

Integrated fitout of new leased premises for the Australian Taxation Office at 12-26 Franklin Street, Adelaide, South Australia

- 4.1 The proposed integrated fitout of new leased premises for the Australian Taxation Office (ATO) at 12-26 Franklin Street, Adelaide, aims to provide collocated office accommodation for all ATO staff in Adelaide in a single location. The estimated cost of the project is \$54.2 million (excluding GST).
- 4.2 The proposal was referred to the Committee on 28 October 2010.

Conduct of the inquiry

- 4.3 The inquiry was advertised in *The Australian* newspaper and submissions sought from those with a direct interest in the project. The Committee received one submission, one supplementary submission, and one confidential supplementary submission detailing the project costs. A list of submissions can be found at Appendix A.
- 4.4 The Committee undertook a site inspection, public hearing and an in-camera hearing on the project costs on 9 November 2010 in Adelaide.
- 4.5 The transcript of the public hearing as well as the submissions to the inquiry are available on the Committee's website.¹ Plans for the proposed works are detailed in Submission 1: Australian Taxation Office.

1 <www.aph.gov.au/pwc>

Need for works

- 4.6 The ATO submission states that the works are needed to address the imminent expiration (in 2012 and 2014) of its three leases in Adelaide, and to provide a single location for its entire Adelaide workforce in the CBD.
- 4.7 The ATO notes that suitably qualified professional staff 'by and large, want to work in a central business district location'², and that it is necessary to be based there in order to attract and retain such staff. Additionally, the ATO has close relationships with a number of legal and accounting firms, invariably based in CBD locations. The ATO also needs easy access to law courts, also based in the CBD.
- 4.8 The Committee finds that there is a need for the proposed works.

Scope of works

- 4.9 The proposed scope of the works is detailed in Submission 1: ATO. In short the project proposes the following:
- integration of services into the base building works, including electrical, mechanical, communications, security, fire and hydraulic systems;
 - supplementary air-conditioning for rooms with abnormal cooling and ventilation requirements;
 - lighting control system and data cabling;
 - security works including door hardware and electronic access control;
 - supplementary fire services where required;
 - office space including reception areas, security alarm system, electronic control system and open plan work areas;
 - offices of 28.8m² and 14.4m² and generic workstations;
 - breakout spaces, quiet rooms and casual meeting spaces;
 - storage facilities, showers and lockers;
 - conference and training facilities, first-aid rooms, amenities areas and kitchens; and
 - secure areas as well as a separate secure mail receiving room.
- 4.10 Construction of the base building commenced in mid 2010 and the building (including fitout) is due to be completed by 31 October 2012.
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2 Mr S. Smillie, ATO, *Proof Transcript of Evidence*, 9 November 2010, p. 2.

- 4.11 The Committee finds that the proposed scope of works is suitable to meet the needs of the project.

Cost of works

- 4.12 The total estimated out-turn cost for this project is \$54.2 million (excluding GST). The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the ATO on those costs.
- 4.13 The Committee is satisfied that the costings for the project provided to it are in order.

Project issues

Regional Australia

- 4.14 The Committee sought the ATO's assurances that, whilst needing substantial premises in Australia's capital cities, it was not reducing its presence in regional and rural Australia.
- 4.15 The ATO has a presence in numerous regional cities such as Geelong, Albury, Newcastle and Townsville, as well as smaller regional towns across Australia. The ATO emphasised the possibility of decentralisation of offices as more work is done online. The ATO has developed a location plan, and the plan is 'a commitment from the ATO executive that [the ATO] will stay in regional Australia as a significant employer'.³

Committee comment

- 4.16 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 4.17 Having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works proceed.

3 Mr S. Smillie, Australian Taxation Office (ATO), *Proof Transcript of Evidence*, 9 November 2010, p. 3.

Recommendation 4

The Committee recommends that the House of Representatives resolve, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Integrated fitout of new leased premises for the Australian Taxation Office at 12-26 Franklin Street, Adelaide, South Australia.

Ms Janelle Saffin MP

Chair

18 November 2010