COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

Reference: Mid-life upgrade of existing chancery building at the Australian High Commission, Singapore

FRIDAY, 13 MAY 2005

CANBERRA

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JOINT STATUTORY COMMITTEE ON

PUBLIC WORKS

Friday, 13 May 2005

Members: Mrs Moylan *(Chair)*, Mr Brendan O'Connor *(Deputy Chair)*, Senators Ferguson, Forshaw and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

Members in attendance: Senators Ferguson, Forshaw and Troeth and Mrs Moylan

Terms of reference for the inquiry:

To inquire into and report on:

Mid-life upgrade of existing chancery building at the Australian High Commission, Singapore

WITNESSES

Committee met at 10.11 am

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

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

RICHARDSON, Mr John, Assistant Secretary, Diplomatic Security Branch, Information Management and Services Division, Department of Foreign Affairs and Trade

McKAY, Mr Ian Stuart, Manager, Capital Works, Multiplex Facilities Management

MORGAN, Mr Graham John, Design Manager, GHD Pty Ltd

CHAIR—I declare open this public hearing into the mid-life upgrade of the existing chancery at the Australian High Commission in Singapore. This project was referred to the Public Works Committee on 9 February 2005 for consideration and report to the parliament, in accordance with subsection 17(3) of the Public Works Committee Act 1969, which states:

> (3) In considering and reporting on a public work, the Committee shall have regard to -
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> (a) the stated purpose of the work and its suitability for that purpose;
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> (b) the necessity for, or the advisability of, carrying out the work;
>
> (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
>
> (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
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> (e) the present and prospective public value of the work.

We thank you for the opportunity to have a confidential briefing, and we will now hear evidence from the Department of Foreign Affairs and Trade. The committee has received a submission from the department. The submission will be made available in a volume of submissions for the inquiry and is also available on the committee's web site. Does the department wish to propose any amendment to its submission?

Mr Davin—There are no amendments.

CHAIR—Please make your opening statement.

Mr Davin—This submission seeks approval for the Department of Foreign Affairs and Trade to proceed with the mid-life upgrade of the existing chancery building in Singapore for use as Australia's ongoing mission to Singapore at a cost of $12.7 million. When complete, the

refurbished chancery will be occupied by the current tenants in efficient, high-quality office accommodation.

The Commonwealth leased the current site for the Australian High Commission's chancery in Singapore for a period of 99 years in April 1974 and the building was completed and first occupied in 1977. It was designed and built in the 1970s to a high standard that was suitable for the Commonwealth's accommodation requirements at the time.

The building has been well maintained, but much of its internal building and engineering services infrastructure has reached the end of its effective life, and significant midlife upgrade works are required to enable the continued operation of the high commission. The building does not comply fully with current Australian and Singaporean building codes and other applicable standards, many of which have changed since the time of the original design and construction. The works that form this proposal will address areas of noncompliance.

The Commonwealth's utilisation of the building has changed significantly in recent years, and a considerable portion of the building is now underutilised. A detailed accommodation study of the chancery was conducted in 2003. The study identified the most effective option to meet the high commission's future accommodation requirements as refurbishing the existing building. The refurbished premises will provide appropriate space, functionality and amenity for occupying tenancies, including the provision of appropriate security and representational facilities.

The majority of the building and engineering services, including mechanical, electrical and fire protection services, will be comprehensively upgraded or replaced as part of this proposal. The midlife upgrade of the chancery building will cause minimal disruption to the operation of the high commission, as there is sufficient surplus space within the building to enable effective staging of the works until the entire facility is fully refurbished and operational.

In developing this proposal, detailed consultations have been held internally in Foreign Affairs and Trade and with tenant agencies. A comprehensive accommodation brief has been produced in conjunction with the post and has been used as the basis for the functional planning of this proposal. The planning has been accepted by departments, the head of mission and high commission staff, who support the need for the refurbishment and consolidation of chancery functions.

This proposal will deliver a modern, fully functional, five-storey building consisting of a basement car park, a ground floor, four levels of office space and a rooftop services area. The ground floor will accommodate immigration services and also a multiuse facility capable of providing for official receptions, exhibitions and trade displays, meetings, lectures and business missions. All other tenants will be consolidated onto the first, second and fourth floors of the building. The third floor will be refurbished as an office shell suitable for future tenancy fit-out, otherwise being mothballed to minimise energy and building management costs. Subject to parliamentary approval, construction is scheduled to commence in March 2006, with practical completion anticipated in June 2007. The outturn cost of the proposal will be contained within the allocation of $12.7 million.

CHAIR—I think I heard you say that the land was leased in 1974. Is that right?

Mr Davin—That is correct, yes.

CHAIR—Does that mean that the lease on the land will expire in 2073?

Mr Davin—That is correct.

CHAIR—I have a question—and I think members of the committee would probably like to know—about buildings on land such as this that is subject to a very long lease. There are two factors: one is that, as you say, this building obviously does not comply fully with changes to the Australian and Singaporean building codes and standards and the other is the need for enhanced security in our overseas missions. I wonder, when you are doing the assessment on what needs to be done to these buildings, whether you give consideration to knocking them down and rebuilding them and what the cost-benefit analysis of that scenario—the rebuilding against the refurbishing—is. Would you give us some overview as to how your department arrives at the decisions about what to do with these buildings—whether to refurbish, rebuild or, in some cases I guess, to quit the lease and go somewhere else? Obviously that would not be the case here.

Mr Davin—Yes, we do give very particular consideration to all of the options that are available to meet the accommodation requirements of the post. In this particular instance we looked very closely both at relocation to a commercial office environment and at demolition and reconstruction. One of the main inputs into that consideration was that the building is held on a diplomatic lease. So, if the government were to decide to relocate to commercially leased accommodation, there would be no residual value for the Commonwealth in that site. We would not be able to put it up as a commercial piece of land for sale or use by others. That site is restricted to diplomatic use only, so it would not reflect the economic value of that building if we moved on.

CHAIR—But you could knock the building over and retain the lease. The lease is on the site itself, not on the building—is that correct?

Mr Davin—That is right. That first instance of moving to another site was to a large extent informed by the fact that we would get no value back from the existing building in relocating. We also looked at the option of demolition and reconstruction, but the cost associated with rebuilding and the generally sound condition of the current building—albeit that it is larger than our current staff requirements dictate—led us to conclude that the better and more economic option in the long term was to refurbish the current building. This also obviated the need for us to temporarily relocate. If we had gone into demolition and reconstruction, we would have had to move everyone to a temporary site for anything up to three years. The economics of all of that were really not that persuasive. That is how we came to the conclusion that the best option for us was to refurbish the current building.

CHAIR—Could I point out that other agencies quite often provide that sort of analysis to the committee. It just makes our job a lot easier in considering whether the project is value for money and whether it meets the stated purpose of the building. It might be useful, if you have done that kind of analysis, to perhaps give the committee an overview. It just adds strength to our ability to report that this is the best option.

Mr Davin—Certainly.

CHAIR—It might be something you could take into account in future. I think it is important, particularly given the added security issues, which I am sure can on some occasions mean it is better to pull the building down than to refurbish it.

Senator TROETH—To the best of your knowledge, what other works have been conducted since the chancery was built in 1977? Has there been a refurbishment of this scale since then?

Mr Davin—There been no refurbishment of the office areas in the chancery building since construction but there has been some external works done which I would characterise as rolling maintenance. I think there was a new membrane put onto the roof of the building because of persistent leaks. I do not know if Mr Hancock can amplify that.

Mr Hancock—What Mr Davin says regarding a rolling program of maintenance is correct. I think there have been some upgrades to the lifts and the usual changeover of some items of equipment and some changes to the airconditioning chillers that were out of date under the new OH&S requirements. But there has certainly been no major refurbishment of this building.

Senator TROETH—You mentioned the number of staff currently accommodated in the building. How many staff are in the building at present?

Mr Davin—There are 22 Australian based staff and, I think, somewhere between 60 and 70 locally engaged employees in the building at the moment.

Senator TROETH—Do you anticipate that that number is going to change markedly in the future?

Mr Davin—No, we would anticipate it remaining stable. The accommodation survey that we did of agencies indicates that that figure is likely to be quite stable into the future.

Senator TROETH—With the refurbishments, and with staff from any other agencies or other tenants being in the building as well, how many people will the building potentially accommodate?

Mr Davin—The proposal before the committee envisages consolidating our presence in an efficient, concentrated way, which will of course reduce the cost of providing building services, and mothballing the third floor, which consists of about 1,200 square metres of office space. So you could accommodate quite a substantial increase in the number of people in the building if required into the future. There is considerable potential for the building to accommodate a larger staff profile.

Senator TROETH—Was the third floor chosen as the area to be left vacant for any particular reason?

Mr Davin—It was the most logical area for isolation. Some of the other floors have quite substantial security or other features that require their ongoing use. So it is a consolidation of agencies into efficient and new office environments and the isolation mothballing of the third floor. The third floor was chosen as the most practical to isolate because of public access issues

for the agencies that deal with the public and because of security issues for those agencies that operate elsewhere in the building.

Senator TROETH—Is there a new tenant in mind for that third floor yet?

Mr Davin—No, we do not have any prospective tenant. Once again, the diplomatic nature of the site would prevent us seeking a normal subtenancy arrangement. The potential is always there for other Australian government agencies to seek a presence in the high commission. We do not have any proposals in sight at the moment but the area will be available to be fitted out quickly, should such a need arise in the future.

Senator TROETH—When refurbishment is finished and there is the likelihood of a new tenant, will any fit-out that is done be paid for by the tenant or by Australia?

Mr Davin—Yes, that would be a tenant cost. We will be upgrading all of the base building services, so there will not be any further work required on the third floor of that nature; it will just be the installation of partitioning and things like that. As part of our refurbishment, we will be putting in floor treatments and a modern-lighting ceiling structure on the third floor, but we will leave it at that. It will be fitted out to a very high standard at a base building level ready for further tenant requirements, should the need arise.

Senator FORSHAW—Just following up on that issue of the third floor, you say that the nature of the tenancy is confined or limited to diplomatic activity. Could you be a bit more precise? Are you saying that it is limited to agencies of the Australian government? I am not suggesting that you are looking for a tenant from another country, but could it cover, for instance, some sort of NGO that has an international role?

Mr Davin—Any tenant of that space would need to have diplomatic accreditation with the Singapore government. Conceivably we could accommodate a New Zealand presence or a Canadian presence but within the usual security confines of our high commissions. The profile we are trying to project in Singapore, of course, is of an Australian presence and not a commercial presence.

Senator FORSHAW—Do not even think I was considering that you were. I was probably trying to understand whether, if it included other Australian agencies, they might not be purely government. There is no need to take it any further.

Mr Davin—In Singapore, it would need to be a Commonwealth agency coming under the diplomatic representation of the Australian government or equally an accredited country before we could let the floor.

Senator FORSHAW—As I asked similarly about the London high commission, is there any substantial difference in the application of building standards and codes that impact upon the cost here?

Mr Davin—I understand that the Singapore codes derived originally from British standards, so they are of a high and similar standard to the Australian code. But, once again, the works we

are undertaking internally will all be completed to Australian standards. I do not think any specific areas are of concern to us in that particular building.

Senator FORSHAW—I do not know whether this has been asked: you have given us costings as at August 2003; can you update that figure?

Mr Davin—There is an escalation provision in that.

Senator FORSHAW—We covered that in the confidential briefing.

Mr Davin—Yes.

Senator FERGUSON—Where is Austrade currently situated? Is it in the high commission or is it elsewhere?

Mr Davin—It is in the high commission.

Senator FERGUSON—So there is no other obvious Australian government agency that you think would be a possible tenant for the third floor?

Mr Davin—No, not in prospect at the moment. As part of our space brief for the building, we canvassed agencies about their current occupation and prospective growth options. As I say, the establishment is very stable at the moment. The state of our knowledge at the moment is that there is no likely government tenant to emerge, but we are continually surprised about—

Senator FERGUSON—So what is the demand for office space like in Singapore? Is there a high demand or not?

Mr Davin—In a commercial sense?

Senator FERGUSON—Yes.

Mr Davin—We really have not—

Senator FERGUSON—I am just not sure what type of tenant you are going to get, and if you are not going to get a tenant you could have a fourth floor that is empty.

Mr Davin—A third floor.

Senator FERGUSON—Sorry, a third floor that is empty.

Mr Davin—We are constrained at two levels. One is that the lease is a diplomatic lease so only someone who is accredited can go in there. The other constraint is that we have very high security requirements in that building. If we were able to put in a commercial tenant, they would probably not want to subject their staff and operation to the sorts of security controls we have in an embassy. Once again, we are projecting an Australian presence in Singapore and we would

not necessarily want that compromised by having commercial type tenants. It is an Australian government facility.

Senator FERGUSON—So you think you would be better off having the third floor vacant than having a tenant who did not fit in with the general profile of the high commission?

Mr Davin—If we were able to find a tenant that met the diplomatic lease requirements we would go to quite extraordinary lengths to accommodate that tenant, but that is not in prospect at the moment. The best solution we were able to come up with was to consolidate our presence in that building in an efficient way on the other floors, bring the services—the airconditioning and all the other building management facilities—onto a zone basis to those areas and isolate the third floor so that we are minimising the energy and the running costs associated with that vacant space.

Senator FERGUSON—Is the current diesel generator to provide emergency power in good working condition?

Mr Davin—It is in working condition but it is obviously of a fair vintage and it is our proposal to replace it. It is certainly in working condition but it is of vintage quality.

Senator FERGUSON—I am not quite sure why you would need a backup emergency generator. If you have an emergency provider of power which is only going to be used rarely anyway, it would seem to me unnecessary to have an emergency one in case the backup emergency does not work.

Mr Davin—It is a matter of the cost of removing and decommissioning and the residual value of the current generator making it not an economic proposition. It is a more economic proposition to leave it in situ and put a new generator in. I think that was the judgment that was arrived at. Mr Morgan, can you amplify that? Is there anything further to add on the generator issue?

Mr Morgan—The electricity supply in Singapore is relatively reliable and has a reasonably good history although there are occasions when it is less than ideal. The other problem the chancery has is that it has a single spur feed. It is not on a ring main, so any damage that might occur at any point in time to the single feed into the chancery would take considerable time to fix. Therefore to cover that contingency diesel is a very desirable option to have. Obviously because of the climate, you cannot occupy a building in Singapore without having airconditioning running. It is not an environment in which you can throw your airconditioning over to a fresh air cycle, because you will rapidly expire.

Senator FERGUSON—Does it automatically kick in with a power failure?

Mr Morgan—Yes.

Senator FERGUSON—I understand that there are currently some difficulties in relation to disability access to the building. Are you satisfied and quite confident that, once you have completed this, a disabled person wanting to get to the third floor and this level that you intend to let will be able to get access without difficulty?

Mr Davin—Yes, we have made full provision for disabled access; upgrading those arrangements is an essential part of the refurbishment plan. That is an area of deficiency at the moment.

Senator FERGUSON—Are there standard requirements in Singapore for disabled access?

Mr Davin—I cannot speak authoritatively on that.

Senator FERGUSON—In many countries there are none.

Mr Morgan—Not that we are aware of. Again, because there are currently both external and internal issues, we would be proposing to address those through the DDA.

Senator FERGUSON—I do not think it is a secret that, in many of our overseas chanceries et cetera, new security measures mean that we have installed bombproof glass, particularly on the lower floor levels. Is it a matter of security or can you tell us whether that is in the proposed plan for this chancery?

Mr Davin—The security works that are identified in this proposal are not about replacement of ballistic glass; they are internal security features which need to be changed because of the different configuration we are going to. They are security barriers, access arrangements. Mr Richardson can speak to the new security arrangements that are currently under development.

Mr Richardson—It is true that all our chanceries throughout the world will have bomb blast protection as part of a program we currently have in place; and, as part of that program, we are looking further at upgrading Singapore's glazing.

Senator FERGUSON—So currently it does not have it?

Mr Richardson—I was not actually saying that, and I would prefer, if I may, to—

Senator FERGUSON—That is okay. I was not here for the confidential part of your evidence; I cannot blame you for that. It is just that there was a highly publicised report of a proposed attack on the chancellery and I thought extra precautions might be taken.

Mr Richardson—In fact we have been upgrading security at our high commission in Singapore over the past several years and we are putting in quite extensive new security works there, but I would prefer not to comment on the details of those works.

Senator FERGUSON—I do not mind at all.

CHAIR—Perhaps when you have gone through this in more detail you can come back and brief the committee in relation to both London and Singapore—

Mr Richardson—Certainly.

CHAIR—in a confidential briefing. Thank you. I have a question about the first part of your submission, paragraph 7.2, where it says:

The removal of hazardous material will be undertaken in accordance with relevant legislation and approved safe work practices.

First of all, can you tell us what 'relevant legislation and approved safe work practices' you are working to—are they Singaporean or are they Australian? Then I have some other questions about the nature of the hazardous material.

Mr Morgan—The situation will be that the contract works undertaken in Singapore will have to be undertaken in accordance with Singaporean law. It follows that the Singaporean standards would apply, unless during the detailed development of the design of the project we discover that there are deficiencies from our perspective in terms of a comparison with Australian hazardous material removal and the like. In those circumstances we would incorporate specific requirements into the tender documentation to require work to be undertaken, particularly internal works, so that the safety of visitors and staff and occupants of the building would be maintained to the direct equivalent of the work had it been done in Australia.

CHAIR—What is the nature of the hazardous material?

Mr Morgan—It varies. There are PCBs in the existing light fittings, many that have been there since 1977. All of those would be removed. That is not an activity which requires any special hazardous treatment. There are encapsulated asbestos materials in areas such as the external eave soffits, which are fibro sheet. Again, that is not a problem in this case because we are not anticipating that those materials will be disturbed—and they are safe while they are not disturbed. There are asbestos materials in other locations, such as in components in the main switchboard, that will be replaced. Again, they do not present a hazard unless they are disturbed by sanding, drilling or bashing. So the removal of those things under the contract will be identified and required to be done in accordance with the appropriate safe work practices.

CHAIR—So you will ensure that there is no hazard to occupants of the building—

Mr Morgan—Or to those involved in undertaking the work.

Senator FERGUSON—How far is the building set back from the public thoroughfare?

Mr Richardson—It has very considerable setback. There is a minimum setback from the front of at least 30 metres—and in considerable parts a lot more than that.

CHAIR—Once again, I am interested in what you have done to ensure that you are implementing energy saving measures. In submission 1 at paragraph 17(12) you state that a building management system will replace the outdated pneumatic control system and that it will include energy saving algorithms. Could DFAT elaborate on the benefit of energy saving algorithms?

Mr Davin—This is a key element of the refurbishment. The current building is very inefficient in the sense that it is a single control building. You cannot zone any area. So if one person comes into the building out of hours then the entire plant has to be turned on to provide a reasonable working environment. As to the detail of the initiatives, the key ingredient is that the

new refurbishment will provide for zoning throughout the building. But I might defer once again to my colleague to provide a more detailed explanation.

Mr Morgan—Senators will have seen the pictures of the building if they are not personally familiar with it and will appreciate that it is inherently energy inefficient. A large void space continues through almost the full height of the building and each floor is currently open onto that void. In an overall sense, if we were designing a new building from scratch we would be looking for something like a 4½-star building, this building will never approach anything like that. The best that we could perhaps hope for is 3½. In regard to the kinds of specific measures that are being taken, Mr Davin has indicated that the zoning is very important because we will be incorporating dampers at each floor level so that individual floors can be operated or not operated. That is important in terms of the floor that is being mothballed. Also within the floor we will be installing new VAV boxes and controls. That will mean that we will be able to control down to segments of floors so that staff will be able to come in and press a button after hours and switch on just their area of the floor, rather than the whole floor. The existing air handling plant fans will be installed with variable speed drives which will mean that they will only run as fast, and therefore absorb as much energy as they need to generate the amount of air that is required by a demand driven process rather than an all-on or all-off process that Mr Davin described.

We will have an intelligent lighting system similar to what is available in Parliament House so that lights are not inadvertently left on when they need not be on. So a whole range of measures will be taken. There is very little we can do to the external envelope to improve the heat gain into the building and that is the major deficiency which we cannot address through this current project.

CHAIR—Just one other question from me. It is in relation to landscaping. In the main submission you have indicted that there is no external work proposed apart from the new disabled access ramp and the creation of a new entry to DIMIA. That is in submission 1, paragraph 6(3). Later in the submission you state that the existing established pavement and landscaping are in good condition and will be retained, with the exception of some minor modification to the entry driveway and the resealing of bitumen surfaces. Can you assure the committee that in the light of the new security budget there will not be a doubling up of this work? For example, you will not complete this work to the driveway and then under the new security measures budget come back and that work will go and new work will be done? I guess we are just looking for a reassurance that there will be close consultation which will ensure that there is no overlapping or additional expenditure.

Mr Richardson—I am very happy to assure the committee that we will integrate the two sets of works very fully, which is of course why we also wish to undertake them at the same time—to ensure absolutely that there is no overlap, duplication or wastage of the type that you outlined.

CHAIR—Thank you very much. Again I would like to thank all the witnesses who appeared today, the Hansard and Broadcasting staff and our secretariat for the preliminary work they did. Before closing, it is necessary that the committee authorise the publication of evidence.

Resolved (on motion by **Senator Ferguson**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it and submissions presented at public hearing this day.

Committee adjourned at 10.46 am