
The Parliament of the Commonwealth of Australia

Construction of Chancery, Phnom Penh, Cambodia

Parliamentary Standing Committee on Public Works

February 2006
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 Michael Forshaw

Mr Harry Jenkins MP Senator Stephen Parry

Mr Bernie Ripoll MP Senator the Hon Judith Troeth

Mr Barry Wakelin MP

Committee Secretariat

Secretary Mrs Margaret Swieringa

Inquiry Secretaries Mr Raymond Knight

Ms Vivienne Courto

Administrative Officers Mr Peter Ratas

List of abbreviations

AFP	Australian Federal Police
AusAID	Australian Agency for International Development
BCA	Building Code of Australia
CCTV	Closed Circuit Television
Defence	Department of Defence
DFAT	Department of Foreign Affairs and Trade
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
EIS	Environmental Impact Statement
EWIS	Emergency Warning and Intercommunication System
MATV	Master Antenna Television
MLMUPCC	Ministry of Land Management, Urban Planning, Construction and Cadastral
OPO	Overseas Property Office
OH&S	Occupational Health and Safety

Extract from the Votes and Proceedings of the House of Representatives

No. 61 dated Wednesday, 12 October 2005

**21 PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE –
REFERENCE OF WORK – PROPOSED CONSTRUCTION OF A NEW
CHANECRY BUILDING FOR THE AUSTRALIAN EMBASSY IN PHNOM PENH,
CAMBODIA**

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 construction of a new chancery building for the Australian Embassy in Phnom Penh, Cambodia.

Question – put and passed.

List of recommendations

3 Issues and Conclusions

Recommendation 1

The Committee recommends that the Department of Foreign Affairs and Trade provide the Committee with a list of all parties involved with the project delivery and management of the proposed chancery construction, and a comprehensive breakdown of fees to be paid to these parties and their roles within the project.

Recommendation 2

The Committee recommends that the proposed construction of the new chancery for the Australian Embassy in Phnom Penh, Cambodia, proceed at the estimated cost of \$19.93 million.

Introduction

Referral of Work

- 1.1 On 12 October 2005 the proposal to construct a new chancery building for the Australian Embassy in Phnom Penh, Cambodia, 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 works was \$19.93 million. Subject to parliamentary approval construction would begin in September 2006 with practical completion and occupation scheduled for March or April 2008.

¹ Extract from the *Votes and Proceedings of the House of Representatives*, No. 61, 12 October 2005

Background

Current Site

- 1.3 The existing chancery is located at Villa 11, R V Senai Vannavaut Oum, Daun Penh District, a residential area of Phnom Penh. The three-storey villa was built in 1972 and purchased by the Australian Government in 1992. In 2000, additional space requirements led the Government to purchase a two-storey villa on an adjoining block to accommodate some Australian Embassy staff and the collocated Canadian Embassy.²

Site for New Chancery

- 1.4 The location of the proposed work is a 9,000 square metre flat rectangular site, about 2.5 kilometres from the centre of Phnom Penh. It is located on Samdech Kompreah Norodom Ranarinth Street, approximately 360 metres from the intersection with Sihanouk Boulevard and approximately 400 metres west of the Bassac River.
- 1.5 The Cambodian Parliament, which is currently under construction, and the Ministry for Foreign Affairs are located directly to the north, and a number of foreign missions are established nearby.³

Inquiry Process

- 1.6 The Committee is required by the Act to consider public works over \$6 million⁴ 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.⁵

2 Appendix C, Submission No. 1, paragraph 2.1

3 Appendix C, Submission No. 1, paragraph 13.1

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

- 1.7 The Committee called for submissions by advertising the inquiry in *The Canberra Times* on Saturday, 22 October 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

- 1.8 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.⁶
- 1.9 On 5 December 2005, the Committee received a briefing from DFAT officers on the confidential costs of the proposed works to be undertaken in Phnom Penh, Cambodia. This was followed by a public hearing held at Parliament House, Canberra⁷.

5 ibid, Section 17

6 *Public Works Committee Act 1969*, Part III, Section 18B

7 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Monday, 5 December 2005 in Parliament House, Canberra

2

The Proposed Works

Purpose

- 2.1 The proposed new chancery will accommodate Australia's permanent mission to Cambodia, and provide a modern efficient, pleasant and safe working environment for embassy staff.¹
- 2.2 Tenant agencies of the proposed chancery are the Department of Foreign Affairs and Trade (DFAT), the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), the Australian Agency for International Development (AusAID), Department of Defence (Defence), and the Australian Federal Police (AFP). The chancery will also provide accommodation for the Canadian Embassy.²

Need

- 2.3 The existing chancery does not meet requirements of:
 - access;

¹ Appendix C, Submission No. 1, paragraph 17.1

² ibid, paragraph 6.1

- services;
- layout;
- facilities;
- space; and
- security.³

Proposed Scope

- 2.4 DFAT proposes to construct a new 2,200 square metre chancery with appropriate provision for security in accordance with DFAT and individual agency requirements. The chancery will be designed to meet the specific space needs and functions of the tenants, whilst providing for some future expansion within the prescribed building setbacks.⁴
- 2.5 The proposed works encompass the following elements:
- engineering services:
 - ⇒ including generators, mains electricity, water reticulation and storage, storm water drainage, sewerage treatment system, telecommunication facilities;
 - access and security:
 - ⇒ main pedestrian and vehicular access with guard booth and mail room;
 - ⇒ secondary vehicular access with small guard booth;
 - ⇒ service and parking area with automatic gate;
 - ⇒ porte-cochere and main entry foyer;
 - ⇒ main entrance to chancery and controlled access for staff and visitors;
 - ⇒ separate controlled staff entry;
 - ⇒ separate entry foyer for DIMIA and the Canadian Embassy;
 - landscaping for the entire site;
 - integrated building fit-out in accordance with tenant requirements:

3 Appendix C, Submission 1, paragraph 3.1

4 ibid, paragraph 12.1

- ⇒ tenant related security;
- ⇒ fixed partitions and doors;
- ⇒ window treatments;
- ⇒ floor covering;
- ⇒ compactus storage units.⁵

Estimated Cost

2.6 The out-turn cost estimate is \$19.93 million, based on July 2004 prices escalated to construction. The estimate includes:

- construction;
- consultants' fees;
- project management;
- supervision expenses; and
- site office expenses.

The estimate does not include:

- workstations;
- furniture;
- artworks;
- white goods; and interest charges.⁶

5 ibid, paragraphs 12.2-12.6

6 Appendix C, Submission No. 1, paragraph 28.1

3

Issues and Conclusions

Options Considered

- 3.1 In planning for a new chancery, the Department of Foreign Affairs and Trade (DFAT) considered the following options:
 - to lease alternative accommodation on the open market; or
 - to construct a new purpose-designed chancery.¹
- 3.2 Whilst some general details of the options considered were included in DFAT's main submission, the Committee requested further information on the selection process, the time frame over which selection was conducted, and specific information about the possible chancery sites.
- 3.3 DFAT informed the Committee that the search for a suitable property for the chancery, based on finding leased premises, began in November 2003. DFAT engaged CB Richard Ellis out of Bangkok to conduct the search for suitable premises, however in four months were unable to identify any suitable buildings for leased accommodation.²

1 Appendix C, Submission No. 1, paragraph 4.1

2 Appendix D, Official Transcript of Evidence, page 2

- 3.4 In May 2004, DFAT concluded that to meet specific DFAT site requirements, it may be necessary to purchase a specific site for the construction of a chancery. A marketing campaign was initiated and in September 2004, 30 to 40 sites had been short-listed. Upon closer examination of the short-listed property options, five sites were identified as suitable options:
- a site in northern Phnom Penh close to the French embassy;
 - a site in southern Phnom Penh next to the Vietnamese embassy;
 - two sites next to the US embassy; and
 - a site close to the Cambodian Parliament and Ministry of Foreign Affairs.³
- 3.5 The first four sites were deemed unsuitable due to various land title issues and inadequate security setbacks. Hence, DFAT identified the site located on Samdech Kompreah Norodom Ranarinth Street, close to the Cambodian Parliament and Ministry of Foreign Affairs, as the preferred site for the new chancery. The 9,000 square metre site area⁴ provides adequate security parameters such as the setback from the road. Negotiations with the owner of the site began in January 2005, and after site contamination tests, and geotechnical and flooding surveys, DFAT signed the contract for sale in August 2005.⁵

Security

Co-location with Canadian Embassy

- 3.6 DFAT states in its main submission that the proposed chancery will accommodate Australia's permanent mission to Cambodia, and space will be dedicated to the Canadian Embassy.⁶ The Committee enquired on further details of the co-location with the Canadian Embassy and whether security would be compromised as a result of embassy co-location.
- 3.7 DFAT explained that
-

3 Appendix D, Official Transcript of Evidence, page 3

4 Appendix C, Submission No. 1, paragraph 13.1

5 Appendix D, Official Transcript of Evidence, Page 3

6 Appendix C, Submission No. 1, paragraph 1.3

...there is an overarching agreement between the Canadian and Australian governments that says that, where practical and convenient, we will look at the possibilities of co-location.⁷

Currently Australia provides accommodation for Canada at two locations.

- 3.8 Whist the Canadian Embassy will have a separate entrance at the northern end of the building⁸, DFAT do not anticipate that providing accommodation for the Canadian Embassy will introduce any additional security concerns. The entrance to the Canadian Embassy would also have standard security features such as a strengthened access door and security airlocks.⁹ The Canadian Embassy participates in regular meetings of the chancery to address property issues such as security.

Chancery Access

- 3.9 Given the placement of the proposed chancery on the site, the main access issues for DFAT are at the perimeter fence. The main common entry will have an in-built guardhouse where vehicles, staff and visitors to the site would be screened. Any items which can not be brought on to the site would be kept at the main perimeter access point.¹⁰

Building Restrictions

- 3.10 As the Cambodian Parliament, currently under construction, is located directly to the north of the site¹¹, the Committee enquired whether there were any Cambodian parliamentary precinct restrictions that may affect the proposed chancery. DFAT responded that there may have been issues which relate to a local temple; however local authorities and ministry for foreign affairs have not expressed any objections to DFAT.¹²
- 3.11 There is also a holy tree on the chancery site that has special religious significance to the Buddhist community, and DFAT has assured that the design and location of the chancery will not impact on the tree.¹³
-

7 Appendix D, Official Transcript of Evidence, page 6

8 Appendix C, Submission No. 1, paragraph 13.2

9 Appendix D, Official Transcript of Evidence, page 12

10 *ibid*

11 Appendix C, Submission No. 1, paragraph 13.1

12 Appendix D, Official Transcript of Evidence, page 4

13 *ibid*, page 7

Electricity Supply

- 3.12 DFAT states in its main submission that,

As power supply can be disconnected for periods up to 8 hours, two diesel generators rated for continuous use will be installed as the primary power source. The local supply will be used as back-up.¹⁴

The Committee sought clarification on how the electricity system would operate within the building, and how essential service systems would be powered.

- 3.13 DFAT explained that the two diesel generators operate independently in a double redundancy system where a single generator can adequately run the building should the need arise. One such circumstance is when routine maintenance of a generator is required. DFAT confirmed that essential services, including building security and emergency services, are connected to the generators for primary source of electricity, with connection to the local supply proposed as a back-up. DFAT is satisfied that the arrangement for electricity supply will be sufficient for the onsite requirements.¹⁵

Environmental Considerations

- 3.14 In its main submission DFAT submits that Phnom Penh currently has no specific environmental laws, and no requirement for an Environmental Impact Statement (EIS).¹⁶ The Committee enquired as to whether there were actually any local code requirements, and what sorts of energy conservation measures DFAT proposed.

- 3.15 DFAT reported that while the local code requirements are minimalist, it would endeavour to achieve the standards of the Property Council of Australia, which are of parallel consumption ratios to that of the Australian Greenhouse Office guidelines. The energy consumption levels that will be applied for the Phnom Penh proposal are based on the levels of a city of similar environment. Passive energy conservation measures

¹⁴ Appendix C, Submission No. 1, paragraph 17.22

¹⁵ Appendix D, Official Transcript of Evidence, page 5

¹⁶ Appendix C, Submission No. 1, paragraph 7.1

include tinted windows, solar hot-water heating and the use of appropriate materials.¹⁷

Reclaimed Land

- 3.16 At the public hearing, DFAT informed that the site of the proposed chancery is in an area of reclaimed land.¹⁸ The Committee was interested in the nature of the reclaimed land and how it would affect, if at all, the proposed building of the chancery.
- 3.17 DFAT explained that geotechnical testing revealed the proposed building of the chancery would likely require substantial foundations. Preliminary estimates indicate that some of the pilings will need to go to a depth of thirty metres. The reclaimed land, that DFAT believe may have been pumped out of the Bassac River, has a high water content which necessitates the deep piles. Furthermore, contamination testing confirmed that the land was within international standards in terms of any potential contamination. DFAT engaged Woods Bagot, from Bangkok, to oversee geotechnical and contamination testing.¹⁹
- 3.18 Based on the surveys conducted on the site, and the fact that it is a greenfield site, DFAT is confident that project cost estimates will cover works associated with deep piling and construction on reclaimed land.²⁰

Flooding

- 3.19 As the site for the proposed chancery is approximately four hundred metres west of the Bassac River²¹, the Committee was concerned that the site may be prone to flooding at particular times of the year. DFAT assured the Committee that the site should be reasonably flood proof with it currently half a metre above the highest recorded flood level, which occurred in 2002. DFAT also proposed that the site will be raised above the existing level. A number of dams are being put in place upstream on the Mekong River which should further minimise the risk of flooding.²²
-

¹⁷ Appendix D, Official Transcript of Evidence, page 9

¹⁸ ibid, page 8

¹⁹ ibid

²⁰ ibid, page 11

²¹ Appendix C, Submission No. 1, paragraph 13.1

²² Appendix D, Official Transcript of Evidence, page 8

Building Services

Air-conditioning

- 3.20 According to DFAT's main submission, air-cooled, split or packaged systems are proposed to air-condition the building.²³ Given the risk of *Legionella* bacillus associated with water tower air-conditioning systems, and the high need for air-conditioning services in such a climate, the Committee sought further details on the proposed air-conditioning system.
- 3.21 DFAT informed the Committee that water towers would not be used in the proposed air-conditioning system. Split coil units will be spread throughout the building, which allow a specific area to be air-conditioned as required, hence minimising the waste of energy through the air-conditioning of unoccupied areas of the building.

Hydraulic Services

- 3.22 In its main submission DFAT indicates that the mains water infrastructure is reasonable; however, due to cracked pipes water quality is poor and, not suitable for consumption. Also, Phnom Penh has no separate sewerage system or local regulations governing treatment, and sewage is discharged into the storm water system. The Committee asked for more detail on the chancery's water supply and sewerage system, and sought reassurance that DFAT would treat sewage before it is discharged.
- 3.23 DFAT responded that given the supply of poor quality water to the site, water would be brought onto the site and stored. Water would pass through an on-site treatment system, involving sand filtration and ultraviolet-light sterilisation, prior to consumption.²⁴
- 3.24 DFAT assured the Committee that that sewage would be treated on-site before being discharged into the public system, and that this procedure was the best outcome under the circumstances. As a result, DFAT would be releasing more highly treated sewage into the public system which ultimately releases into the river.²⁵

23 Appendix C, Submission No. 1, paragraph 17.2

24 Appendix D, Official Transcript of Evidence, page 14

25 ibid

Codes and Standards

Occupational Health and Safety

- 3.25 In its main submission DFAT states that Phnom Penh does not currently have building regulations, codes or standards; however authorities are familiar with British standards.²⁶ Given these circumstances, the Committee sought confirmation that Occupational Health and Safety (OH&S) standards would be followed. DFAT assured the Committee that construction would adhere to Australian standards, which will be reflected in the contract documentation.²⁷
- 3.26 OH&S measures will also include dust and noise mitigation strategies for workers. DFAT states that there are no buildings in the immediate construction site perimeter that would be affected by the proposal.²⁸

Access Equity

- 3.27 DFAT reports in its main submission that,
- The project will be delivered generally in accordance with the Disability Discrimination Act 1992.²⁹
- The Committee sought clarification on what the term “generally” means in the context of the aforementioned statement, and whether the proposed chancery would fully meet the requirements of the *Disability Discrimination Act 1992*.
- 3.28 At the public hearing DFAT assured the Committee that the proposed chancery would meet the requirements of the *Disability Discrimination Act 1992* through the incorporation of features such as, ramps, appropriate corridor width and suitable lift controls. Some specialised security features would not comply with the requirements of the *Disability Discrimination Act 1992* which is the qualification for the use of the term “generally” in the statement. Assistance would be available should it be required in such non-compliant areas such as a double-door environment which could not be operated independently.³⁰
-

26 Appendix C, Submission No. 1, paragraph 14.4

27 Appendix D, Official Transcript of Evidence, page 8

28 *ibid*, page 11

29 Appendix C, Submission No. 1, paragraph 16.2

30 Appendix D, Official Transcript of Evidence, page 11

Importing Materials

3.29 DFAT indicates that some construction materials will require importation as they are not available in Cambodia, or not of sufficiently high standards. These materials include:

- glazing components;
- steel window sections;
- plant and equipment;
- electrical and hydraulic fixtures and fittings;
- joinery;
- high strength concrete;
- granite;
- stone; and
- structural steelwork.³¹

The Committee requested further information regarding the importation of materials and what impact it would have on total project costs.

3.30 While DFAT had not conducted a detailed analysis on materials to be imported, it is confident that importation of construction materials has been incorporated into the total project cost, DFAT estimates that approximately 85 percent of materials would be required to be imported and materials would be brought in from either Thailand or Australia to ensure the equivalent to Australian quality and standards.³²

Project Delivery

3.31 In its main submission DFAT indicates that,

A project management company with international experience would administer a traditional lump sum contract awarded to the construction contractor. Superintendence of the contract is to be

31 Appendix C, Submission No. 1, paragraph 17.6

32 Appendix D, Official Transcript of Evidence, page

carried out by the Project Manager with support from in-country partners.³³

The Committee was concerned with how many parties would be involved in the project management and delivery process, and their respective roles and allocation of project funds.

Recommendation 1

The Committee recommends that the Department of Foreign Affairs and Trade provide the Committee with a list of all parties involved with the project delivery and management of the proposed chancery construction, and a comprehensive breakdown of fees to be paid to these parties and their roles within the project.

- 3.32 The Committee also sought reassurance that, given the foreign work environment, the proposal could be finished on time and to budget. DFAT admitted that it is a difficult environment and that purchasing the land had been challenging. However due to previous experiences in construction in the South-East Asia region and familiarity with the local environment through preliminary visits, DFAT is confident the project can be delivered in the stated time frame and within budget.³⁴

Future Expansion

- 3.33 DFAT proposes the new chancery will be designed to meet the specific space and need functions of tenant, with provision for future expansion.³⁵ The Committee enquired as to current staffing levels, and whether DFAT anticipate an increase in staffing requirements in the future. DFAT reported that there are seventeen Australian based staff and forty-one locally engaged staff. Part of the chancery building design is based on space briefs provided by tenant agencies of the building. These briefs account for estimated future requirements of the tenants. The proposed

33 Appendix C, Submission No. 1, paragraph 29.5

34 Appendix D, Official Transcript of Evidence, page 15

35 Appendix C, Submission No. 1, paragraph 12.1

building design allows for modest expansion and capacity to reconfigure areas.³⁶

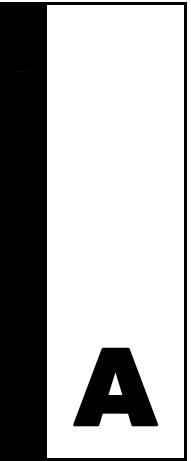
Recommendation 2

The Committee recommends that the proposed construction of the new chancery for the Australian Embassy in Phnom Penh, Cambodia, proceed at the estimated cost of \$19.93 million.

Hon Judi Moylan MP

Chair

15 February 2006

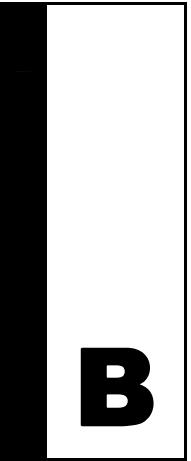


A

Appendix A – List of Submissions

Submissions

1. Department of Foreign Affairs and Trade



B

Appendix B – List of Witnesses

Mr Marke Chappe de Leonval, Director and Quantity Surveyor, Rider Hunt
Canberra Pty Ltd

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

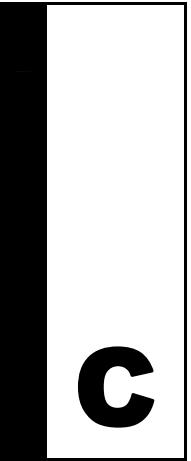
Ms Paula Ganly, Head, Post Security Taskforce, Diplomatic Security
Information Management and Services Division, Department of Foreign
Affairs and Trade

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

Mr Ian McKay

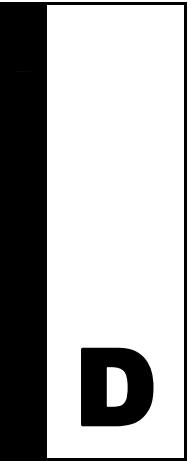
Capital Works Manager, Multiplex Facilities Management

Mr Philip Moran, Assistant Secretary, Property Management and Strategic
Planning, Overseas Property Office, Department of Foreign Affairs and Trade



C

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



D

Appendix D – Official Transcript of Evidence