

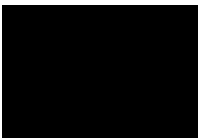
# Australian Federal Police Proposed Fitout of Leased Premises

Parliamentary Standing Committee on Public Works

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## **Introduction**

I make this submission in relation to the Australian Federal Police proposal to fitout leased premises at 949 Ann Street, Brisbane, for the AFP Northern Command Headquarters.

I do not oppose the AFP having modern, secure, technically capable and properly located facilities in Brisbane. On the material before the Committee, there is a serious case that the AFP requires improved accommodation, specialist operational areas and capacity for future growth.

The issue is not whether the AFP should be properly housed. It should.

The issue is whether the Commonwealth should approve a high value, long term, high security policing facility inside a privately leased building.

It should not.

The Committee should reject the proposal in its present form. A private lease is the wrong model for a special purpose national policing facility. If the facility is necessary, the Commonwealth should own it, build it, acquire it, or place the relevant functions on Commonwealth controlled land.

## **What the AFP is proposing**

The AFP proposes to replace its two main Brisbane offices at Newstead and Fortitude Valley with a consolidated leased facility at 949 Ann Street, Brisbane. The proposed

premises would provide 10,594 square metres of space. The estimated project cost is \$89.3 million excluding GST. The proposal includes ordinary office accommodation and more than 3,000 square metres of technical and specialist areas.

This is not merely an office move. The AFP's own public submission describes a facility that will include building operations areas, a guard room, an armoury, member services areas, a gymnasium, a major incident room, basement working hubs, vehicle workshop areas, laboratories and exhibit storage.

That matters. A building with armoury related functions, laboratories, exhibit storage, secure operational movement and major incident capability is not an ordinary office tenancy. It is a special purpose national policing asset.

The AFP itself says the facility will be purpose built, high security, and intended to support AFP operations for thirty years and beyond. Delivery is to be governed through an Agreement for Lease.

That combination is the problem. The more the AFP says this facility is operationally specialised, high security and long term, the weaker the case becomes for private leasing.

### **How the Committee should apply its task**

The Committee's task is not to rubber stamp a property transaction. It is required to examine the stated purpose of the work, whether the proposed work is suitable for that purpose, whether the work is needed, whether the proposal is cost effective, whether it produces revenue, and the current and prospective value of the work.

Those criteria should be applied in substance, not as a checklist.

Suitability requires the Committee to ask whether a privately leased, high-density, inner-city building is the right model for a long term, high security policing facility.

Need requires the Committee to distinguish between the AFP's need for better Brisbane capability and the separate question of whether that capability should be delivered through a private lease.

Cost effectiveness requires more than asking whether the fitout sits within budget. It requires a whole of life comparison between lease dependency and public ownership or public control.

Current and prospective value requires the Committee to ask who holds the enduring asset, who receives the long-term property value, who controls future adaptation, and whether the Commonwealth is locking a strategic public function into a private rent stream.

The revenue criterion should also be handled carefully. A Commonwealth policing facility should not be judged by whether it produces income. More fundamentally, the Commonwealth is the issuer of the Australian dollar. It is not financed by the revenue of its own projects in the way a household, business, council or state government may be. Any income generated by a Commonwealth work may be relevant as an accounting receipt, but it should not be treated as a source of spending capacity.

The real constraints are labour, materials, construction capacity, land, security requirements, inflation risk and public purpose. The proper question is not whether the facility pays for itself. The proper question is whether it mobilises real resources for a necessary public purpose and whether the Commonwealth receives durable public value in return.

On that basis, the Committee should not ask merely whether the AFP has identified workable leased premises. A workable lease is not the same thing as a suitable public works model. The real question is whether the proposed lease is the best way to provide a special purpose national policing asset that the AFP itself says must serve high security operational needs for thirty years and beyond.

That requires comparison against public ownership, Commonwealth controlled land, purchase of a suitable site, construction of a purpose-built facility, and a split model that separates central office functions from specialist operational functions. On the publicly available material, the AFP has not made that case. It may have provided further confidential material to the Committee, but confidential material should not be allowed to replace public justification. The public should be given enough information to understand why a privately leased building is said to be superior to public ownership or public control for a long-term policing facility of this kind.

### **The need for improved AFP capability is not the issue**

I accept that Northern Command is strategically important. The AFP points to Queensland's geography, three international airports, links to the Pacific, the Pacific policing role, Brisbane's regional significance, the Brisbane 2032 Olympic Games, drug importation pressures and population growth in southeast Queensland.

The AFP also identifies real deficiencies in the existing sites, including inadequate storage, inadequate meeting and operational rooms, inadequate health and wellbeing facilities, inadequate specialised team spaces, inadequate laboratories and workshops, and water ingress at the Commercial Road tenancy.

Those matters may justify a better facility. They do not justify a private lease.

The Committee should draw a hard distinction between operational need and property model. The AFP may well need a better Brisbane facility. That does not mean the

Commonwealth should bind a special purpose policing capability to a private landlord for a generation.

### **The Commonwealth is not a household**

The AFP's public submission discounts non private lease options partly on the basis that the Commonwealth's current policy position is not to own assets unless they are special purpose facilities, that capital funding is not readily available, and that approval for capital funding through the Budget process would not be certain.

That reasoning should be rejected.

The Commonwealth is the issuer of the Australian dollar. It is not a household, a business, a local council or a state government. It is not capital constrained in its own currency. It does not need to find Australian dollars before it can act. It does not need to tax before it can spend. It does not need to borrow before it can invest. It does not need to lease a strategic policing facility because ownership is said to be unaffordable.

Parliament authorises spending, and the operational machinery of the Commonwealth, including Treasury and the Reserve Bank, ensures Australian dollar payments are made. Taxation and bond issuance have public policy functions, but they do not finance the Commonwealth in the same way income or borrowing finances a household, business, council or state government.

That does not mean public spending is costless. It does not mean every project should proceed. It does not remove the need for discipline, sequencing, accountability and inflation management. It means the relevant constraints are real constraints: labour, land, materials, construction capacity, technical capability, planning approval, security capability, inflation risk, operational need and public purpose.

For this Committee, the question is not whether the Commonwealth can afford to own a necessary policing asset. It can. The question is whether public ownership or public control would provide better long-term public value than a private lease.

The answer is unequivocally yes.

### **A lease converts public necessity into private rent**

A private lease may be convenient for an ordinary office tenancy. It is much harder to justify for a long term, high security operational policing facility.

Where the Commonwealth leases a special purpose facility, public need is converted into a private income stream. The public pays for the facility through rent, incentives, fitout arrangements and embedded financing costs, but does not receive the enduring asset. The landlord retains the property interest. The public carries the operational dependency.

That is not cost effectiveness. It is a transfer of long-term public value into private property value and private rent.

A lease also weakens strategic control. A thirty-year policing asset should be assessed by reference to security, perimeter control, future expansion, vehicle movement, continuity of operations, resilience under disruption, emergency access, protest management, secure evidence handling, technology refresh, and the ability to modify the site over time without landlord dependency.

Those are public control questions. A lease is the weakest answer to them.

### **The AFP has not made a sufficient public case against ownership**

The AFP says it considered five broad options, including acquisition of an existing facility, design, build and operate, whole of government options, the status quo, and a new leased facility. Non private lease solutions were then discounted.

The public explanation is not good enough.

The AFP says the Commonwealth's policy position is not to own assets unless they are special purpose facilities. But this proposal is obviously special purpose. The AFP's own description includes high security design, specialist and technical operational areas, laboratories, exhibit storage, vehicle workshop areas, armoury related functions and major incident capability.

If that does not qualify as a special purpose facility, then the exception has no serious meaning.

The AFP also says capital funding was not readily available and that approval through the Budget process would not be certain. That is not a valid public value argument. It is an internal budget process argument. The Committee should not allow the Budget process to become a device for steering the Commonwealth away from asset ownership and into long term private rent extraction.

There is a further transparency problem. The public submission presents the options assessment as an AFP process and says the cost benefit analysis was undertaken by the AFP. But it does not adequately identify who prepared the underlying financial modelling, who advised on the property strategy, who structured the procurement, who set the assumptions, who reviewed the lease against ownership, or whether external property, legal, financial, probity or consultancy advisers were involved.

That matters. The Committee should not assume that a lease preference is neutral merely because it emerges from a procurement process. A procurement process can be formally compliant and still be shaped by assumptions that favour a private market outcome. If the modelling treats capital funding as scarce, treats leasing as easier, undervalues residual public ownership, fails to price long term private rent extraction, or

gives insufficient weight to strategic control, then the result will be biased toward leasing before the Committee ever sees the proposal.

The Committee should therefore require the AFP to disclose, in public summary form, who prepared and reviewed the options assessment and cost benefit analysis, what external advisers were used, what conflicts of interest were declared, whether any adviser had a relationship with the developer, lessor, financier, agent or tender participant, and whether the ownership option was independently tested against the lease option on equal terms.

This is not an allegation that private manipulation occurred. It is a recognition that opaque public private transactions require active scrutiny. Recent Australian experience has shown that private advisers can shape public policy and public transactions in ways that are not visible at the point of decision. The correct response is not suspicion for its own sake. The correct response is disclosure, independence and a clear public explanation of why public ownership was rejected.

If a permanent or long-term policing facility is needed, the Commonwealth should provide the real resources and own or control the asset. The AFP has not publicly shown why a privately leased facility is superior. Until it does, the Committee should not approve the lease.

**The location may be suitable for offices, but it is not proven optimal for an operational complex**

The AFP says the Fortitude Valley site is strategically located near other Commonwealth agencies, public transport, retail amenity and major roads. It says there are seven bus stations within 500 metres, Fortitude Valley Train Station within one kilometre, ferry access within walking distance, cycle paths nearby, and at least six major public carparks within 700 metres.

Those matters show convenience. They do not prove necessity. They do not prove optimality.

A dense inner-city site may suit executive, liaison and ordinary office functions. It is less obviously optimal for secure vehicle movements, exhibit handling, armoured related functions, laboratories, basement working hubs, major incident capability and operational deployment. Centrality is not the same as suitability. Public transport access is not the same as secure operational resilience.

The Committee should require the AFP to explain why this high-density site is superior to lower density alternatives, campus style alternatives, split site models, Commonwealth controlled land, or purchased land.

### **The Pinkenba issue needs a direct answer**

The AFP's own material refers to the bespoke training centre in nearby Pinkenba as part of the broader Brisbane operating environment.

Public material makes Pinkenba highly relevant. The Department of Finance says the Brisbane Centre for National Resilience has been repurposed within the regional hub for the AFP since April 2024. The AFP says the Pinkenba Hub is an AFP supported training and education facility created to support the Pacific Policing Initiative and Pacific policing partners, and that it includes operational safety and training capabilities such as simulated house environments, training areas and emergency scenario facilities.

That does not prove that all Northern Command functions should be at Pinkenba. But it does prove that the Commonwealth already has a Brisbane policing related site that must be addressed directly.

The Committee should require the AFP to explain why specialist operational functions cannot be located or expanded at Pinkenba, while only genuinely central office, liaison and executive functions are located in the city. The AFP should not be allowed to rely on a bare assertion that no whole of government option was available.

### **Comparable models support separation of functions**

The AFP's own Canberra footprint suggests that headquarters, training, forensics and operational functions do not have to be forced into one central commercial building. The AFP lists separate Canberra locations for National Headquarters at Barton, the AFP College at Barton, the AFP Forensics Facility at Majura, and Canberra Airport operations at Majura.

International practice also supports the campus logic for specialist law enforcement capability. The FBI describes Quantico as a campus that includes the FBI Academy, Laboratory Division, Operational Technology Division and Hostage Rescue Team. The United States General Services Administration selected a 61-acre Greenbelt site for a proposed FBI headquarters campus, citing public cost, transport access and delivery certainty.

The lesson is not that Brisbane must copy Quantico. The lesson is that serious law enforcement capability often requires land, control, separation, secure circulation, expansion capacity and operational resilience. Those are not the natural strengths of a privately leased, high-density, inner-city tower.

### **Ownership and transaction transparency**

The public submission does not adequately identify the current legal owner, lessor, developer, beneficial ownership structure, financing structure, lease incentive structure, or any change in ownership or control associated with 949 Ann Street.

That is unacceptable for a major policing facility.

The Committee should require the AFP to provide a public summary, subject only to genuinely necessary security and commercial redactions, identifying the legal owner, lessor, developer, ultimate beneficial owner, lease term, options, incentives, fitout ownership arrangements, make good obligations, rent review structure, transfer rights, termination rights and any sale, option, transfer, refinancing or change in control that occurred during or after the AFP approach to market.

A high security Commonwealth policing asset should not be approved where the public cannot see who ultimately benefits from the lease structure.

### **Purchase options were not publicly tested**

The AFP has not shown, in public, that purchase options were seriously tested. It has not identified the other properties or land parcels considered. It has not explained whether existing buildings, development sites, industrial land, airport precinct land, Commonwealth controlled land or split site models were assessed against the selected lease.

The public is told that several responses were received and that a robust evaluation occurred. The public is not shown the substance of that evaluation. The cost benefit analysis is said to be in confidential material.

That is inadequate.

The Committee does not need to publish sensitive operational details. But it does need enough public information to test whether the selected lease is genuinely best value, or merely the preferred outcome of a process designed around leasing.

### **Lease cost, ownership comparison and additional lease costs**

The AFP says the proposed facility will comprise 10,594 square metres, will be purpose built, will be high security, will support AFP operations for thirty years and beyond, and will be delivered through an Agreement for Lease. The AFP also says the cost benefit analysis supporting the options assessment is contained in the confidential cost submission.

The public material does not disclose the annual rent, rent review mechanism, outgoings, parking costs, lease term, option structure, make good obligations, termination costs, landlord consent costs, residual fitout treatment, or the full economic value of any lease incentive. Without those figures, the Committee cannot properly assess cost effectiveness or compare leasing against ownership.

That absence is not a minor omission. For a facility said to support AFP operations for thirty years and beyond, the relevant cost is not merely the proposed \$89.3 million fitout. The relevant cost is the whole lease exposure over the life of the facility.

Public market data indicates that Fortitude Valley A Grade gross face rents reached about \$724 per square metre per annum in early 2025. Applying that benchmark to 10,594 square metres produces an indicative first year gross rental amount of about \$7.67 million. If that rent were held flat for thirty years, the rent alone would be about \$230 million. If it escalated by 3 percent each year, the nominal rent over thirty years would be about \$365 million.

These figures are not the actual lease cost. They are indicative market-based calculations. The actual cost may be higher because the proposed AFP facility is purpose built, high security and operationally specialised.

More recent public market data also reports Fortitude Valley A Grade net effective rents of about \$320 per square metre per annum in early 2026. Applying that lower benchmark produces an indicative first year economic rent of about \$3.39 million, or about \$102 million over thirty years if flat, and about \$161 million if escalated by 3 percent each year.

That lower figure should not be treated as the likely cash rent. It is an effective rent measure after incentives and market adjustments. The point is that even on a lower market-based estimate, the lease exposure over thirty years is large enough to require a direct comparison with ownership.

The Committee should therefore require the AFP to disclose the full thirty-year lease exposure in public summary form. The public should not be asked to accept that a private lease is cost effective when the public cannot see the rent stream that makes the lease commercially attractive to the private owner. If the Commonwealth may pay hundreds of millions of dollars over the life of the lease, while also supporting a specialised fitout, then the Committee must ask why the Commonwealth should not instead acquire, build, own or control the asset.

A comparison with ownership must also include the value of what remains at the end. Under public ownership, the Commonwealth pays for land, construction, fitout, maintenance, renewal and operation, but it holds the enduring asset. Under a private lease, the Commonwealth pays rent and associated lease costs, but the landlord retains the property interest and the long-term asset value.

That is not a neutral distinction. It is the difference between public expenditure creating public capital and public expenditure underwriting private property value.

A private lease also carries costs that public ownership either avoids or controls more directly. These include the landlord's commercial return, embedded private financing

costs, risk premiums, rent escalation, lease incentive recovery, landlord-controlled outgoing, management charges, consent costs for future modifications, make good obligations, end of lease decommissioning, relocation costs, recommissioning costs, security reaccreditation costs, dual running costs during transition, loss of residual fitout value, and the strategic cost of dependency on a private owner.

Those costs matter more in this proposal because the facility is not ordinary office accommodation. It includes specialist operational areas, laboratories, exhibit storage, armoury related functions, vehicle workshop areas and major incident capability. A specialised policing fitout may have little value to an ordinary future tenant. If located in a leased building, that value may be stranded, written down, removed, restored or surrendered. If located in a Commonwealth owned facility, the same specialised investment remains available to the public for continued use, adaptation, expansion or repurposing.

The Committee should reject any narrow cost comparison that treats the lease incentive as free money or treats annual rent as a routine occupancy cost. A lease incentive is part of the economics of the lease. It is normally recovered through rent, lease duration, valuation uplift or other commercial terms. The correct comparison is not fitout cost against fitout budget. It is lease dependency against public ownership or public control over the full life of a special purpose policing asset.

On that test, the lease case is weak. The AFP has not publicly shown that private leasing is cheaper, more secure, more resilient or better value than ownership. It has not publicly shown that the Commonwealth would be better off paying a long-term private rent stream rather than owning or controlling the facility. Until that comparison is made openly, the Committee should not approve the lease.

### **Revenue is not the issue**

The proposal is not presented as revenue producing. That should not determine the outcome, because the public value of a policing facility is not measured by direct income.

A Commonwealth policing facility exists to provide operational capability, national security, policing effectiveness, resilience and public control over strategic infrastructure. It should not be judged by whether it produces revenue.

More fundamentally, revenue to the Commonwealth should not be treated as though it finances Commonwealth spending. The Commonwealth is the currency issuer. It does not need income from a public work before it can spend on that work. Revenue may have accounting, pricing or governance relevance, but it is not a financing precondition for the Australian Government.

The real question is whether the work serves good public purpose and whether the Commonwealth receives durable public value in return.

A private lease weakens that value by placing a core public function inside a privately controlled asset.

### **The Committee should not approve the proposal in its current form**

The Committee should recommend that the proposed lease at 949 Ann Street not be approved.

The Committee should further recommend that the AFP return with a public ownership or public control option, including assessment of Commonwealth controlled land, purchase of suitable land, acquisition of an existing facility, development of a purpose-built facility, and a split model separating central office functions from specialist operational functions.

The Committee should require a public comparative summary of alternative sites and ownership models, including why Pinkenba cannot absorb or expand specialist operational functions, why lower density sites were rejected, why purchase was rejected, why whole of government options were rejected, and why the Commonwealth should not own a facility that the AFP itself describes as high security, purpose built and required for thirty years and beyond.

### **Conclusion**

This proposal should be judged by what it really is, not by how it is packaged.

It is not merely an office fitout. It is a proposed long term, high security operational policing facility containing specialist and technical functions. If the AFP needs that capability, the Commonwealth should own it and control it.

The Commonwealth is not monetarily constrained like a household. It should not be pushed into leasing a strategic policing asset because capital funding is treated as administratively inconvenient or politically harder to obtain through the Budget process. That is not sound public works scrutiny. It is a false financial constraint being allowed to dictate public ownership policy.

The Committee should reject the lease.

The AFP should be properly housed. But the public should not be reduced to a tenant in its own national security infrastructure.