

## Residential Accommodation and Staff Amenities at the Australian Embassy, Kabul, Afghanistan

- 4.1 The Department of Foreign Affairs and Trade (DFAT) seeks approval from the Committee to reconfigure and refurbish residential accommodation and staff amenities at the Australian Embassy, Kabul, Afghanistan.
- 4.2 The proposed project will substantially improve residential accommodation and amenities in the Australian Embassy in Kabul, Afghanistan by improving security and safety arrangements and consolidating the current property footprint.<sup>1</sup>
- 4.3 The estimated cost of the project is \$23.25 million.
- 4.4 In February 2015, the Committee received two medium works notifications for the Embassy site in Kabul. It was unclear from further information why these two works should not be considered as one project, given the close location and purpose of the works. Consequently, the Committee sought a full referral of the project through a motion of the House, which was granted on 26 March 2015.

### Conduct of the inquiry

- 4.5 Following referral, the inquiry was publicised on the Committee's website and via media release.
- 4.6 The Committee received one submission and one supplementary submission from DFAT. A list of submissions can be found at Appendix A.

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<sup>1</sup> DFAT, submission 1, p. 1.

- 4.7 The Committee conducted public and in-camera hearings in Canberra on 11 May 2015. A transcript of the public hearing and the public submissions to the inquiry are available on the Committee's website.<sup>2</sup>

## Need for the works

- 4.8 The Australian Embassy chancery was opened in 2011 in Kabul's diplomatic quarter and consists of several leased properties spread out over a number of blocks.<sup>3</sup>
- 4.9 Diplomatic activity requires access to, and movement between, these properties. Due to the high-risk environment, such activity must be tightly controlled through special physical and operational security measures.<sup>4</sup>
- 4.10 DFAT states there is an urgent need to establish a contiguous security zone around the chancery, including residential accommodation along with dining, representational and recreational amenities, in a way that addresses security and safety risks.<sup>5</sup>
- 4.11 Consolidating the properties will significantly enhance physical and operational security. It will improve the standard and accessibility of amenities and create a more cohesive working environment.<sup>6</sup> Similar consolidation works have been undertaken for both the British and Canadian Embassies.<sup>7</sup>
- 4.12 At the public hearing, the Committee sought assurances regarding Australia's continued presence in Kabul.

... our plans are to continue the mission, which is doing some very important work taking forward our interests in engagement with the NATO [North Atlantic Treaty Organization] mission going forward for the next two years until the end of 2016. ... we expect to maintain a significant aid program going forward as well. Also, part of our interest and mission is engagement with the US and other partners. We have significant interests which will be maintained.<sup>8</sup>

- 4.13 The Committee is satisfied that the need for the works exists.

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2 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

3 DFAT, submission 1, pp. 1-2.

4 DFAT, submission 1, p. 1.

5 DFAT, submission 1, p. 2.

6 DFAT, submission 1, pp. 1-2.

7 DFAT, submission 1, p. 15.

8 Mr Richard Feakes, DFAT, transcript of evidence, 11 May 2015, p. 2.

## Options considered

- 4.14 DFAT has told the Committee that co-location with like-minded missions was explored, but proved unsuccessful.<sup>9</sup>
- 4.15 At the public hearing, the Committee sought further information on which options were trialled and reasons they were not pursued. DFAT told the Committee:
- ...there were investigations and inquiries and discussions around co-location with both the US embassy and the Canadians, in particular. Neither of those was able to provide sufficient accommodation to satisfy our needs, nor to give us the length of tenure to ensure that we were then able to maintain our presence at our desired numbers.<sup>10</sup>
- 4.16 DFAT told the Committee that creating a secure compound facility would still facilitate Embassy staff maintaining valuable relationships:
- ...a greater level of amenity that we can provide and offer. Subject to the security environment, the members of staff at the Australian embassy on occasions have been able to access some amenity at some of the other missions on an invitation basis. What we are seeking to do is to provide a level of amenity for our staff so that when that is not available and there is an activity that they can pursue within our own compound, they can do so. And also, importantly, to provide an opportunity for others to be invited to our compound.<sup>11</sup>
- 4.17 The Committee found that DFAT has considered a range of options to deliver the project and has selected the only viable option.

## Scope of the works

- 4.18 The project consists of reconfiguration, refurbishment and remediation of five leased residential housing lots constructed in the 1960s and 70s. While the buildings are structurally sound, they are in need of extensive repair/refurbishment and increased security features.<sup>12</sup>
- 4.19 The first part of the project relates to residential accommodation on a 934m<sup>2</sup> site. This will involve reconfiguring and refurbishing the three-storey house adjacent to the chancery as well as upgrading infrastructure

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9 DFAT, submission 1, p. 3.

10 Mr Kevin Nixon, DFAT, transcript of evidence, 11 May 2015, p. 2.

11 Mr Kevin Nixon, DFAT, transcript of evidence, 11 May 2015, p. 2.

12 DFAT, submission 1, p. 5.

and security measures including a safe room. The accommodation building will be integrated with the existing chancery compound through a common boundary wall which will facilitate staff movement and also provide alternative means of evacuation in case of emergency.<sup>13</sup>

4.20 The second part relates to dining, representation, recreation and staff amenities and involves four houses. The aim is to demolish and rebuild parts of the complex to provide a consolidated, self-sufficient compound for communal embassy use. The combined site is approximately 2890m<sup>2</sup>.<sup>14</sup>

4.21 The amenities will include common and private dining areas, a commercial kitchen capable of serving 90 meals three times a day, representational and meeting spaces along with other internal and external landscaped relaxation areas, a safe room, facilities management workshops, storage, covered parking for official vehicles, a generator power plant plus associated new services infrastructure.<sup>15</sup>

4.22 Controlled secure vehicle and pedestrian entries will be provided at the boundary, all located within a secure perimeter. The staff amenities facility will be located across a public road directly opposite the chancery compound greatly reducing the need for secure vehicle transportation.<sup>16</sup>

4.23 DFAT has told the Committee that reconfiguring and upgrading the complex will achieve the following:

- A consolidated property footprint that creates a contiguous security Embassy zone for the first time.
- Improved security access between Embassy properties, particularly for access, including by road, to and from the Chancery, residences and amenities within the secure Embassy zone.
- Reduced and simplified daily escorted staff movements to and from the Chancery and other properties and amenities.
- Lessened constraints on staff movements, which to date are subject to guard schedules and related workload demands and commitments.
- Improved physical and operational mitigation security measures.
- Reduced risks to staff being isolated during complex and other terrorist threats and attacks.
- New and refurbished accommodation and amenities with enhanced work, health and safety standards.

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13 DFAT, submission 1, pp. 5-6.

14 DFAT, submission 1, pp. 5-6.

15 DFAT, submission 1, pp. 3-6.

16 DFAT, submission 1, p. 6.

- Reduced project scope and budget over what was previously approved in the NPP.<sup>17</sup>

4.24 At the public hearing, the Committee heard that additional security measures would be in place during the construction phase, so as not to expose Embassy staff to increased risk.<sup>18</sup>

### Leasing arrangements

4.25 At the public hearing, the Committee sought assurance regarding the security of leasing arrangements. DFAT told the Committee:

We have leases executed. They are written leases. They provide for occupation of the land referred to as the American properties on a five-year initial term, with an option for a further five-year period. We have entered into a number of leases, over a number of years, in maintaining our presence in Kabul. We are satisfied that the leases provide validity to occupation of the land for the periods contained therein.<sup>19</sup>

4.26 Subject to Parliamentary approval of the project, work is expected to commence by late-2015 and be completed by mid-2016.<sup>20</sup>

4.27 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

### Cost of the works

4.28 The estimated cost of the project is \$23.25 million.

4.29 At the public hearing, the Committee asked DFAT to explain how the complex security environment in Kabul might impact costs of the project:

Essentially we have looked at the major risks that we face there, and we built up the contingencies based on those risks primarily around the logistics of getting in the equipment and the building materials that we cannot get in-country. There is also the logistics of the transport of contractor personnel to and from site. Essentially we have run a risk analysis across all of those, and we have built the contingencies up to allow for those in the construction.<sup>21</sup>

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17 DFAT, submission 1, p. 4.

18 Mr Kevin Nixon, DFAT, transcript of evidence, 11 May 2015, p. 4.

19 Mr Kevin Nixon, DFAT, transcript of evidence, 11 May 2015, p. 1.

20 DFAT, submission 1, p. 15.

21 Mr Keith Harmsworth, DFAT, transcript of evidence, 11 May 2015, p. 2.

- 4.30 The Committee was also interested in how consolidating the existing properties will affect cost savings. DFAT was confident that cost savings would result from reducing the number of vehicle movements between current sites.<sup>22</sup>
- 4.31 DFAT identified further savings as a result of consolidation:
- Then there are some properties that we will vacate and consolidate back to this location. There will be savings, of course, from those properties that we vacate from a day-to-day repairs and maintenance perspective. We will seek to minimise the future exposure to costs in maintenance through the design and the use of typically available materials or elements of equipment in the delivery of these works.<sup>23</sup>
- 4.32 The Committee sought assurances that chosen contractors would provide good value for money. DFAT told the Committee they had engaged a quality surveyor as part of their consultant team, which would assist with cost planning and gauging value for money.<sup>24</sup>
- 4.33 Additionally, DFAT stated:
- Most other missions in recent periods have undertaken a level of work – be it security enhancements and upgrades or some element of new construction renovation. We are pretty open with them and they are pretty open with us to give an indication of which contractors perform better than others and also the unit rates or the out-turn costs of works to give us a level of benchmarking that we can undertake.<sup>25</sup>
- 4.34 DFAT provided further detail on the project costs in the confidential submissions and during the in-camera hearing.
- 4.35 The Committee considers that the cost estimates for the project have been adequately assessed by DFAT and the Committee is satisfied that the proposed expenditure is cost effective.

## Committee comments

- 4.36 The Committee did not identify any issues of concern with DFAT's proposal and is satisfied that the project has merit in terms of need, scope and cost.

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22 Mr Luke Williams, DFAT, transcript of evidence, 11 May 2015, p. 3.

23 Mr Kevin Nixon, DFAT, transcript of evidence, 11 May 2015, p. 5.

24 Mr Keith Harmsworth, DFAT, transcript of evidence, 11 May 2015, p. 3.

25 Mr Kevin Nixon, DFAT, transcript of evidence, 11 May 2015, p. 3.

- 4.37 The Committee is aware of the difficulty in coordinating a project in a high-risk international environment, especially with regard to lengthy negotiations and complex security and logistics.
- 4.38 Nevertheless, the Committee reminds DFAT to provide timely advice on any changes scope, time, cost, function or design for the project. The Committee requires that a post-implementation report be provided within three months of completion of the project. A report template can be found on the Committee's website.
- 4.39 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

#### **Recommendation 4**

- 4.40 **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: Residential Accommodation and Staff Amenities at the Australian Embassy, Kabul, Afghanistan.**

**Senator Dean Smith**

**Chair**

**26 May 2015**

