
The Parliament of the Commonwealth of Australia

Report 4/2009

Referral Made June 2009

Construction of a new Australian Embassy Complex, Jakarta, Indonesia

Parliamentary Standing Committee on Public Works

August 2009
Canberra

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Membership of the Committee

Chair Senator the Hon Jan McLucas

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List of recommendations

2 Construction of a new Australian Embassy, Jakarta, Indonesia

Recommendation 1

The Committee recommends that the House of Representatives resolve, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: construction of a new Australian embassy complex in Jakarta, Indonesia.

Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by a delegate of the Minister for Finance.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.¹
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
- the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
 - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
 - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
 - the demolition, destruction, dismantling or removal of buildings, plant and equipment, earthworks, and other structures;
 - the clearing of land and the development of land for use as urban land or otherwise; and

¹ The Act, Part III, Section 18 (8). Exemptions from this requirement are provided for work of an urgent nature, defence work contrary to the public interest, repetitive work, and work by prescribed authorities listed in the Regulations.

- any other matter declared by the regulations to be a work.²
- 1.4 The Act requires that the Committee consider and report 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.³
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

Matters addressed in this report

- 1.6 The report addresses the proposed construction of a new Australian embassy complex in Jakarta, Indonesia by the Department of Foreign Affairs and Trade as referred in June 2009. The project is estimated to cost \$415.10 million
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, public submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on matters that warranted comment.
- 1.9 The Committee appreciates, and fully considers, the input of the community to its inquiries. Those interested in the proposals considered in this report are encouraged to access the full inquiry proceedings available on the Committee's website.⁴
- 1.10 Submissions are listed at Appendix A and Appendix B lists inspections, hearings and witnesses.

2 The Act, Section 5.

3 The Act, Section 17.

4 <www.aph.gov.au/pwc>

Construction of a new Australian Embassy, Jakarta, Indonesia

- 2.1 The construction of a new Australian embassy complex in Jakarta, Indonesia proposes to provide embassy facilities including chancery, head of mission residence, staff housing and recreational facilities. The project will be delivered by the Department of Foreign Affairs and Trade (DFAT) at an estimated cost of \$415.10 million (excluding Indonesian Government import duties and taxes).
- 2.2 The project was referred to the Committee on 18 June 2009.

Conduct of the inquiry

- 2.3 The inquiry was advertised in national newspapers and submissions sought from those with a direct interest in the project. The Committee received two submissions and one confidential supplementary submission detailing the project costs. A list of submissions can be found at Appendix A.
- 2.4 The Committee received a briefing on the scope of works, and undertook a public hearing and an in-camera hearing on the project costs on 4 August 2009 in Canberra. A list of witnesses can be found at Appendix B.
- 2.5 The transcript of the public hearing as well as the submissions to the inquiry are available on the Committee's website.¹ Plans for the proposed works are detailed in Submission 1: Department of Foreign Affairs and Trade (DFAT).

1 <www.aph.gov.au/pwc>

Need for works

- 2.6 The DFAT submission states that the works are needed to provide a purpose built embassy complex 'to enable appropriate security provisions to be incorporated into the design of the proposed facilities.' The necessary security provisions were identified after the 9 September 2004 terrorist attack on the existing embassy which resulted in 11 deaths and multiple injuries.² The need for secure facilities was further reiterated following the July 2009 hotel bombings in Jakarta.
- 2.7 DFAT confirmed that the current embassy is of concern due to the:
- vulnerability to the very main road. We cannot achieve the setback requirements that we need in our current location, whereas by moving to a new, purpose-built, larger site we can achieve much better security arrangements. I suppose the answer is, yes, we are on a major, very busy road which we cannot control, so that is a more dangerous area by its nature than our site.³
- 2.8 In addition to security needs, DFAT states that current facilities are overcrowded and therefore dysfunctional, resulting in the use of inappropriate leased accommodation in insecure locations.
- 2.9 The following agencies require facilities in the embassy complex:
- Department of Immigration and Citizenship;
 - Australian Agency for International Development (AusAID);
 - Department of Defence;
 - Australian Federal Police;
 - Australian Trade Commission (Austrade);
 - Australian Customs Service;
 - Attorney General's Department;
 - Department of Agriculture, Fisheries and Forestry;
 - Department of Education, Employment and Workplace Relations;
 - Department of Infrastructure, Transport, Regional Development and Local Government;
 - National Library of Australia;
-

2 Submission 1: Department of Foreign Affairs and Trade (DFAT), p. 1

3 Mr P. Davin, DAFT, Proof Transcript of Evidence, p. 3

- Treasury; and the
- Australian Centre for International Agricultural Research.

2.10 Given the importance of the Australian representation in Indonesia through its embassy and the need to recognise the particular security requirements of the Australian embassy, the Committee finds that there is a need for the proposed works.

Scope of works

2.11 The proposed scope of the works, including associated drawings, is detailed in Submission 1: DFAT. In short the project proposes the following:

- A chancery consisting 19 000 sq/m to house office facilities for represented agencies including meeting space, car parking and storage;
- the head of mission (HOM) residence consisting a five bedroom executive residence with guest suite and staff accommodation and including functional space for official activities;
- residential accommodation consisting of:
 - ⇒ eight four-bedroom senior executive service (SES) residences between 220-240m²; and
 - ⇒ 24 four-bedroom non-SES residences between 180-220m²;
- recreational facilities, including:
 - ⇒ indoor/outdoor covered bar and covered area;
 - ⇒ major function clubroom and facilities;
 - ⇒ medical clinic;
 - ⇒ community liaison officer and travel agent offices;
 - ⇒ commissary;
 - ⇒ three emergency accommodation units;
 - ⇒ swimming pool facilities;
 - ⇒ multi-purpose sports court;
 - ⇒ two tennis courts; and
 - ⇒ paved and lawn areas for functions.
- engineering services; and

- an integrated fitout in response to tenant requirements including integrated security requirements.⁴

2.12 DFAT told the Committee that the provision of 32 on-site residential units will accommodate staff identified as essential to the operation of the mission in an emergency situation. Responding to concerns about a lack of capacity on the proposed site for future growth, DFAT responded:

Notwithstanding an overall increase. [The core staff] would remain the same because they represent the senior representative of each agency at the posts. Whereas your senior Defence representative will be living on compound, he might have five support staff. Now it could be 10 but he will still be the one person, so it does not necessarily follow that the contingency or emergency staffing contingent would grow with overall staffing numbers.⁵

2.13 The specific security measures included in the scope of works are:

- 'defence in depth' features with 'utilise layers of passive and active security measures to cocoon the more secure areas';
- monitored perimeter walls with controlled guard access points and restricted landscaping;
- automated perimeter lighting;
- separation of public and official building access;
- intruder and distress alarms as appropriate; and
- construction of building shells in appropriate secure materials.⁶

2.14 The Committee received confidential evidence regarding the security measures and is confident that all practical measures are in place to ensure the safety of the complex.

2.15 The Committee was also provided with detailed pictures of the site and proposed construction at the public hearing and commends the architectural team for the design elements incorporated in the complex. These elements not only recognise security needs but also appropriately represent the Australian character in a modern building design.

4 Submission 1, DFAT, p. 5-6

5 Mr P. Davin, DFAT, Proof Transcript of Evidence, 4 August 2009, p. 3, 8.

6 Submission 1, DFAT, p. 20-21.

- 2.16 The Committee finds that the proposed scope of works is suitable to meet the needs of the proposed works.

Cost of works

- 2.17 The total estimated out-turn cost for this project is \$415.10 million including construction and project management costs, but excluding land costs. The Committee examined these costs in detail at an in-camera hearing.

- 2.18 In regards to project delivery, the Committee was told:

A traditional delivery of methodology comprising full design, documentation, tendering and awarding of a lump sum headwork's contract has been selected for this project on the basis that this will offer the best value for the Commonwealth. This approach also provides the greatest degree of control through all project stages, minimising the risk with respect to budget, program and quality issues. A specialist project management organisation with requisite international experience will administer the onsite construction delivery.⁷

- 2.19 The Committee is satisfied that the costings and delivery methodology for the project provided to it are appropriate.

Project issues

Environmental measures

- 2.20 As stated previously,⁸ this Committee expects Commonwealth agencies to be leaders in implementing environmentally sustainable design. Through this project, DFAT is setting a leading example of design that is not only sensitive to the Indonesian environment, but recognises the need to utilise low resource technologies.

7 Mr P. Davin, DFAT, Proof Transcript of Evidence, 4 August 2009, p. 2

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- 2.21 Together with energy efficiency measures such as small windows, building insulation and modular air-conditioning units, the design also incorporates:

Total site water cycle management including potable water, rainwater and sewage. We will be collecting rainwater from the roofs of the buildings and recycling and reusing that in a range of different ways. The use of green roofs, which is to put grassed roofs on top of a lot of the buildings, which increases the thermal protection and insulation on the buildings.⁹

- 2.22 DFAT confirmed that the building would comply with the Energy Efficiency in Government Operations (EEGO) policy, which requires a 4.5 star minimum efficiency rating, and hopes to exceed the 5 star rating towards a 6 star rating under the Australian Building Greenhouse Rating (ABGR) scheme.¹⁰
- 2.23 The Committee commends the architectural team for the environmental design of the complex.

Capacity of the local industry

- 2.24 The construction capacity of the local industry was raised as an issue of concern. The Committee was told:

Jakarta has a fairly sophisticated construction industry. We [Denton Corker Marshall Pty Ltd] would expect that tenderers might well be Australian companies that would joint venture with local contractors to do it. It is unclear at this stage who will actually be bidding, but they are the sorts of things we would expect. Certainly within the industry locally in Jakarta the capacity is there. We have constructed a number of high-rise office buildings and things in Jakarta over the last few years and there have been no issues in terms of skills.¹¹

- 2.25 DFAT also confirmed that the site would be fully controlled with a pass entry system and all workers subject to an Indonesian police check.¹²

9 Mr J. Denton, Denton Corker Marshall Pty Ltd, Proof Transcript of Evidence, 4 August 2009, p. 6

10 Mr J. Denton, Denton Corker Marshall Pty Ltd, Proof Transcript of Evidence, 4 August 2009, p. 6

11 Mr J. Denton, Denton Corker Marshall Pty Ltd, Proof Transcript of Evidence, 4 August 2009, p. 6

12 Mr P. Davin, DFAT, Proof Transcript of Evidence, 4 August 2009, p. 8.

Concurrent documentation

- 2.26 Following the public hearing held on 4 August 2009, the Department of Foreign Affairs and Trade requested the Committee's approval to undertake concurrent documentation¹³.
- 2.27 The Committee was satisfied with the evidence provided to it and agreed to the Department's request.

Committee comment

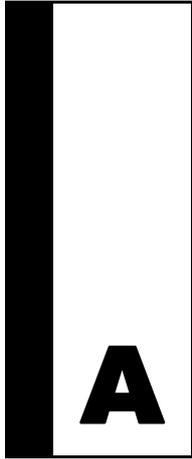
- 2.28 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 2.29 Having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works proceed.

Recommendation 1

The Committee recommends that the House of Representatives resolve, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: construction of a new Australian embassy complex in Jakarta, Indonesia.

Senator the Hon Jan McLucas
Chair
13 August 2009

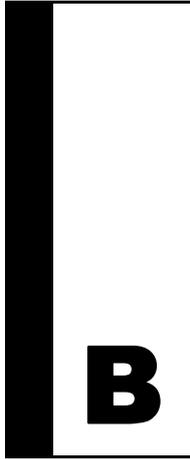
13 Concurrent documentation is the preparation of contract documentation prior to completion of the Committee's inquiry and report to Parliament. All documentation must be clear the project remains subject to Parliamentary approval. The Committee only approves requests for concurrent documentation when the evidence provided to it of sufficient quality that the Committee can completely satisfy itself as to the merits of the project and the capacity of the agency to undertake the works.



Appendix A – List of submissions

Construction of a new Australian embassy complex, Jakarta, Indonesia

- 1 Department of Foreign Affairs and Trade
 - 1.1 Confidential
- 2 Department of Environment, Water, Heritage and the Arts



Appendix B – List of hearings and witnesses

Construction of a new Australian embassy complex, Jakarta, Indonesia

Tuesday, 4 August 2009 – Canberra

Public Hearing

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

Mr John Denton, Director, Denton Corker Marshall Pty Ltd

Mr Richard Hancock, Project Director, Overseas Property Office, Department of
Foreign Affairs and Trade

Mr Paul Noonan, Director, WT Partnership

Mr Stuart Page, Assistant Secretary, Diplomatic Security and Services Branch,
Department of Foreign Affairs and Trade

In-camera hearing

Five witnesses