

## Australian Pavilion at the Shanghai World Expo 2010

- 3.1 The proposed Australian Pavilion at the Shanghai World Expo 2010 aims to provide the platform to promote Australia's interests and strengthen ties with China through participation in the World Expo. The estimated cost of the project is \$49.38 million (excluding GST).
- 3.2 The proposal was referred to the Committee for inquiry on 25 June 2008.

### Conduct of the inquiry

- 3.3 The inquiry was advertised in the *Canberra Times* 19 April 2008 and in *The Australian* on 23 July 2008. The Committee received two submissions to the inquiry and one confidential submission detailing the project cost estimates. A list of submissions can be found at Appendix A.
- 3.4 The Committee undertook an in-camera hearing and public hearing on 6 August 2008 in Canberra. A list of witnesses can be found at Appendix B.
- 3.5 The transcript of the public hearing as well as the submissions to the inquiry are available on the Committee's website<sup>1</sup>. Plans for the proposed works are detailed in Submission 1, Department of Foreign Affairs and Trade (DFAT).

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

## Background

- 3.6 The concept of a world exhibition to promote commercial, economic and cultural interchange began in 1851 with the Crystal Palace exhibition in London. Since then world expos have been held regularly providing an ability to 'connect people directly, enabling visitors to experience at firsthand a range of cultures in a concentrated, dynamic and stimulating environment.'<sup>2</sup> Hosting a World Expo is recognised as 'an opportunity over a sustained period to showcase the host nation ..., to stimulate economic growth ... and to strengthen political, cultural and economic relationships with participating countries.'<sup>3</sup>
- 3.7 Australia has had a long history of involvement in world expos and has hosted two; in Melbourne in 1880 and Brisbane in 1988. As China is currently Australia's largest trading partner, the Australian Government 'is actively engaging in this opportunity to consolidate and expand existing political, commercial and people-to-people links between' the two countries.<sup>4</sup>
- 3.8 The Committee was interested in the lessons learnt from Australia's long experience participating in world expos. Mr Sams, Pavilion Director, identified three practical aspects: the need to provide a stage and performance venue within the Australian pavilion to maintain Australian branding for cultural performances, the importance of bilingual Australians staffing the pavilion and the capacity to host bilateral business programs with a 'multipurpose venue supported by a proper commercial kitchen with proper commercial chefs producing good quality Australian food.'<sup>5</sup>

## Need for works

- 3.9 The Australian Pavilion at the Shanghai World Expo 2010 in China aims to assist Australian business and provide an opportunity to raise Australia's profile in a strategic market. Australia's presence at the Expo is designed to be commensurate with our economic and strategic interests in China. These bilateral interests are broad, substantial, multifaceted and evolving. They are based on strong

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2 Mr Tesch, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 2.

3 Mr Tesch, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 2.

4 Mr Tesch, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 2.

5 Mr Sams, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 6.

economic complementarities and are vital to Australia's economic future.<sup>6</sup>

3.10 China is Australia's largest trading partner, with two-way trade reaching some \$50 billion in 2006. It is our second largest export market, our largest merchandise trading partner, our largest source of overseas students, our second largest buyer of resources and energy commodities, an increasingly important investor in Australia, a fast-growing tourism market and an attractive financial services market.<sup>7</sup>

3.11 The Australian Government has three broad objectives for participation in the Shanghai World Expo 2010:

- to boost trade and investment with China by using the pavilion as a platform for targeted promotional events on site and as part of wider in-country programs;
- to project a modern image of contemporary Australia as a country which is culturally diverse and harmonious and which possesses great strengths in the creative arts, education, training and research; and
- to strengthen bilateral ties by reinforcing existing links and cultivating new areas of cooperation and exchange in a range of fields.<sup>8</sup>

3.12 The Shanghai Expo Commissioner General for Australia, Mr Peter Tesch, described the proposed pavilion as a:

visually striking structure which will feature innovative exhibitions, high-quality retail, food and beverage outlets and dynamic and entertaining cultural performances and displays. Staffed by friendly, bilingual Australians and aided by a focused and effective communications and public affairs program, the pavilion will showcase modern Australia to the seven million people we expect to visit the pavilion over the six months of the expo.<sup>9</sup>

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6 Submission 1, DFAT, p. 3.

7 Submission 1, DFAT, p. 3-4.

8 Mr Tesch, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 3.

9 Mr Tesch, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 3.

## Scope of works

- 3.13 The proposed scope of works is detailed in Submission 1, Department of Foreign Affairs and Trade.<sup>10</sup> In short, the works propose the following:
- Construction of a new temporary 3178 sqm pavilion with appropriate public exhibition areas and capacity to host the VIP, business and cultural programs that make up the Australian participation at the expo;
  - Extensive onsite exhibition engineering to enable the operating structure and electronics required to support complex displays;
  - Items in the fit-out scope include all tenancy related security hardware. Fixed work-stations, fixed partitions and doors, window treatments and floor coverings are also included as are all exhibition components;
  - Loose furniture such as tables, chairs, desks, filing cabinets and general office equipment such as photocopiers, computers and printers are included in the scope of the work.<sup>11</sup>
- 3.14 The Committee noted that 'the site is flat and located adjacent to the Huangpu river, which is subject to flooding.'<sup>12</sup> Extensive earthworks have been constructed by the expo bureau to mitigate the risk and will also provide pumping capacity. In addition the Australian pavilion will have extensive civil works and drainage onsite.<sup>13</sup>
- 3.15 The Department of the Environment, Water, Heritage and the Arts reviewed the proposal for compliance with the Energy Efficiency in Government Operations (EEGO) policy and advised the Committee that there is no requirement for these works to comply.<sup>14</sup>
- 3.16 The Committee has assessed the scope of the works and finds them suitable to provide the platform to enable DFAT to meet their objectives for participation in World Expo 2010 in China.

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10 The submission is available on the Committee's website or by contacting the Committee Secretariat.

11 Submission 1, DFAT, p. 13.

12 Submission 1, DFAT, p. 7.

13 Mr Sams, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 4.

14 Submission 2, DEWHA, p. 1.

## Cost of works

- 3.17 The total out-turn cost of this work is scheduled to be \$49.38 million (excluding GST) which includes construction and other related elements such as consultants' fees, project management, supervision, exhibition, furniture, artworks, white goods and site office expenses.<sup>15</sup>
- 3.18 The pavilion will be decommissioned and removed at the end of the Expo. DFAT submitted that the sale of the pavilion and its contents will 'partially offset the cost of decommissioning and removal'.<sup>16</sup>
- 3.19 The Committee notes that the pavilion is to be completed to lock up stage by mid-September 2009 to allow for completion and occupation by March 2010.<sup>17</sup> This will provide time to ensure all systems are working smoothly before the Expo opens in May 2010.<sup>18</sup>
- 3.20 The Committee queried the proportion of Australian industry involvement in the construction of the project. Mr Sams, Pavilion Director, indicated that the exact mix will not be known until the tendering process is complete but the expectation is that there 'will be approximately a 40-60 split - 40 in China and 60 in Australia.'<sup>19</sup>
- 3.21 The Committee received detailed cost plans for the project and held an in-camera hearing with DFAT on the full project costs. The Committee was satisfied that the costs were appropriate.

## Committee comment

- 3.22 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 3.23 Having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works proceed.

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15 Submission 1, DFAT, p. 22.

16 Submission 1, DFAT, p. 8.

17 Submission 1, DFAT, p. 22.

18 Mr Tesch, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 5.

19 Mr Sams, DFAT, Proof Transcript of Evidence, 6 August 2008, p. 4.

**Recommendation 2**

**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: Construction of the Australian Pavilion at the Shanghai World Expo 2010, China.**