

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

26 February 2014

Question: AET 1896-1897

Topic: Property Costs (ATO)

Written: 7 March 2014

Senator BUSHBY asked:

1896) What efforts has your department made to shift towards best practice in property leasing to achieve best value for money?

1897) Are you making any efforts yet to reconfigure existing office space to achieve a staff occupancy of 14 sqm or less, and exploring opportunities to sub-let the liberated floor space? If not, why not? What market experts have you engaged on these issues and have they advised you that efficiencies are unable to be achieved?

Answer:

1896) In 2013, the ATO Executive approved an overall reduction in the size of the ATO portfolio to drive greater efficiency and a reduction in our operating expenses. The ATO ensures the effective and efficient management of the property portfolio through regular, systematic consideration of business needs, long term sustainability and government priorities. Our focus is to:

- More evenly balance yearly capital expenditure across the ten year capital plan.
- Reduce Commonwealth expenditure by working with other agencies on sub-leasing opportunities.
- Reduce occupational density and total space.
- Maintain the current level of property operating expenditure in an increasing cost market.
- Manage property in consideration of environmental impacts.

1897) As part of a whole-of-government approach to property management, the ATO have been liaising across all Commonwealth portfolios to engage with other agencies where there is scope to co-tenant and reduce Commonwealth expenditure. As opportunities arise, the ATO is making efforts to reconfigure existing space to achieve the Department of Finance target for occupied density of of 14m² or less. Practical examples of the ATO efforts thus far include:

- Southport and Hurstville site closures, neither site was financially viable or sustainable.
- Upcoming refurbishment to take place in Sydney, Latitude East to assist with the Hurstville site closure.
- Subleasing level 2 in 747 Collins Street, Melbourne to the Department of Foreign Affairs and Trade for the Passports Office. This is the ATO's second sub-lease, as DATACOM currently occupy level 9 of our Parramatta office.
- Refurbishment and sublease of levels 4-9 Gnabra Tower in Genge St, Canberra to facilitate co-location by the Department of Veterans Affairs. With this reconfiguration, we aim to achieve the 14m² occupied density.
- Fitout of the new Box Hill and Dandenong sites to meet the Department of Finance density target of 14m² per occupied work point.