

From: Andrew Closey [REDACTED]
Sent: Monday, 3 September 2018 4:42 PM
To: Jeff Lapidos [REDACTED]
Cc: [REDACTED]
Moore [REDACTED]
amelia [REDACTED]
Subject: RE: Urgent ASU request for clarification [SEC=UNCLASSIFIED]

Dear Jeff,

I am sorry I missed your call on Friday afternoon. Thank you for following up with your email.

The Government is committed to ensuring the Commonwealth property portfolio is appropriate to its expected needs and maximises value for taxpayers. The commitment is underpinned by a number of measures and initiatives. The occupational density target is one of the ways the Commonwealth determines the amount of space an entity requires to conduct its business. It sets a benchmark on the amount of office space needed per employee and is used when entities negotiate leases and plan major fit-outs or refurbishments.

The difference between occupational density and fitout density rests on the number of workpoints physically in use when the building is operational. These two measures are often confused.

- **Fit out density** is the square metres of office space divided by the number of work points in the fit out.
- **Occupational density** is calculated by dividing the square metres of office space by the number of work points that are physically occupied at a set point in time. It is a product of both fit out density and the work point vacancy rates at any given time.

The current occupational density target is 14m² of office space per occupied work point, across the property portfolio. The reduced leased footprint in Moonee Ponds will assist the ATO move closer to the Government's occupational density target.

The density target was originally set at 16m² of office space per occupied work point (16 m²/OWP) in 2009. In 2013, that target was revised to 14m² of office space per occupied work point (14 m²/OWP).

The following extract from the [Department of Finance, Australian Government Office Occupancy Report, December 2015 \(at page 13\)](#) highlights the need to target a lower fit-out density to achieve the occupational density target.

“Entities generally need to target a fit out density of around 12m² per work point, in order to achieve the 14m² occupational density target, due to a proportion of work points being vacant at any point in time.”

This 2015 report was the first time the Office Occupancy Report was published post the target being revised in 2013.

To support planning to meet the Department of Finance target of 14m² occupational density the ATO follows the guidance of targeting a fit-out density of ~12m². This has successfully supported all our recent fit-outs and refurbishment projects since at least Newcastle site.

The current and proposed fit-out and occupational densities for Moonee Ponds and Townsville are in the table below noting:

- all figures are square metres
- the current estimated occupational density is as reported in the ATO National Accommodation Data for August 2018
- we are at the early stages of the design process and the fit out density figures may vary as the design process progresses

	Moonee Ponds	Townsville
Fit-out density (current)	14.6	14.3
Fit-out density (proposed)	11.6	12.9
Occupational density (estimated current)	18.8	18.2
Occupational density (proposed)	14	14

In all sites areas such as computer rooms, corporate, meeting and breakout spaces are required and are part of the overall fit out, naturally they contribute to the density rate. In smaller sites such as Townsville it is often necessary to plan for a less dense fit out (a larger number) to provide sufficient space for the additional amenities, that is because there is less area additional amenities can be spread across.

By multiplying the proposed fitout density (11.6 for Moonee Ponds) by the proposed number of workpoints (1200 for Moonee Ponds) you arrive at the Net Lettable Area that formed the basis for the approach to market (~14000m²)

Regards

Andrew Closey

Assistant Commissioner, ATO Finance

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We acknowledge the traditional owners and custodians of country throughout Australia and their continuing connection to land, waters and community.

We pay our respect to them and their cultures, and elders past, present and future.

From: Jeff Lapidos [REDACTED]

Sent: Friday, 31 August 2018 5:38 PM

To: Andrew Closey

Cc: Megan Boyd; Janine Bristow; Jeremy Moore; Ancel Greenwood; [REDACTED]
Guido Falvo

Subject: Urgent ASU request for clarification

Mr Andrew Closey

Assistant Commissioner

ATO Finance

Dear Andrew

The ASU is seeking clarification of 'occupational density' and 'fitout density' as it is now for the current Moonee Ponds and Townsville offices and as the ATO proposes for the renewed leased arrangement at Moonee Ponds and for the new building at Townsville.

We also seek clarification of the Government's requirements for 'occupational density' and 'fitout density' for the buildings it leases.

I would appreciate a prompt response because the issue is creating some consternation.

Thanks

Jeff Lavidos
Australian Services Union
Tax Branch Secretary
Ph. [REDACTED]

[REDACTED]
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