

The Need and Proposal

The Need for the Project

- 2.1 The RBA observed that the need for the project stemmed from a variety of organisational changes that had occurred at Head Office since the early 1990s.¹ The consequence of these changes, together with declining staff numbers since the early 1980s, had resulted in surplus and under-utilised space throughout the Head Office building.²
- 2.2 Mr Les Austin, Assistant Governor, Corporate Services, Reserve Bank of Australia, advised that when the RBA submitted its refurbishment proposal in 1990, the number of Head Office staff had already fallen to 1,300 from a high of 1,500 in 1983. Further substantial falls in staff numbers to approximately 715 had created significant surplus space and given rise to the current consolidation proposal.³
- 2.3 According to the RBA, a review was conducted to assess the capacity of the Head Office building and determine its accommodation needs. The review identified a significant amount of surplus space and large areas of under-utilised space that could be converted to office use.
- 2.4 Under-utilised areas identified included:
- amenity areas such as squash courts;
 - lounge area and cafeteria;

1 Chapter 1, paragraph 1.14.

2 Evidence, p. 49.

3 Evidence, p. 5. See also Chapter 1.

- corporate space such as flats and auditorium;
- workshops;
- a pistol shooting range; and
- storage rooms no longer serving the purpose originally intended.⁴

2.5 The RBA considered a range of accommodation options. These were sale, lease, redevelopment, relocation or 'do nothing'.⁵ The most effective solution to its accommodation needs and financial outcomes, was to consolidate RBA activities in its Head Office building and lease the surplus space.⁶

The Proposal

2.6 The RBA's proposal involved leasing approximately 7,000 square metres of surplus space in its Head Office building, to suitable external tenants by:

- converting currently under-utilised amenity and corporate space into useable office space; and
- consolidating the Bank's functions to achieve a more efficient configuration.⁷

2.7 Mr Austin informed the Committee that the RBA could lease the surplus space for up to \$3.5 million a year.⁸

Description of Proposed Work

Reserve Bank Occupied Areas

2.8 The building works to be undertaken for RBA occupied areas comprise:

- Basement 2: converting current surplus areas to:
 - ⇒ workshop, storage, exercise areas, change rooms and toilet facilities and long-term archives;⁹ and

4 Evidence, p. 49.

5 Evidence, p. 50.

6 Evidence, p. 50.

7 Evidence, p. 49.

8 Evidence, p. 1.

- ⇒ reconfiguration of amenities (toilets and change rooms) that date back to the 1960's;¹⁰
- ⇒ Basement 3: converting surplus work areas to longer term storage space;¹¹
- Ground Floor: minor reconfiguration of areas to the rear of existing Banking Chamber to accommodate archives and records management functions. Minor works to the lift lobby to allow access to archives facility;¹²
- Mezzanine and Levels 1 and 2: minor works comprising additional security control points;
- Level 3: extensive works involving:
 - ⇒ the relocation of existing cafeteria, kitchen and staff amenities to Level 16;
 - ⇒ the removal of underutilised auditorium; and
 - ⇒ reconfiguration of the floor to provide leasable office space;
- Levels 7-15:
 - ⇒ minor demolition;
 - ⇒ reconfiguration of partitions, workstations; and
 - ⇒ services to meet the needs of activities relocated to these floors;
- Level 10: construction of a new dealing room;
- Levels 16: the works involve:
 - ⇒ converting existing underutilised flats and the medical centre into a new staff cafeteria and kitchen. (Full refurbishment will be undertaken with new amenities and reconfigured services); and
 - ⇒ construction of two new passenger lifts from Levels 16 to 20;¹³
- Level 18: creating a floor across part of the squash court void to accommodate the new mechanical and other plant required to service Levels 17 and 19; and
- Level 20: improved lift access and provision of additional conference, meeting and training rooms.¹⁴

9 Evidence, p. 51.

10 Evidence, p. 55.

11 Evidence, p. 51.

12 Evidence, p. 52. See Appendix C. 4, p. C-5.

13 Evidence, p. 52. See Appendix C. 5, p. C-6.

Commercially Leased Areas

2.9 The building levels identified for commercial lease are:

- Levels 3 to 7 (half floor): to be altered to provide office space of Central Business District (CBD) standard and will be fitted out by future tenants;¹⁵
 - ⇒ Level 3: work will include new windows;¹⁶
- Level 17: conversion of existing squash courts, change rooms and recreation areas into office standard accommodation suitable for leasing. Major works include:
 - ⇒ new lifts and lift lobbies;
 - ⇒ upgraded finishes, services and amenities;
 - ⇒ existing windows to the North façade will be enlarged; and
 - ⇒ new windows provided to the eastern end of the South façade;¹⁷ and
- Level 19: currently workshops, locker rooms, plant and the upper level of the squash courts. Extensive works involve:
 - ⇒ additional floor space to the upper level of the squash courts;
 - ⇒ the upgrade of finishes, services and amenities;
 - ⇒ new windows to this area are provided toward the eastern end of the North façade.¹⁸

Design Elements

Floor configuration

2.10 The Committee sought clarification of the RBA's lease proposals. The Committee observed that not all of the floors designated for tenants were consolidated in the same area. For example space had been re-allocated from the third floor to the seventh floor. RBA occupied areas intervened from the 8th to the 16th floors to be followed by more tenant spaces on the 17th and 19th floors.¹⁹

14 For a detailed description of the proposal see Evidence, pp. 51-55. See Appendix C. 6, p. C-7.

15 Evidence, p. 53. See Appendix C. 7, p. C-8.

16 Evidence, paragraph 59, p. 53. See Appendix C. 9, p. C-9

17 Evidence, p. 53. See Appendix C. 9, p.C-10.

18 Evidence, p. 53. See Also Appendices C. 9-12, pp. C-10-C.13.

19 See Appendix C. 3, p. C-4.

- 2.11 Mr Austin advised that the RBA's objective was to consolidate its areas into the top part of the building and in the lower part below level three. That allowed the middle part of the building, about 4 ½ floors, to be available for tenants.²⁰
- 2.12 Mr Austin added that the RBA had found that areas on Levels 17 and 19 were not ideally suited for the RBA's use because they are accessed via a separate lift arrangement. At the present time, the lifts terminate at Level 16. In order to reach the higher levels, it was necessary to change to separate lifts.
- 2.13 Mr Austin explained that part of the proposal was to install faster lifts to service the top part of the building. However, the RBA believed that it was more desirable if all of its work spaces were located within the one area serviced by a single lift. Mr Austin suggested that the spaces available on Levels 17 and 19 had views that would attract prospective tenants.²¹

Security/Access Control

- 2.14 The RBA informed the Committee that arising from shared access to the building with tenants, the existing security system for the building would be expanded. The security provisions would include:
- access control within fire stairs to prevent authorised entry; and
 - the installation of security controlled glass walls and doors to lift lobbies on RBA floors,²² accessed by RBA staff using a card system.²³

Roof Works

- 2.15 The RBA noted that the proposed roof works would involve a small lift overrun and safety barriers. This was necessary in order to comply with the Building Code of Australia and relevant Occupational Health and Safety requirements.²⁴

Structural Works

- 2.16 As a result of the proposed extensive modifications to the building, a number of structural works would be required. These involved:

20 Evidence, p. 3.

21 Evidence, p. 4.

22 Evidence, p. 55.

23 Evidence, p. 4.

24 Evidence, p. 53. See also Appendix C. 8, p. C-9.

- addition/modification of structure to the upper floors to accommodate new lifts;
- insertion of two new infill floors above the Level 17 squash courts;
- localised modification/strengthening of steel floor beams to accommodate penetrations for new services, mainly above Level 16; and
- localised modification/strengthening to accommodate changed usage, such as relocation of major items of plant or compactus storage.²⁵

Mechanical Services

2.17 According to the RBA the existing mechanical services have the capacity to provide ventilation, air conditioning and heating throughout the building.²⁶ The Committee noted that the majority of these components were upgraded during major refurbishment undertaken by the RBA in the early 1990s.²⁷

2.18 However, the Bank indicated that as a result of the proposed 'consolidation project' some modifications and new works were required. These included:

- chilled and hot water feed and expansion tanks to upper levels to support new plant;
- relocation of exhaust plant for cafeteria kitchens to Level 16;
- plant room space on Level 18 for Levels 16, 17 and 19 air conditioning equipment;
- upgrading Level 3 air conditioning system to office standard; and
- servicing and re-using existing major plant items such as chillers and boilers.²⁸

Electrical Services

2.19 The RBA advised that the existing electrical services infrastructure was capable of servicing the proposed consolidated areas with the following proposed inclusions:

25 Evidence, p. 54.

26 Evidence, p. 54.

27 See Eight PWC Report of 1990.

28 Evidence, p. 54.

- separate RBA/tenant electrical services;
- separate telecommunications infrastructure for leased floors; and
- new acoustic ceilings and lighting and power to Levels 3, 17 and 19 suitable for office use.²⁹

Hydraulic and Fire Services

2.20 The RBA proposed that hydraulic and fire services be modified and extended to suit any new or amended partitioning. These comprised:

- new male and female toilets on Levels 3, 16, 17 and 19 and modifications to water supply and drainage to serve the new kitchen/cafeteria;
- fire services pipework, sprinkler tanks and associated pumps relocated to accommodate new lifts; and
- re-routing of stormwater downpipes away from new office areas.³⁰

Car Parking Facilities

2.21 The Committee asked the RBA why its principal submission made no mention of car parking spaces. This appeared to be at odds with the objective of the project to attract 'suitable' tenants to the Head Office building.

2.22 Mr Austin explained that the provision of car parking facilities was considered, but rejected on the basis that the costs involved would be too high and the space was required for other purposes. Mr Austin noted that the RBA was in the fortunate position of being close to the Domain and other parking stations that tenants could use.

2.23 Mr Austin added that the RBA building did not have sufficient space for 'substantial amounts of car parking'. The facilities that exist in Basement 1 were reserved for armoured vehicles and a loading dock for delivery vehicles. A number of car parks had also been reserved for senior officers, for example, the Governor and Deputy Governor.³¹

2.24 The Committee noted that access to the Martin Place Railway Station was at the front of the RBA building.³²

29 Evidence, p. 54.

30 Evidence, p. 55.

31 Evidence, p. 36.

32 Evidence, p. 36.

Status of Previous Refurbishment

- 2.25 The Committee noted that it had recommended a substantial refurbishment project to the Head Office building in 1990. The refurbishment works were completed in 1994 at a cost of approximately \$80 million. The life expectancy of the works was estimated to be between 15 and 20 years.³³ Given that prediction, the Committee asked the RBA to discuss why a further expenditure of \$21.5 million was now required.
- 2.26 Mr Austin explained that the work undertaken in the 1990s was of a different nature to that currently proposed.³⁴ He argued that the RBA had little discretion about the works undertaken then, because the removal of asbestos was involved and the asbestos had posed a potential health hazard. Added to that were dangers to pedestrians created by falling marble that had deteriorated over time from the façade of the building. While undertaking these works, the RBA took the opportunity to refurbish, because a significant amount of the interior of the building was 25 years old and substantially worn.³⁵
- 2.27 Having regard to the previous refurbishment undertaken on the building, the Committee asked the RBA to indicate the life expectancy of the work currently proposed. Mr Austin replied that the life expectancy for some structural parts of the work, such as putting new pieces of flooring through the squash courts, was expected to be quite long, up to 40 years. However, the works of a fit-out nature had a shorter life expectancy and could be replaced in four or five years.³⁶
- 2.28 The Committee sought advice from the RBA as to the extent to which the refurbishment work from the previous project could be salvaged and reused on the floors currently occupied by the RBA.
- 2.29 Mr Austin advised that the RBA would reuse as many items of fittings as possible. Examples included workstations, panelling and carpet,³⁷ as well as some leather doors.³⁸ He added that under the previous refurbishment project asbestos was removed and the façade clad. The cladding would not be reused.³⁹

33 Eighth PWC Report of 1990, p. 23.

34 Evidence, p. 3.

35 Evidence, p. 3.

36 Evidence, p. 3.

37 Evidence, p. 5.

38 Evidence, p. 35.

39 Evidence, p. 35.

- 2.30 The Committee sought details of the work that had been carried out in the 1990-94 refurbishment on the existing main passenger lifts. The Committee noted that they were modernised and that as part of the current proposal, the other lift systems would be upgraded to suit the functions in the refurbished building.
- 2.31 Mr Richard Mayes, Head of Facilities Management Department, RBA advised that during the 1990-94 refurbishment, the main lifts in the main tower were upgraded and the lift cars were substantially refurbished. The lift controls were replaced. This led to a significant improvement in the efficiency of the main lifts. Also, the lifts associated with the cash services area in the basements had been upgraded in terms of controls and interiors to ensure they met the required performance levels of the building.⁴⁰
- 2.32 The Committee noted that during its inspection of the RBA building, it was evident that some of the previous refurbishment of the building was of a good quality. In particular, it was observed that the RBA had installed fireproof or fire-resistant wool carpets as the Committee had recommended in its 1990 report. The Committee commended the RBA for its commitment to re-use a significant amount of its current fittings.

Options

- 2.33 The Committee asked the RBA why it chose to pursue the direction proposed in this project. Mr Mayes replied that during 1997-98, surplus and underutilised space became issues that the RBA had an obligation to address. The preferred option was to consolidate the RBA's activities, rather than look at the issue of accommodation needs in a piecemeal manner.⁴¹
- 2.34 Mr Austin noted that behind the 'consolidation project' title was a specific objective. The RBA wished to consolidate its activities and staff in a single space thereby producing space that was available for rental.⁴²
- 2.35 Mr Mayes advised that the RBA was very conscious of the need to make good use of its property assets. It was clearly not prudent for the RBA to be sitting on an underutilised asset located in the Sydney CBD.⁴³

40 Evidence, p. 12.

41 Evidence, p. 7.

42 Evidence, p. 5.

43 Evidence, p. 7.

- 2.36 Mr Austin indicated that the RBA had looked at a range of options before deciding on the lease arrangement. He said that the RBA identified up to 21 possible alternatives after examining a number of combinations. A starting point was a lease or buy solution of the current building or another building.⁴⁴
- 2.37 The Committee sought an assurance from the RBA that, having spent a significant amount of money on building works, it proposed to remain in its present location. Mr Mayes advised that the RBA's Head Office would remain on the present site for as long as possible.⁴⁵ He added that it was generally held view by the RBA that Head Office should continue to be located in the Sydney CBD, particularly in the financial district. Mr Mayes further noted that it was 'very important for the ongoing adaptive reuse of that building that we stay where we are'.⁴⁶

44 Evidence, p. 6.

45 Evidence, p. 7.

46 Evidence, p. 7.