

Issues and Conclusions

Lease Arrangements

Lease Incentive

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

1 Appendix C, Submission No. 1, paragraph 155

2 *ibid*, paragraph 70

3 Appendix D, Official Transcript of Evidence, page 5

Site Selection

3.3 During the public hearing, the Committee enquired whether ASIC was satisfied that due probity had been undertaken, particularly as the lessor of the current and new ASIC premises was the same.⁴

3.4 ASIC responded that it was satisfied that it had selected and negotiated the best deal possible, and that

...there are advantages in having the same owner at either end, particularly in the crossover period... but essentially 120 Collins Street won this on the basis of the offer and the standard of the building.⁵

Green Lease Arrangements

3.5 ASIC submitted that its lease contains a section that is

...dedicated to green issues and describes and quantifies the commitment of both parties to ensuring that the environmental performance criteria are met and exceeded.⁶

3.6 The Committee heard that ASIC is one of the top three tenants of the new building with regards to size of the lease. ASIC stated that it is continually talking to the lessors with regards to green issues, and where it can influence the lessors, it will try to influence them.⁷

Project Schedule

3.7 At the time of its submission, ASIC anticipated that the project would be completed over a five-month period and that relocation would take place in late September 2006.⁸

3.8 ASIC amended this timeline at the public hearing to reflect a new program completion date of mid-November.⁹ ASIC further added that it was

4 Appendix D, Official Transcript of Evidence, page 6

5 *ibid*

6 Appendix C, Submission No. 1, paragraph 66

7 Appendix D, Official Transcript of Evidence, page 12

8 Appendix C, Submission No. 1, paragraph 162

9 Appendix D, Official Transcript of Evidence, page 2

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

Environmental Considerations

Australian Building Greenhouse Rating

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

Environmentally Sustainable Management

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

10 Appendix D, Official Transcript of Evidence, page 13

11 Appendix C, Submission No. 1, paragraph 75

12 Appendix D, Official Transcript of Evidence, page 11

13 *ibid*, pages 5 and 11

14 *ibid*, page 5

Access Equity

3.13 ASIC submitted that the design solution will:

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

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

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

Benefits of Collins Street Location

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

3.16 At the hearing, the Committee heard that:

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

15 Appendix C, Submission No. 1, paragraph 147

16 Appendix D, Official Transcript of Evidence, page 9

17 Appendix C, Submission No. 1, paragraph 46

18 Appendix D, Official Transcript of Evidence, page 6

Staff Consultation

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

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

Child Care

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

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

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

19 Appendix D, Official Transcript of Evidence, page 8

20 Appendix C, Submission No. 1, paragraph 148

21 *ibid*, paragraph 149

22 *ibid*, paragraph 150

23 Appendix D, Official Transcript of Evidence, page 8

24 *ibid*, page 9

25 *ibid*, page 9

Recommendation 1

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

Hon Judi Moylan MP

Chair

21 June 2006