
The Parliament of the Commonwealth of Australia

Australia House Defence
and Lightwells
Refurbishment, Australian
High Commission, London

Parliamentary Standing Committee on Public Works

June 2005
Canberra

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Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr John Forrest MP

Senator Alan Ferguson

Mr Harry Jenkins MP

Senator Michael Forshaw

Mr Bernie Ripoll MP

Senator the Hon Judith Troeth

Mr Barry Wakelin MP

Committee Secretariat

Secretary Mrs Margaret Swieringa

Inquiry Secretaries Ms Vivienne Courto

Research Officer Mr Raymond Knight

Administrative Officer Mr Peter Ratas



List of Abbreviations

AGO	Australian Greenhouse Office
BCA	Building Code of Australia
Defence	Department of Defence
DFAT	Department of Foreign Affairs and Trade
OH&S	Occupational Health and Safety
OPO	Overseas Property Office
VAT	Value Added Tax



Extract from the Votes and Proceedings of the House of Representatives

No. 13 dated Wednesday, 9 February 2005

12 PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE –
REFERENCE OF WORK – PROPOSED REFURBISHMENT OF AUSTRALIA
HOUSE IN LONDON, UNITED KINGDOM

Dr Stone (Parliamentary Secretary to the Minister for Finance and Administration), pursuant to notice, moved – That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed refurbishment of Australia House in London, United Kingdom.

Question – put and passed.



List of Recommendations

3 Issues and Conclusions

Recommendation 1

The Committee recommends that the proposed refurbishment of Defence office accommodation and lightwells at Australia House, London proceed at the estimated cost of \$11.98 million.

Introduction

Referral of Work

- 1.1 On 9 February 2005 the proposal to carry out refurbishment of Department of Defence (Defence) accommodation and lightwells at Australia House in London was referred to the Public Works Committee for consideration and report to the Parliament in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).¹ The proponent agency for this work is the Department of Foreign Affairs and Trade (DFAT).
- 1.2 The Hon Dr Sharman Stone MP, Parliamentary Secretary to the Minister for Finance and Administration, advised the House that the estimated cost of the proposed works was \$11.98 million. Subject to parliamentary approval, works would commence in May 2006, and be completed by mid-2007.

Background

Diplomatic Presence in the United Kingdom

- 1.3 Australia House has been Australia's High Commission in London since 1918. It is Australia's oldest overseas mission and the oldest originally occupied Chancery of any foreign mission in London. The building was

¹ Extract from the *Votes and Proceedings of the House of Representatives*, No. 17, Wednesday 16 February 2005

constructed between 1913 and 1918 using substantial amounts of Australian timbers and marble.²

Previous Works

- 1.4 According to DFAT's main submission, a major refurbishment of Australia House was undertaken in the later years of the 1990s, bringing most areas of the building up to standard with local and Australian building codes.³
- 1.5 The major refurbishment project undertaken in 1995 formed the subject of the Committee's fourth report of that year. The proposal, estimated to cost \$14.25 million at May 1994 prices, comprised the following works:
 - implementation of a staged program of internal refurbishment, including compliance with OH&S standards, replacement of obsolete equipment and provision of accommodation to meet modern data and communication requirements; and
 - the refurbishment of areas surplus to High Commission requirements for lease to State Governments and other agencies.⁴
- 1.6 The proposal was approved by the Committee, but the cost of the project subsequently escalated to \$20.3 million.⁵
- 1.7 Areas not refurbished and upgraded within the scope of the 1995 project included the Defence area, which had been subject of some limited refurbishment by the tenant in 1992 - 1993, and the three building lightwells, which were excluded on the basis of cost.⁶

The Site

- 1.8 Australia House is located at Melbourne Place in London's West End. Australia House and a smaller, contiguous building known as the Australia Centre, occupy a triangular site bounded by Aldwych to the north, the Strand to the south and Melbourne Place to the west.⁷

2 Appendix C, Submission No. 1 from the Department of Foreign Affairs and Trade, paragraphs 2.1 - 2.2

3 *ibid*, paragraph 2.3

4 See *Refurbishment of Australia House, London*, Fourth Report of 1995

5 See *House of Representatives Hansard*, 10 September, 1996

6 Appendix D, Official Transcript of Evidence, page 7

7 Appendix C, Submission No. 1, paragraph 11.1

Inquiry Process

- 1.9 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
- 1.10 The Committee called for submissions by advertising the inquiry in *The Canberra Times* on Saturday, 2 April 2005. The Committee also sought submissions from relevant government agencies, local government, private organisations and individuals, who may be materially affected by or have an interest in the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

Public Hearing

- 1.11 Under the terms of the Act, the Committee may not convene at any place outside Australia and its external Territories. Where a public work is to be carried out outside Australian and its external Territories, the Committee:
- ...shall consider the work on the basis of plans, models and statements placed before it and of evidence (if any) taken by it.¹⁰
- 1.12 On 13 May 2005 the Committee received a briefing from DFAT on the scope and environs of the proposed works to be undertaken at the Australia House. This was followed by a public hearing held at Parliament House, Canberra¹¹.

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

9 *ibid*, Section 17

10 *ibid*, Section 18B

11 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 13 May 2005 in Parliament House, Canberra

The Proposed Works

Purpose

- 2.1 The objective of the DFAT works proposal is to fully refurbish three lightwells and Level Four of Australia House, London. Specifically, the proposal aims to raise the building to meet modern standards:
- to ensure compliance with current occupational health and safety (OH&S) regulations;
 - to provide an acceptable standard of amenity for tenants;
 - to ensure the ongoing viability of the property in respect of income generation; and
 - to redress degradation of lightwell areas.¹

Need

- 2.2 Australia House was constructed between 1913 and 1918, and is therefore, around ninety years old. Despite continued maintenance, decades of normal wear and tear, and exposure to the elements has necessitated the replacement of the original 'Crittal' window frames and glazing in the three building lightwells, and repairs to the drainage systems and brickwork.² Associated work will include the erection of temporary structures required to execute the lightwell refurbishment, and to facilitate

¹ Appendix C, Submission No. 1, paragraph 1.1

² *ibid.* paragraph 3.1

the entry and egress of materials and personnel required for the Level Four refurbishment.³

- 2.3 Refurbishment of Level Four, occupied by the Department of Defence, is required due to changes in Defence staffing, access and functions, and the ageing of the current fit-out. Ad hoc accommodation of operational functions over a number of years has resulted in a dysfunctional layout and a concomitant loss of efficiency. In addition, the facility no longer meets OH&S requirements. DFAT believes that a purpose-designed fit-out will enable increased operational efficiency as well as creating accommodation that will satisfy OH&S and Building Code of Australia (BCA) requirements.⁴

Scope

- 2.4 The proposed refurbishment project will entail:
- construction of temporary accommodation and the relocation (to Levels Five and Six) of the existing Level Four tenant (Defence) to facilitate proposed works;
 - demolition and removal of the existing Level Four fit-out;
 - refurbishment of base building finishes and services;
 - new office fit-out for Defence;
 - additional toilet and shower facilities;
 - high pressure cleaning of lightwells;
 - repairs to damaged lightwell areas;
 - replacement of damaged cast iron drainage pipework;
 - replacement of glazing facing into the lightwells; and
 - removal of old and non-used surface ductwork and other miscellaneous pipework, services and fittings in the lightwells.⁵

3 Appendix C, Submission No. 1, paragraph 3.2

4 *ibid*, paragraph 3.3

5 *ibid*, paragraph 13.1

Project Delivery

- 2.5 DFAT proposes a traditional project delivery methodology comprising detailed design, documentation, construction tendering and contracting. DFAT maintains that this method represents best value for money and gives the department full control of all project delivery stages.⁶ It is proposed that a single fixed lump-sum construction contract will be awarded for the works.⁷

Cost

- 2.6 The estimated cost of the proposed works is \$11.98 million. This figure includes:
- construction costs;
 - consultants' fees;
 - project management and supervision;
 - travel expenses; and
 - British Government Value Added Tax (VAT) of 17.5 per cent.⁸

6 Appendix C, Submission No. 1, paragraph 29.1

7 *ibid*, paragraphs 29.2 – 29.3

8 *ibid*, paragraphs 28.1 – 28.2

Issues and Conclusions

Program of Works at Australia House

- 3.1 During the course of its inquiry, the Committee explored a number of issues relating to the program of works at Australia House. In particular, the Committee was interested to learn about previous works undertaken at the site in the past decade, proposed 'collateral works' to levels Five and Six, the management of DFAT's works program, and the concurrent execution of proposed security works.

Previous Works

- 3.2 The Committee noted that a major refurbishment project had been executed at Australia House in 1995 and was curious to know why the Level Four and lightwell works comprising the current referral had not been addressed at that time.
- 3.3 DFAT explained that Defence had undertaken its own upgrade of accommodation on Level Four in 1992, and had therefore elected not to participate in the 1995 fit-out and upgrade. DFAT reported that this minor refurbishment had been largely cosmetic, entailing only some painting, re-carpeting and new partitioning, with the result that:

Now, 13 years down the track, we find that it is very shabby compared with the rest of the building and they [Defence] are very anxious to bring it up to the appropriate standard.¹

1 Appendix D, Official Transcript of Evidence, page 7

- 3.4 Under the current proposal, DFAT intends to carry out a comprehensive upgrade of all Level Four engineering and communications services, and the reconfiguration of the space to produce a more functional working environment.²
- 3.5 In respect of the lightwells, DFAT stated that access was difficult and that abseiling equipment had been used to conduct a detailed investigation of the extent of the work required in 2002 – 2004. In response to questions from the Committee, DFAT confirmed that budgetary restraints had prevented repairs to the lightwells from being carried out in 1995.³

Collateral Works to Levels Five and Six

- 3.6 In order to minimise disruption to Defence operations during the refurbishment of Level Four, it is proposed that Defence personnel be temporarily relocated to vacant areas of levels Five and Six, Australia House. DFAT anticipates that limited works will be required to these areas to satisfy Defence requirements for the 12-month relocation period, with the advantage that the temporary space would then be more suitable for future tenancy.⁴
- 3.7 The Committee wished to know the nature and cost of the proposed collateral works to levels Five and Six. DFAT responded that works would entail mechanical and electrical services, partitioning and any associated office fit-out necessary to maintain Defence operations during the relocation period, at an estimated cost of \$859,000.

Management of Works Program

- 3.8 In view of the works project previously conducted at Australia House, Committee members were interested to learn how the DFAT Overseas Property Office (OPO) manages its overseas properties program in respect of determining the requirement for works and the prioritisation of competing requests for upgrades. DFAT explained that most of the relevant technical information is provided by its property management partner United Multiplex Consortium, which is responsible for the delivery of property services across the entire overseas estate. Through the consortium, DFAT operates a continuous inspection program of overseas properties which informs its preventive maintenance schedule.

2 Appendix D, Official Transcript of Evidence, page 2

3 *ibid*, page 7

4 *ibid*, page 2

DFAT added that it had developed a five-year rolling program based on the technical advice received in relation to its property portfolio, and that recommendations for works are put to its senior executives at regular intervals.⁵

Concurrent Execution of Security Works

3.9 During an in-camera briefing preceding the public hearing, DFAT stated that it was considering undertaking some additional security works not included in the current project brief, concurrent with the Level Four and lightwells refurbishment. If this work were to progress, it would impact upon the project before the Committee. The Committee inquired whether the simultaneous execution of all works would result in any cost savings. DFAT responded that, while any security works would be at a cost over and above the base-building works, the simultaneous execution of both projects would result in some savings to the security component.⁶

Heritage Issues

3.10 Noting the age and prominence of Australia House, the Committee sought information on any heritage issues associated with the works proposal. DFAT explained that preliminary discussions had been undertaken with relevant authorities in London, adding that, as the proposed works would be internal and would not alter the appearance of the building, no significant heritage concerns were anticipated.⁷

Approvals

3.11 Whilst there is no requirement for DFAT to submit a formal Listed Building or Building Regulations application in respect of the proposed work⁸, DFAT's submission records that the works will require:

...approval and certification with the City of Westminster, for erection of scaffolding, and movement of material and removal of debris.⁹

5 Appendix D, Official Transcript of Evidence, page 7

6 *ibid*, pages 9 - 10

7 *ibid*, page 3

8 Appendix C, Submission No. 1, paragraph 14.1

- 3.12 The Committee was concerned to ensure that no delays or additional costs would be incurred as a result of local authority approvals processes. DFAT assured the Committee that the approvals process was routine in nature and would not take long, and that associated costs would be modest.¹⁰

Codes and Standards

- 3.13 DFAT intends that the proposed works will be carried out in accordance with the requirements of the Building Code of Australia (BCA) and, as far as possible, to meet current building codes and standards of the United Kingdom. Where differences exist between the two, DFAT proposes to apply the higher standard.¹¹ The Committee wished to know whether there are any substantial differences between the standards that may impact upon costs. DFAT responded that the Australian and British standards were largely compatible, adding that Australian standards would prevail in the internal design and fit-out of the Defence accommodation, while the external lightwells work would generally be controlled by British standards and regulations.¹²

Occupational Health and Safety and Disability Requirements

- 3.14 Whilst intending that the proposed works should comply with all relevant codes and standards, DFAT's submission notes that some constraints may apply due to the age and configuration of the existing building.¹³ The Committee inquired whether these constraints would impede the fulfilment of occupational health and safety requirements, or impact upon provisions for persons with a disability. DFAT explained that the age and heritage significance of the building means that certain aspects, such as the main staircase, can not be reconfigured to satisfy modern codes and standards. However, DFAT does not anticipate any impediment to achieving full OH&S compliance in respect of the Level Four fit-out.¹⁴

9 *ibid*, paragraph 7.1

10 Appendix D, Official Transcript of Evidence, page 4

11 Appendix C, Submission No. 1, paragraph 16.1

12 Appendix D, Official Transcript of Evidence, page 5

13 Appendix C, Submission No. 1, paragraph 16.1

14 Appendix D, Official Transcript of Evidence, page 6

Energy Conservation

- 3.15 A submission from the Australian Greenhouse Office (AGO) recommended that the proposed refurbishment should endeavour to achieve an energy use target of 207 megajoules per square metre, and
- ...that DFAT considers (subject to specific operational, functional and security requirements) all appropriate energy efficiency initiatives such as the National Framework on Energy Efficiency and Greenlight Australia...¹⁵
- 3.16 The Committee inquired whether DFAT had consulted with the AGO in respect of energy conservation measures. DFAT replied that it appreciated the advice supplied by the AGO and intended to incorporate a number of energy conservation measures into the proposed refurbishment, including double-glazing, energy-efficient lighting and zoned air-conditioning. Whilst unable to provide a definitive answer on the level of energy usage achievable in the building, DFAT stated that it would attempt to reach the target recommended by the AGO.¹⁶

Recommendation 1

The Committee recommends that the proposed refurbishment of Defence office accommodation and lightwells at Australia House, London proceed at the estimated cost of \$11.98 million.

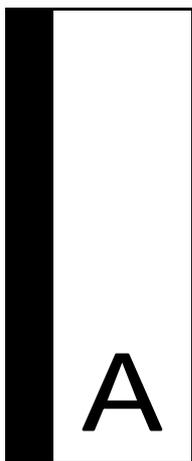
Hon Judi Moylan MP

Chair

22 June 2005

¹⁵ See *Volume of Submissions*, Submission No. 2

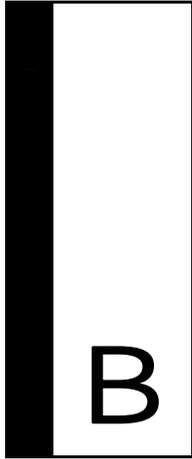
¹⁶ Appendix D, Official Transcript of Evidence, page 10



Appendix A – List of Submissions

Submissions

1. Department of Foreign Affairs and Trade
2. Australian Greenhouse Office



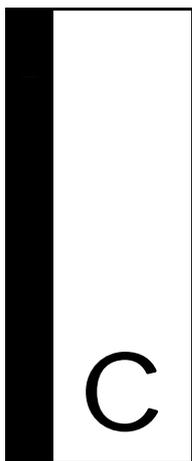
Appendix B – List of Witnesses

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

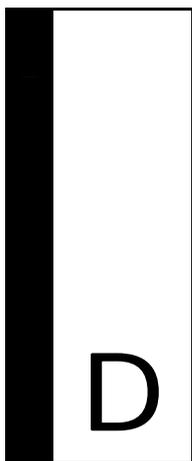
Mr Richard Hancock, Head, Project Management Services, Overseas Property Office, Department of Foreign Affairs and Trade

Mr Ian McKay, Capital Works Manager, Multiplex Facilities Management

Mr John Richardson, Assistant Secretary, Diplomatic Security Branch, Department of Foreign Affairs and Trade



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



Appendix D – Official Transcript of Evidence

