

Costs/Benefits and Consultations

Costs

- 4.1 Mr Austin explained that the costs involved in the project were broken up into two components:
- \$7 million related to heavy works, eg the lift and the new floors through the squash courts; and
 - \$14.5 million was designated for moving staff and consolidating activities into areas designated for retention by the RBA. This included suitable work on floors to be tenanted.¹
- 4.2 Mr Austin emphasised that at this stage, the cost of the current works proposal was indicative. The estimates had been provided to the RBA by a quantity surveyor engaged for this purpose. The works would go out to tender in order to ensure a competitive process.²
- 4.3 As mentioned in Chapter 1, the estimated cost of the proposed project is \$21.5 million, inclusive of contingencies, professional fees and GST. Mr Austin noted that the RBA was subject to GST, it had no special concessions.³

Building Valuation

- 4.4 The Committee noted that \$80 million was spent on refurbishment of the building between 1990-94.⁴ Its was currently valued at \$132.75 million

1 Evidence, p. 5.

2 Evidence, p. 4.

3 Evidence, p. 15.

4 Evidence, p. 2.

which included \$53 million for the land.⁵ Mr Austin advised that after the completion of the building works in two and half years' time, it was expected that the property would be valued at approximately \$153 million.⁶

Project Management Fees

- 4.5 The Committee asked the RBA to discuss why the project was being delivered in three packages of work.⁷ Mr Adam Stent, Incoll Management Pty Ltd,⁸ the senior project manager, stated that a procurement plan had not been finalised. It was proposed, therefore to maintain a degree of flexibility over the life of the project.⁹
- 4.6 Mr Stent explained that the directions proposed for the delivery of the project would ensure that appropriate contractors are commissioned for particular elements of the works. Mr Stent observed that a contractor who had a good reputation for putting in concrete slabs may not be appropriate to install lift computers.¹⁰
- 4.7 In reply to a question from the Committee relating to the cost estimate for the project. Mr Stent advised that the project consultant team believed that the cost estimate for the project would be achieved.¹¹ To date the RBA had spent \$450,000 on consultants' costs.¹²
- 4.8 The Committee queried the high professional fees as a percentage of the project.¹³ Mr Mayes replied that the RBA was satisfied that the overall fees were competitive. He said the RBA undertook a competitive process prior to selecting a consultant. An examination of the fees is part of the process.¹⁴
- 4.9 In relation to contingency costs, Mr Mayes replied that there were two elements to the overall contingency costs of 10%. These were divided equally between the design and construction processes. He noted that,

5 Evidence, p. 43.

6 Evidence, p. 3.

7 See Chapter 1.

8 Incoll are the elected project managers for the project, appointed by the RBA as independent consultants. See Evidence, p. 8.

9 Evidence, p. 8.

10 Evidence, p. 9.

11 Evidence, p. 9.

12 Evidence, p. 10.

13 See evidence by Mr Stent, p. 9.

14 Evidence, p. 14.

based on the advice of the quantity survey, the percentages in respect of contingency were appropriate for this particular project.¹⁵

- 4.10 Mr Mayes emphasised that there was some element of risk, namely in respect of the façade work and flooring, for example, over the squash courts. Mr Mayes suggested that it was ‘prudent’ to allow sufficient amounts to cover those contingencies in the overall budget.¹⁶

Benefits

- 4.11 As outlined in Chapters 1 and 2, the RBA’s objective in formulating this works proposal was to make use of spare and underutilised space. A decline in staff numbers provided the RBA with an opportunity to consolidate its activities in the Head Office building and lease available space to tenants.
- 4.12 Mr Austin suggested that profits made through leasing 7,000 square metres of floor space¹⁷ in the present building would produce an initial revenue of approximately \$3.5 million a year. The monies would be passed to the Commonwealth Government. On that basis spending \$21.5 million on the building at this stage was a ‘good financial decision’.¹⁸

Consultations

Agencies

- 4.13 In their principal submission, the RBA noted that ongoing consultations were being undertaken with the following organisations:
- Sydney City Council with respect to
 - ⇒ Development Controls, including changes in floor area;
 - ⇒ Heritage, including changes both internally and to the façade; and
 - ⇒ Building Code of Australia (BCA) ;
 - NSW Fire Brigade, in relation to existing and proposed fire services;
 - NSW Workcover Authority in relation to the Lift works;

15 Evidence, p. 14.

16 Evidence, p. 14.

17 Evidence, p. 42.

18 Evidence, p. 5.

- Australian Council for Rehabilitation of the Disabled (ACROD) in relation to access for the disabled;
 - ⇒ Australian Heritage Commission; and
 - ⇒ Adjoining Land Owners, in regard to the proposed scope of the works, demolition and construction noise and traffic.
- 4.14 The Committee noted that none of the organisations consulted by the RBA had expressed concerns about the project. However, as discussed in Chapter 3, the Sydney City Council, and the National Trust of Australia (New South Wales) had raised a number of heritage matters.
- 4.15 The Committee received a submission from the New South Wales Fire Brigades. The submission advised that the proposed works described by the RBA were in accordance with the issues discussed at a meeting held on 17 August 2000 with representatives of the RBA. The Brigades had no objections to the proposal.¹⁹

Staff

- 4.16 The RBA advised that their staff had been informed of the objectives of the project. Information on progress had been regularly posted on the RBA's Intranet site and comments sought from staff about the proposal. In addition, articles were placed in the staff magazine and official memoranda to staff had been issued from time to time. The RBA noted that a large proportion of the staff affected had been directly involved in the preparation of the architectural brief that was subsequently endorsed. The staff association had also been kept informed.²⁰
- 4.17 At the public hearing, Mr Austin noted that the RBA was 'fairly careful' about its staff consultations in relation to the project. At the initial stages, a number of focus groups had been formed from the likely affected areas and staff views sought. He reiterated that, as the project developed, staff were advised through various internal mechanisms.²¹
- 4.18 Mr Austin observed that, in general, the staff had been supportive of the proposal and understood the reasons for it. With the exception of a couple of regular users of the squash courts who were 'a little disappointed', at the loss of the facility. Staff understood that the courts were significantly underused.²²

19 Evidence, p. 102.

20 Evidence, p. 59.

21 Evidence, p. 7.

22 Evidence, p. 8.