



Australian Government  
Department of Home Affairs

# Home Affairs

# 101 George Street

# Parramatta Fit-Out

Statement of Evidence

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## Executive Summary

1. As part of its New South Wales (NSW) working accommodation portfolio, the Department of Home Affairs (Home Affairs) currently occupies two buildings in the Sydney Central Business District (CBD) and one building in Parramatta. The current leases on these buildings are due to expire over the course of 2022–2023 with no options to extend. The landlord of 26 Lee Street, Haymarket has notified the Department of their intent to redevelop the site, with demolition works commencing in mid-2022. Home Affairs' has developed a Sydney Precinct Strategy, that assesses Home Affairs' leased office accommodation requirements in Sydney, it was identified that it was no longer necessary to maintain the circa 22 000 square metres (m<sup>2</sup>) of Net Lettable Area across multiple sites, which currently accommodate approximately 1,000 personnel. The strategy concluded that consolidation of public services would optimise its efficacy. Additionally, parts of the current fit out of some tenancies are no longer fit for purpose and beyond their design life.
2. To address this, this project seeks to provide a consolidated office accommodation solution in Sydney, NSW that:
  - a. is fit-for-purpose to meet current business requirements;
  - b. is designed with enough flexibility to allow for changing and future business requirements;
  - c. results in reduced overall property operating costs; and
  - d. can be delivered prior to the need to vacate the existing working accommodation.
3. In undertaking the identification of suitable office accommodation options, opportunities within the existing Commonwealth portfolio as well as properties available on the market were explored. This was completed with guidance from the Whole of Government Strategic Property Advisor to assist in alignment with Commonwealth strategies, as well as guidance from the Strategic Property Advisor engaged by Home Affairs. This resulted in 11 sites being identified, six of which were unsuitable due to the timing of their availability not aligning with Home Affairs' requirement. The remaining five sites received detailed consideration. Of the five properties, three are located in Parramatta, one at Sydney Olympic Park, and one in the Sydney CBD.
4. It was assessed that the building at 101 George Street, Parramatta provided the best overall property solution. The key reasons were the:
  - a. total leasing costs per square metre and building owner incentives;
  - b. timing of building availability;
  - c. location of the building and proximity to public transport and the Parramatta central retail hub; and
  - d. the opportunity for the entire office accommodation component of the building to be taken up by Commonwealth agencies, with the majority to be leased by Home Affairs.
5. Subsequently, the project proposal is for fit out works to establish new Home Affairs working accommodation at 101 George Street, Parramatta NSW, which upon occupancy will consolidate three Home Affairs' existing Sydney working accommodation sites. The proposed fit out works will see a reduction in the Departments leased office space from 22,442m<sup>2</sup> to 13,974m<sup>2</sup>.
6. The proposed fit out works include building works, furniture, fixtures, fittings, building amenity, security, and Information and Communication Technologies as necessary to occupy and operationalise the altered property lease at the George 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. Installation of approximately 1,000 to 1,100 open plan work points (to be resolved through the detailed design);
  - d. Installation of ICT infrastructure;
  - e. Construction of approximately up to 14 offices and 62 meeting rooms;
  - f. Installation of breakout spaces; and
  - g. Installation of security infrastructure including access control systems and CCTV cameras.
7. The total out-turned project cost is estimated to be \$24 759 616 (excluding GST), which represents \$1 772 per square metre of Net Lettable Area. This comprises the following:
  - a. Fit out Works (including phasing of work)
  - b. Project management consultants
  - c. Contractor Preliminaries
  - d. Escalation
  - e. Internal Costs
  - f. Risk Provision (P<sub>80</sub>)
8. The entirety of this cost is being funded by the lease incentive being provided to Home Affairs by the landlord. The lease incentive (and consequently the project budget) reflects 26% of the gross lease value based on the leased premises area of 13 974m<sup>2</sup>. Any remaining amount not spent on fit out will be used as rent reduction spread evenly over the term of the lease.
1. The fit out has been designed to cater for an occupational density of approximately 13m<sup>2</sup> per person. The expected design life of these facilities covers the total lease term of 10 years with two five year extension options. The estimated escalated whole of life is shown as follows:

25 YEARS WOL COSTING (ESCALATED)	OPTION 1 (\$M)
CAPITAL COST	\$ 24.76
REPLACEMENT/RENEWAL COST	\$ 36.65
ANNUAL MAINTENANCE	\$ 5.99
OPERATING COST	\$ 1.82
TOTAL	\$ 69.23

9. The consolidation of three sites into one site of 13,974m<sup>2</sup> Net Lettable Area has been calculated to generate lease savings of approximately \$5.988m per annum (excluding outgoings). Lease costs for 101 George Street, Parramatta equate to \$695 per square metre (\$9 711 930 per annum), with outgoings estimated at \$110.83 per square metre (\$1 548 738.42 per annum) (excluding GST) as at 30 June 2020.
10. While the works will support the provision of services that 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.
11. 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 the Statistical Areas Level 2 (SA2) area, as defined by the Australian Bureau of Statistics (ABS) area calculations. In addition:

- Any impact on the local area where 26 Lee Street, Haymarket is located would be attributed to the proposed re-development of the area (current building to be demolished by owner);
- Limited local impacts expected by the vacancy from the relocation of staff out of 300 Elizabeth Street, Sydney CBD;
- Relocation of staff from 9 Wentworth Street, Parramatta is within the same locality and not expected to have notable local impacts; and
- 101 George Street, Parramatta (the subject site) is a previously occupied existing site.

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

## Project Title

13. Home Affairs 101 George Street Parramatta Fit Out.

## Department of Home Affairs

14. 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, border security and operations and transport security.

## Purpose of Works

15. The purpose of this project is to provide a consolidated office accommodation solution for the Department of Home Affairs (Home Affairs) in Sydney, New South Wales (NSW) that:
- a. is fit-for-purpose to meet current business requirements;
  - b. is designed with enough flexibility to allow for changing and future business requirements;
  - c. results in reduced overall property operating costs; and
  - d. can be delivered prior to existing working accommodation becoming unavailable for continued use.

## Need for Works

16. As part of its NSW working accommodation portfolio, Home Affairs currently occupies two buildings in the Sydney Central Business District (CBD) and one building in Parramatta. Home Affairs' principal office accommodation in Sydney is currently located at 26 Lee Street, Haymarket. The landlord of this property has notified the Department of a proposal to redevelop the site, with demolition works commencing in mid-2022. Additionally, the leases on 300 Elizabeth Street, Sydney CBD and 9-11 Wentworth Street, Parramatta are due to expire in March 2022 and August 2023

respectively. These three sites combined totals 22 442m<sup>2</sup> of leased office space, with an occupational density of 17.5m<sup>2</sup> per person.

17. Through Home Affairs' completion of a Sydney Precinct Strategy, that assesses Home Affairs' leased office accommodation requirements in Sydney, it was identified that it was no longer necessary to maintain the 22 442m<sup>2</sup> leased office space across multiple sites. It was concluded that a consolidation of public services would optimise its efficacy. Additionally, parts of the current fit out of some tenancies are no longer fit for purpose and beyond their design life.
18. There is no compelling business requirement for Home Affairs to maintain a presence for these functions in the Sydney CBD, which currently comprises the highest rents paid by Home Affairs for office accommodation in Australia. Additionally, Home Affairs does not have enough office space across its other tenancies in Sydney to accommodate all staff and facilities post lease termination.

## Options Considered

19. Home Affairs has considered the following options to address the known future shortfall in Sydney working accommodation, while using the opportunity to optimise its Sydney service delivery and general working accommodation.
20. **Do Nothing.** There are two aspects to taking no action that have been considered.
  - a. Not sourcing new accommodation to replace the accommodation lost upon termination of the Lee Street lease. This is considered intolerable as Home Affairs does not have enough office space across its other tenancies in Sydney to accommodate all staff and facilities post lease termination. This would 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 (101 George Street, Parramatta). The current fit out is aged, is not suitable to enable back of house working functions and provides no feasible way to safely and functionally provide front of house (public) services.
21. **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.
22. **Fit Out of Existing Building (Preferred Option).** This option best meets Home Affairs' requirements, particularly by significantly reducing the risk of replacement working accommodation being unavailable prior to the existing lease termination dates. Additionally, the inclusion of a lease incentive reduces the upfront capital investment of Home Affairs.
23. Design Solution for 101 George Street, Parramatta. As the general back of house functions represent typical office working accommodation, no options of significance were considered beyond room and desk configurations. The consideration of options in the design solution was primarily focused on securely integrating front of house public facing services with the back of house elements. Integration of the services includes separate secure service delivery across divisions to maximise customer and staff safety and minimise the coalescence of incompatible customer experiences.
24. Customer access. An aspect of design considered how to enable effective vertical transport for the customer from the ground floor, to level 3 where most customer engagement will occur (levels 1 and 2 are carparks). Given the vertical distance of three levels stairs access was non-compliant from Disability Access and Workplace Health and Safety perspectives. Three options were considered in the provision of lifts:

- a. Use of an existing electrical riser. To minimise the costs associated with completing new penetrations through the existing slabs for a new lift well was investigated. However, the difficulty in relocating existing services and refitting the riser with the lift was demonstrated to cost more than installing a new lift well including demolition of new slab penetrations and achieves only one small lift.
- b. Installation of lift(s) in a new location. Constructing a new lift well in a location other than the existing electrical riser, either for a single or a dual lift arrangement, was considered. While the dual lift arrangement is more costly, a traffic study completed showed that based on expected customer flows, a single lift option would have an average wait time of over nine minutes, while the dual lift option would have an average wait time of less than 17 seconds. The reduced average wait time is important to enabling Home Affairs to adequately manage the flow of customers into and out of its premises.
- c. The preferred vertical transport solution is to construct a new two lift capability over three levels to optimally manage customer flows.

## Scope of works

25. This section will provide the details of the scope of the proposed works to fulfil the need.
26. 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 101 George Street, Parramatta. 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. Installation of approximately 1,000 to 1,100 open plan work points (to be resolved through the detailed design);
  - d. Installation of ICT infrastructure;
  - e. Construction of up to approximately 14 offices and 62 meeting rooms (to be resolved through the detailed design);
  - f. Installation of breakout spaces; and
  - g. Installation of security infrastructure including access control systems and CCTV cameras.
27. It is noted that approximately 1,000 Home Affairs personnel will be relocated from existing sites to the new consolidated working accommodation at 101 George Street, Parramatta.

## Site Selection

28. In October 2019, 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 approximately 14,000 and 16,000 square metres of quality grade space in and around the Sydney metropolitan area, situated within a major business/residential district, with proximity to primary road transport and major public transport hubs were considered.
29. This resulted in 11 sites being identified, six of which were unsuitable due to the timing of their availability not aligning with Home Affairs' requirement. The remaining five sites received detailed consideration. Of the five properties, three are located in Parramatta, one at Sydney Olympic Park, and one in the Sydney CBD.
30. As part of the request for Leasing Proposals, the five 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. Lease incentives;
  - e. Areas for office and car parking (119 car bays plus 17 allocated for storage).
  - f. Estimated fit out costs; and
  - g. Make good costs included where proponents indicated a reinstatement requirement at lease end.
31. It was assessed that the building at 101 George Street, Parramatta provided the best overall property solution. The key reasons were the:
- a. total leasing costs per square metre and building owner incentives;
  - b. timing of building availability;
  - c. location of the building and proximity to public transport (ferry: 3 minute walk, train and major bus station: 8 minute walk and multiple minor bus stops in the immediate vicinity) and the Parramatta central retail hub; and
  - d. the opportunity for the entire office accommodation component of the building to be self-contained by Commonwealth agencies, with the majority to be leased by Home Affairs.

## Planning and Design Concepts and Considerations

32. 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.

### Structure

33. 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 new customer lifts between the ground floor and level 3.
34. The building is an existing commercial office development comprising of 11 floors of office accommodation, retail space and vehicle parking. Home Affairs will occupy a portion of the ground floor and levels 3–9 in totality, with the remaining levels 10 and 11 to be occupied by another tenant.
35. 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.
36. 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.

37. Staff and visitor (non-customer) vehicle access to the parking will be from Charles Street. Customer (pedestrian) access will be from George Street.
38. The building features will include a café on the ground floor. The rooftop space is dedicated to building plant.

### **Materials and furnishings**

39. 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.
40. Existing furniture will not be reused as it is generally at the end of its design life and does not promote a working environment that is flexible or a positive work health and safety experience. Furniture will be selected on the basis that it demonstrates value for money and meets Home Affairs' workplace health and safety requirements. Specialist equipment required (such as biometric collection devices) will be relocated from the existing tenancies.

### **Mechanical services**

41. The mechanical engineering that will service the working accommodation is a part of the overall building system and therefore not part of this project specifically. The design of the building mechanical services is, in part, informed by Home Affairs' working accommodation requirements.
42. Mechanical services will conform to all the regulatory requirements, such as:
  - a. AS1668 Mechanical ventilation and air conditioning;
  - b. AS1324.1 Air filters for use in general ventilation and air conditioning;
  - c. AS3666 Microbial control;
  - d. AS5601 Gas installations;
  - e. AS1851 Routine service of fire protection systems and equipment;
  - f. National Association of Testing Authorities (NATA);
  - g. Australian Institute of Air-conditioning, Refrigeration and Heating (AIRAH) guidelines; and
43. The general air-conditioning for the premises will provide ambient comfort conditions suitable for office accommodation requirements.

### **Electrical services**

44. The electrical engineering that will service the working accommodation is a part of the overall building system and therefore not part of this project specifically. The design of the building electrical services is, in part, informed by Home Affairs' working accommodation requirements.
45. LED lighting will be provided throughout the office accommodation. A level of approximately 400 lux measured at the desktop level 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.
46. Two Uninterruptable Power Supplies (UPS) and a back-up generator are included as part of the works, in accordance with Home Affairs' relevant security, Information Communication Technology (ICT) and business continuity policies and procedures.
47. Emergency and exit lighting will be provided as per AS2293.

## Acoustics

48. 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

49. No landscaping works are proposed for this project.

## Environmental sustainability

50. The lease incorporates a Green Lease Schedule in accordance with the standard Commonwealth requirements under the Energy Efficiency in Government Operations policy. The building target is at a minimum:
  - a. four star NABERS water rating, and
  - b. five and a half star NABERS energy rating.
51. The fit out will maximise the use of environmentally sustainable and recyclable materials wherever possible. 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

52. A key aspect of the design solution for the project is adaptability and maximisation of use of the fit out. An example of this is that the front of house counters to be provided have been designed to be able to be used across service divisions, so that they can increase and decrease the counters used by each division to meet the priorities of the day.
53. The fit out has been designed to cater for planned future growth in personnel numbers.

## Provision for people with disabilities

54. 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.
55. The principal reason for the proposed construction of a new dual public access lift between the ground level and level 3 is compliance with these policies and management of customer flows into and away from the public facing service delivery divisions of Home Affairs.

## Childcare provisions

56. No childcare facilities are proposed for this project. Several existing childcare facilities have been identified in proximity to 101 George Street, Parramatta.

## Security measures

57. 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; and
  - c. Home Affairs' internal policies, procedures and best practice methodologies.

58. 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.

## Fire protection

59. Travel paths within the floor layout have taken into consideration BCA fire egress requirements.
60. The fire protection system that will service the working accommodation is a part of the overall building system and therefore not part of this project specifically. The design of the building fire protection system is, in part, informed by Home Affairs' working accommodation requirements. This includes the following minimum requirements regarding fire detection and protection:
  - a. Availability of fire extinguishers, either CO<sub>2</sub> or Dry Chemical ABE type.
  - b. Size and type of extinguisher depends on floor area of the working accommodation; AS244-2001 has been used as a guide to establish how many and how far apart they need to be located.
  - c. Any partitioning work has been designed to minimise any alterations to fire protection systems (detectors, hydrants and hose reels, automatic sprinklers, manual call points).
  - d. Fire protection systems to be modified/upgraded to allow for the installation or reconfiguration of walls.
61. Formal evacuation procedures will be in place and practiced regularly.
62. Bush fire protection measures are not considered relevant for the site location.

## Work Health and Safety measures

63. 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.
64. 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.
65. The construction site will be within 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.
66. 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.

# Other issues

## Key legislation

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

## Heritage

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

## Environmental impact assessments

69. 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

70. 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.
71. There is limited local community impact expected from the offices Home Affairs is leaving as Lee Street is being demolished and redeveloped at the owner's decision; Wentworth Street staff are being moved within the same locality and Elizabeth Street is perceived to be in a high demand area and the lease expiry was known.

## Consultation

72. 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.
73. Prior to the site selection process, the Project facilitated a staff survey to seek feedback from staff regarding accommodation in Sydney. The information gathered from this survey was used to identify locations for the new accommodation.
74. 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.
75. The project specific Stakeholder Engagement & Communications Plan includes proactive engagement with the Departments Sydney 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. The working group was formed in February 2020 and meets every 6-9 weeks, or as required, to provide regular updates on the Sydney Accommodation Project.
76. The project is currently undertaking the development of a change management user pack which will provide a consistent message to affected staff providing them with the latest information regarding project development and instructions on where they are able to obtain support and further information about Home Affairs changed accommodation arrangements in Sydney, NSW or to provide feedback about the project. The Department is currently engaging a Change Manager to assist staff with the likely impacts and to help the Department to realise the wider integration outcomes desired.
77. 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.

## COVID-19

78. 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.
79. While the new fit out has not been designed specifically for operation within a COVID-19 (or similar) environment, 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. staff back of house will maintain a physical distance of 1.5 meters between workstations, as per the current protocols outlined by NSW Health.
80. In the event that COVID-19 or a similar event 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.

## Cost effectiveness and public value

### Cost effectiveness

#### Forecasted Project Cost and Available Budget

81. The entirety of this cost is being funded by the lease incentive being provided to Home Affairs by the landlord. The lease incentive (and consequently the project budget) reflects 26% of the gross lease value based on the leased premises area of 13 974m<sup>2</sup>. Any remaining amount not spent on fit out will be used as rent reduction spread evenly over the Term of the Lease.
2. The fit out has been designed to cater for an occupational density of approximately 13m<sup>2</sup> per person. The expected design life of these facilities is covers the total lease term of 10 years with two five year extension options. The estimated escalated whole of life is shown as follows:

25 YEARS WOL COSTING (ESCALATED)	OPTION 1 (\$M)
CAPITAL COST	\$ 24.76
REPLACEMENT/RENEWAL COST	\$ 36.65
ANNUAL MAINTENANCE	\$ 5.99
OPERATING COST	\$ 1.82
TOTAL	\$ 69.23

82. The consolidation of three sites (22,442m<sup>2</sup>) into one site of 13 974m<sup>2</sup> Net Lettable Area has been calculated to generate lease savings of approximately \$5.988m per annum (excluding outgoings). Lease costs for 101 George Street, Parramatta equate to \$695 per square metre (\$9 711 930 per annum), with outgoings estimated at \$110.83 per square metre (1 548 738.42 per annum) (excluding GST) as at 30 June 2020.

83. 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 \$4,095,000.
  - b. Loose furniture and fixtures. Estimated cost for loose furniture and fixtures is \$3,313,309.

### **Project Delivery Method**

84. The Agreement for Lease (AFL) places responsibility to construct the base building and the fit out works, on the landlord. While the landlord is responsible for procuring all fit out trade packages, Home Affairs is involved in the procurement process, including the final acceptance of the trade package recommendations prior to contracting.
85. The landlord has also engaged a multidisciplinary team of engineering, fire, services, security and cost consultants, to progress the design and costing for construction.
86. A project management team has been established to manage the project and administration. The team consists of an internal project management team and an external project management company assist with driving the fit out to meet Home Affairs' requirements and performance specifications.

### **Project Programme**

87. The planned key project milestone dates are as follows:
- a. August 2021 – Proposed Parliamentary approval
  - b. September 2021 – Design Development at 75% level of design
  - c. November 2021 – Design and Construct contract awarded
  - d. November 2021 to February 2022 – Construction of levels 3, 4 and 5 (Stage 1)
  - e. November 2021 to April 2022 – Construction of levels 6, 7, 8 and 9 (Stage 2)
  - f. November 2021 to April 2022 – Construction ground floor (Stage 3)
88. The lift will be delivered across Stages 1 and 3.

### **Revenue**

89. 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**

90. 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. Value for money 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.