



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

**JOINT COMMITTEE ON PUBLIC WORKS**

**(Subcommittee)**

Reference: Fit-out of new leased premises for the Australian Securities and Investments  
Commission at 120 Collins Street, Melbourne, Victoria

**FRIDAY, 26 MAY 2006**

**MELBOURNE**

BY AUTHORITY OF THE PARLIAMENT



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**JOINT STATUTORY COMMITTEE ON**

**PUBLIC WORKS**

**Friday, 26 May 2006**

**Members:** Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Forshaw, Parry and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

**Members in attendance:** Senator Parry and Mr Forrest and Mr Wakelin

**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 at 120 Collins Street, Melbourne, Victoria

**WITNESSES**

**BETTS, Mr Jonathan Selby, National Manager, Property and Contracts, Australian Securities and Investments Commission..... 2**

**DEAN, Ms Linda Jane, Director, Corporate Services, Australian Securities and Investments Commission..... 2**

**DRYSDALE, Mr Mark Gerard, Chief Operating Officer and Regional Commissioner, Victoria, Australian Securities and Investments Commission ..... 2**

**MORLEY, Mr Geoffrey David, Project Manager, Napier and Blakeley ..... 2**



**Subcommittee met at 11.11 am**

**ACTING CHAIR (Mr Forrest)**—I declare open this public hearing into the proposed fit-out of new leased premises for the Australian Securities and Investments Commission at 120 Collins Street, Melbourne, Victoria. This project was referred to the Public Works Committee on 29 March 2006 for consideration and report to parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969, which concerns the examination and reporting on a public work, the committee will have regard to:

- (a) the stated purpose of the work and its suitability for that purpose;
- (b) the necessity for, or the advisability of, carrying out the work;
- (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
- (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
- (e) the present and prospective public value of the work.

Earlier this morning the committee received a comprehensive confidential briefing from ASIC and inspected the current premises and the site of the proposed work. It is the proposal now that the committee will hear evidence from representatives of ASIC.

[11.13 am]

**BETTS, Mr Jonathan Selby, National Manager, Property and Contracts, Australian Securities and Investments Commission**

**DEAN, Ms Linda Jane, Director, Corporate Services, Australian Securities and Investments Commission**

**DRYSDALE, Mr Mark Gerard, Chief Operating Officer and Regional Commissioner, Victoria, Australian Securities and Investments Commission**

**MORLEY, Mr Geoffrey David, Project Manager, Napier and Blakeley**

*Witnesses were then sworn or affirmed—*

**ACTING CHAIR**—Welcome, and thank you for meeting with us today. The committee has received a statement of evidence from ASIC. This will be made available in a volume of submissions to the inquiry and also on the committee's web site. I invite ASIC, if it proposes to make any amendments to the submission it has already made to the committee, to do so now. Do you intend to do that?

**Mr Betts**—Yes. We have negotiated an extension to the program. We will now be completing the program by mid-November rather than 1 October or late September, and we have sufficient funds to cover that overrun in time.

**ACTING CHAIR**—I now invite a representative of ASIC to make a brief opening statement, after which we will proceed to questions.

**Mr Drysdale**—Thank you for the opportunity to present our proposal to the committee. The Australian Securities and Investments Commission, or ASIC, is an independent government body that enforces the law, sets standards and regulates company and financial services laws to protect consumers, investors and creditors. Established by the ASIC Act 1989, it began operating on 1 January 1991 as the Australian Securities Commission, replacing the National Companies and Securities Commission and the corporate affairs offices of the states and territories. It became the Australian Securities and Investments Commission, or ASIC, on 1 July 1998. On that date, ASIC became responsible for consumer protection in superannuation, insurance, deposit taking and, from 2002, credit.

Under the Australian Securities and Investments Commission Act 2001, ASIC is required to establish and maintain a regional office in each state and territory. Melbourne is the second largest of those offices. As outlined in our submission, ASIC currently occupies 8,810 square metres of space over eight contiguous floors in 485 La Trobe Street and has been there since its inception in 1991. The fit-out is extremely dated, inefficient and ergonomically poor. As a result of this and the age of the building itself, the fit-out and the base building have become functionally obsolete, no longer providing for the needs of the staff and the business. Given that the lease for the premises is due to expire in December 2006, this was viewed as an opportunity



to assess the costs and efficiencies of remaining in situ and refitting versus researching alternative premises in the Melbourne CBD and relocating.

During November 2004, ASIC advertised an expression of interest to lease suitable office premises in the Melbourne CBD. In addition to this, ASIC also undertook parallel negotiations with the current lessor of La Trobe Street should a contingency position be required in the event that no suitable alternative was sourced. Seventeen submissions were received and a further nine potential opportunities were uncovered by the ASIC in-house property team, with analysis and feasibility studies being undertaken on five short-listed propositions. The examination involved site inspections, detailed cash flow analysis, analysis of the potential configuration and workstation density and risk profiling. To ensure the assessments were compared equitably, the renegotiated 485 La Trobe Street propositions was considered the benchmark in these studies.

Following this extensive process, 120 Collins Street was selected and ASIC negotiated a 10-year-6-month lease with the Investa Property Group commencing 1 May 2006 for levels 24 to 30 and ground floor retail space comprising 8,168 square metres in total. The configuration of the floor plates have allowed a flexible and efficient fit-out to be designed that provides a workplace that is open and dynamic and that places an emphasis on team culture. The workplace design has dedicated meeting room facilities and blends work and non-work activities such as coffee stations and break-out areas. At the same time the workstation design moves away from a traditional format based on hierarchy and division and creates a free-flowing and flexible design with equal access to natural light that will meet the changing needs of the future.

ASIC's environmental policy commits us to monitoring and refining our environmental management systems regarding environmental awareness, including waste management, recycling, paper consumption and energy consumption. It is intended that we will seek the same accreditation as the Sydney office. ASIC is in the top 10 per cent of government agencies with respect to environmental issues with achievements that include the accreditation of our Sydney office to ISO 14001. ASIC engages the services of external consultants to monitor its energy consumption, and they will be working closely with ASIC and the Investa Property Group to accredit the Melbourne site to ISO 14001.

The Investa Property Group is committed to sustainability and environmental management and has won awards for its sustainability initiatives. Investa have been recognised globally by being included on the 2004 Dow Jones World Sustainability Index and by Sustainable Asset Management as one of the worlds leading real estate groups in terms of sustainability performance.

Engagement of the staff was considered a critical success factor for ASIC and, consequently, a detailed communication plan was developed that ensures that all stakeholders are consulted and all ideas are captured and overlaid with the needs of the business with regard to technical, physical, time and cost constraints. Initiatives have included, but are not limited to, all of staff presentations, an intranet page dedicated to the Melbourne move, a complete staff occupancy survey to assess workplace needs plus various members of staff participating in the three separate working committees managing the project and relocation.

This project mitigates ASIC's need to extensively reconfigure its existing tenancy plus negates the need to provide temporary accommodation whilst the refit is under way. Furthermore there is

a reduction in floor space in the new premises and ASIC has negotiated a substantial monetary incentive with Investa Property Group to be utilised to offset some of the expense of the fit-out. Additional cost benefit is derived from the five months rent-free period for fit-out and the fact that Investa are the lessors of both 120 Collins Street and 485 La Trobe Street. This will assist in the short-term rental cash flow by removing the payment of double rent which would be required if the lessors were separate entities.

In addition to the fiscal benefits that ASIC will realise, the physical location of the new premises offers ASIC staff access to excellent amenities and good access to transport. The building is located amongst the external stakeholders that ASIC deals with on a daily basis and will maximise ASIC's effectiveness and efficiency in dealing with the business community.

An additional benefit of the new premises is the capacity to relocate ASIC's service centre. Currently the service centre is centrally located in the tenancy on level 17 at 485 La Trobe Street. The ability to separate the service centre and operate in a ground floor tenancy offers easier access for the public and gives ASIC the opportunity to augment the function of the service centre to include new services for a public education and information facility.

In conclusion, I would like to state that we are convinced that the new premises will not only serve ASIC well in the immediate future but will continue to meet ASIC's changing business needs for the foreseeable future. My colleagues and I are now pleased to answer your questions on the proposal.

**ACTING CHAIR**—Thank you, Mr Drysdale.

**Mr WAKELIN**—I have three brief questions. How many employees will there be in the new premises?

**Mr Drysdale**—We have at the moment about 370 in the building. There are a number of budget initiatives which ASIC has been the beneficiary of which will mean that number will increase. There is capacity to seat something north of 450 in the new premises.

**Mr WAKELIN**—How old is 120 Collins Street by normal building standards? How does the 10.5 year lifespan fit into its useful life?

**Mr Betts**—The building was constructed in 1990. The lease obviously runs out in 10½ years time. The issue of obsolescence, which I assume the question refers to, has been addressed in the performance related criteria that we have negotiated in the lease to ensure that the property is kept at the standard at which we went into the building.

**Mr WAKELIN**—Can we have a definition and some information on the advantages or pros and consequence of soft-wire cabling? Where are we up to?

**Mr Morley**—Within the technical brief that has been developed by ASIC for us to implement, we have made allowances for several areas within the building to have access to wireless technology. Soft wiring is effectively wireless technology. To give an example, ASIC people coming down from Sydney or interstate may be able to bring their laptops into that new office,

sit down at a desk and straight away be connected to the relevant server without having to plug into cables and whatnot.

**Mr WAKELIN**—In your brief it talks about the expected IT projection in the next decade. It meets that, I think.

**Mr Morley**—Yes.

**ACTING CHAIR**—For the record, the committee has had the benefit of a very comprehensive in camera briefing on the cost detail. We have appreciated that and it has obviated many of the questions that we might have asked on the public record. I would invite Senator Parry to get this question of the leaseback situation on the record, without talking about the numbers.

**Senator PARRY**—I can talk about the two public figures. We did have that extensive discussion and you satisfied our requirements in that private briefing, so we thank you for that. I will place on the public record that the application for estimated capital works to be approved by this committee was \$9.85 million. There is a lease incentive of \$6.5 million, which results in a net Commonwealth cost of \$3.35 million. That will appear in our recommendation, if we recommend to proceed with the development and the lease options.

I would also like to place on the record that Mr Wakelin and I were circling at 28,000 feet because of the fog here in Melbourne rather than being at the inspection. However, we have had an opportunity to have a very brief discussion with the Acting Chair, who did inspect the premises, and he is satisfied that our particular questions, which we had prior to attending that inspection, were answered. I will indicate it was Melbourne weather not Canberra weather. I have very few questions, Mr Drysdale, because you covered that very well in your very concise opening statement. Thank you for that. You covered a lot of the issues that I was particularly going to ask. Are you satisfied that all environmental occupational health and safety issues will be met in the new location?

**Mr Drysdale**—We are, but I will ask Jonathan to respond to that.

**Mr Betts**—In terms of the environmental aspect, Investa have very high aspirations regarding the environment, as do ASIC. In terms of planning for a retrospective examination of whether we have achieved those, we will be looking one year out to make sure that our energy consumption, waste management et cetera match those aspirations. We have engaged the services of an organisation called Tour Andover Controls, which monitor the use of electricity and advise us on methods by which we can reduce the use of electricity.

The new building, compared with the old one, offers us opportunities to improve on that further by looking at different lighting methods—whether it be different zoning systems, dimmers, timers et cetera. Also, the new workstations that we are proposing to put into the building allow greater accessibility to the cabling. The old system literally locks your plugs away, so you cannot unplug at night. Even when your mobile phone charger is not being used, it still uses some electricity. So, as part of the communication plan which will come afterwards, which we instigated in Sydney as part of this EMS, we will be instructing people how they can help to become greener, if you like.

**Senator PARRY**—Mr Drysdale or Mr Betts, are you satisfied that due probity was undertaken in relation to the establishment of this as a suitable premises to lease? I ask that question in particular because the lessor is the same, from the previous occupational position and the new lease.

**Mr Drysdale**—Yes, we are satisfied. I outlined in the opening statement the large program that we undertook to identify—

**Senator PARRY**—Yes. It was very extensive, and I am pleased you said that, because I would have questioned further.

**Mr Drysdale**—We are satisfied, and there are advantages in having the same owner at either end, particularly in the crossover period. There are financial advantages and other organisational advantages, if you like. We are aware of those, but essentially 120 Collins Street won this on the basis of the offer and the standard of the building.

**Senator PARRY**—Do you have an understanding that the transfer from one location to the other will protect the integrity of all the client information and the sensitive information that you hold?

**Mr Drysdale**—Yes, and we have allowed a reasonably large financial allocation to cover the move, because we will be using specialist removalist providers. In the documentation that we have provided to you, there is an amount for the removal of the IT server room equipment, where a lot of that information is stored. We will be using specialist removers for that as well.

**Senator PARRY**—As an adjunct to that, are you satisfied that the operation of ASIC will be unimpeded during the move?

**Mr Drysdale**—It will be an exciting period, but this project will be undertaken in a way that will be relatively invisible to the public.

**ACTING CHAIR**—In the opening statement, Mr Drysdale, you mentioned ‘core players’—I think you called them. The current premises in La Trobe Street are close to the court system, but the new premises in Collins Street are a long way from that and the contacts in the legal profession that are concentrated on that north-west corner of the CBD. How have you satisfied yourselves—and them—that you have not inconvenienced the people who more commonly have a need to visit your premises?

**Mr Drysdale**—The commercial and business hub of Melbourne is Collins Street rather than La Trobe Street. It is true we are moving away from the courts. 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.

**Senator PARRY**—So you will be reducing greenhouse gases related to travelling as well. That is good.

**Mr Drysdale**—For our own staff, where we are currently located is very convenient to the Federal Court. It will mean some different travel arrangements—which this city, with its tram system in particular, is well set up to handle. One of the major benefits of the move to Collins Street is the capacity for us to have a better relationship with those we regulate because we will be closer to the major players that form that group. Essentially, where we are now is not as attractive a venue for people based in Collins Street to come and have meetings with us because of the transport required and lack of parking nearby et cetera.

**ACTING CHAIR**—What about the walk-up public? I understand there will be ground-floor access in the new premises.

**Mr Drysdale**—Much of the walk-in traffic to our service centres is from law firms, accounting firms or the banks, registering charges. Most of those organisations are located further up towards this end of town anyway, so we do not see that this will be an inconvenience for them; for many it will be more convenient, particularly basing the service centre back on the ground floor. This morning, you experienced the lifts that we have had at 485 La Trobe Street, so we think we will be saving members of the public quite a deal of time just from that perspective. As I said in my opening statement, it will also give us opportunities to do something a little more exciting in terms of having a public presence in a busy street with lots of nearby traffic to promote things in and around our consumer protection role.

**Mr Betts**—I think it would be fair to say, Mark, that we feel a shop presence is a lot more welcoming and a lot less intimidating than basing our service centre, or the new information centre, which we are talking about, in a high-rise building. We think it will be a lot more open and accessible to the public.

**ACTING CHAIR**—The proposed shopfront is currently occupied. Do the leasing arrangements nestle in very well?

**Mr Betts**—Their lease expires in August, and they have secured a new location. I believe it is more up towards the retail hub, which obviously would suit them more. The premise is going to be made available in time for us to fit out and open at the same time the rest of the office opens.

**ACTING CHAIR**—How many of the alternative sites that were considered offered the option of a ground-floor shopfront?

**Mr Betts**—None, I believe. And I say ‘I believe’ because I came—

**Mr Drysdale**—There was one, which was the St James one.

**Mr Betts**—I am sorry, yes.

**Mr Drysdale**—It was essentially ruled out because it was a development proposal and additional floors needed to be added to a building. It was ruled out on the basis of risk in terms of timing and approvals, the amount of time it would take to get city council approvals et cetera for adding floors to a building that did not have that approval at that time.

**ACTING CHAIR**—What about the involvement of staff in the consultation? The last thing we want is a mistake that gets made and that does not satisfy their need. Can you explain the consultation process whereby we will know that we are satisfying any concerns staff might have?

**Mr Drysdale**—We have run briefings for all staff in the Melbourne office. Early in the process, we had a survey where all staff were invited to contribute in terms of what they thought they would like to see in the building and what was important to them in their own workstation space and also in terms of the style the building. Much of the feedback from that was that they wanted a more team based, work together kind of culture, rather than the sort of old-fashioned, everyone-in-an-office set-up where some of the staff are stuck at workstations in between them.

So that particular feedback tied in nicely with where we thought we wanted to go anyway—and also where most organisations are going when they do new fit-outs these days. So there is the staff survey, consultation and, internally, on ASICnet, our intranet, we have a website about the move, which has regular updates explaining what is happening. We have the capacity for people to feed in anything to us through that process, and they do. So the floor plans have been developed, following all of that consultation. We received the first draft of the floor plans on a Tuesday and on the Friday we ran a presentation to all staff to outline where we were going and what we were thinking.

Staff are involved, as I said earlier, in each of the three committees that we are running. One of those committees is the project user group committee. Members of that committee were out last week to look at three varieties of workstations that we may be looking to move to, so we get input from those people as to what they as a group would prefer. It is a fairly comprehensive process.

In terms of consultation with the union, we have a national consultative committee which meets twice a year. We had a meeting of that committee on Wednesday this week—it has been a busy week—and this was discussed there. It is a consultative forum that has union representatives and staff representatives. We did the formal part of that.

**Mr Betts**—In addition to that, if I may add, the survey that we ran at the commencement of the project will be rerun six months, or maybe a little longer, into the move once the teething problems have finished so we can check and balance exactly whether we have hit those success criteria that we were aiming to hit and, obviously, to assess if there is anything else that needs to be done to achieve what we need—by that, I mean business practices rather than fit-out type issues.

**ACTING CHAIR**—In a modern world, child care is featuring more and more in our inquiries. Your submission acknowledged that child care was not a prominent issue but that access to it was raised. How significant is that need for staff?

**Mr Betts**—In the survey that we mentioned, it was raised as a question rather than a request, if you like. Clearly, the building that we are moving to does not potentially facilitate a child-care facility, and certainly the size of the tenancy that we are talking about—and we are not in the business of child care—did not support that. But it was important to overlay that with, ‘What is available in the area should that be the choice that you want to make?’ We looked into that and

assessed that there were three or four outlets in the area that might suit, obviously subject to waiting lists et cetera.

**ACTING CHAIR**—How does ASIC cover this issue? It is a consideration more and more for employers to have more flexible working arrangements for people so that they can attend to their child-care needs. What is the policy?

**Mr Drysdale**—We have an occupational health and safety policy and we also have a very flexible workplace in terms of hours. More than half of the staff in ASIC are on Australian workplace agreements rather than being covered by our certified agreement. Many staff in ASIC work a range of hours that suit them. I think 13 per cent of our staff in the place are part time. It is actually one of the attractions that we are able to offer to people who are professionals, and we are able to source good quality professionals to come and work for us rather than for other Collins Street firms because of our flexibility in that area. It is an area that is front of mind because it is part of our employment offer, if you like, and we have detailed policies around it and they are taken up by a lot of our staff.

**Senator PARRY**—You will have to be on your toes now you are closer.

**Mr Drysdale**—That is right.

**Senator PARRY**—There are lots of potential poachers.

**Mr Drysdale**—We think it might work in our favour. It is a serious question. We recruit a lot of graduates and certainly the location, the layout and the feel of that office at 485 La Trobe Street was a negative in that regard.

**ACTING CHAIR**—I did notice that neither buildings were user-friendly in terms of access for disabled people. Is this a strong feature for public access? I imagine they will enter from the Collins Street frontage and that access did not have steps, I think.

**Mr Betts**—At the Collins Street frontage there is a ramp for disabled access for both public and staff. Obviously within the fit-out and in regard to our commercial end of the property, we will make sure that the code is complied with. We have had some feedback already. We work with our OH&S people on this. Whilst the number of disabled people that work at ASIC is not significant, we still have to have a mind to it. 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.

**ACTING CHAIR**—For the new works they are all coded requirements, including the toilets and the number of them, but downstairs the public entry is not. I am trying to get a picture in my mind of the access from Collins Street. Is it a flat entrance all the way into the main building?

**Mr Betts**—No, there are some steps. The building would have to comply to code to allow disabled access. On the other side there is a ramp. If you recall, there are the two entries. We went on the left-hand one. There is the heritage building. The right-hand one has a ramp, if I remember rightly.

**Mr Morley**—Yes, it does.

**ACTING CHAIR**—We went through the revolving doors, but there is swinging-door access.

**Mr Betts**—Yes.

**Senator PARRY**—I have a question which is not related to this directly but it is about something in your submission. Why is there a Traralgon office? Is it linked with the Melbourne office?

**Mr Drysdale**—It is. The Traralgon office was established in the early nineties. It is Australia's companies register, so it is the back office for all company information and data and collection of revenue for the Commonwealth. We have about 250 people in the Traralgon office. It is a building that we have renegotiated the lease on in the last 12 months as well and done a very good deal. It is owned by the same—

**Senator PARRY**—I won't ask about incentive payments!

**Mr Drysdale**—No. It was a good result. It is a very effective and highly regarded internationally back office which has the benefit, by being located in the Latrobe Valley, of relatively low staff turnover for back office processing work. It works well for us.

**Senator PARRY**—Obviously it was not a consideration to put more facilities from here out there—that was not part of it?

**Mr Drysdale**—We have been doing that. Originally that part of our operation was about 600 people. With efficiency, technology, process changes et cetera we have run it down, if you like. We have never had 600 people at Traralgon. We started out at Morwell in 1991, when the then ASIC was founded. In our business planning we are regularly looking at what else that is done in ASIC could be done more effectively in a back office operation like that, because it is cheaper in a staffing sense but it is also more effective with a staffing group who are experts in running things through to a high standard of quality and speed. It works well. Every year there are other functions that end up being moved into that office.

**Senator PARRY**—Thanks, you have satisfied me on that.

**ACTING CHAIR**—A regional office for the north coast of Tasmania?

**Senator PARRY**—Yes, I might ask for a Burnie office and you could probably downsize Melbourne!

**Mr Drysdale**—The history is interesting in that its location was a political decision—if you think about 1990, regional unemployment was a big issue.

**ACTING CHAIR**—I would like to talk about the energy rating of the building. I think I understand why, but I was a little disappointed that the building rating target is only three.



**Mr Betts**—That is the current rating. The reason it is not as high as you would expect is a legacy of the age of the building. In fact, not more than 12 months ago the energy rating was 1.5 stars. They picked up their game to improve that to three stars and they aspire to improving upon that. What that might be or how that might figure in the future is something that I am not aware of.

**ACTING CHAIR**—It is not something we have much control of as tenants.

**Mr Betts**—We do not, but we are lucky in that, as I mentioned before, they have a very keen eye on sustainability. As you will probably encounter in your work more and more, lessors want that in their buildings because it really is a sales flag—people want to take space in buildings with a good green rating.

**ACTING CHAIR**—What I would argue strongly, though, is that if building developers want us as government tenants they have to offer us a much higher rating than 3.

**Mr Betts**—Absolutely. It is just difficult with the age of the building and being in the CBD—there is a trade-off. That star rating relates specifically to energy, so it is only one aspect of the green building. There is a green element to our lease, as mentioned in the submission. We have aspirations in terms of the way we operate to achieve accreditation. The other green aspects you encounter in buildings are things like cycle parking to offer an alternative form of transport. Indeed, Melbourne is getting up there. It is a bit behind Adelaide and Perth but in terms of the provision of cycling—it is the nature of the size of the city as well as the aspirations of the owners of the buildings, but Melbourne—

**Senator PARRY**—And the weather.

**Mr Betts**—And the weather—absolutely. But the building owners are increasing the number of cycle spots that are available. They are actually working with Bicycle Victoria on separating—bluntly speaking—the soft bodies from the hard cars because the cycle parking is in the basement, and also providing a secure parking facility for bikes. People can have \$3,000 bikes—it is not unknown—and to leave those on the street is not a proposition that you want.

**ACTING CHAIR**—You will be doing what you can as a tenant to assist with motion sensitive lighting?

**Mr Betts**—Yes.

**ACTING CHAIR**—What about airconditioning? Is there any consideration being given to—at least as a government tenant—making a contribution, to show some leadership?

**Mr Betts**—The way we benefit is by looking at the after-hours airconditioning. It is the big thing which hits a lot of these green ratings on buildings. For instance in Sydney we live in No. 1 Martin Place. We do our best on the airconditioning but unfortunately we share the building with Macquarie Bank who run a 24/7 business, so that quite often is one of the reasons that you see a newer building that you expect to have a higher star rating, but it is absolutely hammered by the airconditioning. We operate very frugally in the airconditioning environment because of the balance Mark was mentioning—people are very much more focused on getting the job done in

the nine to five, nine to six type area and then leaving—and that helps us achieve our aspirations from that angle .

**Mr Drysdale**—For the record, it is more like eight to six.

**ACTING CHAIR**—But as a tenant having seven floors, that would make ASIC one of the larger tenancies in that building, would it? Or perhaps I should ask that question first: how would seven floors rate with other tenants?

**Mr Betts**—We would be one of the top three—I am not 100 per cent sure. We continually talk to the lessors of all the buildings that we are in on a variety of issues including those green issues. Where we can influence, we try to influence.

**ACTING CHAIR**—The nature of the options leasing that you will be adopting: it will be initially 10 years, but do you have options beyond that?

**Mr Betts**—There is a five-year option on top of that, yes.

**ACTING CHAIR**—Five by five?

**Mr Betts**—Just one five-year option.

**ACTING CHAIR**—And expansion?

**Mr Betts**—Yes, we have negotiated the ability to both expand and contract within the terms of our lease. Not for the first two years of the lease, and that is the issue of the lessors—the lessors need to make sure they have that locked in. I think we have, after two years for both elements, the ability to contract and expand as our requirements dictate—within not just contiguous floors but within the same rise. For business continuity the ideal is obviously to sit exactly adjacent to where you already are, but practicalities say you do not know when an opportunity is going to become available. But by the same token you do not want to be sitting in another part of the building where you have to use another lift rise to access the floors, so that is what we have negotiated. And we are protected in terms of the market rent that they can charge. It is not a carte blanche for them to charge a huge rent. We have, essentially, a first and last right of refusal, and there is also a clause there that they cannot offer someone a lease at less than five per cent discounted from our rent.

**Senator PARRY**—I will not mention the figure, but is that the rate we discussed earlier, per square metre?

**Mr Betts**—I beg your pardon, I misled you there. It is the appropriate rate at that time according to market conditions.

**ACTING CHAIR**—I have a question about programming. In your opening statement, Mr Drysdale, you set out a program. When in that program do you anticipate that parliamentary approval will be required, given that we will be expediting the preparation of the report for submission to the chamber? Is there any crucial timing associated with the program?

**Mr Betts**—We have just gone to tender, as we mentioned outside this forum. It is a 25-day period under AusTender and the *Commonwealth Procurement Guidelines*. Following that, there is an assessment period. Clearly we seek approval within those 25 to 30 days.

**ACTING CHAIR**—I am satisfied, Senator Parry is satisfied, and Mr Wakelin obviously is. Is there any information that you would like to offer the committee before I close the hearing?

**Mr Drysdale**—I just want to thank the committee for conducting the hearing.

**ACTING CHAIR**—I would like to thank the witnesses who have appeared before the committee today and those people who assisted our inspections and private briefing this morning.

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

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it and submissions presented at public hearing this day.

**Subcommittee adjourned at 11.51 am**