
The Parliament of the Commonwealth of Australia

Reserve Bank of Australia Business Resumption Site

Parliamentary Standing Committee on Public Works

June 2005
Canberra

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Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr John Forrest MP

Senator Alan Ferguson

Mr Harry Jenkins MP

Senator Michael Forshaw

Mr Bernie Ripoll MP

Senator the Hon Judith Troeth

Mr Barry Wakelin MP

Committee Secretariat

Secretary Mrs Margaret Swieringa

Inquiry Secretary Ms Vivienne Courto


Research Officer Mr Raymond Knight

Administrative Officer Mr Peter Ratas



List of Abbreviations

AGO	Australian Greenhouse Office
BRS	Business Resumption Site
CBD	Central Business District
DR	Disaster Recovery
FSU	Finance Sector Union
HO	Head Office
ITC	Information Technology and Communications
RBA	Reserve Bank of Australia
RITS	Reserve Bank Information and Transfer System
UPS	Uninterrupted Power Supply



Extract from the Votes and Proceedings of the House of Representatives

No. 28 dated Wednesday, 11 May 2005

**PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE –
REFERENCE OF WORK – RESERVE BANK OF AUSTRALIA BUSINESS
RESUMPTION SITE AT BAULKHAM HILLS IN SYDNEY, NSW**

Dr Stone (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved – That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Reserve Bank of Australia Business Resumption Site at Baulkham Hills in Sydney, NSW.

Question – put and passed.



List of Recommendations

3 Issues and Conclusions

Recommendation 1

The Committee recommends that the proposed construction of a business resumption site for the Reserve Bank of Australia proceed at the estimated cost of \$38 million.

Introduction

Referral of Work

- 1.1 On 11 May 2005 the proposed construction of a business resumption site (BRS) for the Reserve Bank of Australia (RBA) at Baulkham Hills, New South Wales, was referred to the Public Works Committee for consideration and report to the Parliament in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).¹ The proponent agency for this work was the RBA.
- 1.2 The Hon Dr Sharman Stone MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the proposed works was \$38 million. Dr Stone noted further that, subject to parliamentary approval, the works would commence mid-2005 with a view to completion by mid-2007.

Background

- 1.3 The RBA is Australia's central bank, with responsibility for monetary policy and the maintenance of financial system stability. The RBA also provides banking services for the Australian Government and manages

¹ Extract from the *Votes and Proceedings of the House of Representatives*, No. 28, Wednesday, 11 May 2005

the printing and issuing of currency notes.² A number of the RBA's functions are critical to the stable operation of the financial system and to the implementation of fiscal policy. These systems include:

- Australia's real-time interbank settlements system;
- banking operations carried out on behalf of the Australian Government such as pension and benefit payments;
- domestic liquidity operations; and
- foreign exchange operations.³

1.4 The RBA's current business continuity arrangements comprise:

- business continuity capability at the Coombs Centre, Kirribilli;
- information technology and communications (ITC) disaster recovery capability at a leased data centre in West Pennant Hills; and
- banking operations at the Canberra branch.⁴

Location

1.5 The proposed new business resumption facility will be located at Lot 6008, Elizabeth Macarthur Drive, Baulkham Hills. The RBA purchased the 1.48 hectare site in the Norbrik Precinct of the Norwest Business Part, some 25 kilometres from the Sydney central business district (CBD). The site is close to amenities and a range of transport corridors, and has views to the Bella Vista Heritage Farm Park.⁵

Inquiry Process

1.6 The Committee is required by the Act to consider public works over \$6 million⁶ and report to Parliament on:

- the purpose of the work and its suitability for that purpose;
- the need for, or the advisability of, carrying out the work;

2 *ibid*, paragraphs 7 - 9

3 Appendix C, Submission No. 1, paragraph 1

4 Appendix C, Submission No. 1, paragraph 2

5 Appendix C, Submission No. 1 from the Reserve Bank of Australia, paragraphs 48 - 49 and 53

6 *Public Works Committee Act 1969*, Part III, Section 18 (8)

-
- 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.⁷
- 1.7 The Committee sought submissions from relevant government agencies, local government, private organisations and individuals, who may be materially affected by or have an interest in the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

Inspection and Public Hearings

- 1.8 On 3 June 2005 the Committee inspected the site and environs of the proposed works, and received a commercial-in-confidence briefing on project costs. A public hearing was held at Baulkham Hills later that day.⁸

⁷ *Public Works Committee Act 1969*, Part III, Section 17

⁸ See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 3 June 2005 at Baulkham Hills

The Proposed Works

Purpose

- 2.1 The purpose of the proposed work is to provide a resilient and secure secondary site that will enable the RBA to sustain all critical business and ITC functions if access to the Head Office (HO) should be lost due to malfunction or disruption of essential infrastructure.¹
- 2.2 To fulfil this objective, the business resumption site (BRS) must:
- fully replicate HO data centre capabilities;
 - match the functionality of the HO Reserve Bank Information and Transfer System (RITS) and dealing room;²
 - meet accommodation requirements for up to three months;
 - accommodate sufficient full-time staff to ensure the immediate continuation of essential functions in the event of emergency;³ and
 - be sufficiently removed from the Sydney CBD to be insulated from any infrastructure failure or disaster affecting that area, but not so far away as to create staff relocation problems.⁴

1 Appendix C, Submission No. 1, paragraph 20

2 *ibid*, paragraph 21

3 *ibid*, paragraph 22

4 *ibid*, paragraph 23

Need

- 2.3 The proposed work is required to enable the RBA to continue functions critical to the maintenance of Australia's financial systems in the event of emergency. Such essential functions include:
- ITC systems and staff essential to Australia's real-time high-value interbank settlement system;
 - government banking operations, such as pension payments, etc; and
 - market operations, such as domestic liquidity management, foreign exchange operations and management of international reserves.⁵
- 2.4 The failure of the RBA's critical operating systems would be unacceptable. In addition, the Attorney-General's Infrastructure Directorate, has classified the RITS, Note Issue and Note Production services as "Major" elements of Australia's National Critical Infrastructure. This categorisation is second only to the highest "Vital" designation. Another review prepared by the Attorney-General's Business Banking and Financial Sector Infrastructure Assurance Advisory Group lists the RITS as "a critical element of operations in the financial sector".⁶
- 2.5 The construction of a purpose-built BRS is further necessitated by the inability of the RBA's current properties to fulfil adequately disaster recovery (DR) functions.⁷ It is believed that the current proposal will improve the bank's business continuity arrangements by:
- ensuring that essential staff are available when required;
 - reducing costs and providing increased control of DR arrangements;
 - locating the DR site at a safer distance from HO and the CBD, but not removing it so far as to be inaccessible to staff;
 - consolidating all ITC systems at a single location.⁸

5 Appendix C, Submission No. 1, paragraph 8

6 *ibid*, paragraph 14

7 *ibid*, paragraphs 15 - 19 and 24 - 25

8 *ibid*, paragraph 28

Scope

- 2.6 It is proposed that the new BRS facility will be a two-storey building of approximately 4,850 square metres, incorporating:
- office accommodation for 55 permanent staff;
 - emergency work stations for 165 staff;
 - enclosed offices, meeting rooms and ancillary spaces;
 - a 240 square metre data centre and 20-seat dealing room at the core of the ground floor;
 - intensive and resilient data communications;
 - 65 permanent and 100 additional car-parking spaces;
 - robust security measures;
 - landscaping;⁹
 - electrical, mechanical, hydraulic and fire services;¹⁰ and
 - fit-out of interior office areas.¹¹
- 2.7 While the current staff requirement at the BRS is 220 staff, the new building will be designed to accommodate 250 staff, to allow for reasonable growth. The facility will be divided into separate permanent and emergency occupation areas, with the latter area remaining in a 'lights out' state unless required.¹²

Suitability

- 2.8 In planning the business resumption site, the RBA considered a range of options against business, risk and financial criteria. Options considered included:
- two tenure options – freehold or leasehold; and
 - two facility options – collocation of all BRS functions or separation of the data centre and work areas.

9 Appendix C, Submission No. 1, paragraphs 35 - 42

10 *ibid* paragraphs 75 - 88

11 *ibid*, paragraphs 69 - 74

12 *ibid*, paragraphs 37 - 38

The option selected was a purpose-built BRS housing all functions, which would be owned and operated by the RBA. This option was selected as it

“...most assured availability of systems with least cost”.¹³

Project Delivery

- 2.9 It is proposed that the BRS project will be delivered via a fixed lump-sum contract following a competitive tender process. The RBA believes this methodology to be “optimal for the delivery of the quality required for a highly technical and specialised facility”. It is anticipated that, pending parliamentary approval, the facility will be operational in mid-2007.¹⁴

Cost

- 2.10 The estimated outturn cost of the proposed business resumption facility is \$38 million. This figure includes:
- loose furniture;
 - fittings;
 - office equipment;
 - landscaping;
 - professional fees;
 - contingencies;
 - escalation; and
 - GST payable.¹⁵

13 Appendix C, Submission No. 1, paragraphs 31 - 33

14 *ibid*, paragraphs 113 - 114

15 *ibid*, paragraph 109

Issues and Conclusions

Revenue and Costs

Revenue

- 3.1 Under the terms of the Act, the Committee is required to investigate the amount of revenue a proposed work will generate for the Commonwealth, if that is its purpose.¹ The Committee was therefore interested to explore the RBA's main statement that the proposed construction of a BRS may generate some revenue through the freeing-up and subsequent re-letting of some space at Head Office, and the accrual of savings from the discontinuation of its lease at West Pennant Hills.² At the public hearing, the RBA confirmed its expectation that some revenue may be generated by a reduction in staff numbers at HO and the resulting opportunity to consolidate and re-let vacant space.
- 3.2 The Committee inquired whether the RBA had established the quantity of space that could be made available and the amount of revenue that this may be expected to produce. The RBA responded that, while a detailed review had not yet been conducted, it would be hoping to clear an entire floor, which may generate rent.

1 *Public Works Committee Act 1969, Part III, Section 17*

2 *Appendix C, Submission No. 1, paragraph 47*

- 3.3 In respect of relocation, the Bank explained that it would no longer be paying rent on its interim BRS at West Pennant Hills and therefore expected substantial savings.³
- 3.4 At the Committee's request, the Bank supplied details of these calculations subsequent to the public hearing. This information confirmed that the potential reconfiguration of space at HO may free up most of a single floor. The savings on rent of the vacated premises would be substantial.⁴
- 3.5 The RBA added that any revenues generated by the project would go
...to the Reserve Bank's profits, which are paid over as a dividend to the government after any distribution to the bank's reserves.⁵

Relocation Costs

- 3.6 The Committee noted that the confidential limit-of-costs estimate for the project did not include a line-item for relocation costs. The RBA explained that those costs would be paid out of the Bank's normal operating budget, and subsequently supplied an estimate of the costs to the Committee.
- 3.7 In a letter forwarded to the Committee after the public hearing, the Reserve Bank satisfactorily answered the Committee's questions regarding funding to be allocated for relocation of staff and specialist equipment to the new BRS. The Bank added that:

While this sum may seem modest, we regard this allocation as reasonable since the BRS is essentially a new facility with minimal relocation of equipment from HO.⁶
- 3.8 The letter noted further that there may be some expense involved in transferring Information Technology equipment from the interim BRS site to the new facility, but the exact amount could not yet be predicted as the timing of the move to the new BRS may coincide with the hardware at the interim site reaching the end of its useful life. The Bank anticipates that, in this case:

3 Appendix D, Official Transcript of Evidence, page 5

4 Letter to Committee from Mr Frank Campbell, Assistant Governor, Corporate Services, Reserve Bank of Australia, 7 June 2005, page 2

5 Appendix D, Official Transcript of Evidence, page 4

6 Letter to Committee from Mr Frank Campbell, Assistant Governor, Corporate Services, Reserve Bank of Australia, 7 June 2005, page 1

...the equipment relocated to the new data centre, and associated costs, would be relatively small, and budgeted as part of the RBA's operating costs.⁷

Goods and Services Tax

- 3.9 At a confidential briefing on detailed project costs, the Committee noted that the budget included an amount for "irrecoverable" GST costs and requested that the RBA supply details as to the project elements for which GST would not be refunded subsequent to the hearing.
- 3.10 The Bank's letter of 7 June explained that, as the RBA engages in providing financial supplies, GST legislation prevents it from being able to recover all GST paid on business inputs. The RBA estimates that it will recover some 75 per cent of GST paid in relation to the BRS.⁸

Staff Issues

Relocation of Personnel

- 3.11 The RBA reported that some 55 staff will be relocated to the new BRS. Whilst noting that the RBA had undertaken consultation with staff and the Finance Sector Union (FSU) in respect of the proposal, the Committee sought to ensure that appropriate strategies would be implemented to mitigate any adverse effects upon staff transferred to the new facility.
- 3.12 The RBA explained that it would hope to transfer staff to the BRS on a rotational basis, in order to familiarise the maximum number of personnel with the site, and to ensure that standards and practices at the BRS are commensurate with those of HO. The Bank intends to call for volunteers to transfer to the site and anticipates that, ultimately, some staff will rotate and others will be based permanently at the BRS. The RBA expressed the intention to accommodate staff wishes to the greatest possible extent, whilst simultaneously guaranteeing that the required mix of skills and qualifications would be represented at each site. The Bank added that rotation arrangements form part of its current Enterprise Bargaining Agreement negotiations with staff and the FSU.⁹

7 Letter to Committee from Mr Frank Campbell, Assistant Governor, Corporate Services, Reserve Bank of Australia, 7 June 2005, page 1

8 *ibid*, page 2

9 Appendix D, Official Transcript of Evidence, page 6

Childcare Facilities

- 3.13 According to its main submission, the RBA intends to
...provide staff selected for duties at Norwest with the location of childcare facilities and available options".¹⁰
- 3.14 During its inspection of the Norwest Business Park, the Committee noted that there were several childcare centres in proximity to the proposed BRS and inquired whether the RBA had investigated the availability of places at these facilities. The Bank responded that, while no formal arrangements had been made, it was confident that there were places, adding that the availability family support facilities had been a criterion in site selection for its new premises. The Bank added that, as a matter of policy, it provides childcare support for staff at HO and would investigate doing the same at the new BRS.¹¹

Space per Employee

- 3.15 The RBA proposes that workstations for permanent staff at the new BRS will measure 2.4 metres by 1.8 metres, or 4.32 square metres; while the emergency workstations will measure 1.5 metres by 0.75 metres, or 1.125 square metres. The Committee observed that these figures appeared to be low when compared with the eight or nine square metres of work space allocated per employee in previous fit-outs it had examined.¹²
- 3.16 When questioned on this matter, the RBA responded that the proposed workstations for permanent staff would be the same size as those currently used at HO. Further, the Bank stated that the workstation measurement did not include ancillary circulation and break-out space, which, if taken into consideration, would increase the overall amount of space per employee.
- 3.17 In respect of the emergency workstations, the Bank reported that benchmarking with other organisations had revealed the proposed area to be consistent with other emergency back-up facilities.¹³

10 Appendix C, Submission No. 1, paragraph 101

11 Appendix D, Official Transcript of Evidence, pages 6 - 7

12 See for example, *Proposed Fit-out of New Leased Premises for the Bureau of Meteorology, 700 Collins Street, Docklands, Victoria; March 2003*

13 Appendix D, Official Transcript of Evidence, page 7

Provision for Persons with a Disability

- 3.18 Given that the proposed new BRS will be a two-storey building serviced by lifts and stairs, the Committee was concerned to ensure that, in the even of emergency, appropriate provisions would be made for the safe evacuation of disabled persons. The RBA assured members that the proposed facility would comply fully with the requirements of the *Disability Discrimination Act 1992* and that a specialist consultant had been engaged to advise on access issues.¹⁴

Facility Use

- 3.19 The Committee was unanimous in its conviction as to the necessity of the proposed BRS, but were curious to know whether the level of use of the facility was in any way predictable. The RBA replied that, based on past experience, emergency use could be anticipated to be rare, but the facility would be used for intensive testing and rehearsing for such use.¹⁵

Energy Consumption and Green Building Initiatives

- 3.20 The Committee was pleased to note that the RBA had engaged in positive consultation with the Australian Greenhouse Office (AGO) in respect of the proposed work, and, in spite of the overriding requirements of complex and mission-critical functions,¹⁶ intended to incorporate a range of energy conservation and green building initiatives into the new BRS.
- 3.21 At the Chair's invitation, the RBA elaborated on the design features that would be incorporated into the new building with a view to minimising its environmental footprint. These measures include:
- the minimisation of hard paving to maximise water absorption and reduce run-off;
 - selection of low-maintenance and low water use landscaping elements;
 - collection of rain water from the roof, the installation of an in-ground water tank and subsequent re-use of grey water for irrigation and toilet flushing;

14 Appendix D, Official Transcript of Evidence, pages 10 - 11

15 Appendix D, Official Transcript of Evidence, page 8

16 See *Volume of Submissions*, Submission No. 2

- adoption of large roof-overhangs, external louvres and parapet walls for solar screening and minimisation of heat load;
 - use of roof slabs under the roof covering to increase thermal insulation; and
 - extensive monitoring and reporting of all building services and related energy use.
- 3.22 The RBA reported that several of these measures, such as parapet walls and roof slabs, had the additional advantage of improving building security.
- 3.23 The Committee wished to know whether the RBA had considered the installation of water-free urinals. The RBA replied that this matter was currently under investigation, but the availability of chemicals to supply the urinals in a protracted emergency situation was an issue of concern. Nevertheless, should the installation chemical toilets prove unfeasible, the RBA intends to use stored grey water for toilet flushing.¹⁷

Electricity Supply

- 3.24 In view of the critical nature of the facility, the Committee wished to ascertain the level of resilience of electricity supply. The RBA explained that it proposes to receive electrical power from two independent sources via two separate zone substations. This duplication would continue internally, with the two-high voltage supplies connecting to two discrete substations within the building itself, and relayed in turn to two distinct switchboards. The switchboards would be backed up by two separate Uninterrupted Power Supply (UPS) generators, each capable of supporting the entire building load.

Quality of Evidence

- 3.25 At the public hearing, the Chair thanked the RBA for its excellent submission, stating that such high-quality evidence
- ...certainly helps us to conduct our inquiry speedily and efficiently.¹⁸

17 Appendix D, Official Transcript of Evidence, pages 9 - 10

18 *ibid*, page 9

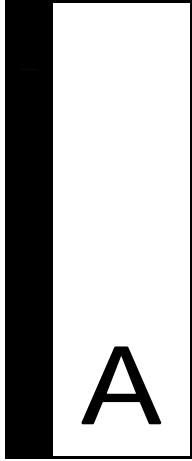
Recommendation 1

The Committee recommends that the proposed construction of a business resumption site for the Reserve Bank of Australia proceed at the estimated cost of \$38 million.

Hon Judi Moylan MP

Chair

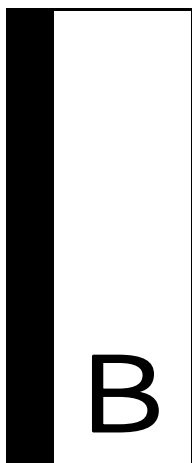
22 June 2005



Appendix A – List of Submissions

Submissions

1. Reserve Bank of Australia
2. Australian Greenhouse Office
3. Reserve Bank of Australia (Supplementary)

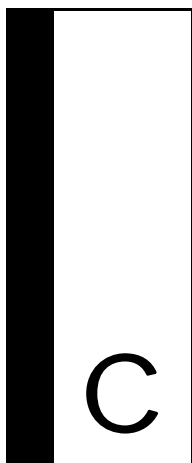


Appendix B – List of Witnesses

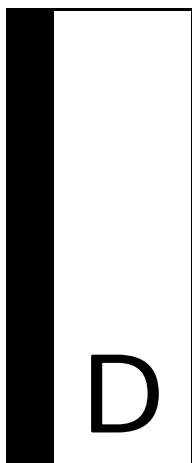
Mr Frank Campbell, Assistant Governor, Corporate Services, Reserve Bank of Australia

Mr Richard Mayes, Head, Facilities Management, Reserve Bank of Australia

Mr Rudi Valla, Managing Partner, DEM (Australia) Pty Ltd



Appendix C – Submission No. 1 from the Reserve Bank of Australia



Appendix D – Official Transcript of Evidence

