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The Parliament of the Commonwealth of Australia

# **Fit-out of New Leased Premises for the Australian Securities and Investments Commission at 120 Collins Street, Melbourne**

Parliamentary Standing Committee on Public Works

June 2006  
Canberra

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# Contents

Membership of the Committee .....	v
List of Abbreviations .....	vi
Extract from the Votes and Proceedings of the House of Representatives .....	vii
List of Recommendations .....	viii

## REPORT

<b>1 Introduction .....</b>	<b>1</b>
<b>Referral of Work .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
Australian Securities and Investments Commission.....	1
Location .....	2
<b>Inquiry Process .....</b>	<b>2</b>
Inspection and Public Hearing.....	3
<b>2 The Proposed Works .....</b>	<b>5</b>
Purpose.....	5
Need .....	5
Scope .....	6
Selection Process .....	7
Project Delivery .....	8
Cost.....	8

<b>3</b>	<b>Issues and Conclusions .....</b>	<b>9</b>
	<b>Lease Arrangements.....</b>	<b>9</b>
	Lease Incentive .....	9
	Site Selection .....	10
	Green Lease Arrangements .....	10
	<b>Project Schedule .....</b>	<b>10</b>
	<b>Environmental Considerations .....</b>	<b>11</b>
	Australian Building Greenhouse Rating .....	11
	Environmentally Sustainable Management .....	11
	<b>Access Equity.....</b>	<b>12</b>
	<b>Benefits of Collins Street Location.....</b>	<b>12</b>
	<b>Staff Consultation .....</b>	<b>13</b>
	<b>Child Care .....</b>	<b>13</b>

**APPENDICES**

	<b>Appendix A – List of Submissions .....</b>	<b>15</b>
	<b>Appendix B – List of Witnesses.....</b>	<b>17</b>
	<b>Appendix C – Submission No. 1 from the Australian Securities and Investments Commission.....</b>	<b>19</b>
	<b>Appendix D – Official Transcript of Evidence .....</b>	<b>53</b>



## **Membership of the Committee**

**Chair** Hon Judi Moylan MP

**Deputy Chair** Mr Brendan O'Connor MP

**Members** Mr John Forrest MP

Senator Michael Forshaw

Mr Harry Jenkins MP

Senator Stephen Parry

Mr Bernie Ripoll MP

Senator the Hon Judith Troeth

Mr Barry Wakelin MP

## **Committee Secretariat**

**Secretary** Mrs Margaret Swieringa

**Inquiry Secretary** Mr Jason Sherd

**Senior Research Officer** Mr Raymond Knight

**Research Officer** Ms Penny Wijnberg

**Administrative Officer** Mr Peter Ratas



## List of Abbreviations

the Act	The <i>Public Works Committee Act 1969</i>
The ASIC Act	The <i>Australian Securities and Investments Commission Act 2001</i>
ABGR	Australian Building Greenhouse Rating
ASIC	Australian Securities and Investments Commission
BCA	Building Code of Australia
CBD	Central Business District
EOI	Expressions of Interest
ESD	Environmentally Sustainable Design
OH&S	Occupational Health and Safety



# **Extract from the Votes and Proceedings of the House of Representatives**

No. 92 dated Wednesday 29 March, 2006

HVP No. 34 PUBLIC WORKS – PARLIAMENTARY STANDING  
COMMITTEE – REFERENCE OF WORK – FIT-OUT OF NEW LEASED PREMISES  
FOR THE AUSTRALIAN SECURITIES AND INVESTMENT COMMISSION AT  
120 COLLINS STREET, MELBOURNE, VIC

Mr Nairn (Special Minister of State), pursuant to notice, moved – That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Fit-out of new leased premises for the Australian Securities and Investment Commission at 120 Collins Street, Melbourne, Vic.

Question – put and passed.



# List of Recommendations

## 3 Issues and Conclusions

### Recommendation 1

The Committee recommends that the proposed fit-out of the new leased premises for the Victorian Regional Office of the Australian Securities and Investments Commission at 120 Collins Street, Melbourne proceeds at the estimated cost of \$9.85 million. The Committee notes that the \$6.5 million lease incentive will be used to offset the cost of the fit-out.



## Introduction

### Referral of Work

- 1.1 On 29 March 2006 the proposal for the fit-out of new leased premises for the Victorian Regional office at 120 Collins Street, Melbourne, was referred to the Public Works Committee for consideration and report in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).<sup>1</sup> The Australian Securities and Investments Commission (ASIC) is the proponent agency for this work. The estimated cost of the work is \$9.85 million.

### Background

#### Australian Securities and Investments Commission

- 1.2 ASIC is an independent government body that sets standards, enforces and regulates company and financial services legislation to protect consumers, investors and creditors.<sup>2</sup> The Australian Securities Commission (ASC) was initially established by the *Australian Securities Commission Act 1989*, and commenced operation as the ASC in January

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1 Extract from the *Votes and Proceedings of the House of Representatives*, No. 92, Wednesday 29 March 2006

2 Appendix C, Submission No. 1, paragraph 13

1991. In 1998 the Act was amended to reflect the organisations change of name to ASIC. This Act was repealed in 2001 and the *Australian Securities and Investment Commission Act 2001* (the ASIC Act) was enacted in its place.

1.3 Under the ASIC Act, ASIC is required to:

- uphold the law uniformly, effectively, and quickly;
- promote confident and informed participation by investors and consumers in the financial system;
- make information about companies and other bodies available to the public; and
- improve the performance of the financial system and entities within it.<sup>3</sup>

1.4 In accordance with the requirements of Section 95(1) of the ASIC Act 2001, to maintain a regional office in each state and territory,<sup>4</sup> ASIC has offices in the capital cities of every state and territory as well as an Information Processing Centre in Traralgon, Victoria.<sup>5</sup>

## Location

1.5 120 Collins Street is located on the junction of Collins and Russell Streets, in Melbourne's central business district (CBD). The building "spans the block" through to Little Collins Street.<sup>6</sup>

## Inquiry Process

1.6 The Committee is required by the Act to consider public works over \$6 million<sup>7</sup> and report to Parliament on:

- the purpose of the work and its suitability for that purpose;
- the need for, or the advisability of, carrying out the work;
- whether the money to be expended on the work is being spent in the most cost effective manner;

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3 Appendix C, Submission No. 1, paragraph 17

4 *ibid*, paragraph 26

5 *ibid*, paragraph 27

6 *ibid*, paragraph 71

7 *Public Works Committee Act 1969*, Part III, Section 18 (8)

- the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
  - the present and prospective public value of the work.<sup>8</sup>
- 1.7 The Committee called for submissions by advertising the inquiry in *The Age* on Saturday, 15 April 2006. The Committee also sought submissions from relevant government agencies, private organisations and individuals, who may be materially affected by, or have an interest in, the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

### **Inspection and Public Hearing**

- 1.8 On 26 May 2006 the Committee visited ASIC's current premises and also inspected the site and environs of the proposed works. A confidential briefing from ASIC and a public hearing were held in Melbourne later that day.<sup>9</sup>

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8 *Public Works Committee Act 1969*, Part III, Section 17

9 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 26 May 2006 in Melbourne



## The Proposed Works

### Purpose

- 2.1 ASIC submitted that the purpose of the proposed work is to relocate its Melbourne staff and business requirements to new premises in 120 Collins Street. This will allow ASIC to ensure that its business needs are met for the next 10.5 years at a minimum.<sup>1</sup>

### Need

- 2.2 ASIC has occupied 8,810 square metres of office space at 485 La Trobe Street, Melbourne, since its inception in 1991. According to ASIC, its current fit-out is dated, inefficient and ergonomically poor. The proposed relocation of the agency has been chiefly motivated by:
- the condition of the fit-out and base-building, which are functionally obsolete and inadequate to meet the needs of staff and business operations;<sup>2</sup> and

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1 Appendix C, Submission No. 1, paragraph 30

2 *ibid*, paragraph 36

- expiry of the current lease in December 2006.<sup>3</sup>

2.3 Advantages of the proposed new premise at 120 Collins Street are that:

- it will provide a level of fit-out comparable to other ASIC premises; and
- it is located amongst the external stakeholders that ASIC deals with on a daily basis.<sup>4</sup>

## Scope

2.4 ASIC intends to lease levels 24-30 and ground floor retail space at 120 Collins Street for a period of 10 years and six months.<sup>5</sup> The lease will provide 8,168 square metres of office space on seven contiguous floors, with 175.3 square metres of ground floor space.<sup>6</sup>

2.5 ASIC's proposal includes the procurement and execution of architectural design and documentation, and fit-out.<sup>7</sup>

2.6 ASIC proposes that the office design will:

- allow for a collaborative working environment within and across directorates;
- deliver the capacity for growth;
- readily accommodate change;
- enable free-flowing communication; and
- allow for the speedy utilisation and redirection of technology and resources.<sup>8</sup>

2.7 Office fit-out will include:

- construction of a Service Centre on the ground floor;
- security controlled access to ASIC's leased floors;
- a reception area;
- investigation evidence rooms;

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3 Appendix C, Submission No. 1, paragraph 37

4 *ibid*, paragraph 51

5 *ibid*, paragraphs 52 and 77

6 *ibid*, paragraph 52

7 *ibid*, paragraph 78

8 *ibid*, paragraph 107

- meeting rooms;
- storage facilities;
- a computer room;
- a first aid room; and
- utilities and a kitchen on each floor.<sup>9</sup>

## Selection Process

- 2.8 ASIC advertised for Expressions of Interest (EOI) to lease suitable office space in the Melbourne CBD in November 2004. Seventeen submissions were received, most of which were discounted as being unsuitable on the basis of:
- location;
  - building profile;
  - floor-plate size;
  - configuration;
  - staff amenity and accessibility; or
  - cost.<sup>10</sup>
- 2.9 In mid-2005, feasibility studies were carried out on five properties, with two properties being identified for detailed exploration.<sup>11</sup> 120 Collins Street was identified as the most viable option. A deal was agreed to in November 2005. Ministerial approval was received on 12 January 2006.<sup>12</sup>
- 2.10 The selection of 120 Collins Street was based upon a number of financial and operational criteria, which are described in detail at paragraph 51 of the submission.

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9 Appendix C, Submission No. 1, paragraph 79

10 *ibid*, paragraph 45

11 *ibid*, paragraph 47

12 *ibid*, paragraphs 48 to 50

## Project Delivery

2.11 ASIC anticipates that the project will be completed over a 5-month period following parliamentary approval, and expects that relocation will take place in late September 2006.<sup>13</sup>

## Cost

2.12 The estimated cost of the proposed fit-out is \$9.85 million including:

- fit-out;
- workstations;
- IT and communications infrastructure;
- security;
- professional fees;
- contingencies; and
- GST.<sup>14</sup>

2.13 ASIC anticipates re-using some of the items from the current tenancy including:

- whitegoods;
- some audio visual and technical equipment; and
- some loose furniture such as chairs and tables.<sup>15</sup>

2.14 ASIC has negotiated a \$6.5 million lease incentive with Investa Property Group.<sup>16</sup>

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13 Appendix C, Submission No. 1, paragraph 162

14 *ibid*, paragraph 155

15 *ibid*, paragraph 155

16 *ibid*, paragraph 70



## Issues and Conclusions

### Lease Arrangements

#### Lease Incentive

- 3.1 ASIC submitted that the project will cost \$9.85 million.<sup>1</sup> However, ASIC has also managed to negotiate a \$6.5 million lease incentive which
- ...is to be taken in the form of a contribution towards the cost of the fit-out, payable (upon lease completion and upon the lessors' approval) via progress payments.<sup>2</sup>
- 3.2 At the hearing, the Committee was satisfied that the total cost of the work would be \$9.85 million. The \$6.5 million lease incentive would be used to offset the cost of the fit-out, which equalled a total cost to the Commonwealth of \$3.35 million.<sup>3</sup>

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1 Appendix C, Submission No. 1, paragraph 155

2 *ibid*, paragraph 70

3 Appendix D, Official Transcript of Evidence, page 5

## Site Selection

- 3.3 During the public hearing, the Committee enquired whether ASIC was satisfied that due probity had been undertaken, particularly as the lessor of the current and new ASIC premises was the same.<sup>4</sup>
- 3.4 ASIC responded that it was satisfied that it had selected and negotiated the best deal possible, and that
- ...there are advantages in having the same owner at either end, particularly in the crossover period... but essentially 120 Collins Street won this on the basis of the offer and the standard of the building.<sup>5</sup>

## Green Lease Arrangements

- 3.5 ASIC submitted that its lease contains a section that is
- ...dedicated to green issues and describes and quantifies the commitment of both parties to ensuring that the environmental performance criteria are met and exceeded.<sup>6</sup>
- 3.6 The Committee heard that ASIC is one of the top three tenants of the new building with regards to size of the lease. ASIC stated that it is continually talking to the lessors with regards to green issues, and where it can influence the lessors, it will try to influence them.<sup>7</sup>

## Project Schedule

- 3.7 At the time of its submission, ASIC anticipated that the project would be completed over a five-month period and that relocation would take place in late September 2006.<sup>8</sup>
- 3.8 ASIC amended this timeline at the public hearing to reflect a new program completion date of mid-November.<sup>9</sup> ASIC further added that it was

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4 Appendix D, Official Transcript of Evidence, page 6

5 *ibid*

6 Appendix C, Submission No. 1, paragraph 66

7 Appendix D, Official Transcript of Evidence, page 12

8 Appendix C, Submission No. 1, paragraph 162

9 Appendix D, Official Transcript of Evidence, page 2

seeking parliamentary approval within 25 to 30 days, as the tender process had already commenced.<sup>10</sup>

## Environmental Considerations

### Australian Building Greenhouse Rating

- 3.9 ASIC submitted that an Australian Building Greenhouse Rating (ABGR) of three stars was a criterion used in the EOI evaluation process.<sup>11</sup>
- 3.10 The Committee enquired why a higher rating was not sought, and ASIC responded that the rating of three stars was the current rating of the Collins Street premises; however the lessor was seeking to improve this. Further, ASIC added that the age of the building impacted on the ABGR rating it could achieve.<sup>12</sup>

### Environmentally Sustainable Management

- 3.11 The Committee heard that an ABGR was only one factor in ASIC's environmental management strategy, and that other issues included:
- the green element in ASIC's lease;
  - the provision of cycle parking;
  - the use of motion sensitive lighting;
  - minimising the use of after hours air conditioning; and
  - utilising waste management strategies.<sup>13</sup>
- 3.12 Further, ASIC stated that it had engaged the services of Tour Andover Controls, which monitors the use of electricity, to advise on methods to reduce electricity use.<sup>14</sup>

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10 Appendix D, Official Transcript of Evidence, page 13

11 Appendix C, Submission No. 1, paragraph 75

12 Appendix D, Official Transcript of Evidence, page 11

13 *ibid*, pages 5 and 11

14 *ibid*, page 5

## Access Equity

3.13 ASIC submitted that the design solution will:

...provide access and utilities for disabled persons that meet the minimum requirements of the Building Code of Australia (BCA) and all relevant state and Commonwealth legislation and are in accordance with ASIC's OH&S [Occupational Health and Safety] and Equal Employment Opportunities policies.<sup>15</sup>

3.14 The Committee enquired further about access for people with a disability, and ASIC responded that there is ramp access to the building and informed the Committee that:

A lot of the issues that perhaps need to be addressed will be dealt with on a micro rather than a macro basis – for instance, the width of passageways between desks needs to be a certain size for the code. We will make sure that that is adhered to.<sup>16</sup>

## Benefits of Collins Street Location

3.15 ASIC stated in its submission that, when analysing the expression of interest applications, properties outside of the CBD were discounted, as the CBD is ideally located amongst stakeholders, and provides greater amenity for staff.<sup>17</sup>

3.16 At the hearing, the Committee heard that:

The commercial and business hub of Melbourne is Collins Street rather than La Trobe Street... Much of the legal fraternity that we deal with are at this end of the city, rather than at the other end, and many of the other stakeholders we deal with across the financial services base are headquartered down this way rather than at that end.<sup>18</sup>

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15 Appendix C, Submission No. 1, paragraph 147

16 Appendix D, Official Transcript of Evidence, page 9

17 Appendix C, Submission No. 1, paragraph 46

18 Appendix D, Official Transcript of Evidence, page 6

## Staff Consultation

- 3.17 ASIC informed the Committee that it has engaged its staff in extensive consultation throughout the process. This has involved briefings for staff and staff involvement in the project management structure. Further, ASIC added that:

The survey that we ran at the commencement of the project will be rerun in six months, or maybe a little longer, into the move once all the teething problems have started so we can check and balance exactly whether we have hit those success criteria that we were aiming to hit.<sup>19</sup>

## Child Care

- 3.18 ASIC submits that while child-care was raised in staff feedback, it did not feature as prominently as other issues.<sup>20</sup> ASIC does not intend to include a child-care facility in its new premises as there is no outdoor access, which is a mandatory requirement for a child-care centre.<sup>21</sup> However ASIC stated that:

...work is underway to assess the accessibility for ASIC staff to these facilities [nearby childcare centres] and to gain a clear understanding of the alternatives available in the area.<sup>22</sup>

- 3.19 The Committee heard that the issue of child care was raised as a question rather than a request.<sup>23</sup> ASIC has approached three of four outlets in the area and determined that they might be suitable subject to waiting lists.<sup>24</sup> Further, ASIC stated that it has flexible working arrangements which allow it to attract good quality professional staff.<sup>25</sup>

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19 Appendix D, Official Transcript of Evidence, page 8

20 Appendix C, Submission No. 1, paragraph 148

21 *ibid*, paragraph 149

22 *ibid*, paragraph 150

23 Appendix D, Official Transcript of Evidence, page 8

24 *ibid*, page 9

25 *ibid*, page 9

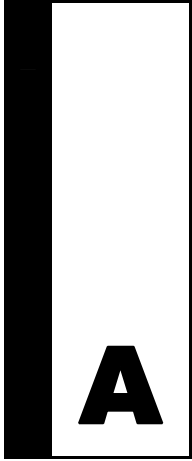
**Recommendation 1**

**The Committee recommends that the proposed fit-out of the new leased premises for the Victorian Regional Office of the Australian Securities and Investments Commission at 120 Collins Street, Melbourne proceeds at the estimated cost of \$9.85 million. The Committee notes that the \$6.5 million lease incentive will be used to offset the cost of the fit-out.**

**Hon Judi Moylan MP**

Chair

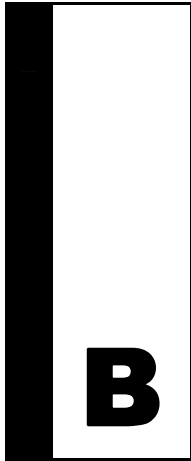
21 June 2006



## **Appendix A – List of Submissions**

### **Submissions**

1. Australian Securities and Investments Commission



## **Appendix B – List of Witnesses**

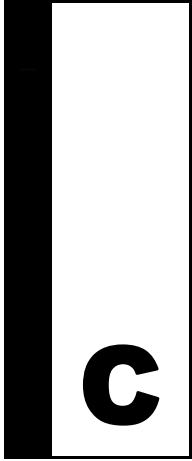
Mark Drysdale, Chief Operating Officer ASIC, Regional Commissioner  
Victoria, Australian Securities and Investments Commission

Linda Dean, Director Corporate Services, Australian Securities and  
Investments Commission

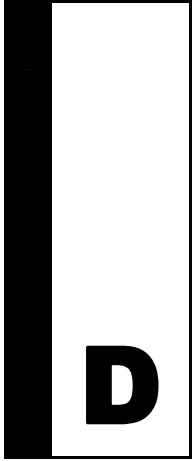
Jonathan Betts, National Manager, Property and Contracts, Australian  
Securities and Investments Commission

Geoff Morley, Project Manager Napier and Blakeley Consultants





**Appendix C – Submission No. 1 from the  
Australian Securities and Investments  
Commission**



## **Appendix D – Official Transcript of Evidence**