



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Construction of a new chancery building for the Australian Embassy,
Phnom Penh, Cambodia**

MONDAY, 5 DECEMBER 2005

CANBERRA

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**JOINT STATUTORY COMMITTEE ON
PUBLIC WORKS**

Monday, 5 December 2005

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

Members in attendance: Senators Forshaw, Parry and Troeth and Mrs Moylan and Mr Wakelin

Terms of reference for the inquiry:

To inquire into and report on:

Construction of a new chancery building for the Australian Embassy, Phnom Penh, Cambodia

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Committee met at 9.15 am

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

GANLY, Ms Paula Elizabeth, Head Post Security Taskforce, Diplomatic Security Information Management and Services Division, Department of Foreign Affairs and Trade

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

MORAN, Mr Philip John, Assistant Secretary Property Management and Strategic Planning, Overseas Property Office, Department of Foreign Affairs and Trade

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

CHAPPE DE LEONVAL, Mr Mark Ashton, Director and Quantity Surveyor, Rider Hunt Canberra Pty Ltd

CHAIR (Mrs Moylan)—I declare open this public hearing into the construction of a chancery building at Phnom Penh in Cambodia. This project was referred to the Public Works Committee on 12 October 2005 for consideration and report to parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969, which concerns the examination and reporting on a public work, 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.

The committee will now call on representatives of the Department of Foreign Affairs and Trade. Thank you for the drawings, which always have to substitute for an actual inspection for the committee. They are helpful.

The committee has received a submission and a supplementary submission from the department, and these will be made available in a volume of submissions for the inquiry. They are also available on the committee's web site. Does the department wish to propose any amendments to the submissions before the committee at the moment?

Mr Davin—There are no amendments proposed, thank you.

CHAIR—Would you like to go to an opening statement, Mr Davin, and we will then proceed with some questions?

Mr Davin—This submission seeks approval for the Department of Foreign Affairs and Trade to construct a new chancery in Phnom Penh at a cost of \$19.93 million. It is proposed that the new chancery will be built on vacant land in central Phnom Penh recently acquired by the Australian government for this purpose. It will be occupied by the Department of Foreign Affairs and Trade, the Department of Immigration and Multicultural and Indigenous Affairs, the Australian Agency for International Development, the Department of Defence and the Australian Federal Police. The Canadian embassy, which is collocated with the Australian embassy, will also occupy the building.

The current Australian chancery is located in a residential area of Phnom Penh in a three-story villa built in 1972 and purchased by the Australian government in 1992. Additional space requirements led the government in 2000 to purchase a two-storey villa on an adjoining block to accommodate the expanding embassy needs. The buildings have been well maintained and are in a generally reasonable state of repair. However, the embassy buildings are now too small to meet the needs of tenant agencies and do not satisfy current functional and security requirements of Australian building code and health and safety standards.

A comprehensive review of the embassy's accommodations requirements has identified a need for extended floor areas, which cannot be accommodated within the existing buildings. An accommodation study recommended the construction of a new purpose designed building as the best long-term solution. The proposed new building will be designed in conformity with the provisions of the Building Code of Australia and will meet security and occupational health and safety standards.

A preliminary design concept and cost plan has been developed for the construction of a modern three-storey building which will accommodate the requirements of tenant agencies. Construction of the new chancery will cause minimum disruption to the work of the embassy, as the existing chancery offices will continue in operation until the new building is completed and occupied, after which the current chancery property will be sold. Local industry in Cambodia has been consulted on issues of planning and land use. Local authorities will consider this proposal once a detailed design is completed and approval is sought for works to commence. Subject to parliamentary approval, construction is scheduled to commence in September 2006, with practical completion and occupation in March 2008.

CHAIR—Thank you very much. We seem to have this problem fairly constantly with agencies—and that is, in the process of looking for a suitable site, what was the time frame that the search for a suitable property was conducted over, and what properties were considered, if any?

Mr Moran—We started our search for a property in November 2003. The initial search was based on finding leased premises. We engaged CB Richard Ellis out of Bangkok to conduct the search for us. Over a three- to four-month period we were unable to establish any suitable buildings for leased accommodation, and that included buildings that were potentially coming through as development buildings. As I said previously, we also spoke to a number of developers. In about May 2004 we decided it was necessary then to look at purchasing a specific

site that would meet our requirements for the construction of a chancery. We estimated that we needed a site in excess of 8,000 square metres. The ideal site would be about 9,000 to 10,000 square metres. That is not an easy ask in any city, even in a city like Phnom Penh. Again we used the services of CB Richard Ellis, mainly because the chairman of CB Richard Ellis had had experience in Cambodia over a number of years, going back to when the UN first went into Cambodia in the early nineties.

We initiated a marketing campaign. We did local advertising through papers and in about September 2004 we had about 30 to 40 sites that had been short listed. Many of those sites were offered by people who did not actually represent the interests of the owners or did not have the authority of the owners to deal in those sites, so we had to trawl through those.

CHAIR—Sounds like fun.

Mr Moran—Eventually we came down to a short list of four sites, including the site we have now, a site in northern Phnom Penh close to the French embassy, one in southern Phnom Penh next to the Vietnamese embassy and two sites next to the new US embassy. We went through a process of short-listing these sites and considering the strengths and weaknesses of them. The site next to the French embassy we discounted because in 1997 a 35-year lease had been granted to a Malaysian company. We were unsatisfied with the fact that that had not ceased. It was still listed on the land titles register, so we were forced to stop considering that site. The site next to the Vietnamese embassy was ruled out on security considerations. We looked at two sites next to the new US embassy, but we could not get the setbacks on those particular sites. It was a 12,000 square metre site but it was long and rectangular. So not only do we need a site that is 9,000 to 10,000 square metres; it has to meet certain parameters in terms of dimensions.

So our preferred site became the site we are currently looking at. It is in an area of reclaimed land down towards the Bassac River. Its neighbours will be the new parliament of Cambodia, which has just been in construction, and the new ministry of foreign affairs. We started negotiating with the owner in about January this year. There was a long, exhaustive process. We had to do a fair bit of due diligence on it. We had to do tests for site contamination, geotechnical surveys and flooding surveys.

One issue in Phnom Penh is establishing that the person who represents that they own the property actually owns the property without any third-party interest. There was a third-party interest back in April which was cleared up through the civil court, but in the contract of sale we have an indemnity should any third-party claim on any of these properties come through at a later stage. The contract negotiation was reasonably extensive. We also had to get an evaluation process put in place. We valued the four sites when we had a short listing of the sites, so we are comfortable that we have got the land at a reasonable value. We then performed all the due diligences necessary. We signed the contract for sale in August this year.

In early October we got the sign-off from the ministry of foreign affairs and the Governor of Phnom Penh to say that they had no objections to us purchasing the land. Last week we got the draft title back from the lands office, which we then went back and checked against the original surveys. We are now comfortable that it represents the land that we have contracted to buy. There are probably another three or four steps to finalise that. There are also some taxation issues that we have to talk through with the Cambodian government. Our solicitors are confident

that we will be able to settle before Christmas, but being Cambodia it could take another couple of weeks.

CHAIR—Thank you. It would be useful—and I think we have discussed this before somehow—to have the analysis of the four short listed properties, as it would be with any of these projects that are coming through. I think we should be able to have a look at how you have arrived at the decision on a particular site or a particular building, as the case may be. It would allow us then to be able to report on the rigour of the process you have been through. Perhaps in future you could include this as part of the briefing, even if it has to be of a confidential nature. If it is of a confidential nature, obviously we can deal with that in the confidential briefings if that is required.

Mr Moran—That is fine.

CHAIR—It would be useful for us to have a look at the analysis that has been used to determine the most suitable choice. While I am on the site: the new parliament is opposite the side of the site. Is that right?

Mr Moran—It is off to the right-hand side.

CHAIR—Are there parliamentary precinct restrictions on height, design or colour, as there are in most parts of the world?

Mr Moran—No. The main restrictions in Phnom Penh generally relate to the local temple. That said, one block away there is a casino and hotel which is 10 storeys high. We have already spoken to the authorities there and explained that our building would be two to three storeys high, which would be lower than the parliament and the ministry of foreign affairs, and that would seem to satisfy them in that respect.

CHAIR—So there are no very onerous conditions?

Mr Moran—No. Again, it is a place where there are no planning systems as such. They are in the process of developing a master management plan for Phnom Penh, and the building approvals are very basic. In our letter to the ministry of foreign affairs we were quite specific in stating that we wanted to buy the land to build an embassy on it and on the size of the embassy. Effectively, we can use that as we have done in other locations but we will deal with building authorities for the appropriate approvals on that. But there is nothing to indicate that we would have any problems with what we are proposing to build.

CHAIR—Thank you very much.

Senator PARRY—Your submission at page 8 at items 17.22 to 17.25 concerns the power systems. I just want to get that clarified. I think there may be an error in the way this is printed. Item 17.22 of the submission says:

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.

Does 'local' refer to the city supply?

Mr Davin—That is correct.

Senator PARRY—Then when we go further down to 17.25 it says:

All essential service systems such as lift, fire hydrant hose reel pump, and sprinkler pump will be connected to back-up supply—

which is the city supply.

Mr Davin—Yes. The situation in Phnom Penh is quite unique in the sense that it is far more economical to run our power supply off the generators. This is currently how our industry at the moment operates. We run all the power off generators and, if there is a problem with the generators, we will click back into the main power supply. Whilst it reads strangely in that in an emergency you would go back to the main power supply, what we are really saying here is that the day-to-day supply will be from two generators. If there is a problem with those generators then we can click back into the main power supply.

Senator PARRY—To the city supply. So what happens if the city supply is down and your generators are down?

Mr Davin—I think the possibility of losing both generators and not having the city supply available would be remote in the extreme.

Mr McKay—It probably is misleading because it says that the local supply is backup, and then it says that the emergency service is connected to backup, when in fact they are connected to the emergency power supply, which is the generators. So they perform both functions.

Senator PARRY—I thought there might have been some confusion with the wording. Also lacking in that—and it might just be an oversight—is security measures. I presume they are going to be taken care of with the on-site generators. That must be your mainstay of power, surely.

Mr Davin—Yes, there are two generators there that will supply day-to-day and emergency supply, with the ultimate fall-back that there is a power grid that we are connected to.

Senator PARRY—If that is working at the time.

Mr Davin—Yes, if that is working at the time.

Senator PARRY—Do the generators work in tandem or independently? If one goes down do you have another one, or do you need both to run the entire facility?

Mr Davin—No, they run independently.

Mr McKay—Yes, they will run independently. It is basically a double redundancy type system, where you effectively have the ability to run the building on one generator and if that

one cuts you can go to the other one. With a continuous system you have to take one of them out for maintenance on a monthly basis, for a comparatively long period—days. So there is a need to have two to be able to maintain the level of the reliability of supply.

Senator PARRY—Thank you. In summary, you are satisfied that the allocated amounts for the two generators will be sufficient to meet the needs onsite.

Mr Davin—Yes.

Senator PARRY—My final question concerns security measures, without going into details, obviously. Are you satisfied that all the measures in item 24.6 will meet the current needs for security and that the design aspect is taking into account contemporary security measures?

Mr Davin—Exactly. They are the latest and most contemporary security design features that we have developed in recent times. The building will be built to the highest and most current standards.

Senator PARRY—As much as you can crystal ball gaze—I suppose it is always difficult—with the contingency amounts that were set aside in the confidential briefing that we discussed, do you believe that there would be enough to implement any additional security changes that may arise?

Mr Davin—This particular project, unlike some of the others that we have had to bring to the committee, is actually complete in the sense that the security planning has been done and incorporated into the basic design. So we do not anticipate any review, upgrade or further works being required. I think the security features are comprehensive, and I am confident that will be the case. One never knows what may emerge that could change our thinking. To the best of our ability this building will meet all of the current standards and everything that has been developed over recent years. It will reflect our current thinking on all the security measures that are available and that have been developed in recent times. And it will be developed in that budget.

Mr WAKELIN—You have probably already covered the Canadian embassy and the co-location.

CHAIR—You can ask questions about it now on the public record. We just asked about some of the costing aspects.

Mr WAKELIN—This is obviously a normal function that occurs around the world. How many embassies do we co-locate with?

Mr Davin—First of all, I should say that there is an overarching agreement between the Canadian and the Australian governments that says that, where practical and convenient, we will look at the possibilities of co-location. In the current environment, we provide accommodation for the Canadians in two sites. We are not currently guests of the Canadians anywhere. We were at two sites, but they have been redeveloped or relocated, so we could not have that situation at the moment. It is on a full cost recovery basis; it is purely accommodation. We do not provide any other services for them. The principles of co-location in its original concept did actually go

to providing common accounting and communication support. In this particular instance, it is only that they have a dedicated area of the office that they operate and run.

Mr WAKELIN—I note there is a separate entry.

Mr Davin—They have a separate entrance.

Mr WAKELIN—It sounds inherently sensible. I am curious to know what practices are involved in this sort of thing and the possible unforeseen circumstances.

Mr Davin—It is not particularly widespread at the moment. It was an area that was under some development some years ago. They are currently with us in our existing chancery, and they were most anxious to maintain that relationship. I guess we were happy to facilitate that.

Mr WAKELIN—It is a historical arrangement.

Mr Davin—Yes, it is a historical arrangement. In this particular instance, we were happy for them to remain with us on a full cost sharing basis. We will continue the arrangement. We were co-located with the Canadians in Caracas and in Kingston in South America. Kingston was relocated to the port of Spain, and obviously we set up our own operation. The government decided some years ago to close down our presence in Caracas, so obviously we left there.

Mr WAKELIN—I would not expect any additional security issues, but are there any that are known to us?

Mr Davin—No, having the Canadians with us does not introduce any additional security concerns. They are obviously very happy to be within the security envelope that we provide.

Senator FORSHAW—In your submission, you indicate that there are no local specific environmental laws and there is no need for an EIS. However, an environmental survey was undertaken of the site. You said earlier that the land is essentially reclaimed land. Can you give us a bit more detail about who did the survey and what it showed up? I note your submission says that there is a low risk of any hazardous environmental contamination occurring.

Mr Davin—That judgment is based primarily on the fact that it has not previously been used as an industrial area or anything like that; it is reclaimed land. The geophysical testing revealed that we will probably have to introduce quite substantial foundations for this building. Our preliminary judgment is that some of the pilings will need to probably go down to 30 metres, I think, before we get the right foundations for the building. In terms of environmental impact, there is one other issue. There is a tree on that site that has special religious significance. We have been able to design and locate the building without impacting on that tree. There is an environmental issue, if you like, in terms of a tree that has special significance to the Buddhist community; it is a holy tree. Our design of the site will protect that tree. That is the only environmental issue we have come across.

Senator FORSHAW—Who undertook the survey? Was it a local firm or an Australian firm?

Mr Moran—We engaged Woods Bagot out of Bangkok to basically oversee geotechnical and contamination testing. We used a local company in Cambodia, EIS, to do the drilling and the surveys, but the testing of the soil samples was done in Bangkok. We tested eight or nine holes and all of them came back within the international standards in terms of any potential contamination.

Senator FORSHAW—Were you able to access details about how the land was reclaimed? Did the land have fill that could have come from anywhere?

Mr Moran—Not really. Having been there a number of times, I have actually seen it in process. Essentially they pump it off the bottom of the river and let it sit. It has a high water content, so you are going to have to put in some very deep piles. Geotechnical testing confirmed that. The contamination testing confirmed that it was within international standards. One of our concerns was the soil could have been brought in from a number of locations.

Senator FORSHAW—That is what I was wondering.

Mr Moran—We tend to take it primarily off the riverbed, because it is within half a kilometre of the river. The other one we looked at was the flooding. The site currently is half a metre above the highest known flood level, which was back in about 2002. There will be some building up of that site. Plus there are a number of dams being put into the Mekong River upstream from that, so we believe that in future it should be reasonably flood proof.

Senator FORSHAW—Do you apply our occupational health and safety standards during the building construction work?

Mr Moran—It is built to Australian standards.

Senator FORSHAW—Those of us who have been to—

Mr Moran—Normally we will build to Australian standards, or local standards if higher. In this case it is to Australian standards.

Senator FORSHAW—But that includes all of the safety requirements on the site.

Mr Moran—Yes.

Mr Davin—The contract documentation will reflect those requirements.

Senator FORSHAW—My other question is in relation to future expansion, or meeting future increased demand. Can you give us a bit more detail about staffing numbers at the moment? Are you able to project any potential increase?

Mr Davin—It is a medium-sized place. I think there are about 17 Australian based staff there and 41 locally engaged staff. In terms of the capacity of the building, it has been designed and the concept drawings have been done on the basis of space briefs provided by all of the agencies that will be tenanted in the building. So they have given us their requirements as much as they can foresee them. The building itself has some modest capacity for expanding staff numbers, but

there is not a large amount of excess space put into it. As we discussed earlier, in terms of the cost of the construction and the rent costs, agencies are required to pay for the space they occupy. Clearly they will not be specifying large areas of space that will remain unused against potential requirements. But the building design does have some capacity built into it to reconfigure areas and provide some growth. The building has been designed on the basis of what agencies have told us their current and expected requirements will be into the foreseeable future. The plans up there reflect that.

Senator TROETH—I noted the energy conservation measures and targets. You would obviously need an airconditioning system in that climate, so what sort of airconditioning system is that? Does it involve water towers?

Mr Davin—No. It has split coil units that will be spread throughout the building. There are a number of advantages associated with that. One is, of course, that you only need to run the airconditioning in the areas where you are operating. You have the capacity to close down underutilised areas or, if you come in after hours, you can just use the airconditioning in your immediate area rather than having a major system. Clearly that is also an attraction to us in terms of future servicing and maintenance in that we do not have a very complex system that requires servicing beyond the local capacity.

Senator TROETH—Are there any areas which require 24-hour operation in the building?

Mr Davin—Yes. Those areas are primarily in our IT and in our communication systems, which we run 24 hours a day to maintain the equipment. There will be appropriate individual airconditioning units to support those activities.

Senator TROETH—How many staff would be involved in those areas?

Mr Davin—The staff do not work 24 hours a day; it is just the equipment, which needs to be maintained.

Senator TROETH—With regard to energy conservation measures, I note you have said in paragraph 19.1 that the building will comply with the local code and other performance guidelines. What are the local code requirements?

Mr Davin—As I think we have discussed, the local code requirements are minimalist. The main areas of energy conservation we would be focusing on would be tinted windows and other design features which would minimise the heat load that the building would pick up in that difficult tropical environment. There are probably others who could give a more detailed explanation of the measures. Ian, did you want to take that question?

Mr McKay—We attempt to achieve the standards of the Property Council of Australia in these sorts of locations. For example, what we have done in the case of Colombo is to try and get down to the energy consumption levels that they would recommend for a place like Darwin—a hot, wet, tropical sort of environment. So, as Peter said, we would use a number of passive measures, such as tinted windows, solar hot-water heating, the use of appropriate materials and so on. I think that is pretty much the situation. There is not a heck of a lot over there in terms of local standards.

Senator TROETH—Does the Australian Greenhouse Office provide the guidelines?

Mr McKay—They do. Their system is a parallel system to the Property Council's in terms of consumption ratios.

Senator TROETH—I note what you are doing with high-efficiency double glazing and appropriate building materials. Approximately what percentage of building materials, fittings and equipment will need to be imported?

Mr Davin—We have not made a detailed analysis of that, but we expect that most of the internal fittings will need to be imported. The sorts of materials we would get locally would be very basic building materials—cement and so on. Beyond that, we think that most of it will need to be either brought in from Thailand or imported from Australia. If we had an assessment of what—

Mr Chappe de Leonval—We have done a study of what is available in Cambodia and there is not very much. As a consequence, we have priced and allowed for importing—I would not say 100 per cent but certainly 85 per cent of—materials. My best guess would be that certainly 85 per cent of materials would need to be imported, especially as it is a specialised building.

Senator TROETH—I guess that if you could get material of the standard that you wanted in Bangkok you would get it there and, if not, from Australia?

Mr Chappe de Leonval—Yes, that is correct. The idea would be to get the material from an international supplier which would provide us with materials of a quality and standard equivalent to Australian standards.

Senator TROETH—And has the necessity to import a lot of material had any impact on the project costs?

Mr Chappe de Leonval—It would have had an impact, but that would have been predicted in the first place.

CHAIR—In terms of project delivery and management of construction, there are always the issues of noise and dust, and also of traffic management. Are there difficulties in that regard? Is it a heavy traffic area?

Mr Davin—No. This particular site will serve us very well in that sense, in that there is already major construction in the area. Also, the building has roads on two sides of it. The traffic is not heavy at this time; the site is not on a main thoroughfare. So we do not expect to have any major impact on the surrounding roads, or any particular difficulties with deliveries of materials or storage of things on site.

CHAIR—During construction?

Mr Davin—Yes.

CHAIR—And later the access to and egress from the property should be reasonable?

Mr Davin—Yes. It will be very good, we would suggest.

CHAIR—And are the dust and noise mitigation accounted for in the construction?

Mr Davin—We would undertake the normal site OH&S protections against excessive dust or noise for the workers. There are no buildings in the immediate perimeter that I think would be affected by our construction. At this stage, we anticipate that we would build this within a normal building cycle. We are not accelerating to the extent that we would want people on site seven days a week or 24 hours a day; we would conduct this project within the normal building cycles.

CHAIR—Given the geological profile of the site and the need to have very deep foundations, do you anticipate a significant increase in costs or are there some unknowns that might cause higher costs for construction?

Mr Davin—Our planning and cost estimates do take account of the site, as we have been able to determine it through these surveys, so—

CHAIR—The geological surveys came through. Was the agreement to purchase the land subject to satisfactory geological survey?

Mr Davin—Yes, so we were familiar with that requirement. We knew that it was reclaimed land that would require some additional piling. We do not anticipate anything particularly unusual about it. It is a greenfield site. It is in an area where there has already been major construction. Whilst I am sure driving the piles will be noisy, we do not think that there are any nearby tenants that will be particularly disturbed by it. We will not be disrupting the local life, community, industry or commerce through that work.

CHAIR—In point 16.2 of your submission you state:

The project will be delivered generally in accordance with the Disability Discrimination Act 1992.

Can you explain what ‘generally’ means in this context? Can you give the committee an assurance that the building will fully meet the act requirements?

Mr Davin—We can give that assurance. The qualification is entirely related to the special security features that we have in the building. Without going into that in too much detail, we have cocoon environments and double-door environments, which really could not be operated by someone independently. Most of those doors have to be operated for people by a receptionist or someone outside. I think that is the only qualification that it is there for. Otherwise, we have the ramps, we will build the corridors at the appropriate size and our lift controls are appropriate. Everything is done in accordance with those requirements, but there are some specialist features in the building which would probably fail that test because of the security nature.

CHAIR—But in those areas I take it there will be someone—

Mr Davin—There is supervision that would be available to help people. It is just that one qualification.

CHAIR—That problem exists here in Parliament House.

Senator PARRY—I wish to follow on from a response to Mr Wakelin concerning the Canadian co-location. You mentioned that you cannot see a compromise. I think you said it does not present any additional security concerns, but you also indicated there is a separate entrance for the Canadian contingency. Would that in itself not indicate that there is an additional security requirement? How do you manage that with the Canadians?

Mr Davin—The main access issues for us are that we put it out to the perimeter. When we build a new chancery, the control access features are at the perimeter of the building. We have ram proof walls and an in-built guardhouse. People come through a metal detector. They drop off bags. They leave things in that environment before they access the compound proper.

Senator PARRY—It is an internal separate entrance for the Canadians?

Mr Davin—Yes. Whilst you are right in the sense that points of access are always of some concern, the main issues are being addressed at the perimeter of the building at this particular site. Once they get into the compound, they are then able to use separate entrances. That entrance, of course, has the usual security features attached to it, so it will be a strengthened access door.

Mr Hancock—The guardhouse and the arrival point for vehicles, staff and visitors are on the perimeter of the site. It is a common entry.

Senator PARRY—There is screening for every individual?

Mr Hancock—Everyone is screened at the boundary line of the site. Then, once cleared, they can make their way into the building, either to the Australian side or the Canadian side. There is quite a distance, you will see on the site layout, from the guardhouse to the building.

Senator PARRY—Can you point out where the Canadian entrance is, or is there a central point within the embassy building or the chancery?

Mr Hancock—If you can spot '17' on the diagram, it is the piece of the building on the right-hand side on the ground floor.

Senator PARRY—It has a separate entry point and I presume there would be security measures with either personnel or other access.

Mr Hancock—They have their own airlocks as well, as we do.

Senator PARRY—Will the staff on site be having regular meetings to ensure that security is comparable and the level that we want?

Mr Davin—Yes. That is a post issue. They would have regular meetings, and they currently do. There is quite a close relationship with the Canadian ambassador there, and they do contribute and participate in meetings about not only security but also other issues about the property itself. That will continue in the new environment.

On another level, I have met the head of the Canadian property services bureau on a number of occasions, along with our British and New Zealand colleagues, and I have to say that everyone has a very similar approach to the new international security environment. In fact, we are all as one in terms of the standards we are developing. We are like-minded embassies, and the standards you would find are pretty common across the embassies. There are no real tensions in terms of different viewpoints on security.

Senator PARRY—Thank you.

CHAIR—Mr Wakelin, have you got questions?

Mr WAKELIN—Yes. Before I start, has silty sand been covered?

CHAIR—The geotechnical issue?

Mr WAKELIN—Yes.

CHAIR—I do not know whether we have talked about silty sand specifically.

Mr WAKELIN—It is just a question about the cost implications. Has that been covered?

Mr Davin—Yes.

Mr WAKELIN—On the issue of hydraulic services, in 13.4 of your submission you talk about power and water—unreliable and mains water infrastructure. You go on to say:

... because of cracked pipes provides the end user with poor quality water with inadequate capacity for fire hydrant services.

There seems to be a conflict in that statement. You say it is reasonable and then you say it has got cracked pipes and poor quality water. That leads on to the provisions that you have made for the water, and then it leads on to the sewerage system. Those are the two parts of the question. How good is the water infrastructure?

Mr Davin—Pretty poor, but perhaps someone can answer that in more detail.

Mr McKay—The town water will be brought onto the site and stored, but it is not suitable for drinking generally without further treatment on site. There will be a treatment facility on site to provide sand filtration and ultraviolet-light sterilisation of the water before it is consumed.

Mr WAKELIN—I was just making the point that the infrastructure is described as reasonable but it seems that it is not all that reasonable.

Mr Davin—The water flow is reasonable but it is poor quality. That is the qualification.

Mr WAKELIN—Which leads you to the outcome or the infrastructure that you have had to develop. As far as the sewerage goes, what do you mean when you say you will let it go into the

general drain? Is that the sewerage system or public drainage system? What does that actually mean?

Mr McKay—It will be discharged into the public sewer. We do not intend to treat sewage on site.

Mr Chappe de Leonval—It is being treated on site.

Mr McKay—So there is pre-treatment? Sorry.

Mr Davin—Sewage will be treated on site before it is discharged into the public sewerage system.

Mr WAKELIN—But with the existing system it is untreated sewage into the river.

Mr Chappe De Leonval—It is a stormwater system, yes.

Mr WAKELIN—But it will be treated on site and then there will be what we would imagine will be the liquid will go into the public drainage system.

Mr Hancock—Correct.

Mr Davin—We will be releasing sewage of a much more highly treated nature than what the public system is discharging.

Mr WAKELIN—I gather that. Thank you.

CHAIR—I have one other question that goes to the project management aspect at 29.4 in the submission. Again, this goes to the earlier questions, so it will probably be cleared up if you could let us have some kind of breakdown as to who gets what fees. It says:

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 carried out by the Project Manager with support from in-country partners.

I am wondering how many layers there are. If you could be mindful of that when you are providing us with the breakdown of consulting fees and who gets what, I would appreciate that. Finally, are you confident that this project can be finished within the time frames? Senator Troeth just made the point to me, because she has been there and I have not had that advantage—

Senator TROETH—For four days, I must say.

CHAIR—She said it is amazing you have managed to get so far in a relatively short period of time, because of the difficulties and constraints. Given the level of difficulty, including perhaps some particular site issues, are you confident that you can deliver this construction on time and on budget?

Mr Davin—Yes, we are. We have some familiarity with the local environment through these preliminary visits. In our pre-tender qualification assessment we will be making sure that the company that are awarded the contract have the ability to deliver, and they will be convincing us they can do it in that time frame. So the answer is yes. I concede it is an extremely difficult environment. The experience we have had with purchasing the land has been very challenging. If those complexities and difficulties were to be transferred to the construction of the site, we would certainly have difficulties with that time frame. But we are confident that, once we have possession of the site—we are experienced in construction in South-East Asia and we do understand the processes—we can deliver within that time frame and within the budget that we have outlined.

Mr Moran—The Americans recently completed a new embassy there and they were able to use a lot of local resources. They found some of the tradesmen to be quite good, so they were reasonably confident about the time frames we have.

CHAIR—Is a building boom happening there at the moment, and will that have an impact on the time frames for this project?

Mr Davin—No, I would not suggest there was a boom. There is no high-rise construction going on there at all. There is local industry. As you go around you see small shops and small housing work, but there is no major boom. I would categorise it as ticking over.

CHAIR—Is dealing with the local authorities, with building approvals and so on, likely to prove difficult and would there be any protracted negotiations required there?

Mr Davin—We do not anticipate that. Certainly the relationship that our ambassador has with the local governor and local authorities of Phnom Penh has been very positive. Indeed, we have had exchanges with the foreign ministry, and they have been very supportive of us purchasing this land. They think it is a good site for us to be on and they will, I am sure, support the processes. Our main conduit to the government will be through the foreign ministry, so we think we are well placed to carry out the normal approvals, mainly with utilities and things. We do not see any sort of heritage or building code issues troubling us. We think that, with the utilities and other issues resolved, the foreign ministry will be very supportive.

CHAIR—On the site, do they have measurable flood levels? It is quite close to the river. Has that been taken into account?

Mr Moran—Yes. We did a survey. The site is about half a metre above the highest recorded flood level, which was back in 2001 or 2002. We will raise the site again over and above that. Also the advice we are getting back is that a number of dams are being built along the Mekong up in southern China and below it, which will basically limit future flows of water into that area. So we are reasonably confident that we should not have any flood issues going forward.

CHAIR—Thank you very much.

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

That, pursuant to the power conferred by subsection 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 10.05 am