

Introduction

Referral of Work

- 1.1 On 14 September 2006 the proposed extension and accommodation upgrade to the existing chancery of the Australian Embassy Beijing was referred to the Public Works Committee for consideration and report in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).¹ The proponent agency for this work is the Department of Foreign Affairs and Trade (DFAT).
- 1.2 The Hon Bruce Billson MP, Minister for Veteran's Affairs and Minister Assisting the Minister for Defence, advised the House that the estimated cost of the proposed works was \$21.61 million. Subject to parliamentary approval, the proposed works would commence in September 2008, with practical completion and occupation scheduled for October 2010.

1 Extract from the *Votes and Proceedings of the House of Representatives*, No. 13, Thursday 14 September 2006

Background

Site

- 1.3 The chancery is contained within a compound constructed by the Australian Government in 1992 to provide office, representational and residential accommodation for Australian agencies in Beijing. The compound comprises the chancery of approximately 4,500 square metres of office accommodation, a head of mission residence and 35 residential apartments.²
- 1.4 The total site of approximately 15,000 square metres is located in the Sanlitun diplomatic area. The chancery and residential accommodation are owned by the Australian Government.³
- 1.5 The site is leased to the Australian Government until 2072, with an option to extend for a further 90 years, as part of a reciprocal exchange of sites for diplomatic purposes agreed with the Chinese Government in 1982.⁴

Options Considered

- 1.6 Three options were considered by DFAT to enhance operational effectiveness:
 - do nothing
 - relocate some embassy functions to leased accommodation away from the embassy compound; or
 - construct additional suitable accommodation on the compound.⁵
- 1.7 In DFAT's view the preferred third option to expand and upgrade existing accommodation will:
 - provide efficient, high quality, purpose-built office accommodation and representational facilities that meet the current security, operational and building code requirements of the embassy;
 - ensure that all agencies are collocated on the compound, thereby minimising security and communication costs and administrative inefficiencies associated with splitting functions at separate locations;

2 Appendix C, Submission No.1. paragraph 2.3

3 *ibid.*, paragraph 2.4

4 *op.cit.*

5 *ibid.*, paragraph 4.1

- maximise the value and use of the existing site; and
- provide the opportunity to consolidate current tenant accommodation within the chancery and its extension.⁶

Inquiry Process

- 1.8 The Committee is required by the Act to consider public works over \$6 million⁷ and report to Parliament on:
- the purpose of the work and its suitability for that purpose;
 - the need for, or the advisability of, carrying out the work;
 - whether the money to be expended on the work is being spent in the most cost effective manner;
 - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
 - the present and prospective public value of the work.⁸
- 1.9 The Committee called for submissions by advertising the inquiry in the *Weekend Australian* and the *Canberra Times* on Saturday, 23 September 2006. The Committee also sought submissions from relevant government agencies, local government, private organisations and individuals, who may be materially affected by or have an interest in the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

Inspection and Hearing

- 1.10 Under the terms of the Act, the Committee may not convene at any place outside Australia and its external Territories. Where a public work is to be carried out outside Australian and its external Territories, the Committee:
- ...shall consider the work on the basis of plans, models and statements placed before it and of evidence (if any) taken by it.⁹
- 1.11 On Friday 3 November 2006 the Committee received a confidential briefing from DFAT officers on the costs of the proposed works to be

6 *ibid.*, paragraph 5.1

7 *Public Works Committee Act 1969*, Part III, Section 18 (8). Threshold as at the time of referral. The amount of \$6 million has now been increased to \$15 under recent amendment.

8 *ibid.*, Section 17

9 *Public Works Committee Act 1969*, Part III, Section 18B

undertaken in Beijing. This was followed by a public hearing held at Parliament House, Canberra.¹⁰

10 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday 3 November 2006 in Parliament House, Canberra