



Australian Government
Australian Taxation Office

Proposed Fit-out of Leased ATO Premises

45 Francis Street

Northbridge Western Australia

Submission 1.0

Statement of Evidence and Supporting Documents
Submitted to the
Parliamentary Standing Committee on Public Works

22 October 2015

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1.0 Executive Summary

1.1 Introduction

- 1.1.1 This submission is referred to the Committee in regards to a fit-out of approximately 14,402 square metres of refurbished accommodation for the Australian Taxation Office (ATO). The accommodation is the ATO's current location, 45 Francis Street, Northbridge, Perth Western Australia which is proposed to undergo a full refurbishment.

1.2 Need for works

- 1.2.1 The ATO has a long term operational requirement in Perth, however, through the continual evolution of work practices, a significant area of the current accommodation was being underutilised.
- 1.2.2 Following market testing, it was determined the most cost effective outcome for the Commonwealth was to renegotiate a reduced tenancy in the current property.
- 1.2.3 The revised tenancy area requires a refurbishment as the current fit out is 13 years old and has reached end of life.
- 1.2.4 The refurbishment will enable Department of Finance density targets to be met and provide professional, contemporary and flexible office accommodation.

1.3 Purpose of works

- 1.3.1 The general objective of this project is to refurbish the reduced leased area. The proposed works to be undertaken by the ATO are both architectural and service related and will be developed in consultation with the relevant experts to ensure all essential ATO and legislative requirements are met.

1.4 Cost effectiveness and public value

- 1.4.1 The refurbishment of the ATO's existing premises will benefit the community as it is the most cost effective outcome for the Commonwealth and enables the surrender of excess space and consolidation of staff over a smaller footprint.

2.0 Need for Works

2.1 Identified need

- 2.1.1 The ATO has a long term operational requirement in Perth; however, through continual evolution of work practices, 36% of the current work points in the Department's Northbridge premises are vacant.
- 2.1.2 The office fit-out in the current tenancy is 13 years old and has reached end of life.

2.2 Options considered to fulfil identified need

- 2.2.1 A strategic lease assessment and market test exercise was undertaken to consider all accommodation options available to the ATO. The most cost effective outcome for the Commonwealth was to renegotiate a reduced tenancy in the current property.
- 2.2.2 Through the reduction in nett lettable area and negotiating considerable extra value in incentives and refurbishment works from the landlord, that took into account the downturn in the Perth office market, the ATO will achieve significant savings during the lifetime of the lease.

2.3 Reasons for adopting proposed course of action

- 2.3.1 The premises is generally functional but the finishes have aged and the fit out has reached end of life. The proposed refurbishment will deliver an office that provides staff with accommodation that is contemporary and supports organisational agility and performance, plus meets Department of Finance density targets.
- 2.3.2 The ATO previously leased the entire building comprising of five floors and a basement. The renewed lease has reduced the nett lettable area from 22,556.3 square metres to 14,401.9 square meters by surrendering;
 - > East side of ground floor
 - > Levels 4 and 5
 - > Exclusive use of the basement and reducing basement car bays from 100 to 64
- 2.3.3 This approach enabled the surrender of excess space and consolidation of staff over a smaller footprint, and will provide the ATO with refurbished accommodation at the current site.

2.4 Historical background

- 2.4.1 The building at 45 Francis Street, Northbridge Western Australia was purpose built for the ATO in 1992.

2.5 Heritage considerations

- 2.5.1 There are no known heritage issues that are required to be addressed with this proposal.

2.6 Key legislation

- 2.6.1 All local, state and federal legislation governing or related to the project will be complied with. Through project delivery, the ATO will comply with all relevant building codes, standards and regulations.

2.7 Local impact

- 2.7.1 No significant impact on the local community is expected as the building is existing and there are no significant changes proposed to the nature and/or use of the building.
- 2.7.2 The project is expected have a positive effect on the local economy through;
- > Creation of jobs during construction and fit-out works
 - > Continued support for local trades and services with ongoing maintenance and supply requirements
 - > Continued support of local businesses frequented by ATO employees

2.8 Key stakeholders

- 2.8.1 The ATO adopted a number of communication strategies for internal and external consultation. This included direct consultation with representatives from the various functional areas of the office and via a staff dedicated intranet site.
- 2.8.2 The following agencies and businesses have been consulted to provide expert advice in relation to various aspects of the project; no major area of concern or issue being noted:
- > Department of Finance;
 - > Cushman & Wakefield (Property Leasing, Project Management and Facilities Management);
 - > Mode (Architects);
 - > AlphaZeta (Services Engineers);
 - > Aquenta (Quantity Surveyors)
 - > ATO Executive
 - > ATO Business
 - > ATO Work Health & Safety
 - > ATO Well Being
 - > Unions

3.0 Purpose of Works

3.1 Project objectives

- 3.1.1 The general objective of this project is to refurbish the reduced leased area and decommission the surrendered space.

This approach will:

- > Provide value for money and a good financial outcome for the ATO by improving occupational density
- > Provide contemporary A-Grade office accommodation that supports organisational agility and flexibility
- > Make use of existing public transport facilities
- > Provide alignment to the endorsed ATO property strategies that recognise the long-term business need to maintain a presence in Perth, and
- > Maintain a skilled, stable workforce in the area

3.2 ATO scope of works

- 3.2.1 The proposed works to be undertaken by the ATO are both architectural and service related and will be conducted without any disturbance to ATO delivery obligations and requirements.

- 3.2.2 Fit-out specifications have been developed in consultation with the relevant experts to ensure all essential ATO and legislative requirements are met.

- 3.2.3 The fit-out design is predominately a contemporary open-plan office space with:

- > Modular work points that can be easily and quickly reconfigured without disturbing productivity
- > Offices and meeting areas that are flexible and designed for future reconfiguration
- > A robust security system that protects ATO information, people, other assets and operations
- > Enhanced conference, training and video conference facilities to support contemporary work practices
- > New computer room designed to current specifications
- > First aid room and amenities areas

- 3.2.4 To support staff wellbeing, contemporary end of trip facilities will be provided through:

- > Increasing the number of bike racks from 70 to 110
- > Increasing the number of staff lockers used by cyclists and staff undertaking physical exercise at local gyms from 265 to 286

3.3 Planning and design concept

- 3.3.1 The quality of building finishes and services will be designed in accordance with Property Council of Australia (PCA) "Grade A" standards and Office Quality Grade Matrix.

- 3.3.2 Planning and design concepts will specifically address the following criteria for fit-out, mechanical, hydraulic and electrical services, acoustics, security and fire protection:

- > Proven reliability and performance
- > Ease of maintenance and replacement
- > Energy efficiency
- > Effective utilisation of natural light and space
- > Environmental responsibility and cost effectiveness
- > Flexibility for churn works
- > Minimum noise and vibration characteristics

3.3.3 The following are specified in the design brief to minimise energy usage and operating costs without a reduction in accommodation standards:

- > Floor plan layouts are configured to enhance the level of natural daylight into office floors
- > The Building Management System will monitor and control lighting, mechanical services and energy

3.4 Workplace Health and Safety

- 3.4.1 The ATO will work closely with its property services provider, Cushman & Wakefield, to ensure that the fit-out design complies with the relevant work health and safety legislation and codes of practice.
- 3.4.2 Additionally, the relevant consultants and architects will assist in the selection of internal furniture and fittings to ensure they are suitable for a wide range of staff to use safely.

3.5 Provisions for people with disabilities

- 3.5.1 Fit-out design and specifications will meet Disability Discrimination Act and Building Code legislation including wheel chair access to the building, office and amenities areas, door widths and heights, lift arrangements, parking and toilets.

3.6 Child-care provisions

- 3.6.1 The ATO does not currently provide child-care facilities within the accommodation and this will not change with the new lease and refurbishment project. It is worth noting there are a number of registered child-care facilities in close proximity of the building.

3.7 Environmental impact assessment

- 3.7.1 The building currently achieves a five star whole of building energy NABERS rating, which exceeds the Commonwealth guidelines of 4.5 star rating relating to energy efficient buildings.
- 3.7.2 The refurbished ATO fit-out will be designed to target at least a 4.5 star NABERS rating.
- 3.7.3 The base building and fit-out works will:
- > Have no significant impact on the natural or human environment
 - > Make use of existing engineering services including water, sewerage and storm water in the area
 - > Have a positive effect by stimulating the local economy during construction
 - > Increase fit-out density which will assist ATO in reducing its carbon footprint and meeting other Energy Efficiency in government Operations (EEGO) targets
 - > Dispose of existing materials, including workstations, in an environmentally appropriate manner

- > Procure furniture and other equipment in recyclable packaging wherever possible;
- > Install energy efficient light fittings and a new automatic lighting control system with occupancy sensors
- > Review current metering arrangements to allow tenant lighting and power to be separately metered on each floor
- > Deliver a more efficient, effective and environmentally sustainable air-conditioning system
- > Provide individual after-hours air-conditioning zones operated by push on/off buttons reducing energy use outside standard operating hours (7:00am to 7:00pm business days).

3.7.4 The lessor's responsibility for ongoing environmental management of the building is specified in the lease.

3.8 Landlord scope of works

- 3.8.1 A major refurbishment of the base build is not required, however, as part of the lease incentives the landlord will be undertaking upgrades to existing infrastructure and services. This work will be scheduled to coincide with the ATO fit-out works to minimise disruption to ATO business.
- 3.8.2 The Landlord's works will see all base building fixtures and fittings upgraded to a standard and durability commensurate with the PCA Grade A building specifications.
- 3.8.3 The following is specified as a program of works to be undertaken by the landlord:
- > Central plant
 - Chillers to be replaced
 - Install power factor correction unit for the building
 - > Lift services
 - Upgrade drive mechanisms with modern energy efficient systems
 - Upgrade cabins to meet current code compliance
 - > Electrical metering
 - Reconfigure main electrical distribution boards on the ground level to separate house power from tenancy supply
 - > Control Equipment
 - Install and integrate a new web based after-hours air conditioning booking system retaining key switches for on-floor use
 - > Amenities
 - A full refurbishment of male, female and disabled amenities
 - Full refurbishment of base building tea rooms, staff showers and change rooms
 - > Lighting
 - Upgrade of all luminaires with energy efficient lamps and electronic addressable control gear
 - Install a new automatic lighting control system, including occupancy sensors
 - > Air distribution, install air diffusers
 - > Replace all office ceiling tiles and ceiling grids
 - > Sun protection, install high quality block out roller blinds to all external windows
 - > Apply sun glare treatment to the Roof Skylights over the atrium
 - > Repaint the internal core base building surfaces

3.9 Concept plans

- 3.9.1 An indicative concept plan of a typical floor plate is attached at Annexure B.

4.0 Cost-effectiveness and Public Value

4.1 Overall project budget

- 4.1.1 A budget of \$27,540,718.49 has been established for the ATO fit-out works based on advice from the Quantity Surveyor on the concept designs.
- 4.1.2 Funding for the project will come from within the existing departmental Budget.
- 4.1.3 A breakdown of the project cost estimate is detailed in Annexure A – Submission 1.1.

4.2 Methodology

- 4.2.1 The ATO has engaged its property services provider, Cushman & Wakefield, to project manage the fit-out works to ensure a value for money outcome is achieved and to protect the ATO's interests throughout the project.
- 4.2.2 All consultants and the contractor procured for the project will be of high quality and have a proven track record on related projects. Consultants and contractors are sourced from existing pre-qualified panels.
- 4.2.3 A competitive tender process to the existing consultant and contractor panels is undertaken. This process requires respondents to address key project criteria such as capacity, capability, and methodology. These criterion, as well as a risk assessment and a cost assessment, will ensure that the best value for money outcome is achieved.
- 4.2.4 The ATO has engaged a principal design consultant from its consultant panel to complete the concept designs. A quantity surveyor / cost planner has been engaged to prepare a cost estimate based on the concept design.
- 4.2.5 Throughout the life of the project, the quantity surveyor will review and assess all project costs, with a predominant focus on construction costs to ensure ATO only pay what is considered fair and reasonable and is based on current market rates. The quantity surveyor will also be required to undertake construction site inspections and certify construction progress on a monthly basis to ensure ATO's interests are protected.
- 4.2.6 The tender process for the contractor will involve an approach to eight (8) pre-qualified panel members that are based in Western Australia and hold current accreditation with the Office of Federal Safety Commissioner. In addition to the evaluation criteria outlined at item 4.2.3 above, tenderers will be required to address requirements under the Indigenous Procurement Policy (IPP) such as past performance and/or demonstrated commitment in relation to increasing Indigenous participation.

4.3 Project Schedule

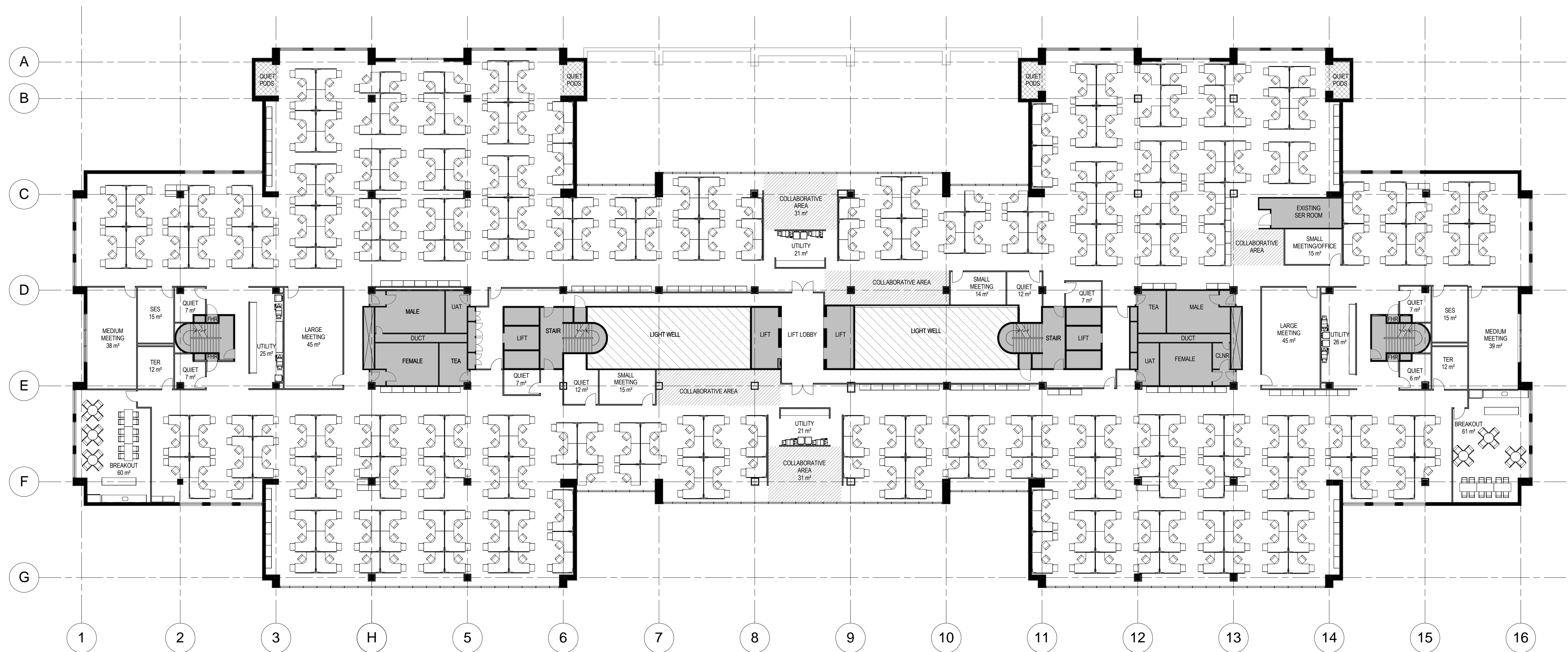
4.3.1 The ATO Fit-out construction will occur in stages as follows:

Activity	Start	Finish
Stage 1: Level 2	11/03/16	18/07/16
Stage 2: Level 3	19/07/16	21/11/16
Stage 3: Level 1, Basement and Ground floor	22/11/16	17/04/17
Practical completion	-	18/04/17

4.4 Public Value

4.4.1 The refurbishment of the ATO's existing premises at 45 Francis Street, Northbridge will benefit the community as it:

- > Is the most cost effective outcome for the Commonwealth, please refer to Submission 1.1 for ongoing operating and whole of life costings
- > Enables the surrender of excess space and consolidation of staff over a smaller footprint
- > Will provide the ATO with contemporary and flexible office accommodation
- > Provides a long term commitment to staff and local businesses
- > Creates jobs during construction and fit-out works
- > Make use of existing public transport facilities



1 L1 FFE PLAN
SCALE 1 : 200

SUMMARY	
WORK POINTS	404
SES BAND OFFICE 1	2
STORAGE UNITS	108
SMALL MEETING	3
MEDIUM MEETING	2
LARGE MEETING	2
QUIET	8
UTILITY	4
BREAKOUT	2
TER	2



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Client



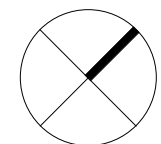
Australian Government
Australian Taxation Office

ATO Perth Refresh
45 Francis Street,
Northbridge, Perth WA

PRELIMINARY

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LEVEL 1 OPTION 3



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