



Australian Government
Australian Taxation Office

Proposed fit-out of new leased premises at 255 George Street

Australian Taxation Office
1.0 Public Submission
to Parliamentary Works Committee

Contents

1.0 Executive Summary	4
1.1 Introduction	4
1.2 Scope	4
1.3 Key Issues	5
1.4 Costs	5
2.0 Purpose of Works	6
3.0 Need for Works	7
4.0 Options Considered	8
5.0 Scope of Works	9
5.1 Proposed scope	9
5.2 Site selection	9
5.3 Planning and design concept	11
5.4 Environmental sustainability	11
5.5 Site planning	12
5.6 Provision for people with disabilities	12
5.7 Childcare provisions	13
5.8 Workplace health and safety	13
5.9 Fire Protection	13
5.10 Plans and drawings	13
6.0 Other Issues	14
6.1 Key legislation	14
6.2 Heritage and geographical considerations	14
6.3 Environmental impact	14
6.4 Local impact	15
6.5 Stakeholder consultation	15
6.6 Staff engagement	16
6.7 COVID-19	17
7.0 Cost-effectiveness and Public Value	17
7.1 Forecasted project cost	17
7.2 Project delivery method	18

7.3	Construction program	18
7.4	Revenue	18
7.5	Public value	19
8.0	Annexures	19
8.1	Annexure A – Submission 1.1 (Confidential)	19
8.2	Annexure B – Indicative concept plans	19

1.0 Executive Summary

1.1 Introduction

- 1.1.1 This submission is referred to the Committee regarding the fit-out of 13,160m² of an existing building at 255 George Street (the George Street site) in Sydney, for the Australian Taxation Office (ATO).
- 1.1.2 The proposed works are due for completion in June 2023 and will facilitate an exit from the ATO's current accommodation at 52 Goulburn Street, Sydney (the Goulburn Street site). The Goulburn Street site lease expires in October 2022.
- 1.1.3 The ATO currently leases accommodation in Sydney CBD at the Goulburn Street site, which occupies 22,931m². The ATO leases two additional sites in the Sydney region, including one in Penrith and one in Parramatta.
- 1.1.4 The ATO proposes to relocate to the George Street site with a reduction in NLA of approximately 9,700 square metres, being a reduction of 42.61% compared with the existing lease.
- 1.1.5 Following a procurement process being undertaken in line with the Commonwealth's Property Management Framework, the ATO has entered into an Agreement for Lease at the George Street site.
- 1.1.6 This project is to deliver a fit-out pursuant to a leasing decision that received Ministerial endorsement via the Department of Finance on 25 November 2021.

1.2 Scope

- 1.2.1 The ATO proposes providing an office fit-out in the George Street site. The scope of works will include the fit-out of the office areas over nine floors of the building. The ATO fit-out works will follow an upgrade of the base building services by the landlord.
- 1.2.2 The ATO will continue its practice of adopting flexible design options, which will include unallocated workspaces wherever possible, to provide a contemporary and flexible workspace, that supports a positive staff experience.

Proposed fit-out of new leased premises at 255 George Street 1.0 Public Submission

- 1.2.3 The fit-out 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 legislative and ATO requirements are met.

1.3 Key Issues

- 1.3.1 The George Street site location will provide the ATO with a single building closer to key stakeholders. It will provide the option to recruit into the Sydney CBD to optimise the opportunities to successfully recruit staff for specialist roles.
- 1.3.2 The new office accommodation will provide staff with contemporary, flexible and cost-effective accommodation that aligns with the ATO's Vision and Objectives.
- 1.3.3 The proposed fit-out will allow the ATO to meet Commonwealth density targets and Energy Efficiency in Government Operations (EEGO) targets that are not being met under the current design and lease, where the NLA exceeds demand.
- 1.3.4 Through the leasing process the ATO has been able to negotiate staging space at the George Street site to support the ATO in undertaking the fit-out works.
- 1.3.5 No significant heritage, environmental or local impact is anticipated to result from the works.

1.4 Costs

- 1.4.1 The proposal maximises value for money as the fit-out will allow the ATO to improve occupational density in line with government targets. The works will provide:
- > a fit for purpose, flexible workspace that can respond to the changing needs of the ATO business with minimal cost and disruption, and a more efficient building that reduces future operational costs, and
 - > scalability to support changes in accommodation needs, including to support Government initiatives such as the delivery of COVID-19 stimulus measures.
- 1.4.2 The ATO will fund the fit-out within existing departmental funds using a budget forecast of \$46,324,603 GST exclusive.
- 1.4.3 The ATO has engaged Ventia to project manage the fit-out works to ensure a value for money outcome and protect the interests of the ATO throughout the project.

Proposed fit-out of new leased premises at 255 George Street 1.0 Public Submission

- 1.4.4 An occupational density of 12m² is anticipated with the cost per square metre expected to be \$2536.
- 1.4.5 No revenue will be produced by the project.
- 1.4.6 It is anticipated that additional employment within the construction industry in the Sydney CBD will be generated by the delivery of these works.

2.0 Purpose of Works

- 2.0.1 This project imposes no change to the jobs or functions undertaken by staff in the Sydney CBD and continues to support the development and maintenance of a skilled and professional workforce.
- 2.0.2 The purpose of the George Street fit-out project is to:
 - > Ensure alignment with the ATO Location Strategy, which recognises the long-term business need to maintain a presence in the Sydney CBD.
 - > Maintain a skilled workforce in the Sydney CBD to provide business functionality and offer appropriate services to clients.
 - > Meet Commonwealth occupational density and Energy Efficiency in Government Operations (EEGO) targets.
 - > Provide contemporary Grade A office accommodation that supports organisational agility and flexibility to meet the needs of Government in delivering essential services, incorporating lessons learnt during the COVID-19 pandemic.
 - > Implement more collaborative work practices and optimise the use of the workspaces.

3.0 Need for Works

- 3.0.1 The ATO has an ongoing requirement to maintain a presence in the Sydney CBD.
- 3.0.2 The ATO requires a reduced NLA of 13,160m². The existing Goulburn Street site lease is for an NLA of 22,931 m². The reduced NLA is a result of improved fit-out density and more flexible work arrangements and represents a 42.61% reduction in net lettable area.
- 3.0.3 The ATO moved into the existing Goulburn Street site in November 2007 with an expected fit-out life of 10 years. Improvement works have been carried out during this time to prolong the usable life. These include repainting and recarpeting, completed in January 2018 by the building owner, as well as an ATO-funded site refresh in 2018 that included:
- > Critical replacements and upgrades within the computer room
 - > Refresh of break-out areas
 - > Minor construction works to build new meeting spaces
 - > Refresh of Audio-Visual systems in the amenities room
 - > Refresh of Band 2 Senior Executive offices
- 3.0.4 Further improvement works to prolong the usable life of the site are not considered to be good value for money.
- 3.0.5 ATO is seeking to maximise the efficiency of its office space with unallocated workspaces wherever possible. This design allows for a significant reduction in NLA while maintaining existing workforce numbers.
- 3.0.6 This approach to the fit-out 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 workspaces.

4.0 Options Considered

- 4.0.1 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 fit-out and to provide a fit for purpose design that meets Commonwealth property requirements, ATO guidelines, and the ATO's Vision and Objectives.
- 4.0.2 Consistent with the Commonwealth Leasing Strategy, the ATO consulted with the Strategic Property Adviser (SPA), The Department of Finance and Colliers, one of the ATO's contracted Property Services Advisers, to consider options available to the ATO following the Sydney lease expiry. No surplus Commonwealth office space that would meet the ATO's requirement was identified during this process.
- 4.0.3 Following consultation and market advice from the SPA and Colliers the ATO conducted a two-stage approach to market for office accommodation in Sydney with the ATO's Property Services Providers Ventia and Colliers.
- 4.0.4 To conclude the market approach process, in accordance with the Commonwealth Property Management Framework (Resource Management Guide No.500) leasing guidelines, the ATO submitted a lease proposal to the Finance Minister via the Department of Finance. Lease endorsement was received from the Minister on 25 November 2021, for 13,160 m² of office accommodation in 255 George Street Sydney, enabling the ATO to finalise the procurement for leased office accommodation in Sydney.
- 4.0.5 The ATO consider that a new fit-out with a reduced NLA and more flexible configuration is the best outcome. This option delivers fit for purpose office space with minimal interruption to business and ATO staff.
- 4.0.6 The premises at 255 George Street will be delivered as a warm shell by the building owner which will enable the ATO to deliver an efficient, fit for purpose fit-out that will meet Government occupational density requirements.
- 4.0.7 The capital investment for the fit-out can be utilised, at a minimum, over the ten-year initial lease term, noting two, three year lease extension options will also be available to the Commonwealth and can be used to draw further value from the initial investment for up to sixteen years.

5.0 Scope of Works

5.1 Proposed scope

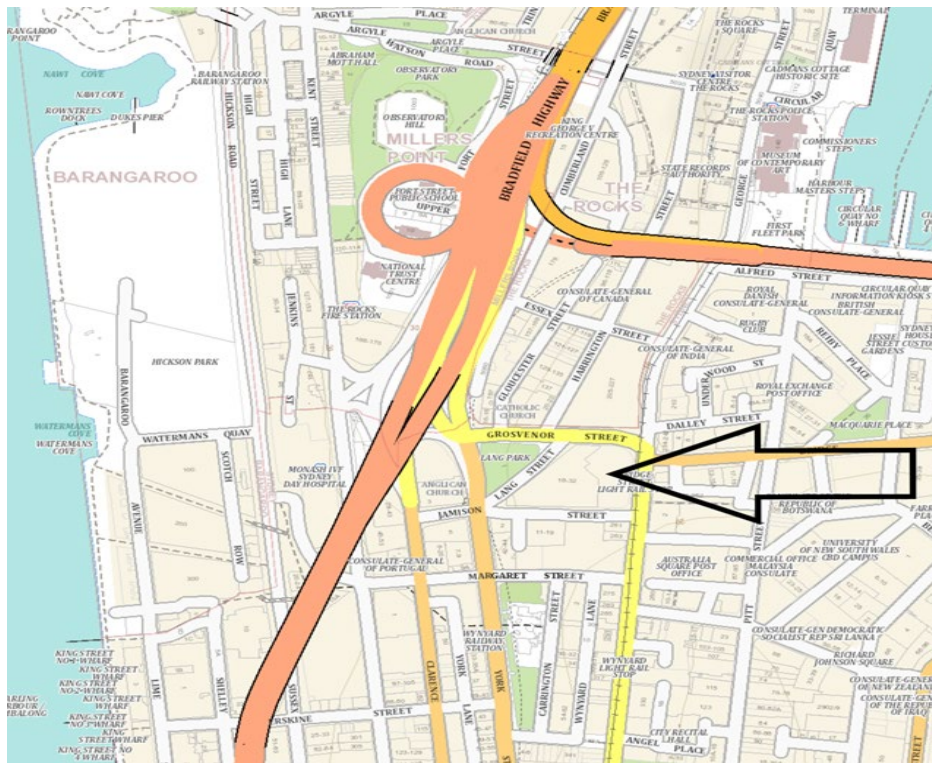
- 5.1.1 The ATO proposes to provide an office fit-out to its new leased site at 255 George Street Sydney.
- 5.1.2 The ATO will continue its practice of adopting flexible design options, which will include unallocated workspaces wherever possible to provide a contemporary and flexible workspace that supports a positive staff experience.
- 5.1.3 The fit-out will be undertaken in accordance with existing ATO building guidelines and specifications. These have been developed and maintained in consultation with relevant experts to ensure all essential ATO and legislative requirements are met.

5.2 Site selection

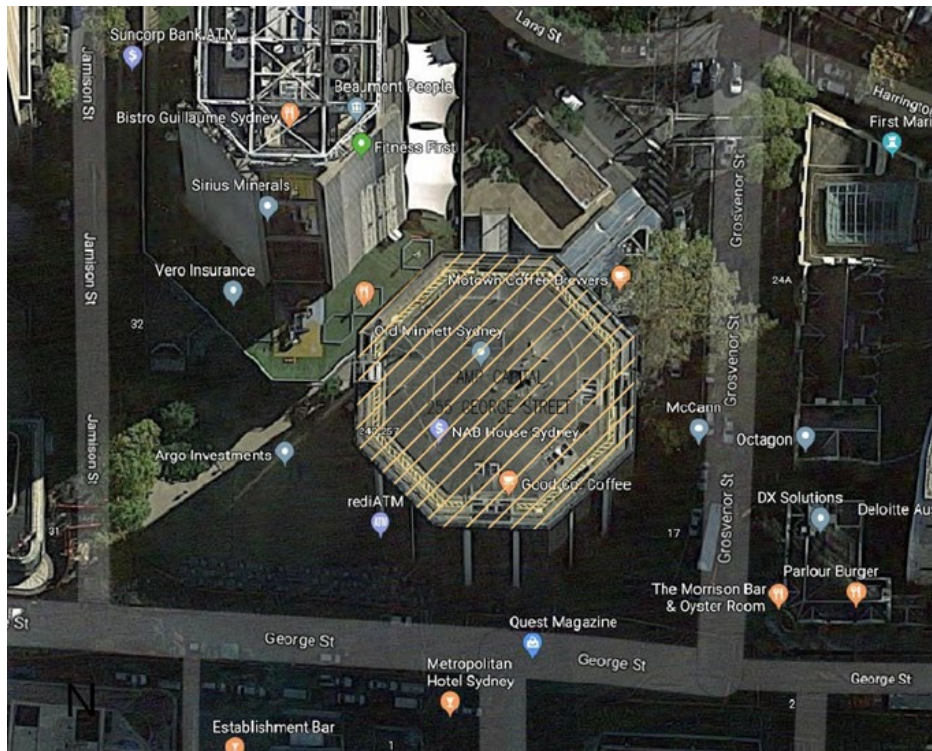
- 5.2.1 255 George Street Sydney is centrally located and is close to key public transport hubs, including:
 - > Metro Station (Light rail service) – 50m
 - > Wynyard Station (Train service and bus interchange) - 300m
 - > Circular Quay (Ferry terminal and train services) – 500m
- 5.2.2 The ATO considers surrounding amenities as part of the approach to market and the George Street site is in close proximity to several food courts, supermarkets and gyms.
- 5.2.3 To support staff wellbeing, refreshed end of trip facilities will be provided by the landlord as part of base building refurbishment works. These include the provision of bicycle racks, lockers and showers. These improvements will be provided at no cost to the ATO.
- 5.2.4 The George Street site is located in the heart of Sydney's financial district, in close proximity to the Australian Stock Exchange, banking institutions and other government agencies such as The Australian Government Solicitor, Australian Federal Police and The Treasury.

Proposed fit-out of new leased premises at 255 George Street 1.0 Public Submission

Site location – Map



Site location – Aerial view



5.3 Planning and design concept

5.3.1 The fit-out concept is for a contemporary office space with:

- > Contemporary, 'Grade A' office accommodation which meets government occupational density targets and offers large and efficient floor plates to maximise space and flexibility
- > An adaptable work environment to cope with ongoing changes in ATO's business operations and technology
- > Offices and meeting areas that are flexible and designed for future reconfiguration
- > Lockers for staff to store equipment, reference material and personal effects
- > Enhanced conference, training, and video conference facilities
- > A robust security system that protects ATO information, people, and assets
- > IT infrastructure which will support the needs of the site
- > First aid room and amenities areas

5.3.2 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 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
- > Minimum noise and vibration characteristics

5.4 Environmental sustainability

5.4.1 The fit-out will utilise an existing building within the Sydney CBD.

Proposed fit-out of new leased premises at 255 George Street 1.0 Public Submission

- 5.4.2 The base building upgrades and ATO fit-out will enable the ATO to meet the Energy Efficiency in Government Operations (EEGO) Policy. The premises will achieve or exceed a NABERS target of 4.5 stars.
- 5.4.3 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
 - > Encourage the use of existing public facilities and transport infrastructure
 - > Increase fit-out density which will assist the 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
 - > Maximise the use of environmentally sustainable and recyclable materials
 - > Deliver a more efficient, effective and environmentally sustainable air-conditioning system
- 5.4.4 The lessor's responsibility for ongoing environmental management of the building is specified in the lease.

5.5 Site planning

- 5.5.1 There are currently no future planned works for the site that need considered alongside the proposal. The proposed lease will carry through to 1 December 2032 and the proposed works are designed to meet anticipated operational requirements until that time.

5.6 Provision for people with disabilities

- 5.6.1 The fit-out design and specifications will meet all applicable codes and standards, including access requirements and provision of services. This includes wheelchair access to the building, office areas, door widths and heights, lift arrangements, parking and staff amenities.

Proposed fit-out of new leased premises at 255 George Street 1.0 Public Submission

- 5.6.2 The base building and fit-out design will comply with legislative requirements as per the *Disability (Access to Premises – Buildings) Standards 2010* and *National Construction Code* (NCC).

5.7 Childcare provisions

- 5.7.1 While the ATO does not provide child-care facilities in any of its sites there are 17 registered child-care facilities within a 500m radius of the building at the time of submission.

5.8 Workplace health and safety

- 5.8.1 The ATO will work closely with its contracted project management provider to ensure that the fit-out design complies with the relevant work health and safety legislation and codes of practice.
- 5.8.2 Additionally, consultants and architects will recommend a selection of internal furniture and fittings suitable for a wide range of staff to use safely. The ATO have guidelines around furniture and fixtures and chose materials with low toxic emissions.
- 5.8.3 The inclusion of internal stairs and contemporary end of trip facilities supports and encourages the health and wellbeing of staff located at the site.

5.9 Fire Protection

- 5.9.1 The fire protection system that will service ATO work area is a part of the base building system.
- 5.9.2 All partitioning work will be designed to minimise any alterations to fire protection systems (detectors, hydrants and hose reels, and automatic sprinklers).
- 5.9.3 ATO evacuation procedures will be in place and practiced at regular intervals in conjunction with the building manager and emergency wardens.

5.10 Plans and drawings

- 5.10.1 The design concepts of a typical floor plate including examples of traditional (allocated) and unallocated workstation layout arrangements and the corporate floor are attached

Proposed fit-out of new leased premises at 255 George Street 1.0 Public Submission

at **Annexure B**. These plans are indicative only as the formal design process is yet to be completed.

- 5.10.2 The design concepts have been produced to enable the ATO to proceed with the engagement activities with staff and business areas to develop the design of the fit-out, providing confidence 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.
- 6.1.2 Throughout the project delivery, the ATO will comply with all relevant building codes, standards and regulations.

6.2 Heritage and geographical considerations

- 6.2.1 The proposed development is not within an area identified for heritage or character protection. The site is located in a commercial zone.
- 6.2.2 The fit-out will not have a negative impact on nearby heritage listed properties. The fit-out is within an existing building. The fit-out design will consider opportunities to take advantage of the surrounding views and aspects.

6.3 Environmental impact

- 6.3.1 There are no known environmental issues associated with the site and an Environmental Impact Assessment has not been undertaken for this project.
- 6.3.2 The fit-out will maximise the use of environmentally sustainable and recyclable materials wherever possible.

6.4 Local impact

- 5.4.1 No significant impact on the local community is expected as the building is existing and there are no significant changes proposed to the nature or use of the building.
- 5.4.2 The project is expected to have a positive effect on the local economy through:
- > Creation of jobs during the fit-out works
 - > Continued support for local trades and services with ongoing maintenance and supply requirements
 - > Support of local businesses frequented by ATO employees
 - > Promotion of employment and training opportunities for Indigenous Australians through the ATO's commitment to Indigenous procurement targets

6.5 Stakeholder consultation

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. The following agencies and businesses have been, or will be, consulted and engaged with throughout the project:

- > ATO Executive
- > ATO Business Lines
- > ATO Work Health & Safety
- > ATO Workforce Strategy
- > Unions (Community and Public Sector Union and Australian Services Union)
- > Department of Finance
- > Colliers (Property Services Provider)
- > Cox Architecture (Fit-out Architects)
- > WSP (Services Engineers)
- > Turner & Townsend (Quantity Surveyors)
- > Ventia (Property Services Provider)

6.6 Staff engagement

- 6.6.1 The ATO has a planned engagement process that will be employed throughout the project that will provide an opportunity for business and staff to provide input into the design, or raise concerns relating to the proposed works.
- 6.6.2 Staff will be engaged on the design of the fit-out by
- > Providing team specific requirements such as team sizes, storage, use of corporate facilities, and team specific equipment requirements.
 - > Attending information sessions about the design process.
 - > Staff surveys to seek input and feedback on individual preferences that could be considered.
 - > Discussing and seeking input on themes and colours for the fit-out
 - > Change Management support
- 6.6.3 As part of this staff engagement process, the following communication methods will be undertaken:
- > Regular meetings with site representatives where the project status and other project issues will be discussed
 - > Creation of a project-specific website with regular project updates for staff and with a specific enquiry email address
 - > Information sessions with presentations by members of the ATO Property and external consultants
 - > Email communications addressing key project decisions and milestones
 - > Installation of prototype furniture to enable staff to test these, including task chairs, storage and technology options for feedback
 - > Formal consultation with employees and their representatives to seek feedback on the fit-out
- 6.6.4 The fit-out will be designed to suit the workforce occupying the building. This is achieved primarily through the establishment of a Site Working Group. 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).

Proposed fit-out of new leased premises at 255 George Street 1.0 Public Submission

6.6.5 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 to meet ongoing business requirements

6.7 COVID-19

6.7.1 The ATO will work with consultants to ensure that the fit-out design considers health advice and lessons learnt from the global COVID-19 pandemic. These considerations will include:

- > Occupational densities
- > Meeting room capacities
- > Non-touch door openers and light switches
- > Air circulation and filtration
- > Adherence to social distancing requirements

6.7.2 The measures included in the design will be complimented by existing mitigation and management strategies and policies currently implemented in ATO sites.

7.0 Cost-effectiveness and Public Value

7.1 Forecasted project cost

7.1.1 The ATO has established a fit-out budget of \$46,324,603 GST exclusive based on 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 Ventia to project manage the fit-out works to ensure value for money and the ATO's interests are protected throughout the project.
- 7.2.2 An Architect 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 The fit-out works will be delivered through engaging a building contractor. The Quantity Surveyor will validate all pricing to ensure the ATO is receiving value for money.
- 7.2.4 Throughout the life of the project, the Quantity Surveyor will review and assess all fit-out costs, with a predominant focus on construction costs to ensure ATO are charged fair and reasonable rates based on current market conditions.
- 7.2.5 The Quantity Surveyor will also be required to undertake monthly site inspections and certification of fit-out construction progress to ensure ATO's interests are protected.

7.3 Construction program

- 7.3.1 The indicative project construction dates are as follows:

Activity	Completed By
Base Building Refurbishment Complete	• January 2022
Fit-out works commence	• June 2022
Practical completion	• June 2023
Defect period ends	• June 2024

7.4 Revenue

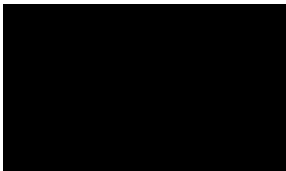
- 7.4.1 There will be no direct revenue generated by this project

7.5 Public value

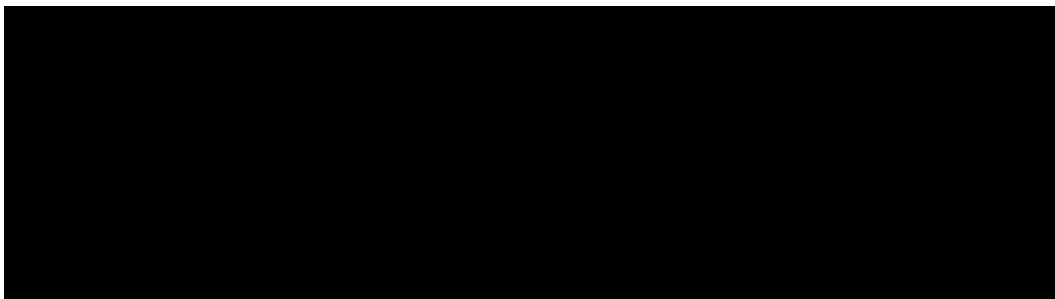
- 7.5.1 The delivery of an ATO fit-out at 255 George Street Sydney will benefit the community as it:
- > Is the most cost-effective outcome for the Commonwealth
 - > Enables a more efficient use of space and consolidation of staff over a smaller footprint
 - > Will provide the ATO with contemporary and flexible office accommodation
 - > Provides a long-term commitment to staff in the Sydney CBD
 - > Creates jobs during construction and fit-out works
 - > Make use of existing public transport facilities.

8.0 Annexures

8.1 Annexure A – Submission 1.1 (Confidential)



8.2 Annexure B – Indicative concept plans



8.2 Annexure B – Indicative concept plans

