
The Parliament of the Commonwealth of Australia

Mid-life Upgrade of Existing Chancery Building for the Australian High Commission, Wellington, New Zealand

Parliamentary Standing Committee on Public Works

August 2004
Canberra

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Contents

Membership of the Committee.....	v
List of Abbreviations.....	vi
Extract from the Votes and Proceedings of the House of Representatives.....	vii
List of Recommendations.....	viii

REPORT

1 Introduction.....	1
Referral of Work.....	1
Background.....	2
Australian Diplomatic Presence in New Zealand.....	2
The Site.....	2
Inquiry Process.....	3
Public Hearing.....	3
2 The Proposed Works.....	5
Need.....	5
Scope.....	6
Purpose and Suitability.....	7
Cost.....	7
Present and Prospective Public Value.....	8
3 Issues and Conclusions.....	9
Provision for People with Disabilities.....	9
Removal of Hazardous Materials.....	10
Other Options and Reasons for Preferred Option.....	10

Security Provisions	11
Base Building Costs.....	11
Space.....	12
Usage of the First Floor	12
Seismic Building Codes	13
Energy Efficiency.....	13

APPENDICES

Appendix A – List of Submissions and Exhibits	15
Submissions.....	15
Appendix B – List of Witnesses	17
Appendix C – Submission No. 1 from the Department of Foreign Affairs and Trade.....	19
Appendix D – Official Transcript of Evidence	55



Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor

Members Mr Harry Jenkins MP

Mr Peter Lindsay MP

Mr Jim Lloyd MP

Mr Bernie Ripoll MP

Senator Richard Colbeck

Senator Alan Ferguson

Senator Michael Forshaw

Committee Secretariat

Secretary Ms Margaret Swieringa

Inquiry Secretaries Ms Sara Edson

Ms Vivienne Courto

Administrative Officers Mrs Tiana Di Iulio

Mrs Donna Quintus-Bosz



List of Abbreviations

AGO	Australian Greenhouse Office
CBD	Central Business District
DFAT	Department of Foreign Affairs and Trade
Defence	Department of Defence
DSB	Diplomatic Security Branch
GST	Goods and Services Tax



Extract from the Votes and Proceedings of the House of Representatives

No. 168 dated Tuesday, 12 May 2004

**PUBLIC WORKS—PARLIAMENTARY STANDING COMMITTEE—
REFERENCE OF WORK—MID-LIFE UPGRADE OF EXISTING CHANCERY
BUILDING FOR THE AUSTRALIAN HIGH COMMISSION, WELLINGTON,
NEW ZEALAND**

Mr Slipper (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: Mid-life upgrade of existing Chancery building for the Australian High Commission, Wellington, New Zealand.

Question—put and passed.



List of Recommendations

3 Issues and Conclusions

Recommendation 1

The Committee recommends that the proposed mid-life upgrade of existing Chancery at the Australian High Commission, Wellington, New Zealand, proceed at the estimated cost of \$9.309 million.

Introduction

Referral of Work

- 1.1 On 12 May 2004 the proposal to refurbish the existing Chancery building for the Australian High Commission, Wellington, New Zealand, was referred to the Public Works Committee for consideration and report to the Parliament in accordance with the provisions of the Public Works Act 1969 (the Act).¹ The proponent agency for this work is the Department of Foreign Affairs and Trade (DFAT).
- 1.2 The Hon Peter Slipper MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the proposed works was \$9.309 million, including \$2.809 million for a new tenant fit-out. Mr Slipper added that, subject to Parliamentary approval, refurbishment of the Chancery building would commence in March 2005, with practical completion and occupation expected in the first half of 2006.

¹ Extract from the Votes and Proceedings of the House of Representatives, No. 168, Tuesday, 12 May 2004

Background

Australian Diplomatic Presence in New Zealand

- 1.3 Australia has been represented in New Zealand since 1943 when Australia and New Zealand first exchanged diplomatic representatives.² In 1974 the Commonwealth signed a 99-year lease for the current site of the Australian High Commission in Wellington. In 1978 the Commonwealth moved into the completed Chancery building.³
- 1.4 The Chancery building comprises:
- the basement, including a diesel generator, main switchboard, staff recreational area, workshop and storage facilities, and 19 car spaces;
 - the ground floor, including the main entrance foyer, theatrette, secure offices, library, large kitchen and storeroom;
 - the first floor, including partitioned office accommodation and amenities, staffroom and boardroom;
 - the second floor, including offices, kitchen and amenities, dining room, safe room and secure area; and
 - the third floor, including the plant, lift motor rooms, and stair access to the roof.⁴
- 1.5 The High Commission was originally tenanted by a range of Commonwealth departments and agencies. Over the years, several have relocated their operations to Auckland, and the building is currently under-utilised.⁵ The Chancery building is currently occupied by DFAT and the Department of Defence (Defence) who have long-term lease arrangements in place.⁶

The Site

- 1.6 The Chancery site is situated approximately 1 km north of Wellington's central business district (CBD) in Thorndon.
- 1.7 The suburb of Thorndon is a prestigious residential area which houses a number of diplomatic missions and educational

2 Appendix C, Submission No. 1, paragraph 2.1

3 *ibid*, paragraph 2.2

4 *ibid*, paragraphs 2.4 and 2.5

5 *ibid*, paragraph 2.6

6 *ibid*

establishments. The High Commission is located in a mixed zone with commercial and office developments to the east and government and major institutions to the south. The Chancery building is on an elevated site at 72-78 Hobson Street. There are panoramic views of Wellington Harbour to the east and views to Thorndon Quay, the rail yards, CBD and hills in other directions.⁷

Inquiry Process

- 1.8 The Committee is required by the Act to consider public works over \$6 million⁸ 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.⁹
- 1.9 The Committee called for submissions by advertising the inquiry in *The Canberra Times* on Monday 17 May 2004. 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.

Public 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 Australia and its external Territories, the Committee:
- ...shall consider the work on the basis of plans, models and statements placed before it and of the evidence (if any) taken by it.¹⁰

7 Appendix C, Submission No. 1, paragraph 2.3 and paragraphs 11.1 - 11.2

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

9 *ibid*, Part III, Section 17

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

- 1.11 On Thursday 24 June 2004, the Committee received a briefing from DFAT officers on the scope and environs of the proposed works to be undertaken at the Wellington Chancery. This was followed by a public hearing held at Parliament House, Canberra.¹¹

¹¹ See Appendix D for the official transcript of the evidence taken by the Committee at the public hearing on Thursday 24 June 2004, in Canberra.

The Proposed Works

Need

- 2.1 The Wellington Chancery was built 26 years ago. Other than minor façade works, which were completed in 2000, no major architectural or services' works have been undertaken since the building was constructed.¹
- 2.2 The Chancery remains structurally sound but the building's amenities and services are no longer adequate for servicing a modern representational facility. Specifically:
- the current layout has developed in an ad-hoc fashion over the years and no longer provides optimum functionality or security;
 - complete refurbishment is needed to ensure full compliance with occupational health and safety requirements and building codes and standards; and
 - consolidation of functional units within the building into more appropriate sized accommodation will ensure more efficient use of floor space and shorter communication distances.²

1 Appendix C, Submission No. 1, paragraph 2.2

2 *ibid*, paragraphs 3.1 – 3.4

Scope

- 2.3 The mid-life upgrade of the existing Chancery will consist of refurbishments to the building interior and its engineering services and systems.³
- 2.4 Work elements required to fulfil DFAT's objectives will comprise:
- modernisation of mechanical, hydraulic, electrical, fire and stand-by power services, including the removal of hazardous materials;
 - improvement of security provisions to meet the needs of Australia's overseas agencies;
 - consolidation of functions and occupation into the basement, ground, second and third floors, and refurbishment of the first floor as an office shell suitable for future tenancy or moth-balling to minimise costs;
 - refurbishment of the staff recreation area and rearrangement of storage space in the basement;
 - reconfiguration of the ground floor consular wing to cater for people with disabilities;
 - basic upgrades to the library;
 - transformation of the theatrette to a multi-purpose conference, training and exhibition space;
 - renovations to the ground floor representational kitchen to provide facilities suitable for use by external caterers; and
 - resurfacing of the sloping driveway/pedestrian access.⁴
- 2.5 The fit-out works will include:
- construction of an enclosed glazed wind-break on the ground floor terrace permitting its use as a representational space in all weathers;
 - acoustic glazing of two open voids between the ground floor and the first floor;
 - installation of a new ceiling, carpet and toilet facilities on the first floor;
 - a new restricted area and secure communications facilities on the second floor;
 - replacement of existing cooling towers with an air-cooled unit (to eliminate the risk of Legionella) on the third floor; and
-

3 Appendix C, Submission No. 1, paragraph 6.1

4 *ibid*, paragraphs 12.1 – 12.9 and paragraph 17.33

- new safety harness points and resurfacing of the existing roof and box gutter system in the upper plant room.⁵
- 2.6 The proposed works will be undertaken in stages to permit the continued occupation and operation of the Chancery throughout the construction period.⁶

Purpose and Suitability

- 2.7 The mid-life upgrade to the existing Chancery will provide High Commission tenants, DFAT and Defence, with a safe, pleasant and practical workplace environment commensurate with the requirements of a modern representational facility.⁷ The proposed works are intended to address the deficiencies of the current premises in relation to functionality, amenity and security. The upgrade is expected to deliver high quality Chancery accommodation for a further 25 years.⁸

Cost

- 2.8 The total estimated cost of the proposed development is \$9.309 million; comprising \$6.5 million for the base-building at September 2002 prices and \$2.809 million for the fit-out component. This figure includes:
- construction costs;
 - consultants' fees;
 - project management;
 - supervision;
 - site office expenses; and
 - New Zealand Goods and Services Tax (GST).⁹
- 2.9 The cost estimate does not include:
- furniture, white goods or artworks;
 - interest charges; or

5 Appendix C, Submission No. 1, paragraphs 12.10 – 12.15

6 *ibid*, paragraph 12.16

7 *ibid*, paragraph 17.3

8 *ibid*, paragraph 17.1

9 *ibid*, paragraphs 29.1 – 29.3

- duty taxes.¹⁰

Present and Prospective Public Value

- 2.10 DFAT expects that the proposed works project will benefit the local New Zealand community through employment of local people on site and through the supply of goods and services off-site. It is expected that up to 30 local workers will be employed during the peak construction phase.¹¹
- 2.11 DFAT also states that where specialised material or equipment is required and not readily available in New Zealand, Australian or internationally acceptable manufactured products will be imported for use in the project.¹²
- 2.12 The Wellington Chancery has served as Australia's ongoing permanent mission to New Zealand for over 60 years. The Australian High Commission in Wellington continues to play a vital role in maintaining the trans-Tasman relationship.¹³

10 Appendix C, Submission No. 1, paragraphs 29.2 - 29.3

11 *ibid*, paragraph 28.3

12 *ibid*, paragraph 28.5

13 *ibid*, paragraph 1.3 and 2.1

Issues and Conclusions

Provision for People with Disabilities

3.1 DFAT's submission stated that:

With some exceptions the existing Chancery makes provision for people with disabilities...[and] Areas of deficiency will be rectified as part of the mid-life upgrade and new fit-out.¹

3.2 At the public hearing, the Committee asked DFAT to outline the current deficiencies and to explain how the new fit-out would overcome them.

3.3 DFAT informed the Committee that currently, neither the lifts nor the toilet facilities conform to modern requirements. In addition, the door to the consular interview room is not wide enough to admit a wheelchair.² DFAT added that it intends to install a unisex disabled toilet on the second floor, and that the upgrade would remedy all other impediments to access.³

1 Appendix C, Submission No. 1, paragraph 21.1

2 Appendix D, Official Transcript of Evidence, page 3

3 *ibid*

Removal of Hazardous Materials

- 3.4 The DFAT submission referred to the need to remove hazardous materials from the current building.⁴
- 3.5 At the hearing, the Committee inquired about the nature of this hazardous material and asked what safety measures would be put in place to ensure its safe removal.
- 3.6 DFAT explained that asbestos sheeting had been used externally in the construction of the building's eaves and there was a need to remove and replace this sheeting with nonhazardous material. DFAT assured the Committee that the major tenderer will be required to engage an appropriately qualified and licensed person to undertake these works to the highest safety standards.⁵

Other Options and Reasons for Preferred Option

- 3.7 DFAT's submission indicated that GHD Pty Ltd had supplied it with three accommodation options for consideration in relation to the Chancery upgrade project.⁶
- 3.8 The Committee was interested to learn more about these three options and why the selected option represented the best choice.⁷
- 3.9 The Department said that the final three options examined whether using the first floor, the second floor, or a combination of both, would be more appropriate to meet the accommodation requirements of DFAT and Defence, with a view to consolidating the fit-out as much as possible.⁸ DFAT outlined why consolidation of the fit-out on the second floor was the more attractive option. Essentially:
- ...consolidating on the second floor, which was the original secure floor...is the safest and the most remote from threat and it has the square metres that are required.⁹
- 3.10 The Committee requested that DFAT provide it with a copy of the GHD Pty Ltd report into the accommodation options.¹⁰ The relevant

4 Appendix C, Submission No. 1, paragraph 12.1

5 Appendix D, Official Transcript of Evidence, page 3

6 Appendix C, Submission No. 1, paragraph 2.7

7 Appendix D, Official Transcript of Evidence, page 4

8 *ibid*

9 *ibid*

10 *ibid*, page 9

details from that report were supplied subsequent to the public hearing.

Security Provisions

- 3.11 According to DFAT's submission, the Department had reviewed the Chancery's security arrangements and was developing them in conjunction with DFAT's Diplomatic Security Branch (DSB).¹¹
- 3.12 Without revealing confidential information, the Committee wished to know what broad measures the Department will take to ensure the security of staff working in the building, and why the preferred option represented better security.
- 3.13 DFAT told the Committee that the Chancery already had a number of specialist security measures in place and that one of the advantages of the selected option was that these would remain in situ – the other options would have required replication of those features on different floors.¹² The new fit-out will enhance security with a number of additional features, including more rigorous access arrangements at the main entrance to the High Commission. A DFAT representative stated that:

“We will be incorporating some specialist features, which I will not go into, but some of the more common elements we will be putting into the area are a metal detector and some other control features to improve entry to the building. We will also be handling reception arrangements in a more secure manner.”¹³

Base Building Costs

- 3.14 At an earlier confidential briefing, the Committee asked DFAT a number of questions in relation to the project costs. The Committee was particularly interested to learn how the total figure for the base building works component had been calculated. The Committee requested that the Department supply it with a breakdown of that lump sum figure.

11 Appendix C, Submission No. 1, paragraph 25.1

12 Appendix D, Submission No. 1, page 5

13 *ibid*

- 3.15 DFAT later provided the Committee with a detailed list of the line items comprising the base building part of the works.

Space

- 3.16 The Committee wanted to know whether there was sufficient space for the High Commission staff to continue working in the building whilst the refurbishments took place or if they would need to be relocated for the duration of the works. The Department confirmed that there was enough room to stage the works as it would
...be moving staff out of their existing offices, refurbishing those offices and then moving staff back in.¹⁴
- 3.17 The Committee commented that once the fit-out had been completed, there would be quite a bit of spare space in the building. DFAT agreed that that was the case and noted that this allowed for additional expansion.¹⁵

Usage of the First Floor

- 3.18 DFAT's evidence stated that the first floor of the existing Chancery will be refurbished as an office shell suitable for a future tenancy fit-out, or moth-balled to minimise energy and building management costs.¹⁶
- 3.19 At the hearing, the Committee asked the Department to clarify its position on the future usage or possible usage of the first floor.
- 3.20 DFAT reiterated that the activities of the High Commission will be consolidated primarily on the second and ground floors.

The first floor will be refurbished to just a shell condition and sealed off. It is available for future expansion should other government agencies require representation in the capital, Wellington. We are not able to... make it available for commercial use under the terms of the diplomatic lease that we hold on the site. So we are restricted to use for future expansion by agencies.¹⁷

14 Appendix D, Official Transcript of Evidence, page 6

15 *ibid*

16 Appendix C, Submission No. 1, paragraph 12.3

17 Appendix D, Official Transcript of Evidence, page 6

Seismic Building Codes

- 3.21 Given the seismic activity that occurs in the Wellington region, the Committee was interested to learn what measures the Department had taken to ensure that the building meets the appropriate Australian or New Zealand standards in this regard.
- 3.22 DFAT told the Committee that the New Zealand codes were applicable for the obvious reason that that country has significant earthquakes and Australia does not. The Department said that its consultants, GHD Pty Ltd, had undertaken a detailed structural audit of the building in 2002 and that this had included an examination of the differences, if any, between the building's original earthquake code (NZS 1900 Chapter 8 1965) and the current code (NZS 4203: 1992). GHD Pty Ltd had determined that the differences were not significant and therefore the building does not require strengthening.¹⁸
- 3.23 The Committee asked the Department to elaborate on the differences between the codes and whether they were significant.
- 3.24 DFAT replied that the differences were fairly technical but were outlined in some detail in GHD Pty Ltd's 2002 report. The Department undertook to supply the Committee with that material.¹⁹
- 3.25 Subsequent to the hearing, DFAT provided the Committee with information on the differences between the original and subsequent earthquake codes, and compliance with current standards.

Energy Efficiency

- 3.26 The main submission outlines a range of energy conservation measures which DFAT intends to incorporate into the proposed fit-out.²⁰
- 3.27 At the hearing, the Committee enquired whether the Department had consulted with the Australian Greenhouse Office (AGO) to ensure that energy efficiency will be a priority in the refurbished building.

18 Appendix D, Official Transcript of Evidence, page 7

19 *ibid*, page 8

20 Appendix C, Submission No. 1, paragraph 19.2

- 3.28 DFAT assured the Committee that, while it had not consulted with the AGO, energy conservation has been given considerable emphasis in this fit-out.²¹
- 3.29 The Department described a range of energy saving measures which it intends to implement. These include the installation of greenhouse gas compliant chillers, water saving features such as control flow devices, intelligent lighting and a state-of-the-art building management system for the buildings' services.²² Further efficiency will be achieved through glazing the voids between the ground and first floors, subdivision of the large ground floor area so that the main lobby can be isolated and heated or cooled separately, moth-balling the first floor, and construction of a terrace enclosure to act as an additional barrier to thermal gain and loss from the harbour side.²³ The Department noted that, with these measures, it expects to save 20 per cent of the current expenditure on energy costs.²⁴

Recommendation 1

The Committee recommends that the proposed mid-life upgrade of existing Chancery at the Australian High Commission, Wellington, New Zealand, proceed at the estimated cost of \$9.309 million.

Hon Judi Moylan MP

Chair

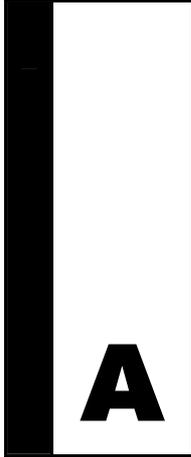
11 August 2004

21 Appendix D, Official Transcript of Evidence, page 8

22 *ibid*

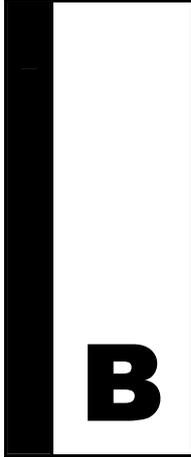
23 *ibid*

24 *ibid*



Appendix A – List of Submissions and Exhibits

1. Department of Foreign Affairs and Trade
2. Department of Defence



Appendix B – List of Witnesses

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

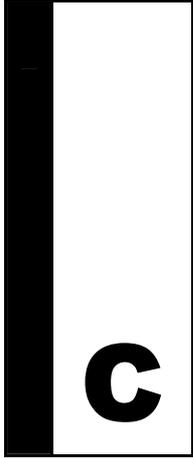
Mr Brian Richard Hancock, Head, Project Management Services, Overseas
Property Office, Department of Foreign Affairs and Trade

Mr Stephen John Jones, Capital Works Program Manager, Multiplex Facilities
Management

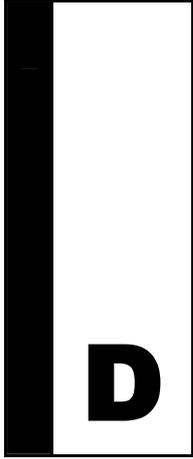
Mr Philip John Moran, Assistant Secretary, Property Management and
Strategic Planning, Overseas Property Office, Department of Foreign Affairs
and Trade

Mr Graham John Morgan, Design Manager, Wellington Project, GHD Pty Ltd

Mr Nigel Guy Sullivan, Associate and Manager, Building Economics, Sinclair
Knight Merz



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



**Appendix D – Official Transcript of
Evidence**