



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

Subcommittee

**PARLIAMENTARY STANDING COMMITTEE ON PUBLIC
WORKS**

**Reference: Fit-out of new leased premises for the Australian Securities and In-
vestments Commission in Sydney, New South Wales**

FRIDAY, 13 MARCH 2009

SYDNEY

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**PARLIAMENTARY STANDING
COMMITTEE ON PUBLIC WORKS**

Friday, 13 March 2009

Members: Mr Butler (*Chair*), Senator Troeth (*Deputy Chair*), Senators Mark Bishop and Forshaw and Mr Champion, Mr Forrest, Mr Lindsay, Mr Price and Mr Slipper

Members in attendance: Senator Troeth and Mr Butler

Terms of reference for the inquiry:

To inquire into and report on:

Fit-out of new leased premises for the Australian Securities and Investments Commission in Sydney, New South Wales

WITNESSES

BETTS, Mr Jonathan, National Manager, Property, Australian Securities and Investments Commission..... 1

BOXALL, Dr Peter, Commissioner, Australian Securities and Investments Commission..... 1

DEAN, Ms Linda, Senior Executive Specialist, Corporate Services, Australian Securities and Investments Commission..... 1

DIXON, Ms Amanda, Senior Executive Specialist, People and Development, Australian Securities and Investments Commission 1

IGLESIAS, Mr Carlos, Chief of Operations, Australian Securities and Investments Commission..... 1

MANNING, Mr Anthony, Director, Turner and Townsend..... 1

Subcommittee met at 11.02 am**BETTS, Mr Jonathan, National Manager, Property, Australian Securities and Investments Commission****BOXALL, Dr Peter, Commissioner, Australian Securities and Investments Commission****DEAN, Ms Linda, Senior Executive Specialist, Corporate Services, Australian Securities and Investments Commission****DIXON, Ms Amanda, Senior Executive Specialist, People and Development, Australian Securities and Investments Commission****IGLESIAS, Mr Carlos, Chief of Operations, Australian Securities and Investments Commission****MANNING, Mr Anthony, Director, Turner and Townsend**

CHAIR (Mr Butler)—I declare open this public hearing of the Parliamentary Standing Committee on Public Works in its inquiry into the proposed fit-out of premises for the Australian Securities and Investment Commission, ASIC, in Sydney. We have media in the room and it is a standing order requirement that I ask you if you have any objection to the media being in attendance. The witnesses have indicated that they have no objection and I accordingly ask for a motion to that effect from the committee.

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

That, pursuant to the order of the Senate concerning radio and television broadcasting of committee proceedings, the subcommittee authorises radio and television broadcasting of these proceedings.

Although the committee does not require you to give evidence under oath I should advise you that these hearings are formal proceedings of the parliament and they therefore warrant the same respect as proceedings of the parliament itself. I remind witnesses that giving false or misleading evidence is a serious matter and might be regarded as a contempt of the parliament.

I invite you to make opening statements.

Dr Boxall—Thank you for the opportunity to present our proposal. This proposal seeks approval for the construction of the fit-out of the Australian Securities and Investments Commission's proposed tenancy at 100 Market Street, Sydney. ASIC is a Commonwealth government agency responsible for administering and enforcing Australia's corporate and financial services laws and promoting confident participation in the financial markets. Our vision is to exercise our powers to make a real difference in improving confidence in the integrity of financial markets and protecting investors and consumers and to deliver outstanding and cost-effective services.

For the purpose of performing its function and exercising its powers under the corporations legislation, ASIC is required under the ASIC Act 2001 to establish an office in each state and

territory. As outlined in our submission, ASIC currently occupies three premises in the Sydney central business district—1 Martin Place, 55 Market Street and 77 Castlereagh Street—on long-term leases that expire in June 2010. ASIC also has a short-term sublease of premises at 130 Pitt Street to house an IT project team working on refreshing ASIC's IT infrastructure.

The aim of the project before the committee is to create a cost-effective, flexible, environmentally sustainable and efficient office to house all ASIC's Sydney based staff for the next 10-plus years. The impending expiry of all the major leases has created an opportunity to assess the costs and efficiencies of bringing all ASIC's Sydney based staff into one office.

The feasibility of refitting and occupying 1 Martin Place was explored in mid-2006 and again in late 2007, and was discounted for a number of reasons: the required space was not available, the capacity within that space was not sufficient for ASIC's needs, and the projected rental increase would have been prohibitive. We conducted an expression of interest campaign to inform ASIC of its long-term accommodation options in Sydney. Seventeen properties were initially identified and, following a detailed analysis, four properties were short-listed. Further assessment of the suitability, in terms of capacity and capability, of the short-listed alternatives was undertaken. We selected 100 Market Street on the basis of a number of key criteria: financial, physical, location, timing and sustainability. 100 Market Street was considered the most suitable premises to deliver on our requirements. This would also involve ASIC moving from a premium-grade building to an A-grade building with superior environmental performance. The configuration and large floor plates would facilitate workplace collaboration, which is an important cultural objective.

ASIC has negotiated, with Westfield, a 10-year lease with two five-year options for levels six to 10. The tenancy comprises approximately 15,475 square metres in total over five contiguous floors of office space. The strategy for the redevelopment of the building at 100 Market Street is to maximise the re-use of the structure while eliminating the inefficiencies of the original building and its systems. This approach would enable the achievement of five-star ratings on both the Green Star and the National Australian Built Environment rating systems. The fit out would adopt an ecologically sustainable design principle and use appropriate materials to achieve the best possible environmental performance, maximising the benefits of the base building sustainability ratings. Additionally, ASIC is committed to accrediting the new premises at 100 Market Street to the ISO 14001 rating for environmental management systems, which it has achieved both in Melbourne and at the current Sydney office at 1 Martin Place.

The engagement of staff is seen as a critical factor in the success of this and all property projects. An engagement strategy and communication plan was developed and implemented to ensure ongoing staff involvement and consultation. Staff ideas and business requirements were gathered and assessed with regard to technical, physical, time and cost constraints. The engagement of Sydney-based staff commenced during the expression of interest stage with a staff survey to assess what was most important to staff in terms of location and amenity of ASIC's office in Sydney. This was followed by a functional briefing process to capture all the current and future workplace requirements of the staff in the organisation. Staff are being kept up to date with the progress of the project through regular electronic bulletins and notification of further consultation opportunities.

In light of ASIC's increased responsibilities, particularly around the global financial crisis, ASIC continues to assess its accommodation needs, especially in Sydney, Melbourne, Brisbane and Adelaide to ensure that we can allocate staff across all offices. Since making our submission, this week ASIC received an unsolicited proposal from our current lessors at 1 Martin Place to remain in situ and take up additional space which the lessors indicate could be made available. ASIC has not yet assessed this proposal for the purpose of reporting to this committee but would be able to report back to the committee by, say, 25 March 2009. In any case, the new premises at 100 Market Street would not only serve ASIC well in the immediate future but would continue to meet ASIC's changing business needs for the foreseeable future. My colleagues and I would be pleased to answer any questions you might have on our submission.

CHAIR—Thank you, Dr Boxall. Before you go on to questions, Senator Troeth, I will just state for the record that the committee before the public hearing this morning has inspected the premises at 1 Martin Place, and I thank Mr Betts for guiding us through that so that we have an understanding of the current office layout and the way in which you use your space, at least at the major premises in Sydney. We were also able to inspect the property at 100 Market Street, which is still under construction, and two of the floors proposed for the ASIC tenancy there. I thank the various representatives of Westfield for that inspection as well.

Senator TROETH—You said in your submission that there is capacity for staffing growth at the new premises. I would be interested to know the growth in staff which has been accommodated at the three sites, let us say, over the last five years and if you anticipate any further staff increases which will be accommodated in the proposed new site.

Mr Iglesias—There are several questions in that.

Senator TROETH—Yes.

Mr Iglesias—We have had considerable growth over the last five years not only in Sydney but across all of our premises related to ASIC's increased responsibility over that period of time. It is inevitable to some extent that most of our growth will be reflected in Sydney and in Melbourne because that is where most of our regulated population is. So the situation over the last five years is that we have had growth. Are we continuing to grow? Our responsibilities, as you may be aware through decisions of the parliament, continue to grow around consumer credit and also around COAG initiatives such as the national business names proposal, which will bring national business names registration under ASIC's responsibilities. We have already received funding from the government this year and into next year to attend to matters arising from the global financial crisis. So there is potential that we will grow. Whenever ASIC receives additional responsibility we obviously look across all our offices in terms of the allocation of those resources. We take into account not only where the work will be required to undertaken but also where the best fit is and the extent to which our accommodation capacity or supply can meet that demand.

CHAIR—On that point, does ASIC have limited period surges in staffing numbers when you have major investigations such as HIH, or do your staffing numbers move on a reasonably even trajectory, whether it is up or down?

Mr Iglesias—We do have periods in which we have surges in the number of staff. You mentioned HIH; that is a good example. The James Hardie task force is another. At times we receive additional funding from the government to create those task forces and manage matters such as HIH. On those occasions we recruit staff for those task forces but we also move current staff into those projects. We backfill for those staff so, yes, it creates a net increase in terms of capacity. You may have seen over the last five years that we have had to do that. We have had to take short-term capacity in other buildings around Sydney to accommodate task force sizes of around 50 staff. Generally they would be for leases of roughly two to three years. That does happen from time to time. It is difficult to predict. We try to manage our accommodation to the resources that we can fund under our appropriation.

Senator TROETH—You have managed to answer that with giving me only one number. Excluding the surges that you have for extraordinary type enquiries, such as HIH and the James Hardy one, could you give me a percentage growth from, say, five years ago to now, or, if you would prefer it, some idea of numbers.

Mr Iglesias—I will give you an idea of numbers—roughly, because they are off the top of my head. I would say to you that the numbers we are projecting for 100 Market Street are about 870. Is that right, Jonathan?

Mr Betts—Yes.

Mr Iglesias—If you go back, say, 10 years ago to when we moved into 1 Martin Place, it would have been closer to around 550. Over time that sort of grew to about 500 or 600. But in the last few years, with the growth we are seeing now, it will take us to about 870 in Sydney.

Senator TROETH—Are you confident of a smooth changeover—assuming that the new site takes effect from where you are at present—to the new site? I gather that there is a changeover period of about three months or so with your lease expiring in June 2010, and I understand the finish date for the project is March 2010. Is that correct?

Mr Iglesias—Under the agreement for lease at the moment, I think we will receive the premises for our fit-out requirements in February 2010, and there is an allowance there of, I think, at least two months for us to then fit out the building and put in place workstations et cetera ready for our accommodation from 30 June 2010. At the moment—and it is early days—on the planning and the work that we have been doing with Westfield, that looks like it would all be doable, yes.

Senator TROETH—I also wanted to ask about the blackwater features of the building. I think it was mentioned in our tour that this is the largest blackwater project in terms of reusing water in Australia at present. Would you like to give us some details of that for the record?

Mr Betts—Mr Manning is probably the best person to answer that.

Mr Manning—Sorry, is this in terms of the scale of the blackwater project?

Senator TROETH—Yes, and how the project will use, I think it is, 80 per cent of the water that is usually used.

Mr Manning—Yes, the idea of the blackwater project is effectively to recycle water that is used within the building, the idea being that you will reduce the overall requirement for the building for water from the mains by 80 per cent, simply by recycling it. So you will effectively use flushed water, you will treat it and you will use it in non-potable sources. So it is things like urinal flushing, water cooling towers, even down to watering some of the plants in terms of those sorts of bits and pieces. So that is the idea behind it. The idea is that the net use of water reduces substantially, because normally that water would be flushed away and lost.

CHAIR—Your engagement of staff is detailed in your submission and seems to have been very thorough. Did you undertake any engagement with people who use ASIC or engage with ASIC from the public, and for the people you regulate—your clients or stakeholders, however you describe them—about location and the type of premise that ASIC would have into the future?

Mr Iglesias—We did not consult with the public as to location, but we knew that it would be a factor, given that they currently visit our premises at 55 Market Street. So, in terms of local amenity, or at least being nearby to that premise, that was a factor. We did consult with our external stakeholders. We asked our consultants, through Turner and Townsend, to consult with the stakeholders that visit our premises either on a one-off occasion or regularly. We asked them for their perceptions of what they expected to see, for instance, in our office or reception, given that we are a taxpayer funded organisation and that we probably do not have the same requirements as, say, some private-sector firms to, as it were, show off our firm. But we did consult with them to get a gauge from them as to what would be reasonable, and what they would be expecting, to see in our reception areas in particular, and also in our public meeting areas. And that was factored into the design principles that the architects then took into account.

CHAIR—I think you refer to 17 possible locations that were identified. I notice that the four of them that were shortlisted are all in the Sydney CBD.

Mr Iglesias—Yes.

CHAIR—Was there any consideration given to alternative locations such as Parramatta or the outlying office areas in Sydney, which I imagine are cheaper than the CBD?

Mr Iglesias—Yes, consideration was given to that. Before we went out with our expressions of interest consideration was given as to where ASIC should base itself. We consulted with not only the Treasury, because we are Treasury portfolio agency, but also the government at the time and established that it would be appropriate for ASIC to be in the CBD given our regulated population and most of the major firms are in the CBD as well. Also proximity to the courts is an important factor for our location because we are frequently taking actions before the courts. You will know that again 100 Market Street is located in close proximity to the courts and within walking distance for us to walk the necessary documents et cetera up to the court for hearings and so on. Those were important factors that we took into account before we went out to expressions of interest. We did not want to give building owners and landlords the impression we would be moving to places like Parramatta or North Sydney if in fact we had always

intended to be in the CBD. When we did the project we actually set some boundaries around where it would be acceptable for us to be located given the interaction with our stakeholders and the interaction with the courts.

Mr Betts—One other point to make is that we also looked at where staff were coming in from to get to work and the mode of transport which they used. It was very clear that there was a big arrival in that George Street spine. So we overlaid all those reasons that the government considered to be important. We thought it was important for staff to be close to those transport hubs of Wynyard, Town Hall and even Circular Quay for ferries et cetera.

CHAIR—Mr Betts, I asked you this in our inspection but could you just give me a bit of an idea—or maybe Ms Dixon can—about the demographics of your staff here in Sydney? I am not talking about down to the most minute detail but about broadly the age profile and the gender profile.

Mr Betts—I might defer to Amanda on specific percentages, but we actually have a very high female to male ratio compared to other sort of city centre occupiers. I think we are probably at slightly over 50 per cent for females or even higher.

Ms Dixon—I do not have the figure off the top of my head.

Mr Betts—In terms of the age profile, as I mentioned to you, Mr Butler, we sort of have two peaks. We have quite a lot of young staff members who are just out of university and we also have quite a lot of older, long-serving members—not quite to the same extent as a place like Traralgon, as we discussed. Certainly we do have that profile of having a lot of people who have been with us for under five years and quite a lot of people who have been with us for over 10-plus years.

CHAIR—I cannot remember where it is, but somewhere in your submission I think you have said that the premises or your operation make an on-site childcare centre unviable, particularly given that profile of your staff and the numbers you are talking about. Are there childcare services available in the area? Can you just walk me through a bit more that decision?

Mr Iglesias—That was one of the questions we had in our staff survey early on when we had made the decision that we would need to move. In the survey we asked what was important to them in terms of proximity and amenity. From that staff survey response about 10 per cent of the staff who responded felt that proximity to child care was moderately important, and five per cent said that it was very important. So we took that into account. When we did inspections we also looked at organisations that did have childcare facilities on-site and the cost, insurance and other issues associated with that. In the end we made the decision that it was important that we be in a site that had close proximity to childcare facilities rather than having them on the premises.

CHAIR—The amenity for your staff is obviously important given your engagement process, what Dr Boxall has said and also what Mr Betts has described as the chairman's view about these issues; and given the importance of the work that your staff perform and generally, maybe not quite now, the private sector salaries they could be earning. I think the committee agrees that that is an important thing for you to keep in mind. Can you run through a bit how you intend to

lay this premises out? We saw a mock-up layout of one floor that would incorporate a headcount of, I think, 219—I cannot remember the number.

Senator TROETH—I think the ratio was something like one to four.

CHAIR—One to 13.7 metres and about 220 on a floor, or thereabouts. You have got 870 staff considered here for five floors. I understand that you have got one floor set aside for meeting rooms.

Mr Iglesias—Yes.

CHAIR—Can you run through what sort of square metreage you are thinking of, how you will lay the office areas out—not so much the meeting rooms, but the office areas—to maximise the amenity to your staff.

Mr Betts—We are projecting about 150 staff per floor on the typical staff. That number is driven by the need for meeting rooms to support those staff on those floors and also for an office requirement in excess of the scheme that we saw, which was a typical Westfield scheme. The view that ASIC has as an organisation is that there are some requirements for the work that we do and the people that we employ to have office space probably above and beyond what might be expected in other organisations. When you incorporate the meeting rooms, the staff amenities—we have got two break-out spaces per floor for the staff—the storage facilities, the comms rooms et cetera, those typical floors will have about 150 or 155 people.

We have a number of atypical floors that do not have quite that capacity. On the lowest level floor, which will be the reception floor, about half the floor will be given over to meeting rooms. We have put a lot of work into what our meeting rooms should look like—the size, capacity and nature of them and the function for which they are used. We are confident that that level for meeting rooms is appropriate. The balance of that floor, as you saw in Martin Place, is people who interact and need to interact with people coming into the building, so the mail room, couriers and the facilities staff will be there.

Then there are other floors where you have got other facilities that take up quite large spaces. There are things like the comms room for the data centre and the IT people and DCU, which is the facility you saw on level 18, which, unusually for ASIC, is a very large piece of real estate where we store our—

CHAIR—Is that the Document Control Unit?

Mr Betts—Yes. It is where the documents are for investigations coming in. It is a very major part of what we do. There are other areas such as the IRC, the Information Resource Centre or library, if you will, which takes up a considerable amount of space, but as we are a law enforcement agency it is something that is very important to our business. So those floors will have slightly less capacity on them.

CHAIR—If you take out the bottom floor and you are getting around 150 staff on an average floor, how does that add up to 870?

Mr Betts—We have a capacity on the five floors for about 720. We have consideration for possibly acquiring an additional floor in that space to accommodate the growth in staff, which is around the responsibilities that Mr Iglesias mentioned. That is subject to external funding so we do not have that facility at the moment.

CHAIR—Is that an option in your lease?

Mr Betts—Yes, we are discussing it with Westfield at the moment. In addition, the lease has expansion and contraction rights to help with—

CHAIR—Is that an option on your right, subject to government funding?

Mr Betts—Yes.

CHAIR—Is there a possibility you would end up in this building with only five floors?

Mr Betts—It is a possibility but we are working on a solution to that with Westfield at the moment.

CHAIR—And Dr Boxall gave a date of 25 March in terms of us getting a clear view about the possibilities of 1 Martin Street, which I will ask about in a second. When will you know whether or not you effectively have a right to take that sixth floor?

Mr Iglesias—We have already had discussions with Westfield about that floor. There is—

CHAIR—If there are commercial in confidence issues around this we can defer it until the private hearing. You should let me know that.

Mr Iglesias—I am happy to discuss some of those issues with you in camera as it were, but I would prefer to answer the question now. Yes, we are in discussions with them and, yes, it is a real possibility that we could take another floor in that building.

Senator TROETH—I would like to get a few more details about the number per floor. With the anticipated 150 per floor, what is that metreage per person.

Mr Betts—On an overall basis we are working on about one in 18 or one in 20 square metres on those typical floors. They are about 3,000 square metres so that tallies with the ratio.

CHAIR—Thank you for your evidence today. I also thank members of the public and other interested parties who attended today.

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

That this subcommittee authorises publication of the transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 11.48 am

