

Proposed integrated fitout of new leased premises for the Australian Taxation Office in Albury, New South Wales

- 3.1 The proposed fitout of new premises for the Australian Taxation Office (ATO) in Albury would provide new office accommodation for all ATO staff currently based in Albury. The estimated cost of the project is \$19.2 million.
- 3.2 The proposal was referred to the Committee on 24 November 2010.

Conduct of the inquiry

- 3.3 The inquiry was advertised in *The Australian* newspaper and submissions sought from those with a direct interest in the project. The Committee received two submissions and one confidential supplementary submission detailing the project costs. A list of submissions can be found at Appendix A.
- 3.4 The Committee undertook a site inspection, public hearing and an in-camera hearing on the project costs on 15 February 2011 in Albury.
- 3.5 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 (ATO).

Need for works

- 3.6 The ATO submission states that the works are needed because the current premises have been occupied since 1991, and the fitout and building

¹ <www.aph.gov.au/pwc>

services were constructed in that year. The building and tenancy have a NABERS² Energy rating of 3 stars, 1.5 stars below the Commonwealth Government's minimum rating. The existing lease will expire in 2012, and the ATO conducted an open-market test to find possible accommodation options beyond the life of the lease.

- 3.7 The Committee finds that there is a need for the proposed works.

Scope of works

- 3.8 The proposed scope of the works is detailed in Submission 1: ATO. The project proposes to fitout approximately 10,400m² of office space (including basement storage) across six floors and basement. The fitout will include:

- integration of building services (electrical, mechanical, communications, security, fire and hydraulic) into the base building works;
- supplementary air-conditioning for rooms with special requirements;
- lighting control system and data cabling, security infrastructure and supplementary fire services where necessary;
- reception areas, open plan work areas and workstations;
- standardised offices sized 28.8m² and 14.4m²;
- breakout spaces, quiet rooms and casual meeting space;
- computer rooms, storage facilities and security areas;
- conference, training, first-aid, amenities and kitchen facilities; and
- bicycle storage, showers, change rooms and lockers.³

- 3.9 The building and fitout will achieve or exceed 4.5 NABERS stars, a condition under the Green Lease Schedule.

- 3.10 Fitout works are expected to commence in March 2011, and to be completed in October 2012.

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

2 National Australian Built Environment Rating System.

3 Submission 1, Australian Taxation Office, p. 19-21.

Cost of works

- 3.12 The total estimated out-turn cost for this project is \$19.2 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.
- 3.13 The Committee is satisfied that the costings for the project provided to it are adequate.

Project issues

Commonwealth Savings

- 3.14 During its public hearing, the Committee asked the ATO about the projected savings as a result of the proposal. The ATO informed the Committee that it would save approximately \$500,000 each year on reduced electricity, water and waste management, given the new building's more efficient systems.⁴
- 3.15 Additionally, the ATO will save money by avoiding upgrades to its existing premises. In all, the ATO believes it will save some \$15 million over the life of the lease, and the Committee commends the ATO for undertaking this course of action.⁵

Local employment

- 3.16 The ATO is a major employer in Albury, and the Albury site is one of the ATO's larger offices.⁶ At its hearing, the Committee asked the ATO about the extent to which local tradespeople and companies will be used in construction works. The ATO advised the Committee that the building owner expected to 'create 300 jobs locally for trades'.⁷

4 Mr S. Smillie, Australian Taxation Office, *Proof Transcript of Evidence*, Tuesday 15 February 2011, p. 3.

5 Mr S. Smillie, Australian Taxation Office, *Proof Transcript of Evidence*, Tuesday 15 February 2011, p. 4.

6 Mr S. Smillie, Australian Taxation Office, *Proof Transcript of Evidence*, Tuesday 15 February 2011, p. 5.

7 Mr S. Smillie, Australian Taxation Office, *Proof Transcript of Evidence*, Tuesday 15 February 2011, p. 5.

- 3.17 The Committee is pleased that the ATO intends to remain a significant employer in Albury, especially given this commitment to a lease of between 15 and 25 years.⁸ The Committee is also pleased that the ATO is contributing to new urban and civic infrastructure for Albury, consistent with the city plans of the Albury Council.⁹

Committee comment

- 3.18 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 3.19 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.

Recommendation 2

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: proposed integrated fitout of new leased premises for the Australian Taxation Office in Albury, New South Wales.

Ms Janelle Saffin MP

Chair

3 March 2011

8 Mr S. Smillie, Australian Taxation Office, *Proof Transcript of Evidence*, Tuesday 15 February 2011, p. 7.

9 Mr S. Smillie, Australian Taxation Office, *Proof Transcript of Evidence*, Tuesday 15 February 2011, p. 8.