



Parliamentary Standing Committee on Public Works

REPORT

relating to the proposed

AUSTRALIAN EMBASSY, BERLIN - REFURBISHMENT OF HERITAGE BUILDINGS AS A CHANCERY AND APARTMENTS

(Fourth Report of 1999)

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
1999

The Parliament of the Commonwealth of Australia

Australian Embassy, Berlin – Refurbishment of heritage buildings as a chancery and apartments

Parliamentary Standing Committee on Public Works

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ISBN 0 642 36609 8

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Members of the Parliamentary Standing Committee on Public Works

(Thirty-Third Committee – appointed 8 December 1998)

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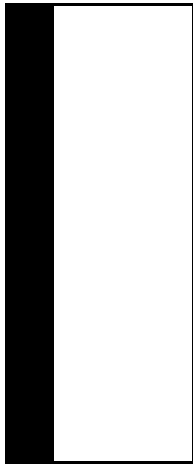
Extract from the Votes and Proceedings of the House of Representatives

No. 22 dated Wednesday, 17 February 1999

**PUBLIC WORKS—PARLIAMENTARY STANDING COMMITTEE—
REFERENCE OF WORK—AUSTRALIAN EMBASSY, BERLIN—
REFURBISHMENT OF HERITAGE BUILDINGS AS A CHANCERY AND
APARTMENTS**

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: Australian Embassy, Berlin—Refurbishment of heritage buildings as a chancery and apartments.

Question—put and passed.



1. On 17 February 1999, the House of Representatives referred to the Parliamentary Standing Committee on Public Works for consideration and report the proposed Australian Embassy, Berlin—refurbishment of heritage buildings as a chancery and apartments.

The Reference

2. The terms of the reference were as follows:

As part of the process of reunification of Germany, the seat of German Government is relocating from Bonn to Berlin. Relocation is planned to be completed in 1999. The diplomatic corps is also required to move to Berlin as part of that relocation.

In 1995, the Government purchased two adjoining heritage buildings in the Mitte district of Berlin following an extensive search for suitable premises and sites. This area is the historic centre of Berlin and is close to public transport, hotels and government departments. The decision to purchase and refurbish these buildings was intended in part to be Australia's contribution towards the rebuilding of East Berlin.

Both buildings are heritage listed and have certain heritage requirements which must be managed in the refurbishment program. These include restoration of the facade to the Wallstrasse building, a number of stairways throughout the building and a meeting room used by Wilhelm Pieck, who later became president of the former East Germany. The Wallstrasse building will provide six storeys of modern office accommodation, representational areas for the embassy and two apartments for Australian staff. The Märkisches Ufer building will provide four apartments. Carparking will be provided in the basement to serve both buildings.

3. When referred to the Committee, the estimated Limit of Cost for the proposed work was \$43.57 million. This figure has now been revised down to \$37.277 million.¹

The Committee's Investigation

4. The Committee received a written submission from the Department of Finance and Administration (DoFA) and took evidence from DoFA officials at public hearings held at Parliament House, Canberra, on 10 and 13 May 1999. The Committee is disappointed by the standard of written evidence presented by DoFA. In particular, the cost breakdowns presented to the Committee were inadequate to allow the Committee to make an informed decision on whether the monies allocated to the work will be utilised in the most effective way possible.

Committee's Conclusion

5. In future inquiries the Committee must be provided, as a matter of course, with more detailed cost breakdowns of proposed expenditure.

6. The Committee also received written submissions and took evidence from representatives of the following organisations:

- Department of Foreign Affairs and Trade (DFAT); and
- Department of Foreign Affairs and Trade Commonwealth Public Sector Union (DFAT CPSU) Sub-Delegates Committee.

7. Written submissions were also received from:

- Environment Australia;
- Department of Immigration and Multicultural Affairs;
- Australian Heritage Commission;
- Royal Australian Institute of Architects; and
- Mr Stephen Brown.

8. Prior to the public hearing, the Committee was briefed on the project by officers of DoFA and viewed a video of the site. Plans of the buildings were made available by DoFA.

1 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.35.

9. The Committee was unable to inspect the proposed site due to provisions of the *Public Works Committee Act 1969* which do not allow the Committee to meet overseas. One member of the Committee inspected the site in a private capacity when in Berlin on other Parliamentary business, and was therefore able to make a more practical contribution to the inquiry. However, lack of first hand knowledge of the site made the task of assessing the merits of the proposal a difficult one for the rest of the Committee.

10. A list of witnesses who appeared at the public hearing is at APPENDIX A. The Committee's proceedings will be printed as Minutes of Evidence.

Background

11. DoFA is now responsible for the acquisition, leasing, management and disposal of Commonwealth-owned overseas land and property. This function was formerly undertaken by the Overseas Property Group, and is now carried out by DoFA's Overseas Property Operations Group (OPOG) which manages the Commonwealth's overseas estate and provides development and construction services for new facilities.

Relocation of German capital

12. In 1991 the Bundestag (Parliament) of the Federal Republic of Germany resolved to relocate the German capital from Bonn to Berlin. Relocation of the German Government and the Bundestag is planned for mid to late 1999. The first sittings of the Bundestag, in the refurbished former Reichstag building, are due to commence in September 1999. The diplomatic corps will also relocate to Berlin.

13. Berlin is about one hundred miles south of the Baltic Sea, to which it is connected by a network of canals. It is Germany's largest city, with a population of 3.5 million. Most of Berlin's historic buildings, which were destroyed by allied bombing during the Second World War, have been restored.

Committee's Conclusion

14. There is a demonstrated need for the Australian chancery in Bonn to relocate to Berlin, in line with the relocation of the German seat of government, due to take effect in mid to late 1999.

Acquisition of the properties

15. In anticipation of the relocation of the capital to Berlin, the former Overseas Property Group (OPG) of the former Department of Administrative Services (DAS), commenced an extensive search for premises for an Australian embassy in Berlin in April 1995. DoFA considered a number of options:

- purchase of a greenfields site on which to construct a chancery;
- purchase of a building suitable for refurbishment in line with the desire of the Commonwealth Government to contribute to the heritage restoration of Berlin;
- purchase of modern office accommodation for subsequent special fitout; and
- commercial leasing of office accommodation for subsequent special fitout.²

16. More than fifty buildings were inspected. This search culminated in the Commonwealth purchasing two separate but contiguous buildings sited around a central courtyard. The properties are:

- Wallstrasse 76-79; and
- Märkisches Ufer 8.

They were seen as the most cost-effective option of those examined. The two buildings are located in Berlin Mitte (Central Berlin), in the former East Berlin. The acquisition and refurbishment of the properties was regarded as part of Australia's contribution to the rebuilding of East Berlin and as reinforcement of Australia's commitment to the bilateral relationship with Germany and with Europe generally.

17. The properties were under the control of the German authorities, the *Treuhand Liegenschaftsgesellschaft mbH* (TLG), an organisation which privatises and sells real estate formerly classified as "people's" property in East Germany. The Commonwealth's tender bid of DM18 million (A\$15.2 million) was accepted in 1995 and the purchase was formally completed in January 1997. The delay was lengthened by changes in the administration of the Commonwealth property portfolio, a protracted process of lodging the title documents and gaining approval from the appropriate German authorities.³

2 DoFA, *Submission*, p.2.

3 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.39.

18. The Committee notes that due to these delays, staff will need to be accommodated in temporary office and living space until the new chancery and apartments are completed at an additional cost of \$2.5 million.⁴

Staffing

19. The Australian embassy in Berlin will comprise representatives from the:

- DFAT;
- Department of Immigration and Multicultural Affairs (DIMA);
- Department of Defence (Defence); and
- Department of Education, Training and Youth Affairs (DETYA).

The total number of Australia-based and locally-engaged staff will be approximately 55.

The Proposal

20. The buildings are 85 years old. Although structurally sound, they are past their useful operational ages and have inadequate building services and layouts for their intended use. They do not meet current Australian and German building standards and lack amenities, building services and provisions for technology, safety features and occupational health and safety. Heritage elements of the buildings also require restoration. There is therefore a need for complete refurbishment of the buildings.

Building description—Wallstrasse 76-79

21. The Wallstrasse building has a load bearing masonry facade, a concrete column and beam structure, concrete floors and a tiled, timber-framed roof. OPOG believes that the building is well suited to open plan office design because most of the existing internal walls are non-load bearing and can be demolished. The Committee was assured that investigations have shown the building to be structurally sound.⁵

22. Existing building services, such as water supply, heating, electrical installations, drainage and sewerage, are beyond their useable lives and must be replaced.

4 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.50.

5 DoFA, *Submission*, p.6.

23. Other features include a courtyard, which has limited vehicle access from the Märkisches Ufer and a railway station directly in front of the building.

24. The building has been heritage listed by Mitte Council. The heritage refurbishment requirements apply to the facades and some internal elements. They are detailed in 'Heritage considerations' at paragraph 49.

25. The tiled ground floor facade of the Wallstrasse building will be modernised to integrate the new and the old in the refurbishment. The new facade treatment will better define the entrance to the chancery.

Building description—Märkisches Ufer 8

26. This building, constructed in 1901, has load bearing masonry walls, timber and concrete floors and a tiled timber-framed roof.

27. The building almost completes the enclosure of the courtyard with the Wallstrasse building. The rest of the courtyard is formed by a neighbouring building.

28. The property faces the Spree Canal and fronts on to a street used primarily by pedestrians, with limited traffic access. It is linked to the Wallstrasse building by two openings on levels three and four.

29. Märkisches Ufer is also a heritage listed building but has fewer heritage elements than the Wallstrasse building. They are primarily the main entrance and a staircase. Some internal doors and load-bearing walls also have heritage significance and will be retained. The facade of the building is rendered.

30. Existing engineering services in the building require complete replacement.

31. The building has a half basement which may be used as a children's play area or a store room for apartments.

Scope of the proposed work

32. The scope of the proposed work encompasses replacement of Outdated and obsolete building services; meeting of occupational health and safety requirements; and preservation of the heritage qualities of the buildings, as required by the Berlin authorities. This will involve:

- demolition of the non-structural interior of the buildings and some elements of the facade, roof, basement and courtyard.
- conversion of the basement for use as a carpark. Sixteen carparking spaces are proposed to house the official fleet and one vehicle per apartment. Access to the basement will be via a carlift with entry from the Wallstrasse.

- refurbishment of the heritage elements of the building—this will include the facades, the main meeting room and a number of staircases;
- replacement of all building engineering services and the installation of two new lifts;
- fitout of the chancery;
- landscaping of the courtyard and construction of a glazed pedestrian link though it to connect the chancery entrance with a multi-purpose room located on the Märkisches Ufer side of the building; and
- fitout of two apartments in the Wallstrasse building and four apartments in the Märkisches Ufer building.⁶

Area

33. The gross floor area is approximately 7,700 square metres which will be divided into the following functional areas:

- chancery: 4,550 square metres (this includes expansion space and associated facilities);
- basements: 1,500 square metres; and
- apartments: 1,500 square metres.

Approvals

34. The refurbishment will be carried out in accordance with the requirements of the Berlin Mitte Council, which has jurisdiction over planning, heritage and general municipal services in the area. OPOG advised the Committee that close liaison has continued with the Council during the development of the proposal.⁷

Codes and Standards

35. The proposed refurbishment will be carried out in accordance with local building regulations. Where local regulations are exceeded by the Building Code of Australia, the latter will be adopted—provided that it does not breach local building regulations.

36. The requirements of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, local Fire Brigade and Mitte Council, particularly in relation to health and safety, will be taken into account.

⁶ Ibid., p.5.

⁷ Ibid., p.7.

Planning and design concepts

37. The development of spatial requirements was undertaken in consultation with DFAT, DIMA, Defence and DETYA. Each department provided functional requirements and a space brief which were used to identify functional areas required in the Wallstrasse building. The Committee was advised that during the detailed planning stage close consultation will continue with each department.

38. Planning of apartments was based on the provision of four apartments in the Märkisches Ufer building and two apartments in the Wallstrasse building. Apartments in the latter will be on the Märkisches Ufer side of the building, and all apartments will face the Spree Canal. The apartments' main entry will front the Märkisches Ufer.

39. The design of apartments was developed within the buildings' constraints, taking into account the need for privacy and the formal representational requirements of the occupants. Designs will be further developed in consultation with the tenant departments.

40. OPOG recognised that there are inefficiencies associated with the conversion of an existing building for use as a chancery and apartments.⁸ However, it is claimed that these inefficiencies are ameliorated by the open structure of the Wallstrasse building, which allows flexibility in planning open offices and apartments.

Structure

41. OPOG commissioned detailed structural investigations which involved a search of archival records and material sampling in parts of the structure. They concluded that both buildings are structurally sound.

Materials and finishes

42. The buildings' facades will remain primarily intact but will be refurbished in accordance with heritage requirements. These requirements provide little scope to significantly change the external character of the buildings. Where practical and cost effective, Australian materials and finishes will be used in the ground floor public areas. Materials and finishes in the apartments will be similar to those in comparable accommodation in Australia, taking into account existing conditions and heritage issues.

43. The decision to purchase heritage buildings leaves little scope for adding architectural features which reflect Australian characteristics. The Committee does, however, acknowledge that the purchase of the buildings was undertaken

at the time to accommodate a project which would contribute to the restoration of Berlin. This commitment to contributing to the rebuilding of Berlin was reaffirmed by the Minister for Administrative Services, Hon David Jull MP, in 1996.⁹

44. The Committee has been placed in a difficult position by the purchase of these heritage buildings and has concerns about the risk of cost overruns because of the extent of the refurbishment required. While the Committee is not convinced that the initial refurbishment assessment will be adequate, it is not possible to determine this accurately based on the information provided by DoFA.

Committee's Conclusion

45. Whilst recognising that the location of the new chancery is suitable, the Committee notes the age and condition of the existing buildings and, as a result, the restrictions it places on the design and the refurbishment.

Environment and Heritage

Environmental impact assessment

46. An environmental impact assessment is not required by the Berlin authorities.

Heritage considerations

47. The buildings are located in the historic *Neu-Kölln am Wasser* (New Cologne on the Water) district, now known as Berlin-Mitte. It is situated amongst several historically significant buildings, many of which are being refurbished.

48. The two buildings have been heritage listed by the Mitte Council. The Council required OPOG to commission a heritage expert to undertake historical research on the buildings and to identify elements which may have specific historic interest. The resulting report outlines the heritage significance of the two buildings and the steps which must be undertaken to refurbish them whilst retaining their original character and heritage significance. OPOG believes there

9 Hon David Jull MP, Press Release, *New Australian diplomatic properties in Germany*, 18 September 1996.

are no issues of a heritage nature which will adversely affect the refurbishment and fitout.

Wallstrasse 76-79

49. Wallstrasse 76-79 has significant historic value. It was constructed in 1912 as a trade and commerce building and until 1938 was occupied primarily by clothing and textile businesses and businesses such as motor vehicle and furniture sale outlets.

50. In 1938, the building was purchased by the Joinery Guild of Berlin and the Reich Joinery Association. It was used as the headquarters for a variety of joinery associations until the Second World War.

51. In 1945, the building was renovated and from July of that year to April 1946, was occupied by the Central Committee of the Communist Party of Germany (CPG). During this time, Wilhelm Pieck (who later became President of the German Democratic Republic) and other officials of the CPG Central Committee occupied offices on the first floor.

52. Since 1946, the building has been occupied by CPG Publishers (Dietz Press) and the Foundation Company for Real Estate.

53. The main elements subject to heritage measures are:

- the entire facade, which is thought to be the only remaining example of an almost complete ceramic facing of its time. It is understood that all the windows in the building can be replaced with metal-framed windows in a style similar to the original installation. A detailed heritage report will determine the extent of the refurbishment or restoration;
- the roof;
- the meeting room on the second floor, which was the main boardroom for the Joinery Guild and the CPG. Some adjacent office doors are also considered to have heritage significance;
- staircases; and
- marble wall lining throughout the entrance and the main staircase.

Märkisches Ufer 8

54. The Märkisches Ufer building has a heritage listed main staircase and entry hall as well as internal load-bearing walls and doors. The facade has no specific heritage merit, but its general design and presence in the streetscape are significant. It is to be refurbished in its current form.

Zoning

55. OPOG advised that the proposal is consistent with the planning and zoning requirements of local authorities.¹⁰

Landscaping

56. The site provides limited scope for landscaping. Simple planting will be undertaken in the courtyard to provide a more attractive view from the chancery and the apartments.

Services and systems

Electrical

57. A new electrical substation will be installed in the basement to deal with the new power load requirements. New distribution boards will be provided throughout, along with a data, power and communications network.

58. Office lighting will comply with Australian Standards.

59. Separate power meters will be provided for each apartment. Apartment lighting and power installation will be in accordance with Australian residential standards. This will include low energy fittings in high-use areas.

Energy conservation

60. Measures proposed to minimise energy consumption will include the provision of:

- low energy and low glare light fittings;
- an efficient low energy heating system;
- a self-contained split airconditioning system for rooms requiring around the clock airconditioning;
- a central heating control system to reduce night time temperatures in the chancery and efficiently warm the building during the winter; and
- double glazing for windows, in accordance with local requirements for thermal control.

10 DoFA, *Submission*, p.7.

Hydraulic

61. Existing hydraulic services will be replaced.

Mechanical

62. The existing buildings have access to the district hot water system to heat the chancery and apartments in the winter by reticulating hot water through perimeter radiators under each window. Heating systems will be compared in detail to determine the most effective in terms of capital and operating costs.

63. The Committee was advised that airconditioning is not widely used in Berlin.¹¹ Summer temperatures are high for only a short period. However, because of the security needs of the chancery, which limit access to natural ventilation from windows, the chancery will be airconditioned. Rooms with high heat loads from equipment which requires 24 hour operation will also be fitted with dedicated split system airconditioners.

64. The apartments will not be provided with airconditioning. Their heating will be similar to that in the chancery.

65. An exhaust system will be provided for the basement carpark.

Lifts

66. The existing lift in the main stairwell of the chancery is unserviceable and will be replaced by two new lifts. A third new lift will serve the apartments in both buildings and the staff recreation area on the fifth floor of the Wallstrasse building. Tenant and visitor access will be via the Märkisches Ufer entrance. Tenants will also enter via the basement.

Fire

67. OPOG consulted with the local Berlin fire brigade and it was determined that no limitations on the development of the buildings are apparent. All fire safety requirements will be accommodated in the detailed design phase of the project.

68. The two buildings constitute separate fire zones and will be treated separately. Fire sprinklers are not required in the buildings by local authorities or the Building Code of Australia.

69. An Emergency Warning Intercom System (EWIS) will be installed throughout the buildings. The system will be linked to thermal and smoke detectors also throughout the chancery and apartments.

11 Ibid., p.9.

70. The Märkisches Ufer building has timber floors which must be upgraded to provide fire separation between apartments. All six apartments will be fire isolated, both horizontally and vertically. Apartments in the Wallstrasse building will be fire isolated from the chancery by fire rated walls.

71. The lift core, separating the Wallstrasse and Märkisches Ufer buildings, will also be fire isolated.

Acoustics

72. Acoustic treatment will be provided to minimise sound transmission between apartments and around specific areas such as conference rooms. Double glazing will reduce sound transmission from the street.

Security

73. Security measures will be provided in accordance with DFAT requirements.

Health, Recreation and Special Features

Occupational health and safety

74. The project will be carried out in accordance with the requirements of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. The principles of safe, efficient housing design will be applied to the apartments.

Recreation

75. Staff recreation space will be provided on the fifth floor of the Wallstrasse building. The extent of the proposed work will be limited to a basic fitout.

76. A children's play area is proposed in the basement of the Märkisches Ufer building.

Provisions for people with disabilities

77. Where possible, access for people with disabilities will be provided by ramps at the entrances. More specific requirements will be addressed in consultation with local authorities during design development. OPOG believes there will be limited demand for disabled public access to the upper floors of the chancery, which will be served by lifts. The chancery and apartments will have lift access from the basement. The chancery will be fitted with disabled toilets.

Childcare

78. No specific provision has been made for childcare facilities. The Committee was advised that the cost of such facilities would normally be attributed to the tenant departments, but first an examination of comparable childcare facilities in the private sector would need to be conducted.¹²

Consultations

79. OPOG advised that local authorities and utility service providers were consulted during the early development of the proposal. The following organisations were also consulted:

- DFAT;
- DIMA;
- Defence; and
- DETYA.

The apartments

80. There are a number of issues surrounding the provision of the apartments collocated with the chancery which concern the Committee.

Rent

81. The rent for each apartment per annum is around \$210,000, which is high in comparison with similar accommodation in Berlin. Advice received from Australian staff in Berlin is that similar (though non-furnished) apartments in the southern suburbs of Berlin are rented out for approximately \$A113,000 per annum.¹³

82. These rental charges are reimbursed to the Australian Government. The departments which occupy the apartments pay rental to DoFA and the departments' funding base will be supplemented to the level of the rent demanded. This was a decision made at ministerial level and was a significant factor in DFAT's decision to take the apartments:

The reason we will be paying rent on these apartments is that we have made a decision which has been heavily influenced by the

12 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.52.

13 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.135.

fact that our property budgets will be supplemented to cover the rent.¹⁴

Had we not received that supplementation, the decision may well have come out differently on our part.¹⁵

83. The Committee finds this arrangement unacceptable. It appears that the rental figure was arrived at to provide an adequate return on the expenditure of the building, as no other feasible justification could be provided for this high rate of rent. Although DoFA advised the Committee that they believe the level of rent charged is reasonable, they were unable to provide a genuine comparison with similar accommodation on the Berlin rental market and failed to convince the Committee that this rate is appropriate.

Committee's Recommendation

84. The Committee recommends that, in circumstances where departments are paying rent to the Department of Finance and Administration for accommodation, actual comparisons between the rent charged by the Department of Finance and Administration and the rent charged for similar buildings on the private rental market should be made available.

Allocation of apartments to staff

85. Because DFAT will be paying rent on the four apartments, it has a responsibility to ensure that the apartments are utilised to their maximum potential. The Committee was told that it is common practice in overseas embassies for owned accommodation to be occupied first. Generally, people occupy the chancery apartments until there is an opportunity to move out. The next newcomer to the post is then put into one of the chancery apartments.¹⁶

86. Within the service, there are accommodation guidelines that set out three levels of accommodation determined by salary status, position and family composition. However, once the apartments are allocated, there may be some continuity in the position of the officer occupying a certain apartment.

Chair- On that basis, technically you could have a four-bedroom apartment occupied by one person?

Mr Davin (DFAT) -You could, yes. That does happen.¹⁷

14 Mr John Larkin, DFAT, *Transcript of Evidence*, p.79.

15 Mr John Larkin, DFAT, *Transcript of Evidence*, p.84.

16 Mr Martin Quinn, DFAT CPSU Sub-Delegates Committee, *Transcript of Evidence*, pp. 104-105

17 *Transcript of Evidence*, p. 86.

87. It appears to the Committee that this is an inefficient use of resources and represents a further constraint on the options available.

Staff attitudes towards collocation

88. A letter from the current Australian Ambassador to Germany indicates that the view amongst DFAT staff currently working in the Embassy at Bonn, is that, provided the Berlin apartments are refurbished and fitted out appropriately, they would be willing to be accommodated in these apartments.¹⁸ However, it should be noted that it is highly unlikely that staff supporting the collocation will be required to live there, because their postings will have ended before the apartments are completed.

89. The Committee also received evidence which indicates that DFAT staff generally do not favour collocation of accommodation and workplace, with independent private accommodation being overwhelmingly preferred. This represents the major findings of a wide-ranging survey of staff attitudes to overseas accommodation conducted in 1996 (*Survey of Staff Attitudes to Overseas Accommodation*, also known as the *Purdon Report*). A number of problems with collocation were identified:

- it is more difficult for officers to retain their privacy;
- it has negative effects on work productivity and staff morale;
- there can be increased difficulty in resolving problems with neighbours when officers also work with them;
- there is an increased imposition of the workplace on home life, placing greater pressure on how the officer's family deals with the posting;
- the buildings often inadequately accommodate the needs of children to play and interact.¹⁹

90. The Committee received evidence that, in projects similar to this proposal, children have been significantly disadvantaged because their accommodation was collocated with their parent's office. There are also several incidents of children being seriously injured as a result of insufficient provision of play areas.²⁰

91. The survey, and other evidence given to the Committee by the DFAT CPSU Sub-Delegates Committee, indicates that it is unsuitable for staff to be

18 Mr Paul O'Sullivan, Australian Ambassador to Germany, letter dated 6 May 1999.

19 Mr Colin Rigby, DFAT, *Transcript of Evidence*, pp. 81-82.

20 Mr Martin Quinn, DFAT CPSU Sub-Delegates Committee, *Transcript of Evidence*, p. 109.

expected to collocate with their workplace. Such arrangements are detrimental to both staff and their families.

Other options

92. The presence of apartments in the buildings is due primarily to the availability of extra space. DFAT indicated to the Committee that they did not give DoFA a spacing brief which required accommodation to be provided and that onsite accommodation was not a departmental requirement. However, the department was agreeable to the provision of the accommodation once it became apparent that it was available.²¹

93. The Committee has canvassed with DoFA and DFAT a range of other options for occupying this space but none of these was considered appropriate by the departments concerned. They include:

- renting the spare floorspace out as private commercial office space;
- leasing the space to other Australian government departments; and
- finding another friendly country, such as New Zealand or Canada, to share office space, as happens in some Australian embassies around the world. (The Committee was also advised that some embassy co-locations occur with Australian state governments and foreign governments in London, Geneva, Phnom Penh, Paris and Bridgetown.²²)

94. These options were ruled out due to security considerations.²³ Also, the German Government sold the buildings, at a price discounted by 25 per cent, on the understanding that they would be used only for diplomatic or related purposes for at least ten years.²⁴ This is a general requirement in most countries where Australia has embassies, and stems from Article 41 of the Vienna Convention.

95. Further, according to DoFA's standards for load bearing, use of the space for office accommodation of any kind has been ruled out because the load bearing capacity of the floor in the Märkisches Ufer building is not sufficient for office equipment. The floor could be reinforced, but the Committee was advised that this would involve considerable expense. It is therefore DoFA's claim that, if the space is not used for apartments, it would have to be left vacant. This problem has arisen because there was no option to purchase only one of the two

21 Mr Peter Davin, DFAT, *Transcript of Evidence*, p.86.

22 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.141.

23 Mr Bill Peel, DoFA, *Transcript of Evidence*, p. 35.

24 Mr Bill Peel, DoFA, *Transcript of Evidence*, p. 138.

buildings —the two had to be purchased together, resulting in an impractical amount of spare space being made available.

96. The Committee believes that it is inappropriate to have staff collocated with their workplace in locations where security concerns do not warrant it. In this case, the Committee acknowledges that there appear to be few alternatives, other than to use the extra space for apartments, or spend the extra funds necessary to convert the floors to those suitable for bearing the weight of office accommodation.

We have not given serious consideration to office accommodation.²⁵

97. The Committee is disappointed that greater consideration was not given to this option and to uses for extra office space such as those outlined above. Whilst it is acknowledged that, at this stage, there is probably no option other than to use the space for apartments, the Committee would like to see measures implemented in the future which ensure that staff accommodation is not collocated with the workplace.

Committee's Recommendation

98. The Committee recommends that the Department of Foreign Affairs and Trade develop a set of guidelines on the standard of overseas accommodation.

Committee's Recommendation

99. These guidelines should include consideration of the appropriateness of collocation of departmental officers with their workplace, taking into account staff attitudes on this matter.

Committee's Recommendation

100. The guidelines should be developed in consultation with all relevant parties.

Cost, Program and Revenue

Cost

101. The turn out for the refurbishment work is A\$37.277 million.²⁶

102. The Committee expressed concern that some of the fees for the project are unreasonably high. In particular, extensive resources are allocated to the design, supervision and management of the project, and such fees appear to be duplicated in some circumstances. DoFA advised that this is due to the high costs associated with the establishment of an Australian project director (necessary to provide an interface between Australia and the contractors) and the fact that fee scales for professionals in Germany are very high.²⁷

103. The Committee also questioned DoFA on the use of German contractors rather than Australians and was advised that German costs are 20 per cent higher than those in Australia.²⁸ However, this is seen as a more viable option than the expensive alternative of establishing an Australian contractor, unfamiliar with local conditions, in Berlin for a one-off project.

104. The costs are estimates at this stage of the project and the Committee acknowledges that there are contingencies for which it is necessary to plan. DoFA assured the Committee that the figures have been verified by independent experts.²⁹

Tenancy fitout

105. The Committee was advised that approximately A\$3.83 million will be spent by occupying agencies on tenancy fitout. This cost includes consultants' fees, VAT, project administration, construction supervision and apartment furniture.

Project delivery

106. After a pre-qualification process, selected tenders will be called for a lump sum construction contract, with a general contractor.

26 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.35.

27 Mr Brian Hancock, DoFA, *Transcript of Evidence*, p.152.

28 Mr Paul Platt, DoFA, *Transcript of Evidence*, p.154.

29 Mr Bill Peel, DoFA, *Transcript of Evidence*, p.150.

Program

107. Subject to Parliamentary approval to proceed, OPOG expects to call tenders in late 1999. Following an 18 month construction period, the project will be completed towards mid-2001.

Revenue

108. OPOG is the overseas landlord agent of the Australian Government. Under the user pays arrangements for overseas properties, the occupying agencies will pay commercial rent to OPOG for the chancery and apartments. The annual rent to be paid by agencies will commence at \$7.061 million and will escalate at the rate of two per cent annually.³⁰ Total rent revenue from all six apartments will be \$1.187 million per year.³¹

Committee's Recommendation

109. The Committee approves the renovation and refurbishment of the Wallstrasse 76-79 and Märkisches Ufer 8 buildings to provide a new Australian chancery in Berlin at an estimated turnout cost of \$A37.277 million at May 1999 prices.

Conclusions and Recommendations

110. The conclusions and recommendations of the Committee and the paragraphs in the report to which they refer are set out below.

Committee's Conclusion

1. 5. In future inquiries the Committee must be provided, as a matter of course, with more detailed cost breakdowns of proposed expenditure.

Committee's Conclusion

2. 14. There is a demonstrated need for the Australian chancery in Bonn to relocate to Berlin, in line with the relocation of the German seat of government, due to take effect in mid to late 1999.

Committee's Conclusion

3. 45. Whilst recognising that the location of the new chancery is suitable, the Committee notes the age and condition of the existing buildings and, as a result, the restrictions it places on the design and the refurbishment.
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³⁰ DoFA, *Submission*, p.4.

³¹ Mr Raymond Rudland, DoFA, *Transcript of Evidence*, p.36.

Committee's Recommendation

4. 84. The Committee recommends that, in circumstances where departments are paying rent to the Department of Finance and Administration for accommodation, actual comparisons between the rent charged by the Department of Finance and Administration and the rent charged for similar buildings on the private rental market should be made available.

Committee's Recommendation

5. 98. The Committee recommends that the Department of Foreign Affairs and Trade develop a set of guidelines on the standard of overseas accommodation.

Committee's Recommendation

6. 99. These guidelines should include consideration of the appropriateness of collocation of departmental officers with their workplace, taking into account staff attitudes on this matter.

Committee's Recommendation

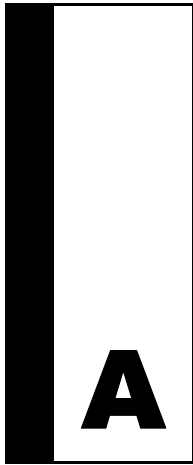
7. 100. The guidelines should be developed in consultation with all relevant parties.

Committee's Recommendation

8. 109. The Committee approves the renovation and refurbishment of the Wallstrasse 76-79 and Märkisches Ufer 8 buildings to provide a new Australian chancery in Berlin at an estimated turnout cost of \$A37.277 million at May 1999 prices.

Hon Judi Moylan MP
Chair

24 June 1999



Appendix A - Witnesses

Department of Finance and Administration

Mr Richard Hancock, Assistant Secretary, Development Management Branch,
Property Group

Mr Bill Peel, First Assistant Secretary, Property Group

Mr Paul Platt, Director, Project Management

Mr Raymond Rudland, Director, Asset Management Commercial, Property Group

Mrs Janice Wilson, Assistant Director, Asset Management Commercial B, Property
Group

Department of Foreign Affairs and Trade

Mr Douglas Chester, Assistant Secretary, Staffing Branch

Mr Peter Davin, Director, Overseas Property Section

Mr John Larkin, Assistant Secretary, Services and Property

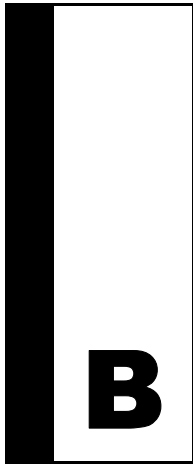
Mr Colin Rigby, Staff Counsellor

Mr Adam Robertson, Executive Officer, Europe Branch

Department of Foreign Affairs and Trade Community and Public Sector Union

Ms Celia Pollard, National Industrial Organiser (DFAT), Community and Public Sector Union

Mr Martin Quinn, Overseas Delegate, Sub Delegates Committee



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