



Australian Government
Australian Taxation Office

Proposed integrated fitout of new leased premises

152 Wharf Street, Brisbane

Parliamentary Standing Committee on Public Works
Submission 1.0 – Public submission
28 October 2019

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1.0 Executive Summary

1.1 Introduction

- 1.1.1 This submission is referred to the Committee in regards to the fitout of 17,867m² of a new building to be constructed at 152 Wharf Street (“the Wharf Street site”) in Brisbane for the Australian Taxation Office (ATO). The works are due for completion in August 2022 and will facilitate the exit of the ATO’s current Chermside accommodation. This project is to deliver a fitout pursuant to a leasing decision that received Ministerial endorsement via the Department of Finance.
- 1.1.2 The ATO currently leases four sites in the Brisbane region, one at Chermside, one at Upper Mount Gravatt and two in the Brisbane CBD, one of which is fully sub-leased.
- 1.1.3 The leases in Chermside and Upper Mount Gravatt sites were scheduled to expire in February and December 2020 respectively. In response to the expiring leases together with the long term intention to remain in the Brisbane region, the ATO approached the market for options for adequate leased office accommodation. The procurement process, undertaken in line with the Commonwealth’s Property Management Framework resulted in the ATO entering into an Agreement for Lease at the Wharf Street site, exercising the single remaining option for the lease at Upper Mount Gravatt and obtaining a variation to the lease at Chermside to mitigate risks that the Wharf Street site fitout would not be completed before the then current lease expired.

1.2 Need for the work

- 1.2.1 The Wharf Street site will require a fitout to deliver fit for purpose office accommodation for the ATO's staff that will move into this building.

1.3 Purpose of the work

- 1.3.1 The ATO proposal is to fitout 17,867m², providing the opportunity to create a fit for purpose work environment that enables the ATO's work, now and into the future.
- 1.3.2 This project imposes no change to jobs or functions undertaken in the Brisbane region and continues to support the development and maintenance of a skilled and professional workforce.
- 1.3.3 The proposed works are both architectural and service related and will be developed in consultation with relevant experts to ensure all essential ATO and legislative requirements are met.
- 1.3.4 The proposed fitout works will meet all ATO and Commonwealth requirements and guidelines and deliver Grade A office accommodation.

1.4 Cost effectiveness and public value

- 1.4.1 The proposal maximises value for money as the fitout will allow the ATO to improve occupational density in line with government targets, provide a fit for purpose, flexible workspace that can respond to the changing needs of the ATO business with minimal cost and disruption, and an improved efficient building design that reduces operational costs into the future.
- 1.4.2 The ATO will fund the fitout within existing departmental funds using a budget forecast of \$49,587,090 GST exclusive.
- 1.4.3 The ATO has engaged Cushman & Wakefield Pty Ltd to project manage the fitout works to ensure a value for money outcome and protect the interests of the ATO throughout the project. The ATO has worked with this service provider in a number of recent projects all of which have been delivered on time and within budget.
- 1.4.4 A community benefit is expected through the delivery of the project as it will boost employment and investment in the region during the works.

2.0 Purpose of Works

2.1 Project objectives

2.1.1 The purpose of the Wharf Street fitout project is to:

- > Deliver a cost-effective and fit for purpose accommodation to support continuation of the ATO operations in the Brisbane region
- > Provide value for money and a good financial outcome for the ATO by improving occupational density and reducing overall lease and outgoing property costs
- > Demonstrate effective and efficient space utilisation, environmental sustainability and accommodates change over the long term.
- > Maintain a skilled and settled workforce in the area to continue to provide business functionality and offer appropriate services to clients.
- > Provide an accommodation solution that reflects the ATO's aspirations, vision and values in a way that positively impacts the ATO culture
- > Provide an environment that fosters staff wellbeing, productivity, connectivity and collaboration

3.0 Need for Works

3.1 Identified need

- 3.1.1 In order to deliver the required fit for purpose high quality office accommodation that meets the professional needs of employees and the nature of the employees' work, the ATO needs to deliver a fitout in the building being constructed at 152 Wharf Street.
- 3.1.2 The space being fitted out in the new building exceeds the square meterage in the existing lease at Chermside. The ATO will use the additional space to provide relief for the high demand at the existing site at 55 Elizabeth Street. There have been ongoing significant accommodation pressures at this site.
- 3.1.3 The accommodation pressure has an impact on the ATO's workforce supply which leverages close proximity to central Brisbane university campuses / education hubs, giving access to a wider talent pool for recruitment and the ongoing attraction and retention of a diverse, insightful, agile and highly competent workforce.
- 3.1.4 The ATO will also take the opportunity to consolidate some Information and Communication Technology functions and provide purpose designed workspaces for these functions.
- 3.1.5 This approach to the fitout will allow the ATO to deliver a site capable of satisfying the current and future needs of our staff by providing more agile, flexible and innovative work spaces.

4.0 Options Considered

- 4.1.1 The ATO has engaged the expertise of external consultants, including a Project Manager and architectural design team, to work with business to establish the user requirements for the design of the fitout and to provide a fit for purpose design that meets ATO guidelines, Commonwealth property requirements and the ATO's vision and values.
- 4.1.2 Recent ATO experience delivering fitout projects at its Gosford and Docklands sites supports the benefits of open plan, flexible work environments, which have provided the ATO with improved flexibility to adapt to changing operational requirements that easily respond to new ways of working. Post occupancy reports and staff feedback following these fitout projects has confirmed the flexible fitout design as a suitable option for a majority of business areas in the ATO.
- 4.1.3 A staff engagement and design process will be followed, where each business area will make a decision on the appropriate design for their workforce. The design team will assess the information captured and make a recommendation to the ATO on the fitout design direction that is best suited to proceed to detailed design.
- 4.1.4 This approach will result in a cost-effective, fit for purpose fitout that suits the business needs now and into the future.
- 4.1.5 The ATO's successful experience in delivering fit for purpose fitouts that can efficiently respond to changing workforce needs through the utilisation of flexible furniture and work settings, and the use of external expert consultants provides further confidence and trust in this approach.

5.0 Scope of Works

- 5.1.1 The ATO proposes to provide an office fitout to its new leased site at 152 Wharf Street Brisbane. Flexible design options will be investigated, including a mix of traditional, agile and unassigned workspaces, to support the ATO business teams using agile methodology where there is an increased need for flexible and reconfigurable team spaces.
- 5.1.2 The fitout will be undertaken in accordance with the ATO approved building guidelines and specifications. These have been developed in consultation with relevant experts to ensure all essential ATO and legislative requirements are met.

5.2 Site selection

- 5.2.1 152 Wharf Street Brisbane is centrally located, close to public transport options (400m from the Central Railway Station), major cultural and entertainment precincts, and employment and education institutions. This location enables the ATO to leverage, source and maintain a high-quality workforce and partner with tertiary institutions.



5.3 Planning and design concept

5.3.1 The fitout concept is for a contemporary open-plan office space with:

- > Professional, contemporary, 'Grade A' office accommodation which meets government occupational density targets and offers large and efficient floor plates, maximising space and future flexibility
- > A flexible and adaptable work environment in order to cope with ongoing changes in business operation and technology.
- > Modular work points that can be easily and quickly reconfigured
- > Collaboration, 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
- > IT infrastructure which will support the needs of the site.
- > First aid room and amenities areas
- > Contemporary end of trip facilities to support staff wellbeing including showers, lockers and secure bike storage.
- > Interconnecting stairs between floors to promote connectivity and wellbeing in the workplace.

5.3.2 The ATO is not responsible for the construction of the building. The construction of the building, including the appearance of the building is the responsibility of Wharf Investment Corporation Pty Ltd, the successful proponent identified through the lease evaluation process. Wharf Investment Corporation Pty Ltd has received planning approval and will be required to go through all other relevant, approval and certification processes in relation to the design, and construction of the building.

5.3.3 Planning and design concepts will specifically address the following criteria for fitout, mechanical, hydraulic and electrical services, acoustics, security and fire protection:

- > Proven reliability and performance durability
- > Proven design types and techniques
- > 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

5.4 Environmental sustainability

5.4.1 Energy efficiency is a key area where the ATO will make considerable gains in the new building through a significantly reduced energy footprint, and reduction in maintenance and ongoing costs.

5.4.2 The base building and fitout works will:

- > Achieve the Commonwealth minimum energy efficiency target of a 4.5-star NABERS rating.
- > Positively impact the local economy during construction, including promoting employment and training opportunities for Indigenous Australians.
- > Provide a high performance building structure through the application of sustainable design principles which will ensure a high energy rating throughout the building's life cycle.
- > Maximise the use of natural light in the office while avoiding direct sun penetrations into the building.
- > 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 an efficient, effective and environmentally sustainable air-conditioning system.
- > Encourage the use of existing public facilities and transport infrastructure.
- > Deliver a fitout density which will assist the ATO in reducing its carbon footprint.
- > Maximise the use of environmentally sustainable and recyclable materials, wherever practical.

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

5.5 Provisions for people with disabilities

5.5.1 The ATO is committed to accessibility and supporting diversity and inclusion in our work environments. Fitout design and specifications will meet all applicable codes and standards, including access requirements and provision of services. This

includes wheel chair access to the building, office and amenities areas, door widths and heights, lift arrangements, parking, lockers, toilets and shower facilities.

- 5.5.2 As an employer that provides a supportive and inclusive workplace for people with disabilities, the ATO consults with employees to gain an understanding of their workplace experiences and their required environments.
- 5.5.3 Accessibility needs are integral to the fitout design and the design and delivery of business, products and services. All codes and standards relating to access are complied with. Compliance is monitored through quarterly conformance reporting during design, build and operation of the building's fitout.

5.6 Child-care provisions

- 5.6.1 While the ATO does not provide child-care facilities in any of its sites there are eleven registered child-care facilities within a one-kilometre radius of the building at the time of submission.

5.7 Workplace Health and Safety

- 5.7.1 The ATO will work closely with its contracted project management provider to ensure that the fitout design complies with the relevant work health and safety legislation and codes of practice.
- 5.7.2 Additionally, consultants and architects will recommend a selection of internal furniture and fittings suitable for a wide range of staff to use safely.
- 5.7.3 The inclusion of internal stairs and contemporary end of trip facilities supports and encourages the health and wellbeing of staff located at the site.

5.8 Initial design concepts

- 5.8.1 The design concepts of a typical floor plate including examples each of agile, traditional (allocated) and unallocated workstation layout arrangements, and the corporate floor are attached at Annexure B. These plans are indicative only as the formal design process is yet to be completed.
- 5.8.2 The design concepts have been produced in support of enabling the ATO to proceed with the engagement activities with staff and business areas to develop the fit for purpose design across the building knowing that the project can be delivered within the required budget.

6.0 Other Issues

6.1 Key legislation

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

6.2 Historical background

- 6.2.1 There was an existing low-rise commercial building at 152 Wharf Street, Brisbane that was constructed in 1985. This building was demolished in early 2019.

6.3 Heritage considerations

- 6.3.1 The proposed development is not within an area identified for heritage or character protection. The site is located in a commercial and mixed use area characterised by more contemporary higher density built form.
- 6.3.2 The fitout will not have a negative impact on nearby heritage listed properties. Design and development has given thought to the views over the heritage buildings in the precinct.

6.4 Local impact

- 6.4.1 The project is expected to have a positive effect on the local economy through:
- > Creation of jobs during construction and fitout works.
 - > Use of locally sourced materials during construction.
 - > Continued support for local trades and services through ongoing maintenance and supply requirements.
 - > Strengthening the important link with tertiary campuses in the area, in turn aiding in the attraction of and access to a highly skilled workforce.
 - > Support of local and new businesses which will be frequented by ATO employees and visitors to the Brisbane building.
 - > Promotion of employment and training opportunities for Indigenous Australians through the ATO's commitment to Indigenous procurement targets

6.5 Stakeholder Consultation

- 6.5.1 The ATO has consulted with a number of internal and external stakeholders as part of the planning and concept design phase and will continue to consult and engage with key stakeholders throughout the project.
- 6.5.2 The following agencies and businesses have been consulted and engaged:
- > ATO Executive
 - > ATO Business
 - > Department of Finance
 - > Cushman & Wakefield (Property Services Provider)
 - > Wharf Investment Corporation Pty Ltd (Developer)
 - > Cox Architecture (Fitout Architects)
 - > Slattery (Quantity Surveyors)

6.6 Staff Engagement

- 6.6.1 The ATO has established an internal Design and Consultation Process that will be employed throughout the project that recognises the importance of providing staff with the opportunity to provide input into, or raise concerns relating to the proposed works.
- 6.6.2 Staff are engaged on the design of the fitout by
- > Obtaining team specific requirements such as team sizes, storage, use of corporate facilities, team specific equipment requirements etc.
 - > Attending information and Q&A sessions about the design process
 - > Distribution of staff surveys to seek input and feedback on individual preferences that could be considered
 - > Discussing and seeking input (or even voting) on themes and colours for the building
- 6.6.3 As part of this staff engagement process, the following communication methods have and/or will be undertaken:
- > Regular meetings with Site Leaders where project status and other project issues have been discussed.
 - > Creation of a project-specific website with regular project updates for staff and with a specific enquiry email address. Replies have been actioned to all enquiries received.

- > Information sessions with presentations by ATO Executive and members of the property and external project teams.
- > Email communications addressing key project decisions and phases.
- > Installation of prototype furniture to enable staff to test and trial things including task chairs, storage and ICT options for feedback.
- > Formal consultation with employees and their representatives to seek feedback on the fitout.

6.6.4 The fitout will be designed to suit the workforce occupying the building which is achieved through the establishment of a Site Working Group. The project team consults with the group to:

- > Determine business requirements and disseminate information to business line staff about the project
- > Facilitate consultation with business line staff ensuring accommodation designs meet ongoing business requirements

Members of this group include nominated business line representatives, site leaders, site executives, union representatives and other specialty group representatives (e.g. Work Health and Safety, Environmental team, and Fire Wardens).

7.0 Cost-effectiveness and Public Value

7.1 Forecasted project cost

- 7.1.1 The ATO has established a fitout budget of \$49,587,090 GST exclusive on the basis of the conceptual design and forecast advice from the Quantity Surveyor. The ATO undertook a comprehensive value management process to ensure the project cost achieved the best value for money outcome for the ATO.
- 7.1.2 Funding for the project will come from within the existing departmental budget.
- 7.1.3 A breakdown of the project cost estimate is detailed in Annexure A – Submission 1.1.

7.2 Project delivery method

- 7.2.1 The ATO has engaged Cushman & Wakefield Pty Ltd to project manage the fitout works to ensure value for money and the ATO's interests are protected throughout the project.

- 7.2.2 A fitout design consultant has been engaged to complete the concept designs. A Quantity Surveyor has been engaged to prepare a cost estimate based on the concept design.
- 7.2.3 A competitive tender process was undertaken to engage the fitout design consultant, peer review services engineer and quantity surveyor for the project. This process requires respondents to address key project criteria such as capacity, capability, and methodology. These criteria, as well as a risk assessment and a cost assessment, will ensure that the best value for money outcome is achieved.
- 7.2.4 The fitout works will be delivered through an integrated approach with the Developer. The Quantity Surveyor will validate all pricing to ensure the ATO is receiving value for money. The validation process will provide the opportunity to clarify and request further detail. The Developer has committed to open book pricing with the ATO, which means the ATO and its advisors will have full visibility over fitout costs.
- 7.2.5 An integrated fitout is expected to provide the ATO with the following benefits
- > Costs efficiencies will be gained through combining fitout work at the same time as the base building works. This means there is less re-work in modifying the base building to accommodate the fitout after the base building is completed.
 - > Time will be saved because the ATO does not have to wait until the base building work is completed before the fitout works commence.
 - > Coordination of all aspects of the work, including work for the building owner and the ATO will be the responsibility of a single project manager. There are fewer over-laps in responsibilities and less potential for disputes.
 - > There is less duplication of resources with one team of design, supervision and management personnel for both aspects of the work.
- 7.2.6 Throughout the life of the project, the quantity surveyor will review and assess all fitout 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 fitout construction progress on a monthly basis to ensure ATO's interests are protected.

7.3 Construction program

7.3.1 The indicative project construction dates are as follows:

Activity	Date
Base building construction commences	April 2020
Fitout works fixed cost proposal acceptance	January 2021
Practical completion	August 2022

7.4 Revenue

7.4.1 There will be no direct revenue generated by this project.

7.5 Public Value

7.5.1 The delivery of an ATO fitout at 152 Wharf Street Brisbane will benefit the community as it:

- > Is it the most cost-effective option for the Commonwealth
- > Creates jobs during construction and fitout works
- > Supports local trades and services through ongoing maintenance and supply requirements
- > Supports local businesses which will be frequented by ATO employees and visitors to the Brisbane building
- > Makes use of existing public transport facilities
- > Strengthens an important link with tertiary campuses in the area

8.0 Annexures

Annexure A – Submission 1.1 (Confidential)



Brisbane PWC
Submission 1.1_Confi

Annexure B – Indicative Concept Plans



Sketch Option
01_Typical Floor_Una



Sketch Option
02_Typical Floor_Agil



Sketch Option
03_Typical Floor_Tra



Corporate and
Training floor.pdf

