



Australian Government



**Services
Australia**

Proposed Fit-out of New Leased Premises at 158-186 Walker Street, Townsville, Queensland

Services Australia

1.0 Public Submission

to the Parliamentary Works Committee

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1 Executive Summary

- 1.1.1 Services Australia (the Agency) is responsible for the delivery of advice and high-quality, accessible social, health and child support services and payments. The Agency is the front line of the Australian Government for many Australians, and it strives to provide services that are simple, helpful, respectful and transparent. The Agency is required to manage a large, diverse property portfolio and is seeking to consolidate two sites in Townsville, Queensland, to deliver operational and financial efficiencies. The consolidation activity will not impact customer facing staff and will not reduce jobs for Agency staff. The Agency intends to retain a Front of House service in Aitkenvale.
- 1.1.2 The Agency currently leases two corporate offices in the Townsville Region, 307-311 Ross River Road, Aitkenvale (Aitkenvale Service Centre), and 235-259 Stanley Street, Townsville (Stanley Street). Both existing fit-outs are aging and in need of replacement.
- 1.1.3 In September 2023, on behalf of the Agency, the Agency's Property Service Provider, Jones Lang LaSalle (JLL), commenced a detailed Approach to Market (ATM) within the Townsville region. The ATM resulted in 158-186 Walker Street, Townsville (Walker Street) being selected as the successful proponent.
- 1.1.4 A Cost Benefit Analysis (CBA) established the fit-out of the lease at Walker Street and the departure of non-customer facing staff from the Aitkenvale Service Centre and Stanley Street, represented the best value for money outcome for the Agency. This approach allows the Agency to consolidate its two non-customer facing sites into a single building, known as the Townsville Office Precinct.
- 1.1.5 The Aitkenvale Service Centre has 4,854m² of leased accommodation with a 3-year option. Stanley Street has 5,460m² of leased accommodation across two leases. Both leases contain 3-year options.
- 1.1.6 On 14 August 2024, the Secretary of the Department of Finance (Finance), Jenny Wilkinson, advised that the Minister for Finance, Senator the Hon Katy Gallagher had endorsed the Agency entering a new initial 10-year lease for Walker Street.
- 1.1.7 The Landlord will be responsible for construction of the new building in accordance with the lease. The Landlord will be responsible for completing the fit-out on behalf of the Agency, who will be responsible for funding the fit-out project, estimated at \$29.16 million (excluding GST). A summary of key facts is detailed in Table 1.

Table 1: Key Facts

Topic	Current	Proposed
Buildings	2	1
Net Lettable Area (NLA)	10,544m ²	7,145m ²
Allocated Staff	647	614
Work Points	744	558
Estimated Project Cost (excluding GST)	\$0	\$29.16m
Expected Life	3 Years	10 years

2 Purpose of the Works

2.1 Purpose

2.1.1 The Agency proposes to undertake fit-out works at Walker Street. This will provide fit-for-purpose office space and, the consolidation of two Townsville corporate sites into one by 2026. This proposal is in accordance with the Commonwealth Leasing Strategy.

2.2 Key Objectives

2.2.1 The key objective of the Townsville Precinct Project (the Project) is the realisation of several business efficiencies, including:

- A fit-for-purpose property solution,
- A more efficient occupancy work point density,
- Improving energy efficiency by reducing emissions and supporting the Australian Governments Net Zero in Government Operations (NZGO) Strategy,
- A transition to a working environment capable of scaling and with an ability to respond to surge,
- Increased staff collaboration through efficient allocation and utilisation of workspace and resources, and
- A transition of non-customer facing service staff from the two existing leased assets of Aitkenvale Service Centre and Stanley Street upon lease expiry.

3 The Need for the Works

3.1 Entity Operations

3.1.1 The Agency has the second largest property portfolio in the Commonwealth after the Department of Defence. This submission only addresses the non-customer facing elements of two office sites in Townsville, being the Aitkenvale Service Centre and Stanley Street.

3.1.2 The Agency has a large staff presence in Townsville in support of the Australian Government. These teams support the wider Agency who are situated around Australia at face-to-face sites, smart centres, support and processing sites and occasional pop-up facilities.

3.1.3 To continue to provide high quality Government services from Townsville, the Agency proposes to deliver a fit-for-purpose solution that will:

- Meet Commonwealth occupational density targets and maximise the efficient use of space,
- Provide A-Grade office accommodation that supports organisational agility and flexibility and promotes staff wellbeing,
- Provide an improved workplace with modern facilities and enhanced technology, and
- Provide a value for money outcome for the Commonwealth.

3.2 Policy and Operational Requirements

3.2.1 The need to consider future accommodation was initiated in response to the impending expiration of the Agency's leases from 2026. The CBA confirmed that consolidation of the existing leases into one site was the best option to meet the Agency's needs for office accommodation in Townsville.

3.2.2 The Commonwealth Leasing Strategy includes the option for consolidation of the Agency leases, providing:

- Benefits through streamlining the portfolio and allowing for improved staff collaboration,
- Greater value for money by leveraging the Agency's purchasing power for larger space, and

- Quality and fit-for-purpose office accommodation that aligns with APS NZGO strategy.

3.2.3 The lease consolidation will not impact customer facing services and will not reduce Agency jobs.

3.3 Existing Leased Sites

3.3.1 Details of the Agency's existing two leased sites in Townsville are summarised in **Table 2**.

Table 2: Existing Leased Sites

Address	Net Lettable Area (m ²)	No. of Parking Spaces	Staff	Annual Gross Rental & Parking (\$million)	Lease Expiry	Extension Options
307 Ross River Road, Aitkenvale	4,854	72	304*	\$1.7	3 Mar 2027	1 x 3 years
235-259 Stanley St. Townsville Level 3	816	7	299*	\$3.0	31 Aug 2026	1 x 3 years
235-259 Stanley St. Townsville Levels 6-9	4,644				31 Aug 2026	2 x 3 years
	10,314		603*			

*Data is from September 2024.

3.3.2 Aitkenvale Service Centre is a single-storey office with a mezzanine level and a carpark underneath, built in 2007 and occupied in 2008. The Agency occupies the whole building. The existing fit-out is aging and in need of replacement. The back of house component of Aitkenvale Service Centre is one of two offices proposed to relocate into Walker Street. The Agency's Face-to-Face Transformation Program will undertake a separate activity to right-size the Aitkenvale Service Centre.

3.3.3 Stanley Street is a 13-storey office tower, built in 2013. The Agency occupies Level 3 and Levels 6-9, including basement storage. The existing fit-out is aging and in need of replacement. Stanley Street is the second of two offices proposed to relocate into Walker Street.

3.3.4 The main deficiencies of the existing leased sites are summarised below:

- The existing fit-outs are aging and at the end of their economic life. Neither site achieves the occupancy density target outlined in RMG500¹, and
- Separation of the Agency staff across two Townsville sites creates operational and functional inefficiencies, together with increased operating costs and security risks.

3.3.5 The proposed fit-out of Walker Street will meet the Agency's needs and negate the need for renewal of back of house leased accommodation for Aitkenvale Service Centre and Stanley Street beyond their expiry.

4 Options Considered

4.1.1 3 options were considered:

- Take up the existing lease options for both Aitkenvale Service Centre and Stanley Street (status quo),
- Occupy other existing Commonwealth leased/owned properties, and
- Lease a new site to replace back of house leases at Aitkenvale Service Centre and Stanley Street.

4.2 Take up the Existing Lease Options for Aitkenvale Service Centre and Stanley Street (Status Quo)

4.2.1 The lease options for both Aitkenvale Service Centre and Stanley Street each have at least a 3-year extension available (levels 6-9 has two options of 3 years). Prior to exercising these options, the Agency undertook an ATM to inform decision making. The outcome of the ATM determined that the Agency would achieve a better value for money outcome by seeking a new lease arrangement rather than exercising the current lease extensions.

4.3 Existing Commonwealth Leases or Owned Properties

4.3.1 The Agency, as part of the Whole of Government Property Arrangement, has consulted with the Finance regarding other suitable accommodation held by the Commonwealth.

¹ RMG 500 is the Commonwealth Property Management Framework which establishes a foundation for achieving value for money and promotes efficient, effective, economical and ethical management of leased Commonwealth property in Australia?

Due to the space required, combined with the need for the Agency to maintain a presence within Townsville, no suitable existing Commonwealth space was identified.

4.4 Lease a new site to replace back of house leases at Aitkenvale Service Centre and Stanley Street (Preferred)

4.4.1 In accordance with the Whole of Government Property Arrangement, the Agency engaged JLL to assist with the ATM. The Townsville ATM was published on AusTender. The AusTender publication directed all potential Interested Parties to TenderLink for all related communications. Simultaneously JLL advertised the ATM on TenderLink.

4.4.2 On September 2023, the Expression of Interest (EOI) opened. The EOI closed on 23 October 2023. 9 submissions were received by the closing date. The Evaluation Team undertook a desktop assessment of the EOI responses. In November 2023, the Evaluation Team completed the site inspections.

4.4.3 On 18 December 2023, the delegate approved the EOI Evaluation Report. The Evaluation Report recommended the shortlisting of the following 3 sites to participate in the Request for Proposal (RFP):

- 158-186 Walker Street, Townsville,
- 222 Sturt Street, Townsville, and
- 10-12 Liverpool Lane, Townsville.

4.4.4 In December 2023, shortlisted parties were issued the RFP documents with a closing date of 9 February 2024. On 15 January 2024, the proponent that submitted 222 Sturt Street, Townsville withdrew.

4.4.5 In considering and comparing the responses from the remaining shortlisted parties the following criteria was assessed:

- Accommodation Solution,
- Capability,
- Financial consideration,
- Risks,
- Indigenous procurement policy, and
- Broader benefits to the Australia economy.

4.4.6 The evaluation of the remaining respondents found that 10-12 Liverpool Lane did not meet the criteria. As a result, Walker Street was determined as the preferred respondent. The offer was identified as having met or exceeded the requirements set by the Agency. It also posed the lowest risk to delivery within the nominated parameters.

4.4.7 On 14 August 2024, the Finance Secretary, Jenny Wilkinson, advised that the Minister for Finance, Senator the Hon Katy Gallagher noted *“that the proposal meets the intention and requirements of Resource Management Guide No 500: Commonwealth Property Management Framework and on 23 August 2024 and endorsed the proposed lease”*. The proposal was seeking endorsement for the Agency to enter a new initial 10-year lease for Walker Street.

5 Scope of Works

5.1 Building Summary

5.1.1 Walker Street is a new 5-storey building, complete with a basement for car parking and storage, comprising 7,145m² of NLA throughout the tenancy levels. It will be constructed for general office tenancy space, with an integrated fit-out specifically for the Agency. The fit-out will be consistent with Commonwealth requirements.

5.1.2 The Commonwealth is entering into an ADCL with the Landlord. The Base Building Works are not associated with the scope of works for this submission. This submission is focused on the fit-out works.

5.1.3 The Agency will be the predominate tenant of Walker Street. There will be a café external to the Agency's tenancy in the building. The space dedicated to the Agency will include the following:

- Secure carpark,
- Storage,
- End of trip facilities,
- Bike Storage, and
- Office accommodation.

5.1.4 A concept fit-out plan of a typical floor is provided at Annexure A and Annexure B. Currently the design is at 30% and is still being refined.

5.1.5 An NLA of 7,145m² was determined as meeting the Agency's Townsville office accommodation requirements. This will provide the Agency with 558 work points. The

Townsville Office Precinct Project will achieve a 37% reduction in the Agency's overall NLA in Townsville.

5.1.6 The Landlord is proposing 10 electric vehicle charge facilities to meet the Agency's needs for fleet vehicles. The base building has structural grids of 7 by 5 to limit the number of columns within the tenancy providing maximum flexibility for the fit-out design.

5.1.7 The Landlord has provided the Agency with an incentive to offset the fit-out expense, referred to as a capital incentive, and a rent abatement.

5.2 Location

5.2.1 Walker Street is located within the city centre. Access to the proposed site is via Walker Street into the staff carparking or the median street parking on Walker Street. Pedestrian access is from the proposed main entrance on Walker Street, with a separate staff entrance from the staff carpark, as shown on the site location plan at Annexure C.

5.2.2 Walker Street is located within:

- a 15-minute drive from the Aitkenvale Service Centre,
- a one-minute walk from Stanley Street,
- Close proximity to the Townsville City Centre, which contains a range of amenities for staff, and
- A one-kilometre radius of multiple public parking facilities.

5.2.3 The primary means of public transport in Townsville is the bus network operated by Translink. The Townsville City bus hub is located on Odgen Street, a 6-minute walk to the proposed Townsville Precinct. It is the main bus interchange for Townsville City; 11 bus routes originate/terminate from the Interchange.

5.3 Land Acquisition

5.3.1 The Project does not propose any land acquisition by the Commonwealth. The site will be a new leased site with an approved development application completed by the Landlord in 2024.

5.4 Fit-out Summary

5.4.1 The Project will encompass:

- A new tenant fit-out to align with the Agency's strategy to support agile working with flexible desk-to-staff ratio based on business requirements,

- Office accommodation including partitioning for individual offices, meeting and conference rooms, utility and storerooms, secure rooms, training rooms, break-out spaces, staff amenities and communication equipment rooms,
- Loose furniture and workstations. Workstations to include power and data reticulated in the workstation screens in addition to wireless technology to support mobility and the use of portable devices,
- The number of workstations will allow for 8 desks per 10 staff members (with the flexibility to shift the ratio based on business requirements),
- Disability Discrimination Act compliance access to office floors, workstations and meeting rooms,
- Personal lockers will be allocated to each staff member assigned to the building, allowing flexibility to align with the Agency's future need to surge in response to national events or emergencies,
- The fit-out has capability to accommodate surge through the provision of ergonomic spaces such as collaboration spaces, meeting rooms and training rooms should additional staff need to attend the office,
- Storage will be provided to support the Agency's need to store operational assets such as computers, files (small quantity), paper, hand sanitiser, and other operational items,
- Specialist spaces which are required to support the business of the Agency,
- Inter-tenancy stairs joining levels 1 and 2 for staff collaboration and efficiency will be integrated to the Base Building.
- The proposed offices and meeting rooms will be located away from the perimeter to enable maximum efficiency with an open office layout and equitable access to natural light,
- The use of wireless data connectivity (Wi-Fi) is proposed to be implemented in the fit-out design to support mobility and the use of wireless devices,
- Audio Visual equipment will be installed to support the Agency's Audio-Visual requirements, and
- The building will have the Agency's access control solution installed.

5.5 Planning and Design Concepts

- 5.5.1 There are offices available for Senior Executive staff who are based in Townsville with all other staff seated at work points configured in an open plan layout. The work points are proposed to be congregated in neighbourhoods (zones) assigned to the Divisions occupying the building. To support the open plan office flexible workspace configuration, there are multiple meeting and coaching rooms of varying size to facilitate meetings and private or confidential discussions.
- 5.5.2 Flexible workspace configurations offer numerous benefits that enhance both productivity and employee well-being. By allowing individuals to have choice in their preferred work environment such as smaller meeting rooms/quiet rooms for focused tasks or a collaborative area for teamwork can boost creativity and job satisfaction. Flexibility also accommodates diverse work styles and personal needs.

5.6 Materials and Finishes

- 5.6.1 The materials and finishes proposed for use in the fit-out will be selected for low environmental impact, appearance, durability, functionality and ease of maintenance and cleaning while providing a suitable work environment for staff. Typical materials and finishes will include:
- Glass for office and meeting room partitions,
 - Plasterboard painted with washable acrylic paint,
 - Fabric panels on workstation screens,
 - Timber veneer or laminate finishes to workstations and meeting tables,
 - Feature colours on selected painted walls and plasterboard,
 - Feature ceilings in key areas, and
 - Where possible, the design team will implement the use of recycled materials in the fit-out.

5.7 Environment, Heritage and Sustainability

- 5.7.1 The proposed fit-out will be designed, constructed, operated and maintained to minimise the use of energy and water as much as possible and comply with the following statutory requirements:
- Energy efficiency requirements of the National Construction Code (Volume 1, Section J), and

- NZGO Strategy.

5.7.2 The Project will comply with the Commonwealth energy guidelines relating to energy efficient buildings and meet a 5.5-star National Australian Built Environment Rating System Rating (NABERS). The building will include:

- An extensive rooftop solar photovoltaic system to offset electricity consumption,
- Mechanical systems transitioning away from gas to renewable electric solutions,
- Light Emitting Diode (LED) lighting,
- Integration with the existing Building Management System to control the plant, and
- Electric Vehicle Chargers

5.7.3 The principles of Environmentally Sustainable Design have been adopted in the design of the proposed fit-out Works as follows:

- Recycling of construction waste,
- Detailed building tuning and commissioning to ensure efficient building operation,
- Use of paints, flooring, carpets, adhesives and sealants with low Volatile Organic Compound emissions,
- Inclusion of engineered timber products with low or zero formaldehyde emissions,
- Selection of environmentally certified products,
- Use of thermal insulation and refrigerant products with zero Ozone Depletion Potential,
- Use of water efficient fixtures and appliances,
- Lighting controls with time clocks, motion sensors and daylight sensors to minimise wasted energy, and energy efficient lighting design including consideration of LED lighting options,
- Achieve the Commonwealth minimum energy efficiency target of a 5.5-star NABERS rating for the fit-out,
- Incorporate installation of energy efficient light fittings and an intelligent lighting control system which includes ambient light level detection devices for daylight sensing and motion detectors for after-hours lighting control,

- Deliver a fit-out density which will assist the Agency in reducing its carbon footprint, and
- Maximise the use of environmentally sustainable and recyclable materials, wherever practical.
- Items installed as part of the fit-out shall achieve the required water efficiency standards.

5.7.4 There are no heritage issues in relation to this site.

5.8 Car Parking provisions

5.8.1 The precinct is proposed to have a total of 40 car parking spaces. The Landlord has committed to providing the Agency with 4 accessible parking spaces and 10 to support electrical vehicles. The remaining 26 will be standard parking spaces available for the Agency to utilise.

5.8.2 The Agency's fleet vehicles are transitioning to electric vehicles. The Landlord will install 10 charging points to support electrical vehicles as part of Base Building Works.

5.8.3 The carparking provisions at the precinct are sufficient to accommodate the fleet vehicles and SES employees currently in Townsville.

5.9 Accessibility

5.9.1 As part of the new lease arrangements, the Landlord will be constructing the base building with the following provisions for people with disabilities:

- Designed to comply with the latest edition of Australian Standard 1428.2 and as a minimum, will comply with the mandatory parts of the code under the National Construction Code, and
- Provide suitable access throughout each of the tenancy spaces for people with disabilities including wheelchair access.

5.9.2 The fit-out will be designed to Disability Discrimination Act requirements and standards.

5.10 Child-care provisions

5.10.1 No on-site childcare facilities are proposed. However, there are numerous facilities within a two-kilometre radius of the site. In addition, staying in the vicinity of the Stanley Street Office allows any current child-care arrangements to remain unchanged.

5.11 Lift Provisions

5.11.1 The proposed building comprises one lift core with a total of 4 lift cars. All 4 of the lift cars connect the basement to the top floor. The number of lifts has been calculated to be compliant with the Property Council of Australia Grade A building requirements.

5.12 Security Provisions

5.12.1 The building's proposed physical security arrangements will meet the Agency's requirements in accordance with the Australian Government's Protective Security Policy Framework (PSPF). The physical security design will include:

- The Tenancy perimeter will be constructed to a Zone 2. Specialist areas will be constructed to a Zone 3 or 4 in accordance with the PSPF, and
- Individual physical security control elements will include:
 - An integrated Security Alarm System,
 - Building Electronic Access Control Systems, and
 - Closed-circuit television.

5.13 Fire Protection

5.13.1 The buildings fire systems will be designed in accordance with the Building Code of Australia and Australian Standards in force at the time of the development application. The fire system will include:

- Fire protection, detection systems, smoke hazard management and fire egress travel distances in accordance with the Building Code of Australia and AS1670 and AS2118,
- Battery operated self-contained emergency lights and exit signs connected to a computerised automatic testing system, including toilets, plant rooms and switch rooms, the office area and parking as per AS2293,
- Emergency Warning and Intercommunication System,
- Extinguishers, fire blankets,
- External and internal hydrant system,
- Internal fire hose reel system, and
- Ancillary alarm outputs to various building sub systems.

5.14 Hydraulic Services

5.14.1 The Hydraulic Engineering Service for the fit-out will be in accordance with requirements of the National Plumbing Code AS/NZS 3500 and may include:

- Potable water supply to tea points, breakout spaces and the like,
- Sewer drainage and sanitary plumbing, and
- Water efficient tapware and devices.

5.15 Electrical and Communications Services

5.15.1 The fit-out will include electrical distribution to socket outlets, lighting and special purpose power in compliance with National Construction Code AS/NZS 3000.

5.15.2 Category 6a data cabling will be used throughout the building to support the Agency's ICT solution.

5.16 Mechanical Services

5.16.1 The Mechanical Engineering Service systems installed as part of the fit-out will be designed to integrate into the operation of the base building systems.

5.17 Acoustics

5.17.1 The building design incorporates measures to reduce noise in the work environment including double glazed external windows, acoustic ceiling tiles and carpeted floors.

5.17.2 Acoustic performance criteria have been incorporated into the fit-out brief to ensure adequate noise insulation between offices, meeting rooms, conference rooms, training rooms and other workspaces. Design criteria and building performance for ambient noise ratings shall be in accordance with the requirements of Australian Standard AS2107.

5.18 Details of Applicable codes and standards

5.18.1 The fit-out will comply with all statutory requirements including the National Construction Code, Queensland requirements and Australian Standards, and Agency and Commonwealth requirements for ICT and security. The Agency will ensure that all relevant codes and standards are included in the design and building briefs.

5.19 Building Certification

5.19.1 An accredited independent Building Certifier will be engaged to certify compliance of all Works.

5.20 Work Health and Safety

- 5.20.1 In accordance with the requirements of the Work Health and Safety Act 2011, the design phase for the fit-out Works will include Safety in Design Workshops which will review the design with a view to identifying any risks associated with safety during the construction phase and safety during the operational phase.
- 5.20.2 The Agency's Project Manager/Contract Administrator (PMCA) has an obligation to monitor the developer's construction contractor's compliance with WHS requirements.

6 Other Considerations

6.1 Impact on the local community

- 6.1.1 The Project is expected to have a positive, short-term effect on the local economy. Short-term positive impacts include:
- Creation of jobs during the fit-out works, (consultants, construction workers, suppliers and related services),
 - Use of locally sourced materials during construction,
 - Uplift in local services business (cafés and similar businesses) adjacent to the precinct to support the temporary construction workforce, and
 - No significant change to local businesses who are reliant on the Agency's staff as the staff will remain in Townsville City.
- 6.1.2 The Commonwealth Property Management Framework notes Finance will determine if a potential move may adversely affect a local economy, transport and logistics infrastructure or give rise to adverse social and community effects. On 29 May 2024, the Agency was advised a local impact assessment was not required.

6.2 Staff Consultation

- 6.2.1 Formal staff consultation has commenced and is expected to continue as design development progresses. Staff consultation will further inform the fit-out design. Consultation will include:
- The provision of a fit-for-purpose design that meets the operational needs of staff for the comment and feedback,
 - information sessions regarding the use of unallocated workspaces across the precinct, and

- what the proposal means for them.

6.3 External Consultation

6.3.1 The Agency will engage with the Community and Public Sector Union as part of its activities on the Project.

6.3.2 The following external agencies and business have been consulted to date:

- Finance,
- JLL,
- Conscia,
- DJAS,
- Forcefield,
- LCI,
- Turner & Townsend, and
- Castlerock Property (Building Owner).

7 Cost Effectiveness and Public Value

7.1 Works Delivery Strategy

7.1.1 The lease provides for the Landlord to construct the base building and, on behalf of the Agency, deliver the integrated fit-out works. The Landlord will be responsible for procuring all trade packages in accordance with the Commonwealth's Procurement Rules.

7.1.2 The Agency has appointed a PMCA, Conscia Pty Ltd, to manage the planning and delivery of the proposed fit-out works. The Agency has also established a Design Services Consultant Team. This is a multidisciplinary team established to support the progress of the fit-out. This team includes:

7.1.3 As part of the Design Services Consultant team, the Agency has engaged a multidisciplinary team to progress the design documentation, inclusive of cost estimates to 100% for the purposes of construction tendering. The team includes:

- Interior Design (DJAS Architects Pty Ltd),
- Engineering and fire services (LCI Consultants),

- Quantity surveyor (Turner and Townsend Pty Ltd),
- Building certifier, and
- Security Consultant (Forcefield Services).

7.1.4 The lease provides for termination of the contract if the project does not achieve the passing of the PWC expediency motion.

7.2 Works Cost Estimate

7.2.1 The estimated project budget is \$29.16 million (excluding GST) and includes contingency, project management, development, design and documentation and escalation to 2026. The current cost estimate is based on the Agency undertaking an integrated fit-out with the Landlord delivering the approach. The cost estimate was prepared by the Agency's quantity surveyor. The cost estimate has been based on DJAS's 30% design.

7.2.2 Funding for the lease and fit-out of the Project will be from the Agency's approved property operating expenses, capital budgets and incentive contributions received from the landlord.

7.2.3 The Agency confirmed the scope of work is within the project budget and meets operational requirements. A breakdown of the project cost is detailed in the Confidential Cost Estimate.

7.3 Value for Money Assessment

7.3.1 In assessing the options available, the Agency undertook analyses of all the options. The CBA included whole-of-life cost analysis, and a risk assessment of all the options. It determined that the proposed fit-out provides the best value for money accommodation solution. Under this scenario, the Agency would reduce its overall leased NLA within the Townsville region by 3,169m² through the transition to a flexible workplace.

7.3.2 The CBA provided to the Finance and the Commonwealth Strategic Property Advisor examined the economic feasibility of the proposal and confirmed that it provides the best value for money solution.

7.4 Program

7.4.1 The key milestones of the Works are listed in **Table 3**.

Table 3: TVL Construction Program

Activity	Indicative Date
Award Head Contractor (Base Building)	December 2024
Commence Construction (Base Building)	January 2025
Complete Construction Works	May 2026
Commence Departure of Stanley Street	July 2026
Complete Departure of Stanley Street	August 2026
Complete Make Good of Stanley Street	August 2026
Commence Departure of Aitkenvale	September 2026
Complete Departure of Aitkenvale	February 2027
Complete Make Good of Aitkenvale	March 2027
Project Closure (DLP and Financial Close)	October 2027

7.4.2 The program is subject to the passing of an Expediency Motion no later than March 2025. The fit-out will be completed as a staged delivery with construction to be complete May 2026.

7.5 Revenue

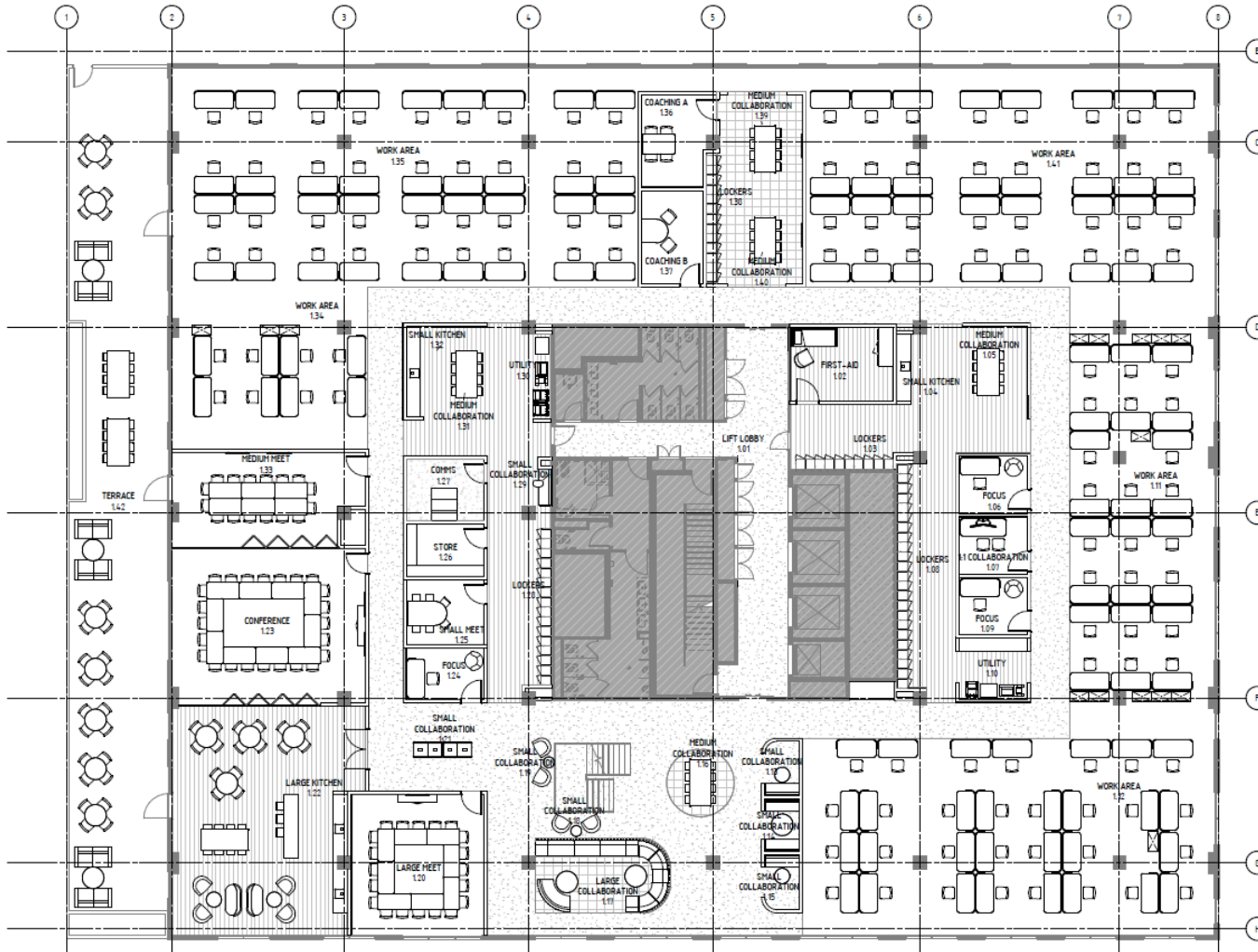
7.5.1 There is no expected revenue from the Works.

7.6 Public Value

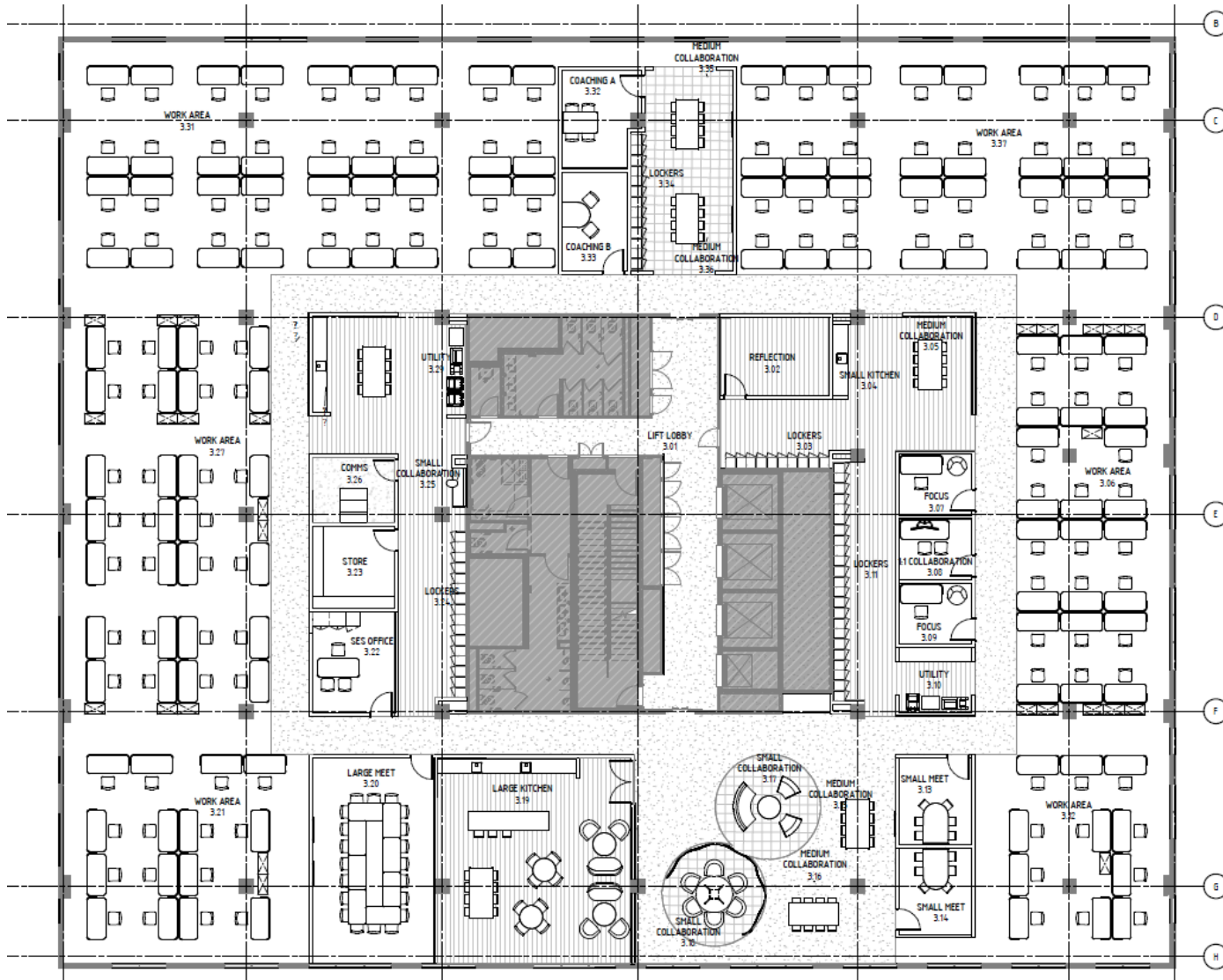
7.6.1 The public value associated with the Project includes:

- The improvement in operational efficiencies derived from co-location of the two Townsville based Agency staff into a single building,
- Value for money associated with improved leasing costs across the Townsville property portfolio,
- Improved Ecologically Sustainable Development outcomes associated with modern and efficient building fit-out design and engineering systems, and
- Efficiencies associated with higher density of operations and a reduction in the overall footprint of the Agency's operations in Townsville.

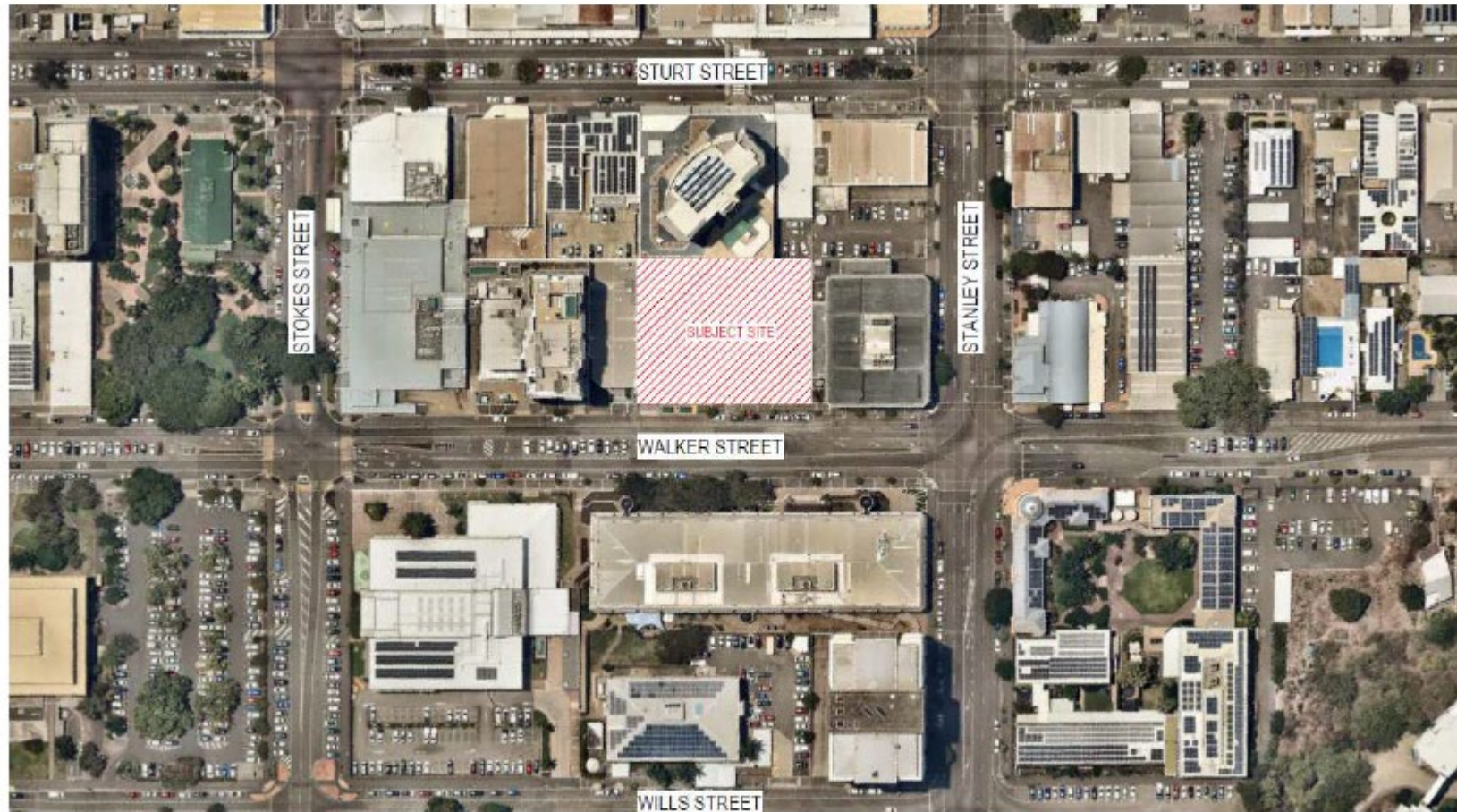
Annexure A – Concept Office Floor Plan: Level 1



Annexure B – Concept Office Floor Plan: Typical



Annexure C – Site Location Plan



Site Location