



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Proposed refurbishment of Australia House in London**

FRIDAY, 13 MAY 2005

CANBERRA

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**JOINT STATUTORY COMMITTEE ON**

**PUBLIC WORKS**

**Friday, 13 May 2005**

**Members:** Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Ferguson, Forshaw and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

**Members in attendance:** Senators Ferguson, Forshaw and Troeth and Mrs Moylan

**Terms of reference for the inquiry:**

To inquire into and report on:

Proposed refurbishment of Australia House in London.

**WITNESSES**

**DAVIN, Mr Peter, Executive Director, Overseas Property Office, Department of Foreign Affairs and Trade..... 1**

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

**RICHARDSON, Mr John, Assistant Secretary, Diplomatic Security Branch, Department of Foreign Affairs and Trade..... 1**



**Committee met at 9.07 am**

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

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

**RICHARDSON, Mr John, Assistant Secretary, Diplomatic Security Branch, Department of Foreign Affairs and Trade**

**McKAY, Mr Ian Stuart, Capital Works Manager, Multiplex Facilities Management**

**CHAIR**—I declare open this public hearing of the Joint Committee of Public Works into the refurbishment of Defence office accommodation and light wells for the Australian High Commission at Australia House, London. This project was referred to the Joint Committee of Public Works on 9 February 2005 for consideration of and reporting to the parliament in accordance with section 17(3) of the Public Works Committee Act 1969, which concerns the examination of and reporting on a public work and states that the committee will 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.

Earlier this morning the committee received a confidential briefing from the Department of Foreign Affairs and Trade. Thank you very much for that briefing. The committee will now hear evidence from the Department of Foreign Affairs and Trade. The committee has received a submission and a supplementary submission from the department. These will be made available in a volume of submissions for the inquiry and they are also available on the committee's web site. Does the department wish to propose any amendment to the submissions it has made to the committee?

**Mr Davin**—No, there are no amendments.

**CHAIR**—I suggest that, rather than going through some additional questions that we have already discussed in relation to the previous development and an escalation of costs in the previous refurbishment, you provide that information to the committee for the public record. You talk about the collateral works that will be undertaken on levels 5 and 6 to provide for temporary relocation of Defence staff, which is submission No. 1, paragraph 6.1. What will the collateral work entail? Can you give us an estimated cost of that work?

**Mr Davin**—With your permission, Madam Chair, I will make an opening statement which might help clarify that issue. This submission seeks approval for the Department of Foreign Affairs and Trade to undertake refurbishment in Australia House, the Australian High Commission in London, at a cost of \$11.98 million. Australia House is Australia's oldest overseas mission and the oldest originally occupied chancellery of any foreign mission in London. Officially opened on 3 August 1918, Australia House is almost 90 years old. Its most recent major refurbishment was undertaken in the late 1990s, when the building was brought up to standard through most areas. Some areas were not refurbished and upgraded within the scope of that project, including the current Defence area on level 4 and the three building light wells. These areas now comprise the core scope of this proposal.

While the building has been well maintained, access to the light wells is difficult, preventing the regular access required to conduct all necessary programmed preventive maintenance and cleaning. As a consequence, routine wear and tear and environmental conditions have led to a requirement to replace the original window frames and glazing facing into the light wells, as well as to undertake various repairs to the drainage systems and brickwork located in the light wells and to clean the facia brickwork and glazing at the base of each light well. The building is also subject to limited water penetration through light well windows during heavy rains. An investigation into the extent of work required in the light wells was undertaken from late 2002 to early 2004, initially using abseilers to conduct a detailed review of the light well faces.

Refurbishment works are also intended in level 4, to meet current Defence needs. Incremental change to Defence staffing and procedures has led to its accommodation being much on an ad hoc basis, with a concomitant loss of efficiency in both administration and operations that has led to a situation where the existing layout is now inappropriate. Refurbishment of base building services and office fitout will remove issues stemming from the current dysfunctional layout and provide improved amenity and office efficiency. As the light well work requires the erection of temporary structures, these same structures can be used for concurrent level 4 works to improve efficiency in movement of all building materials and personnel and avoid security issues that may otherwise arise if internal access were to be relied upon.

The Commonwealth's utilisation of the building has increased significantly in recent years. While parts of the building were at one stage underutilised, the works undertaken in the mid- to late nineties and the general nature of security concerns of recent years have led to a higher level of utilisation. However, there is sufficient space within the building to accommodate Defence on a temporary basis when they are relocated from level 4, mainly to the top two levels 5 and 6. Only limited works are required to satisfy the temporary Defence requirements over a period of some 12 months, but with the positive result that the temporary space will be left more suitable for alternative tenants, if required.

Works to level 4 would include a comprehensive upgrade of engineering services, including mechanical, electrical, fire protection and communications services. It will also include a functional rearrangement of defence staff with the preliminary level 4 design having been developed in consultation with the head of defence staff, London. Additionally, the nature of the decant accommodation that will be provided has been discussed and agreed with defence staff. Refurbishment of the Australia House light wells on level 4 will cause minimal disruption to the operation of the high commission, apart from the presence of sufficient space within the building for Defence, the scaffolding and platforms necessary for works to the light wells and to provide



access into level 4. The decant areas will provide independent access over and into the building. Only during the window replacement activities would the occupants of the building be significantly affected.

In developing this proposal, detailed consultations have been held internally in Foreign Affairs and Trade and with the Department of Defence. The planning has been accepted by the two departments, the head of mission and high commission staff who support the need for the refurbishment of the building light wells and the need to improve functionality of the Defence accommodation. Subject to parliamentary approval, construction is scheduled to start in May 2006 with practical completion in May 2007. The out-turn cost of the proposal will be contained within the allocation of \$11.98 million.

**CHAIR**—In detail, what will the collateral works entail and what is the estimated cost of the collateral works?

**Mr Hancock**—The major work in levels 5 and 6 to accommodate Defence while the refurbishment is undergone on level 4 is mainly mechanical and electrical services. There is a need to upgrade those areas such that Defence can operate in two separate areas while the work is being undertaken on the fourth floor. The areas that at the moment are vacant and not in particularly good shape need to be upgraded to become office space for the year or so we are undertaking that other work. So it is electrical, mechanical, partitioning and anything that is required to make their operation function during that period. The estimated costs are \$859,000.

**CHAIR**—On the heritage issues, you said that this building dates back to 1913. Is that right?

**Mr Davin**—Construction commenced in 1914 and it was opened in 1918.

**CHAIR**—I understand it is the oldest originally occupied chancellery of any foreign mission in London. Can you explain to us what the heritage issues are and what discussions have been had to date?

**Mr Davin**—We do not expect heritage issues to be significant in this instance. We have had some preliminary discussions with the authorities in London. Given that the works to be undertaken are internal light wells and that the work we are undertaking will not significantly change the appearance of those light wells, we do not see any issue there. The Defence refurbishment is internal layout. Once again, that does not impact on any of the heritage issues of the building.

**CHAIR**—Although I notice at attachment 9 that there is some cracking in the brickwork around the light wells—I presume there will have to be some work done there—and window ledges and so on. So there will be some impact on the external part of the building.

**Mr Davin**—These light wells are internal, so they are not visible to the public in any way. But to the extent that we are able to restore them to their original appearance we will be endeavouring to do that. At this stage our understanding is that there will not be any significant heritage issues with that part of the project.

**CHAIR**—So these photos that we have here at attachment 9 show windows that are not external to the building?

**Mr Davin**—They are facing into the light well, so they are not external.

**CHAIR**—One of the great disadvantages we have as a public works committee is that with overseas work we do not get a chance to travel to see at first-hand what work is being proposed; we need to get additional material. Those of us who have not visited the building previously have to use our imagination, I suppose, so we will probably ask you more questions than usual about those aspects. Is there any likelihood—I take it from your previous answer that there is not—that heritage considerations could cause a further escalation in the cost of the work?

**Mr Davin**—We would not expect that.

**Senator TROETH**—I note that you will require some approval and certification from the City of Westminster—which is the local governing authority, I expect—for the scaffolding and the movement of material and so on. Has any approach yet been made to the City of Westminster in respect of its approval requirements?

**Mr Davin**—No. Only preliminary inquiries have been made to the extent that we know we will have to get those approvals. The scaffolding will have to be to appropriate standards. That is the extent of our knowledge at this stage.

**Mr Hancock**—Yes. We will be scaffolding up and over the building from Melbourne Place, the lesser of the three streets that surround Australia House. It is a secondary street.

**Senator TROETH**—Are there any costs and fees associated with the City of Westminster's approval process?

**Mr Davin**—We expect there will be but that they will be of a fairly modest nature.

**Senator TROETH**—Do you have any idea how long that approval process will take once the approach is made?

**Mr Davin**—Our understanding is that it is a fairly routine process. We would not expect it to take too long. I do not know if we have an accurate estimate.

**Mr McKay**—We do not. But there is a significant period of documentation that commences on approval to proceed with this project, and construction does not commence until May next year. So we have a period, given approval, during which we can then proceed through that process in due time without having to be rushed, if you like. It can be concurrent with documentation of the works.

**Senator TROETH**—So you are not anticipating that this will cause any delays?

**Mr Davin**—Certainly not. There are significant works being undertaken through London all the time, and applying to the local authorities is a fairly routine process. Their main concerns are

hindrance to traffic and pedestrian protection—those sorts of issues—and we will of course make sure that our scaffolding conforms to all of those requirements.

**CHAIR**—You said that there will be some fees associated with the City of Westminster’s approval. Have you made allowance somewhere in the costings for that?

**Mr Davin**—Yes, we have. We think this is a fairly routine process. Our inquiries indicated that it is just part of a process but our fee structures do make that provision. I say again that I think it is a fairly modest charge.

**CHAIR**—It is not a big amount?

**Mr Davin**—No, it is not much.

**Senator FORSHAW**—I have a couple of questions. In respect of your comments on codes and standards, I understand and acknowledge that it should be built to the highest possible standard, whether that is the UK standard or the Australian standard. Are there any substantial differences in those standards that impact on the cost in a significant way? For instance, there may be a requirement under the Australian standard that is not under the British one or vice versa.

**Mr Davin**—We can probably give you an expert view on that. Where standards vary, they vary in the sense that the Australian standard would say, ‘An Australian trained electrician must certify all electrical things.’ Clearly, that is not a standard you can apply in the London environment. They are the sorts of differences that you face.

**Senator FORSHAW**—I am more thinking in terms of a requirement in one set of standards that a part of the building works be done in a certain way that may not be in the other set of standards. I am thinking particularly of health and safety and fire regulations—those sorts of things which could affect the design of a building that may be applicable here and not applicable there or vice versa.

**Mr Davin**—I might ask our experts here to provide some guidance and say whether they have identified any particular areas.

**Mr Hancock**—There are no areas. It is probably true to say that the British standards and the Australian standards are pretty compatible anyway. We take great care in our office configuration and functional arrangements to ensure that Australian standards and codes apply, including those for occupational health and safety. That is something we can control totally within the office, where we would ask for Australian norms to be applied to any of the design issues.

The light wells would be very strongly controlled by British law and regulation because of the lift and scaffold act and all the things that are required to protect workmen and the public at large. We would not have any difficulty in saying that the light well work will comply more or less with British codes and standards, because that is the way that it will have to be, but that our internal arrangements for the Defence floor and the decanting space will more or less be designed to Australian standards when it comes to OH&S and general functionality.

**Senator FORSHAW**—I want to ask you about OH&S. At paragraph 16.1 you state:

Some constraints may apply due to the age and configuration of the existing building.

Further, paragraph 16.2 states:

Where relevant, all new works will be designed to comply with the requirements of the Disability Discrimination Act ...

Could you expand on those two statements? In particular, what constraints do you envisage?

**Mr Hancock**—It is the same situation that we are finding in Australia. We have a building which is now nearing 100 years of age. Our codes and standards have come a long way over the years, particularly in the last 20 years and particularly in regard to OH&S. We could probably cite as an example that the staircases in the building probably do not comply with current codes and standards, but we cannot go in and change those staircases, because our main staircase, for instance, is heritage listed.

There are other aspects, I imagine, that do not comply with current British or Australian codes and standards because it is such an old building. But that is an acceptable part of the process when seeking approvals through various authorities. These things are recognised and accepted; otherwise you would be tearing the building down and starting again. So there are subtleties within the building that under modern approval processes it is acceptable to leave and work around. I think that is the main thrust of that comment in the submission.

**Senator FORSHAW**—In your submission you specifically refer to the refurbishment of level 4 to ensure that the accommodation satisfies OH&S requirements. Are there any particular or significant deficiencies there? Could you expand on that?

**Mr Hancock**—No, I do not think that there any difficulties for us.

**Senator FORSHAW**—What is the position at the moment that makes that work necessary? Secondly, why has it not been meeting the standards, particularly given there was work done back in the nineties, as has been stated?

**Mr Hancock**—It is something we have not investigated fully. It is more or less a comment in there to alert ourselves that there could be differences between widths of corridors, access to toilets, lighting levels and air quality. There are aspects that we are going to change totally, anyway, and bring it up to a brand new standard.

**Senator FORSHAW**—You are saying that you are not sure whether they actually meet the standards, but they will definitely meet the standards in the future?

**Mr Hancock**—They will, yes. I do not know the detail of the early 1990s refurbishment, but it might have only been a slap of paint and a half refurb. We are now bringing it right up to completely modern standards throughout.

**Senator FORSHAW**—I do not know what was done in 1991. I am sure that there are some former members of this committee who do—there may be some current ones.

**Mr Davin**—I might be able to enlighten the committee in a minor way on this. I understand that Defence did their own upgrade of that space on the fourth floor in about 1992. I think that it was no more than Rick suggests, which is a bit of painting, some new carpets and a bit of extra partitioning. So when they did the significant refurbishment of most of Australia House internally in the mid- to late-1990s, Defence elected not to participate in that fit-out, because they felt their office was in fairly good shape. Now, 13 years down the track, we find that it is very shabby compared with the rest of the building and they are most anxious to bring it up to the appropriate standard. So that might explain why it was not done at the time that the rest of the building was.

**Senator FERGUSON**—Mr Davin, I have some general questions rather than particular ones. When overseas properties were controlled by the Overseas Property Group they were regularly inspected and recommendations were made based on the observations of people within the Overseas Property Group. Who does that now within the Department of Foreign Affairs and Trade?

**Mr Davin**—For most of that technical information we rely on our partnership with the united Multiplex Consortium. They operate the delivery of property services across the entire overseas estate. They have Australian based employees at, I think, 18 overseas locations, including London, and they have their own work force of locally engaged technical staff. We have a rolling program of inspection and analysis of our overseas properties which informs our preventive maintenance programs. It is through that process that these sorts of issues are reported to us. They will say, ‘There are significant issues in London which really cannot be addressed through the rolling routine maintenance programs; it is something that needs to be addressed in a more holistic way.’ So we develop that. We will get consultant reports on it and, if we agree with the assessment or our own judgment is that it should go forward as a substantial project, it will develop from there. But, to answer your question, it is professional advice provided through our outsourced property management partners.

**Senator FERGUSON**—I presume there are competing requests for upgrades of various sorts. Who in the Department of Foreign Affairs and Trade makes the decision? Is there a special section or department?

**Mr Davin**—We put recommendations to our senior executive on a regular basis. In the time that this function has been in the Department of Foreign Affairs and Trade we have developed a rolling five-year program which is based on the state of the technical advice we receive about our overseas property portfolio. In about August every year we bring a program to our senior executive and put forward recommendations on what the maintenance program will deliver in that year and what projects we suggest are required, and it is discussed and approved at that level. In some instances we might need to brief our minister on it but generally it is a routine process.

**Senator FERGUSON**—I am not trying to beat about the bush but in our earlier confidential briefing questions were raised about this work: we had a major refurbishment done in 1996 so why was this other work not done at the time? I think your response, which I am sure I can quote on the public record, was that there were budgetary constraints at the time, which is why did not happen then.

**Mr Davin**—I think the light well repairs fall into that category. Yes, that is my understanding.

**Senator FERGUSON**—Yes, and that is the point I am getting at. What I am trying to find out is who now makes the assessment that all this work is required now, whereas it was able to be put off in 1996 or 1997? How has it become a priority, and do we know whether in five years time there will be another priority that perhaps should be done now?

**Mr Davin**—We have a technical assessment of the building that tells us that the light well is deteriorating to a point where it is going to impact not quite on the viability of the building but on the operation of the building. These windows in the light well, and I think there are some 120—it is a significant number of windows—are single pane. They are not double glazed, the frames are rusting and they are not airtight so there is water coming in. That is a situation that, once it was reported to us, we had to respond to. There has been a gradual deterioration over a number of years, reaching the point now where we see it as a high priority project to retain the value of the building.

**Senator FERGUSON**—How long have the light wells been there?

**Mr Davin**—They have been there since the building was constructed in 1918. I cannot say whether there has been maintenance work in that intervening period.

**Senator FERGUSON**—It seems that work that was almost imperative was put off because of budgetary constraints in 1996 and then 10 years later, which is close to one-tenth of the life of this building, it is an absolute necessity to get it done. I am worried that in five years time there might be some other works that could have been done while this work is being done. It then becomes another major expenditure.

**Mr Davin**—This is a 90-year-old building.

**Senator FERGUSON**—I understand that.

**Mr Davin**—Issues may emerge but at this stage, based on the technical advice we have, once this work is completed this building will be in good condition. With the usual rolling program of preventive maintenance that we undertake, the building will be in excellent condition.

**Senator FERGUSON**—Are there any extra security measures being taken at Australia House that are part of this project?

**Mr Richardson**—During the confidential briefing I raised the fact that we are contemplating work and are in the process of scoping that work at the present time. Should we proceed with that work, it will impact on part of this program, which is why we raised with the committee our desire to do it contemporaneously.

**Senator FERGUSON**—To the best of your knowledge and in relation to the light well and the windows, are there no security considerations in this project as it is?

**Mr Richardson**—In relation to the project as it is currently framed, that is correct.

**CHAIR**—I will pursue that a little further. We understand the confidential nature of security work but are there likely to be any overlaps in what you are putting before us now and what might come forward as additional security work? If so, will that mean a reduction in the cost of this stage of the project? For example, will the windows in the light wells be done under the next phase of security work or are they going to be done under this phase of refurbishment work? Does that make sense? I just wonder what areas are going to overlap.

**Mr Richardson**—It is true that if the security works proceed as we envisage—and we are still scoping the work so it is difficult to say—there would be an overlap with the work in the light wells.

**Senator FERGUSON**—But that decision will be made before the work has commenced, I presume.

**Mr Richardson**—Absolutely. We would integrate the two aspects of the work into the one program so they were done at the same time, delivering both a more sound and more secure building.

**CHAIR**—So that may indeed cause a reduction of costs for this part of the refurbishment, which will be later managed by the security budget for works on this site. Is that a correct assumption?

**Mr Richardson**—Not entirely. The way that we normally cost security works is on the basis of the costs incurred over and above work which would have been done as part of the base building costs.

**CHAIR**—Let us take special glazing for windows as part of the security measure. What part of the works will it fall into? Will it fall into this upgrade or will it fall into security work?

**Mr Richardson**—If a decision were made—I would like to defer discussion of the detail of the measures we are contemplating, if I may ask the Chair's indulgence on that—

**CHAIR**—I suppose what I am thinking is that if you are planning on doing all this refurbishment work to the windows in the light wells, and then there is a decision about those aspects of the building from a security point of view and it then is decided to go ahead and do work that meets the security requirements, you are not going to, under the refurbishment, change the windows and then change them again as part of the security.

**Mr Richardson**—No. Absolutely not.

**CHAIR**—I would have thought that somewhere there is going to be a saving in the existing refurbishment budget.

**Mr Richardson**—It is absolutely correct that we would not do the same work twice—it would be integrated into the one project, and it would be a question of where the savings were distributed between the two components of the program. That is a decision that we are not yet in a position to make.

**CHAIR**—What I am asking you to flag or to let the committee know is whether or not there may indeed be areas of overlap and, if so, whether or not that might produce a reduced budget for the refurbishment that is currently before us.

**Mr Davin**—I think Mr Richardson is indicating that for any security works it would overlap only if there were a change in the glazing standards which was going to cost extra. Let us say we proposed spending \$3,000 per window. If the security dimension were added to that and it came to \$5,000 then the security component of those works would be the \$2,000 difference between what we proposed and the added cost of the security dimension. So the indications are that there will not be savings on this project directly but that the security component may not be as much. I think that is the approach to take.

**CHAIR**—So there will be savings made one way or the other?

**Mr Richardson**—That is right.

**Mr Davin**—There will be some very detailed and animated discussions between the different areas about how the costs should be broken up.

**CHAIR**—But the same thing applies: you are going to do some work to fire and alarm systems and so on within the building. Again, is there likely to be some overlap there?

**Mr Richardson**—In this case there would not be an overlap because, without going into the detail of the security works, that is not envisaged at this point.

**CHAIR**—In relation to energy conservation, I notice that the Australian Greenhouse Office has responded to inquiries about this work by saying that the refurbishment should endeavour to use the energy target of 207 megajoules per square metre as a guide to what would be expected in an Australian office tenancy refurbishment. Have you consulted with the Australian Greenhouse Office? What is happening in relation to energy conservation?

**Mr Davin**—We very much appreciate the advice we have received from the Australian Greenhouse Office. We are employing a number of energy saving devices and systems in this refurbishment. Mr McKay can provide more detail about that.

**Mr McKay**—Being a fit-out and a refurbishment of the facade, there are a few things that can be achieved in terms of ESD measures to reduce energy usage. The aim is to achieve energy consumption levels that the AGO would like similar locations to achieve. The aim in design is to strive for those levels by incorporating things like double glazing, energy-efficient lighting, and zoned airconditioning—the sorts of things which will have an impact and reduce energy usage in the building. We cannot pinpoint at this stage the levels of energy usage that we will ultimately be able to achieve in that environment. All we can do is attempt to achieve the outcomes that the AGO is trying to achieve.

**CHAIR**—Are you having continuing discussions with the AGO on that?

**Mr McKay**—Frankly, we understand the AGO's requirements and attempt to achieve them but, in terms of going to them on a measure-by-measure basis, no, we are not.



**CHAIR**—You do not see that as a useful exercise?

**Mr McKay**—In a general sense we do. We are obviously in regular contact about work that is happening in Australia. With something that is happening overseas, where the application is slightly different, we try to achieve the best possible levels, but there is a different set of circumstances in the European environment. The airconditioning or mechanical services systems in Europe are different from those here. They are designed for high levels of efficiency anyway.

**CHAIR**—Does the UK have some standard in relation to energy conservation?

**Mr McKay**—Yes. There is a peak body in the UK which our designers have been talking to about energy consumption.

**CHAIR**—So you are working or using information with that organisation to try to reduce energy consumption?

**Mr McKay**—Yes, we are. It is the British Chartered Institution of Building Services Engineers.

**CHAIR**—Before closing, I would like to thank you for appearing before the committee today. I also thank the Broadcasting and Hansard staff and all those who participated.

Resolved (on motion by **Senator Forshaw**):

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 9.45 am**