
The Parliament of the Commonwealth of Australia

Construction of Chancery, Rangoon, Burma

Parliamentary Standing Committee on Public Works

February 2006
Canberra

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Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr John Forrest MP Senator Michael Forshaw

Mr Harry Jenkins MP Senator Stephen Parry

Mr Bernie Ripoll MP Senator the Hon Judith Troeth

Mr Barry Wakelin MP

Committee Secretariat

Secretary Mrs Margaret Swieringa

Inquiry Secretary Ms Vivienne Courto

Research Officer Mr Raymond Knight

Administrative Officer Mr Peter Ratas



List of Abbreviations

AFP	Australian Federal Police
AGO	Australian Greenhouse Office
AusAID	Australian Agency for International Development
BCA	Building Code of Australia
DFAT	Department of Foreign Affairs and Trade
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
HOM	Head of Mission
MEPE	Myanmar Electric Power Enterprise
MOFA	Ministry of Foreign Affairs
OH&S	Occupational Health and Safety
OPO	Overseas Property Office
RCDC	Rangoon City Development Committee
RFA	Rangoon Fire Authority
VAT	Value Added Tax

Extract from the Votes and Proceedings of the House of Representatives

No. 61 dated Wednesday, 12 October 2005

PUBLIC WORKS--PARLIAMENTARY STANDING COMMITTEE--REFERENCE OF WORK--PROPOSED CONSTRUCTION OF A NEW CHANCERY BUILDING FOR THE AUSTRALIAN EMBASSY IN RANGOON, BURMA

Dr Stone (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved – That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed construction of a new chancery building for the Australian Embassy in Rangoon, Burma.

Question – put and passed.

List of Recommendations

3 Issues and Conclusions

Recommendation 1

The Committee recommends that the proposed construction of a new chancery building for the Australian Embassy at Rangoon, Burma, proceed at the estimated cost of \$12.87 million.

Introduction

Referral of Work

- 1.1 On 12 October 2005 the proposed construction of a new chancery for the Australian Embassy at Rangoon, Burma, 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 Dr Sharman Stone MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the proposed works was \$12.87 million. Subject to parliamentary approval, the proposed works would commence in September 2006, with practical completion and occupation scheduled for March 2008.

¹ Extract from the *Votes and Proceedings of the House of Representatives*, No. 57, Wednesday 12 October 2005

Background

The Site

- 1.3 The proposed new chancery building will be located in the Bahan township of Rangoon; some five kilometres from the city centre and 12 kilometres from the airport.² The Australian Government acquired the site from the Anglo-Burma Rice Company Limited in June 1995 for diplomatic residential purposes, and it is currently occupied by the Head of Mission (HOM) residence, staff recreation facilities and maintenance workshops.³ The site is in the same general vicinity as the current chancery, other foreign missions and ambassadorial residences.⁴
- 1.4 The chancery site measures 27,500 square metres and is accessed from the west via Golden Valley Way. It is bounded to the south by the Petronis Oil Company and private residences, to the north by residential properties and the Ministry of Construction staff quarters, to the northeast by an old people's home and to the west by an international school.⁵
- 1.5 The Australian Government currently holds the site of the proposed new chancery on freehold interest.

Options Considered

- 1.6 Two options were considered in planning for a new chancery:
 - lease of alternative premises on the open market; and
 - construction of a new, purpose-designed chancery on the Australian-owned site currently occupied by the HOM residence.⁶
- 1.7 In 2004 DFAT undertook preliminary design and feasibility studies taking account of operational requirements, the availability for lease of alternative properties and relative costs. The first option was rejected as no suitable alternative leased accommodation is available in Rangoon.⁷
- 1.8 DFAT believes that the second option will offer the following advantages:

2 Appendix C, Submission No. 1, Department of Foreign Affairs and Trade, paragraph 5.1

3 *ibid*, paragraphs 5.1 and 15.1

4 *ibid*, paragraphs 5.1, 7.1 and 13.1

5 *ibid*, paragraph 7.5 and 13.2

6 *ibid*, paragraph 4.1

7 Appendix C, Submission No. 1, paragraphs 4.2 and 4.4

- provision of purpose-designed premises meeting all agency requirements in respect of space, functionality and technology;
- provision of appropriate security;
- minimal disruption to operations; and
- efficiencies gained through the consolidation of all embassy functions at a single site.⁸

Inquiry Process

- 1.9 The Committee is required by the Act to consider public works over \$6 million⁹ 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.¹⁰
- 1.10 The Committee called for submissions by advertising the inquiry in the *Canberra Times* on Saturday, 22 October 2005. 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 Public Hearing

- 1.11 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:

8 ibid, paragraph 4.3

9 *Public Works Committee Act 1969*, Part III, Section 18 (8)

10 ibid, Section 17

...shall consider the work on the basis of plans, models and statements placed before it and of evidence (if any) taken by it.¹¹

- 1.12 On Monday, 5 December 2005 the Committee received a briefing from DFAT officers on the scope and environs of the proposed works to be undertaken in Rangoon. This was followed by a public hearing held at Parliament House, Canberra.¹²

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

12 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Monday, 5 December 2005 in Parliament House, Canberra

2

The Proposed Works

Purpose

- 2.1 The purpose of the proposed work is to provide a new purpose-built building to serve as Australia's permanent mission to Burma. The building will house DFAT, the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), the Australian Agency for International Development (AusAID) and the Australian Federal Police (AFP).¹

Need

- 2.2 The existing Australian Chancery in Rangoon is housed in a leased two-storey building at 88 Strand Road in central Rangoon. The lease on the current chancery commenced in 1956 and operates under permissive occupancy arrangements, which provide no security of tenure. The building was constructed in 1901 as an annexe to the Strand Hotel and

¹ Appendix C, paragraphs 1.1 and 2.3

despite a number of refurbishments over the years, no longer meets modern standards in respect of:

- security set-back;
- access;
- building services;
- efficient workspace needs;
- Building Code of Australia (BCA) requirements; or
- occupational health and safety (OH&S).²

Scope

2.3 The proposed works encompass the following elements:

- construction of a two-storey, 1,170 square metre chancery building designed to meet DFAT and tenant agency requirements;
- controlled pedestrian and vehicular access, including guard-booth upgrade;
- security requirements, including a secure compound for the whole site and separate controlled staff entry to the building;
- internal roads and car parking;
- engineering services including mains electricity and on-site substation, stand-by generator, water reticulation/storage and treatment, storm water drainage, on-site sewage treatment and telecommunications;
- integrated fit-out to tenant specifications, including security measures, fixed work-stations, fixed partitions and doors, compactus storage units, window treatments and floor coverings, ablutions, tea rooms, and tenant-specific modifications to building services.³

2.4 The construction project does not include provision of loose furniture or general office equipment, which will be supplied by the tenant agencies.⁴

2 Appendix C, paragraph 3.1

3 ibid, paragraphs 12.1 – 12.6

4 ibid, paragraph 12.7

Project Delivery

- 2.5 It is proposed that the project will be delivered via a traditional design, documentation, tendering and contracting process. DFAT believes that this methodology will ensure optimum value for money and will allow DFAT to retain control of all project delivery stages. DFAT intends to award a single contract for the construction and fit-out works and will call for tenders from a shortlist of pre-qualified contractors following advertising in Australia, Thailand and Burma. As the local construction industry is primarily involved in relatively small projects, it is anticipated that the preferred contractor will be an international company with experience in the region and local contract partners. DFAT proposes that the lump-sum contract would be managed and superintended by a project management company with international experience, supported by in-country partners. These consultants would bear responsibility for the acquisition of local approvals and would, as a contractual condition, manage any currency fluctuation and escalation risks.⁵
- 2.6 DFAT proposes that, subject to Parliamentary approval, works would commence in September 2006, with practical completion and occupation scheduled for March 2008.⁶

Cost

- 2.7 The estimated project cost is \$12.87 million, based on July 2004 costs escalated to construction. The estimate includes:
- construction costs;
 - consultants' fees;
 - project management;
 - supervision; and
 - site office expenses.⁷
- 2.8 It does not include:
- workstations;

5 Appendix C, paragraphs 29.1 – 29.5

6 ibid, paragraph 30.1

7 ibid, paragraph 28.1

- furniture;
- artworks;
- white goods;
- interest charges; or
- Burmese Government import duties.⁸

8 Appendix C, paragraphs 28.2 – 28.3

3

Issues and Conclusions

Site Considerations

Site Selection Process

- 3.1 In reviewing the evidence submitted by DFAT in respect of the Rangoon proposal the Committee noted that it had not been supplied with a comprehensive analysis of the site selection process and requested that this information be provided subsequent to the public hearing.
- 3.2 At the hearing, DFAT explained that its initial investigation of accommodation options had comprised a search for alternative leased premises, but that no suitable property had been identified. DFAT did not conduct an exploration of alternative building sites as it decided that the land occupied by the ambassadorial residence presented a perfectly suitable site already under government ownership.¹
- 3.3 DFAT undertook to include a thorough rationale of its site selection processes in all future submission presented to the Committee.

¹ Appendix D, Official Transcript of Evidence, page 2

Relocation of Burmese Administrative Headquarters

- 3.4 On 9 November 2005 an article appearing in *The Australian* reported that Burmese bureaucrats had been ordered to leave Rangoon for a new capital which would be located 320 kilometres to the north at Pyinmana near Mandalay.²
- 3.5 At the public hearing, Committee members questioned DFAT as to the impact of the relocation of the Burmese bureaucracy on the chancery project. DFAT responded that, based upon the best advice received to date, it did not expect the move to have any significant implications for the new chancery. Information had been received from the Burmese government to the effect that there is no intention to relocate diplomatic missions to the new administrative headquarters as sufficient foreign ministry staff will remain in Rangoon to service the needs of foreign missions.
- 3.6 DFAT informed the Committee that Australia was one of a number of countries currently engaged in the design and construction of new chanceries in Rangoon, adding that all of these countries were continuing to build on the assumption that there would be no requirement to relocate. By way of further assurance, DFAT explained that a similar situation had arisen previously with the relocation of the capital of Nigeria from Lagos to Abuja. The move had been forecast some 35 years ago, but Australia's embassy was only relocated in the past two years, as such relocations typically had a very long lead-time.³

Impact upon Neighbouring Properties

- 3.7 Noting that the building site is bordered by residential premises, a business, an aged care facility and a school, the Committee sought assurance that consultation would be taken with neighbouring properties and appropriate dust and noise mitigation measures would be applied during construction. DFAT stated that whilst consultation had been minimal to date, it would be carried out prior to commencement of works.⁴

2 The Australian, 9 November 2005

3 Appendix D, pages 5 - 6

4 ibid, page 4

Hazardous Materials

- 3.8 The construction of the proposed new chancery will require the demolition of the existing tennis court and recreation facility at the residential compound. The Committee asked if the facilities earmarked for demolition contained any hazardous materials such as asbestos. DFAT was unable to answer the question at the hearing and undertook to provide the information at a later date. DAFT assured the Committee that its works contracts require the execution of a thorough compliance audit prior to demolition of any structures, and that any necessary mitigation of hazardous materials is carried out to Australian standards.⁵

Building Services

Electricity

- 3.9 DFAT submitted that electrical services to the chancery site are supplied via a transformer located in the adjacent international school, noting that supply is unreliable and outages are frequent. Back-up power is therefore supplied by an 85 kilovolt diesel generator and two smaller sets identified for replacement under the current project.⁶
- 3.10 The Committee sought assurance that the on-site power supply would be sufficient to cater for chancery needs in the event of a mains outage. DFAT confirmed that the generators would provide adequate power in an emergency situation.⁷

Hydraulic Services

- 3.11 DFAT's submission recorded that the Bahan township in which the chancery will be located has unreliable mains water infrastructure, and no sewerage or fire hydrant services.⁸ The embassy site has a water storage system comprising one 40,000 litre and one 8,000 litre underground tank, and a new bore is proposed as part of the current project.⁹

5 Appendix D, page 4

6 Appendix C, paragraph 17.21 and 17.23

7 Appendix D, page 7

8 Appendix C, paragraph 13.1

9 Appendix C, paragraph 17.15

3.12 Members inquired whether it would be feasible to collect and reuse rain water, rather than discharging it into the stormwater system. DFAT responded that, whilst collection and reuse would be feasible, the environment did not warrant such measures as the local mains supply, with filtration precautions, was adequate.¹⁰

Air-conditioning

- 3.13 DFAT proposes that the new chancery will be air-conditioned by air-cooled, split or packaged systems to allow for independent operation in specific tenancy areas as required.¹¹
- 3.14 Considering the tropical environment, the Committee wished to know whether the proposed air-conditioning system required any particular precautions in respect of the *Legionella* bacillus. DFAT replied that the split units proposed for use in the chancery did not have any complex maintenance requirements, could be readily replaced in the event of malfunction and offered the additional efficiency benefit of individual operation.¹²

Security and Fire Protection Measures

Security

- 3.15 Having reviewed DFAT's written evidence, the Committee sought verbal confirmation that security measures at the new chancery would meet current and future emergency requirements. DFAT explained that the premises would reflect the latest thinking in respect of security precautions, including such measures as:
- appropriate perimeter setbacks;
 - security screening;
 - ram-proof fences;
 - guardhouses and metal detection at entry points; and

¹⁰ Appendix D, page 7

¹¹ Appendix C, paragraph 17.11

¹² Appendix D, page 7

- blast-hardening of the chancery building.¹³
- 3.16 The Committee queried whether DFAT's intention to provide the embassy site with two entry/exit roads represented the most cost-effective and secure solution. DFAT explained that this was a required security feature, as it provides an alternative should one of the entry/exit points be unusable.¹⁴

Fire Protection

- 3.17 Noting that the Bahan township has no fire hydrant services, the Committee wished to know how DFAT proposed to provide fire services to the site. DFAT explained that it would be installing a substantial water tank and that water storage facilities would be provided for the specific purpose of supplying the fire protection sprinkler system and hydrants.¹⁵

Recommendation 1

The Committee recommends that the proposed construction of a new chancery building for the Australian Embassy at Rangoon, Burma, proceed at the estimated cost of \$12.87 million.

Hon Judi Moylan MP

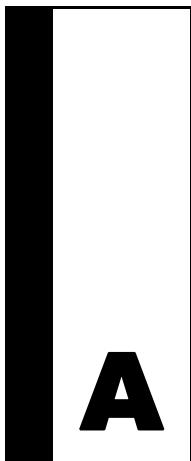
Chair

15 February 2006

13 Appendix D, page 7

14 ibid, page 8

15 ibid

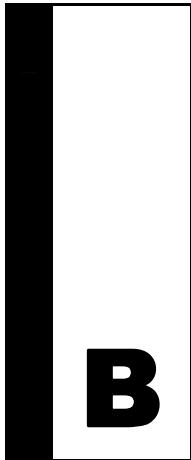


A

Appendix A – List of Submissions

Submissions

1. Department of Foreign Affairs and Trade



B

Appendix B – List of Witnesses

Mr Mark Chappe de Leonval, Director and Quantity Surveyor, Rider Hunt
Canberra Pty Ltd

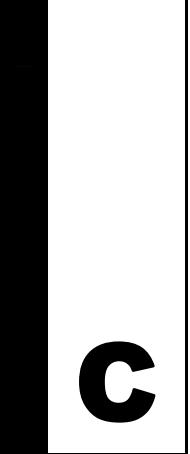
Mr Peter Davin, Executive Director, Overseas Property Office, Department of
Foreign Affairs and Trade

Ms Paula Elizabeth Ganly, Head, Post Security Task Force, Diplomatic Security
Information Management and Services Division, Department of Foreign Affairs
and Trade

Mr Richard Hancock, Head, Project Management Services, Overseas Property
Office, Department of Foreign Affairs and Trade

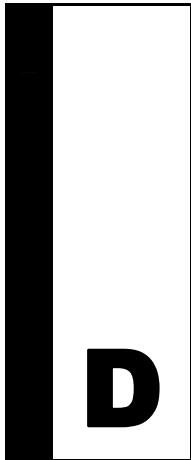
Mr Ian McKay, Capital Works Manager, Multiplex Facilities Management

Mr Philip Moran, Assistant Secretary, Property Management and Strategic
Planning, Overseas Property Office, Department of Foreign Affairs and Trade



C

Appendix C – Submission No. 1 from the Department of Foreign Affairs and Trade



D

Appendix D – Official Transcript of Evidence