

Parliamentary Standing Committee on Public Works

REPORT



relating to the

REFURBISHMENT OF HEAD OFFICE, RESERVE BANK OF AUSTRALIA MARTIN PLACE, SYDNEY, NEW SOUTH WALES

(Eighth Report of 1990)

The Parliament of the Commonwealth of Australia
Parliamentary Standing Committee on Public Works

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**Refurbishment of Head Office, Reserve Bank of Australia
Martin Place, Sydney, New South Wales**

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MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE

ON PUBLIC WORKS

(Thirtieth Committee)

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Mr William Leonard Taylor MP (Vice Chairman)

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Senator John Robert Devereux
Senator Paul Henry Calvert¹

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Mr Lloyd Reginald O'Neil MP
Mr Russell Neville Gorman MP
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¹Appointed 24 August 1990 vice Senator Dr Glenister Sheil

Secretary: Mr Peter Roberts

Inquiry Staff: Mr Michael Fetter (Secretary)
Mrs Di Singleton (Secretarial Support)

COMMONWEALTH OF AUSTRALIA
PUBLIC WORKS COMMITTEE ACT 1969
ORDER UNDER SUBSECTION 18(4)

I, William George Hayden, the Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, under subsection 18(4) of the *Public Works Committee Act 1969* hereby, by this Order, declare that the public works described in the schedule be referred to the Parliamentary Standing Committee on Public Works for consideration and report.

SCHEDULE

Refurbishment of the Reserve Bank of Australia,
Sydney, New South Wales

Given under my Hand and the
Great Seal of Australia on
26 June 1990

L. S.

Bill Hayden
Governor-General

By His Excellency's Command

Nick Bolkus
Minister of State for
Administrative Services

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS
REFURBISHMENT OF THE RESERVE BANK OF AUSTRALIA,
MARTIN PLACE, SYDNEY, NEW SOUTH WALES

On 26 June 1990 the Governor-General in Council referred to the Parliamentary Standing Committee on Public Works for consideration and report the proposed refurbishment of the Reserve Bank of Australia, Sydney, New South Wales.

THE REFERENCE

1. The scope of the proposed work involves the upgrading of office and basement areas, including the removal of asbestos fire retardant materials from the original sections of the building. It also includes the upgrading of building services and the fire sprinkler system, the installation of new ceilings, lighting and carpets. Extensive restoration of the external facade of the building is also proposed.
2. When referred to the Committee the limit of cost estimate for the proposed work was \$86 million at June 1990 prices.

THE COMMITTEE'S INVESTIGATION

3. The Committee received a submission and drawings from the Reserve Bank of Australia and took evidence from representatives of the bank at a public hearing held in Sydney on 4 September 1990. Representatives of the Council of the City of Sydney and of the Australian Council for Rehabilitation of the Disabled (ACROD) also presented submissions and gave evidence at the public hearing.

4. Prior to the public hearing the Committee inspected a number of areas of the building including the cash department in the basement, the banking chamber, parts of the facade and the 15th floor.

5. Following the public hearing the Committee requested the bank to undertake a review of the estimated costs of the project with the objective of:

- . substantially reducing the cost of the proposed refurbishment
- . providing more precise costings for a "greenfield" option

6. A private meeting at which representatives of the Reserve Bank presented further evidence and were questioned by the Committee was held at Parliament House, Canberra, on 11 October 1990.

7. A list of witnesses who gave evidence at both hearings is at APPENDIX A.

8. The Committee's proceedings will be printed at Minutes of Evidence.

BACKGROUND

Responsibilities of the Reserve Bank

9. The Reserve Bank of Australia (RBA) is Australia's central bank. Its responsibilities, powers and functions are specified in the:

- . *Reserve Bank Act 1959*
- . *Banking Act 1959*
- . *Financial Corporations Act 1974*
- . Regulations made under the above Acts

10. The major responsibility of the RBA is the formulation and implementation of monetary and banking policy. Monetary policy is the control of a country's currency and its system for lending and borrowing money, especially through the supply of money. In broad terms this covers the efficiency of operation and the stability of the Australian financial system with specific prudential oversight of banks.

11. The RBA is also the principal banker to the Commonwealth Government and some statutory bodies and State governments. It is banker

to banks and certain other financial institutions. In more specific terms, the RBA's functions include:

- . printing and management of the note issue
- . distribution of coin
- . management of the Commonwealth's domestic borrowing program
- . registrar for Commonwealth securities
- . oversight of the foreign exchange market
- . management of Australia's reserves of gold and foreign exchange

Head Office and Branch Offices

12. The Head Office of the RBA is in Sydney. There are branches in each State capital and in Canberra, Darwin and London. As well, there is a representative office in New York. The branches provide a comprehensive range of banking services for customers, mainly government departments and instrumentalities. Local issue of currency and the management of inscribed stock registries for Commonwealth Government securities are handled by branch offices.

13. The Head Office building is located in Martin Place, Sydney. It is located in close proximity to the financial markets in which the RBA participates, banks and other groups with which it is required to be in close consultation.

14. The Head Office houses the Governor, Deputy Governor, administrative and support staff and the NSW Branch.

Organisational Structure

15. The RBA's operational and administrative structures are based on the following elements:

- . Financial Markets Group - which is responsible for the implementation of monetary policy and investment of the bank's assets through dealings in financial markets; it comprises the Domestic Markets Department and the International Department.
- . Financial Systems Division, which comprises:
 - .. Bank Supervision Department, responsible for the prudential supervision of banks
 - .. Financial Institutions Department, monitors the activities of non-bank financial intermediaries and developments in payment systems
- . Research Department, which is primarily concerned with assessing conditions in domestic and overseas economies relating to monetary policy. It maintains a comprehensive reference library.

- . Central Bank Services, which comprises:
 - .. Accounting Department, which is responsible for the RBA's internal accounting functions
 - .. Building Services Department, which is responsible for the RBA's buildings and security
 - .. Currency and Banking Department, which deals with the note issue and the distribution of notes and coin to banks and the RBA's domestic banking operations
 - .. Systems and Technology Department, which is responsible for the RBA's information processing systems
- . Personnel Department, looks after the RBA's human resource functions
- . Secretary's Department, provides secretarial and legal services and acts generally as a coordinating department.

17. Security of information and of physical assets has been a major consideration in the RBA's decision to own, rather than lease, the properties which it occupies. The RBA is the custodian of Australia's gold reserves and holdings of currency notes.

18. The Head Office building in Martin Place was constructed in two stages. The first stage was completed in 1965 and the second stage in 1980. The building accommodates about 1,300 staff.

19. In addition to the head office, branch offices were constructed in the Central Business Districts of state capitals and Darwin and Canberra during the 1960s and 1970s. A number of these buildings have been refurbished in recent years; in 1989 the Committee inquired into and reported upon, the proposal to refurbish the RBA's Victorian branch office at 60 Collins Street, Melbourne. The estimated cost of the Melbourne refurbishment was \$25 million at June 1989 prices. (Committee's 26th Report of 1989).

Head Office Building - Location

20. The building is located on the southern side of Martin Place, between Phillip and Macquarie Streets. The location is easily accessible for bank staff and customers from within the CBD and from the suburbs. There is ready access to buses and an entrance to the Martin Place underground railway station is located directly in front of the main entry foyer. There is easy access to ferries and car parking facilities.

Description

21. The building comprises 21 floors and extends 85 metres above ground level. There is a mezzanine floor, 15 office levels, 5 levels for plant and machinery and 3 levels below ground.

22. The main tower structure, which rises above the first and second floor podium, is clad in a combination of Adelong black and Imperial black granite. The spandrel panels are clad in grey Wombeyan marble with secondary strips of grey Harcourt granite at the base of each panel.

23. The main pedestrian entrance to the building is in the centre of the frontage to Martin Place. The entrance provides access to all levels of the building via the main lift lobby and to the two banking chambers. Armoured cars and other vehicles gain access to the basement area from Phillip Street.

24. The above-ground floors have a gross floor area of about 29 400m². They are serviced by passenger lifts, goods lifts and staircases. A typical floor has a gross area of 1 477m² which 1 147m² is useable space.

25. The three basement levels, of about 8 300m² of gross area, are also serviced by passenger and goods lifts and staircases. Basement levels are covered by a high degree of security.

26. The plant and amenities levels (floors 16 to 20) have a gross floor area of 5 842m² and are serviced by staircases, a goods lift and a shuttle lift.

THE NEED

27. The RBA submitted that there is a need for extensive refurbishment of the Head Office building encompassing the restoration of the external facade, the removal of asbestos, the upgrading of mechanical and electrical services and office areas.

28. The extent of the needed refurbishment and its justification, alternatives to refurbishment and cost comparisons are discussed in the following paragraphs.

Facade

29. The RBA advised that problems with the facade became evident about four years ago; a detailed survey was carried out which indicated problems with the marble and to a lesser extent the granite facings. The marble has deteriorated rapidly over the past 25 years to the point where its ability to withstand wind, thermal and minor earthquake loadings is in question. Some panels have needed to be removed for safety reasons. Other "make safe" work will need to be carried out by the end of this year.

30. Defects in the marble include the erosion and decay of veins, bowing and cracking of panels and delamination from precast concrete backing.

31. The cause of the deterioration can be attributed to the chemical properties of marble, which is soluble and susceptible to corrosion when water and some constituents of vehicle emissions are combined. The type of marble used on the facade and the thickness of the marble panels (22mm) also contributed to deterioration. The Committee was advised that the deterioration of marble facades is a worldwide phenomenon. The Amoco building in Chicago, which is clad in marble, is about to undergo a reclad.

32. There is no doubt that buildings in the CBD of Sydney that were clad with similar materials in the same timeframes using the same techniques that

were used on the RBA building would be suffering the same problems of deterioration.

Asbestos Removal

33. The need for the internal refurbishment is based on a number of factors; the need to remove asbestos is a major factor. There are no accurate records of where the asbestos in the building was applied. The RBA has the results of a number of surveys which established the presence of asbestos in various areas such as above suspended ceilings.

34. Before the asbestos above the ceilings can be removed, it will be necessary to remove the suspended ceilings. The suspended ceilings were installed more than 25 years ago, are of an unusual type, and it would not be economical to clean and replace them after the asbestos has been removed. The light fittings, which form part of the suspended ceiling, have reached the end of their economic life and are unsuitable for use in many instances with screen-based equipment.

35. Before the asbestos can be removed it will be necessary to take up carpet in affected areas. The RBA advised that it would not be economical to re-lay the carpet even if it could be guaranteed to be free of asbestos fibres.

Internal Wall Panels

36. The RBA advised that many of the internal wall panels do not comply with current fire regulations and some internal partitions are probably unacceptable as well.

Mechanical and Electrical Services

37. The RBA submitted that building services are now reaching the end of their operating life. Plant for services and lift installations is 25 years old and is in need of replacement or major overhaul.

38. The existing mechanical services comprise air conditioning systems and ventilation and stairwell pressurisation systems. The central zones of the building are air conditioned by air handling systems located on each floor which are served by chilled and heated water from the main thermal plant on the 16th and 17th floors. Perimeter zones are served by fan coil units located under windows.

39. Mechanical ventilation plant is generally located in two areas in mid-level and top plant rooms.

40. Two electrical substations are located in the basement. The main switchboard is adjacent to the substations; the equipment here is outdated and does not meet the required prospective fault detection levels.

41. All areas of the building are provided with fluorescent and incandescent lighting all of which have reached the end of their service life and are unsuitable for modern office use. Existing illuminated exit signs and emergency lighting need upgrading.

42. There are three standby diesel generators, one of which is newly installed. Plant capacity is adequate to maintain bank operations in all important areas.

43. The power supply system for the computer has been recently upgraded and an uninterruptible power supply (UPS) has been installed.

44. The building is served by an emergency warning and intercommunication system which does not meet current Australian Standard and regulatory requirements.

Fire

45. The existing fire protection system is a combination of sprinkler, hydrant and halon gas suppression systems, a fire alarm installation and portable fire extinguishers. The sprinkler system does not comply with current standards.

46. The fire sprinkler system protects all levels, except for small areas on lower floors which are fitted with fire alarms.

47. "Break glass" alarm systems are installed throughout the building.

Hydraulic

48. The incoming water supply is pumped to a combined domestic and fire water storage tank on the 19th floor.

49. The sewer and sanitary plumbing systems consist of a gravity flow waste and vent piping system serving the 1st basement floor and above. Discharge from the 2nd and 3rd basement levels is pumped via two main sewerage ejectors connected to the gravity main discharging to street mains.

Lifts

50. The lift services comprise six main passenger lifts, one main goods lift, four secondary passenger/goods lifts, one trolley lift and three bullion lifts.

51. These services are dated and have the disadvantages of unreliability, long response times, long floor to floor times, comparatively high power consumption and inconsistent levelling. Breakdowns are frequent and the RBA advised the Committee that an accident recently occurred.

Committee's Conclusion

52. If the Head Office of the Reserve Bank of Australia is to remain in Martin Place, it will be necessary to restore the facade, remove the asbestos, upgrade working areas and overhaul or replace ageing engineering services.

ALTERNATIVES

53. The Committee's conclusion on the need for the Head Office building to be refurbished is contingent upon the Head Office remaining in its existing premises at Martin Place. In view of what may appear as a very large estimated cost for the refurbishment, which is discussed below, the Committee sought to establish whether the Bank has a need to remain in Martin Place in order to operate effectively and comparative costs, benefits and penalties associated with relocating to a new purpose-designed building on a "greenfields" site away from the CBD.

Need to be in the CBD

54. The need to be located in the CBD stems from a number of factors. One factor may relate to prestige and the Committee sought to establish that prestige is not the only consideration in relation to the RBA's location in Martin Place.

55. The RBA advised that the need to be in Martin Place is based on the need to supervise banks, many of which are located in the CBD and on the need to trade with individuals and organisations also located in the CBD.

Bank Supervision

56. The RBA's primary function is the formulation and conduct of monetary policy. It regards supervision of banks as one of its major responsibilities; it is required to protect bank deposits and does this by

closely supervising banks.

57. Much of this supervision cannot be done in an effective manner without personal interaction between RBA officials and representatives of banks being supervised. The Governor of the RBA has frequent contacts with the chief executives of banks and there are also frequent consultations between officers of the RBA and the banks at various levels.

58. The RBA is responsible for overseeing 36 banks; of the major banks, the National Australia Bank and the ANZ Bank have their corporate head offices in Melbourne. The Commonwealth Bank and Westpac have their head offices in Sydney; the former owns premises in Martin Place opposite the RBA and the Commonwealth has its head office a few doors down from the RBA. In Melbourne, the RBA is located in Collins Street, the financial heart of the city.

59. The RBA advised the Committee that for large annual consultations, RBA officials would go to the offices of the major banks in Sydney, while officers from the smaller banks would go to the RBA. For more frequent meetings during the year, as a general rule, both Sydney-based and interstate based banks would have meetings with the RBA in Sydney. For meetings at the very technical level, involving for example statistical returns, the RBA normally visits the banks concerned. The RBA submitted that the supervision of banks is a two-way process and it believes therefore that there is a need for the banks concerned to be located close to one another.

Trading Activities

60. The bank is also involved in trading with a number of organisations also located in the CBD. It trades with money market dealers, bond dealers and banks which need to be near each other to facilitate the movement of paper and money. The bank's registry for inscribed stock is also conveniently located. Similarly, the RBA also offers a banking facility and banking chamber which is used by Government agencies, including the Australian Taxation Office.

61. The Committee questioned the need for the RBA's trading activities to be centred within the CBD in view of increasing reliance by many other organisations on computerised data transfer systems which have replaced the use of paper records. The RBA advised that at present, and in the foreseeable future, there will remain the need for transactions to be on an essentially paper basis. The incidence of cheque and other paper forms is declining, but the RBA still processes 66 million pieces of paper annually.

Cost Comparisons

62. The Committee requested the RBA to provide cost comparisons between refurbishing the building in Martin Place and relocating the Head Office to a purpose-designed building at a "greenfields" site away from the CBD. Before describing and discussing these comparisons it would be instructive to examine the extent to which the estimated cost of the proposed work has been reduced since the Committee's inquiry into the reference commenced.

63. When the proposal was referred to the Committee in June 1990 the estimated cost was \$86 million at June 1990 prices with an out turn cost of \$98 million in 1994.

64. At the public hearing held in Sydney on 4 September 1990, the RBA announced that further costing of options to rectify the facade had revised the estimated cost of the refurbishment down to \$83.8 million with an out turn cost of \$97.8 million.

65. Following the public hearing in Sydney, the RBA was requested by the Committee to undertake a review of the estimated cost with the objective of substantially reducing the cost of the proposed refurbishment.

66. At the private hearing held in Canberra on 11 October 1990 the RBA advised that the out turn cost in June 1990 prices would be \$77.2 million with an out turn cost at January 1994 prices of \$90.9 million. The cost savings relate to rearranging the order of work on the facade and reductions in the estimated cost of temporary accommodation to house RBA staff during the internal refurbishment. In summary, the estimated cost of the proposed work has been reduced from \$86 million to \$77.2 million.

67. Cost comparisons between the Martin Place and "greenfields" options are as follows:

	\$m
Martin Place - Out Turn Cost - June 1990 prices -	77.2
Out Turn Cost - January 1994	
Plus 20% delay allowance	90.9
"Greenfields" - Out Turn Cost - June 1990 prices -	
(including interest)	257.7
Out Turn Cost - January 1995 prices	
(including interest)	352.3

68. The "greenfields" option would include the sale of the property at Martin Place. The proceeds from the sale would need to be deducted from the land acquisition and construction cost of the "greenfields" option in order to arrive at net "greenfields" costs. The value of the land and building at Martin Place has been estimated at \$170 million (June 1990) or \$219 million (January 1995). The net "greenfields" costs would therefore be \$87.7 million (1990) or \$133.3 million (January 1995). The cost of "make safe" work to the existing building at Martin Place, estimated at \$5.7 million, would need to be added to the net "greenfields" cost. This work would be necessary to enable the RBA to provide a safe working environment at Martin Place during the five year construction time for the "greenfields" building.

Capitalisation

69. The RBA pointed out that if the refurbishment of the building in Martin Place were completed, the capital value of the building would be \$352 million (January 1995). The capital value of the "greenfields" building upon completion in 1995 would be \$66 million.

70. For the capital value to be determined, it is necessary to assume that both the building in Martin Place and the "greenfields" option are investments. Valuation is assessed on basis of capitalised net rents, rents which would be substantially lower at a "greenfields" site than in the CBD. The appreciation of rent in the CBD over the last decade has been approximately 18% per annum, while "greenfields" has been more in line with the Consumer Price Index (CPI). Capital values have increased similarly. In short, properties in the CBD appreciate in value at a higher rate than on the fringes or in "greenfields".

Committee's Conclusions

71. In order to carry out its supervisory responsibilities effectively and to provide banking services to clients, it is desirable for the Reserve Bank of Australia to be located in the Central Business District of Sydney.

72. The higher capital cost of relocating to a "greenfields" site and the low rate of capitalisation do not compare favourably with the benefits in terms of bank operations and capitalisation associated with remaining in the Central Business District.

THE PROPOSAL

73. The proposal is to refurbish work areas in the building, upgrade engineering services and carry out rectification work on the external facade. Refurbishment and rectification will comprise a number of elements and provide the following improvements and efficiencies:

- . removal of asbestos fire retardant and insulation materials
- . upgrading of services to provide lighting with low glare fittings, contemporary finishes and fittings and improved technological interface
- . upgrading of fire safety features to conform with current regulations
- . increased efficiency of the centralised and perimeter zone air conditioning systems
- . upgrading of passenger lifts to provide more efficient operation
- . improvements to energy efficiency
- . improved performance of the external facade

Facade

74. The Committee was advised that after initially considering a broad range of options for dealing with the deteriorating facade, two options were identified for closer examination. These options were:

- . extensive repair, restoration and on-going maintenance of the existing facade

partially overcladding the existing facade with elements of similar appearance - i.e. the construction of a new facade over the existing facade

75. Following a detailed study of these options, the overcladding option was selected based on economic and long-term performance criteria. This option offers lower long term cost, lower public risk and reduced on-going maintenance.

76. It is proposed to overclad all facades with granite panels fixed to an aluminium and stainless steel sub-frame. The system of cladding proposed, which is illustrated in APPENDIX B, will have its own inherent structure to support individual panels. The decision to use granite was based on its inherently stable composition and its high durability. The Committee was advised that there will be detailed studies done on the quality and type of granite selected for the building.

77. The use of other materials including coated aluminium sheeting and seraphic glass was considered. Both materials would be relatively stable and durable, requiring maintenance after 15 years or more.

78. The Committee was advised that cost comparisons between granite and other materials would favour the latter only marginally. The Council of the City of Sydney and the National Trust expressed the wish that a masonry facade be retained in keeping with the facades of other buildings in Martin Place.

Asbestos

79. Standards and principles for the removal of asbestos are laid down by Worksafe Australia and the National Occupational Health and Safety Commission. These standards cover the removal of asbestos material, the type of protective clothing to be worn, the manner in which areas from which asbestos is being removed are partitioned and the way in which air monitoring is carried out.

80. It is normal practice to erect slab-to-slab frames with heavy duty plastic and to provide areas being treated with negative air to ensure that no asbestos fibres enter adjacent areas.

81. The Committee was assured that the proposed removal of the asbestos had been fully discussed with bank staff. The very low extent of risk associated with asbestos removal was brought to the attention of staff.

Refurbishment - Ground Floor

82. The ground floor layout will be rationalised by combining the two existing public banking facilities at the western end of the floor. The sculpture on the wall of the entrance to the lift lobby will remain.

83. The granite floor in the entry foyer and lift lobby will be refurbished. The floor in the banking chamber will be either refurbished or carpeted.

84. The high ceiling over the banking chambers and entry foyer must be dismantled to enable asbestos removal. The ceiling will be restored if practicable or replaced with a ceiling of similar quality.

85. Finishes for the remainder of the ground floor will be similar to those used in typical office floor finishes.

Refurbishment - Typical Office Floor

86. The existing interior wall finishes will be either refurbished or replaced. Ceilings will generally be exposed metal grid systems with in-lay ceiling panels. Floors will be carpeted other than where hard floor surfaces are required. The carpets will be woollen.

87. Generally the walls, floors and fittings to existing toilet areas are to remain or be upgraded where damaged or alteration is warranted. Finishes for the basement levels will be similar to those used for the typical office floors.

88. The Committee questioned the RBA on the standard and quality of the proposed refurbishment of office and other work areas and sought an assurance that what is proposed will conform with current standards for modern offices. The RBA advised that the quality of the refurbishment is based on a design life of 15 to 20 years. Provision has been made for special finishes in some areas such as public areas or basements where staff are working in artificially lit offices. The RBA assured the Committee that all finishes will be consistent with those of a good quality commercial building.

Executive Areas

89. The Governor and Deputy Governor's offices and associated board room facilities located on levels 11 and 12 will be reinstated to a similar standard of finish.

90. The executive dining and function rooms located on Level 9 will be converted to office space. The executive dining room will be relocated to Level 11.

Facilities for people with disabilities

91. The toilet for people with disabilities located on the mezzanine level will be retained. Three additional similar toilets will be provided at various other locations in the building.

92. Following discussions with ACROD the RBA investigated ways of providing level access to the building from Martin Place and Macquarie Streets.

93. The four stairs from the lobby to the banking chamber are an obstacle for people with disabilities; the RBA is aware of this and is considering a number of options, ranging from the provision of a ramp to the installation of hydraulic lifts.

Child Care

94. RBA officials advised the Committee that, to the best of their knowledge, there are no child care centres in the Sydney CBD. The RBA is, nevertheless monitoring child care practices in other banks, Commonwealth departments and in statutory authorities. In 1989 the RBA reviewed options for providing child care assistance to staff, but decided no action was appropriate at the time because the bank was not out of step with relevant areas of employment elsewhere. The RBA advised the Committee that options for the provision of child care facilities will be reviewed in 1991 as part of the bank's equal opportunity program.

95. It was as suggested by the Committee that the RBA, in concert with other banks located in the CBD, could by utilising collective resources, lead the way in providing a single child care facility for all banking employees working in the CBD. The Committee believes this suggestion has merit and, as part of the requirement for all employers to give equal opportunities, the RBA should investigate this concept.

Committee's Recommendation

96. The Reserve Bank investigate the concept of joining with other banks located in the Sydney Central Business District to provide a child care facility for their employees.

Mechanical Services

97. The centre zone air conditioning systems serving the tower floors will be modified to provide more efficient systems. The perimeter zone fan coil units on tower floors will be refurbished and fitted with new controls.

98. The thermal plant will be modified to provide more efficient operation. Modifications will include:

- refurbishment of the existing natural gas-fired boiler plants and repair of corroded flues
- modern control systems fitted to the existing chilled water plant

Electrical Services

99. It is not planned to increase the capacity of the substation as part of the refurbishment. Existing submains will be generally retained. The new air handling units and the upgrading of the lifts will require modifications to riser cabling. New distribution boards will be provided on all floors. New low brightness and high efficiency lighting will be provided throughout office floors.

100. A new emergency warning and intercommunication system will be installed. It will comprise master control and secondary stations and ceiling mounted speakers and will be integrated with the fire protection system.

Energy Efficiency

101. The subject of the energy efficiency of buildings has been raised in a previous report by the Committee. In its report into the Construction of a Dedicated Computer Centre for the Australian Taxation Office (6th report of 1990) the Committee gave notice that it will keep energy conservation in buildings under careful scrutiny.

102. In terms of this proposal, involving the replacement or modification of a number of building services, there is considerable scope for energy conservation. The RBA advised that with the installation of direct digital control (DDC) equipment, which forms part of the building management system (BMS), accurate and reliable control of internal temperatures, out of hours operation and the optimisation of energy conservation can be provided. The DDC equipment will also enable remote monitoring of plant and provide controls for other services including light circuit switching and load shedding for electrical services, control and monitoring for hydraulic services and alarms for fire and lift services.

103. In terms of specific cost savings, the RBA advised the Committee as follows:

Service	Estimated Percentage Improvements in Efficiency	Estimated Annual Savings \$
Air Conditioning	30%	159,000
Office Lighting	45%	68,000
Lifts	15%	10,000
	Total	237,000

104. The RBA was advised by its consulting engineers that with efficient utilisation of the BMS proposed for the building, the potential overall services energy cost saving is in the order of 35%. This equates to a total saving of \$340,000 per annum.

Fire Protection

105. Existing fire protection services will be upgraded and extended to comply with current codes and requirements of the NSW Fire Brigade.

106. The automatic wet sprinkler system will be extended to all areas and levels not currently protected. Similarly, on levels currently 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 and does not conform to spacing rules. The existing break-glass system will be retained.

Committee's Recommendation

107. Fire retardant materials, including woollen carpets, should be used throughout the building.

Hydraulic Services

108. 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

109. The six existing main passenger lifts will be modernised and refurbished to provide improved capacity and performance. The other lift systems will be upgraded to suit their function in the refurbished building.

CONSULTATIONS

110. The RBA advised the Committee that bank staff had been consulted directly and through the Commonwealth Bank Officers' Association, Reserve Bank Division. The Association advised the Committee that its members are pleased to see, after several years of effort, that the RBA has agreed to the upgrading of facilities and, most importantly, to undertake the removal of asbestos in a safe and orderly manner.

111. In a written submission to the Committee, the Council of the City of Sydney made the following points in relation to the proposed refurbishment:

- . any new external cladding to the building should be predominantly masonry
- . the RBA refurbishment proposal coincides with a Council initiative aimed improving the level, drainage and pavements of Martin Place; Westpac, which occupies premises in Martin Place opposite the RBA, also proposes carrying out work on the ground floor of its building

112. The Council submitted that it is an ideal opportunity for the three organisations who are all proposing to carry out work in close proximity to combine to ensure that the area is developed in the best possible way. The Council had commenced discussions with Westpac and the RBA aimed at undertaking complementary planning and achieving coordinated development. The Committee was advised that both banks have been very receptive to the Council proposal.

113. The Law Society of NSW, which owns premises adjacent to the building, advised the Committee that its interest in the proposed work is limited to any possible nuisance generated by work on the building, including noise and the restriction on pedestrian and vehicular traffic.

114. The impact of noise and other pollution caused by building activity is of concern to the Committee. Apart from the Law Society building, other premises adjacent to the site, including Sydney Hospital, could be affected

by noise. Pedestrian traffic from the underground railway station immediately adjacent to the RBA building could also be affected by scaffolding.

Committee's Recommendation

115. Every effort should be made by the Reserve Bank of Australia to reduce the impact of construction activities on the occupants of the building and on nearby premises.

ENVIRONMENT AND HERITAGE CONSIDERATIONS

116. The Committee has made recommendations concerning the impact of construction activity on nearby premises.

117. The Australian Heritage Commission advised the Committee that the RBA Head Office building is within the Martin Place Conservation Area, which is entered on the Register of the National Estate. The proposal was submitted to the Commission by the project manager on behalf of the RBA. The Commission advised that none of the work proposed is likely to adversely affect the qualities for which the Martin Place Urban Conservation Area has been entered on the Register.

CONSTRUCTION PROGRAM

118. Subject to Parliamentary approval, it is anticipated that refurbishment could commence in November 1990 with completion expected by early 1994. However, delays normally experienced in the building industry would extend

this to late 1994

COST ESTIMATE

119. The question of the cost of the proposed refurbishment has been discussed at paragraphs 62 to 68 above in the context of comparisons between the "refurbish" or "greenfields" option. It has been pointed out that one reason why the Committee undertook this comparison was the very large estimated cost of the refurbishment option.

120. Since the proposal was referred to the Committee at an estimated cost of \$86 million at June 1990 prices, further technical evaluation identified cost savings in two areas:

- . the allowance for temporary office space has been reduced from \$8.4 million to \$4.6 million, a saving of \$3.8 million
- . the sequence of installing the facade could achieve savings of \$2.5 million

121. The Committee was assured that the process of review aimed at achieving further reductions in cost will continue throughout the project.

122. The estimated out turn cost for the proposed work in June 1990 prices is \$77.2 million. Major cost components include

- . asbestos removal
- . facade restoration

- . internal refurbishment and replacement or overhaul of engineering services
- . temporary accommodation

123. The cost of a number of these components has been reduced. In relation to the cost of the internal refurbishment, the Committee was advised that the cost is considered reasonable to bring the building up to a standard to enable it to function efficiently for the next 20 years. Cost comparisons with other refurbishment projects within the Sydney CBD range from \$910 per m² (for a commercial office constructed in the late 1960s) to \$750 per m² (for an office building constructed in the mid-1970s). The quality of refurbishment for these buildings, which are occupied by tenants, is based on a design life of 10 to 15 years. The estimate for the RBA building is \$853 per m²; the quality of the refurbishment proposed is based on a design life of 20 years.

Committee's Recommendations

124. During the life of the project, the Reserve Bank of Australia advise the Committee every six months of progress and actual expenditure on the proposed work.

125. The Committee recommends the construction of the work in this reference.

CONCLUSIONS AND RECOMMENDATIONS

126. The conclusions and recommendations of the Committee and the paragraph in the report to which each refers are set out below:

Paragraph

1. IF THE HEAD OFFICE OF THE RESERVE BANK OF AUSTRALIA IS TO REMAIN IN MARTIN PLACE, IT WILL BE NECESSARY TO RESTORE THE FACADE, REMOVE THE ASBESTOS, UPGRADE WORKING AREAS AND OVERHAUL OR REPLACE AGEING ENGINEERING SERVICES. 52

2. IN ORDER TO CARRY OUT ITS SUPERVISORY RESPONSIBILITIES EFFECTIVELY AND TO PROVIDE BANKING SERVICES TO CLIENTS, IT IS DESIRABLE FOR THE RESERVE BANK OF AUSTRALIA TO BE LOCATED IN THE CENTRAL BUSINESS DISTRICT OF SYDNEY. 71

3. THE HIGHER CAPITAL COST OF RELOCATING TO A "GREENFIELDS" SITE AND THE LOW RATE OF CAPITALISATION DO NOT COMPARE FAVOURABLY WITH THE BENEFITS IN TERMS OF BANK OPERATIONS AND CAPITALISATION ASSOCIATED WITH REMAINING IN THE CENTRAL BUSINESS DISTRICT. 72

4. THE RESERVE BANK INVESTIGATE THE CONCEPT OF JOINING WITH OTHER BANKS LOCATED IN THE SYDNEY CENTRAL BUSINESS DISTRICT TO PROVIDE A CHILD CARE FACILITY FOR THEIR EMPLOYEES. 96

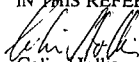
5. FIRE RETARDANT MATERIALS, INCLUDING WOOLLEN CARPETS, SHOULD BE USED THROUGHOUT THE BUILDING. 107

6. EVERY EFFORT SHOULD BE MADE BY THE RESERVE BANK OF AUSTRALIA TO REDUCE THE IMPACT OF CONSTRUCTION ACTIVITIES ON THE OCCUPANTS OF THE BUILDING AND ON NEARBY PREMISES. 115

7. THE ESTIMATED OUT TURN COST FOR THE PROPOSED WORK IN JUNE 1990 PRICES IS \$77.2 MILLION. 122

8. DURING THE LIFE OF THE PROJECT, THE RESERVE BANK OF AUSTRALIA ADVISE THE COMMITTEE EVERY SIX MONTHS OF PROGRESS AND ACTUAL EXPENDITURE ON THE PROPOSED WORK. 124

9. THE COMMITTEE RECOMMENDS THE CONSTRUCTION OF THE WORK IN THIS REFERENCE. 125


Colin Hollis

Chairman

8 November 1990

APPENDIX A

LIST OF WITNESSES

BURGESS, Mr John David, Quantity Surveyor, Burgess and Partners Pty Ltd, 270 Pacific Highway, Crows Nest, NSW

BUSH, Mr Michael Geoffrey, Head of Central Bank Services, Reserve Bank of Australia, 65 Martin Place, Sydney, NSW

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

McDOWALL, Mr John Malcolm, Project Manager and Associate Director, McLachlan Consultants, 15 Blue Street, North Sydney, NSW

GIBSON, Mr Terrence George, City Engineer, Council of the City of Sydney, GPO Box 1591, Sydney, NSW

TROPMAN, Mr Lester William, Chairman, Subcommittee for Access and Mobility, ACROD, Suite 122, 18 Argyle Street, Sydney, NSW

APPENDIX B

PROJECT DRAWINGS

Site Location Plan	B - 1
Site Plan	B - 2
East Elevation	B - 3
North Elevation	B - 4
Section	B - 5
Existing Ground Floor Plan	B - 6
Typical Floor Plan	B - 7
Proposed Ground Floor Plan (Prelim)	B - 8
Proposed 3rd Floor Plan (Prelim)	B - 9
Proposed overcladding arrangement	B - 10

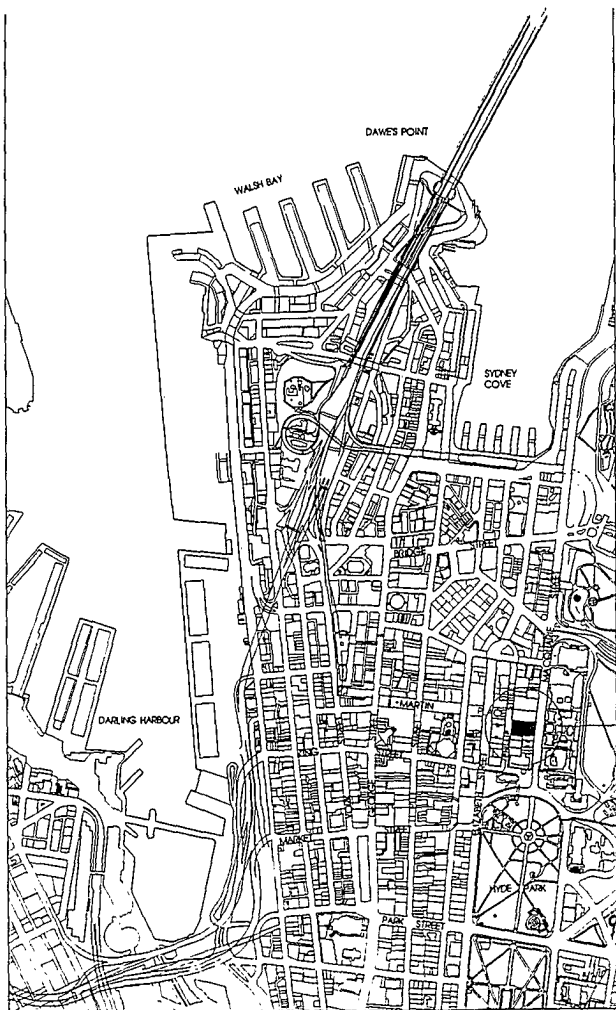


DIAGRAM 4.1

SITE LOCATION PLAN



RESERVE BANK OF AUSTRALIA
65 MARTIN PLACE SYDNEY
HEAD OFFICE REFURBISHMENT

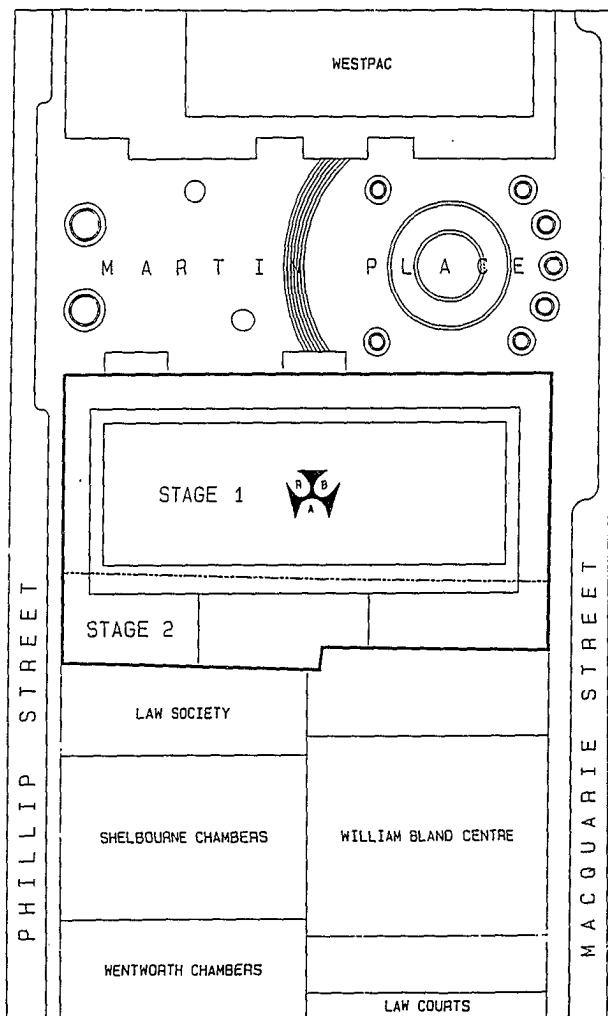


DIAGRAM 4.2

SITE PLAN



RESERVE BANK OF AUSTRALIA
 10 MARTIN PLACE SYDNEY
 HEAD OFFICE REFURBISHMENT

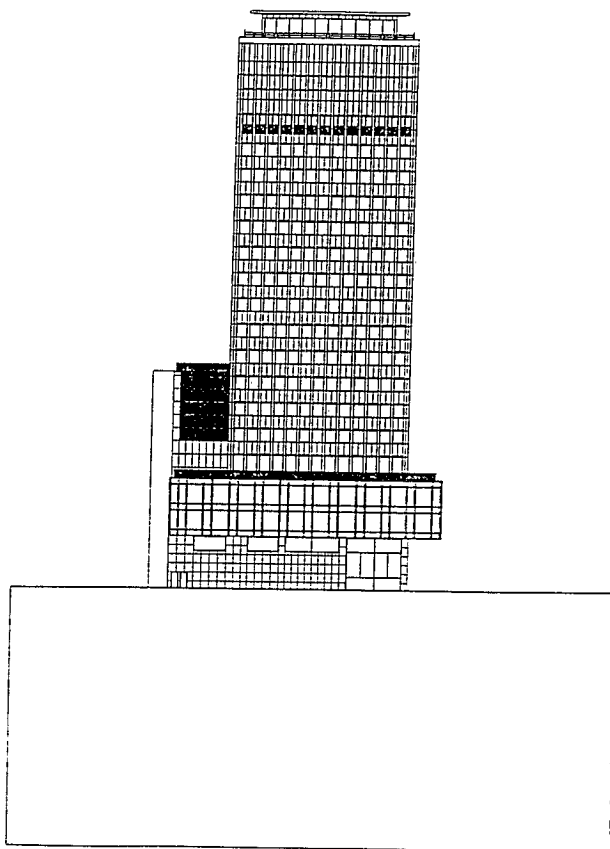
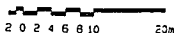


DIAGRAM 4.3

SCALE



2 0 2 4 6 8 10

20m

EAST ELEVATION



RESERVE BANK OF AUSTRALIA

65 MARTIN PLACE SYDNEY

HEAD OFFICE REFURBISHMENT

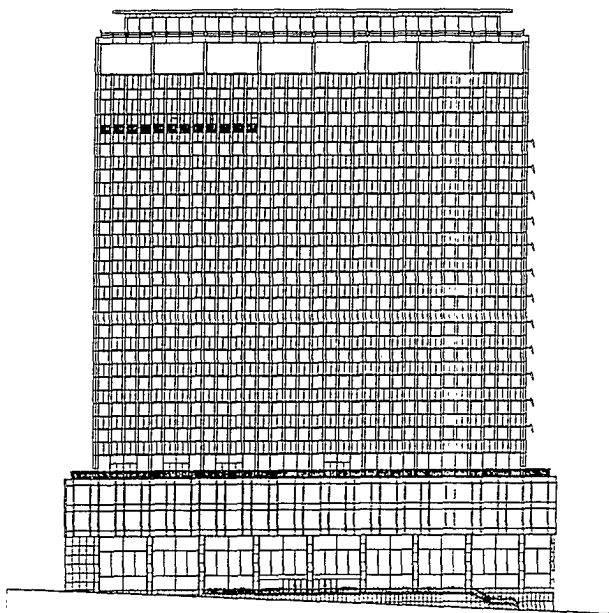
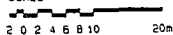


DIAGRAM 4.4

SCALE



2 0 2 4 6 8 10

20m

NORTH ELEVATION

RESERVE BANK OF AUSTRALIA
65 MARTIN PLACE SYDNEY
HEAD OFFICE REFURBISHMENT

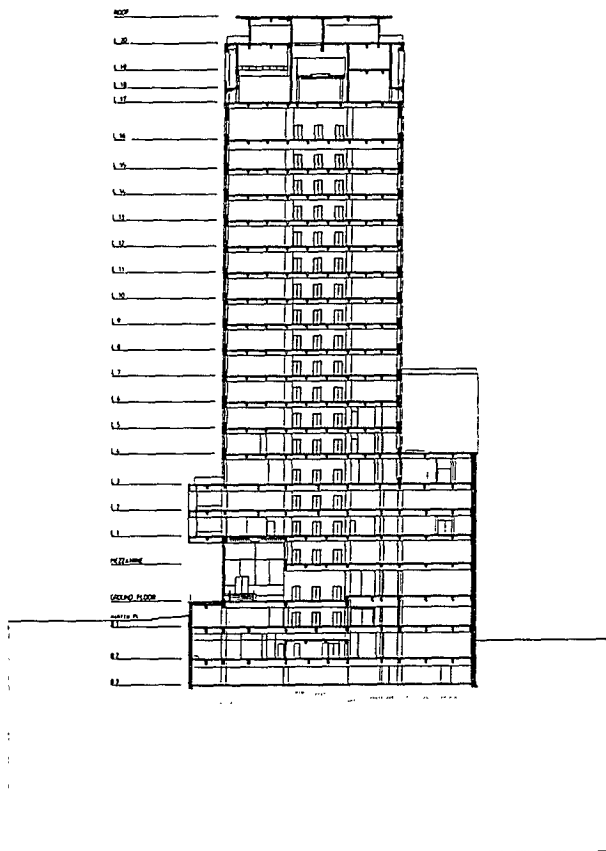


DIAGRAM 4.5

SECTION

SCALE
2 0 2 4 6 8 10 20m

RESERVE BANK OF AUSTRALIA
65 MARTIN PLACE SYDNEY
HEAD OFFICE REFURBISHMENT

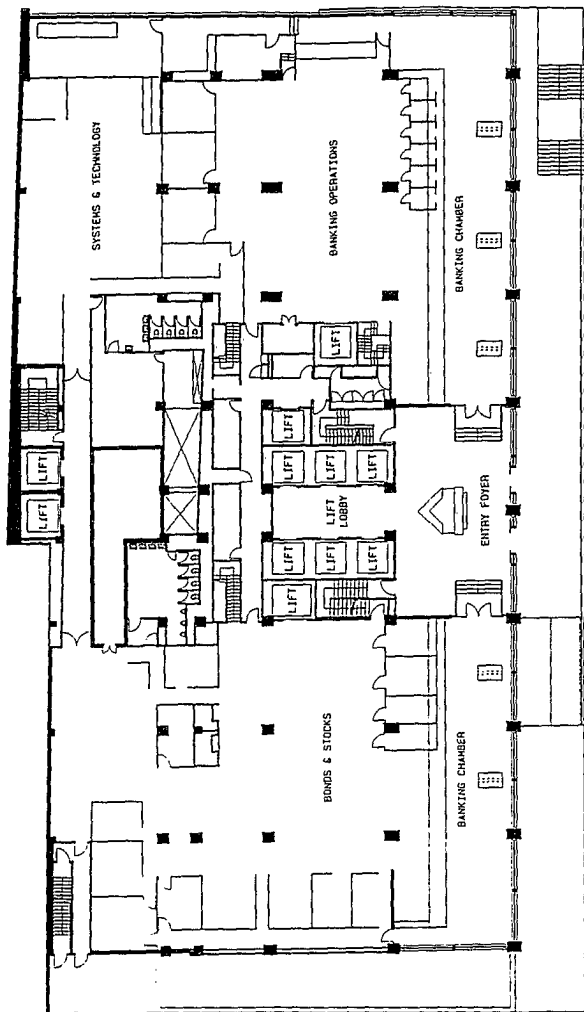


DIAGRAM 4.6

EXISTING GROUND FLOOR PLAN

SCALE
1 0 1 2 3 4 5 10m



RESERVE BANK OF AUSTRALIA
45 MARTIN PLACE SYDNEY
HEAD OFFICE REFURBISHMENT

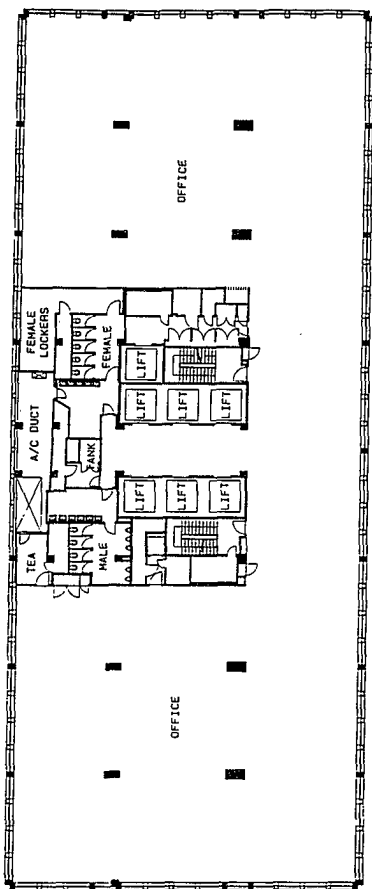
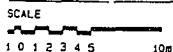


DIAGRAM 4.7

TYPICAL FLOOR PLAN



RESERVE BANK OF AUSTRALIA
65 ADAM STREET SYDNEY
HEAD OFFICE REFURBISHMENT

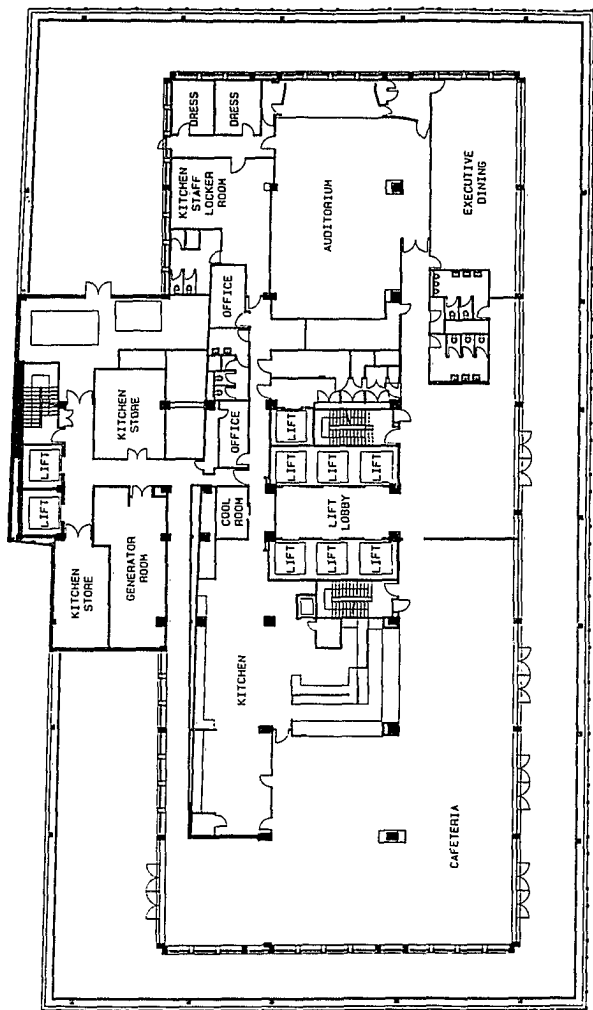


DIAGRAM 5.2

PROPOSED 3rd FLOOR PLAN (PRELIM)

SCALE
1 0 1 2 3 4 5 10m



D - Q

RESERVE BANK OF AUSTRALIA
65 MARTIN PLACE SYDNEY
HEAD OFFICE REFURBISHMENT

RESERVE BANK OF AUSTRALIA, SYDNEY
 PROPOSED OVERCLADDING ARRANGEMENT
 ARUP FACADE ENGINEERING
 AUGUST 1990

