

PROPOSED FITOUT OF NEW LEASED PREMISES

FOR THE AUSTRALIAN TAXATION OFFICE AT

**THE SITE KNOWN AS SECTION 84, PRECINCTS B & C,
CANBERRA CITY, ACT**

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SUMMARY

The Australian Taxation Office National Headquarters is located in the Canberra CBD. Staff are housed in seven different buildings of ranging quality and design and there are considerable inefficiencies in this arrangement.

Late in 2004 the Tax Office sought expressions of interest from the market to establish whether there might be more suitable accommodation to meet its future needs. As a result of that initiative, the Tax office has identified that new premises under construction in the Civic area, known as Section 84, would house all current staff in the CBD in two proposed office towers planned as part of a broader development complex.

The proposed new buildings, being constructed by the Queensland Investment Corporation (QIC), offer 63,751 square metres (m²) of high quality office space in a building designed to meet a 4.5 star Australian Building Greenhouse Rating (ABGR). In addition, the buildings offer considerable administrative savings and the opportunity for the Tax Office to locate its entire National Headquarters staff in a single complex.

When rigorously tested against other options, which essentially involved clustering a number of prospective properties together to meet the square metres of office space required, Section 84 offered significant advantages at a comparable cost. It also offered the Tax Office the opportunity to design and integrate fitout so that it could achieve a purpose built environment.

As integrated fitout for Section 84 is regarded as Public Works under the *Public Works Committee Act*, this submission is brought before the Committee for consideration.

It is envisaged that fitout costs will be in the order of \$66.8m excluding GST, which equates to a rate of \$1,048 per square metre which is considered to be in the medium range for Commonwealth fitouts in Canberra. It is also expected that the Tax Office will achieve a 4.5 star Green rating for its fitout.

Occupancy of the first building is expected to commence from May 2007 with all staff expected to be relocated into both buildings by early 2008. Whilst most of the leases for the

buildings it currently occupies expire in 2007 and 2008, the Tax Office is negotiating with some landlords to ensure it retains space until occupancy of Section 84 is possible.

Section 84 will conform to all relevant building codes and practices and the Tax Office is paying high regard to compliance of health, safety and environmental codes. The occupation of the buildings will continue to stimulate growth in the Civic area and will generate employment through the construction phase.

Consultation has widely occurred with affected staff and their representatives throughout this project, with those affected displaying strong support and enthusiasm for the initiative.

In view of the above, the Tax Office brings this submission before the Committee for endorsement.

1. IDENTIFICATION OF NEED

1.1 Objectives

- 1.1.1 The current arrangements whereby the National Headquarters of the Australian Taxation Office (Tax Office) is spread across seven buildings in the Canberra CBD is inefficient both administratively and in terms of work practices. Our objective, as the opportunity is now available, is to create a national headquarters building that offers collocation for all staff in a single complex giving us the opportunity to implement more collaborative work practices, uniformity of workspace and administrative efficiencies.
- 1.1.2 The role of the Tax Office is to manage and shape taxation, excise and superannuation systems that fund services for Australians, giving effect to social and economic policy. Through these systems the Tax Office is the Australian Government's principal revenue management agency. In 2005-06 the Tax Office will collect 90.9 per cent of the Australian Government's revenue on behalf of the Australian community. In doing this the Tax Office addresses broad issues affecting Australia's revenue system, such as aggressive tax planning, persistent tax debtors, globalisation and the cash economy.
- 1.1.3 The Tax Office also supports the delivery of community benefits, having roles in other services including:
- (a) Private Health Insurance;
 - (b) Family Assistance;
 - (c) Energy Grants Credits Scheme;
 - (d) Valuation Services; and
 - (e) Cross-Agency Support such as working with Centrelink to reduce benefit fraud, with the Child Support Agency (CSA) to ensure income transfer for the care of children, and with the Australian Bureau of Statistics (ABS) to reduce costs to the community of collecting statistical data.
- 1.1.4 The National Headquarters of the Tax Office is currently located in several leased premises in the Canberra Central Business District (CBD) of Canberra. These leases are due to expire as listed in Table 1.

Table 1: ATO Canberra CBD Portfolio

Property name/ address	Area (m²)	Lease Expiry
2 Constitution Avenue	20,264	31 Dec 2007
CCH, 38 Akuna Street	11,922	31 Jan 2007
SAP House, Akuna & Bunda Street	8,820	30 June 2008
51 Allara Street	5,352	20 June 2006
Fujitsu House, 7-9 Moore Street	2,220	14 May 2006
14 Moore Street	4,346	30 June 2008
CWA House, 17 Moore Street	6,580	30 June 2007
Total area	59,504	

1.1.5 Under current arrangements staff are accommodated at an average of 13.7m² per person across its Canberra CBD portfolio. This is proving inadequate to meet changing business needs, with particular pressure on appropriate meeting, conference and training facilities.

1.2 Background

1.2.1 In 1986 the Tax Office established its National Headquarters at 2 Constitution Avenue, Canberra. Since that time, the Tax Office has acquired additional space to meet increased staffing demands and now occupies approximately 60,000m² of office space of varying quality across seven buildings within the Canberra CBD. This growth has led to an uncoordinated and inefficient accommodation arrangement. Fitout in most of the sites currently occupied is nearing the end of its useful life, requiring either substantial refurbishment or replacement to meet the future needs of the Tax Office. The leases on all these sites expire over the next two to three years.

1.2.2 As there is an ongoing need to accommodate the National Headquarters of the Tax Office within the proximity of the centre of Government in Canberra, the Tax Office developed a strategy to explore potential accommodation options and see if there was a more sensible solution in a relatively small market. Our strategy was to test the market with open parameters giving us the greatest opportunity to consider all possible options and enable us to achieve maximum value for money from our rental commitments.

1.3 Market test

- 1.3.1 On 27 November 2004 United Group Services (formerly known as United KFPW), acting on behalf of the Tax Office, advertised in *The Canberra Times* for expressions of interest (EOIs) to be submitted for the provision of office accommodation in the Canberra CBD. Twelve responses were submitted by the due date, 7 January 2005.
- 1.3.2 EOIs were called for existing accommodation and new developments having a Net Lettable Area (NLA) of 9,000 to 60,000m². As there were no existing buildings of 60,000m² and very few development opportunities for a building of this size it was envisaged there would be a need to cluster options together to achieve the required 60,000m². It was a stated preference that the number of buildings be consolidated into as few as possible to minimise duplicated office costs and maximise efficiencies. Proponents were asked to submit EOIs that offered a lease term of 10 years with two options to renew of five years (or a longer term if there was sufficient benefit to the Tax Office) and include an indicative structured rental (i.e. fixed percentage or CPI increase). Preference was to be given to proposals containing a market review (i.e. no ratchet, floor rent or cap and collar provisions) at least each five years.

1.4 Evaluation process and methodology

- 1.4.1 An Evaluation Committee (EC) was established to consider in detail final submissions and a methodology was designed to objectively assess the best clustered option on value for money grounds.
- 1.4.2 The Evaluation Team assessed the EOIs against essential criteria such as location, floor plate size, overall area, building quality and indicative rental. EOIs failing to meet any of the essential criteria were excluded from further consideration.
- 1.4.3 The remaining EOIs were short-listed and presented to the Tax Office Executive on 22 February 2005 for endorsement to enter Stage 2 negotiations. This process resulted in consideration of eight buildings clustered into four possible solutions.
- 1.4.4 On 9 March 2005 United KFPW called for final proposals from the eight proponents short-listed to enter Stage 2 negotiations. The final proposals were received on 1 April 2005.
- 1.4.5 The methodology considered:

- (a) A non-financial assessment of individual proposals that incorporated technical and non-technical matters (eg compliance to building specifications, building performance, ability to consolidate into as few buildings as possible, proximity, commercial terms etc). This was done on a scale of one to ten and weighted across the various categories, with ten being the best and one being the lowest. The clustered options and weighted scores are outlined in Table 2.
- (b) A comparative assessment of the financial terms of each proposal on a Net Present Value (NPV) basis. The underlying assumptions for the NPV analysis were:
 - (i) It was considered appropriate to review the options based on a 15 year lease as this seemed most appropriate operationally.
 - (ii) Car Parking and storage were not included as these requirements were yet to be finalised
 - (iii) Tenant outgoings of the new proposals were assumed to be a flat rate of \$54 per sq/m.
 - (iv) NPV analysis only includes Lease payments, incentives and capital expenditure on fitout and makegood where required.
 - (v) All Options were assumed to commence 1 January 2007, with the entire space requirements being available from that date.
 - (vi) Other costs considered included overlapping leases where applicable to provide staging space and relocation expenditure.
 - (vii) Lease incentives were treated as reductions in lease expense in the accrual based operating analysis. For NPV purposes, incentives were treated as cash inflows in year 1.
 - (viii) Fitout costs were based on a rate of \$1,000 per square metre regardless of new or old buildings.
 - (ix) NPV calculations based on 60,000m².
- (c) A best value for money assessment taking into consideration both financial and non-financial aspects detailed at (a) and (b) above.

1.5 Proposals considered

1.5.1 The following proposals were considered:

- Custom Credit House (38 Akuna Street)
- 20 Allara Street
- CWA House, 17-19 Moore Street
- Eastern Valley, Belconnen
- 51 Allara Street
- SAP House, Akuna and Bunda Streets
- 33 Allara Street
- Constitution Avenue
- Section 10, London 11, London Circuit (to rear of 2CA)
- Section 84, Precincts B and C (opposite Canberra Centre)
- No. 1, 18 Marcus Clarke Street
- No. 2, NICTA Building, 3-5 London Circuit

1.5.2 To enable the Tax Office to seek a more sensible accommodation solution these proposals were clustered together to match the required space, taking into account proximity to each other and the need to minimise the number of leased buildings. These clusters are detailed in Table 2.

Table 2: Proposals to Meet Required Space

Option	Buildings included
A	<ul style="list-style-type: none"> ▪ 2 Constitution Avenue; ▪ 51 Allara Street ▪ 33 Allara Street ▪ SAP House; and ▪ London 11, London Circuit
B	<ul style="list-style-type: none"> ▪ 2 Constitution Avenue ▪ 18 Marcus Clarke ▪ NICTA
C	<ul style="list-style-type: none"> ▪ Section 84 Precincts B & C
D	<ul style="list-style-type: none"> ▪ 2 Constitution Avenue and ▪ Section 84 Precinct C

1.6 Preferred proponent

1.6.1 The proposal from Queensland Investment Corporation (QIC) (Option C) for two new buildings providing 60,000m² of new office space referred to as Section 84,

Precincts B and C, Canberra City, rated highest after the non-financial assessment and was only marginally lower than the best offer in financial terms. This option had a considerable advantage of being new buildings and presenting the opportunity for collocation and clearly offered the best value for money solution. Following the initial assessment of options the Tax Office reviewed its spatial requirements and determined that it would be beneficial to acquire the total space available of 63,751m². However for comparative purposes during the evaluation process all options were considered on the basis of 60,000m².

1.6.2 The QIC proposal was considered the best value for money option, although it scored slightly lower in the financial assessment, cost was only 3% above the lowest option. However it held significant advantage on a non-financial basis with a 30% higher score, including:

- (a) The considerable advantages of moving to a single new complex and the opportunities that provides in terms of building design, performance, long term viability and maintenance.
- (b) Administrative efficiencies gained by the collocation of all staff in the same complex, including a significant reduction in travel time between offices.
- (c) The avoidance of refurbishment works at significant cost and disruption should existing buildings be re-leased. There would also be a need to acquire staging space at considerable cost during the refurbishment process.
- (d) The advantage to design floor plans and fitout that specifically meets the needs of the Tax Office as the new buildings are designed and constructed.
- (e) The opportunity to introduce wireless technology IT support, other innovative IT solutions, and secure link of data and IT communications in a new environment.
- (f) Expected more efficient building performance and infrastructure that will generate savings in running and energy, security and cleaning costs in the long term.

- (g) The ability to relocate staff seamlessly into new accommodation, minimising disruption to Tax Office business operations.
 - (h) The closest possible solution to a single development, thereby reducing the number of sites across the Canberra CBD.
 - (i) The provision of a long-term solution for the Tax Office's property requirements for the next 15-20 plus years.
 - (j) The opportunity to rationalise office facilities and capitalise on efficiencies such as minimising the number of common facilities, computer rooms and associated infrastructure.
- 1.6.3 This proposal requires the Tax Office to obligate itself to a gross lease arrangement for the property upon completion of the building with terms consistent with those agreed at the time of entering into the lease, with the Tax Office funding the cost of fitout.
- 1.6.4 This proposal provides certain advantages in that the developer is well-known and respected in the industry and from an established organisation with a sound track record. This also affords a degree of flexibility in that if there is any delay in the completion of the building, QIC has agreed to accommodate the Tax Office's requirements at existing properties and contribute to those direct costs. Current leases require the Tax Office to make good the existing premises back to the condition at the commencement of the lease or to make monetary compensation.
- 1.6.5 Other proposals were excluded for a range of reasons including:
- (a) comparative cost of the proposals.
 - (b) they did not offer the potential administrative savings as the Tax Office would be spread over a number of dispersed locations within the CBD.
 - (c) a number of potential sites would not be ready by the required time.
 - (d) there was potential for significant disruption to business as upgrade and refurbishment work was conducted in buildings currently occupied by staff.
 - (d) additional costs would be incurred for accommodation to be used as staging space to transition staff while refurbishment work was taking place.
 - (e) not all buildings were offered for a ten-year lease term.
 - (f) there was some doubt as to the adequacy of some of the building upgrades being offered in relation to existing buildings.

1.7 Lease negotiations for preferred proponent

- 1.7.1 Following the rigorous assessment process which identified Section 84 as the option which provided the best value for money, the ATO Executive agreed to instruct United KFPW to enter into negotiations with QIC to identify commercial terms that would be agreeable to both parties.
- 1.7.2 Consequently, on 4 May 2005 the Queensland Investment Corporation (QIC) was advised by United KFPW that it was provisionally appointed as the preferred proponent for the provision of 63,751m² of office accommodation, known as Section 84 Precincts B and C, to serve as Tax Office National Headquarters and to accommodate Canberra CBD staff. The appointment was subject to the satisfactory conclusion of negotiations on commercial terms and gaining necessary Government approvals. As significant benefits would be achieved by the Tax Office preliminary advice was given that a 15 year lease term, rather than a ten-year term, would be pursued.
- 1.7.3 All financial aspects, including approval pursuant to Regulation 10 of the FMAA, have been resolved. All commercial terms and conditions have been successfully negotiated and an Agreement to Design, Construct and Lease the premises was executed on 8 December 2005.

1.8 Submission to Public Works Committee (PWC)

- 1.8.1 When the Tax Office originally sought expressions of interest from the market, it stated that it would require the right to integrate the fitout of the selected accommodation simultaneously with the construction of the building to reduce cost and risk, should a building planned or under construction be considered. This requirement was reflected in draft lease documentation that was sent to all parties who were asked to submit Final Proposals, and was a criterion in assessing the Final Proposals. The intention of this approach was to significantly reduce risk to the Tax Office in terms of cost and time.
- 1.8.2 As the potential options were significantly varied, (ranging from buildings currently occupied by the Tax Office to yet to be developed) it was understood that integration

of fitout would not necessarily be applicable in all cases. However, it held certain advantages should a new construction be selected.

- 1.8.3 As a new construction has indeed been selected, the need to pursue an integrated fitout has become paramount. Detailed design for Section 84 is underway, affording the Tax Office the opportunity to fully integrate the design and construction of the Tax Office's fitout with the design and construction of the base buildings.
- 1.8.4 As the fitout for the proposed accommodation is regarded as being 'public works' for the purposes of the *Public Works Committee Act*, noting it will be in excess of the PWC threshold, this submission has been referred to the PWC for its consideration.

1.9 Proposed outcome

- 1.9.1 The outcome from this approach will be that the National Headquarters of the Tax Office will be collocated in purpose-built efficient accommodation that will enable it to meet its obligations to Government in the long term. This action will address the current deficiencies and inadequacies of the current arrangement of a variety of buildings, lack of meeting, conference and training spaces and provide significant administrative efficiencies to both management and staff. It is expected that staff will be allocated 15.5m² of space on a per capita basis which is highly efficient in the current climate.

1.10 Description of proposed new premises

- 1.10.1 The new buildings will be located at Section 84, Canberra City, bounded by Bunda Street and Ballumbir Streets, Canberra City. The two office buildings, known as Precincts B and C, form part of an interlinked and much larger complex that also accommodates retail, cinema and parking space.
- 1.10.2 Precinct B will provide the Tax Office with 22,526m² of net lettable area over 10 floors. Precinct C will provide a further 41,225m² of net lettable area over 10 floors. The large floor plates will provide the Tax Office with flexibility and superior efficiencies in the allocation of space.
- 1.10.3 The buildings will include many environmental initiatives such as:
- (a) Use of natural light distribution through the narrow design of the building;
 - and

- (b) Very high efficiency lighting system with individual photo-electric sensors and waste water recycling.
- 1.10.4 Provision for 271 car parking spaces will be made via one secure basement in Precinct B and 406 car parking spaces will be made via two and a half levels of secure basement in Precinct C. Disabled parking will be provided in both buildings.
- 1.10.5 Site and location plans and indicative floor plans are attached at Annexures A and B respectively.
- 1.10.6 The Tax Office will lease the new office accommodation for 15 years with three five-year options and will be undertaking an office fitout integrated with construction of the buildings. The staged occupation of the new buildings by the Tax Office in mid-to late-2007 and early 2008 is feasible given development approval from the ACT Planning and Land Authority and the progress already achieved with the site works.
- 1.10.7 The Tax Office is looking to creating maximum flexibility in how it uses this accommodation by producing consistent workspaces so that staff can move easily as required. The adoption of universal planning principles will provide this flexibility through the easy change of facility components and the provision of multi purpose facilities.
- 1.10.8 Fitout specifications are being developed in consultation with the relevant experts to ensure that all essential Tax Office and legislative requirements are met. Fitout design and specification will meet the disabilities legislation both in respect of access for clients and staff including wheel chair access to the building and office areas, door widths and height, lift arrangements, parking, toilets and access to counter facilities.
- 1.10.9 The fitout design is predominantly open plan with modular workstations supported by enhanced meeting capacity, homerooms, breakout areas and support facilities. All offices and formal meeting areas are located in the core of the building to maximise the use of natural light for the majority of staff. These offices and meeting areas are modular and fully interchangeable as business requirements dictate. The Tax Office is investigating the use of demountable partitions to reduce the long-term costs of changes in these configurations. Offices are only provided to Senior Executive Service (SES) officers.

1.11 Environmental issues

- 1.11.1 The proposed building works will comply with the Commonwealth guidelines relating to energy efficient buildings and meet a 4.5 star Australian Building Greenhouse Rating (ABGR). Fitout of the building will also meet a 4.5 star ABGR rating.
- 1.11.2 Development of the site will:
- (a) have no significant impact on the natural or human environment,
 - (b) encourage improved utilisation of existing public facilities and transport infrastructure,
 - (c) make use of existing engineering services including water, sewerage and storm water in the area, and
 - (d) have a positive effect on the local economy via the creation of jobs during construction and fitout.
- 1.11.3 The Tax Office Base Building Brief details specific environmental management requirements.
- 1.11.4 The Tax Office expects to achieve a 4.5 star Green Star rating in the delivery of its fitout in this building.

1.12 Heritage considerations

- 1.12.1 There are no known heritage issues that are required to be addressed with this proposal.
- 1.12.2 The building will conform to the requirements of the Environmental Protection Biodiversity Conservation Amendment Act 2003.

1.13 Details of organisations consulted

- 1.13.1 A formal consultative approach has been adopted to provide expert advice in relation to various aspects of the project. The following agencies and businesses have been consulted to date:
- National Capital Authority (NCA)
 - Department of Finance and Administration
 - The Australian Greenhouse Office
 - Rawlinsons Group Pty Ltd and WT Partnership (Quantity Surveyors)
 - Australian Government Solicitor (Legal)

- United Group Services (Property Leasing, Project Management and Facilities Management)
- Department of the Immigration and Multicultural Indigenous Affairs
- Australian Bureau of Statistics
- Woodhead International (Architects)
- Intelle Building Services (Services Engineers)
- Hamiltonthomson (Strategic Planners)
- David Caple and Associates (Health and Safety)
- The Department of Employment and Workplace Relations regarding the National Code of Practice for the Construction Industry.

1.14 Amount of revenue, if any, derived from the project

1.14.1 Savings in property operating expenses will be realised by co-locating into two purpose designed buildings.

1.14.2 There is no direct revenue from this project.

2. TECHNICAL INFORMATION

2.1 Location

2.1.1 The Tax Office fitout is part of Section 84 Canberra City development. Annexure B provides a site diagram.

2.2 Scope of work

2.2.1 The Tax Office will lease office accommodation for fifteen years with three five-year options and will be undertaking an integrated office fitout.

2.2.2 The works include:

- (a) Base Building – Integration of services into the base building works, including electrical, mechanical, communications, security, fire and hydraulic services.
- (b) Supplementary air-conditioning in those rooms with higher than normal cooling and ventilation requirements including larger meeting rooms, training rooms, computer rooms and amenities rooms.
- (c) A lighting control system to reduce energy consumption in tenant areas including the ability to automatically turn off lights in unoccupied rooms and to provide reduced lighting levels when appropriate, such as reduced lighting levels for access purposes after hours. Some additional lighting will be provided as required in partitioned rooms.
- (d) Data cabling throughout the tenant areas including phone and computer outlets at each workpoint. The cabling infrastructure will be designed to cater for future capabilities. ‘Wireless’ communications are being investigated for part of the computer and telephone networks.
- (e) Tenant fitout above base building will be undertaken to conform to the Tax Office’s operational requirements including security. These include door hardware and electronic access control at the main entrances, other entrances, exits, vehicle access points and internal areas with higher than normal security needs.

- (f) Supplementation of the base building fire services where required as a result of the fitout works to ensure compliance with relevant codes. These services include additional exit lights, fire detection and sprinkler supplementation as necessary. A Very Early Smoke Detection Apparatus (VESDA) will be installed in the computer rooms.
 - (g) Architectural designed office accommodation including construction of reception areas, a security alarm system, an electronic control system, general office fitout and open plan work areas.
 - (h) Standardised office sizes of:
 - 28.8m²
 - 14.4m²
 - (i) One size workstations.
 - (j) The vast majority of offices and meeting rooms to be constructed in the central cores so as not to limit light from external windows.
 - (k) Breakout spaces, quiet rooms and casual meeting space.
 - (l) Computer rooms built to specification.
 - (m) Storage facilities.
 - (n) Conference and training facilities.
 - (o) First Aid rooms.
 - (p) Amenities areas.
 - (r) Kitchens.
 - (s) Showers and lockers.
 - (t) Secure areas (to conform to ASIO T4).
 - (u) A separate secure mail receiving room.
- 2.2.3 Space allowances for individual workpoints are allocated at 6.75m² for storage and pedestrian circulation. These space allowances are calculated on a number of factors including ATO Office Accommodation Guidelines.
- 2.2.4 The building design and fitout will enable the Tax office considerable flexibility to meet its ever-changing accommodation requirements. This will be achieved through:
- (a) Workpoints that can easily and quickly be reconfigured without disturbing productivity.
 - (b) Providing maximum open plan areas.

- (c) Ensuring the enclosed areas are capable of being altered easily for future change.
- (d) Building services that are flexibly located to allow for repositioning of walls, workpoint layouts and accommodation changes in technology.
- (e) A robust security system that protects Tax Office information, people, other assets and operations.

2.2.5 Floor plans have not been finalised at this time. See Annexure B.

2.3 Zoning and approvals

2.3.1 Planning on this site is the responsibility of the ACT Government. The proposal is consistent with the ACT Territory Plan. The site is located in Civic Central (Commercial A) Land Use Policy Area which has a land use policy allowing office, and retail facilities. The Tax Office has verified through the ACT Planning and Land Authority that QIC has obtained the necessary development approvals.

2.3.2 Fitout of the building will be integrated with construction and managed by the Tax Office. Provisions have been made for the cost of the fitout in 2005-07. A recommendation to Parliament to proceed with the fitout of the building is thereby sought from the Public Works Committee.

2.3.3 Approval from other relevant authorities for works approval will be sought as required, including the ACT Planning and Land Authority.

2.4 Land acquisition

2.4.1 The site is on non designated Territory controlled land leased to QIC. The Commonwealth would occupy the site under an ACT sub-lease.

2.5 Codes and standards

2.5.1 The fitout will comply with all statutory requirements including the Building Code of Australia (BCA), ACT Planning and Land Management and Australian Standards. The Tax Office will ensure that all relevant codes and standards are included in design and building briefs, including the National Code of Practice for the Building Industry developed following the Royal Commission into the Australian Building Industry.

2.6 Planning and design concepts.

- 2.6.1 **Materials and Finishes.** The building fabric will be composed of transparent façade elements. The buildings are to be designed to meet environmental expectation now and into the future. The building envelope features include:
- (a) High performance insulating glass,
 - (b) Thermal controls, and
 - (c) Sun shading.
- 2.6.2 A 10.8m X 7.8m column grid with minimal freestanding columns is planned for Precinct B, and 8.4m X 8.4m column grid with minimal freestanding columns is planned for Precinct C. The floor plates in both Precinct B and C are easily divisible to suit any fitout.
- 2.6.3 **Security and Data Cabling.** Advice from relevant security experts will be sought and incorporated into the design concept.
- 2.6.4 **Internal Finishes.** Carpet tiles will be fitted to general office areas. High quality tiles or terrazzo to the central atrium, link bridges and entry lobbies.
- 2.6.5 General Engineering service installations will specifically address the following criteria:
- (a) Proven reliability and performance.
 - (b) Ease of maintenance and replacement.
 - (c) Energy efficient.
 - (d) Environmental responsibility and cost effectiveness.
 - (e) Flexibility for churn works.
 - (f) Minimum noise and vibration characteristics.
- 2.6.6 Workpoints will be based on individual modular workstations that preserve views and light penetration into the building. Workpoints more efficiently cater for the installation and operation of new technologies. They significantly utilise the floor areas more effectively and provide opportunities for accommodating additional facilities such as open meeting areas and common spaces.
- 2.6.7 **Mechanical Services.** Mechanical Engineering Services will be based on the following principles:
- (a) Minimum noise and vibration characteristics.
 - (b) Reasonable maintenance costs.

- (c) Proven design.
- (d) Reliability.
- (e) Durability.
- (f) Ease of maintenance without entry to tenant areas.
- (g) Ease of replacement.
- (h) Efficiency of operation.
- (i) Environmentally sustainable principles.

2.6.8 **Hydraulic Services.** Hydraulic Engineering Service requirements will include the following provisions:

- (a) Domestic cold water reticulation serving all fixtures and required back flow prevention in each case.
- (b) Domestic hot water independent of the system serving the mechanical services installation.
- (c) Suspended sanitary drainage to all base building wet areas.
- (d) Branched valve connections for cold water supply at service core areas for tenant future connection.
- (e) Provisional sanitary drainage stacks at service cores to service the net lettable area.
- (f) Metering of incoming water supplies.

2.7 Acoustics

- 2.7.1 The building design incorporates measures to reduce noise in the work environment including double glazed external windows, acoustic ceiling tiles, fabric panelling and carpeted floors. Attention will also be paid to air-conditioning detailing to reduce noise from moving air and mechanical plant.
- 2.7.2 Acoustic performance criteria has been incorporated into the fitout brief to ensure adequate noise insulation between offices, meeting rooms, training rooms and other works spaces.
- 2.7.3 Design criteria and building performance for ambient noise ratings shall be in accordance with the requirements and recommendations of AS1055 Acoustics.

2.8 Energy conservation measures

- 2.8.1 Section 84's high performance building structures and application of sustainable design principles will ensure a high energy rating throughout the buildings' life cycles.
- 2.8.2 The following are specified in the building brief to minimise energy usage and operating costs without a reduction in accommodation standards:
- (a) The building will equal or exceed the Australian Building Greenhouse Rating (ABGR) of 4 ½ stars.
 - (b) The Building Management System will monitor and control lighting, mechanical services, energy, lifts and water supply.
 - (c) Double glazing is to be provided.
 - (d) Fluorescent lighting is to have electronic ballasts and triphosphor tubes.
 - (e) Lighting is to be controlled by an electronic system to reduce energy use, especially in unoccupied areas and out-of-hours.
 - (f) Acoustic efficient levels that meet or exceed current standards.
- 2.8.3 To maximise the Ecologically Sustainable design impact of Section 84 Precinct B and C the following have been included in project delivery:
- (a) Stormwater recycling.
 - (b) Access to natural light is to be maximised while avoiding direct sun penetrations into the building.
 - (c) Facilities such as bicycle storage, showers, change rooms and lockers are to be provided to encourage staff to ride or walk to work.
 - (d) Increased reliance on renewable materials.
 - (e) Emissions minimisation.
 - (f) Source control of pollution and waste during construction.
 - (g) Efficient energy use.
 - (h) System maintenance and waste avoidance.
- 2.8.4 The Tax Office is replacing its existing computer monitors with flat screen LCD monitors that use significantly less power and give off less heat. This places a significantly lower heat load on the air-conditioning system with resultant lower energy consumption and costs.
- 2.8.5 Water usage reduction measures to be provided in the building design include:
- (a) Rain water collection and re-use.

- (b) Dual flush cisterns for all toilets.
 - (c) Flow restriction devices to be fitted to all fixtures.
 - (d) Uradin Water-free urinals.
- 2.8.6 The lessor's responsibility for ongoing environmental management of the building is specified in the lease.

2.9 Provisions for people with disabilities

- 2.9.1 The design brief details a number of requirements for people with disabilities including:
- (a) The building shall be designed to the latest edition of AS1428.2 and comply with at a minimum with the mandatory parts of the code under the Building Code of Australia.
 - (b) Provision of disabled parking for staff.
 - (c) A separate disabled toilet on each floor and disabled showers to be provided.
 - (d) Suitable access to the building.
 - (e) All lifts to be accessible and provide facilities in accordance with AS1735.12 and AS 1428.
- 2.9.2 Lifts, access ways, doorways and accessible toilets and showers will be sized to conform to the BCA and Australian Standards.

2.10 Heritage issues

- 2.10.1 There are no known heritage issues in relation to this site.

2.11 Child-care provisions

- 2.11.1 The acquisition of this new site will enable all existing Canberra CBD staff, currently accommodated in 7 buildings dispersed across the city, to be collocated in one complex within the CBD - no additional staff are expected to be located in these premises. As such it is expected that staff will continue to utilise existing child care arrangements and no on-site facilities are proposed.

2.12 Fire protection

2.12.1 The building brief requires provision of fire services in accordance with BCA and local Fire Brigade Authority requirements, including:

- (a) Fire protection, detection systems, smoke hazard management and fire egress travel distances in accordance with the Building Code of Australia (BCA) and AS1668 and AS2118.1.
- (b) Fire suppression systems.
- (c) Battery operated self contained emergency lights and exit signs connected to a computerised automatic testing system. Coverage is to include toilets, plant rooms and switch rooms, the office area and car park.
- (d) Emergency Warning and Intercommunication System complete with additions to cater for hearing impaired requirements.
- (e) Extinguishers, fire blankets etc..
- (f) External and internal hydrant system.
- (g) Internal fire hose reel system.
- (h) Ancillary alarm outputs to various building sub systems.

2.13 Security

2.13.1 A security risk assessment will be conducted during the design stage, and the building will match the outcomes of the assessment. A security design brief will be developed by a SCEC Approved Security Consultant. The building fitout will incorporate the Tax Office's security requirements. All staff are provided with security passes which will interface with electronic proximity card readers at specified locations at the perimeter of the premises to control access. Electronic access control points include:

- (a) Vehicle and pushbike access to the parking areas.
- (b) Loading dock and after hours access doors.

2.13.2 Internal areas with higher than normal security requirements will also have proximity card readers installed at the entrance doors to restrict access to authorised staff only.

2.13.3 A security desk will be located in the foyer of each building and staff will be required to sign in and escort visitors.

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

2.14 Occupational health and safety

- 2.14.1 The Tax Office project team will appoint a recognised Occupational Health and Safety consultant to advise on the Design and Construction of the new fitout. Further the Tax Office will liaise closely to ensure that the fitout design complies with the relevant codes. Additionally the Tax Office consultant will assist in the selection of internal furniture and fittings including adjustable desks, shelving, work tables and compactus units to ensure they are suitable for a wide range of staff to use safely and with minimised risk of injury.
- 2.14.2 Characteristics of the proposed work space will be:
- (a) Modular workpoints that provide functional support, storage and a level of privacy.
 - (b) Low profile to preserve views.
 - (c) Feeling of light, airy, healthy openness.
 - (d) Capacity for visual variation.
- 2.14.3 The design, materials and finishes used in the furniture and fitout construction will take into account OH&S aspects and avoid sharp edges, furniture legs which cause obstructions and highly reflective surfaces.

2.15 Landscaping

- 2.15.1 Landscaping will comply with NCA requirements and will include signage and external facilities for waste enclosure.

2.16 Consultation

- 2.16.1 The Tax Office has adopted a number of communication strategies for internal and external consultation. This includes direct consultation with representatives from the various functional areas of the office and by staff bulletins. The Tax Office will also continue to conduct formal consultation with managers and staff. This strategy incorporates:
- (a) Briefings for managers and staff.
 - (b) Briefings for staff representatives and unions.
 - (c) Work area involvement in the development of the requirements.

- (d) The display of a prototype work area so that all staff can familiarise themselves and raise questions about the proposed fitout.
- (e) Information sessions for staff including site visits during construction.
- (f) Establishing a project steering committee responsible for overseeing the project including overall strategic direction.
- (g) Establishing a reference group to provide advice on more significant specialist aspects of the project.
- (h) All staff e-mails.

2.17 Local impact, eg employment

- 2.17.1 Consultation with the ACT Government has indicated that the proposal will have a positive impact on the local community. Currently the land is underutilised and the additional office space is consistent with the Government's aim of increasing the amount of employment in the city and stimulating business activity.
- 2.17.2 Existing occupancy rates for office buildings in Civic are very high which provides little opportunity for prospective tenants seeking to expand their operations or to upgrade their accommodation. Similarly there are few opportunities for owners and developers of existing lower grade buildings to have their buildings vacated and enable them to be refurbished. Currently, about 70% of office space in Canberra is B or lower grade, which is not favoured by tenants in the market who generally target higher grade space. The leasing of the Section 84 development by the Tax Office will free up space to allow the refurbishment of existing buildings in Civic and provide flexibility for landlords to refurbish their properties to meet changing demands, eg retail residential or multi-tenanted office space.
- 2.17.3 Existing infrastructure services including power, communications, sewerage, gas and water supplies are well developed and can easily cope with the increased demand.
- 2.17.4 Construction and fitout will impact positively on the local economy with employment in the private sector. There will be no significant increase in numbers employed by the Tax Office in the Canberra CBD during this project.

2.18 Project costs

- 2.18.1 The estimate fitout cost based on consultation with Quantity Surveyor, WT Partnership, is \$66.80m, excluding GST. This equates to a rate of \$1,048 per square

metre (excluding GST) which is considered to be in the low to mid- range for Commonwealth office fitouts in Canberra.

An estimated breakdown is as follows:

Table 3: Project Costs

Item	Estimated Cost (\$m)
Workstations/ Loose furniture/blinds	18.222
Joinery/Fittings/Partitions/Ceilings/Doors	15.316
Services	16.953
Preliminaries/Builders Works Costs	9.383
Project Management and Consultancy Fees	3.880
Contingencies	1.828
Escalation	1.218
Sub-total	66.800
GST	6.680
Total	73.480

2.18.2 The estimate assumes integrated fitout. The estimate also takes into account re-use of some existing workstation furniture, joinery items and equipment that is in good condition. This will reduce the funds needed for fitout.

2.19 Project delivery methodology

2.19.1 The Tax Office has engaged the developer to prepare the detailed design documentation and construct the fitout concurrently with the base building. This work will be undertaken on a cost-plus basis, with the Tax Office paying actual tendered prices for goods and services received, and the developer charging a percentage fee for management of the works.

2.19.2 An integrated fitout is expected to provide the Tax Office with the following benefits:

- (a) Costs will be less because the fitout-related work will be done at the same time as the base building work and hence there is less need for re-work in

modifying the base building to accommodate the fitout after the base building is completed.

- (b) Time will be saved because the Tax Office does not have to wait until the base building is completed before the fitout works commence.
- (c) Coordination is easier because the same project team manages all aspects of the work, including work for the developer and the Tax Office. There are fewer over-laps in responsibilities and less potential for disputes over matters such as interference.
- (d) There is less duplication of resources with one team of design, supervision and management personnel for both aspects of the work.

2.19.3 The Tax Office has engaged its own Project Manager and Quantity Surveyor to ensure its interests are protected throughout the process.

2.19.4 The Tax Office has engaged an Architect for the fitout component of the project and will novate this provider to the developer for the project.

2.20 Construction program

2.20.1 Fitout will be undertaken concurrently with the base building construction. Precinct B is scheduled for completion in May 2007 and Precinct C is scheduled for completion in November 2007. This will enable the progressive relocation from the existing buildings to the new premises to take place over a two to three month period if necessary to minimise disruption to Tax Office business. Project consultants have reviewed the construction program to ensure it is feasible and that there is appropriate contingency to cover time over-runs.

2.20.2 The brief for the Tax Office's Project Manager places a high priority on monitoring the program to ensure that any potential program delay is identified at an early stage so that it doesn't impact on the completion date.

2.21 Sketch designs

2.21.1 The site plan is at Annexure A.

2.21.2 Building elevations and floor plans (in an early stage of development) are attached at Annexure B.

Annexure A

Annexure B