



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

Reference: Fit-out of new leased premises for the Australian Taxation Office at the site known as Section 84, Precincts B and C, Canberra, Australian Capital Territory

FRIDAY, 17 FEBRUARY 2006

CANBERRA

BY AUTHORITY OF THE PARLIAMENT

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:
<http://parlinfoweb.aph.gov.au>

**JOINT STATUTORY COMMITTEE ON
PUBLIC WORKS**

Friday, 17 February 2006

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Forshaw, Parry and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

Members in attendance: Senators Forshaw, Parry and Troeth and Mrs Moylan

Terms of reference for the inquiry:

To inquire into and report on:

Fit-out of new leased premises for the Australian Taxation Office at the site known as Section 84, Precincts B and C, Canberra, Australian Capital Territory

WITNESSES

CHENEY, Mr John Morton, Assistant Commissioner, Property Services, Australian Taxation Office 2

DI LUZIO, Mr Domenico (Dom), National Client Manager, United Group Services Pty Ltd 2

RYAN, Mr Maurice William (Maurie), Project Director, Property Management Centre, Australian Taxation Office 2

Committee met at 1.04 pm

CHAIR (Mrs Moylan)—I declare open this public hearing of the Joint Committee on Public Works into the proposed fit-out of new leased premises for the Australia Taxation Office in Canberra. This project was referred to the Public Works Committee on 8 December 2005 for consideration and report to parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) In considering and reporting on a public work, the Committee shall have regard to—
- (a) the stated purpose of the work and its suitability for that purpose;
 - (b) the necessity for, or the advisability of, carrying out the work;
 - (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
 - (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
 - (e) the present and prospective public value of the work.

The committee will now hear evidence from the Australian Taxation Office, and they will be sworn in by the assistant secretary.

[1.06 pm]

CHENEY, Mr John Morton, Assistant Commissioner, Property Services, Australian Taxation Office

RYAN, Mr Maurice William (Maurie), Project Director, Property Management Centre, Australian Taxation Office

DI LUZIO, Mr Domenico (Dom), National Client Manager, United Group Services Pty Ltd

Witnesses were then sworn or affirmed—

CHAIR—I take this opportunity to publicly thank you and acknowledge your assistance in inspecting the site this morning and also for the confidential briefing. The committee has received a statement of evidence from the ATO. This will be made available in a volume of submissions for the inquiry and is also available on the committee's website. Does the ATO wish to propose any amendments to the submission that it has made to the committee?

Mr Cheney—I believe there are no further amendments to what we discussed in the confidential briefing.

CHAIR—Thank you. I now invite you to make a statement and then we will go to questions.

Mr Cheney—Thank you. I imagine many people in Canberra do not realise that the ATO actually occupies seven different buildings across the Civic CBD. It certainly came to me as a surprise when I joined the ATO five years ago. This in itself creates a dilemma for us because we do not believe that in our current environment we have the most useful and efficient way in which to manage our national headquarters. As such, and with many of these leases due to expire over the period 2006-07, we went to the market, and we believe there might be an opportunity to find some further space which might better suit our needs and, at least, put us all into a small number of buildings than the seven that we have.

This process began on 27 November 2004. We did not have any great expectations that we would be going into one site, as we did not see any sites within the Canberra-Civic area that would meet our needs. However, we were afforded the opportunity to review an exciting new opportunity which is known as section 84, which is part of a larger retail and cinema complex in the Civic area. As a result of an intensive evaluation process in which we considered a number of options and the clustering of a number of options, we reached an agreement on 8 December 2005 to move into those premises, starting in May 2007 and going through to November 2007. We believe this is an excellent and exciting opportunity for us. We also believe it is the right thing to do for the tax office, to bring us all together. It will mean that by Christmas 2007 we will have new premises. Because of that, we are required to do a fit-out in the new premises and that brings us before you this afternoon.

We believe that one of the real benefits in this particular arrangement is that it is comparable in terms of a number of factors to the situation if we had stayed in our existing premises in

relation to cost et cetera. It is also an opportunity to completely reinvigorate our workspace. Our current environment is a mixture of good and bad, quite frankly. We are in a number of buildings, some of them newer than others. We have a multitude of services. We have, for example, 11 computer rooms spread across the Canberra area, and moving into the new premises will require only two. Of course, there are a lot of savings and efficiencies in what that brings us.

We also have a myriad of security arrangements in our current buildings, ranging from guards and swipe access through to races and all sorts of things. Being co-located provides us with the opportunity to gain efficiencies in this area but probably most importantly it gives us the opportunity to give our staff a good new workspace area that better meets our needs. We do suffer from a lot of irritants in terms of building services, lack of meeting space, lack of break-out space et cetera. The new proposal that we are putting forward, whilst not going overboard in terms of the amount of space we are giving people, enables us to actually provide the environment that we think is more suited to our needs.

It also enables us to tap into better management of our facilities and certainly increase our effectiveness in energy use. The buildings will be 4.5 star, and we can provide further evidence on that. It gives us the opportunity to move into the new century in a much better way than we have. We have a number of details. The committee may have particular questions on the environment and what we are proposing to do. We are happy to answer those rather than me quoting a whole bunch of statistics which may or may not interest you. In the interests of that, I welcome questions from the committee and ask Mr Ryan and Mr Di Luzio to help me answer those questions.

CHAIR—Thank you very much. I am going to ask Senator Parry to take the chair for a moment, if I may.

Senator FORSHAW—We dealt with a range of issues in the confidential hearing which mainly concerned all the issues I wanted to focus on, but I have a couple more—firstly, car parking. I understand the new buildings will provide a substantial number of car spaces underneath the building. Is that going to be sufficient? It is 677 in total. What proportion of your total staff in the building is that going to accommodate? What other arrangements will need to be made by staff if it does not?

Mr Cheney—I am happy to answer that question; I will just refer to a few notes here. It is true that there are 677 car spaces that are provided with this arrangement. We currently have around 400 to 450 car spaces with all our buildings at the moment so there will be a significant increase in car spaces with our accommodation as a result of this. Something in the order of 150-160 of those spaces would be used for our executive service plus fleet vehicles. That does leave a carryover. We have a system where we ballot those out to staff. Staff can enter a ballot, and they effectively use them on a user-pays basis. The number of staff in Canberra is around 4,000 or so, so obviously we do not provide parking for our staff generally. The arrangements in the new building will effectively be the same as they are now. We know that next door to the new centre is a new multistorey car park, which we would see as being available, and we would imagine people would use car parks as they use them now because we are not really moving a large distance.

Senator FORSHAW—What about other forms of transport? I assume it is well serviced by public transport, particularly buses. What about people who might ride bicycles to work? Are you going to provide some facilities for them to leave their bikes?

Mr Cheney—Absolutely. We believe that the majority of our people in Canberra do drive in some form or another. A lot of those commute with other people as well. But we do have a particular emphasis on creating more bike spaces. There are 437 bike racks, so to speak, which is a large improvement on the 200 or so that we have now. Going with that, we also have an increase in things like lockers. I cannot give you the exact figure, to be honest, but it is an irritant. We have gone a way to make an environment where people can come to work and ride their bikes. We have also increased the number of showers so they can have showers after doing that sort of thing.

Senator FORSHAW—We discussed that earlier.

Mr Cheney—I am sorry; I will make a correction. The lockers are the same number at this particular point.

Senator FORSHAW—One other issue that inevitably arises in these sorts of projects that come before the committee is in regard to what happens if there is some delay in the fit-out and completion and the potential impact of that on current lease arrangements in your buildings. Can you run through the current position. I know you have covered it in your submission. What contingencies have you made for problems that may occur?

Mr Cheney—I did mention that we have seven buildings, so that does give us some flexibility.

Senator FORSHAW—It might give you more headaches too.

Mr Cheney—It does, that is why we are moving.

Senator FORSHAW—Are they all coming off at different times?

Mr Cheney—They are coming off at different times. There are a couple of buildings which have gone into 2008 anyway, so that is a natural barrier. There were a couple of buildings that were starting around mid-2006 and we have been able to secure some extensions to those buildings. Our main building, which is 2 Constitution Avenue, effectively expires in December 2007, but by then we will certainly be well into building B. We do have contingency arrangements built into our clauses in regard to the contract should we need to do a further extension on that particular building.

Senator FORSHAW—I heard on the radio over the last couple of days that there is a new requirement to be introduced into the ACT in regard to energy ratings on new buildings. I am not sure whether that is for houses or for all buildings. I think they are going to require a level 5 rating.

Mr Ryan—The newspaper reports I have seen relate totally to residential.

Senator FORSHAW—Okay. The proposal for the new building is 4.5.

Mr Cheney—That is correct.

Senator FORSHAW—Approval has presumably been given already.

Mr Cheney—That is correct.

Senator FORSHAW—All existing houses have been rated. Was the rating for this building determined on the basis of the design, or will it be assessed when it is completed and then the fit-out will be assessed as well?

Mr Cheney—I will ask Mr Di Luzio to comment further, but we specifically did seek a 4.5-star rating building and that was integral in terms of the negotiations as well.

Mr Di Luzio—As part of our agreement, the developer agreed to provide the 4.5 ABGR which is in accordance with the Australian Greenhouse Office requirement. The building has been designed to that level. The intention is that, 12 months after full occupation of the building, an audit will be undertaken to establish whether it achieves the rating. If not, there will need to be upgrades. That will then occur on an annual basis throughout the life of the lease.

Senator FORSHAW—Would that be a requirement placed upon the owner?

Mr Di Luzio—Yes, that is correct.

Senator FORSHAW—Thank you.

Senator TROETH—I am sorry I missed part of your presentation and also that I could not come this morning. I understand that there will be provision for 271 car parking spaces in one basement in precinct B and 406 car parking spaces in precinct C, with disabled parking provided in both buildings. Will those available spaces fill staff demand for car parking spaces?

Senator FORSHAW—I think I covered that, Senator Troeth. However, I did not deal with the disabled parking.

Senator TROETH—Sorry, I did not know that. Will both buildings provide for disabled parking?

Mr Cheney—That is correct. Your numbers are correct. We do have a ballot system for people to use the car parks; the rest will use public transport or private parking.

Senator TROETH—I see. Will those people who use the car parks have to pay?

Mr Cheney—Yes, it is effectively user pays.

Senator TROETH—It is pro rata.

CHAIR—I will ask about the environmental considerations on the building and the consultations with the Australian Greenhouse Office, if there have been any, and also about access to the building for people with a disability. Can you tell us what provisions have been made in those two situations?

Mr Cheney—I might refer to my colleagues for some more detail, but I believe there was a letter from the Australian Greenhouse Office.

CHAIR—Yes, I have just been reminded about that.

Mr Cheney—Throughout this process we have been working with the Australian Greenhouse Office, not only for this building but also in looking at the revised standards that are required across the Commonwealth. They apply to us and, because we have so many leases, it is important to be on top of them. My understanding, in terms of disabled access, is that the building complies with the relevant codes, but I might ask Mr Di Luzio if he wishes to comment further on that.

Mr Di Luzio—That is correct. Both buildings will comply with all the appropriate codes in terms of disabled access.

CHAIR—In the same vein, going back to energy rating for a moment, I notice that Canberra has just moved to a five-star rating for new residential development. Why can you not meet the five-star rating in a commercial building? What prohibits that?

Mr Cheney—We covered a little bit of that earlier. The arrangement or the contract that we sought was a 4.5-star rating, consistent with the current guidelines. I imagine that we would be required to do some further work to reach up to a five-star rating, but my sense is that we have not quite sorted out all the fit-out details and that we would be pushing the boundaries of a five-star rating anyway, particularly because of the use of reusable materials.

CHAIR—I am interested to know at what stage we will move to five stars and what it is that distinguishes between a 4.5-star and a five-star rating in a commercial building.

Mr Cheney—I am not aware of the detail of that and I certainly could not say that we are at five stars at the moment.

CHAIR—In a similar vein, can you tell us what you have done in relation to fire services?

Mr Di Luzio—The fire services will comply with all the appropriate Building Code of Australia Australian standards and the fire authority requirements. In brief, the building will be sprinklered. There will be fire panels in place. There will be fire stairs for staff egress. Paths of travel throughout the tenancy fit-out have been certified by the appropriate experts, and there will be a very early smoke detection system in the ATO computer room.

Senator PARRY—On page 24 of your submission at 2.13, under the heading of Security, what is an ‘SCEC approved security consultant’?

Mr Cheney—I will ask Mr Di Luzio to comment on that.

Mr Di Luzio—SCEC, as it is commonly known, is the Security Construction and Equipment Committee. The ASIO group endorses on behalf of that committee certain contractors and consultants.

Senator PARRY—So it is external to ATO?

Mr Cheney—Yes.

Senator PARRY—Paragraph 2.13.4 of your submission states:

The Tax Office will continue to consult appropriate security experts with regard to the development of additional security requirements ...

Is that the same committee of experts, the SCEC committee?

Mr Cheney—I might ask Mr Ryan to comment on that.

Mr Ryan—We have engaged an external security adviser through a tender arrangement. They are external to Tax, and they are a SCEC approved person.

Senator PARRY—With heightened security now, I think Taxation is probably a target, in particular with the confidentiality of material and all of those personal details. With everything else, you are going to maintain at least the equivalent security level, if not better, from the moving of the six or seven locations back into two?

Mr Cheney—I would certainly say that it will be enhanced. We will only effectively have two entry points, so that gives us greater scope in our perimeter security. The whole nature of the building will be much more secure.

Senator PARRY—I think you may have been present at the tail end of the other hearing, but is co-location in any of the buildings going to present a problem?

Mr Cheney—Certainly, building C will effectively be totally our building so there is not a co-location issue there—although, as you saw this morning, it is quite close to some other buildings. Building B, which is the bendy building which we saw first, is not co-located as an office tower but there will be retail and commercial premises underneath. That is something we have considered, but it is not inconsistent with some other buildings we have around the country. Also, we believe the perimeter security will be quite good, in the sense that you have to go up to a dedicated level to enter the office tower arrangement. Loading docks and all that sort of thing have been considered and we believe will meet the necessary standards.

Senator PARRY—What about television cameras and surveillance equipment?

Mr Ryan—There is closed-circuit television to be introduced in particular areas. I cannot be precise. I am aware it is at loading docks and any entrances, but I am sorry; I am not really familiar with what additional sites there will be.

Senator PARRY—You have mentioned occupational health and safety on the following page, page 25. Are you satisfied, Mr Cheney—or others—that you are going to meet all occupational health and safety requirements with the two new leases?

Mr Cheney—Absolutely, and we have engaged experts in that regard as well.

CHAIR—Thank you very much. There being no further questions, we will adjourn. Thank you for your cooperation and assistance this morning.

Resolved (on motion by **Senator Troeth**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it and submissions presented at public hearing this day.

Committee adjourned at 1.27 pm