



ASIC

Australian Securities & Investments Commission

**Proposed fit out of new
leased premises for the
Victorian Regional Office at
120 Collins Street,
Melbourne**

**Statement of Evidence prepared for
the Public Works Committee**

March 2006

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EXECUTIVE SUMMARY

1. Melbourne, together with Sydney, house ASIC's largest offices.
2. ASIC currently occupies 8,810m² of space over eight contiguous (adjoining) floors in 485 La Trobe Street.
3. The opportunity to review ASIC's accommodation needs in Melbourne arose as the lease for La Trobe Street is due to expire on 31 December 2006.
4. The impending expiry was considered an opportunity to assess the costs and efficiencies between refitting to remain in La Trobe Street and researching the market in Melbourne for alternative premises and relocating.
5. The La Trobe Street fit out is extremely outdated, inefficient and ergonomically poor.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. The costs of refitting would be expensive and would not realise the efficiencies compared to relocating and fitting out the new space.
6. After researching alternative premises and examining short listed alternatives, which involved site inspections, detailed cash flow analysis, analysis of the potential configuration and workstations density and risk profiling, 120 Collins Street was considered the most suitable premises as it presented the best opportunity to create a contemporary flexible efficient office and satisfy ASIC's long-term property requirements in Melbourne.
7. ASIC has negotiated a 10 year and 6 month lease for levels 24-30 and ground floor retail space for the Service Centre. The tenancy comprises 8,168m² in total, 7 contiguous floors of office space and 175.3m² for a ground floor retail tenancy intended for the Service Centre.
8. The establishment of a structure to ensure the governance of the project was identified as of paramount importance to the success of the project. The ability to ensure key decisions are analysed, presented and approved at an appropriate level within ASIC and the appointment of expert consultants as project managers to ensure management of time, cost, risk, specific expertise and delivery of the project are critical to the success of the project.
9. The engagement of staff is another critical success factor. A communication plan has been designed and implemented to ensure that all stakeholders are consulted and that all ideas are captured and overlaid with the needs of the business with regard to technical, physical, time and cost constraints.
10. ASIC must refer this proposal to the Parliamentary Standing Committee on Public Works (PWC) in accordance with the *Public Works Committee Act 1969*, which requires that ASIC provide a written submission seeking approval from Parliament for the project to proceed as the projected cost exceeds \$6 million.
11. The projected cost for this project is \$9.85 million inclusive of fit out, workstations, IT and communications infrastructure, security, professional fees, contingencies and GST.
12. The project duration will be approximately five months following Parliamentary approval.

INTRODUCTION

ASIC - Role, history and purpose

13. The Australian Securities and Investments Commission (ASIC) is an independent Government body that enforces, sets standards and regulates company and financial services laws to protect consumers, investors and creditors.
14. ASIC administers the following legislation (or relevant parts of it), as well as relevant regulations made under it:
 - *Corporations Act 2001*
 - *Australian Securities and Investments Commission Act 2001*
 - *Insurance Contracts Act 1984*
 - *Superannuation (Resolution of Complaints) Act 1993*
 - *Superannuation Industry (Supervision) Act 1993*
 - *Retirement Savings Accounts Act 1997*
 - *Life Insurance Act 1995*
 - *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003*.
15. Other regulators also administer some parts of these Acts. For example, parts of the last four Acts dealing with prudential regulation are administered by the Australian Prudential Regulation Authority (APRA).
16. Established by the ASIC Act 1989, it began operating on 1 January 1991 as the Australian Securities Commission (ASC), replacing the National Companies and Securities Commission (NCSC) and the Corporate Affairs offices of the states and territories. It became the Australian Securities and Investments Commission (ASIC) on 1 July 1998. On 1 July 1998 ASIC became responsible for consumer protection in superannuation, insurance, deposit taking and, from 2002, credit.
17. In brief, section 1(2) of the ASIC Act requires ASIC 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.
18. ASIC regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit.
19. ASIC operates under the direction of three full time Commissioners appointed by the Governor-General on the nomination of the Treasurer. ASIC reports to the Commonwealth Parliament, the Treasurer and the Parliamentary Secretary to the Treasurer.

20. ASIC protects consumers, investors and creditors of corporations, including an estimated*:
- 15.4 million people with a deposit account;
 - 9.9 million investing through superannuation or annuities;
 - 9.5 million with credit or charge cards including debit only;
 - 6.1 million with a home, personal or investment loan;
 - 4.3 million directly owning shares; and
 - 2.3 million having invested through a financial adviser, and 1.4 million investing in managed funds.

**Roy Morgan Research, 12 months to March 2003 people aged 14+*

21. In 2004-5 ASIC employed 1570 full time equivalent staff around Australia in 6 national Directorates, the functions of which are briefly detailed below:

Directorate	Role
Enforcement	Identify and investigate inappropriate conduct, work with the DPP to secure criminal enforcement outcomes, take civil action and undertake administrative actions.
Regulation	Responsible for developing and issuing policy and guidance, managing ASIC's contribution to law reform issues, determining applications for relief from the law, issuing licences and regulating trading markets.
Consumer Protection	Comprising four business units, Consumer Protection, International, Regional Co-ordination and National Assessment and Action. Responsible for ASIC's international activities, undertaking consumer protection activities, campaigns and education, and assessing complaints concerning individual or corporate behaviour.
Compliance	Responsible for influencing the behaviour of participants in the capital markets and financial services industry, with the aims of promoting compliance with the law and raising the ethical standards of business conduct.
Operations	Responsible for maintaining the public database, providing project support to the organisation, manage the collection of corporation fees, delivering ASIC's IT requirements, providing telephone and email based information services to the public and business community, and providing strategic HR services to the organisation.
Finance	Comprises five business units, Finance, Corporate Services, Audit Assurance and Compliance, Knowledge Networks and Secretariat. Responsible for providing strategic financial advice, developing and managing the annual internal audit and corporate policy compliance programs, implementing and managing knowledge initiatives and delivering corporate services to the business.

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22. In 2004-05, ASIC's costs, funded through budget appropriation, were \$208 million and we collected \$531 million in fees and charges for the Commonwealth.
 23. ASIC has developed a strong public statement to guide ASIC's development, values and annual business planning, ASIC's 2005–10 Strategic Plan: Working together for fair and efficient markets and confident, informed consumers, which was launched by the Chairman in June 2005.
 24. As part of ASIC's strategic plan the Commission has agreed on shared values designed to help people succeed and work together. ASIC upholds and promotes the Australian Public Service values and requires all staff to comply with the Australian Public Service Code of Conduct together with following three distinctive values that apply to how we do our work and how we deal with people:

Be strong

Act quickly, decisively and effectively in the public interest. Manage risks, don't avoid them. Pull your weight and get involved. Be open with and support colleagues: we're all on the same team.

Be fair

Behave with integrity. Treat people with respect. Consider relevant facts and different points of view. Communicate your decisions clearly and concisely. Acknowledge the interests of people whom our decisions affect.

Be progressive

Anticipate change and meet it confidently. Be flexible and imaginative and share your good ideas. Look out for risks and trends. Solve problems simply, and seek continuous improvement. Set an example, deal decisively with inappropriate behaviour and under-performance and recognise contributions and achievements.

25. These values form the basis of the Project Management philosophy and governance for this project.

ASIC - Locations

26. Under section 95 (1) of the *Australian Securities and Investments Commission Act 2001* ASIC is required to establish and maintain a regional office in each State and Territory. Further, the Act, under section 95 (2), requires that offices adequately serve the business needs of the business communities in the States and Territories and it adequately serves the needs of the business communities throughout Australia.
27. As a consequence, ASIC has offices in every state and territory capital city together with a facility known as the Information Processing Centre in Traralgon, in country Victoria. A summary of the details of the offices and their relative size is contained in the table below.
28. ASIC offices vary in size depending on the size of the markets and workload generated in each city. Sydney and Melbourne are the largest offices and the focal point for the majority of the large cases as well as housing the majority of ASIC's infrastructure services.

Location	Address	Area of Tenancy	Description
Sydney	No 1 Martin Place	10,360m ²	Arranged over 7 contiguous floors centrally located in the CBD
Sydney	55 Market Street	403.9m ²	Business Service Centre
Melbourne	485 La Trobe Street	8,810m ²	Arranged over 8 contiguous floors on the edge of the CBD (includes Service Centre)
Brisbane	240 Queen Street	3,054m ²	Arranged over 3 contiguous floors centrally located in the CBD (includes Service Centre)
Perth	66 St Georges Terrace	3,020.7m ²	Currently 3 floors levels 3,4 & 6. In process of rationalising space and surrendering approx 700m ² . Located in the CBD.
Canberra	15 London Circuit	1,179.4m ²	2 contiguous floors in the CBD.
Adelaide	100 Pirie Street	2,071m ²	2 contiguous floors in the CBD.
Darwin	8 McMinn Street	429.6m ²	Single floor on the edge of the CBD
Hobart	70 Collins Street	839m ²	Single floor in CBD
Traralgon	14 – 22 Grey Street	8,300m ²	Occupying the entire building over 3 floors in the La Trobe Valley.

29. The locations of the offices, regardless of their respective cities, are of a similar profile: close to the city centre in the major business areas and well positioned for transport and amenities.

IDENTIFICATION OF THE NEED

Project objectives

30. The objective of this project is to relocate ASIC's Melbourne staff and business requirements to new premises in 120 Collins Street Melbourne. This will include creating a more effective and efficient design with respect to the working environment and one which will allow ASIC to ensure its business needs are met for the next 10 ½ years at a minimum.
31. The premises are to be located centrally in the CBD, in order to maximise ASIC's effectiveness and efficiency in dealing with the business community and to allow easy accessibility by staff and the public to the premises.
32. ASIC anticipates achieving a number of operational and administrative efficiencies by relocating to the new premises. These include:
 - More effective and flexible use of floor space;
 - Enhanced public accessibility to the Service Centre;
 - Ability to accredit the Melbourne office to ISO 14,001 standard on Environmental Management;
 - Reduction in overall floor space by 10% as compared to the current tenancy; and
 - Accommodate capacity for growth.
33. The execution and delivery of this project must ensure a robust, cost effective and time efficient transparent approach, which accords with ASIC's policies, in particular with respect to security of staff and information, occupational health and safety considerations, and the procurement of goods and services, to ensure these activities meet the highest standards of corporate governance, business, legal and other probity requirements.
34. The result should be a flexible, efficient and contemporary work environment, reflective of current industry standards, that enhances communication and collaboration within the office, has the capacity for growth and that is reflective of ASIC's culture and caters for the needs of ASIC and its staff.
35. The project must deliver an outcome that aligns with ASIC values for staff – to be strong, fair and progressive. Accordingly, ASIC has undertaken a consultation process with its staff to instil a positive attitude about the move from the outset, to enable staff to identify with and contribute to the project and to feel they have been part of the process. The final design will be informed by the outcome of the staff consultation.

Background

36. ASIC currently occupies 8,810m² of office space at the La Trobe Street premises. ASIC has been located in these premises 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.

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37. ASIC's lease at 485 La Trobe Street expires in December 2006. The impending expiry was considered an opportunity to assess the costs and efficiencies between remaining at La Trobe Street and refitting, or researching the market in Melbourne for alternative premises and relocating.

Options

Remaining in situ

38. Analysis was undertaken of the costs of remaining in the current location and refitting to achieve the efficiencies and flexibility to accommodate ASIC's needs for the next 10 years.
39. This was ultimately not considered a viable option as:
- Substantial investment (interim expenditure) would be required to reconfigure the current tenancy to facilitate ongoing occupation. In view of the age of the building and problems with base building inadequacies (e.g. lift numbers compared to number of people in the building, antiquated male to female toilet ratio) relocation of ASIC to more modern facilities would still be required before the 10 year period, resulting in further fit out costs. Overall an unjustifiable capital outlay.
 - The location of the Melbourne premises in the far northwestern corner of the city grid has not been conducive to engaging with key stakeholders, particularly the business and professional sectors. A substantial refurbishment would not have addressed that issue.
 - In addition, there would be substantial disruption to business both in the need for internal relocation whilst reconfiguration work was carried out, and the further disruption with the later need to relocate.
40. The opportunity to design an efficient and flexible fit out as opposed to reconfiguring the existing floors produces efficiencies, which could not be attained if we remained in 485 La Trobe Street. Floor space will be able to be used more effectively in the proposed new location, resulting in 10% less floor space being required.
41. A modern flexible fit out also has the potential to reduce the level of capital currently expended annually on reconfiguration.

Alternative accommodation

42. This option was assessed as being the most cost effective over the long term and one which provides the opportunity to create a flexible, dynamic working environment achieving a more efficient and cost effective use of floor space that was not achievable in ASIC's existing tenancy.
43. It was decided to explore suitable leased premises in the CBD and adjacent areas (e.g. Docklands and Southbank).

Process undertaken

44. In November 2004 ASIC advertised an Expression of Interest (EOI) to lease suitable office premises in the Melbourne CBD. In addition to this ASIC also undertook parallel negotiations with the current lessor of 485 La Trobe Street should a contingency position be required in the event that no suitable alternative could be sourced.

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45. Seventeen submissions were received in response to the EOI. Following extensive assessment most were discounted as unsuitable for a variety of reasons including but not limited to, location, building profile, floor plate size, unsuitable tenancy configuration, staff amenity and accessibility and ongoing cost. Further exploration by ASIC's in house property team yielded a further nine potential opportunities that were explored, where appropriate analysed and again most were rejected on the grounds detailed above.
 46. Properties outside of the CBD were discounted as suitable, as premises in the Melbourne city CBD provided for greater staff amenity and are well served by public transport for both staff and ASIC clients, compared with buildings in outlying areas such as Docklands. In addition, the city CBD area is ideally located amongst external business stakeholders.
 47. By mid 2005 analysis and feasibility studies were undertaken on 5 short-listed propositions in different buildings with further detailed exploration undertaken of two opportunities being St James Plaza on Queen Street and 120 Collins Street.
 48. 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 re negotiated 485 La Trobe Street proposition was considered the benchmark in these studies.
 49. St James Plaza was ultimately discounted as the proposal involved substantial risk. There was a large construction component required by the lessors to create the tenancy and it was viewed as unachievable in the timeframe ASIC needed to work within as a consequence of their existing lease expiry.
 50. The decision was made to pursue 120 Collins Street as the most viable option and to negotiate an acceptable deal. The deal was agreed upon and presented to the Commission for approval in November 2005. Ministerial approval was sought and subsequently received on 12 January 2006.

Rationale for selection

51. There were two primary criteria that were instrumental in the selection of the alternative premises:
 - a) Financial
 - To remain in 485 La Trobe Street would necessitate considerable investment to reconfigure the tenancy to overcome the functional obsolescence even in the short term. Furthermore it was likely that staff would need to be re-housed whilst the refit was underway. The capital outlay and intangible cost due to business disruption compared unfavourably when considered against the extremely competitive proposal of 120 Collins Street.
 - Our analysis indicated that to achieve the outcomes necessary it is more efficient from a cost perspective to construct a fit out without the encumbrance of existing infrastructure, partitioning facilities (disregarding the significant intangible cost factor for disruption generated).
 - The commercial terms negotiated provided greater assistance in the form of a larger cash incentive to finance the fit out than the proposal to remain in situ generated.

- The rent offered to ASIC in 120 Collins Street is lower than the other tenants in the same rise (levels served by a common lift bank i.e. in this case levels 23-38 inclusive) in the building are currently paying. In addition, due to the dynamic and efficient floor space design ASIC will be able to reduce its requisite floor space by 10%.
- The current and proposed buildings are controlled by the same lessor, which provided for a degree of flexibility for ASIC that would not normally be available when relocating at lease expiry. This flexibility translated into real cost savings as ASIC was able to negotiate a cash settlement for the make good (the cost of putting the tenancy into the position it was pre fit out) below the market benchmark for a high rise CBD building. In accordance with International Accounting Standards ASIC has provision for the payment of Make Good of all its tenancies on its balance sheet.
- The issue of payment of double rent was removed, which is normally a problem when relocating as the timing of both the exit from the current tenancy and entry to the new will coincide.

b) Business

- Physically and operationally 120 Collins Street is a well maintained and run building providing the base building infrastructure required by ASIC in a location that offers the staff excellent amenities and good access to transport. The building is located amongst the external stakeholders that ASIC deals with on a daily basis and is of a comparable profile to other ASIC buildings.
- The configuration of the floor plates will allow the flexible and efficient fit out to be targeted and will serve ASIC for the foreseeable future.
- ASIC's Melbourne Service Centre is currently located effectively in the middle of the tenancy. The ability to separate the Service Centre and operate in a ground floor tenancy at 120 Collins Street offers easier access by the public and gives ASIC the ability to augment the function of the Service Centre to include new services for a Public Education/Information facility (a new initiative in the planning stages).
- As already stated, remaining in the current tenancy would require substantial re-configuration of the tenancy which would by its very nature cause considerable disruption to the business.

Description of the proposal

52. ASIC has negotiated a lease of 10 years and 6 months commencing 1 May 2006 for levels 24-30 and ground floor retail space in 120 Collins Street Melbourne. Comprising 8,168m² in total, seven contiguous floors of office space and 175.3m² for a ground floor retail tenancy intended for the Service centre. Attachment A highlights the relative locations of the existing and the proposed buildings. Attachment B contains an illustration of the building highlighting ASIC's location within the building.
53. The floor plates average approximately 1,140m² with a centre core served by 6 passenger lifts servicing levels 23 – 38 plus a goods-lift servicing the entire building. See Attachment C for an example of a typical floor plate.
54. The project involves the relocation of staff and business requirements to the new premises, fit out of the new office accommodation and the creation of a ground floor Service Centre/Public Information facility. This type of facility is a

new concept for ASIC and it is anticipated that this will greatly enhance public utilisation of, and ease of access to, the Service Centre.

55. The fit out design and specifications will meet the relevant State and Commonwealth disabilities legislation, and ASIC's OH&S and Equal Employment Opportunities policies in respect to access for clients and staff including wheel chair access to the building and office areas, door widths and height, lift arrangements, toilets and access to counter facilities.
56. The budget for the project is approximately \$9.85 million which consists of \$6.9 million for the construction of the fit out including all associated costs, plus \$2.95 million for the security, IT and communications infrastructure. This will be funded by ASIC from existing resources and the negotiated new lease incentive of \$6.5 million.

Overarching principles

57. The execution of this project is strictly controlled by a number of review and control committees detailed in the Technical Information section. These committees will focus on the management of cost, risk and time ensuring all aspects of the project are carried out in accordance with the project objectives.
58. Key performance criteria of the project are the management of cost and risk, whilst striving for a flexible approach and outcome to provide an adaptable, efficient and contemporary work environment appropriate for all stakeholders.
59. The process will be transparent and open and will encompass the engagement of and communication to staff and other stakeholders.

Engagement of staff

60. The engagement of staff is seen as a critical factor in the success of the project. A communication plan has been designed and implemented to ensure that all stakeholders are consulted and that all ideas are captured and overlaid with the needs of the business with regard to technical, physical, time and cost constraints.
61. The engagement of staff commenced as soon as Ministerial Approval was received with a presentation to staff followed by a user survey for all Melbourne staff to capture information on present and future work practices to identify opportunities and illuminate risks. The communication plan ensures continual information is imparted to the staff detailing progress on the project and preparing the staff for a move to a new part of the city and advising them of the amenities in the area.
62. Staff representatives are also members of the review and control committees.

Environmental impact

63. ASIC is committed to implementing and sustaining good environmental practices. It is considered an integral part of its management philosophy and ensures ASIC continues to both monitor and refine its Environmental Management Systems (EMS) with the recognition that it has a responsibility both to its staff and the community as a whole to be as environmentally aware as is practicable.

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64. ASIC has made significant advances in the sphere of environmental management over the past two years and continues to research further opportunities for both economic and environmental improvement.
 65. ASIC's Sydney office is accredited to ISO 14,001, one of the few agencies to have sites accredited, and ASIC is committed to accrediting the new premises at 120 Collins Street to the same standard.
 66. This is complemented by the approach taken by the lessor Investa who are committed to ensuring every building in their portfolio performs well from an environmental and sustainability point of view. They have a well-articulated Sustainability Strategy, which amongst other things refers to "adopting strategies and practices that meet the needs of the Group and its stakeholders today whilst protecting the human and natural resources that will be needed into the future". This commitment translates into a number of awards including being ranked second in the world in among real estate groups by SAM Sustainable Asset Management in terms of social, environmental and economic performance*. The lease itself has a section dedicated to Green issues and describes and quantifies the commitment of both parties to ensuring that the environmental performance criteria are met and exceeded.

*Source Investa Property Group – 2005 Sustainability Report

Heritage considerations

67. The nature and age of the tenancy and the building itself meant that no heritage impact assessments were required.
68. Appropriate assessments were undertaken at the construction of the building. The preserved heritage component of the building is separate to the office tower.

Revenue, if any, derived from the project

69. This project mitigates ASIC's need to extensively reconfigure its existing tenancy plus negates the need to provide temporary accommodation whilst the refit is underway.
70. There is a reduction in leased floor space with the new premises and ASIC negotiated a monetary incentive with Investa Property Group of \$6.5 million. This incentive 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. This has a positive effect on ASIC's cash flow when compared to the traditional payment upon completion method. Additional cost benefit is derived from the five months rent free period for fit out and the fact that Investa are the lessors for both buildings that will assist in the management of ASIC's short term rental cash flow by removing the payment of double rent which would be required if the lessors were separate entities.

TECHNICAL INFORMATION

Location

71. 120 Collins Street is located towards the eastern end of Collins Street on the junction of Collins and Russell Street and the building "spans the block" through to Little Collins Street at the rear of the building. Refer to Attachment A for the location map.

Description

72. The building comprises a 50-storey tower, low rise Professional Suite and a Heritage building totalling approximately 65,000m² of office space. The building has recently undergone some refurbishment works creating a new improved lobby featuring a hotel style coffee shop.
73. The tenancy comprises 7,992.7m² over 7 contiguous floors, being levels 24-30 inclusive and is located in the high rise of the building. This rise (levels 23-38 inclusive) is served by 6 dedicated passenger lifts and a goods lift (serving the entire building). The floor plates are configured around a central core and are approximately 1,140m² each.
74. Additionally ASIC, under the same lease, is taking a ground level retail premise comprising 175.3m². This is to house the Service Centre/Public Information facility (a new initiative currently in the early planning stages). This new facility will greatly enhance public accessibility and consumer education and awareness.

Site selection

75. The site selection was based on the following criteria:
- The building should be located in the City Centre close to the business hub;
 - The building should be an A or Premium Grade building;
 - The tenancy should be approximately 8,000m²;
 - The floor plates must be minimum of 1,000m² in a configuration that does not compromise efficiency of use or cost of fit out;
 - The tenancy should be over contiguous floors;
 - The floors have to be accessible via the same bank of lifts;
 - The building should have an ABGR rating of 3 stars or more;
 - The building has to be well located for public transport;
 - The location has to be well located relative to services and other amenities;
 - The building must have onsite car parking facilities;
 - The tenancy must be capable of being managed from a security perspective;
 - The building must not present an unacceptable risk as a result of other tenants in the building; and
 - The property cannot be owned by an individual or individuals.

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76. 120 Collins Street was selected after extensive investigation of alternative sites, and after careful consideration with respect to remaining in the current tenancy, as the site most strongly meeting the selection criteria. In support of the due diligence process ASIC engaged the services of Jones Lang LaSalle to undertake the assessment of the Expression of Interest submissions and to advise throughout the initial evaluation. The benchmarks established together with the use of external research material from Property Consultants confirmed the quality of the commercial aspects of the proposal relative to prevailing market conditions.

Project scope

77. ASIC will lease the office accommodation for a period of 10 years and 6 months and will be undertaking an office fit out.
78. The project involves the procurement and execution of architectural design and documentation, and fit out of the service centre facility.
79. The architecturally designed office accommodation will include:
- Construction of a Service Centre in the ground floor tenancy;
 - Security controlled access to the floors;
 - Reception area including a public waiting area;
 - Investigation evidence rooms;
 - Meeting rooms;
 - Storage facilities;
 - Computer room built to specifications;
 - Conference and training facilities;
 - A first aid room;
 - Utilities on each floor; and
 - Kitchen on each floor.
80. Upon completion of the fit out at 120 Collins Street the entire office at 485 La Trobe Street will require relocation (following the associated logistical planning). The cost of relocation will be met from within ASIC's 2006/2007 operating budget.

Project governance

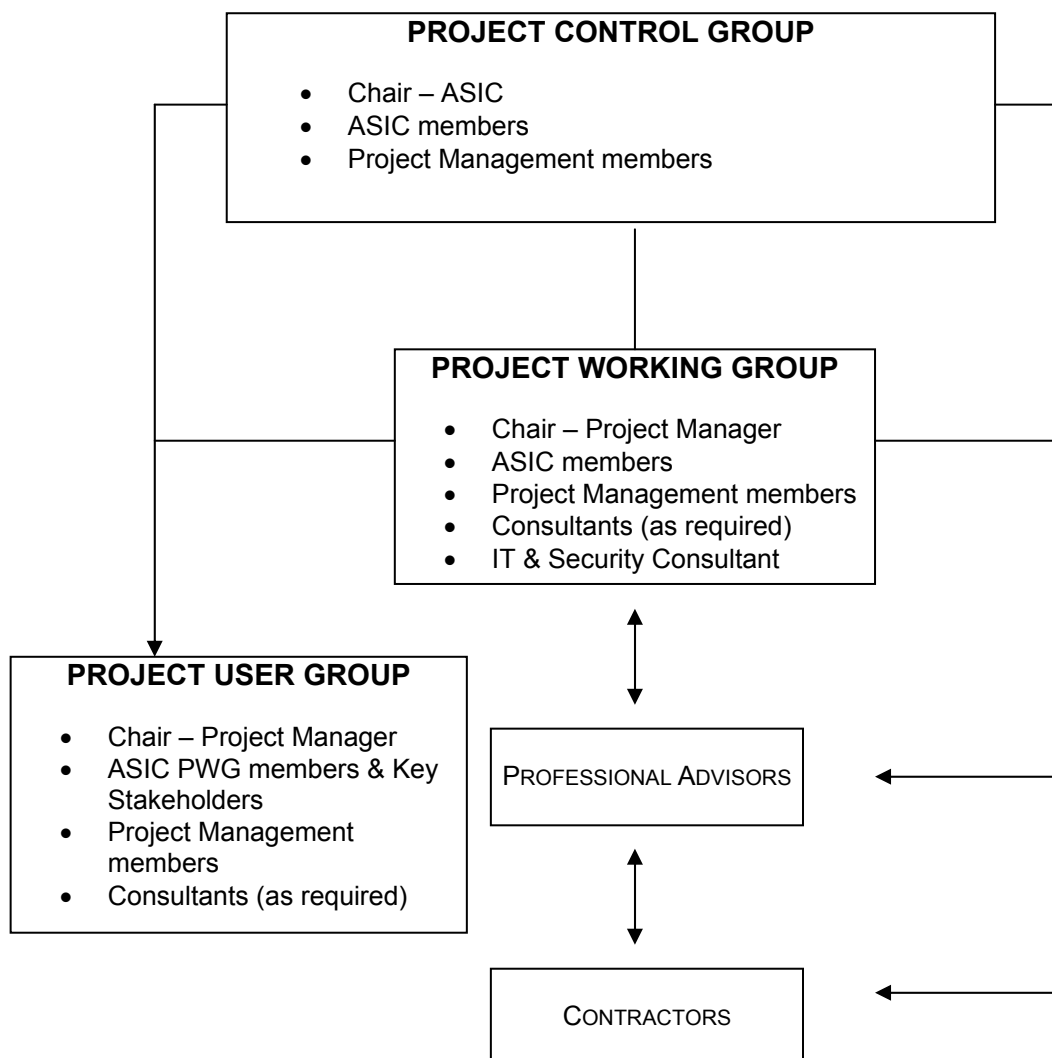
81. The establishment of a structure to ensure the governance of the project was identified as of paramount importance to the success of the project. The ability to ensure key decisions are analysed, presented and approved at an appropriate levels within ASIC is critical. The appointment of expert consultants as Project Managers to ensure management of time, cost, risk, specific expertise and delivery of the project is also critical to the success of the project.
82. ASIC's in house property team conducted a select tender to identify a Project Management Consultancy company to manage the fit out and relocation process. The critical attributes that ASIC sought, and the successful candidate displayed, were expertise in property management, focus on risk and cost

management, the ability to manage a broad range of consultants and contractors and a proven track record in procurement and tendering.

83. The first task of the Project Manager was to work with ASIC on the creation of a Project Management Plan. The purpose of this Project Management Plan is to provide a formal structure that establishes the governance by which the project will be managed throughout the life of the project.
84. This Project Management Plan is a “living document” that is updated and maintained as a “controlled document” by the Project Manager throughout the life of the project.
85. The approval of this document and any subsequent changes will be by the Project Control Group which, as described below, is responsible for setting the guiding principles for the redevelopment and the provision of high level advice where necessary, overseeing the planning and delivery of the project, and monitoring of the project’s completion in accordance with the agreed timeframe, budget and quality parameters.
86. The Project Management Plan covers the following areas:
 - Management Structure (including Parties, Governance, Structure including Organisation Chart, Committee Membership and Roles and Responsibilities).
 - Project Overview (including Staging, Structure, Project Description, Cost, Time/Schedule and Project Risk).
 - Communication (Objectives, Identification, Messages, Tools and Timelines).

87. The structure of the Project Management is detailed below.

Project Management Structure



88. One of the principles for the project is to take a layered approach to the project ensuring all decision-making levels within the business and ultimately the users are involved in the project. In order to ensure that all groups with authority or interest with respect to the project have adequate input into the project, the following groups were identified and formed with the intention that they will operate for the duration of the project:

- Project Control Group (PCG).
- Project Working Group (PWG).
- Project User Group (PUG).

89. The Terms of Reference for each of the groups are as follows:

Project Control Group (PCG)

90. Function

- a) The PCG will set and oversee the guiding principles for the redevelopment and provide high-level advice where necessary.
- b) The PCG will oversee the planning and delivery of the project, and will monitor the project's completion in accordance with agreed timeframe, budget and quality parameters.
- c) The PCG will be chaired by ASIC, who has ultimate responsibility as the proponent for the project.

91. Responsibilities

- a) Final approval and sign off of design documentation prior to tendering;
- b) Agree and approve budget and scope for overall project and each project component including the establishment of adequate funds for the project contingency;
- c) PCG will make recommendations to ASIC relating to the expenditure of the project contingency;
- d) Provide strategic direction and decision making to facilitate the project within the approved brief, budget, program, and quality parameters;
- e) Review any proposed significant changes to the scope, and where endorsed, ensure that all necessary approvals are in place prior to any direction to proceed with implementation;
- f) Advise the stakeholders on the adequacy of the proposed brief, program and budget;
- g) Receive reports from the PWG and monitor the achievement of the project outcomes and deliverables within the approved brief, budget and program, quality parameters and if necessary identify any specific actions to be taken by the PWG;
- h) Oversee the management of the risks identified and subsequently raised by the project;
- i) Review proposed remedial actions required to maintain overall project objectives and endorse and assist where possible;
- j) Review and provide strategic advice regarding the risk matrix document; and
- k) Ensure probity is maintained during the life of the project.

92. The governance and control is such that all members of the project team will be available for consultation with the PCG on an "as required" basis.

Project Working Group (PWG)

93. Function

- a) The PWG is responsible for the coordination of the activities of the overall project team and the interface with stakeholders and other authorities (if required).
- b) The Project Manager will assume the role of chair of this Group and report on an agreed basis to the PCG on progress of the project.

94. Responsibilities

- a) Provide reports to the PCG;
- b) Overview and recommend to the PCG, any internal budget and design changes identified by the PWG as considered appropriate and/or necessary;
- c) Provide direct interface to stakeholders and statutory authorities where necessary;
- d) Co-ordinate between client, users groups, the cost consultant, other client consultants and the design team;
- e) Oversee the management of the risks to ASIC;
- f) Undertake investigations and research on relevant project issues;
- g) Manage the total implementation of the project from inception to project design and documentation through to completion against the agreed time, cost and quality parameters;
- h) Assist in the development, implementation and operation of procedures and approval processes; and
- i) Ensure that the Stakeholders objectives of time, cost and quality are achieved.

95. As requested consultants will attend.

Project User Group (PUG)**96. Function**

- a) The PUG will be responsible for understanding the working environment and needs for the staff within both existing and new locations together with managing change.
- b) The Project Manager will assume the role of chair of this Group and report on an agreed basis to the PWG and PCG on progress.

97. Responsibilities

- a) Establish business objectives;
- b) Establish success factors;
- c) Establish cultural behaviours;
- d) Define the qualities required to support behaviours;
- e) Conduct existing condition audits;
- f) Measurement of staff satisfaction before and after the project;
- g) Map space relationships between departments; and
- h) Calculation of measurables relating to space (\$/full time employee, m²/full time employee).

98. Details of the representatives from ASIC and the project management consultants are outlined in Attachment D.

Planning and design concepts

Process

99. The objectives of the design process are outlined below:
- a) That the quality and quantity of design documentation is consistent with the project objectives and is undertaken in a way that enables flexibility to add and/or delete elements of scope at key decision stages and for future expansion.
 - b) That the documentation is available at the right time for approval.
 - c) That the design is capable of producing a competitive response from contractors.
 - d) That the design is within the budget established by the Client group.
 - e) That the design is capable of being built
 - f) That the design complies with the Building Code of Australia (BCA), relevant Australian Standards and all relevant State and Commonwealth Legislation.
100. All members of the project team (including consultants) have a shared responsibility for keeping within the approved Cost Plan. Where the Cost Plan is exceeded, the appropriate members of the project team shall meet and agree how to bring the project back within the Cost Plan.
101. Value Management workshops are a process that will be adopted as the project progresses to allow a consultative approach to meet the Cost Plan.
102. The project team will:
- undertake an internal peer review of the design and documentation using appropriately qualified staff who have not previously worked on the project to ensure the brief is adhered to and the quality is maintained.
 - allow access and make available appropriate staff and documents to an external peer reviewer if the PWG decides an external peer review is necessary.

Quality

103. The Architect/Consultant is to implement and maintain a quality assurance system that meets the requirements of ISO 9001.

Design principles

104. The design will focus on the need to create a flexible, efficient and contemporary work environment that encourages people to communicate and work in collaborative ways to achieve results. The design must cater for the needs of ASIC and its staff and deliver the capacity for growth. It is also a relevant factor that ASIC, as a knowledge-based business employing highly skilled labour (generally from outside the public sector) competes with large professional service firms for the best graduates and other talented employees. It is a fact of life that such employees will compare a range of factors when selecting an employer, including the general physical amenity of the working environment. While ASIC does not seek to be a leader in providing "state of the art" premises, it cannot afford to fall too far behind prevailing standards in the private sector. The current Melbourne premises are materially below the standard of the ASIC premises in Brisbane and Sydney and well below that offered by organisations with which ASIC competes for its skilled labour.

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105. These principles apply to both the public and office space. A visitor to ASIC premises should experience an efficient, professional and knowledgeable organisation and the reception area will embody this as well as ASIC's values. ASIC plays a key role in maintaining the integrity of the financial markets and promoting business and consumer confidence in a fast moving and complex environment. To do this effectively, ASIC must engage regularly with external stakeholders by way of consultation and education. The configuration of our premises is a key factor in us being able to handle regular and diverse face-to-face interactions with a range of audiences. While this might not have been such a factor when the Melbourne premises were conceived in the early 90's, our jurisdiction and the expectations upon us have changed dramatically over that time.
 106. Staff will work in an environment that enables productivity, an environment that supports an energised culture, and an environment that is challenging. The workspace needs to encourage communication and collaboration, both within and across directorates, and to allow space for confidential activity.
 107. The design will be reflective of current industry standards, ASIC's culture and its values of strong, fair and progressive. The design needs to deliver a flexible and adaptive space that is not a barrier to change but allows change to be accommodated effortlessly, where information flows freely, technology can be utilised and re-directed quickly and resources can be speedily re-allocated to deliver fast tangible results.
 108. The general office areas will provide for a collaborative working environment within and across directorates, with all staff members able to conduct their tasks in an efficient and comfortable setting with easy access to light amenity, business tools and facilities. Stakeholder engagement has focused on the function of the space and the move away from the "hierarchical" fit out (i.e. workspaces or offices awarded to seniority of position) now in place. The ability to reconfigure the space quickly is a key performance criteria in the creation of the efficient and flexible workspace. The selection of the workstation solution will be informed by the needs of the business in this respect, the requirements for sustainability in materials and operational access (e.g. to power points etc) and the desire to create a model where communication and the ability to work in flexible teams is second nature.
 109. The design of the amenity areas will facilitate flexible use of space to allow more communication, where informal meetings can take place. There will be specified staff break out areas as well as staff amenities such as kitchen facilities.
 110. A more collaborative workplace design will create the need for quiet areas and smaller meeting rooms within the general office tenancy to allow for team meetings and work of a sensitive nature. These rooms will also be designed and equipped with flexibility in mind.
 111. Meeting rooms capable of use for external meetings will be a range of dimensions to suit a variety of purposes, both public and private. Rooms and areas will be created with the capacity for an "all staff" meeting and the use of staff for other events (e.g. staff welfare events) but with the flexibility and adaptability to be able to use them for smaller requirements. These public rooms will be efficient and professional.

Materials and finishes

112. The intention of the project is to utilise an environmentally sustainable design (ESD) philosophy throughout the project.
113. It is anticipated that ESD principles will be adopted into the design in a holistic manner with the intention of maximising the potential environmental benefits offered by many commercially available products.
114. It is expected that recurrent cost savings will be achieved from the works, and that only “efficient” building materials, systems, and designs will be incorporated into the project.

Infrastructure and services

115. The design of the IT, communications (voice and data), electrical, mechanical, hydraulic and fire services will be undertaken by one specialist Services Engineering Consultants selected by a tender process. The IT and communications components will be designed to separate technical briefs prepared by ASIC’s in-house experts. The installation will be undertaken by the principle contractor and their subcontractors based upon the design of the Services Engineering consultants and under the ultimate control of ASIC’s Project Management Consultants.
116. The design and installation of the physical security component of the fit out, as a result of ASIC’s highly specialised requirements as a law enforcement agency, was tendered separately to specialist Commonwealth accredited companies to a brief prepared by ASIC’s Risk Management Unit in consultation with external experts.

Electrical services

117. In keeping with the architectural design of the fit out one of the key requirements of these components is flexibility and efficiency. The systems are to be designed to cope with the demands of ASIC currently and to act as platform for future innovation to support the business demands in the future. The systems will be designed to ensure all associated risks are managed.
118. The general and specific purpose lighting and power systems will be designed and integrated with the base building systems. Power outlets will be designated during the design phase as layout and configuration are confirmed.
119. The building is equipped with a back up power generator designed to cope with 50% of tenants’ load. Additionally, the ASIC tenancy will be equipped with its own back up power facility capable of ensuring all essential services are maintained in case of emergency.
120. The standards to be referenced and conformed to for ASIC technology requirements are:
- Computer Accommodation (AS2834-1995),
 - Australian Government Information Security Manual (ACSI 33),
 - Telecommunications and Wiring Standards - AS/NZS 3000:2000; AS/NZS 3080:2003; AS/NZS 3084:2003; AS/ACIF S009: 2001; Cabling Industry Committee’s Industry Code – Cabling for Business (July, 2003, or higher); 10Gb draft 1.0 amendment to IEEE standard 802.3an.

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121. A vertical cabling system will be utilised to provide inter-floor connectivity between each ASIC floor and the computer room. The cabling system will consist of 12 pairs of OM3 50 micron fibre to each floor.
 122. As it is likely that in the next 5 to 10 years Network Interface Cards, and equipment, will operate at 10Gb/sec capacity, the selected cabling provider will be required to guarantee that their cabling system will support 10Gb/sec Ethernet.
 123. Each workstation will have 3 RJ-45 Ports (1 x phone, 1 x data), and 2 x 2 building conditioned (spike protected) power outlets (GPO's).
 124. ASIC has traditionally installed hard-wired workstations, however, the system will be constructed to allow soft-wired cabling and enable maximum future flexibility.
 125. Analysis has been undertaken into the use of meeting rooms with particular reference to audio and video conferencing and the requirement to record interviews under section 19 of the ASIC Act 2001. The function and purpose of each room will be catered for in terms of data, IT power and communications.
 126. Each ASIC floor will have a dedicated communications room, locked and secured through ASIC's security system. This room will bridge workstation services endpoints to the fibre communications backbone, back to the computer room. All distribution rooms will provide backup power supply to the data switches. The rooms will be appropriately ventilated for the extra heat generated from communications equipment.
 127. The main ASIC computer room will be located mid way through the tenancy (i.e. Level 27) and will comply with the Australian Standard for Computer Accommodation (AS 2834-1995), Environment Type 1 and, the Australian Government Information Security Manual (ACSI 33) SR1 provisions. The room will be appropriately configured and specified to comply with ASIC and Australian Standards.
 128. The computer room will also house a new "future proof" IP Telephony based Nortel Succession System (PABX) that will support the desktop hardware currently in place and anticipated future expansion and innovation. The PABX will be tendered by ASIC.

Fire protection and security measures

129. Fire protection measures for the computer room conform to A/S 2834/1995 for an environmental type 1 facility. A gas suppression system will be specified in line with ASIC's national IT policy. Office areas are protected by wet sprinklers due to their proximity to the computer room and other time critical operations.
130. Physical security is based on a layered "defence-in-depth" approach, using deter, detect, delay and response principles. The security requirements are based on a risk assessment supported by internal and external risk management advice to ensure compliance with Australian Government standards outlined in the Commonwealth Attorney General's Protective Security Manual (2005).
131. The premises are protected by monitored Government Approved Type 1 security alarm system, digital CCTV systems as well as external and internal access control facilities.

Mechanical

132. The system will be designed to re distribute and re balance the base building system (designed to provide the maximum flexibility for tenants) to suit the fit out configuration. This will include the provision of new and adjustment of existing supply outlets and VAV boxes ensuring the maximum reuse of existing air-conditioning ductwork and equipment.
133. Outside air provisions will be verified and adjusted to satisfy the relevant State and Commonwealth requirements, which will be based on the outside quantity available to the floors.
134. Supplementary air conditioning units will be provided to high heat load areas including communications and computer rooms (as described) meeting rooms, and staff amenity break out areas.

General fire and hydraulic

135. 120 Collins Street is fully fire sprinkler protected throughout, in accordance with AS2118, and to the requirements of the Melbourne Fire Brigade (MFB). The tenancy specific design will ensure that sprinklers are relocated and added as required.
136. Alterations and additions to the Emergency Warning and Evacuation system will be undertaken to suit the portioning layout and supplementary fire extinguishers will be included as required. All alterations, additions etc will be in accordance with the requirements detailed.
137. Base building sanitary, plumbing, cold and hot water services and ACU drainage will be adapted to suit the design and amenity of the tenancy

Approvals

138. The design and delivery of the project will be in accordance with and subject to all relevant Lessor, Statutory and Local Authority Approvals.

Codes and standards

139. All the works are to be designed and constructed in accordance with the Building Code of Australia (BCA), Australian Standards and all relevant State and Commonwealth Standards.

Energy conservation measures

140. ASIC's Environmental Management Policy commits us to considering the environmental impacts associated with the procurement of goods and services. The consumption of goods and generation of waste (e.g. minimisation of packaging) will be considered as well as the environmental policies of the suppliers we engage, including "whole of life" environmental impacts.
141. Similarly, an important criterion for selection of office equipment is energy efficiency, both as to overall configuration and particular models or brands. ASIC currently requires that specification or tenders for the procurement of miscellaneous office equipment be required to be 4 star energy efficient or carry the blue star that indicates that they have met the Energy Star requirements.

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142. ASIC is in the top 10% of Government agencies with respect to environmental issues with achievements that include the accreditation of its Sydney office to ISO 14,001. ASIC complies with the Government energy target of less than 10,000mj per person with a national result of 9,097mj per person in 04-05. ASIC was placed in the top half of agencies in the 03-04 Government Energy Report (WOGER) with respect to energy performance.
 143. ASIC engages the services of external consultants to monitor its energy consumption and they will be working closely with both ASIC and Investa to accredit the Melbourne site to ISO 14,001.
 144. Investa 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 world's leading real estate groups in terms of sustainability performance.

Acoustics

145. As an organisation that deals with sensitive information (market sensitive and information on individuals under investigation) the issue of security and discretion relating to acoustics is a serious consideration.
146. A specialist acoustics consultant will be appointed following a select tender process. The consultant will be directly involved with the design of the office layout to ensure complete compliance with ASIC requirements. They will be responsible for inspecting the existing office layout to understand the particular uses and requirements of meeting areas, hearing rooms and offices. The consultant will be responsible for establishing a national standard for each nominated room within the office layout relating to the acoustic treatment for each room.

Provision for people with disabilities

147. The design solution will provide appropriate access and utilities for disabled persons that meet the minimum requirements of the BCA and all relevant State and Commonwealth legislation and are in accordance with ASIC's OH&S and Equal Employment Opportunities policies in respect to access for clients and staff, including wheel chair access to the building and office areas, door widths and height, lift arrangements, toilets and access to counter facilities.

Childcare

148. Whilst not featuring as much in staff feedback as other amenity items, the issue of childcare has been raised.
149. The feasibility and practicality of including such a facility within the tenancy has not been considered as the location, size and configuration are not suitable. For example, the configuration and location of the tenancy does not allow the provision of outdoor space of any description, a pre-requisite for a childcare facility.
150. There are childcare centres located in reasonably close proximity to the proposed tenancy. As with other external services and amenities (such as fitness facilities), work is underway to assess the accessibility for ASIC staff to these facilities and to gain a clear understanding of the alternatives available in the area.

Occupational Health and Safety measures

151. ASIC's OH&S policy and procedures are relevant to each staff member regardless of location and are not affected by a change in tenancy.
152. The work to be carried out complies with all relevant State and Commonwealth workplace legislation.

Consultations

153. In addition to the establishment of the PCG and PWG, ASIC staff has been kept informed of both the objective and the progress of the project. There have been a number of initiatives to ensure the staff are engaged and include the following:
- All of staff presentation;
 - Members of staff participate in the three separate working committees;
 - Intranet page dedicated to the Melbourne move;
 - Staff occupancy survey to assess workplace needs;
 - Interviews held with a variety of senior managers; and
 - Ongoing engagement and communication.
154. The following parties have also been kept informed of the project:
- Treasury;
 - Department of Finance; and
 - Community and Public Sector Union.

PROJECT DELIVERY

Project costs

155. The cost of the project, as estimated by the Project Management Consultant's Director of Quantity Surveying, will be \$9.85 million inclusive of fit out, workstations, IT and Communications infrastructure, security, professional fees, contingencies and GST. It should be noted that it is anticipated that there will be items from the current tenancy that will be reused, including whitegoods, some audio visual and technical equipment and some loose furniture such as chairs and tables.
156. A contingency has been built into the budget estimates. With the ongoing project governance that ASIC has implemented together with the procurement, delivery and reporting systems, and the final result will remain within budget.

Project delivery system

157. ASIC has engaged a comprehensive range of specialist advisors controlled via the Project Management Consultants appointed at the outset of the project.
158. ASIC will ensure through the project governance structure described that issues of time cost and quality are managed.
159. Each element has been tendered separately with the construction contract to be tendered via Public Tender in accordance with the Commonwealth Procurement Guidelines 2005.
160. It is proposed that the construction contract will be delivered via a fixed lump sum contract awarded following the process described, which upon review of the options ASIC considered to carry the least risk.
161. This method of procurement, with the aid of an advanced design and the use of the Project Management Consultant, is viewed as the best method of ensuring cost, risk and programme are managed.

Project schedule

162. It is anticipated that following Parliamentary approval the project will be completed over a 5-month period. This will include the completion of construction documentation, selection of principle contractor, construction and the remedy of defects. It is intended that the relocation will take place in late September 2006.

ATTACHMENTS

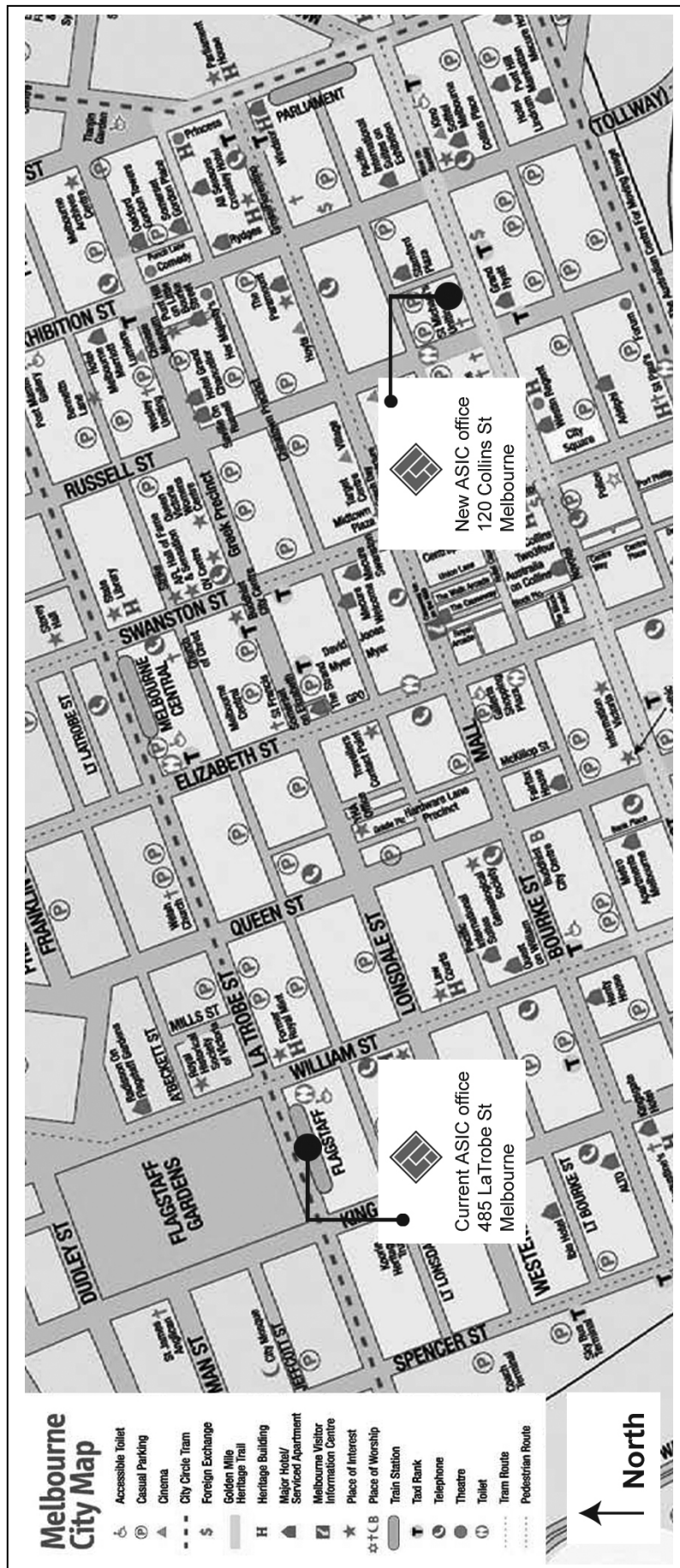
Attachment A - A Location Map reference for 120 Collins and 485 La Trobe Street

Attachment B - A perspective of the new building

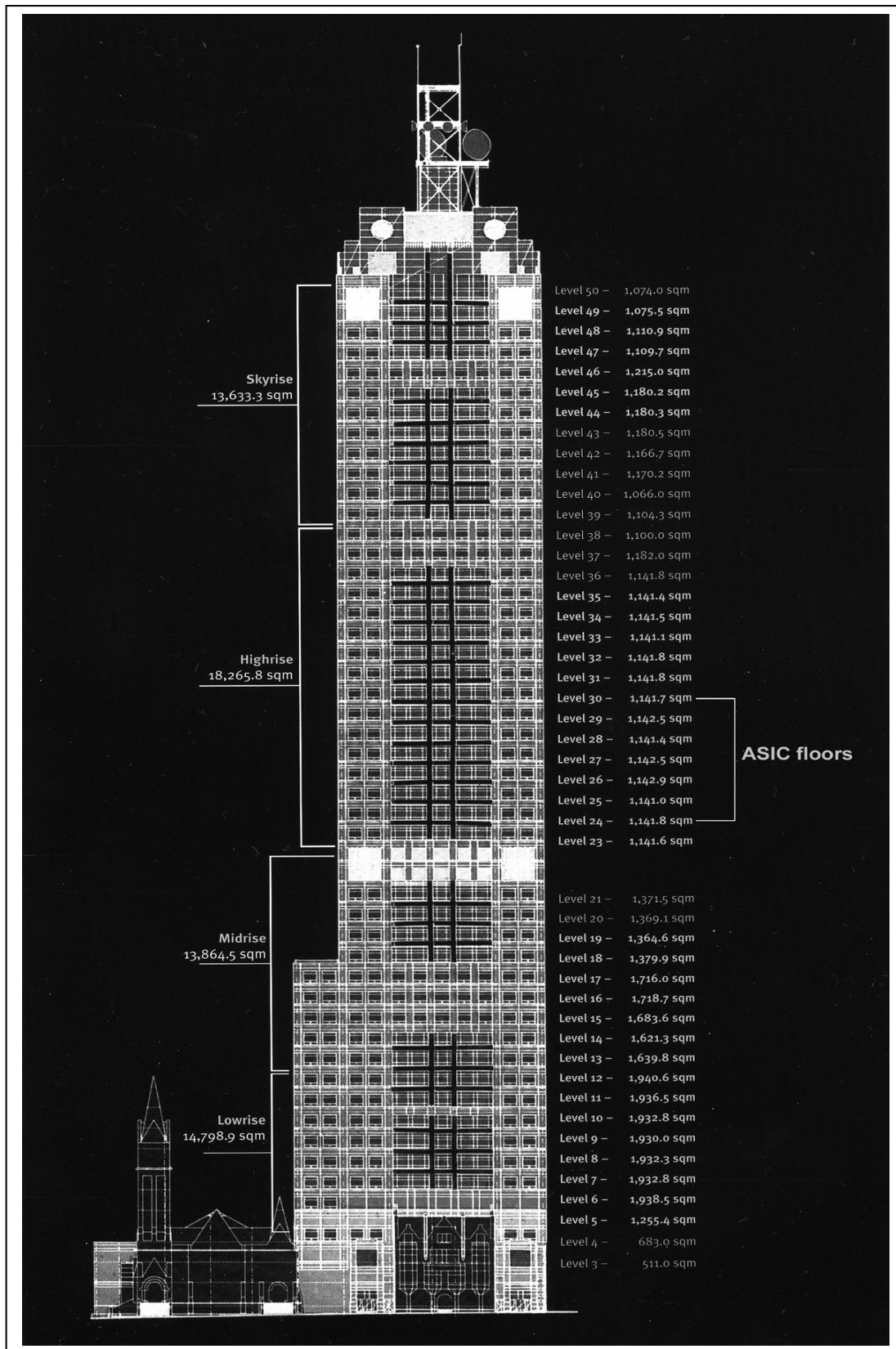
Attachment C - Typical floor plate

Attachment D - Details of the members of the PCG and PWG

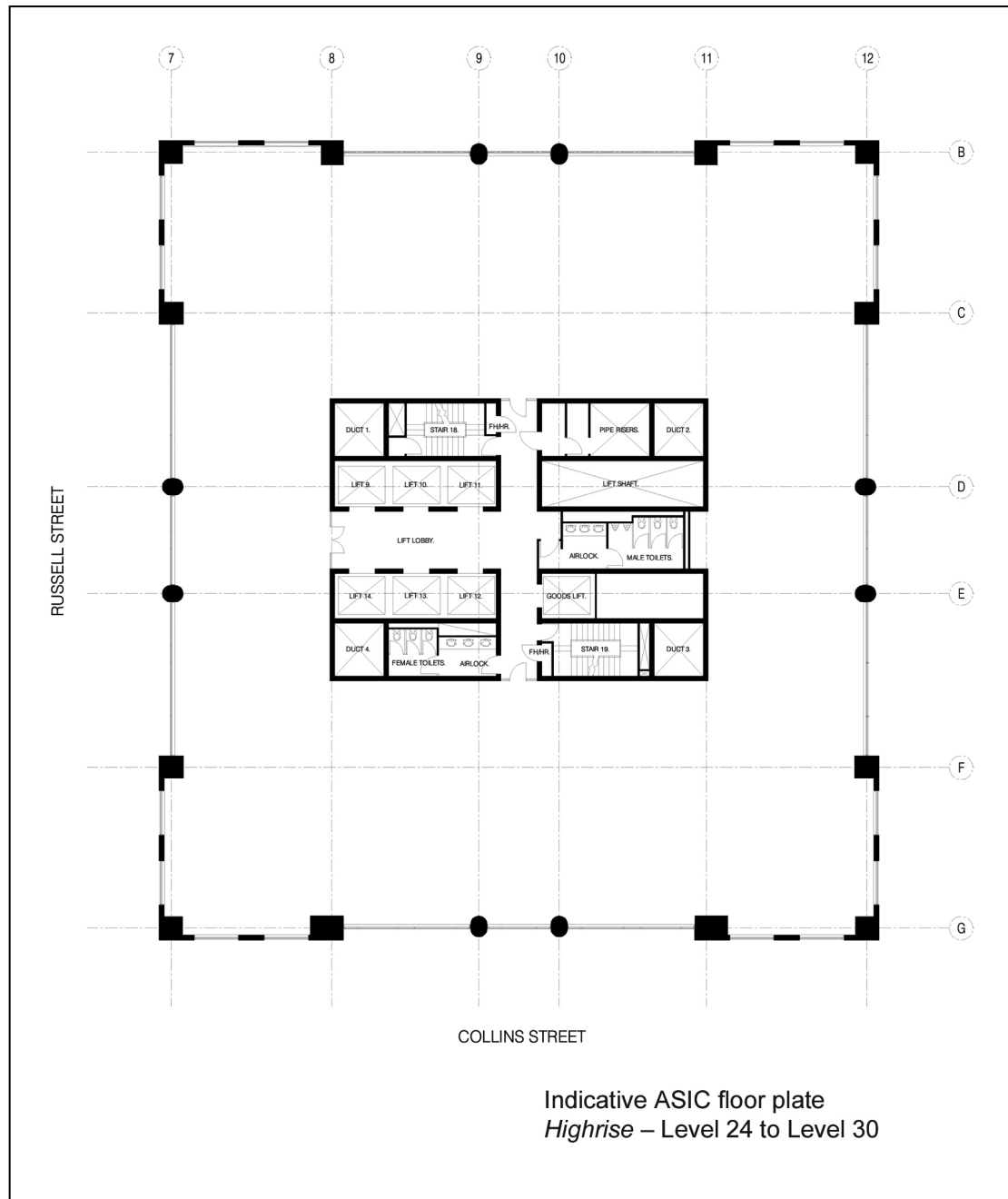
Attachment A



Attachment B



Attachment C



Attachment D***Project Management Structure*****Project Control Group:****Chair:**

Mark Drysdale, Chief Operating Officer ASIC and Regional Commissioner VIC

ASIC Members:

Jeremy Cooper, Deputy Chairman
Linda Dean, Director Corporate Services
Jonathan Betts, National Manager Property
Tracy Irving, Senior Property Officer

Project Management Consultancy – Napier and Blakeley:

Peter Frith, National Director
Geoff Morley, Project Manager
Edward Buckle, Manager Corporate Real Estate Service
Rob Howells, Senior Building Consultant
Craig Smith, Director

Project Working Group (common members with PCG):

Chair: Geoff Morley, Project Manager Napier and Blakeley

ASIC Members:

Jonathan Betts, National Manager Property
Tracy Irving, Senior Property Officer

Project Management Consultancy - Napier & Blakeley:

Edward Buckle, Manager Corporate Real Estate Service
Rob Howells, Senior Building Consultant
Craig Smith, Director

The PWG includes additional members depending on the phase of the project from ASIC stakeholders, technical experts in IT and security and expert consultants.