

Proposed Fit-out of Leased ATO Premises

20 Mann Street
Gosford, NSW

Submission 1.0

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

18 January, 2016

Contents

1.0 Executive Summary	3
1.1 Introduction	3
1.2 Need for works	3
1.3 Purpose of works	3
1.4 Cost effectiveness and public value	3
2.0 Need for Works	4
2.1 Identified need	4
2.2 Options considered to fulfil identified need	4
2.3 Reasons for adopting proposed course of action	5
2.4 Historical background	5
2.5 Heritage considerations	5
2.6 Key legislation	5
2.7 Local impact	5
2.8 Key stakeholders	6
3.0 Purpose of Works	7
3.1 Project objectives	7
3.2 Site selection	7
3.3 ATO scope of works	8
3.4 Planning and design concept	9
3.5 Workplace Health and Safety	9
3.6 Provisions for people with disabilities	9
3.7 Child-care provisions	10
3.8 Environmental impact assessment	10
3.9 Concept plans	10
4.0 Cost-effectiveness and Public Value	11
4.1 Overall project budget	11
4.2 Methodology	11
4.3 Project Schedule	11
4.4 Public Value	12
4.5 Revenue	12
Annexure A – Submission 1.1 (Confidential)	13
Annexure B – Indicative Concept Plan of Typical Floor Plate	14

1.0 Executive Summary

1.1 Introduction

- 1.1.1 This submission is referred to the Committee in regards to construction and fit-out of a new Australian Taxation Office (ATO) premises at 20 Mann Street, Gosford. The premises will be approximately 7,350 square metres and is due for completion in late 2017.

1.2 Need for works

- 1.2.1 The then Treasurer, Mr Hockey announced on 13 May 2014, that the Commonwealth Government would open a new building on the New South Wales Central Coast, for 600 Commonwealth employees. The ATO was named as the lead agency for this initiative, aimed to boost employment and investment in the region.
- 1.2.2 This project provides the ATO with the opportunity to develop a future ready site aligned with the ATO's reinvention program. Accordingly, this accommodation will reflect the changing environment in which the ATO operates and provide contemporary, agile and cost effective accommodation within the region.
- 1.2.3 The provision of shopfront services and a co-design and innovation space in the site enhances facilities in the region available to both taxpayers and other Government agencies.
- 1.2.4 The ATO followed an equitable and transparent procurement process in sourcing a lease agreement in Gosford; protecting the integrity of the Commonwealth Procurement Rules in delivering on this Government commitment. The ATO appointed an independent and external probity adviser to assure the tender process.
- 1.2.5 The project is expected to have a positive effect on the local economy. The developer has made a commitment to significantly contributing to local economic participation during the construction phase through effective engagement of local trade contractors.
- 1.2.6 The ATO has consulted with a number of internal and external stakeholders and will continue to consult and engage with key stakeholders throughout the process.

1.3 Purpose of works

- 1.3.1 To deliver a new purpose-built Commonwealth office in Gosford that supports agile, flexible and innovative work practices.
- 1.3.2 The building will be located in the Gosford City area in a search zone stipulated as part of the procurement process.
- 1.3.3 The building will comply with, and target to exceed, ATO and Commonwealth guidelines to deliver professional, contemporary, 'Grade A' office accommodation.

1.4 Cost effectiveness and public value

- 1.4.1 A budget of \$20,850,602.85 has been established for the ATO fit-out works with funding being drawn from both the specific agency appropriation and the existing departmental budget.
- 1.4.2 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.
- 1.4.3 The delivery of the Gosford building will benefit the community as it will boost employment and investment in the region.

2.0 Need for Works

2.1 Identified need

2.1.1 On 13 May 2014, the then Treasurer, Mr Hockey, announced that the Commonwealth Government would open a new building on the New South Wales Central Coast, for 600 Commonwealth employees, with the Australian Taxation Office leading this initiative.

2.1.2 The Government's 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) allocated Capital Funding and stated:

'The Australian Taxation Office (ATO) will lease and fit out a building on the New South Wales Central Coast (Gosford) to accommodate up to 600 Commonwealth employees.'

'The cost of this measure will be met from a rationalisation of existing ATO property holdings and efficiencies from information technology procurement.'

2.1.3 The Gosford site presents the ATO with an opportunity to develop a greenfield, future ready site where the ATO can implement the reinvention of accommodation for its staff. In doing so, the ATO remains committed to providing contemporary, agile and cost-effective, fit-for purpose office accommodation and facilities that create an environment where staff can do their best work. This high standard of accommodation supports the attraction and retention of the workforce and maximises productivity through appropriate floor configuration and IT infrastructure.

2.1.4 Gosford provides an opportunity to strengthen the ATO's commitment to serving and engaging with regional areas, allowing the community to interact in person with the ATO. The site provides the opportunity for the ATO to lead the redesign of shopfront services on behalf of other government agencies and will continue to foster willing participation with the Australian tax and superannuation systems.

2.1.5 The Gosford premises will incorporate a co-design centre within a new innovation space ensuring that members of the regional community have the opportunity to be involved in the co-design process of ATO products and services (other co-design centres are located in Canberra, Brisbane and Melbourne). There is also potential to extend the use of the innovation space including the co-design facilities to other commonwealth, state and local government agencies.

2.2 Options considered to fulfil identified need

2.2.1 The ATO followed an equitable and transparent procurement process in sourcing a lease agreement in Gosford; protecting the integrity of the Commonwealth Procurement Rules in delivering on this Government commitment.

2.2.2 The ATO appointed an independent and external probity adviser to assure the tender process. KPMG was appointed on 7 October 2014 prior to the release of the Expression of Interest (EOI) and provided assurance during every stage of the procurement process. KPMG provided probity signoff on 17 July 2015, ensuring that the procurement process complied with probity principles.

2.2.3 On 16 October 2014, Cushman & Wakefield acting on behalf of the ATO, approached the open market requesting Expressions of Interest (EOI) to be submitted for the provision of office accommodation in the Gosford area.

- 2.2.4 An evaluation committee was established to consider the submissions in line with a methodology designed to objectively assess the best option.
- 2.2.5 The successful short listed applicants from the EOI process were invited to participate in the Request for Proposal (RFP) stage. Evaluation criteria included:
- > Technical worth and compliance with ATO specifications
 - > Whole of life costs and value for money
 - > Financial viability
 - > Risk Assessment
- 2.2.6 The submissions were evaluated by the committee in line with the assessment methodology. Based on the outcome of the evaluation, the committee recommended Doma be selected as the successful respondent

2.3 Reasons for adopting proposed course of action

- 2.3.1 Doma's response was rated as the most competitive submission in the RFP process. Their risk assessment was deemed as low, their proposal was ranked highest from an overall value for money perspective and they outlined a considered approach to the heritage elements potentially affecting the proposed site.

2.4 Historical background

- 2.4.1 As the building itself will be new, there is no historical background for the building at 20 Mann Street, Gosford.

2.5 Heritage considerations

- 2.5.1 The selected site contains The Gosford School of Arts Building.
- 2.5.2 The heritage listing of the former Gosford School of Arts, and the site as a whole, does not preclude the possibility of change. The Architecture and Heritage Report identified the most important elements of the site are exteriors, Art Deco style and overall form and the remnants (foundations) of the demolished building scattered at the rear and around the site.
- 2.5.3 The Landlord and Developer will be required to work closely with the Gosford City Council on proposed and future Development Approvals, to ensure any development is compliant with requirements around heritage considerations and architectural relics on the site.

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 and its providers will comply with all relevant building codes, standards and regulations.

2.7 Local impact

- 2.7.1 The project is expected to have a positive effect on the local economy through:
- > Creation of jobs during construction and fit-out works
 - > Use of locally sourced materials during construction
 - > Continued support for local trades and services through ongoing maintenance and supply requirements

- > Creation of 600 Gosford based Commonwealth jobs, providing a long term commitment to employment and service delivery in the region
- > Creation of an important link with tertiary campuses in the area
- > Support of local businesses and establishment of new businesses which will be frequented by ATO employees and visitors to the Gosford building
- > Promotion of employment and training opportunities for Indigenous Australians through the ATO's commitment to Indigenous procurement targets and workforce strategies

2.7.2 Doma has advised the ATO's representatives of their intention to make a significant contribution to local economic participation during the construction phase through effective engagement of local trade contractors. Their commitment includes:

- > Advertising locally about opportunities to discuss the project through pre-briefings
- > Early and regular briefings to encourage interest from local trade contractors to participate in the project
- > Connecting interested contractors with businesses who can help the contractors get ready to provide effective support in the required manner
- > Engaging with local Chambers of Commerce and Industry Networking groups to understand their market intelligence about particularly economically excluded groups which may exist in the region, for whom they will find suitable opportunities.

Doma's commitment to supporting local economic participation was demonstrated in the ATO Albury project where local trade and contractor engagement was approximately 85%.

2.8 Key stakeholders

2.8.1 The ATO has consulted with a number of internal and external stakeholders and will continue to consult and engage with key stakeholders throughout the process.

2.8.2 The following agencies and businesses have been consulted and engaged:

- > ATO Executive
- > ATO Business
- > Department of Finance
- > Cushman & Wakefield (Property Services Provider)
- > Doma (Developer)
- > BVM (Base Building Architects)
- > Hassell (Architects for preliminary sketch plans)
- > Altus Page Kirkland (Quantity Surveyors)
- > Unions
- > ATO Workforce Strategy
- > Other Government agencies
- > Local representatives

3.0 Purpose of Works

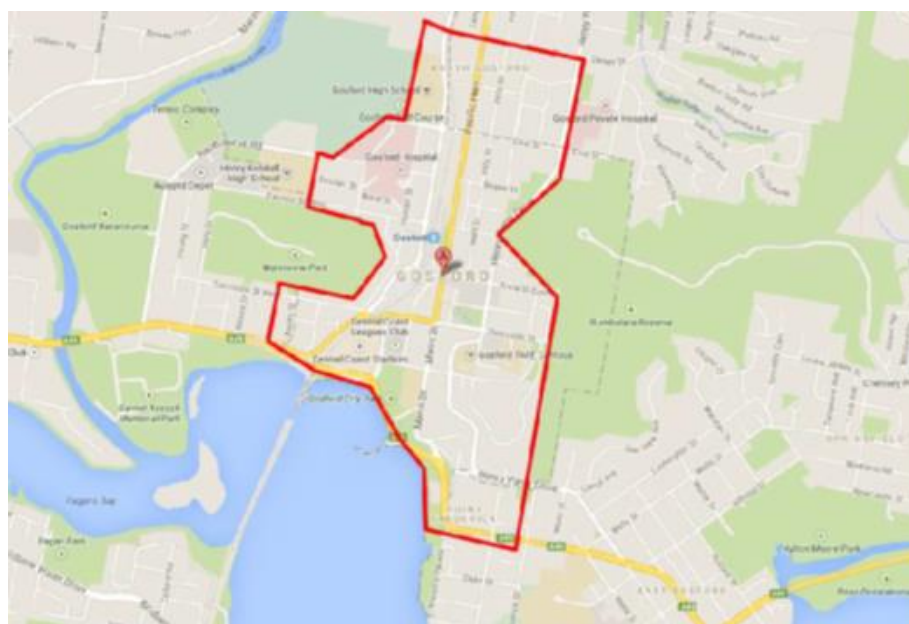
3.1 Project objectives

3.1.1 The ATO's Gosford project will:

- > Deliver on the Commonwealth Government's commitment to establish a new building on the NSW Central Coast
- > Provide professional, contemporary 'Grade A'¹ office accommodation that supports organisational agility and flexibility
- > Meet Government occupational density and Energy Efficiency in Government Operations (EEGO) targets

3.2 Site selection

3.2.1 The requirements set out in the EOI stated that premises must be situated in Gosford, NSW and more specifically within a search zone depicted by the red border outline in the map below.

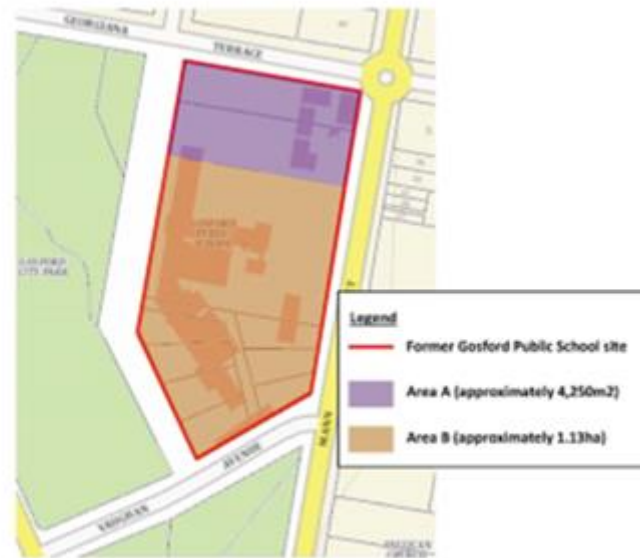


3.2.2 Evaluations of the RFP submissions considered a number of criteria outlined above in Section 2.2.5. The relative location of the premises within the specific search area depicted above was evaluated when considering a RFP's technical worth.

3.2.3 The successful applicant Doma, outlined their proposal to utilise the former Gosford primary school site (20 Mann Street Gosford), made available by the State Government for development, to deliver the project.

¹As per Property Council of Australia (PCA) "Grade A" standards and Office Quality Grade Matrix

- 3.2.4 The decision to use this site for the development was a commercial decision made by Doma and NSW Government Properties as owners of the land. A search zone was stipulated in the EOI covering the Gosford City area; the ATO did not specify a site for use within the EOI.
- 3.2.5 The successful proposal outlines the building will be located on a small part at the CBD end of the school site. The building will occupy 27% of the site, leaving more than two-thirds (approximately 1.13 hectares) of the site available for additional redevelopment. See below image.



- 3.2.6 The site is in close proximity to the Gosford City Centre, which allows easy connection with local transport. The precinct in which the development will take place is part of a city revitalisation effort as identified in the Gosford City Centre Masterplan.

3.3 ATO scope of works

- 3.3.1 The Developer will construct a new building of approximately 7,350 square metres, consisting of a lower ground floor, ground floor, and levels one and two, located at 20 Mann Street Gosford.
- 3.3.2 The ATO will be leasing the Gosford building. 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 Doma, the successful applicant identified through the evaluation process. Doma will be required to go through planning processes in relation to design and other key criteria.
- 3.3.3 The building will provide:
- > Large and efficient floor plates, maximising space and future flexibility through a centrally located core
 - > Two passenger lifts and one stand-alone goods lift that will service all floors
 - > Interconnecting stairs between floors to promote connectivity and health and wellbeing in the workplace
 - > A range of environmental features to reduce energy consumption
- 3.3.4 Fit-out specifications have been developed in consultation with the relevant experts to ensure all essential ATO and legislative requirements are met. The fit-out design includes:

- > Professional, contemporary, 'Grade A' office accommodation which meets Government density and environmental targets
- > 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 without disturbing productivity
- > Collaborative spaces that are flexible and designed for future reconfiguration
- > A robust security system that protects Commonwealth information, people, other assets and operations
- > Conference, training and video conference facilities which support contemporary work practices
- > Future ready IT infrastructure which will support the needs of the site
- > An innovation and co-design centre and shopfront facilities to engage with and support Government agencies and their clients
- > Contemporary end of trip facilities to support staff wellbeing will be provided through the provision of showers, bike racks and lockers

3.4 Planning and design concept

- 3.4.1 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
 - > Flexibility for churn works
 - > Minimum noise and vibration characteristics

3.5 Workplace Health and Safety

- 3.5.1 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.
- 3.5.2 Additionally, 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.
- 3.5.3 The inclusion of internal stairs and contemporary end of trip facilities supports and encourages the health and wellbeing of staff located at the site.

3.6 Provisions for people with disabilities

- 3.6.1 Fit-out design and specifications will meet Disability Discrimination Act and Building Code legislation including access requirements and provision of services.

3.7 Child-care provisions

- 3.7.1 The ATO does not currently provide child-care facilities in any of its sites. There are a number of registered child-care facilities in close proximity to the building.

3.8 Environmental impact assessment

- 3.8.1 The building will comply with, and target to exceed, the Commonwealth guidelines relating to energy efficient buildings being 4.5 star NABERS rating and a 5 star Green Star rating.
- 3.8.2 The base building and fit-out works will:
- > 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
 - > Ensure building (and land) to be free of all hazardous materials with certified evidence provided prior to handover
 - > Ensure building materials are selected with regard to the health of the building occupants and the environmental impact of the production techniques used in their manufacture
 - > 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, including providing individual after-hours air-conditioning zones operated by push on/off buttons reducing energy use outside standard operating hours
 - > Encourage the use of existing public facilities and transport infrastructure
 - > Deliver a fit-out density which will assist ATO in reducing its carbon footprint and meeting other Energy Efficiency in government Operations (EEGO) targets
- 3.8.3 The lessor's responsibility for ongoing environmental management of the building is specified in the lease.

3.9 Concept plans

- 3.9.1 An indicative preliminary sketch 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 \$20,850,602.85 has been established for the ATO fit-out works based on advice from the Quantity Surveyor on the preliminary sketch plans.
- 4.1.2 Funding for the project will come from both the specific agency appropriation and 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, the builder, and the sub-contractors procured for the project will be of high quality and have a proven track record on similar projects.
- 4.2.3 Competitive tender processes are run with the existing consultant panels to engage the fit-out designer, peer review services engineer, quantity surveyor and the loose furniture contractors 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.
- 4.2.4 The Landlord will be responsible for ensuring the builder complies with the tender process for engagement of all other consultants and the subcontractors required to complete the fit-out works. As stated in the Agreement for Lease, this process involves at least three competitive tenders being obtained for each subcontractor trade package that forms part of the fit-out works. The Landlord will provide a recommendation for approval for each subcontractor trade package, which will be assessed by the Cushman & Wakefield project manager and the quantity surveyor to ensure the best value for money outcome is achieved.
- 4.2.5 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 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 fit-out construction progress on a monthly basis to ensure ATO's interests are protected.

4.3 Project Schedule

- 4.3.1 The integrated fit-out key dates are as follows:

Activity	Date
Fitout Concept Design complete	08/04/2016
Development Approval obtained	29/06/2016
Building Approval for Base Building Works obtained	13/07/2016
Base Building construction commences	10/08/2016

Building Approval for the Fit-out Works obtained	29/09/2016
Detailed Design (Fitout Design Documents) complete	20/10/2016
Fit-out construction commences	13/07/2017
Practical completion (Base Building and Fit-out)	15/11/2017

4.4 Public Value

- 4.4.1 The Government's commitment to boost investment in the region and provide jobs is demonstrated in both the Treasurer's press release of 13 May 2014² and Treasurer's Doorstop interview on 21 August 2014³.
- 4.4.2 The delivery of an ATO building at Gosford will benefit the community as it:
- > Provides a long term commitment to employment and service delivery in the region
 - > Creates jobs during construction and fit-out 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 Gosford building
 - > Make use of existing public transport facilities
 - > Enhances community services and engagement in the region
 - > Creates an important link with tertiary campuses in the area
 - > Promotes employment and training opportunities for Indigenous Australians through the ATOs commitment to Indigenous procurement targets and workforce strategies

4.5 Revenue

- 4.5.1 By nature, ATO buildings collect revenue and do not generate it.

² Treasurer's press release of 13 May 2014 <http://jbh.ministers.treasury.gov.au/media-release/022-2014/>

³Treasurer's Doorstop interview 21 August 2014 <http://jbh.ministers.treasury.gov.au/transcript/086-2014/>

Annexure B – Indicative Concept Plan of Typical Floor Plate

Level 1

GOSFORD - LEVEL 1

WORKSETTING SUMMARY

INDIVIDUAL WORKPOINTS

ENCLOSED HIGH FOCUS -

HIGH FOCUS 74

SEMI FOCUS 112

TOTAL INDIVIDUAL WORKPOINTS 186

STATIC DENSITY 1:11

NLA 2097

COLLABORATIVE SETTING QTY SEAT QTY

ENCLOSED 2-3P 7 14

ENCLOSED 4-10P 3 18

SEMI OPEN 2-3P 4 12

SEMI OPEN 4-8P 6 40

OPEN 6 32

TRAINING ROOM 2 32

TOTAL COLLABORATIVE SEATS 137

