COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

Reserve Bank of Australia Head Office Workplace Project

(Public)

FRIDAY, 14 FEBRUARY 2020

SYDNEY

CONDITIONS OF DISTRIBUTION
This is an uncorrected proof of evidence taken before the committee. It is made available under the condition that it is recognised as such.

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

[PROOF COPY]
INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

To search the parliamentary database, go to:

http://parlinfo.aph.gov.au
Members in attendance:  Mr Joyce, Dr McVeigh, Mr David Smith, Mr Zappia.

Terms of Reference for the Inquiry:
To inquire into and report on:
This Committee will inquire into and report on the Reserve Bank of Australia Head Office Workplace Project.
WITNESSES

ANDERSEN, Mr Michael, Head, Human Resources, Reserve Bank of Australia ............................................. 1
JACKA, Mr Ed, Deputy Head, Workplace, Reserve Bank of Australia ................................................................. 1
WOODS, Mrs Susan, Assistant Governor, Corporate Services, Reserve Bank of Australia............................ 1
ANDERSEN, Mr Michael, Head, Human Resources, Reserve Bank of Australia

JACKA, Mr Ed, Deputy Head, Workplace, Reserve Bank of Australia

WOODS, Mrs Susan, Assistant Governor, Corporate Services, Reserve Bank of Australia

Committee met at 11:00

CHAIR (Dr McVeigh): It being 11 am, I declare open this public hearing of the Parliamentary Standing Committee on Public Works into the Reserve Bank of Australia Head Office Workplace Project. I'll take this opportunity to introduce Ms Klara Fay. Klara is from the secretariat of this committee. This is the first public hearing in which she is acting as the clerk, and I'm reliably informed it's her birthday today.

I now welcome representatives of the Reserve Bank. Do you have any comments to make on the capacity in which you appear?

Mrs Woods: I'm the assistant governor for Corporate Services at the Reserve Bank, and in that capacity I have responsibility for information technology, data governance and workplace services, which includes obviously our facilities and property management.

Mr Jacka: I am the project director of this project.

Mr Andersen: I am a committee member of the steering committee.

CHAIR: Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament. Consequently, they warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Mrs Woods, I invite you to make brief introductory remarks before we proceed to questions. As I do so, on behalf of the committee I thank you for hosting us at the bank this morning to have that brief familiarisation tour.

Mrs Woods: It was a pleasure. I'd like to thank the committee for your time today and also to acknowledge the important role the committee plays in this process. I thought I'd start with some background about the bank, reiterating some of the conversations we had this morning.

The Reserve Bank is Australia's central bank, and it derives its functions and its capacity from the Reserve Bank Act 1959. Its duty in that capacity is to contribute to the stability of the Australian currency, to drive full employment and to ensure the economic prosperity and welfare of the Australian people. It does that in a number of ways: by setting the cash rate to meet an agreed medium-term inflation target. It also works to ensure we have a strong financial system and to ensure we have an efficient payment system. Last but by no means least, it prints the country's banknotes. It's that function and form I think we really want to focus on to today—its form, in particular, and its physical structure.

As you saw this morning, the bank is located across the road at the top of Martin Place, which is very close to the centre of the Sydney CBD. It's well-known to many, and, in our view, by virtue of the work it does that physical building represents a really important symbol of trust, of transparency and of good governance in the eyes of the nation. In our view, the physical representation of the bank in Martin Place and that associated symbolism is really critical to the role the bank is playing. That's a really important message we want to leave with the committee today. The building was actually commissioned by Nugget Coombs at the time that the bank separated from the Commonwealth Bank in 1959. Nugget Coombs saw it as a really important symbol to deliver his vision of creating a more transparent and open central bank and one that was better connected to the Australian people. With that in mind, it was built in what is known as the international modernist style, and it opened in 1965. Today, it houses 1,230 people and it's listed on the Commonwealth heritage register. As you've seen this morning, the building is equipped with a number of very specialised areas which are unique to a central banking function. It includes highly secure banknote storage and a highly secure and resilient data centre. We also have a dealing room in the building, a banking chamber, archive storage and a currency museum on the ground floor.

Since 1965 when it was opened, there has really only been two major building projects: one in the seventies and another in the early nineties. As at today, as we attempted to show you this morning, a lot of the base infrastructure is now approaching its end of life. It would be 25 to 30 years old. Although it's been well maintained, in our view, it is approaching the end of both its economic life and its operational life. As a consequence of that, the building, in many respects, falls short of current standards: building standards, safety standards, accessibility standards and, most importantly, sustainability standards.
Over the last few years at the bank we've been looking at how best to deal with that situation and address those compliance issues. We've also been looking at how to create a working environment and a workspace that's going to serve our needs for the next 25 years. Through that review we concluded we know that it really needed to be done as a whole-of-building exercise as opposed to a piecemeal approach where we just update various aspects of the building as and when they fall due, which is largely how it's been dealt with historically. With that in mind, we settled on a whole-of-building approach and we looked at three broad options. One was to sell the land, buy another piece of land in the CBD and construct a purpose building, which we estimated would cost us probably about $450 million. We also looked at renovating the existing building and moving out through the time of the renovation. We estimated that would cost us about $500 million. The last and preferred option is to renovate and stay in situ while the renovations are being conducted, and, all up—as you'll see from the papers—we think that looks like costing $260 million or thereabouts.

Given the specialised nature of the building and the cost associated with that, in our view, it will cost us significantly to move out. We think that, by far and away, the best alternative is to keep what we've got, renovate it and stay in the building while we do that renovation. That's largely driven by the fact that we actually own the building and it is, by far and away, the most cost-effective solution. But, equally, staying will allow us to more easily preserve what we see as the quite iconic nature of the building and what it represents in the eyes of the Australian public. Staying in the building will let us replace the end-of-life infrastructure and uplift both the sustainability and the performance of the building.

We'd also increase the total available office space by about 11 per cent, which we see as a positive, and any changes to the exterior of the building would be very minimal, confined to the addition of a spine on the southern side of the building and the replacement of the windows to meet current safety standards. Given that we'd have to replace a lot of the internal base infrastructure, we'd actually have to dismantle a lot of the existing fit-out, so it also presents an opportune time to update the internal layout of the floors, reduce the number of offices in the building and create more open spaces. We also plan to implement a couple of staircases to connect floors that will hopefully facilitate better connectivity between teams. In addition, we'd get improved conference facilities and an uplift to staff amenities. With all of that, we'll be working very hard to preserve its significant heritage value.

As I said, we've determined that the best way to do that is to occupy the building through the renovation. We think temporary relocation will be very expensive. We've estimated in the submission that it's looking like costing about $200 million. Most importantly, it would also involve some really significant risks to the continuing operation of the bank; it would create risks that we don't think are warranted in the circumstances. By staying in the building, we do think that we can better maintain the ongoing operations of the organisation, and we're very confident that we can maintain the security and safety of both the staff that work in the building and the visitors that come to it.

That said, the project does pose a number of risks. First and foremost, obviously, are the construction risks. There also, however, will be the risk of reduced resilience through the construction period, the risk of losing perhaps physical or information assets, and, last but by no means least, the potential adverse effects on staff. We will, of course, be carefully managing those risks, both through the governance framework that we're going to put around the project and by using the business-as-usual governance arrangements that the bank has in place to support the day-to-day running of the bank.

To summarise, we feel very strongly that retaining and renovating our existing building is the right way to go. It's the most appropriate solution to address the compliance issues and to ensure that we've got a workplace that's fit for purpose for the next 25 years of the bank's life. It's cost effective and it allows us to preserve its heritage status. Importantly, it'll also add significant public value by increasing the value of that asset through the renovations and improve our ability to attract and retain staff who contribute to the important work that the bank does. That's all I wanted to say in terms of opening remarks. We would, of course, welcome any questions from the committee.

CHAIR: Thank you, Mrs Woods. I will go to the Deputy Chair.

Mr ZAPPIA: I have two or three questions to kick off with. Firstly, with respect to the proposed works and any consultation with any of the adjoining neighbours or others, have there been any objections to the proposed works that have been raised with you?

Mrs Woods: The short answer is no. We've been through our standard consultation process at this point.

Mr Jacka: We did meet City of Sydney Council, just to give them a briefing on the project, as well as the Department of the Environment and Energy, down in Canberra, to talk about the heritage aspects of our proposal. We also met the Hyde Park Barracks to explain the impact to the barracks, which is really quite minimal. They
were all quite supportive of the proposal and didn't have any issues. We also offered a briefing to our neighbours. We letterboxed an area of 75 metres from our property, which is similar to a DA process of council. We offered a project briefing. Nobody actually attended. However, one neighbour did enquire directly, and we gave them a briefing recently. They were interested in the noise and vibration of the project, but, again, they were satisfied that the nature of the works wasn't going to impact their operations and just asked that we keep them informed and communicate through the project.

Mr ZAPPIA: With respect to the floor areas that are going to be available after the work is completed, I understand that there will be a surplus to your needs of around 2,000 square metres. I have a couple of questions about that. The first one is: has any of the floor space in the current building at any time been leased to a tenant, and was that a government or a private-enterprise tenant? With respect to the future, are the tenancies that might be available open to the broader market or limited to other government departments?

Mrs Woods: Currently and historically, we've been leasing to barristers—two floors in the building. Both now and in the future I would envisage that it would be open to the public market. Obviously, it needs to be an appropriate tenant for our building, but it's certainly not confined to government agencies. In the submission we have talked a bit about the fact that there will be space available for leasing, but we have not elaborated on that at great length. That's simply to keep our options open in terms of what our needs are first and foremost. We see the building as being important to meeting our working environment and the needs of our staff. If there is surplus space—and we do envisage that, at the end of the five years, we probably will have two floors initially available for lease—we would certainly lease it in the open market.

Mr ZAPPIA: As a result of having outside tenants in what is a fairly secure building, does it add to your security costs?

Mrs Woods: No, I don't believe so. You will have seen that we have an armed guard force and barriers at the entry to the building. Everyone who comes through the building has a security card, and people are vetted before those cards are issued, and they can move about fairly seamlessly. The card only gives you access to the floors that you should have access to; for our external tenants, that is the floor on which they work. So, no, I don't believe it adds materially to our costs.

Mr ZAPPIA: Will the new floor plan areas ensure that staff have their own desk space?

Mrs Woods: Yes. There is a large number of what we call open plan, but every employed member of staff will have a dedicated desk. We're not envisaging moving to activity based working or hoteling, or any of those sorts of arrangements, as part of this project.

Mr ZAPPIA: Thank you.

Mr JOYCE: I want to go through a couple of things which are important to get on the record but that we covered briefly; I apologise for the repetition. I used to run a small bank building, and I note that all the banks are basically downsizing from what they used to have—rather substantial real estate in the middle of town—because the whole nature of the economy has changed. People don't need gold locked up or need the huge safe facilities that they maybe did once upon a time. There's the capacity for components of the bank to be decentralised and moved out to other areas. What we have in this instance is a quarter of a billion-plus dollar renovation of a building in the centre of town, which goes against the current zeitgeist. I know the Reserve Bank has a different function, but not entirely different, to what every other organisation is doing.

Can you briefly explain why there's not the capacity for the Reserve Bank to say: 'Okay, we need a corporate office for high-level operations. We could do that anywhere. We could get the top of any building'—you could get the best office in town, if you wanted. Other parts of this operation can be done from myriad places, whether Canberra or other capital cities. It's analysis work done by people behind desks. They don't have to be in this building; they could be anywhere. In fact they could be doing that work in a regional centre. It's work that's not that unique or of high-level security; they're just giving us information to make a decision with, and it's probably information that anybody else could get if they really wanted to be diligent about it.

You mentioned before that there is the capacity for other people—that other people are willing to lease out floors of the building, so it's not as if they'd be left vacant without anybody else there. How did you go through that analysis? Although it's nice, to be quite frank the only reason it's a heritage listed building is that we didn't knock it over 20 years ago. Apart from that, it's just a building from the 1960s. It's not the opera house. It's not a sandstone building. It could have been designed with a ruler. What was your process in saying, 'Could we do this differently'?

Mrs Woods: I'll start, and then I might ask Ed and Michael to add some remarks. First and foremost, the Reserve Bank Act requires the bank to be located in Sydney; that's an important point—not specifically in the
CBD but certainly in Sydney. To your point: it certainly would be possible to relocate different functions of the bank elsewhere, but there are a couple of important differentiators here which make the approach we're proposing to take very valid. First and foremost, we own that building, so it is our asset today, and on paper, financially, it makes more sense to invest in that asset and to continue to work from it. The reason it makes so much sense is that we're not just talking about going and leasing other space or buying another block of land and constructing an office building to put workers in. As I was mentioning earlier, the bank has a number of special-purpose facilities, which enable the operations that we perform. Probably the most significant of those are the currency vaults that exist in the basement of the building. In addition to that, we run our own datacentres, and we have a highly secure, highly resilient datacentre located in that building. We also have a currency museum, which is a very important part of our public access and education program. So, for those reasons, to go and recreate those numbers, it's actually extremely materially more cost effective to stay put, fix the compliance issues that we have and use that building for the next 25 years to develop the operations of the bank.

Mr Joyce: When you say it has to be compliant with the act, does that mean every function of the Reserve Bank or the primary function of the Reserve Bank? The issue there is: if you change the act, you could change where the Reserve Bank is. When they say the Reserve Bank's got to be in Sydney, what are the fundamental articles of that that mean it's compliant with the act?

Mrs Woods: I don't have the exact words in front of me—I'm not sure if anybody else does—but I think we would take that to mean the core functions of the bank. We do have operations in Craigieburn in Victoria. We have offices in a number of the states where we do a lot of our liaison work and analysis from. So, you're right, not everything has to be here, but it comes back to the fact that we've got this building and it has served us very well in the past and we believe it can continue to do so in the future, and financially it makes sense to stay where we are. That's the key point that I would make. But the other thing, which is perhaps more of an emotional thing in some ways, is that we do feel very strongly that it has an iconic status in the life of the nation and it stands for something. People recognise it, they know what it is, and we think that's very important to preserve.

Mr Joyce: To be quite frank, I remember a time, coming from the banking industry myself at one stage—not in our bank, but talking to other banks—that basically the cost analysis of where offices go is a pretty brutal process, especially when Westpac was under the pump. That's part and parcel: it's a brutal industry. Did you ever walk onto a floor and say: 'That person's job is absolutely vital, that analyst's job, in that pod. In fact, for all these people in these pods, their analyst's jobs are vital, but it's not vital they be in this building. They could be doing that from Parramatta. They could be doing that, to be quite frank, from Dubbo. They could be doing that from Townsville. They could be doing that from Tamworth. They could be doing that from Launceston. They don't actually have to be in this building.' Did you ever do that analysis?

Mrs Woods: No, we haven't done that detailed analysis, but I think that's certainly factored into our overall thinking. The bottom line is, strictly speaking, they don't have to be in that building, but for the other reasons we think that makes sense that they are.

Mr Joyce: The superstructure of the safes and such like that, obviously that's got a role to play in keeping the other banks flushed with currency, but is it, this year, in 2020, fit for purpose, or is it because it's so welded into the structure of the bank?—like the old safes that every accountancy's practice had; every accountancy practice is in an old bank, because we just put our documents in there and shut them up. But the reason the banks moved out is that they just don't carry those resources any more. All that superstructure that sits underneath the bank, do you use it the way that you might have used it 40 years ago?

Mrs Woods: I think the answer is we don't use it in quite the same way as we did 40 years ago. The nature and the role of the bank itself has changed a little bit over that time. Equally, in today's society, cash is not quite so prevalent as it was. But, having said that, if you're talking specifically about currency holding points and the vaults themselves, we do have our main bank vault, if I can call it that, in Victoria. It's not actually here in Sydney. From a resilience point of view and those sorts of things, we think it's important that we do have a backup facility. The structure as it stands today is every bit as good as it was when it was first built, and there doesn't seem to be any good reason to re-create or change that specifically. Michael, do you want to add anything to that?

Mr Andersen: I was just going to add that this is not the first opportunity we've had to review the arrangements we have in terms of cash management. Over the last two decades, we've continually reviewed where we store banknotes and how we process them, and as a result we actually consolidated, going from having large vaults in branches in each of the capital cities to having one contingency reserve in Sydney. So we have repurposed the floors in this building but also our whole property portfolio in light of those changes.
Mr JOYCE: Seeing that you've pretty well affirmed that you're going to stay in that building, in that space, predominantly in the entirety that you're there at the moment, in actually costing out the job and trying to make sure the Australian taxpayer gets value for money, what did you compare your costing with? How did you assess whether the Australian taxpayer was getting value for money?

Mrs Woods: Do you want to just talk a little bit about the process?

Mr Jacka: It's probably worth just having some perspective on this. We own and occupy our building, compared to other banks. They're typically a tenant of their building, so, when they're spending money, they're just fitting out their space. If you look at the $260 million, $180 million is actually for the base building. It's an investment in the base building to continue the life of that building. Without that investment every 25 to 30 years, you would have to knock the building down. And we see that around town. A lot of the buildings are being refreshed for their next generation. So that's $180 million. The other $80 million is more the bank as a tenant, for a fit-out.

In terms of the process, we do have our quantity surveyors on board. They're very thoroughly checking and benchmarking our numbers against like projects around town, and also making sure that there is that cost benefit. Obviously, there's no point in seeking $200 million into a building that isn't going to repay that value. They've estimated that the building value will increase beyond that $180 million investment. It's currently valued at $305 million; the valuation at the end is predicted to be about $500 million to $545 million. So, by spending that $180 million, we'll actually increase the value by over $200 million, by that estimate. So we still feel that it is a value-for-money proposition to put that money into the building. It's also sustainable. The building is structurally sound and will continue to be structurally sound for at least another 25 to 50 years, so why not renew it for our future?

Mr JOYCE: Have you put feelers out into the marketplace for people who are likely to do the renovation? Have any preliminary costings come back in any way, shape or form?

Mr Jacka: As part of our design process, we have engaged what you might call a billability consultant. They're very engaged in the construction market and they work with builders on how to actually bill the work, and they work very closely with our quantity surveyor on the methodology of construction. This isn't a theoretical build; we've actually spent a lot of time planning the work, sequence by sequence, stage by stage, through those four years. We've got a pretty good feel for the numbers from our design team, the billability consultant, and then we've got very close consultation with our quantity surveyor to make sure that the numbers are in the right ballpark.

Mr JOYCE: I'll close on this one. A lot of banks—you're right—do lease it, but they used to own it. I remember being involved as an accountant with a person buying a bank building, and we warned them off it. We said, 'The reason they want to sell you their bank building is that they've got no intention of staying in their bank building,' which was exactly what happened: they moved out of their bank building. Luckily, the person didn't own it.

The design of the Reserve Bank, when it was initially constructed, was one of holding bullion and cash and making a statement about the strength of the Australian economy and, almost, the sanctity of monetary policy—that it was beyond reproach and clean. Since that time, obviously the whole nature of the way things have worked has changed. They hadn't even, when they designed that bank building, designed computers. So the only thing we know is that things change. How do we also know that we are not structuring ourselves into a massive investment—as you said, by the end it's a half-billion dollar investment sitting there in Martin Place—in something that, unforeseen to us, will be completely, or predominantly, out of date in 20 years time?

Mrs Woods: Perhaps I can respond to that. We regularly look at our strategy—what we're trying to achieve and where we're going—and the factors that are going to influence and inform that. We believe that, for the foreseeable future, the functions that we perform today are going to continue and that the building that we occupy today is the best place from which to deliver those, whether it's from a cost-effectiveness perspective or a symbolism and heritage perspective et cetera. So what we have tried to do, in designing the future state solution and planning for it, is to provide sufficient flexibility so that if our functions do change, particularly if they are added to, we can accommodate that with some degree of ease. But, by and large, we expect to be continuing to perform those functions well into the future.

Mr DAVID SMITH: I have a couple of simpler, less philosophical questions. Thanks for the tour a bit earlier. I think it gave us an appreciation of how antique some of the fit-outs of some of the floors of the Reserve Bank are. We saw the beauty of nineties and eighties fit-outs. But my understanding is that there are a couple of floors that are actually much more recent, so they're more contemporary. Whilst it's not necessarily going to end up with
significant savings, is there any consideration of re-using the fit-outs on those floors that may have been refurbished in the last three to five years?

Mrs Woods: Ed can talk specifically about when the most recent one was refurbished, but it predates me. But the basic philosophy is that, by the time we get to the end of the building project, 90 per cent of those working floors—there are about 16 or 17 of them in the building—would be at the end of their useful life. So that's the bottom line there. I guess re-use is not beyond the realms of possibility.

Mr Jacka: Yes. The couple of floors that we have done more recently will be the first to be refurbished, and they won't be part of the overall work space. With the new work space, we want to have a consistent approach throughout the building, so it would be a shame to have two that we still need to come back to to refurbish within a couple of years of finishing this project. But those floors will be close to 10 years old by the time we actually finish this project, in any case.

Mrs Woods: It just seems more efficient to pick them up as part of this work. I probably would make the point that we didn't start this project with the idea of creating a nice fit-out for the offices or anything like that. It is driven primarily by the compliance issues that we have. In order to address those compliance issues, we have to dismantle the current fit-out. The most cost-effective way of dealing with is to, where things are falling due for an update, do it at the same time. It really is only a couple of floors that wouldn't be quite expired by the time we get to 2025.

Mr Jacka: Yes, but you're right: those floors would still require the services upgrades in the ceiling space so the floors would have to be relocated and—

Mr David Smith: Obviously the configuration of those floors is going to be changed too. In the submission you note that there has been some asbestos found on-site, and, because of the age of the building, that's not particularly surprising. I wonder whether you might possibly step through how you'll handle the management of any asbestos risks during construction.

Mr Jacka: Fortunately, in the nineties project there was a major asbestos removal project, which removed all asbestos throughout the tower except for some known and difficult to get to places, mainly on the outside of the building in the facade, which we're not touching as part of this project. We know that some is behind some electrical distribution boards, which, when we get that stage, we'll be able to sensibly remove. We have an asbestos register. The contractors will be provided with that register and whenever they come across asbestos, whether it's known or unknown, they'll use the appropriate procedures: flagging it to the bank, going through the testing procedures, stopping works and containing it before any work proceeds.

Mr David Smith: Are there other aspects of the works that you think will be impacted? The obvious thing to me, looking there today, is that a lot of the internals still, despite those changes in the nineties, clearly predate the nineties.

Mrs Woods: They're old, yes. Are you thinking in terms of staff impacts? Is that what—

Mr David Smith: It's going to be both—the potential for staff and for the people who are working on the construction as well.

Mrs Woods: The asbestos management plan will be critical to that. We'll have all of the appropriate infrastructure in place to make sure we've separated the work environment from the building environment. We've given a lot of thought to how we'll actually stage the works to try and facilitate making sure those two are kept quite separate. That will be key to ensuring appropriate protection.

Chair: I noted in the submission there was reference to your asset management strategy, which I understand helps for planning purposes and, undoubtedly, maintenance and so forth going forward. I want to ask you to talk about that. You mentioned in evidence thus far that this project is about looking at the next 25 years of life of the building. The building is 55, going on 56 years old, and this asset management strategy, according to your submission, was established in 2017, so the building was 50-odd years old. That's a contemporary asset management approach. Is there a possibility that you left it too late? I just want to get an understanding of the context of the timing of establishing an asset management strategy when it's already 50 years old, and now you're looking at the next 25 years. I want to get some context around that approach going forward.

Mrs Woods: I can see how you might have interpreted that. The documentation and the formalisation of the asset management strategy are more reflective of contemporary approaches to running and managing facilities. In the last 50 years, I'm fairly confident in saying that the bank has always had a workplace department, and their primary role was to manage the facilities, the physical infrastructure and the assets that the bank had. So, whilst it might not have been formally called an asset management strategy, that was exactly what they were thinking and planning and doing day in, day out.
The other important point to note is that we haven't come to this project quickly. We have been talking about this and working through the various pros and cons and the right way to approach it since about 2013. It has been a very long and considered process to get to this point, both in terms of why we need to do it; what is the public value in doing it; and if we are going to do it, what is the right way to do it, taking into account do we stay where we are or do we move, for many of the reasons that Barnaby alluded to.

CHAIR: The asset management strategy, therefore, is something now that looks at the next 25 years?

Mrs Woods: Yes. It's time horizon is broadly 25 years, and it considers all of the assets that we own and are responsible for managing. It looks at both the standard maintenance and servicing that are required but also, more strategically, at what's happening externally, how do we need to respond in terms of those assets, when would they be due to be replaced, what would we be replacing and where; then factoring in all of the sorts of things, whether it's sustainability or safety or accessibility, those other changes that are happening in the external environment that need to inform that decision-making.

CHAIR: Thank you. The submission states, as you've mentioned a number of times in the evidence today, that the building is heritage listed. I think I did mention that I find that strange, because I'm the same age as the building, and I don't feel that I should be heritage listed. Parliament House here should be heritage listed, and obviously is. I understand the period and the design and so forth. The consultation in terms of the heritage issues going forward, how has that been done in the planning to date and how is that managed going forward into a project?

Mrs Woods: Perhaps I can start with what we do at a more generic level, and then we could talk about how specifically that is fed into the project. The first point to note is that we do have an ongoing heritage management plan, which we're required to lodge with the appropriate Commonwealth bodies. That is a written strategy, and it is reviewed on a regular basis and effectively approved by those agencies to ensure that we comply. That is a key input into the design of this project.

Mr Jacka: On the specific project, we had a heritage consultant on the design team. They sit with us as we go through our proposed plans. Essentially, it reflects the impact against the heritage management plan. We will provide a heritage impact statement and identify where those heritage areas are that we will perhaps be changing. The plan does allow for retention and adaption. We don't need to keep the building as a relic of the 1960s. It can adapt to our functional needs. Certainly a lot of those spaces that we saw today we're actually quite proud of, and we do want to retain them as much as possible. But we want to make sure the workspace areas are functional to make sure our staff can do their work. We'll continue to work with our heritage consultant as we develop the design, and if that leads to a controlled action we'll be speaking to the department about that.

CHAIR: The other point I wanted to ask about was accessibility. Obviously, a building of that age would have elements that are not up to date with current requirements. Accessibility going forward in this project and the accessibility principles that would be followed — can you talk about that?

Mrs Woods: That is absolutely one of our key intentions, to meet accessibility standards. Given that it is a pre-existing structure and it has all of these heritage constraints, there are probably areas where that won't be achievable, or rather we will endeavour to achieve it but perhaps not in the way that was envisaged by the standard. Do you want to comment on specific examples where that might happen?

Mr Jacka: We do have a DDA consultant on the design team to assist with making sure that we do meet the accessibility codes. We made quite an extensive effort, probably almost a decade ago now, to try to bring it up to some level of accessibility, but a lot of areas certainly still require some additional work. So, as far as we're concerned, we will meet the DDA accessibility codes of today.

CHAIR: This will be my last question before I go back to the Deputy Chair. I thought I'd go back to this building management plan, if you like, going forward. I note your comment, Mrs Woods, that you haven't arrived at this point overnight. That goes for any building of this significance and of this size. But will the people who will be sitting at this table on this side and your side in 25 years time — it won't be me, but it will probably you! — be informed by an ongoing rolling assessment of the future needs of the bank and the future update renovations and maintenance, in the meantime, of that building?

Mrs Woods: Yes, they will be. To clarify what I said earlier, whilst the plan has a long-term horizon in its vision, it's regularly reviewed and refreshed to take account of what is happening internally in terms of our needs and equally in terms of what is happening more broadly that might impact that. Basically, it's to ensure that that asset management strategy seeks to achieve a lot of things. It's not just cost efficiency and performance of the assets but also ensuring that we're providing an appropriate work environment for our staff—that it's safe and that it's secure—and that a lot of the services that we provide, particularly when it comes to things like the data centres
that run the payment systems and that sort of stuff, are fit for purpose and are not only being well maintained but having their performance optimised into the future. That's a regular and ongoing activity.

CHAIR: On the data centre, for example, technology evolves so quickly, so you've got to remain flexible and adaptable.

Mr ZAPPIA: Earlier on, in response to a question from Mr Joyce, there was reference made to the Reserve Bank having offices elsewhere.

Mrs Woods: Yes.

Mr ZAPPIA: Can you tell me whether any of those buildings are owned by the Reserve Bank, where they are and how many staff are employed in those other locations?

Mrs Woods: I might have to take the exact numbers on notice and come back to you about that. They're not owned by the bank anymore. Although, once upon a time, I think I'm correct in saying that we had offices in every state of Australia fulfilling far more functions than they do today. All of that work was then consolidated into the office in Martin Place. The primary purpose of the state offices today is for economic liaison—talking to the business community in particular about what's happening and what they're seeing out there. Those offices are in Melbourne, Canberra—and Canberra performs more than just an economic liaison role; we actually have banking functions there as well—Brisbane and Perth. We also have operations in Craigieburn in Victoria—both our primary bank vault and Note Printing Australia, which is a wholly owned subsidiary of the Reserve Bank and produces the banknotes themselves. In addition to that, we also have a property which services our business resilience site and an education and training facility in Kirribilli, which we do own.

Mr ZAPPIA: In terms of the bank’s long-term strategy, do you envisage that those offices will remain as they are, that they will grow or that they will, perhaps, wind down?

Mrs Woods: At the moment, we envisage that the economic liaison offices will continue to operate as they do today. I think, in respect of the other three sites that we own in addition to Martin Place, they will continue as is. We absolutely need a business recovery site. The education and training centre at Kirribilli also performs a very important role in the functioning of the bank, as does the note printing facility and the vault in Victoria. So, in the foreseeable future, I don't envisage any change to that, no.

Mr Jacka: It might be worth saying that the asset management strategy is in response to the future business needs, so it's not a response to the building needs. It's actually a response to speaking to all the departments, speaking about their future forecast for their business, their future numbers and their future functions and making sure that the properties are going to respond to those needs into the future.

Mrs Woods: Just in terms of staff numbers, the economic liaison sites are very small where we lease facilities. We would probably have only a handful of people in each of those offices. Obviously, the site that we have in Victoria employs a much larger number of people. Its function is very different: printing banknotes and storage.

Mr ZAPPIA: So you don't envisage staff from Martin Place or the work that they are doing being relocated to any of those other sites?

Mrs Woods: No. We do use our business resumption site from time to time, and we may well use it through the course of the construction period, more in terms of locating staff on a more permanent basis there. If there are a lot of disruptive works going on, that will work quite well for us—similarly, with the Kirribilli site. But, no, not in the longer term.

Mr ZAPPIA: Has the redevelopment been discussed with the staff that are currently there? And are there any issues that arise from discussions with staff about what is going to happen to them during the construction period and the like?

Mrs Woods: There's been a lot of consultation because we've been talking about this for a long time. Michael, do you want to talk through the various activities and probably the more recent ones that have been—

Mr Andersen: Over this whole period, we're in continual discussions with staff about not only what they need but also what the impact of any changes would be on them. Essentially, there'll be four key elements to it. We assess the risks associated with the changes and we develop plans to mitigate those risks. We're in continual communication with staff in terms of finding out both their day-to-day needs but also their future needs. Then we'll also be informing them regularly about what the impacts of those changes will be. When the construction work is underway, we'll be monitoring how that development work is impacting on them—getting their feedback on whether or not our assessment was correct. Then obviously at the same time we're developing contingencies. As Susan suggested, we could use the BRS if it turns out that there is a significant impact. Equally we can

PUBLIC WORKS COMMITTEE
encourage staff to work more flexibly than they have in the past. So we have a number of mitigants in place as well.

Mrs Woods: I think, in the main, staff are feeling very positive about it. We've also consulted with the union, and they were also positive about the change.

CHAIR: Thank you for your evidence here today. You will be sent a copy of the transcript to make any corrections to transcription. Do any of you have any other points that you wish to add before we close this public part of the hearing?

Mrs Woods: No.

CHAIR: I therefore declare this public hearing closed.

Committee adjourned at 11:53