



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Refurbishment of staff apartments at the Australian Embassy Complex,  
Paris, France**

FRIDAY, 22 AUGUST 2003

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**JOINT COMMITTEE ON PUBLIC WORKS**

**Friday, 22 August 2003**

**Members:** Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Colbeck, Ferguson and Forshaw and Mr Jenkins, Mr Lindsay, Mr Lloyd and Mr Ripoll

**Senators and members in attendance:** Senator Ferguson, Mrs Moylan and Mr Brendan O'Connor

**Terms of reference for the inquiry:**

To inquire into and report on:

Refurbishment of staff apartments at the Australian Embassy Complex, Paris, France.

**WITNESSES**

**DAVIN, Mr Peter Julian, Executive Director, Department of Foreign Affairs and Trade..... 1**

**HANCOCK, Mr Brian Richard, Head, Project Management Services, Overseas Property Office,  
Department of Foreign Affairs and Trade..... 1**

**MORAN, Mr Philip John, Assistant Secretary, Department of Foreign Affairs and Trade ..... 1**



**Committee met at 10.35 a.m.**

**DAVIN, Mr Peter Julian, Executive Director, Department of Foreign Affairs and Trade**

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

**MORAN, Mr Philip John, Assistant Secretary, Department of Foreign Affairs and Trade**

**CHAIR**—Welcome. I declare open this public hearing into the refurbishment of staff apartments at the Australian Embassy complex in Paris, France. This project was referred to the Public Works Committee on 24 June 2003 for consideration and report to parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) In considering and reporting on a public work, the Committee shall have regard to—
- (a) the stated purpose of the work and its suitability for that purpose;
  - (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
  - (e) the present and prospective public value of the work.

We thank you for the earlier briefing. We will now hear evidence from the Department of Foreign Affairs and Trade. We have received a submission and a supplementary submission from the department. These submissions will be made available in a volume of submissions for the inquiry and are also available on the committee's web site. Does the department wish to propose any amendment to the submission?

**Mr Davin**—There is no amendment.

**CHAIR**—Would you like to make an opening statement, Mr Davin?

**Mr Davin**—This submission seeks approval for the Department of Foreign Affairs and Trade to refurbish 29 apartments in the Australian Embassy complex in Paris at a cost of \$A9.5 million. The embassy complex is now 25 years old and, while the apartments have been well maintained, their architectural finishes and fittings have become run down and are at the end of their useful life. The engineering services infrastructure within the apartments no longer complies with current standards or occupational, health and safety regulations. They do not meet contemporary living requirements. Areas of deficiencies include lighting levels, electrical and data reticulation infrastructure, ventilation and engineering services access.

The Overseas Property Office has undertaken the refurbishment of an apartment as a prototype in order to properly identify, document and cost all architectural and building service issues. The prototype apartment has been inspected and reviewed by all interested parties, including residents and post management and will be used as the model for the refurbishment of the remaining 28 apartments. The proposal will ensure that the apartments comply with current international standards and codes, protect the investment and associated rental income of the Commonwealth and provide modern and appropriate staff accommodation for Australian based staff and their families. Subject to parliamentary approval, construction is scheduled to commence in January 2004 with practical completion expected in early 2006. The outturn costs of the proposal will be contained within the approved budget of \$9.5 million.

**CHAIR**—We noted from your statement just now and also from the photos here that you have gone ahead and refurbished a prototype apartment. I presume that is incorporated into the cost of the overall budget, is it?

**Mr Davin**—That is correct.

**CHAIR**—Have you found that, after refurbishing the prototype, there is a need to make adjustments or does that give you a good basis for pretty solid costing now?

**Mr Davin**—It does give us a good basing for very solid costings, and nothing has emerged out of that prototype development that would alter our original estimates.

**CHAIR**—I presume this has been done in consultation with the staff who have to occupy the apartments?

**Mr Davin**—Certainly. There have been a number of meetings. The main communication is with the post property committee—the residents committee—but also at an individual level there have been a number of consultations about the finishes, the staging of the works and the time frame.

**CHAIR**—Has the prototype received universal approval?

**Mr Davin**—I understand so. Rick has handled that.

**Mr Hancock**—I think it is fair to say that it has, in fact. We had the opportunity of having residents go through the prototype when it was complete. There are people now living in the prototype. Anything that has been mentioned that is appropriate, we have taken into account and everyone seems most satisfied.

**CHAIR**—Staff have had an opportunity to test drive the prototype?

**Mr Hancock**—They have.

**Mr BRENDAN O'CONNOR**—In your submission, paragraph 10.1 states that no revenue would be derived from the project, yet paragraph 3.3 lists protection of the Commonwealth's investment and associated rental income as a factor contributing to the need for the work. How



much rent do tenants currently pay for two-, three- and four-bedroom apartments at the embassy complex?

**Mr Davin**—I might defer to my colleague Mr Moran to respond to that.

**Mr Moran**—Again, we operate under a commercial model, and agencies there pay commercial rents. Those rents are essentially reviewed every three years, and they are due for a review in June next year. At the moment, based on the Paris market plus some of the works we are doing, we are expecting about a 10 per cent increase in rent as of June next year. Some of that will be flowing through in the next couple of years, as we have a number of apartments that are staggered in terms of rent reviews.

**Mr BRENDAN O'CONNOR**—You are not sure of the price now, though?

**Mr Moran**—To a large extent, that is confidential. I would have to seek some advice from the agencies before I passed on specific rentals for our specific properties.

**Mr BRENDAN O'CONNOR**—Does the department make a profit from leasing the apartments?

**Mr Moran**—We operate under a commercial model, and we run a trust account for the rents we collect from all the properties that we manage. We run all our administration costs out of that. We will fund the costs of this project out of that. At the end of each year, we pay a dividend back to the department of finance, so I guess the profit is paid back to central government.

**Mr BRENDAN O'CONNOR**—I meant whether we were running at a loss or a profit?

**Mr Moran**—I think it is fair to say that, when we did the financial analysis on this, we certainly did not achieve the 11 per cent hurdle rate which is set for us by Finance. This is a maintenance type of project. We are looking at maintaining the existing amenity and value of the property. The overall impact of this project in the next couple of years will probably be about a \$4 million increase in the overall value of the property.

**Mr BRENDAN O'CONNOR**—That is not bad, is it?

**Mr Moran**—No. It is one of those situations where we are simply spending money to maintain the value and amenity of the property.

**CHAIR**—You are not expecting an increase in the rental?

**Mr Moran**—The rent will increase, but it will be very much based on the Paris market itself. We are saying there will be some impact because we have upgraded the apartments. We had the property valued in the last 12 months, and the Paris apartment rental market has increased by about 10 per cent. We are expecting that to flow through into the next rental review.

**Mr BRENDAN O'CONNOR**—That is not too bad, compared with Melbourne.

**Mr Davin**—In the sense of just being helpful in responding to your question about the rent levels we can say that for the entire complex of apartments, without being specific about which agency might be leasing them, we have an annual return of approximately \$3 million for the rents we derive. That includes the two head of mission apartments, which are not part of this project.

**CHAIR**—So you do derive revenue from the project then?

**Mr Davin**—To protect that revenue flow, we need to do this upgrade to keep the rents current with the market. If we do not do it then of course agencies will be reluctant to occupy the apartments and rents will deteriorate.

**Mr BRENDAN O'CONNOR**—So you are saying that no revenue will be derived from the project?

**Mr Moran**—What we are saying is that the majority of rental increases that are likely to flow in the next couple of years will be based on market movements. Essentially what we are doing with the apartments is maintaining them at a level that allows us to capture tenants.

**CHAIR**—So you are really saying that you anticipate that there will be no new revenue?

**Mr Davin**—There is no new revenue being derived from this project.

**CHAIR**—Perhaps the statement should be amended to reflect that.

**Mr Moran**—What we should be saying there is that, if we did not do this work, we would anticipate a decrease in our income.

**CHAIR**—Perhaps 'no new revenue' would be a better way of putting it—no additional revenue.

**Mr Moran**—Yes, no additional revenue.

**Mr BRENDAN O'CONNOR**—You also comment in paragraph 16 of the submission that the refurbishment will be carried out as far as practical in accordance with the local regulations—the French building regulations—and the Building Code of Australia. Are you aware of any significant differences between these two sets of regulations? Are they of a pretty good standard?

**Mr Hancock**—They are of quite a comparable standard. The EU standards are now at a very high level, as are the Building Code of Australia regulations and standards. As it is an Australian property we will look at both, particularly with the new electrical installation, just to ensure that we maintain our codes in parallel with the French requirements. Quite a lot of it has to do with our electrical installations and fire protection but, again, the codes run so much in parallel that we do not see any major difference between the two.

**Mr BRENDAN O'CONNOR**—Within the same paragraph the submission refers to constraints upon meeting statutory requirements that may apply 'due to the age and architectural

status of the building'. What does the department anticipate may be the nature of those forms of constraints?

**Mr Hancock**—This applies to things such as the fact that the apartments are all split-level and therefore there is no disabled access to those apartments. We have accepted that, if there is a disabled person in a family that arrives at a post, a travelator will be attached to the stair to accommodate anybody in a wheelchair or otherwise. It will be on a case by case basis. It is really to do with the area of access to apartments from 25 to 30 years ago, when the design was first brought together. They do not reflect today's standards with respect to the disability act, so there may on occasion be a case for introducing temporary disability measures.

**Mr BRENDAN O'CONNOR**—The Australian Greenhouse Office submission states:

Section 4.4 of the Commonwealth Energy Policy requires that Commonwealth housing shall achieve a 4-star or better rating using the Nationwide House Energy Rating Scheme ...

Further, it says:

Section 4.5 requires that departments and agencies purchase equipment and appliances labelled as 4-star or better.

Within that context, does the department intend to ensure that refurbished Paris apartments comply with the requirements of such a policy?

**Mr Hancock**—The buildings, as they were designed and built, are quite efficient because of their bulk and the nature of the construction. As far as thermal insulation in bulk, they are quite well protected. In our refurbishment of apartments we are replacing the built-in white goods, such as, hotplates, ovens and dishwashers. Those are the latest models that can be obtained on the French market. The post are very aware of energy consumption so they manage and monitor any purchases with a great deal of financial pride, so to speak.

We are putting in secondary glazing where there is no secondary glazing in existence at the moment, so we are protecting all the bedrooms both against thermal gain and loss and noise, of course, which comes as a secondary issue. In the internal refurbishment we are taking on board, particularly with the electrical appliances, whatever we are able to. The rest of the building stands as a testament to the design and architecture of the time; it has got a thermal mass so it is quite efficient.

**Mr Davin**—We could add that, in terms of the new lighting, we are using the latest low-energy light fittings. We are also improving or using high-efficiency heater radiator cores in the refurbishment, which is driven towards energy efficiency.

**CHAIR**—I just had a couple of issues on security and on heritage and architectural considerations. It appears in your submission that there has been no particular reference to further security measures apart from some additional hardware locking devices. Seeing that these two buildings are chancellery and the apartments share a common ground floor and a basement, what are the general arrangements in terms of preventing unauthorised entry and general security, given the current concerns about security of our overseas missions?

**Mr Davin**—The first point to make is that there is no security element to this particular project. It does not address or seek to improve any of the security apart from extending the current fire alarm system into all of the apartments, which could of course have a dual application in an emergency. Speaking more generally, as part of my colleague's early testimony on the New Delhi compound, he mentioned that we were reviewing security to all our embassies and apartments. I am aware of the fact that they are constructing new barriers around the ground floor of this building to provide greater security or protection in terms of public access and there already exists local guarding services to control public access into the embassy itself. The apartments themselves have a controlled lift arrangement. There are no changes proposed in this project but there are current security measures which are regarded as appropriate to that threat environment in Paris.

**CHAIR**—Just going to fire services, I presume there is already an existing sprinkler system. What is the state of the building in relation to existing fire provisions and also emergency evacuation of the building?

**Mr Hancock**—The apartment building does not have sprinklers in the apartments and that is why we are introducing the hard-wired fire detection system. That goes back to a main board in the chancellery and the chancellery has 24-hour guarding and security services. In the case of any fire alarm or any other incident within the compound there is a 24-hour service available, first of all, for alerting the fire brigade and, secondly, for calling out the local police force for anything that is required.

**CHAIR**—Are there smoke detectors in the apartments already?

**Mr Hancock**—Yes, there are smoke detectors and thermal detectors. They are individual, battery-driven detectors at the moment. We are replacing all of those with hard-wired ones back to this central board on the ground floor.

**Mr BRENDAN O'CONNOR**—What is the approximate distance between the chancellery and the apartments?

**Mr Hancock**—They are adjacent—there is probably six or eight metres in distance between the two buildings—and they are locked of course at the basement and the ground floor level, so it is one compound. The basement does link through both sides.

**CHAIR**—Given that it is a multistorey building, what are the evacuation facilities like?

**Mr Hancock**—I cannot speak for the post management, but they certainly have plans and processes in place for emergency evacuation of staff within the office building, of course, and for residents and families.

**CHAIR**—It has adequate stairwells and so on, apart from the lift. On heritage and architectural considerations, this building is regarded in Paris as being a building of architectural importance. We were discussing earlier when we were looking at the plans that it is a building that was built by some fairly famous people, being a Seidler and Breuer design. I am just wondering about the impact of the refurbishment on the architectural integrity of the building. Would you like to make a comment about that for the public record?

**Mr Hancock**—We are containing our refurbishment work within the four walls of the apartments, so externally the building is untouched. As to the architectural integrity and merit of the building from the external elevation treatments, we are not touching anything. Internally, we have tried extremely hard to maintain the integrity of the original architecture. By that, I mean that we have stripped out and rebuilt built-in wardrobes and cabinets in the living rooms, the dining rooms and the bedrooms, and cupboards in corridors, bathrooms and kitchens. We have put in new hardware, refurbished veneers, repolished and put things back as they were before. We have enhanced the kitchens, the laundries and the bathrooms with new equipment and new benchtops, but we have maintained things like floor and wall tiling. In fact, the architectural integrity of the original design has been maintained as faithfully as possible, with the introduction of modern technology in kitchens and bathrooms.

**CHAIR**—As a point of interest, did the original architects retain any moral rights over the building design, and did they have to be consulted in the refurbishment?

**Mr Hancock**—We have not consulted in the refurbishment because it is really that. It is an internal makeover and redecoration with, of course, the inclusion of kitchens and bathrooms. Had we needed to do anything externally, we certainly would have been consulting with the original architect. Mr Seidler has moral rights over the architecture.

**Mr BRENDAN O'CONNOR**—In your view, are the refurbishments consistent with the approach he took?

**Mr Hancock**—Yes, very much so. In fact, even the colour scheme and painting is much the same as before.

**Mr BRENDAN O'CONNOR**—Sensitive to that issue.

**CHAIR**—I do not think that I have any further questions.

**Mr BRENDAN O'CONNOR**—Other than flying to Paris and checking it out myself, I do not have any, either.

**CHAIR**—I presume that the usual occupational health and safety requirements are met.

**Mr Hancock**—Yes. We have gone to some extremes to ensure that they are enhanced and brought right up to the current standards. We have already touched on fire detection, new electrical circuitry boards, the cleaning out of ventilation systems from bathrooms and kitchens, and the enhancement of those ventilation systems. So we will bring the apartments right up to current OH&S standards.

**CHAIR**—Before closing, I once again thank you for appearing before us and assisting us with our inquiry.

**Mr Davin**—For the record, I wish to advise the committee that it is our intention to seek your approval to undertake concurrent documentation and short-listing activities for this proposal. Following the hearing I will provide the secretariat with our formal request to commence these activities.

**CHAIR**—The committee will consider your request at the next meeting. Thank you for your cooperation.

Resolved (on motion by **Mr Brendan O'Connor**):

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 11.00 a.m.**