hydraulics, security consultant, acoustic consultant, building surveyor and quantity surveyor, to progress the design and costing for construction. A Disability Access Consultant (DDA) and fire engineer will also be engaged for Detailed Design.
- 107. A project management team has been established to manage the project and administration. The team consists of an internal project management team within Home Affairs and an external project management team from JLL to assist with driving the fit-out to meet Home Affairs' requirements and performance specifications.



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### Project Programme

108. The planned key project milestone dates are as follows:

- a. February 2021 – Tender Documentation
- b. March 2022 – Proposed Parliamentary approval
- c. May 2022 – Construction Contract awarded
- d. May 2022 – February 2023 – Construction
- e. January 2023 – March 2023 – Staged Relocations

### Revenue

109. While the works will support the provision of services which generate revenue, the works will not result in a net difference in current revenue generated, as the works only seek to consolidate these existing revenue producing services.

### Public value

110. The public value associated with this project includes:

- a. continuity of Home Affairs core functions, including service provisions to its customers;
- b. the improvement in operational efficiency from the provision of contemporary working accommodation;
- c. VFM associated with reduced leasing costs associated with consolidation of three existing offices into a reduced net lettable area; and
- d. improved Environmentally Sustainable Development outcomes associated with a more modern and efficient building design and engineering systems.