

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

- 2.1 The proposed fit-out of the new leased premises for ASIC at 100 Market Street, Sydney, NSW aims to accommodate all existing staff in one location and provide employees with a modern, efficient work environment that will meet the needs of the agency for at least the next 10 years. The estimated cost of the project is \$30.8 million (excluding GST).
- 2.2 The proposal was referred to the Committee for inquiry on 5 February 2009.

Conduct of the inquiry

- 2.3 The inquiry was advertised in local and national newspapers and submissions sought from those with a direct interest in the project. The Committee received three submissions and three confidential supplementary submissions including one submission detailing the estimated project cost. A list of submissions can be found at Appendix A.
- 2.4 The Committee undertook site inspections of ASIC's current offices at 1 Martin Place, Sydney and the proposed new premises, and a public hearing and an in-camera hearing on 13 March 2009 in Sydney. A list of witnesses can be found at Appendix B.

- 2.5 The transcript of the public hearing as well as the public submissions to the inquiry are available on the Committee's website.¹ Plans for the proposed works are detailed in Submission 1, Australian Securities and Investment Commission (ASIC)².

Need for works

- 2.6 In its submission to the inquiry ASIC listed three reasons for the work:
- efficiency of operation;
 - increase capacity; and
 - reduce cost.

Efficiency of operation

- 2.7 ASIC's staff is currently located at three locations in the Sydney central business district (CBD). Relocating all staff to one building will create a more collaborative environment for the multi-disciplined teams. It will remove duplication, reduce costs in a number of areas, provide integrity for information technology (IT) and efficient use of communications links.
- 2.8 The current space does not provide enough public and private meeting facilities to cater for ASIC's needs. The new location will provide easy access for the public and custom designed meeting spaces and avoid the need to move between locations for meetings.
- 2.9 The Committee questioned ASIC on the necessity of it remaining in the Sydney CBD rather than relocating to a cheaper alternative location outside the CBD. ASIC assured the Committee that it had considered alternatives but made the decision to remain within the CBD due to:
- easy access for clients;
 - proximity to the law courts; and
 - access to transport for staff.

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

2 The submission is available on the Committee's website or by contacting the Committee Secretariat.

Increase capacity

2.10 The new location at 100 Market Street will house existing staff and accommodate expected future increases. Currently the majority of staff is located at 1 Martin Place with other staff located at various sites throughout the CBD. Additionally, the floor plates at 100 Market Street will allow greater flexibility to reconfigure spaces and reorganise staff as workload increases. At the public hearing Dr Boxall stated:

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.³

2.11 To co-locate all staff, capacity is required for 870 current staff with room to fluctuate upwards for operational requirements.

Reduce costs

2.12 ASIC told the Committee that advice had been received that the relocation and fit out of a new building would be cost effective.

External property consultants' advice to ASIC was that the rent at 1 Martin Place is projected to increase significantly when the lease expires. At the time the analysis was undertaken the relocation and fit out of a new building was extremely cost effective.⁴

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

Purpose and scope of works

2.14 ASIC states that the purpose of the works is to provide new facilities for operational efficiencies.

2.15 The proposed scope of works is detailed in Submission 1, Australian Securities and Investments Commission. In short, the project will provide office fit-out to five floors to accommodate:

- security controlled access to the floors;
- reception area, including a public waiting area;

3 Dr P. Boxall, Australian Securities and Investments Commission, *Proof Transcript of Evidence*, 13 March 2009, p 3.

4 Submission No. 1, ASIC, p 12.

- a service centre;
- investigation evidence rooms and electronic forensic investigation rooms;
- offices;
- meeting rooms;
- storage facilities;
- server room and communications rooms built to specifications;
- conference and training facilities;
- first aid room;
- utilities on each floor;
- staff break out and kitchens on each floor;
- showers;
- mail room;
- workstations in the open plan office area;
- library and records management; and
- other specialist areas including a Commission Area and a Document Control Unit.

- 2.16 The Committee was advised that appropriate space is required for a current staffing level of 870 people, plus extra space to allow for increases in staff as operational needs require.
- 2.17 Taking into account the need for meeting rooms, break out spaces, storage facilities, etc, the proposal presented to the Committee will allow approximately 150 to 155 people per floor, giving total fit-out capacity for a maximum of 775 staff.⁵ This total falls well short of the required space for existing staff and does not allow for the continuing growth in staffing numbers as identified by ASIC.⁶
- 2.18 At the site inspection, ASIC told the Committee it was negotiating an extra floor at 100 Market St which would ensure adequate capacity and that approval would be subject to ministerial and budgetary consideration.
- 2.19 On 12 June, the Committee received a letter from Dr Boxall stating that ministerial and funding approval had been granted for the lease of an additional floor at 100 Market Street. This will provide a further

5 Mr J Betts, Australian Securities and Investments Commission, *Proof Transcript of Evidence*, 13 March 2009, p 7.

6 Mr C Iglesias, Australian Securities and Investments Commission, *Proof Transcript of Evidence*, 13 March 2009, p 4.

3,100 square metres of floor space and allow ASIC to accommodate up to 890 staff.

Cost of works

- 2.20 ASIC's primary statement of evidence to the Committee provided a project cost estimate of \$30.8 million excluding GST. This estimate was based on a five-floor fit-out, including workstations, furniture, IT and communications infrastructure, security, professional fees and contingencies.⁷
- 2.21 The Committee was not satisfied with the initial estimated cost plan provided to it for consideration and had to seek further information from ASIC regarding several issues. With these inclusions, the estimated cost of the project will in fact be \$35.2 million excluding GST. The Committee notes that some of these costs are funded through ASIC's annual budget appropriation and not directly by the project.
- 2.22 In his letter of 12 June, Dr Boxall advised that the fit-out of an additional floor will increase the overall project budget by an estimated \$2.48 million.

Committee comment

Sustainable water use

- 2.23 Although not in the scope of the works funded by the Commonwealth, the Committee received a briefing from the lessor, Westfield Sydney and Environmentally Sustainable Development (ESD) Consultancy Cundall Services, on the base building works.
- 2.24 The Committee notes the significant design elements incorporated in the base building works such as black water recycling, on-site electricity generation and use of recycled construction materials. Westfield Sydney and Cundall Services are commended for these works and the potential savings they will generate for the lessee as well as environmental savings.

7 Submission 1, Australian Securities and Investment Commission, p. 5.

Conclusion

- 2.25 The Committee was generally dissatisfied with the initial information submitted to it by ASIC, particularly the estimated cost plan and scope of works, the inadequacy of which forced the Committee to request further information. Nonetheless, overall, the Committee is satisfied that this project has merit in terms of need and cost.
- 2.26 The Committee finds that the proposed additional floor is necessary to accommodate ASIC's existing Sydney-based staff. However, the Committee remains concerned that it was presented with an incomplete project which has resulted in the need for retrospective planning.

Recommendation 1

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