



Whole of Australian Government - Property

**MEETING MINUTES – Ventia/PSCP Implementation Meeting**

<b>Attendees</b>	Ventia: s 22 DoF: s 22	
<b>Apologies</b>	s 22	
<b>Meeting location</b>	Burns Centre/Microsoft Teams	<b>Chairperson</b> s 22
<b>Date</b>	30th of July 2021	<b>Time</b> 11:00 am

No	Item	Discussion
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No		
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**MEETING MINUTES – Ventia/PSCP Implementation Meeting**

Attendees	Ventia: s 22		
	DoF: s 22		
Apologies	s 22		
Meeting location	Microsoft Teams	Chairperson	s 22
Date	24 September 2021	Time	11:00 am

No	Item	Discussion
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No	Item	Discussion
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No	Item	Discussion
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No	Item	Discussion
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		ATO Canberra, s 22 [REDACTED] nearing completion of procurement processes. Canberra around a month behind but the plan is still to have the market process completed by Christmas with the ATO moving into a delivery phase for all projects in the new year.
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No	Item	Discussion
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No	Item	Discussion
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No	Item	Discussion
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No	Agreed Action	Status	Responsibility	Agreed Date
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Meeting Minutes

Meeting Title	Ventia   PSCP Implementation Meeting		
Attendees	Ventia/Colliers s 22 DoF: s 22		
Apologies	s 22		
Location	Microsoft Teams	Chairperson	s 22
Date	25 March 2022	Time	11:00 am

No	Item	Discussion
s 22		



s 22



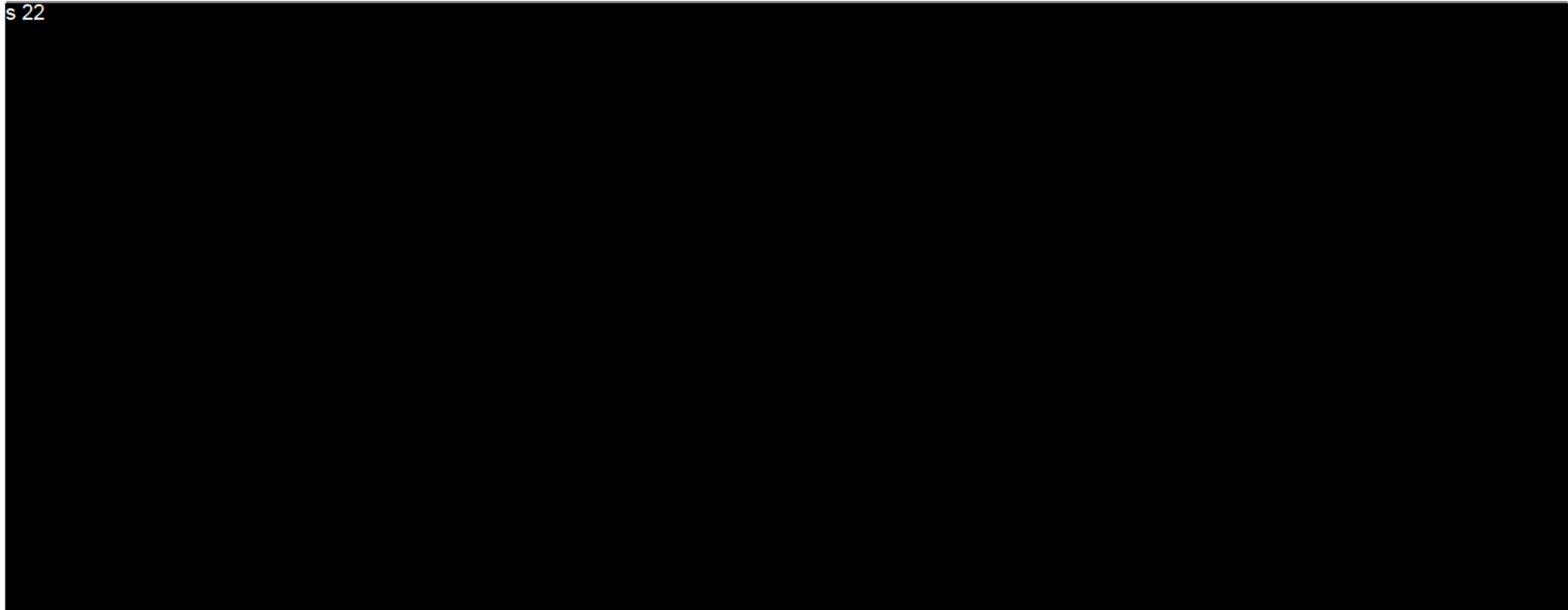


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Leasing Services

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s 22 advised several of the major ATO processes Colliers have been working on over the last 18-24 months are coming to completion. The three remaining sites s 22 Canberra s 22 are either in the process of having agreement to fitout and lease (AFL's) exe being submitted to Finance for approval s 22

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No	Agreed Action	Status	Agreed Date	Responsibility
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No	Agreed Action	Status	Agreed Date	Responsibility
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Meeting Minutes

Meeting Title	Ventia   PSCP Implementation Meeting		
Attendees	Ventia/Colliers/DoF: s 22		
Apologies	s 22		
Location	Microsoft Teams	Chairperson	s 22
Date	29 April 2022	Time	11:00 am

No	Item	Discussion
s 22		



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[Redacted content]

ATO

ATO have been focused on the s 22 Canberra leasing activity.

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[Redacted content]





s 22		s 22 ATO Canberra processes is close to finalisation. s 22 [Redacted]
[Redacted]		



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No	Agreed Action	Status	Agreed Date	Responsibility
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No	Agreed Action	Status	Agreed Date	Responsibility
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# Minutes

**Subject:** SPA Weekly Progress and Leasing Strategy Meeting

**Venue:** GovTeams Teleconference

**Date:** 5 May 2022 at 9:00am

**Participants:** Finance: s 22

SPA: s 22

## Item

## Action

### 1. Core Services

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#### 1.2 Upcoming lease transactions

- CBA: ATO, s 22 and Canberra

No urgency for approving these notifications has been flagged by Colliers; however, it is anticipated both CBA's will be received by end of May or

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# Minutes

**Subject:** SPA Weekly Progress and Leasing Strategy Meeting

**Venue:** GovTeams Teleconference

**Date:** 1 June 2022 at 3:00pm

**Participants:** Finance: s 22

SPA: s 22

Item	Action
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## 1. Core Services

### 1.1 Current lease transactions (refer to Notifications Register)

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- CBA: ATO Canberra

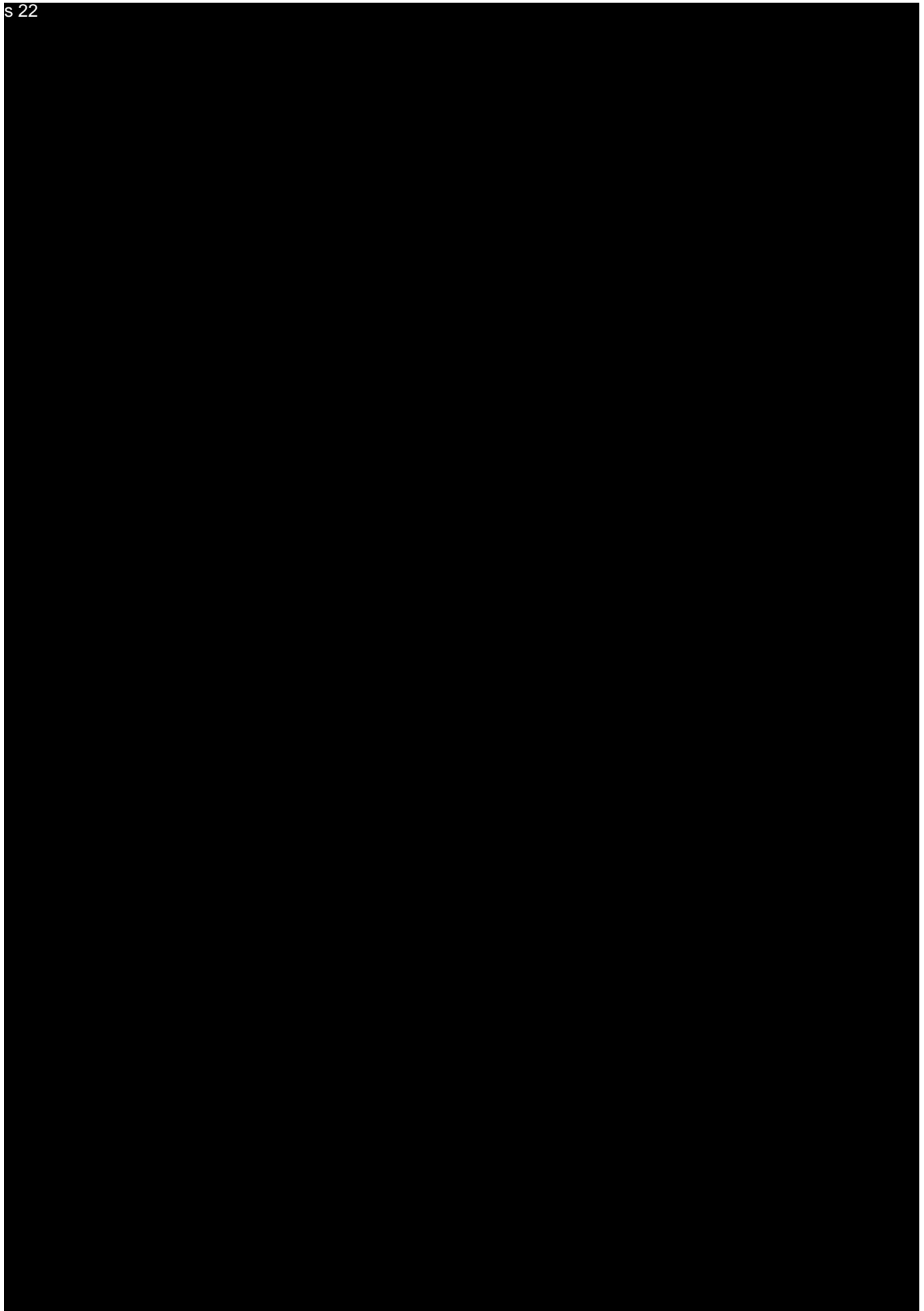
The ten-day period for the ATO, CBA has been extended due to ongoing engagement with the PSP/ATO. AG advised that a meeting was held with Colliers on Tuesday, 31 May 2022 and an additional meeting has been scheduled with ATO/Colliers on Thursday, 2 June 2022. This meeting has now been delayed until Monday 6 June.

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**Deloitte.**

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# Minutes

**Subject:** SPA Weekly Progress and Leasing Strategy Meeting

**Venue:** GovTeams Teleconference

**Date:** 8 June 2022 at 3:00pm

**Participants:** Finance: s 22

SPA: s 22

Item	Action
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## 1. Core Services

### 1.1 Current lease transactions (refer to Notifications Register)

- CBA: ATO Canberra

The SPA is currently awaiting more information from the ATO regarding the project plan completed for a non-integrated fit-out. Once confirmed, the CBA will be submitted soon after.

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**Deloitte.**

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# Minutes

**Subject:** SPA Weekly Progress and Leasing Strategy Meeting

**Venue:** GovTeams Teleconference

**Date:** 22 June 2022 at 3:00pm

**Participants:** Finance: s 22

SPA: s 22

Item	Action
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## 1. Core Services

### 1.1 Current lease transactions (refer to Notifications Register)

s 22

- ATO, CBA

Finance advised that additional information has been sought from Colliers on this submission.

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# Minutes

**Subject:** SPA Weekly Progress and Leasing Strategy Meeting

**Venue:** GovTeams Teleconference

**Date:** 13 July 2022 at 3:00pm

**Participants:** Finance: s 22

SPA: s 22

## Item

## Action

### 1. Core Services

#### 1.1 Current lease transactions (refer to Notifications Register)

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- CBA: ATO – Canberra

Finance has notified Colliers that they can now draft the secretary letter.

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OFFICIAL: Sensitive

PDR Number: MS22-000829

Date sent to MO: 17 August 2022



Australian Government

Department of Finance

## MINISTERIAL SUBMISSION

Copies to:  
Secretary  
Mr Jagers  
Mr McClintock  
Mr Whitfort

Minister for Finance

Lease Endorsement Proposal – Australian Taxation Office (ATO) – Canberra

**Minister's action due by:** 26 August 2022 to support the ATO executing its Agreement for Lease in line with commercial timeframes.

### Recommendation:

That you:

- i. **agree** to endorse ATO's proposal to enter into a new 15-year lease <sup>s47G</sup> [REDACTED] at 15 Sydney Avenue, Barton, Australian Capital Territory.  
**AGREED** / NOT AGREED / PLEASE DISCUSS
- ii. **note** that, subject to your endorsement of the lease proposal, the Department of Finance (Finance) Secretary, Jenny Wilkinson PSM, will write to the ATO conveying your decision.  
**NOTED** / PLEASE DISCUSS

s22

[REDACTED]

26/8/22

Katy Gallagher

### Key Issues:

On 29 July 2022, Mr Chris Jordan, Commissioner of Taxation wrote to the then Secretary of Finance (Rosemary Huxtable PSM), seeking endorsement to enter into a new lease at 15 Sydney Avenue, Barton, with a net lettable area (NLA) of 33,021 m<sup>2</sup> and an estimated whole-of-life cost (WoLC) of <sup>s47G</sup> [REDACTED] (Attachment A refers). The proposed lease will commence in March 2025 for an initial 15-year term <sup>s47G</sup> [REDACTED]

Details of the proposed lease are at Attachment B.

2. ATO currently leases two tenancies in Canberra, spanning a combined NLA of 64,712 m<sup>2</sup>, with leases expiring in mid to late 2027:

(a) 26 Narellan St, Canberra – 22,655 m<sup>2</sup>, lease expiry of 25 May 2027.

(b) 21 Genge St, Canberra – 42,057 m<sup>2</sup>, lease expiry of 25 November 2027.

OFFICIAL: Sensitive

*The proposed lease will result in efficiencies for the Commonwealth*

3. The new tenancy will allow ATO to:

- (a) Consolidate its existing leases into a new, purpose-built development, located near the parliamentary triangle and for sole occupancy of the ATO. This will right-size ATO's accommodation, through reduced need for space and a more efficient fit-out, reducing the current NLA by 31,691 m<sup>2</sup> (49 per cent).

s47G

- (c) Accommodate 2,848 staff and achieve an occupational density of approximately 12 m<sup>2</sup> of usable office area per occupied work-point, which is below the Commonwealth's target of 14 m<sup>2</sup>. The final occupational density will be confirmed once fit-out design and works are completed.

- (d) Align its property footprint for future workforce requirements and realise financial and operational synergies associated with operating from a single premise.

*A comprehensive procurement process was followed*

4. In line with the Commonwealth Leasing Strategy (CLS), the proposed tenancy was identified following a two-stage procurement process with a Request for Expressions of Interest (REOI) released on 17 March 2020 and a subsequent Request for Proposal released on 14 September 2020.

s47G

5. Doma Barton Pty Ltd and Lentsure Pty Limited's (the Developer) submission for a development at 15 Sydney Avenue, Barton, was assessed as providing the best overall value for money outcome for the Commonwealth, with key terms including:

s47G

*The proposed lease is expected to support current and future sustainability outcomes.*

6. The proposed development at 15 Sydney Avenue, Barton will target a minimum 5 stars rating under the National Australian Built Environment Rating System (NABERS), which exceeds the Commonwealth minimum requirement of 4.5 stars for buildings with a NLA greater than 2000 m<sup>2</sup>, as mandated under the Energy Efficiency in Government Operations policy (EEGO).

OFFICIAL: Sensitive

7. A Green Lease Schedule (GLS) will also be included as part of the lease arrangements. A GLS improves energy efficiency by setting a minimum ongoing operational building energy performance standard. The building will also target a 5 Star Green Star rating.

8. In addition to the expected energy efficient design and operation of 15 Sydney Avenue, Barton, ATO is expected to achieve further environmental benefits by reducing its current NLA by 49 per cent (31,691 m<sup>2</sup>) resulting in less heating, cooling, water usage and waste produced compared to the existing leased footprint.

*The fit-out of the new tenancy will require referral to the Parliamentary Standing Committee on Public Works (PWC)*

9. The new tenancy will require fit-out works be completed prior to being occupied. These works are estimated to cost approximately s47G (excluding GST) and will be fully funded through ATO's capital expenditure.

10. The *Public Works Committee Act 1969* requires all public works for non-defence purposes, estimated to cost more than \$15 million, to be referred to the PWC for consideration. Subject to your endorsement of the proposed lease, ATO will bring forward a submission to the PWC for the fit-out expenses.

#### *Other information*

11. All ongoing operational expenses will be funded through the ATO's internal budget allocation for the term of the Lease.

12. To enable sufficient time to consider, identify and deliver a new leasing solution, the ATO previously exercised a five-year option on the existing leases, resulting in a new lease expiry of 2027 for both tenancies. s47G

*The proposed lease aligns with Commonwealth property policy*

13. Finance and the government's Strategic Property Adviser (SPA) (Deloitte) have reviewed the *Cost Benefit Analysis* for the proposed lease and note the commercial terms that have been achieved are considered to be superior to alternative options currently available to the ATO.



OFFICIAL: Sensitive

14. Finance recommends that you endorse this lease proposal as it meets the objectives of Commonwealth property policy, the CLS and supports the operational requirements of the ATO.

**Background:**

15. Leasing decisions for non-corporate Commonwealth entities (NCE) are made in line with the Commonwealth Property Management Framework – Resource Management Guide 500 (RMG 500).

16. RMG 500 establishes a foundation for achieving value for money and promotes efficient, effective, economical and ethical management of owned and leased Commonwealth property in Australia, including external territories. It supports the *Public Governance, Performance and Accountability Act 2013* and supplements the Commonwealth Procurement Rules.

17. RMG 500 requires NCEs to seek endorsement, from the Finance Minister, for all leasing transactions (for office and shopfront accommodation) with a WoLC over \$30 million (or over \$100 million for the Department of Defence). A *Cost Benefit Analysis* for the proposed lease (requiring endorsement) is submitted to the SPA and Finance for assessment before review and potential endorsement by the Finance Minister.

**Consultation:**

18. Internal: Budget and Financial Reporting Group.

19. External: ATO, SPA (Deloitte), Property Service Provider (Colliers).

**Attachments:**

Attachment A – Letter from the ATO to Finance seeking lease endorsement

Attachment B – Lease summary ATO – Canberra

***Approved for electronic transmission***

Elliot Zwangobani  
A/g Assistant Secretary  
Whole of Government Property Services  
Property and Construction Division  
02 6215 2399

Contact Officer:

s 22

Job Title/Level:

A/g Director

Telephone:

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PDR Number

MS22-000829



Australian Government  
Australian Taxation Office

Commissioner of Taxation

Ms Rosemary Huxtable PSM  
Secretary  
Department of Finance  
One Canberra Avenue  
FORREST ACT 2603

Dear Ms Huxtable,

*Rosemary,*

In accordance with the Commonwealth Property Management Framework, the Australian Taxation Office (ATO) seeks endorsement for a new 15-year lease at **15 Sydney Avenue, Barton** at an estimated whole-of-life lease cost of **\$47G**

#### New Lease details

The table below provides a comparison of the existing Lease with the proposed new Lease:

	Existing Lease (26 Narellan St, Canberra)	Existing Lease (21 Genge St, Canberra)	New Lease (15 Sydney Avenue, Barton)
Total Net Lettable Area (NLA)	22,655sqm	42,057sqm \$47G	33,021sqm
Gross Rent (\$/sqm/year)			
Lease Type (e.g. Fully Gross, Gross, Single Net, Double Net, Triple Net, Owned)	Fully Gross	Fully Gross	
Escalation rate (%/year)	Fixed 3.5%	Fixed 3.5%	



Building grade (to PCA rules)	A	A	A
Total number of workstations	1,220	1,971 (ATO Only) (additional ~ 945 subleased to DVA)	TBC
Headcount	1,089	1,759	2,848
Fitout density (useable office area/ work point)	18.07sqm/work point	13.87 sqm/work point (ATO Only)	Density will be reduced to 14m <sup>2</sup> / work point under the new Lease with the preferred tenderer – built to approx. 12sqm
Occupational Density (useable office area/number of staff allocated to the Lease)	20.24sqm/work point	15.54 sqm/work point (ATO Only)	Density will be reduced to 14m <sup>2</sup> / work point under the new Lease with the preferred tenderer – built to approx. 12sqm
Non-office area	612sqm	1094sqm	TBC
Sub Leased area	Nil	13,627sqm	Nil
Lease length	15 years (from 25 May 2007)	15 years (from 25 November 2007)	15 years
Options	2 x 5 years	2 x 5 years	s47G
Incentives in Lease deal. (E.g. fitout cost incorporated in rent)	N/A	N/A	
Fitout Cost	N/A	N/A	
s47G	N/A	N/A	

	277 car parking	400 car parking bays
Number of carparks and cost	s47G	
Whole of life cost excluding GST		
Whole of life cost including GST		

\*Tenant will be required to pay its proportion of increases in aggregated outgoings over a base year.

The ATO had two upcoming Lease expiries in Canberra. Both Leases were negotiated and entered into in 2007 based broadly on the same terms and conditions. Both Leases had 3 options of 5 years each to renew at the end of the initial Lease term. Details are as follows:

- 26 Narellan Street – initial Expiry 25 May 2022; and
- 21 Genge Street – initial Expiry 25 November 2022.

To mitigate accommodation risks due to the upcoming Lease expiries and to successfully deliver a long-term single site solution in Canberra, the ATO exercised the first of the 5-year lease extension options at both 26 Narellan Street and 21 Genge Street taking the lease expiries to May 2027 and November 2027 respectively. These actions have been separately endorsed by the Finance Minister.

In accordance with the Commonwealth Leasing Strategy (CLS), the ATO approached the market in March 2020 for a reduced NLA requirement of ~32,000sqm of office accommodation in either the Canberra CBD or the Parliamentary Triangle via a multi-stage procurement process. s47G

and determined that DOMA's submission for 15 Sydney Avenue, Barton represented the best overall value for money for the ATO and subsequently entered into negotiations with the Developer.

The 15-year cost of the new lease is estimated at s47G

This has been reduced from the opening negotiation value of s47G. The negotiations have resulted in improvements to the Commonwealth position of s47G

**Which options were considered in the CBA with a reference to further details in the attached CBA?**

Section 5 of the CBA provides a summary of the s47G submissions that ATO has assessed at the RFP stage, including the strengths and the weaknesses for

each option. s47G

**Consideration of whole-of-government options such as filling surplus office space:**

Consideration of whole-of-government options such as filling surplus office space in accordance with RMG 500, options to utilise existing Commonwealth leased or owned property were considered before the market process was undertaken. Given the size and location of the tenancy, there are no alternate options with respect to existing leased or owned property.

**Consultation with Finance has occurred:**

The ATO, through its Property Service Provider – Colliers, have been providing regular updates to your Department and the Strategic Property Advisor (SPA) regarding this market process.

**How the lease will be funded:**

All ongoing property operating expenses will be funded through the internal ATO Budget allocation for the term of the lease.

**Fit-out:**

The new lease will require fit-out works with an estimated cost of s47G which will be fully funded through the ATO's capital expenditure. This rate is driven by current market supply issues (in part due to the COVID-19 pandemic). The proposed fitout will be designed to target improved operational efficiencies in line with the Commonwealth occupational density requirements. The fitout cost has been included in the WoLC.

**Any other information considered relevant**

Colliers advise the new 15-year lease at 15 Sydney Avenue Barton, aligns with the CLS and provides ATO a long-term accommodation solution with a significantly reduced NLA and new fitout aligning with business requirements.

The new lease is a reduction in office space from 64,712sqm to 33,021sqm (total reduction 31,691sqm) s47G

Yours sincerely

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Chris Jordan  
Commissioner of Taxation  
Australian Taxation Office

29 July 2022

OFFICIAL: Sensitive

## Attachment B: ATO, Barton – New Lease Summary Table

Lease Details	Proposed lease: 15 Sydney Avenue, Barton	Market expectations and commentary
Net Lettable Area (NLA) m <sup>2</sup>	33,021	-
Usable Office Area (UOA) m <sup>2</sup>	33,021	-
Lease length and option length(s)	Fifteen-year lease s47G	-
Gross Effective Rent (\$/m <sup>2</sup> /yr)	s47G	\$325 - \$450 (Canberra Civic and Barton A-grade)
Outgoings (\$/m <sup>2</sup> /yr)	-	-
Escalation rate (%/yr)	s47G	2.75% - 3.50%
Building grade (to PCA rules)	A-grade	-
Number of work points (office area)	TBC	-
Headcount	2,848	-
Occupational density of office area (m <sup>2</sup> /occupied work point)	1:11.6	Will meet the Government's occupational density target of 1:14 m <sup>2</sup> .
Incentives in lease deal (e.g. fit-out cost incorporated in rent)	s47G	Market incentives for A-grade buildings located in Canberra Civic and Barton range from 20% - 28%
Fit out costs (\$/ m <sup>2</sup> )		\$2,000/sqm is a typical fit-out cost estimated for Commonwealth tenancies with respect to the PWC benchmark
Other material costs and how they compare to market norms (e.g. car parking costs)		Car parking market rates: \$3,900 - 4,500 per bay pa. + parking levy  Make-good: Avoiding make good obligations aligns with the CNL position and is a favourable outcome from negotiations.
WoLC initial term		-
WoLC with options		-

OFFICIAL: Sensitive



Meeting Minutes

Meeting Title	Ventia   PSCP Implementation Meeting		
Attendees	Ventia/Colliers: s 22 DoF: s 22		
Apologies	s 22		
Location	Microsoft Teams/Ventia Boardroom	Chairperson	s 22
Date	26 August 2022	Time	11:00 am

No	Item	Discussion
s 22		



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		ATO Canberra process is about to move into project phase.
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