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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

Friday, 14 February 2020

Members in attendance: Mr Joyce, Dr McVeigh, Mr David Smith, Mr Zappia.

Terms of Reference for the Inquiry:
To inquire into and report on:
This Committee will inquire into and report on the ASIC Proposed fit out of new leased premises, Market Street, Sydney.
WITNESSES

DIXON, Ms Amanda, Senior Executive Leader, Corporate Services, Australian Securities and Investments Commission ......................................................... 1
FYFE, Ms Amanda, Senior Associate, DJAS Architecture ................................................................. 1
MUNRO, Mr Nathan, General Manager, Projects and Workplace Solutions, Broadspectrum Property ...... 1
OSENTON, Mr James, National Director, WT Partnership .............................................................. 1
VUK, Mr Steven, Property Portfolio Manager, Corporate Services, Australian Securities and Investments Commission ......................................................... 1
DIXON, Ms Amanda, Senior Executive Leader, Corporate Services, Australian Securities and Investments Commission

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MUNRO, Mr Nathan, General Manager, Projects and Workplace Solutions, Broadspectrum Property

OSENTON, Mr James, National Director, WT Partnership

VUK, Mr Steven, Property Portfolio Manager, Corporate Services, Australian Securities and Investments Commission

Committee met at 14:00

CHAIR (Dr McVeigh): I declare open this public hearing of the Parliamentary Standing Committee on Public Works into the Australian Securities and Investments Commission proposed fit-out of the new premises at Market Street, Sydney.

Welcome. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and, consequently, they warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament.

Ms Dixon, your submission, which is No. 1, including the executive summary, is on the record. I invite you to make some brief introductory remarks before we proceed to questions should you wish, noting that's on the record.

Ms Dixon: I think it's all already on the record.

CHAIR: Thank you. We will move to questions. I was interested to talk about the activity based working model that is obviously the feature of this project but has been developed by ASIC as a model elsewhere in other fit outs. Can you, for the record, just provide a little overview of that model and the way in which you believe it will change the way in which ASIC staff operate.

Ms Dixon: From about 2014 we were looking at how we were going to meet the Commonwealth property density requirements of one in 14 metres squared per occupied work point. There were a number of ways we could do that. We could make really small desks that everyone had. It would be a bit crowded. That didn't really accommodate the different types of work that people in our buildings were doing. It also didn't take into account new technology that we were working with and our ability to be more mobile with devices and phones. We hired experts in the field and we did a lot of consultation with staff to really go back to basics and ask: What are the activities you are undertaking? What are the spaces that you need to undertake those effectively? Who are you doing them with? And what is the technology that you need to undertake those activities?

From that, we established that there are seven activities of highly focused work where people say, 'I really need to concentrate; please do not disturb me.' There is a symbol for people to not come over there. There is more mainstream work where someone is working on their device and happy to chat to people. There's duo work where people might be working up a research document or matter or training new people. That's collaborative work where they are discussing different issues. Then there's 'chat', which sounds interesting but is really just catching up on the work that you are doing. Then there are 'inform' spaces where you might be training or teaching people.

We wanted to create a work place that had an official floor plate but allowed for all those activities in the space.

It also, I would argue, allows more for personal choice. Some people really like to sit at a workstation all day, others don't. Some people will want to be in chatty areas, others really don't like that, not just because of the activity they're undertaking but how they like to work as well. So we hope that this provides a much better work environment for our staff and provides the appropriate spaces for the work that they're undertaking.

CHAIR: What has been the learning from activity based working formats, as they've been implemented in your other sites, that would inform this one?

Ms Dixon: We've been really keen to take learnings out of each of the sites. When we spoke to staff originally, they said, 'We all need dead silence to work.' You could do that at home, too, but if you're coming into the office to talk, is that realistic? When we put the spaces in, people said, 'Actually, we need less of those really quiet areas.' We found too that having desk phones became a bit clunky, because when you went to a desk you had to log in, so it was better to have a mobile option. We've changed the operating environment of some of our computers as well, to respond more to how people work.
CHAIR: Before I move on to colleagues, can I therefore ask what's the feedback—positive and negative—from staff about those other sites?

Ms Dixon: I should probably also say that we also changed some of our density as well. When we originally went in, we went at 65 per cent. We're now working at 80 per cent. What we found was that we didn't want to limit the choices for staff—that because somebody else was sitting there, you couldn't go in. Some of the feedback has been quite positive. I have a couple of quotes here that I might read to you: 'What a breath of fresh air ABW is. I've been amazed at how our work area has been transformed and how spacious it feels. We now have so many options to work in different ways and so many more spaces to choose from.' And: I'm certainly enjoying the Perth fit-out. Moving to ABW, as far as I can tell, is a great success for our office. I see people moving around the office to find a suitable space to work from and, more often than I would have thought, using the wide open space that we will now call our hub—which is our central collaboration space—to meet up. Importantly, the removal of walls on our floor now allows natural light to flood in.' Lastly: 'For the first time in my 17 years at ASIC, I get to sit next to a window. My overall experience with the transition has been more positive than I expected. The designated zoned areas are flexible to support team based work as well as focused individual work. The technology that has been provided to support the move to ABW has been very rarely faulted, and the office has more meeting rooms and casual areas for staff to utilise. Importantly, also, the office now feels and looks fresh and vibrant with the new colour scheme.'

That's some of the positive feedback. Some of the more negative feedback has possibly been around some of the changed management elements. Some people's adaption to the change, as we talked about earlier, was working with less paper. That's a real change element for people. We have tried to make sure we've got the right amount of storage. Some people do it really well, some people not so well. So we continue to help people to make that transition as well.

Mr JOYCE: Why are you at 100 Market Street? Why are you in Sydney?

Ms Dixon: We have offices in all the capital cities and a large processing centre in Traralgon in the Latrobe Valley in Victoria. The legislation that creates ASIC comes from state legislation and has a requirement for us to have an office in each capital city. Sydney and Melbourne are probably where our largest offices are, which recognises where most of our work is and where our regulator population is. Our processing centre, which is in Traralgon, is really the home of our registry business. In accordance with government policy, a lot of how we interact these days is able to be done from the comfort of your own office or your own business, so a lot of that is done online. So our registry processing centre is in Traralgon. We also have some support functions in our Traralgon office as well.

Mr JOYCE: We're about to spend—whatever it is—$30-plus million on renovating this. Did you look at any alternative sites? Obviously, Market Street in Sydney would have some of the dearest leases in Australia. Did you look at alternatives places you could have gone to?

Ms Dixon: In Sydney, yes. We did an expression of interest to the market. The cost per square metre for the Market Street lease and the overall lease deal was the best value for money for the Commonwealth.

Mr JOYCE: But you had to be in Sydney? Did you try the Central Coast? Did you try Orange? Did you try Newcastle? Did you try Wollongong? You just tried the CBD in Sydney?

Ms Dixon: By being in Sydney, we're close to our regulator population and the work that we do, and to the courts that we operate in as well. While other sites might be cheaper for space, it's around your employment market as well and also your operating costs. If all the work that you're doing is at another site then there are travel and other expenses around that.

Mr JOYCE: Are you doing work at your desk, or are you doing work out at other places? So, what—you've got an open plan. Why does this need to be in Market Street? Tell me what the great efficacy is that you get from being in the CBD of Sydney?

Ms Dixon: Some of the work we are doing is offsite. We're working in base and financial services organisations. Our enforcement work requires us to interview witnesses and to go to places—

Mr JOYCE: You don't do that here—are you doing that at 100 Market Street?

Ms Dixon: Yes, we do.

Mr JOYCE: In the open plan—

Ms Dixon: So, on level 5, in our public area, we have what we call section 19 rooms, which are specially designed to take witness statements and part of our investigative process as well. The people that we're investigating have to come into the office for us to do that as well.
Mr JOYCE: If they're coming into the office, I imagine they're coming from somewhere else. Do these people come into the office from the CBD in Sydney, or are they coming in from Tamworth and Coffs Harbour and Parramatta and Blacktown? They're not really coming in from Clarence Street, are they?

Ms Dixon: We do regulate the main financial industry, and a lot of them are located in CBD locations, yes.

Mr JOYCE: So you're saying that a lot of your work is actually done because the people who you have to interview can literally walk down the street to you?

Ms Dixon: That is where our regulator populations and the people that we need to be liaising with are.

Mr JOYCE: In your submission you said that you can't have 1,070 staff. Is that correct?

Unidentified speaker: 1,078.

Mr JOYCE: And you say in your submission that you're going to take it to—what—1,350. Is that correct?

Ms Dixon: Correct.

Mr JOYCE: If I remember, this place is going to have 1,377 spaces in it. Is that correct?

Ms Dixon: That is the maximum we can employ in that space.

Mr JOYCE: How long is it going to be before your staff level is going to get to 1,350?

Ms Dixon: The funding has been provided to us over four years. The first year has a level. The peak is in the second year, and then it slowly decreases slightly in the third and fourth years, but there's an ongoing component to that funding.

Mr JOYCE: A lot of this funding has come because of the banking royal commission and an increase in funding by the government for you to do your job. Is that correct?

Ms Dixon: Correct.

Mr JOYCE: How much was that increased by?

Ms Dixon: The funding over four years was a proximally $404 million.

Mr JOYCE: And what is your scope? What are you going to do with that $404 million? Where do you envisage spending that money to equip yourself of fulfilling the government's requirements? What were the government's requirements that you're trying to equip?

Ms Dixon: I can only talk at a high level, given I'm the head of corporate services, but it's around expanding our enforcement activity and our intensive supervisory approach and pursuing stronger criminal sanctions and civil penalties against those who've breached the law.

Mr JOYCE: Can we just go through those in seriatim? What was the first one you said?

Ms Dixon: Expanding our enforcement activity.

Mr JOYCE: And that is done by?

Ms Dixon: We have enforcement teams in most of our offices, but not in our Taralga office.

Mr JOYCE: Do the enforcement teams do their work on site or do they go out and do their work somewhere else?

Ms Dixon: They do both. They do work on site. They will be reviewing evidence. Now that evidence may come in the form of hard copy, physical evidence but a lot more and more these days that evidence comes as digital evidence. They will also go to do raids and surveillance and those sorts of things offsite.

Mr JOYCE: If they're doing raids and surveillance and having evidence in sometimes hard copy, you could hardly have that on a desk if it's in an open plan, could you?

Ms Dixon: All evidence that comes into our organisation is scanned. We have a system that digitises the evidence and most of them work. The other thing about the office is they're all built to a zone 2 security requirement as well. All the people in our office are cleared to baseline, and you have to have access to our office.

Mr JOYCE: So the people who are doing the raids will be working on an open plan desk as well?

Ms Dixon: That's correct.

Mr JOYCE: And do you envisage employing more of them at the moment, or are the ones you've got the ones you're going to need?

Ms Dixon: We are increasing our enforcement capability across the office, yes.
Mr JOYCE: Just going back to what I said at the start, you did a comparative analysis of having the offices in other places, even if it was north Sydney. You did a comparative analysis of not having to be at 100 Market Street, because it's owned by one century isn't it?

Ms Dixon: Currently it's owned by Blackstone.

Mr JOYCE: In the current form the lease is up for negotiation, so you could actually take another premise somewhere else if you want to?

Ms Dixon: The lease was up for completion; however, the we have signed a new lease there.

Mr JOYCE: You have now?

Ms Dixon: Yes.

Mr JOYCE: And you did a comparative analysis of other places that you could have signed a lease for?

Ms Dixon: We did an expression of interest to the market.

Mr JOYCE: I know you might have done that, but what came back and what affected your decision-making process?

Mr Munro: When we went to market we had seven respondents. Of that we found a number that didn't represent what ASIC's businesses was going to look like. As Amanda mentioned before, once we boiled down the assessment, staying at 100 Market Street at a reduced size was the best value for money option.

Mr JOYCE: What were some of the costings of the other places?

Mr Munro: They had varying rents and—

Mr JOYCE: Were they above or below?

Mr Munro: Most of them were above.

Mr JOYCE: And whereabouts were those others? What were the addresses of those alternatives?

Mr Munro: We had 60 Martin Place and 388 George Street.

Mr JOYCE: In the middle of Sydney. In the middle of Sydney.

Mr Munro: Yes. There was 231 Elizabeth Street.

Mr JOYCE: Middle of Sydney.

Mr Munro: And 55 Market Street.

Mr JOYCE: Middle of Sydney.

Mr Munro: And 1 Oxford Street and 59 Goulburn Street.

Mr JOYCE: They're all bang smack in the middle of Sydney. Did you look for even one in Chatswood?

Ms Dixon: There is also a consideration here about where staff have child care and travel arrangements as well.

Mr JOYCE: I know they've got child care at this facility, but I'm sure there is child care at other facilities as well.

Ms Dixon: We don't provide child care, but staff have—

Mr JOYCE: In the submission it says:
As ASIC staff are remaining at 100 Market Street, existing child-care arrangements will not be disrupted.
That's in section 5.22.1.

Ms Dixon: The basis of that is we don't provide child care, but if you already have child care where you drop your children on the way to work or pick up on the way home, there is no change because your travel plans aren't changing.

Mr JOYCE: So that was a substantial part of the decision to stay at 100 Market Street?

Ms Dixon: In terms of disruption to staff and travel plans and their lives outside, it's a reduced disruption for staff if you don't relocate. That's not the main consideration; certainly, cost is a significant consideration. Where is the regulated population, where are the people that we are working with, where are the courts—those sorts of things become important for us.

Mr JOYCE: I just want to note that I think in an assessment of the turn and cost, we have to look at places outside the Sydney CBD. Apart from some points in Canberra, Sydney CBD would have the dearest venue in Australia. I can't really see why there should not be even an assessment on it. Even if it's not in a regional area, there should be an assessment. Did you ever go through any of the work that was done by ASIC and say: 'It is
absolutely crucial for that person to be in Sydney but for these jobs it's not necessarily crucial for them to be in the CBD.' Maybe it's not even crucial for them to be in Sydney. They could be in a range of places. Maybe they could be in Canberra or they could be in Lismore or they could be in Wagga Wagga or they could be in in Chatswood or North Sydney or Parramatta. They don't have to be in the CBD of Sydney. The more of our 1,377 places we have at 100 Market Street, the bigger the cost is going to be. There's might be a section of the enforcement team that is predominantly working throughout the CBD and might need to be there. There might be some high-level management that needs to be there. But having everyone tramping from Parramatta or Ashfield or Blacktown or Pennant Hills to come and work in the city might be what they're doing but it might not be what they need to do if we had looked at venues elsewhere and costed them out.

CHAIR: I think we'll note Mr Joyce's comments there in relation to location, keeping in mind, of course, this inquiry is about the fit-out specifically.

Mr JOYCE: Fair enough.

CHAIR: Location discussions could inform fit-out decisions but—

Ms Dixon: We do have a workforce planning strategy that we apply, which looks at where is the regulated population, what is the work that is being done, where are your employment markets—all of those things as well. As I mentioned, we have a regional office in Traralgon, where we do processing and some of our other back office work that doesn't need to be in a CBD location. But I take your point.

CHAIR: Okay. So we will note the point, because it's that sort of stuff; for this committee and other agencies going forward, which can inform ultimate fit-out decisions in terms of how many people you might need to fit out for. Mr Zappia.

Mr ZAPPIA: I have one query and that is in relation to the fact that the lease has already been signed. Why did you sign a lease when you were also looking to spend $30 million in order to make those premises suitable for what you want to do? Why, given that your lease expires 31 March, I think it is—is this committee dealing with this issue one month out of your lease expiration?

CHAIR: Can I add to that in the sense of providing another question, if you don't mind, which pursues perhaps the same query. What happens if this committee does not provide approval for this project.

Mr JOYCE: I want to add to that too. I was slightly aggravated by that. I was thinking what is the point of having a committee hearing when you've already locked us in?

CHAIR: I suspect they're two separate issues. But, for the sake of the argument, what is your approach should the committee not provide approval.

Ms Dixon: If the committee doesn't provide approval, then we would need to seek additional space to house the number of staff that we are going to need to accommodate with the additional funding. We've already in our current fit-out looked at using it as flexibly as we can and increasing staff numbers. But we're at that tipping point now; there is no staff amenity or staff amenity is significantly reduced and we would look to take other space. Of course, operating more than one premises in a location has additional costs as well. I suppose the issue around the lease and timing is that we can't really come with a proposal for fit-out without a lease, because it's all a bit esoteric about where you might be or what you might do. When you're in a lease negotiation, there are time pressures. Then also there are the approval processes for the government to come to this process as well.

Mr JOYCE: You would've seen this issue coming up for a year—possibly two years. We are now subsequently trying to deal with an issue—we're on the hook for $29.8 million and I don't know how we get off that without causing a complete and utter shemozzle by saying, 'We don't approve this', that's within the remit of the committee if it so decides. It should've been better organised. We should've been having this discussion last year, not now. It's all on top of us and it's all a bit esoteric. That might be how it works here but I can tell you right now in commercial land—from my previous experience as an accountant and working for people—if you came in and banged this on a board they'd say, 'See you later. Forget it. We're saying no. How's that? Now you go work it out.' You can't do it like that.

Mr DAVID SMITH: I have a couple of questions. One is pretty similar to one I raised in the private briefing. With that gap between the staffing and work points, how do you propose to manage the work point allocation to ensure that staff—and whether it's in the individual work points or the shared spaces—have adequate space and amenities, that issue around ensuring that you've got capacity to power up your equipment?

Ms Dixon: We've done surveys of how our space is used, how often desks are used. We've counted per hour where desks are used. So we know on average that our workspaces, our desks, are used well below 80 per cent. We've gone at a factor of 80 per cent because that will give people more choice. We also know that on any given
day there are part-timers, there are people travelling, there are people working in different locations or working from home, so that builds a bit of buffer as well. But the additional collaborative spaces, and the fact that you have a device, ensure that you're able to work.

Mr DAVID SMITH: The concern I have is if you're relying on 80 per cent turning up and you've got 90 per cent on a particular day how's that practically going to work? The big risk here is with staff not working to their optimum level. There are some really interesting aspects. Although I think that's the challenge.

Ms Fyfe: In our design experience we have been working through this ABW model, probably, for the last 15 years. The big banks have done their first iteration and they're now onto their second iteration. We find, coming from Canberra, even large parts of the federal government are moving slowly towards this. We've just done the Home Affairs fit-out. They're still all allocated but we're starting to provide these different ways of working even in these kinds of fit-outs. All the staff have lockers. There's a move towards giving people choice and at the same time increasing amenities and increasing efficiency. With the studies that've been done over this long-term period the numbers of occupied work points sit between 30 and 40 per cent. It's actually much lower than you would think. There's always someone on leave, at a meeting, working in another room, offsite. I think the original change management recommendation from the company that ASIC employed sat at 70 per cent and they have increased it again to 80 per cent. So not only do we have 80 per cent of ergonomic work points; we then have at least half as many again—so we're well over the 100 per cent at this point—of individual and group settings. We feel very comfortable that we've catered not only for a point where 100 per cent turn up in a given day but for extras even from different sites and that kind of thing. There is plenty of choice.

We've really reduced the built area in the new fit-out, which allows for future flexibility. Instead of locking people into not having much choice, we feel we've greatly increased the amount of choice every individual has every day.

Mr JOYCE: Your submission says:

A formal consultative approach has been adopted by ASIC to provide expert advice in relation to various aspects of the project. To date, the following agencies and businesses have been consulted in relation to the proposed works …

Why would the Future Fund have an interest in what your fit-out costs?

Ms Dixon: When we went to the market we did a joint approach to market with the Future Fund and Treasury as part of the Commonwealth's approach to how they manage property now. We've consulted with the Future Fund. The Future Fund will also have their own separate tenancy in 100 Market Street. Our meeting space on level 5 gets used by a number of Commonwealth agencies, and they will ensure that in their fit-out as well. We will have arrangements with them if they wish to use our meeting rooms as well, in the public spaces, and get better use out of those.

Mr JOYCE: The Future Fund are at 100 Market Street as well, are they, or near it?

Ms Dixon: Yes. We currently have a sublease with them, but they will have their own lease under these new lease arrangements.

Mr JOYCE: Okay. Not a sublease through you?

Ms Dixon: No. They currently have a sublease through us, but not going forward.

Mr JOYCE: Mills Oakley, which is an exy law firm down in Clarence Street: what did you need to talk to them about?

Mr Munro: As part of the lease process and negotiating that lease ready for execution, they were involved as the legal service provider.

CHAIR: Any other queries? No. I will therefore move to close this public hearing. Do the witnesses wish to add any other comments before I do so?

Ms Dixon: No.

CHAIR: I thank you for your attendance here today. You will be sent a copy of the transcript to make corrections to any potential transcription errors.

Committee adjourned at 14:32