

Introduction

Inquiry Process

- 1.1 On 6 September 2000, the Minister for Finance and Administration referred the proposed building works for the Reserve Bank of Australia (RBA) Head Office building to the Parliamentary Standing Committee on Public Works for consideration and report to Parliament, in accordance with the provisions of the *Public Works Committee Act 1969*.¹
- 1.2 The Committee sought submissions by advertising the Inquiry in the *Sydney Morning Herald* on 16 September 2000.
- 1.3 The Committee also sought submissions from organisations, peak bodies and individuals with a possible interest in the Inquiry. The Committee invited Senators representing New South Wales and Federal and local Members of Parliament, in whose electorates the building works are located, to make submissions and to attend the inspection of the works site and public hearing.²
- 1.4 On 26 October, the Committee inspected the RBA building and was briefed by senior representatives of the RBA on the works proposal. Following the inspection, the Committee held a public hearing at Parliament House Sydney and took evidence from representatives of the

1 Extract from Votes and Proceedings No. 137, 6.9.2000.

2 A list of submissions is at Appendix A.

RBA, the City of Sydney and the National Trust of Australia (New South Wales).³

Scope of Proposal

- 1.5 The building works proposed by the RBA have been described as a 'consolidation' of current accommodation at Head Office rather than a refurbishment. The main works include:
- improving access to the upper floors by providing two new centrally located passenger lifts serving Levels 16 to 20;
 - converting Level 16 and above from workshop, plant and recreation areas to accommodation space for the RBA or tenants;
 - reconfiguring the RBA's accommodation to free up the equivalent of six floors of standard commercial office space appropriate for external tenants; and
 - minor works to Basements 2 and 3 to improve the use of available space by the RBA.⁴

The Cost

- 1.6 The RBA noted that the estimated cost for the proposal was \$21.5 million. This figure was inclusive of contingencies, all professional fees and GST.⁵ The cost would be funded from the RBA's resources.⁶

Project Delivery

- 1.7 The RBA advised that it expected the project would be completed over an eighteen month period. Subject to the Committee's approval, the RBA proposed commencing detailed design in January 2001. Work on the building and tenancy works packages would be undertaken simultaneously in April 2001. Completion of the last of the tenancy consolidation works was scheduled for late 2002.⁷

3 A list of witnesses is at Appendix B.

4 Evidence, p. 51. See existing and proposed configuration at Appendix C. 3, p. C-4

5 Evidence, p. 55.

6 Evidence, p. 2.

7 Evidence, p. 61.

- 1.8 The RBA proposed that the project be divided into three packages of work:
- **Package one: Demolition and Base Building Works**
 - ⇒ This package would likely be a fixed price lump sum contract awarded to a specialist medium-sized refurbishment contractor;
 - **Package 2: Tenancy Fitout Works**
 - ⇒ This would be a tenancy work office relocation package awarded to a specialist fitout contractor on an agreed rates basis.
 - **Package 3: Miscellaneous RBA Works**
 - ⇒ This package would comprise a series of smaller packages of work to be completed by specialist contractors, including security and specialist Information Technology cabling and systems.⁸

The Reserve Bank

Role

- 1.9 The RBA is Australia's Central Bank. Its powers are vested in the Reserve Bank Board and the Payments System Board, both of which are chaired by the Governor of the RBA.
- 1.10 The broad responsibilities of the RBA are monetary policy and maintaining financial stability, including stability of the payments system.⁹
- 1.11 The RBA participates actively in financial markets and the payments system. Through its wholly owned subsidiary, Note Printing Australia, the RBA is responsible for printing and issuing Australian currency notes.
- 1.12 The Reserve Bank Board is responsible for the RBA's monetary and banking policy. The Payments System Board is responsible for payments system policy.

⁸ Evidence, p. 61.

⁹ The Payment System is a broad term which describes the payment instruments (eg cash, cheques, etc) by which individual payments are made or funds transferred.

The Structure

- 1.13 The structure of the RBA is based on groupings of related functions, as follows:
- Economic Group
 - Financial Markets Group
 - Financial System Group;
 - Business Services Group
 - Corporate Services Group;
 - Audit Department;
 - Personnel Policy Department; and
 - Secretary's Department.
- 1.14 The RBA's staff numbers peaked at 3,827 in 1983, 1,500 of whom were located at Head Office in Sydney. Since then, the nature of the RBA's work has changed considerably and there has been a steady decline in staff numbers. The RBA currently employs approximately 810 staff, 715 of whom are located at Head Office. The steady decline in staff numbers since the early 1980s has been due to a number of factors. These include:
- financial deregulation;
 - technological improvements in the RBA's registry, banking and cash handling services;
 - increased competition from other banks for government business; and
 - the transfer of responsibility in 1998 for prudential supervision of banks to the Australian Prudential Regulation Authority.¹⁰

Location

- 1.15 The RBA Head Office building is located on the southern side of Martin Place between Phillip and Macquarie Streets in Sydney's Central Business District. The Head and/or State Offices of a number of major commercial banks are located close by.¹¹

10 For a more extensive background on the role and functions of the RBA see Evidence, pp. 44-47.

11 See Appendices C.1 and C.2, pp. C-2, C-3

Existing Building

- 1.16 The building was constructed in two stages. The first, which included the main core and lift well structure fronting Martin Place, was completed in 1965. The second stage, which involved a substantial extension of each floor to incorporate an adjacent site to the south, was completed in 1980.
- 1.17 The building comprised 21 floors, approximately 85 metres above ground level. It includes a mezzanine floor, 15 office floors and five floors of plant and amenities and three basements.¹²
- 1.18 The RBA's principal submission noted that the building formed an integral part of the Martin Place 'heritage precinct'. The Australian Heritage Commission recognised the area as being significant to the urban fabric of the Sydney Central Business District. The RBA submission further noted that the form and style of the building are representative of the 1960s international style architecture.
- 1.19 The main pedestrian entrance to the building is in the centre of the Martin Place frontage on the ground floor. To date, the RBA has been the sole occupant.

Previous Works

- 1.20 On 26 June 1990, a proposal to refurbish the RBA was referred to the Committee. The Committee completed its report on 8 November 1990. The scope of the work involved the following elements:
- upgrading of office and basement areas;
 - removal of asbestos fire retardant materials from the original sections of the building;
 - upgrading of building services and the fire sprinkler system;
 - installation of new ceilings, lighting and carpets; and
 - extensive restoration of the external façade of the building.¹³
- 1.21 At that time, the RBA suggested to the Committee that it considered the cost of the refurbishment proposal to be reasonable. The purpose of the

12 Evidence, p. 47.

13 The Parliament of the Commonwealth of Australia, Parliamentary Standing Committee on Public Works Report, *Refurbishment of Head Office, Reserve Bank of Australia Martin Place, Sydney, New South Wales* (Eighth Report of 1990), (Eights PWC Report of 1990), p. 1.

refurbishment was to bring the building up to a standard to enable it to function efficiently for the next 20 years.¹⁴

- 1.22 When referred to the Committee, the cost estimate for the proposed works was \$86 million at June 1990 prices. Following the public hearing in 1990, the Committee requested the RBA to review the estimated costs of the project with the view to reducing it. That was done and the Committee subsequently approved the cost of the project at \$77.2 million at June 1990 prices.¹⁵

14 Eighth PWC Report of 1990, p. 33.

15 Eighth PWC Report of 1990, p. 32.