

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

REPORT

relating to the

REFURBISHMENT OF THE RESERVE BANK,
60 COLLINS STREET, MELBOURNE

(Twenty-sixth Report of 1989)

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MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE
ON PUBLIC WORKS

(Twenty-ninth Committee)

Mr Colin Hollis MP (Chairman)

Mr Percival Clarence Millar MP (Vice-Chairman)

Senate

House of Representatives

Senator Bryant Robert Burns

Mr George Gear MP

Senator John Robert Devereux

Mr Robert George Halverson OBE MP

Senator Dr Glenister Sheil

Mr John Graham Mountford MP

Mr William Leonard Taylor MP *

* Appointed on 29.9.88 following resignation of
Mr Maxwell Arthur Burr MP

Secretary: Mr Peter Roberts

**SECTIONAL COMMITTEE ON REFURBISHMENT OF RESERVE BANK OF
AUSTRALIA, 60 COLLINS STREET, MELBOURNE**

Mr Colin Hollis MP (Chairman)

Mr Percival Clarence Millar MP (Vice-Chairman)

Senator Bryant Robert Burns

Senator John Robert Devereux

Inquiry Staff: **Mr Peter Roberts - Secretary**
Mrs Margaret Atkin - Research Officer
Mrs Helen Hutchins - Secretarial Support

EXTRACT FROM VOTES AND PROCEEDINGS OF
THE HOUSE OF REPRESENTATIVES

NO. 142 DATED THURSDAY 5 OCTOBER 1989

31 PUBLIC WORKS COMMITTEE - REFERENCE OF WORK - REFURBISHMENT
OF RESERVE BANK, COLLINS STREET, MELBOURNE: Mr West
(Minister for Administrative Services), 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:
Refurbishment of the Reserve Bank, 60 Collins Street,
Melbourne.

Mr West presented plans in connection with the proposed work.

Debate ensued.

Question - put and passed.

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

REFURBISHMENT OF RESERVE BANK OF AUSTRALIA
60 COLLINS STREET, MELBOURNE

By resolution on 5 October 1989 the House of Representatives referred to the Parliamentary Standing Committee on Public Works for consideration and report the proposal for refurbishment of the Reserve Bank, 60 Collins Street, Melbourne.

THE REFERENCE

1. The proposal is for the refurbishment of the Reserve Bank of Australia premises at 60 Collins Street, Melbourne. The site is at the northeast corner of the intersection of Collins and Exhibition Streets in Melbourne's central business district.
2. The proposed scope of work will include enlargement and upgrading of the ground floor lobby, upgrading of all office floor levels, including removal of asbestos fire retardant material in ceiling spaces, and installation of new ceiling, carpets and building services, including the extension of a sprinkler fire service to all levels of the building. The three level basement housing the Cash Department will not be refurbished as part of this project.
3. On completion of the works the Bank will occupy wholly or in part seven floors, with the remaining nine floors leased to generate income, estimated at \$2.3M a year.
4. The limit of cost estimate for the project is \$25M at June 1989 prices.

THE COMMITTEE'S INVESTIGATION

5. The Committee received written submissions from the Reserve Bank and took evidence from its representatives at a public hearing in Melbourne on 8 November 1989. A written submission was also received from Mr G Scholes, an employee of the Bank, and evidence was also taken from him at the public hearing.

6. A letter from the Australian Heritage Commission is incorporated in the Minutes of Evidence.

7. Prior to the hearing the Committee was briefed on the proposal by representatives of the Reserve Bank. The Committee then conducted an inspection of the building including the areas to be refurbished.

8. A list of witnesses who appeared at the hearing is at Appendix A. The Committee's proceedings will be published as Minutes of Evidence.

BACKGROUND

9. The Reserve Bank of Australia is Australia's Central Bank. The Bank has its Head Office in Sydney and is supported by branches in each state capital, the A.C.T., Darwin and London. It has a representative office in New York.

10. The Bank's role in the financial system has been transformed in recent years by substantial deregulation, including abandonment of foreign exchange controls and floating of the Australian dollar. In the case of the Bank's Melbourne branch, these changes have resulted in some staff reductions, an increasing adoption of new technology, and economies in total office space required for a consolidated operation.

11. The Reserve Bank's Melbourne office is the largest of the state branches and at 30 June 1989 employed 317 people. In addition to the regular branch functions it has specific responsibilities in economic liaison and in bank supervision. In this role, the branch is required to be in regular consultation with those banks coming within its area of responsibility.

Existing Building

12. The existing building extends 17 floors (approximately 75m) above ground level and three below. It was constructed under two separate contracts. The basement was completed in 1964 by Watts Constructions and the tower by Civil & Civic in 1966.

13. Visually, the building mass viewed from most angles remains conventionally pleasant, with clean lines; the tower structure has a strong vertical linear appearance emphasized by white marble clad columns and spandrels of black granite. The overall effect is a slender building which stands in harmony with the Melbourne streetscape.

14. The ground floor is set back from both Exhibition and Collins Streets. The eastern wall of the foyer incorporates a Sidney Nolan mural with a Eureka Stockade theme.

15. Armoured cars and other vehicles gain access to the basement from Collins Street. There is parking at ground level, for two or three vehicles off Exhibition Street at the northern end of the site.

16. The three basement levels (approximately 3 350m² net) are adequately serviced by passenger lifts, goods lifts and staircases. Approximately 60 Bank staff work in these areas.

17. The tower floors provide approximately 10 000m² net and are similarly serviced. A typical floor is 973m² of which 753m² is net lettable space.

THE NEED

18. The Melbourne branch of the Reserve Bank has operated from its current premises since it was completed in 1966. Although structurally and externally sound and well located for its purpose, it is in need of substantial internal refurbishment to meet current standards for accommodation, amenity and operational efficiency.

19. The Bank has a significant capital investment in its buildings. As the buildings age, repairs and maintenance demand increased funds from the Bank's budget. Planned refurbishment is essential to their continued capital growth and to ensure that their economic life is extended to the full.

20. Many of the services of the building are reaching the end of their operational life and in some instances do not comply with modern building standards introduced since the 1960s. It needs to be upgraded to meet these standards and to take advantage of recent developments in lighting and building technology. The refurbishment will include an upgrade of these services and finishes and a remodelling of the ground floor foyer, to produce a modern appearance. The bank will take the opportunity to consolidate its operations and make nine floors available for lease.

21. The need to remove fire retardant asbestos materials is an important aspect of the work.

Options Considered

22. The Bank considered several options:

- refurbishment of the building, to add a further 20 years to its life, combined with the lease of surplus space
- lease of space in a comparable building, either on a sole-occupancy or multi-tenancy basis
- re-development of the existing site, relocation, or sale of the building with a lease-back provision after refurbishment or re-development
- refurbishment and strata titling of the existing building.

Cost Benefit Analysis

23. The Net Present Value, using a 10% discount, of the refurbishment and lease option is \$31M greater than all other options considered over a 20 year period. Compared to relocation to a purpose-built suburban site, the refurbishment option shows a positive Net Present Value difference of \$88.8M.

Committee's Conclusion

24. The Committee believes that there is a need to refurbish the Reserve Bank building.

THE PROPOSAL

Summary of Benefits

25. The proposed refurbishment will provide:

- better utilisation of Bank-occupied areas will enable larger areas of the building to be leased
- all asbestos fire retardant material will be removed
- the following upgraded services will be provided:
 - lighting with low glare fittings
 - improved emergency power generation for Bank and tenants
 - contemporary finishes and fittings which are fire retardant
 - improved technological interface
- fire safety features will be upgraded to conform with current regulations
- independent air conditioning systems will be more efficient and provide improved working conditions for staff and tenants
- upgraded passenger lift systems will provide more efficient operation
- improved energy efficiency.

Allocation of Space

26. The building is expected to accommodate up to 750 persons. This includes the Bank's basement staff and is approximately double today's occupation level. Apart from the basement areas, Bank staff will occupy the ground, 1st, 3rd, 12th and 13th floors. The 14th and 15th floors will house plant equipment, lift motor rooms and storage compactus units. Two in-house transit accommodation units and some staff recreational facilities will be located on the 16th floor. The ground floor will be notionally occupied by one messenger or guard.

27. The availability of three vacant floors will enable the refurbishment program to be sequenced to maintain continuity of the Bank's operations with a minimum of disruption. Tenants have been consulted.

Ground Floor Facade

28. Jones Lang Wootton advised the Reserve Bank that office space available in 1991 will have a very high standard of finishes and services. Two features likely to detract from the building are a lack of car parking space and the ground floor entrance lobby.

29. The Exhibition Street and Collins Street facades at ground level will be reconstructed in dark grey granite panelling with the perimeter walls of the foyer being realigned to the street boundaries.

Ground Floor Internal

30. The foyer floor will be relaid to a level surface in South Australian Imperial black granite. The mural will remain as a centre piece display.

CONSTRUCTION

Typical Office Floors

31. Interior finishes will generally be painted plasterboard. Ceilings will generally be exposed metal grid systems with lay-in ceiling panelling. Floors will be carpeted other than where hard floor surfaces are required. Generally, the walls, floors and fittings to existing toilet areas are to remain and be upgraded where damaged or alteration is warranted. A toilet facility designed for use by handicapped persons will be retained on the 2nd floor (see paragraph 60).

Mechanical Services

Air-conditioning

32. The centralised air conditioning systems servicing the tower floors are to be replaced in general by more efficient systems located on each floor. The proposed systems will greatly reduce energy consumption, provide good temperature control and be flexible to adapt to tenants' needs.

Thermal Plant

33. The thermal plant will be modified to allow:

- the existing natural gas fired boilers to supply hot water for air conditioning
- the use of more efficient natural gas fired domestic hot water systems, and
- the chilled water plant to operate more efficiently.

Energy Efficiency

34. Direct digital control (DDC) will provide accurate and reliable control of temperature, sequencing of plant, out of hours operation and optimisation of energy conservation facilities. DDC will also enable remote monitoring of plant and provide control facilities for other services including light circuit switching and load shedding for electrical services and control and alarm facilities for fire, lift and hydraulic services.

Electrical Services

35. The substation will be modified as part of the foyer alterations. A new main switchboard will be installed on the 1st floor to provide normal and stand by power supplies, and new distribution boards will be provided on all floors. Existing submains will generally be retained. The new air conditioning units and the upgrading of the lifts will require modification to the electric cabling feeding the lifts. New fluorescent lighting will be provided throughout office floors. A complete installation comprising self contained emergency lighting and exit signs will be provided. Plant will be upgraded to offer adequate automatic standby generator capacity.

Emergency Warning Intercommunication System

36. A system will be installed, comprising a master control station, floor warden points and ceiling mounted speakers and will be integrated with the fire protection system.

Uninterruptible Power Supply

37. An uninterruptible power supply will be provided to meet the requirements of the direct digital control and the building automation system and computing facilities.

Fire Protection Services

38. Existing fire protection services will be upgraded and extended to comply with the Victorian Building Regulations and the requirements of the Metropolitan Fire Brigade. The automatic wet pipe sprinkler system will be extended to all areas and levels not currently protected. On levels currently sprinkler protected, new pipe work and sprinkler heads will be installed to meet current standards. This is required as the existing installation provides no ceiling space protection. The existing break glass alarm system will be retained.

Hydraulic Services

39. Water supply, sewerage stacks and drainage systems will be retained in present locations with some alteration. The stormwater drainage system will require minor works only. All existing sanitary fixtures are to remain wherever possible.

Lifts

40. The existing four passenger lifts will be upgraded to improve reliability, flexibility and performance.

CONSULTATION

41. A number of State and local government bodies were consulted and none of the authorities had any objections to the proposals. Staff have also been consulted directly and through the Commonwealth Bank Officers' Association, Reserve Bank Division, both at Federal and Victorian Sub-branch level.

MARKET VALUE

42. Current market freehold valuation, as assessed by the Australian Valuation Office, at 31 March 1989, was \$37.5M. It noted that the valuation should be discounted by the cost of asbestos removal to obtain the realizable value. Current market value of the land component alone is \$29M.

43. On completion of the proposed works, a building valuation in the order of \$73M would be anticipated, based upon known capitalisation factors.

44. The "Paris End" of Collins Street is a prime office location within the central business district of Melbourne and is the location of a substantial investment in office buildings, hotels and commercial development. It has experienced strong upward trends in property values and rental returns over the last five years.

SECURITY

45. Security of information and of physical assets has been a major consideration in the Bank's decision to own, rather than lease the properties it occupies.

46. As custodian of the nation's gold reserves and holdings of currency notes, the Bank is required, through its capital city branches, to provide purpose-designed, high security facilities. To achieve this today in alternative accommodation would be very expensive - in the order of \$40M in the case of Melbourne.

47. The proposal includes building works for the future relocation and upgrading of the security control room. Planning for the replacement of old security equipment includes a permanently manned security control room and intrusion detection facilities. Strongrooms and surrounding areas are

purpose-designed to resist attack. Basements and other security areas are protected by access airlocks and ballistic-rated barriers. The building is manned round-the-clock by an armed guard force.

TECHNOLOGY

48. Significant technological advances in the Bank's communications infrastructure are planned over the next few years. This infrastructure will be capable of supporting text, image and voice based communications in an integrated system, for general use at workplaces throughout the Bank.

49. The technological facilities offered within buildings will also become increasingly important to tenants. Buildings must meet their expectations for the present and for the next five to ten years. In a competitive market for office accommodation, high technology communications facilities and flexible and energy efficient building services will be essential marketing tools.

ASBESTOS REMOVAL

50. The removal of fire retardant asbestos materials is an important aspect of the work. This is to occur while the building is occupied, but is to be carried out strictly in terms of the relevant codes and regulations, including Worksafe Australia's Code of Practice for the Safe Removal of Asbestos and the Victorian Occupational Health and Safety Commission's draft asbestos regulations and code of practice.

51. Specialist consultants are to be employed to assist in the preparation of a specification for asbestos removal and provide other advice and assistance as required. Air monitoring in terms of code requirements will be undertaken by a consultant registered by the National Association of Testing Authorities for this purpose. This consultant will act at the bank's on-site

representative during the removal process. The code requirements are very detailed, and the Bank advised the Committee that the procedures will be adhered to rigorously. Worksafe Australia will monitor the removal and check for the presence of asbestos fibres in the samples taken.

Committee's Recommendation

52. The Committee is concerned that staff will be on the same floor whilst asbestos is being removed. The Committee recommends that staff not be on the same floor unless it is absolutely necessary but requests the Reserve Bank to guarantee that strict safety measures are adhered to during asbestos removal.

QUESTION OF MOVING TO CRAIGIEBURN

53. The question of the Melbourne cash department being able to function from the note printing branch at Craigieburn was raised. The main issue of security for armoured car deliveries is that the servicing centre be located so as to minimise transport times. Craigieburn is located some 24 kilometres from the Melbourne central business district and would be quite unsuitable for such an operation. Looking at recent studies of Melbourne demographic trends, the centre of population is moving in the opposite direction from Craigieburn (i.e. in a south-easterly direction) so the situation would only be worse in the future. The Reserve Bank also believes that the logistics and security risks involved in operating the note processing and distribution facility from Craigieburn would be daunting.

54. The Reserve Bank's present location is important in terms of its links with the money market, which is based in the central business district.

GROUND FLOOR FAÇADE

55. As mentioned in paragraph 28 the Reserve Bank has been advised that the foyer should be upgraded to give the building a modern appearance and to make the building more attractive to prospective private tenants. The Melbourne City Council also has a policy of encouraging development to the street frontage.

56. By moving the glass out to the street frontage, the Reserve Bank believes it would then have additional space available which could be used for displays, exhibits and for community use. It also believes it would give the building a much better appearance.

57. The additional cost of moving the front glass plates would be \$800 000, made up of \$110 000 for services, i.e. upgraded air conditioning, and \$690 000 for building and architectural treatment. The Committee has serious doubts that this expenditure is justified and believes that the Reserve Bank should re-examine the need for this modification.

Committee's Recommendation

58. The Committee recommends that the Reserve Bank re-examine the need for the proposed modifications to the ground floor facade.

AMENITIES AND FACILITIES

Staff Amenities

59. The staff canteen will be rebuilt to service the reduced staff numbers, which will be in accordance with the Commonwealth guidelines for amenities and the Victorian Building Regulations. The staff library and squash court will continue to be provided, plus two (instead of three) transit staff accommodation units.

Facilities for Disabled Persons

60. The Melbourne City Council have been asked to make available a permanent car space for the disabled outside in Exhibition Street. One toilet for the disabled is provided on the second floor, which conforms to the Victorian Building Regulations. However, the Committee is concerned that the provision of only one toilet for the disabled is inadequate in a building of 17 storeys.

Committee's Recommendation

61. The Committee recommends that the Reserve Bank give consideration to providing additional toilets for the disabled.

Car-Parking

62. Car-parking facilities are limited with three off street spaces being provided. There is also a small amount of parking in McGrath's Lane at the rear of the building. However, there is a multiple-storey car park in the immediate vicinity.

Childcare

63. The Committee notes that in accordance with current policy the proposal does not provide for a childcare facility. The building also does not conform to the Victorian regulations for a childcare centre/facility. As indicated in recent reports, the Committee repeats its call to the Government to review the current policy of not providing childcare facilities in Commonwealth offices.

PROGRAM

64. The Reserve Bank anticipates that refurbishment could commence in January 1990 with completion expected by late 1991. A construction management system of project delivery has been chosen. This system is particularly suited to refurbishment projects because it accommodates overlap of documentation and refurbishment, maintains flexibility to vary the scope of the work with minimum effect to cost, allows early completion of floors for early income generation and enables responsive cost control.

COST ESTIMATE

65. The estimated cost of the refurbishment as at June 1989, including fees, is \$25M, with a turnout cost of \$28M in 1991, excluding interest.

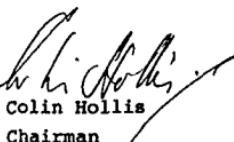
Committee's Recommendation

66. The Committee recommends the refurbishment of the Reserve Bank of Australia, 60 Collins Street, Melbourne, at an estimated cost of \$25M at June 1989 prices.

CONCLUSIONS AND RECOMMENDATION

67. The conclusions and recommendation of the Committee are set out below with the paragraph in the report to which each refers:

	Paragraph
1. The Committee believes that there is a need to refurbish the Reserve Bank building.	24
2. The Committee is concerned that staff will be on the same floor whilst asbestos is being removed. The Committee recommends that staff not be on the same floor unless it is absolutely necessary but requests the Reserve Bank to guarantee that strict safety measures are adhered to during asbestos removal.	52
3. The Committee recommends that the Reserve Bank re-examine the need for the proposed modifications to the ground floor facade.	58
4. The Committee recommends that the Reserve Bank give consideration to providing additional toilets for the disabled.	61
5. The Committee recommends the refurbishment of the Reserve Bank of Australia, 60 Collins Street, Melbourne, at an estimated cost of \$25M at June 1989 prices.	66


Colin Hollis
Chairman

30 November 1989.

APPENDIX A

LIST OF WITNESSES

BEVAN, Mr Norman Thomas, Manager for Victoria, Reserve Bank of Australia, 60 Collins Street, Melbourne, VIC

COOK, Mr John Richard Ross, Senior Manager, Building Services Department, Reserve Bank of Australia, 65 Martin Place, Sydney, NSW

MASSIE, Mr Nicholas John, Associate Director, John Wertheimer and Co. Pty Ltd., 60 Collins Street, Melbourne, VIC

SCHOLES, Mr Gary Charles, 9 Park Street, Moonee Ponds, VIC