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The Parliament of the Commonwealth of Australia

# **Referrals Made February and March 2009**

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

**Construction of housing for Defence at Yamanto Hills, Ipswich,  
Queensland**

**Parliamentary Standing Committee on Public Works**

June 2009  
Canberra

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## Membership of the Committee

**Acting Chair** Senator the Hon Judith Troeth (from  
15 June 2009)

**Chair** Mr Mark Butler MP (to 15 June 2009)

**Members** Mr Nick Champion MP

Senator Mark Bishop

Mr John Forrest MP

Senator Michael Forshaw

Ms Jill Hall MP (from 15 June 2009)

Hon Peter Lindsay MP

Hon Roger Price MP

Hon Peter Slipper MP

## **Committee Secretariat**

<b>Secretary</b>	James Catchpole
<b>Inquiry Secretary</b>	Siobhán Leyne
<b>Research Officer</b>	Elisabeth Costa
<b>Administrative Officer</b>	Tarran Snape



## **List of recommendations**

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

#### **Recommendation 1**

The Committee recommends that the House of Representatives resolve, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Fit-out of new leased premises for the Australian Securities and Investments Commission in Sydney, New South Wales.

### **3 Construction of Defence housing at Yamanto Hills, Queensland**

#### **Recommendation 2**

The Committee recommends that the Defence Housing Authority establish an internal protocol to ensure that, in future, similar issues impacting upon projects are addressed fully prior to referral to the Parliamentary Standing Committee on Public Works.





## Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by a delegate of the Minister for Finance.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.<sup>1</sup>
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
- the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
  - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
  - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
  - the demolition, destruction, dismantling or removal of buildings, plant and equipment, earthworks, and other structures;
  - the clearing of land and the development of land for use as urban land or otherwise; and

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<sup>1</sup> The Act, Part III, Section 18 (8). Exemptions from this requirement are provided for work of an urgent nature, defence work contrary to the public interest, repetitive work, and work by prescribed authorities listed in the Regulations.

- any other matter declared by the regulations to be a work.<sup>2</sup>
- 1.4 The Act requires that the Committee consider and report on:
- the purpose of the work and its suitability for that purpose;
  - the need for, or the advisability of, carrying out the work;
  - whether the money to be expended on the work is being spent in the most cost effective manner;
  - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
  - the present and prospective public value of the work.<sup>3</sup>
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

## **Matters addressed in this report**

- 1.6 Works considered in this report were referred to the Committee between February 2009 and March 2009 by the Parliamentary Secretary for Defence Support, the Hon Dr Mike Kelly MP.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, public submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on major issues of concern. Other issues raised through the inquiry process where the Committee was able to satisfy itself that the issues will be addressed appropriately by the proponent agency are not reported.
- 1.9 The Committee appreciates, and fully considers, the input of the community to its inquiries. Those interested in the proposals considered in this report are encouraged to access the full inquiry proceedings available on the Committee's website.<sup>4</sup>
- 1.10 Chapter 2 addresses the proposed fit-out of new leased premises for the Australian Securities and Investments Commission (ASIC) at an estimated cost of \$30.8 million (excluding GST).

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2 The Act, Section 5.

3 The Act, Section 17.

4 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

- 1.11 Chapter 3 addresses the referral of proposed construction of housing for Defence at Yamanto Hills, Ipswich, Queensland.
- 1.12 Submissions are listed at Appendix A and Appendix B lists inspections, hearings and witnesses.



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

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

### **Conduct of the inquiry**

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

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

## **Need for works**

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

## **Efficiency of operation**

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

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

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

## **Increase capacity**

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

In any case, the new premises at 100 Market Street would not only serve ASIC well in the immediate future but would continue to meet ASIC's changing business needs for the foreseeable future.<sup>3</sup>

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

## **Reduce costs**

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

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

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

## **Purpose and scope of works**

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

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

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

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

4 Submission No. 1, ASIC, p 12.

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

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

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

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



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

## **Cost of works**

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

## **Committee comment**

### **Sustainable water use**

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

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

## Conclusion

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

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### Recommendation 1

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Fit-out of new leased premises for the Australian Securities and Investments Commission in Sydney, New South Wales.**

## **Construction of Defence housing at Yamanto Hills, Queensland**

- 3.1 The proposal to construct housing for Defence at Yamanto Hills, Ipswich, Queensland, was referred to the Committee on 19 March 2009 by the Parliamentary Secretary for Defence Support, the Hon Dr Mike Kelly MP. The estimated cost of the works is \$19.63 million (including GST).
- 3.2 In its submission to this Committee, DHA stated that the housing development was needed to meet the growth of RAAF Base Amberley.
- 3.3 On 9 April 2009 the Committee received a letter from Mr Michael Del Gigante, Managing Director, Defence Housing Australia, requesting that the public hearing scheduled by the Committee for the inquiry for 29 April 2009, be postponed. The stated reason for this request was because:
- Since the referral, some planning issues have arisen that will need some time for DHA to examine and evaluate before the project can proceed.<sup>1</sup>
- 3.4 Subsequently, the Committee received a letter from the Minister for Defence Science and Personnel, the Hon Warren Snowden MP, withdrawing the referral from the Committee's consideration and stating:
- The Yamanto project was originally referred to the Parliament by our colleague, the Hon Dr Mike Kelly AM MP, on 19 March 2009. Subsequently, and in the normal course of its business, DHA sought the advice of a noise consultant regarding the potential

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1 Correspondence dated 9 April 2009 from Mr Michael Del Gigante, Managing Director, Defence Housing Australia.

impact on the project of the introduction of the Super Hornets to RAAF Amberley. The consultant was advised by Defence that it was likely that there would be an adverse impact, the effect of which would be to render Yamanto unsuitable for housing.

In view of this risk, the DHA Board has decided to suspend further work on Yamanto pending the outcome of the public environment report process required under *the Environment Protection and Biodiversity Conservation Act 1999*, that will confirm or otherwise the noise impacts of the Super Hornets at RAAF Amberley.

Accordingly, DHA advises that it no longer requires the referral to the PWC. If the DHA Board decides to continue with the development at a later time, the project will be re-referred to the Committee.<sup>2</sup>

- 3.5 Therefore, the Committee will not proceed with its inquiry into this referral and, given the need for Defence housing in this region, hopes that the project will be re-referred in the very near future.

## **Committee comment**

- 3.6 The Committee undertook an inquiry into facilities at RAAF Base Amberley for the introduction of the Super Hornet aircraft in August 2009. At this time the Committee was told:

The initial indications are that the Super Hornet engine compared to an F111 engine is at least as loud on take-off, but it is significantly quieter on landing. What is more, the operational profile of the aircraft – its proximity to the ground, how often it flies and how long it spends flying low to the ground – is significantly different from an F111; therefore, the overall study on that aircraft is still in its initial stages. Air Force is very confident that profiles of not just Super Hornet aircraft but all aircraft at RAAF Base Amberley and so forth are able to be modified to make sure that we accommodate the needs of the local community.<sup>3</sup>

- 3.7 The Committee was further told:
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2 Correspondence dated 2 June 2009 from the Hon Warren Snowdon MP, Minister for Defence Science and Personnel.

3 Group Captain S. Robertson, Head, Air Combat Transition Office, Department of Defence, Transcript of Evidence, Australian Super Hornet Facilities Project, 20 August 2009, p. 6-7

Therefore, we have concluded that it would be prudent to refer the noise impacts that are likely to arise from the operation of the aircraft to the Department of Environment and Heritage to consider those impacts through the Environment Protection and Biodiversity Conservation Act. That referral has been lodged in the last day or so, as I understand it, and a comprehensive environmental impact assessment process will look at that.<sup>4</sup>

- 3.8 The Committee is concerned that DHA was not aware that this environmental assessment was being undertaken despite the fact that the housing project is intended to meet the growing needs of RAAF Base Amberley. The Committee is concerned that this indicates a failure by DHA to undertake basic consultation with its primary client, the Department of Defence.
- 3.9 Furthermore, evidence to the Committee by DHA indicates that it was aware of the potential of unacceptably high noise level over the land. In its submission to this Committee regarding the referral, DHA stated:

*Noise impacts.* The site is located close to RAAF Base Amberley which currently operates the F111 and C17 jet aircraft. The current approved Australian Noise Exposure Forecast (ANEF) for RAAF Base Amberley, dated 2006, shows that the land development is situated within the 20 - 25 ANEF contours. Such land is categorised as conditionally acceptable for residential use. While the ICC [Ipswich City Council] has not placed any conditions on the Development Approval, DHA has accepted the consultant's recommendation to undertake an acoustic assessment to ensure that the proposed houses comply with AS2021 for aircraft noise levels.<sup>5</sup>

- 3.10 The Committee is also concerned that, although DHA purchased the Yamanto Hills site in 2007, it did not engage a noise consultant to address the potential impact of the Super Hornet until after the project had been referred for parliamentary scrutiny.<sup>6</sup> Given that the project was subject to

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4 Mr C. Trinder, Director, Environmental Impact Management, Department of Defence, Transcript of Evidence, Australian Super Hornet Facilities Project, 20 August 2009, p. 7

5 Submission 1, Defence Housing Australia, Construction of new Housing at Yamanto Hills, p. 5-6.

6 Submission 1, Defence Housing Australia, Construction of new Housing at Yamanto Hills, p. 1.

tight timeframes<sup>7</sup>, the Committee was surprised that these planning issues had not been finalised prior to referral.

- 3.11 When this project is re-referred, the Committee will be seeking to satisfy itself that DHA has consulted fully with the Department of Defence and with appropriate planning and noise consultants to ensure that all planning issues have been resolved prior to referral.

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## **Recommendation 2**

**The Committee recommends that the Defence Housing Authority establish an internal protocol to ensure that, in future, similar issues impacting upon projects are addressed fully prior to referral to the Parliamentary Standing Committee on Public Works.**

**Senator the Hon Judith Troeth  
Acting Chair  
22 June 2009**

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<sup>7</sup> Submission 1, Defence Housing Australia, Construction of new Housing at Yamanto Hills, p. 20.



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

### **Fit-out of New Leased Premises for the Australian Securities and Investments Commission in Sydney, NSW**

1. Australian Securities and Investments Commission
  - 1.1. Confidential
  - 1.2. Confidential
  - 1.3. Confidential
2. Department of the Environment, Water, Heritage and the Arts

### **Construction of Housing for Defence at Yamanto Hills, Ipswich, Queensland**

1. Defence Housing Australia
  - 1.1. Confidential







## **Appendix B - List of Inspections, Hearings and Witnesses**

### **Fit-out of New Leased Premises for the Australian Securities and Investments Commission in Sydney, NSW**

**Friday, 13 March 2009 – Sydney**

#### **Site Inspection**

Australian Securities and Investment Commission's current offices and proposed new premises, Sydney Central Business District

#### **Public Hearing**

##### **Australian Securities and Investment Commission**

Dr Peter Boxall, Commissioner, ASIC

Mr Jonathan Betts, National Property Manager, ASIC

Mr Carlos Iglesias, Chief of Operations, ASIC

Ms Linda Dean, Senior Executive Specialist, Corporate Services, ASIC

Ms Amanda Dixon, Senior Executive Specialist, People and Development, ASIC

Mr Anthony Manning, Director, Turner and Townsend

#### **In-camera hearing**

Six witnesses

