

Issues and Conclusions

Scope of works

- 3.1 During the Confidential Hearing, the Committee noted that the Department's Statement of Evidence was silent on the issue of fit-out arrangements associated with the proposed works. Specifically the Committee sought clarification of the break-up of fit-out required for the proposed extension and the existing chancery.
- 3.2 The Department subsequently informed the Committee that these works represented an approximate 50-50 split of the estimate between the new works and the existing chancery, and included provision for internal works to create tenancy areas and shared spaces that would include kitchenettes and conference rooms for use by attached agencies.
- 3.3 These areas had been determined on a square metre basis; however according to the Department final allocations of space would not be firmed-up until 2008 when design specifications had been finalised.

Project Timing

- 3.4 The Committee noted that it appeared an inordinate delay had occurred in terms of the processes associated with the proposed works. Mention was

made that the need for the extension and refurbishment of the chancery was identified in 2003, but it would be another seven years, until 2010, before the project would be completed.¹

- 3.5 The Department accepted that the deficiencies of the current chancery, particularly pressures on office accommodation, had been well known for a long time.
- 3.6 To meet the increased need, staff residential accommodation and the chancery auditorium had been converted into office space. This was followed by the construction of a prefabricated two-storey annexe in 1997 to meet further increases in staff numbers.²
- 3.7 As to the Committee's concern over delays in improving Office accommodation for embassy personnel, the Department responded that a number of options had been canvassed to alleviate the pressure on office space, that in addition to the works mentioned above, also included the possibility of acquiring an adjacent site. However negotiations with the Chinese government associated with an alternative site had been protracted, which together with the costs to the Australian government to develop a new site, made the decision to redevelop the existing site a more expedient option.³
- 3.8 When a decision was made to extend and upgrade the existing buildings, difficulties in commencing work arose due to a two year moratorium on major building works, other than those related to the Beijing Olympic Games, imposed by the Chinese authorities.⁴

Security

- 3.9 The Committee sought assurance that the new premises would provide for the security of all staff given the current global climate.
- 3.10 In its reply, the Department informed the Committee that assessments are made of the likely threat environment of all Australian embassies. In the context of Beijing this assessment was comparatively lower than elsewhere. That notwithstanding, the current project design had a number of security features included taken on the advice of the

1 Appendix D, Official Transcript of Evidence, page 3

2 *ibid.*, page 2

3 *ibid.*, pages 2-3.

4 *ibid.*, page 3

Diplomatic Security Branch of the Department, and factored into the final estimates of the proposed works.⁵

Technical Standards

- 3.11 The Committee sought further information regarding the existing air handling and air conditioning systems, noting from the Department's Statement of Evidence⁶, that these were to be upgraded.
- 3.12 In response to the Committee's enquiry as to whether the proposed upgrades were to do with the air quality in Beijing, and whether the upgrade could handle the entire complex, the Department responded that the upgrades were more to do with the turnover of carbon dioxide rates, and to keep these levels down than with the air quality of Beijing. The Department confirmed that the increased capacity of the system would meet the requirements of the new chancery.⁷
- 3.13 The Department responded on other issues raised to the satisfaction of the Committee.

Staffing Levels

- 3.14 The Committee enquired about predictive staffing levels of the embassy, specifically whether the proposed works would meet staffing requirements both for attached agencies as well as the Department of Foreign Affairs and Trade including both Australia based staff and locally engaged staff. Noting that the Department stated in its Statement of Evidence that:
-pressures on space have characterised the chancery since it was completed....,⁸
- the Committee sought assurances that these works would satisfy the demand for office accommodation in the longer term.
- 3.15 The Department informed the Committee that currently 47 Australia based staff and approximately 200 local employees worked within the existing

5 *ibid.*, page 4

6 Appendix C, Submission No.1, Paragraph 3.1

7 Appendix D, Official Transcript of Evidence, page 4

8 Appendix C, Submission No. 1, paragraph 17.10

buildings. When the chancery was first commissioned, there were 30 Australia based staff and less than a dozen local staff.⁹

- 3.16 In terms of staffing, all attached agencies had been formally approached regarding future staffing levels, and these responses had served as a basis for the planning of the development proposal. However, as the Department noted, these projections may still be inaccurate. As the Department observed, difficulties were encountered in having an attached agency sign on to future leased office accommodation when that accommodation may not be fully utilised, particularly when it involves a commitment to pay rent.¹⁰
- 3.17 As to whether the current works proposal would be adequate to meet future staff increases, the Department pointed out that it could not build on a speculative basis. It explained that in the current design facilities had been included which could be used for additional office accommodation, noting that this amounted to around 100 square metres.¹¹

Staff Residential Accommodation

- 3.18 Since the Department's proposal included the removal of two staff apartments, the Committee asked what pressure this might place on existing staffing accommodation, and whether staff are able to express a preference for living on compound or off compound.¹²
- 3.19 In its reply, the Department explained that there would be no impact on current staff residential accommodation. It was pointed out that the Beijing residential market now provides suitable standard off-compound accommodation, noting that currently one-third of staff live outside the compound, translating to around 15 staff.¹³
- 3.20 As to staff preferences in terms of living accommodation, the Department explained that it was a personal choice. As the Department observed:
- ... people with young families would probably have a preference to live on compound where there are good facilities and support available, whereas other people who might have senior representational responsibilities or other interests might prefer to live off compound...As long as we ensure that the government

9 Appendix D, Official Transcript of Evidence, page 6

10 loc.cit

11 loc.cit.

12 Appendix C, Submission No. 1, page 7

13 loc.cit.

owned apartments are fully tenanted we are able to allow people some choice.¹⁴

- 3.21 In terms of impact on staff living on compound during construction the Department expressed confidence with the measures that would be put in place including hoardings, and baffles to minimise disruption to families and to ensure that security is maintained. This would be a requirement of the contract and an obligation for the contractor.¹⁵

Construction Related Issues

- 3.22 During the Confidential Hearing, the Committee noted an inconsistency on the plan submitted as an appendix to the Statement of Evidence over floor numbering. It transpired that there is a basement car park (not mentioned in the Statement of Evidence), and that part of the construction works will involve the construction of two additional columns to support the new structure.
- 3.23 The Department subsequently responded to this issue to the satisfaction of the Committee.
- 3.24 In responding to the Committee's inquiry, the Department acknowledged the omission of this need, although it confirmed that provision had been made in the cost estimates for this work.

Energy Conservation

- 3.25 The Committee sought clarification from the Department as to why it has based energy consumption rates on those developed by the Property Council of Australia rather than the Energy Efficiency in Government Operations Policy that has been developed by government. The Committee also asked whether the Department had consulted with the Australian Greenhouse Office.¹⁶
- 3.26 The Department commented that it was not building in Australia. It went on to say that there is an issue between the Property Council and other agencies in the Greenhouse Office in terms of the guidelines that the latter provides, and that consequently the energy targets provided by the

14 loc.cit.

15 loc.cit.

16 Appendix D, Official Transcript of Evidence, page 10

Property Council have been superimposed onto the overseas environment.¹⁷

- 3.27 The Department acknowledged that in the past it had consulted the Greenhouse Office; however on subsequent projects, there had been no detailed consultation due to the approach the Department has taken on Property Council guidelines. It went on to explain that there was currently a review of energy use and the steps that might be taken to improve energy conservation throughout the entire overseas estate.¹⁸
- 3.28 Subsequent to the Hearing, the Department responded that it had consulted with the AGO to ensure that the nominated targets are consistent with the provisions of the policy.

Disability Provisions

- 3.29 The Committee sought clarification on arrangements to be put in place as part of the construction for disabled people, and was reassured by the Department that facilities had been incorporated into the building design to meet disability requirements including the provision of a new lift in the proposed extension.¹⁹

Project Costs

- 3.30 DFAT stated in its main submission that the project out-turn cost estimate is \$21.61 million, based on August 2005 prices. This figure includes escalation; construction costs; consultants' fees; project management fees; supervision; and site office expenses.²⁰ During the confidential briefing the Committee examined the project costs in more detail, discussing issues such as: currency conversion; consultants' fees; escalation and contingency; mechanical, electrical and plumbing works; construction costs; and demolition costs. Due to the project delivery schedule, DFAT were unable to provide some detailed cost information at the time of the hearing.

17 *ibid.*, page 5

18 *ibid.*, page 10

19 *ibid.*, page 11

20 Appendix C, Submission No. 1, paragraph 29.1-29.2

Recommendation 1

The Committee recommends that DFAT provide it with a detailed breakdown of consultant fees and the mechanical, electrical and plumbing works, as soon as details become available.

Recommendation 2

The Committee recommends that the extension and refurbishment of the Chancery at the Australian Embassy Beijing proceed at an estimated cost of \$21.61 million.

The Hon Judi Moylan MP

Chair

6 December 2006