

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Treasury Portfolio  
**Additional Budget Estimates**  
2015-2016

**Department/Agency:** ATO

**Question:** AET 37

**Topic:** Tender process and the link between the Assistant Treasurer and the Finance Minister

**Reference:** Hansard – page 67

**Senator:** O'Neill, Deborah

**Question:**

**Senator O'NEILL:** If I do not get through them all, I might have to put some on notice. I go to a line of questioning. The Assistant Treasurer was given directions in the role as of 25 September, in the period between 25 and 28 October last year. If the Assistant Treasurer gave the ATO directions, did you follow—

**Senator Cormann:** 'If' is a hypothetical question.

**Senator O'NEILL:** I am assuming that, in that period of time, you were given directions by the Assistant Treasurer. Is that correct?

**Senator Cormann:** That is an appropriate question to ask—whether there was a direction.

**Mr Leeper:** I am not sure that we are subject to direction, in that sense.

**Senator Cormann:** I would be very surprised if there was, but we can take on notice whether there was.

**Senator O'NEILL:** Any communications between you and the Assistant Treasurer in the period between 25 and 28 October.

**Senator Cormann:** You are talking about 2015, are you?

**Senator O'NEILL:** Yes, last year.

**Senator Cormann:** We will take that on notice and we will check that for you.

**Senator O'NEILL:** Just to see if she indicated the community concern. I am referring to a document tabled in the Senate from the ATO which states: 'The review and approval process has been completed and approval from the Minister for Finance has been received for the ATO proposal.' Could you explain to me the link between the finance minister and the Assistant Treasurer in this instance?

**Mr Leeper:** That is part of the normal process. We go through the evaluation, we reach a conclusion about the best-value-for-money option from the field of applicants. The commission assigns an undertaking or a covering note to the secretary of the Department of Finance indicating that this has been the outcome of the tender process and the secretary of Finance, as I understand it, then needs to seek ministerial approval. I would emphasise that these are the normal, ordinary processes followed for these kinds of leases.

**Senator O'NEILL:** Could I have a copy of those normal, ordinary documents and the dates on which this happened?

**Senator Cormann:** We actually undertook to provide that to you on notice yesterday, but I am happy to repeat that undertaking.

**House of Representatives Standing Committee on Economics**

**Inquiry into Tax deductibility**

**ANSWERS TO QUESTIONS ON NOTICE**

**Australian Taxation Office**

5 February 2016

**Answer:**

There was no correspondence between the ATO and the Assistant Treasurer in the period between 25 September 2015 and 28 October 2015 in relation to the Gosford building.

In accordance with the Commonwealth Property Lease Endorsement process, the Minister for Finance considers and (if appropriate) endorses the leasing proposal.

The ATO informs the Assistant Treasurer, as minister responsible for the Australian Taxation Office, as required on matters of importance regarding the ATO.

The Commissioner of Taxation sent a letter to the Secretary, Department of Finance seeking endorsement of the ATO proposal on 15 September 2015. The Cost Benefit Analysis attached to the letter cannot be provided as it contains commercially sensitive information. Refer to attachment.

The Commissioner of Taxation received a letter from Secretary, Department of Finance outlining the endorsement from the Minister for Finance on 23 September 2015. Refer to attachment.



Commissioner of Taxation

Jane Halton AO PSM  
Secretary  
Department of Finance  
John Gorton Building  
King Edward Terrace  
PARKES ACT 2600

Dear Ms Halton, 

### Finance Secretary's Lease Endorsement

In accordance with the Commonwealth Property Management Framework, the ATO seeks your endorsement to enter into a new 10 year lease with 2 x 5 year options in Gosford, NSW. The whole-of-life lease cost for this proposal is **\$163,728,686 excluding GST**. The expected lease commencement date is 1 November 2017, with initial term expiring on 31 October 2028.

On 13 May 2014 the Treasurer announced that the Commonwealth Government will open a new building in Gosford on the New South Wales Central Coast for 600 Commonwealth employees, with the Australian Taxation Office (ATO) leading this initiative.

Market analysis was undertaken to identify the most viable option available to the Commonwealth. This analysis highlighted the need for a new, fit-for-purpose facility to be built as there were no suitable existing accommodation options available in Gosford (including utilising vacant Commonwealth space). This preferred option has been incorporated into a Cost-Benefit Analysis (CBA), which has been included at Attachment A

The ATO released an expression of interest (EOI) to the real estate market on 16 October 2014. Fourteen responses were received and eight applicants were shortlisted to progress to the Request for Proposal (RFP) stage. Five responses were received in the RFP stage.

Following an evaluation of the responses it is recommended that an Agreement for Lease be entered into with the preferred respondent Doma Commercial (NSW) Pty Ltd, to deliver the required accommodation in a new building across 4 floors at 20 Mann Street (corner of Georgiana Terrace) Gosford, with a lease term of 10 years with 2 x 5 year options.

As part of the detailed CBA process, the ATO consulted with the Department of Finance's Property and Construction Division and confirmed the CBA approach for the preferred option.

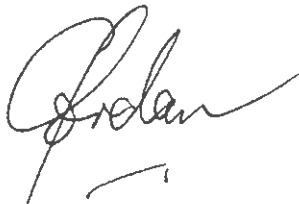
The cost of this measure will be met from a rationalisation of existing ATO property holdings and efficiencies from information technology procurement. Funding will be from ATO Department Operating and Capital budgets including a Capital Equity Injection of \$13,207,595.

The ATO seeks approval of spending proposals for the purposes of the *Public Governance, Performance and Accountability Act 2013* and approvals required under the *Lands Acquisitions Act 1989*. The ATO notes that a fit-out of leased premises is also subject to the provisions of the *Public Works Committee Act 1969*, and any Public Works Committee notification and review requirements.

Please note that *PGPA Section 23(3)* approvals have been running in parallel with the Department of Finance endorsement processes.

I look forward to your endorsement in relation to this proposal. The contact officer for this correspondence is Frances Cawthra on (03) 9275 4809.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Chris Jordan', with a stylized flourish at the end.

Chris Jordan AO

Commissioner of Taxation

Australian Taxation Office

15 September 2015

**Attachment A**

**Cost Benefit Analysis Gosford**




## Australian Government

### Department of Finance

**Jane Halton AO PSM**  
**Secretary**

Our Ref: SEC0012472

Mr Chris Jordan AO  
Commissioner of Taxation  
Australian Taxation Office  
PO Box 900  
CIVIC SQUARE ACT 2608

Dear Mr Jordan 

Thank you for your letter of 15 September 2015 seeking endorsement for the Australian Taxation Office (ATO) to enter into a new 10 year lease (with two options for a period of five years each) at 20 Mann Street, Gosford, NSW, with a whole-of-life cost of \$163,728,686 (excluding GST).

Following recent changes to the lease endorsement process, the Minister for Finance or his nominee, has responsibility for endorsing property leases exceeding \$30 million (\$100 million for Defence).

In accordance with the Commonwealth Property Management Framework, there has been consultation with the Department of Finance in relation to the cost-benefit analysis.

The Minister notes that the proposal meets the intention and requirements of the revised Resource Management Guide No 504: Commonwealth Property Management Lease Endorsement Process. Accordingly, he has endorsed your proposal.

The contact officer for this matter is Stephen Oxford, Acting Assistant Secretary, Portfolio Planning Branch, who can be reached on (02) 6215 1475 or [stephen.oxford@finance.gov.au](mailto:stephen.oxford@finance.gov.au).

Yours sincerely



Jane Halton  
Secretary

23 September 2015