

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 Kompreakh 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