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Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Construction of a new chancery for the Australian High Commission,
New Dehli, India**

FRIDAY, 22 AUGUST 2003

CANBERRA

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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: Mrs Moylan, Mr Brendan O'Connor and Mr Ripoll

Terms of reference for the inquiry:

To inquire into and report on:

Construction of a new chancery for the Australian High Commission, New Delhi, India.

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Committee met at 9.16 a.m.

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

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

CHAIR—Welcome. I now declare open the public hearing into the construction of a new chancellery in New Delhi, India. This project was referred to the Joint Committee on Public Works on 25 March 2003 for consideration and report to the 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.

Earlier this morning, I received a private briefing from the Department of Foreign Affairs and Trade, and I thank you for the excellent diagrams. Given that we cannot inspect this facility, they help us to have a clear picture of the location and the facilities, and we certainly have that. The committee have received a submission and a supplementary submission from the Department of Foreign Affairs and Trade. These submissions will be made available in a volume of submissions for the inquiry, and they will also be available on the committee's web site. Does the department propose to submit any other amendments?

Mr Davin—Yes, I would like to submit an amendment. In the department's statement of evidence dated June 2003, the site plan indicates that the new chancellery building will be set

back approximately 15 metres from the northern boundary wall of the compound perimeter. DFAT has undertaken a review of the security of the project in light of recent world events and in consideration of the increased threat to Australian diplomatic missions highlighted by the Prime Minister in his remarks at the opening of the new chancellery in Manila in July. As a result of this review, DFAT has decided to introduce further measures to improve the long-term security of the new chancellery against possible terrorist attack. These measures include relocating the new chancellery to provide an additional 10 metres of setback from the northern boundary wall. The proposed location of the new chancellery is indicated on the revised site plan. The full impact of the revised siting will be further examined during the design development phase of the project. The decision to relocate the chancellery was based on advice from a leading Australian expert on the design of blast-resistant structures, who undertook a detailed study of the possible effects of a bomb attack on the chancellery and on measures to reduce the potential damage. I also have an opening statement that I would like incorporated into the record.

CHAIR—Thank you. There being no objection that Mr Davin's opening statement be incorporated, it is so ordered.

The document read as follows—

This submission seeks approval for the Department of Foreign Affairs and Trade to construct interim office accommodation, five units of residential accommodation and a new Chancery building in New Delhi for use by Australia's ongoing permanent mission to India at a cost of \$24.61 million. It is proposed that these facilities will be constructed on the site of the existing Australian High Commission compound that was acquired by the Commonwealth under a perpetual lease in 1953.

The new Chancery will replace an existing unsuitable building and will be occupied by the Department of Foreign Affairs and Trade (DFAT), the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), the Department of Education, Science and Training (DEST), the Department of Defence (Defence), the Australian Trade Commission (Austrade), the Australian Agency for International Development (AusAID) and the Australian Centre for International Agricultural Research (ACIAR).

A new building is required due to the significant shortfalls in space, functionality and amenity provided by the existing facility. The Australian High Commission in New Delhi is currently located in a building that was constructed in 1966 and subsequently extended in 1991. The thirty-six year old building now lacks the usual amenities, building services, security requirements and the provisions for technology and safety features common in modern buildings. Adequate space for the major increases in staff and visitor numbers that has occurred since the occupation of the existing facility can no longer be provided.

The building has deteriorated due to its age and the harsh environmental conditions experienced in New Delhi. Furthermore, expenditure on repairs and maintenance over recent years has been kept to the minimum necessary to satisfy OH&S issues pending decision on the refurbishment or demolition of the building.

A comprehensive review of the High Commission's accommodation requirements identified the need for additional office space that cannot be accommodated within the existing building. This review recommended the construction of a new purpose designed building to meet the requirements identified in a detailed accommodation study as the most cost effective option. The new premises for the Australian High Commission will provide appropriate space, functionality and

amenity for the occupying tenancies, including the provision of appropriate security, representational and recreational facilities for use by both the locally engaged and Australian staff and their families.

Strong demand from Australian based personnel in New Delhi has also confirmed the need for additional on site residential accommodation of an appropriate and secure standard. Generally this demand is the result of substandard accommodation, poor off site infrastructure and the difficult nature of life in urban New Delhi. As such, this proposal includes the construction of five additional residential units of accommodation on the existing compound.

Disruption to the operations of the High Commission during construction of the new Chancery building will be minimised by relocating staff to interim office accommodation on the site. The High Commission will operate from the interim office accommodation until the new facility is complete and ready for occupation.

A preliminary design has been developed in consultation with the occupying agencies that has resulted in the preparation of a schematic design concept with a cost plan indicating that the facility can be provided within the approved project budget. We have consulted with local authorities in New Delhi on issues of planning and land use and the New Delhi Municipal Committee has indicated strong support for the proposed works. Following the completion of detailed design, further discussions and approval from the authorities will be sought before works commence.

This proposal will deliver a modern, fully functional building that will accommodate DFAT and attached agencies. In addition, the ground floor of the new Chancery building will also include a multi-use facility, capable of providing for official receptions, exhibitions and trade displays, meetings, lectures and business missions.

Consultation has occurred at Commonwealth and local government levels during the development of this proposal.

Subject to Parliamentary approval, construction is scheduled to commence in May 2004 with completion of all works scheduled in September 2007. The out-turn cost of the proposal will be contained within the allocation of \$24.61 million.

CHAIR—Mr Richardson, you are the Assistant Secretary of the Diplomatic Security and Services Branch, so perhaps we should take advantage of your being here this morning. The setback will be done on the northern boundary?

Mr Davin—That is correct.

CHAIR—You are going to increase the setback and there are some obvious reasons for that. It will house the main building—the new chancellery—but is there a need to look at the setbacks on other boundaries of the property?

Mr Richardson—We are looking continually at reviewing security at the New Delhi High Commission, as we do at other Australian embassies, to incorporate enhanced physical security. We are taking the opportunity of the redevelopment of the high commission with a 50-year life to incorporate ongoing higher levels of protection, but we are doing that in the context of the opportunity provided by its redevelopment to incorporate these higher levels of protection. At the same time, we are in the process of reviewing general security at the compound, as we do at other missions.

CHAIR—You do not see a need to increase the setbacks on other boundaries in this particular compound?

Mr Richardson—We do not see any immediate credible reason to do that. We are reviewing security, as I say, as part of an ongoing review of security at all our missions and over time we will increase security at all of them. We are in the process of upgrading security at the New Delhi compound, and we will be taking a range of measures to improve its protection against a range of threats.

CHAIR—I notice on the plan and in your submission that, while the chancellery will be demolished and under construction, you will move operations into what is now the building 8 area, which I think is the eastern boundary. Is that correct?

Mr Richardson—Yes.

CHAIR—I notice that is close to the street, particularly the DIMIA waiting area. Do you have any concerns about having most of the embassy facilities located in this area so close to the street?

Mr Richardson—No. We attempt to ensure that the physical security is appropriate to the level of threat. We do not see any particular threat in New Delhi at present. Nonetheless, we will obviously be taking sensible, prudent precautions to ensure that staff in the interim chancellery are safe. At the same time, we think it is only prudent in redeveloping a building with a 50-year life to incorporate higher ongoing levels of security, which we can do at this stage at a reasonable cost. That is in the context, of course, that the security environment is uncertain and at some point it may well deteriorate beyond current levels.

CHAIR—Staff are going to be located in that temporary building 8 a fair while. What is the period of time again? Is it 19 months they will be there?

Mr Davin—I think it is more like three years from start.

CHAIR—It is a fair time for a temporary location. You are quite confident that the staff will be secure in that building for the time being?

Mr Richardson—We are satisfied that the level of protection we can provide to that interim chancellery is appropriate to the level of threat that they face. As I mentioned, we will be incorporating a range of measures to ensure the safety of staff. For example, we have asked the high commission to talk with the Indian government with a view to providing setback at the kerbside to improve the overall setback in that area and we will be incorporating a range of other measures for the safety and security of staff in that interim chancellery.

CHAIR—I have just one other point before I go to my colleague. I notice in your submission that the net lettable area of buildings in the high commission is now 2,963 square metres. I understand the requirement, though, has been established for a net lettable area of 4,878 square metres in the new facility. Can you outline for us what has happened that means that there needs to be such an expansion of the high commission in New Delhi?

Mr Davin—Primarily the increase in space reflects growth in staff numbers over recent years. The current size of the chancellery is not adequate at the moment. It is not fulfilling all of the space requirements of the existing establishment. In fact, some of the immigration function is

being performed out of House 8, so the current size is not adequate. We have done a comprehensive survey of attached agencies to see what their space requirements would be in a new chancellery and the net result is this 4,878 that has been incorporated in the new chancellery.

CHAIR—What have been the new areas of growth?

Mr Davin—The primary area is in the immigration processing area. The establishment there has increased quite dramatically over recent years.

CHAIR—Can you give us an idea for the public record what that increase is?

Mr Davin—For the new chancellery, at the time it comes on we expect the A-based establishment to be approximately 30 and the locally engaged establishment to be about 120. So all-up there will be 150 people incorporated in that new building.

CHAIR—Is that DIMIA people?

Mr Davin—That is the entire establishment.

CHAIR—AusAID, AusTrade and so on?

Mr Davin—Yes. There are seven agencies represented in the complex there: Department of Foreign Affairs and Trade, DIMIA, DEST, Defence, AusTrade, AusAID and ACIAR—they all have a presence.

CHAIR—And the biggest growth has been in the immigration area?

Mr Davin—Yes.

Mr RIPOLL—Mr Davin, just on the issue of security, obviously there has been a review carried out by the department to look at security requirements, hence why you have set the building back a further 10 metres. Has there been an overall site review of security? Have you looked at the complete security, or just particularly with the new buildings?

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

Mr Richardson—We review security at our missions at least annually and we have been looking at the New Delhi compound in its entirety over an extended period and incorporating enhanced security features as a result of that review process.

Mr RIPOLL—Before when you were giving evidence you said that there was no immediate reason and no threat at present that you could see beyond what was currently there. If we are going to talk about a life of 50 years—assuming we are not going to go back and move things and change buildings later on—while you say there is no immediate threat, does that assessment cover the 50-year period in terms of major works?

Mr Richardson—My point was that, as we had the opportunity of redeveloping the chancellery, we have an opportunity to incorporate at a very reasonable cost higher levels of ongoing protection for that building. That is against the possibility, in the uncertain security environment in which we are operating, that at some point in the future the mission might be exposed to a deterioration in the overall level of security. It is simply a matter of prudence. It is not a prediction that the security environment will deteriorate or that it will improve.

Mr RIPOLL—Are the fences around the boundary of the compound of an adequate standard? It seems to me, looking at photos and seeing some views from the street, that some of the fencing and some of the barriers might not be adequate enough for security.

Mr Richardson—We believe them to be adequate.

Mr RIPOLL—With the new building being set back, are there any other existing buildings that are closer than the 10 metres? Are there any buildings where people are housed during the day for work purposes or for accommodation at night within that 10-metre zone of the boundary?

Mr Richardson—I believe that is the case, but I would have to defer to colleagues to confirm that.

Mr Davin—I understand there is a 15-metre setback for the whole perimeter of the compound. With this new chancellery we have taken the additional security measure of setting it back by another 10.

Mr RIPOLL—So it is 10 on top of the 15?

Mr Davin—That is right. But there would be some buildings on the compound that would be on that 15 metre—

Mr RIPOLL—But everything is a minimum of 15 metres?

Mr Davin—That is correct.

CHAIR—Except the DIMIA waiting room, which is right on that eastern boundary, isn't it?

Mr Davin—That will be a temporary structure for the interim chancellery, just to process people through. It is more of a processing of visitors to the chancellery than a direct work area. But you are right, yes.

Mr RIPOLL—Three years is a fairly long time, so it is almost a permanent temporary arrangement. During the construction what sort of security are you going to put in place there?

Mr Richardson—You will appreciate that I cannot go into the detail of the types of security measures we put in place, but we are looking at a range of options—improving the setback, for example. We have asked the high commission to approach the Indian government with a view to putting bollards on the kerbside of two of the streets, including the street in which the interim chancellery will be located. That will have a beneficial effect in this area. We will also be

looking at what measures need to be taken in the interim chancellery itself to provide appropriate security in the threat environment in which they are currently operating.

Mr RIPOLL—On the issue of security and the review that was done, who was it done by?

Mr Richardson—There are several processes of review that we have. The Department of Foreign Affairs and Trade reviews security at least annually. We have a global process of review each year, but we also review it on an ongoing basis in response to changes in threat levels. As part of that review process, we commissioned an independent report into the proposed structure to ensure that it was providing appropriate levels of protection into the medium term. That was conducted by one of the leading experts in Australia on blast resistance, an individual who lectures at the Australian Defence Force Academy. His name is Gerhard Horoschun.

Mr RIPOLL—On a slightly different subject—materials and finishes—I was just reading in your submission that some materials will be sourced from Australia, although the bulk of materials is likely to be from local sources. What are the Australian materials? How are we getting them there? Are we talking about bulky construction materials or finishing materials? Can you give us some idea of what the components are?

Mr Davin—Mainly specialised equipment would come out of Australia, but I might defer to my colleague.

Mr Chappe de Leonval—Certainly I can respond to that. The idea is to create an Australian image, and I would rather leave that image to my colleague the architect. In general he is talking about finishing materials that would create the image of Australia. Any material that is concrete, brick or of that nature would be locally sourced. The specialised services which are perhaps not fully available to the level that we wish them to be available—in airconditioning, for example—would be sourced internationally, price being the competitive issue.

Mr RIPOLL—Can we get a little more information on that? Do we know what they are going to be? Do we have a breakdown of that, or do we have some rough idea? I am assuming that at this stage somebody must have at least done a materials list or have some idea of components.

Mr Hopton—The process is to build on what Mark just said. The major building materials used, such as glass, concrete and stone, will be local—Indian. We will be specifying all the equipment and plant to meet Australian standards. That will then allow the builder to tender out for that equipment. That may or may not be Australian. It depends. The sophisticated equipment is, in fact, imported into India so the Australian companies that supply that equipment will have the ability to tender on the world market. As far as the public areas are concerned, we will certainly be specifying Australian timbers to reflect the Australian nature of the building, which is obviously a very important mission and post. That is what we are looking at.

Mr RIPOLL—Is it part of your design requirements to do that at a certain level or is it just part of the architectural design work that you have decided that this is the theme you want and this is how it is going to look?

Mr Hopton—We are still developing the design. We have got to the point of laying out the mass of the building. As far as the design, the development and the finishes, we still do not have a schedule at this stage. That is part of the next stage once we get approval from this committee to move onto the next stage.

Mr RIPOLL—There is no set requirement; you do not have to meet a particular target or anything like that? It is going to be a design concept.

Mr Hopton—Correct.

Mr BRENDAN O'CONNOR—According to paragraph 7.4 of your submission the chancellery building would be elevated above:

... the footpath and road levels in order to enhance the presentation of the building and avoid possibility of localised flooding.

Is the area prone to flooding? Do you envisage any problems in that regard?

Mr Davin—My understanding is that the area is not prone to flooding. My reading of the background papers indicated it was not a flood prone area.

Mr Hopton—That is correct. It will be designed for the one to 100-year flood levels.

Mr BRENDAN O'CONNOR—How high is it being elevated from the ground?

Mr Hopton—It is going to be designed to cater for the one in 100-year flood levels. As for the surveying and everything else that we have done, I cannot give you an exact measurement.

Mr BRENDAN O'CONNOR—The department talks about the Australian materials and finishes being incorporated into the building where practical and cost effective. Will the bulk of construction materials and finishes be sourced in India?

Mr Hopton—The bulk of the construction materials will be sourced in India—the concrete, glass and stone, which comprise the major bulk of the external cladding. For the finishes which will reflect the Australian environment and which will be in the public areas we would be looking at Australian timbers. Wherever possible we have to ensure the cost effectiveness of the design within the agreed turnout costs.

Mr BRENDAN O'CONNOR—Most of the builders involved in the construction would be, obviously, Indian and working in that area. How do you oversee their construction to ensure the standards are suitable?

Mr McKay—The particular contracting technique that has been employed in this case is to employ a very high level of Australian based supervision in the actual delivery of the project. We have engaged APP, which is an Australian based project management firm. As part of their scope of work they have the requirement to provide a high level of supervision on site during construction. So the project will be delivered generally via traditional means of normal head

contract arrangements, but these will be trade based and managed on a contract by contract basis by an Australian based presence on site.

Mr RIPOLL—I just want to follow up on the issue of who carries out the work. Is there any set component of Australian work in terms of carrying out the construction, or is it just in the oversight and management, with local providers doing the rest?

Mr McKay—The work will be carried out by local providers with Australian supervision.

Mr Davin—I might just take the opportunity to clarify the matter of the temporary chancellery we spoke about earlier. It is a three-year cycle of construction and demolition, so we estimate it will actually only be in use for two years.

CHAIR—Thank you for clarifying that. We note from other chancelleries around the world that airconditioning and heating and cooling are often problem areas. What kind of airconditioning are you planning to install in this, given that you are dealing with property in New Delhi, which is located on the edge of the Rajasthan desert and experiences extreme temperatures—ranging from four to 46 degrees—and monsoonal rains? Can you tell us about the airconditioning? We note previous missions have had a lot of problems with heating and cooling systems.

Mr Davin—I will open by saying that one of the features that we are incorporating into the airconditioning is a zoning capability so that it can be used very effectively. You do not have to aircondition the whole building if only a small area is being used. In terms of the technical specifications, I will defer to my colleague.

Mr Hopton—The airconditioning will be designed to cope with high ambient temperatures. I cannot address the technical requirements. If you do require a full technical brief, it is something that we are developing and will be developing as we go into the next stage of the design of the building.

CHAIR—It is in the public interest. Talking to people from other missions I have learned that, firstly, it does not provide a very good working environment when heating and cooling systems do not work efficiently and, secondly, rectifying problems once the initial system has been installed comes at a very high public cost. I think it is an area that really needs to be looked at very closely, given the number of places where they do not seem to work very well.

Mr Hopton—Certainly the design will be in accordance with the building codes of Australia. It will also be in accordance with the guidelines set down by the Property Council of Australia. We are very mindful as well, of course, of legionnaires and we will be looking at air cooled chillers, which minimise that sort of risk.

CHAIR—I am going to ask about the legionnaires, but first, I understand that they meet the building design codes and so on, but have you had a look at what the problems are in other missions and why those problems occur? Are you actually working toward rectifying those kinds of problems?

Mr Davin—I do not know that we have a major issue with airconditioning overseas. We operate in some very difficult climatic environments but, for instance, the airconditioning system that was incorporated into our mission and residence in Riyadh operates very effectively. Similarly, we have a recently constructed chancellery in Islamabad, where once again the airconditioning is operating very effectively. We do not have any problems with it.

I take the point that it is critical in these very harsh environments that we have effective cooling and heating systems. It is an area that we do pay particular attention to, particularly in areas like making sure that we provide whatever solar protection we can provide for the building—light colours, tinted windows and all of those precautions. As my colleague stated, we have not really got into the detailed specifications yet of the airconditioning system we would apply in New Delhi but we are certainly conscious of those temperature variations and will ensure that it is not only effective but also very efficient and cost effective.

CHAIR—Even without those high temperature variations, in places like Washington there were lots of problems with the heating and cooling systems that I am sure you are well acquainted with.

Mr Davin—It is certainly true that we have problems in some of our older buildings and we are working to rectify those. We learn lessons from those in the design of new buildings.

CHAIR—That is what I was asking about. Are you looking at some of those failures in the past? Is modern technology limiting those kinds of failures for the future? We are really keen to make sure that those issues are taken into account because they provide a very unpleasant working environment for staff in the missions and because rectifying the problems after the event increases the costs to the public purse.

Mr Davin—This building will have a building management system incorporated into the design, which is a common feature of new buildings and assists in the management of these sorts of issues. You can detect failures or slippages in areas and respond quickly.

Mr McKay—I would like to make another point on that. We have a fair amount of experience in this area with people who are maintaining those other missions now. As part of the development process, we are discussing the concepts with them to try to pick up peculiarities of areas overseas so we can try and incorporate their recommendations into designs.

CHAIR—Going back to the issue of legionella, what are the risks? I understand that certain types of systems give rise to this condition. Can you just tell us how you will make sure that any risks are limited in this building?

Mr Hopton—As I said previously, legionella is typically associated with water based chillers. We are staying right away from those. We will have optimum filters on the ventilation as well. We are certainly very conscious of those issues and we will be designing the system to ensure that we minimise the risk.

CHAIR—Is legionella never a factor in refrigerated systems?

Mr Hancock—I think it occurs in the cooling tower situation with water, as supposed to air cooled chillers.

CHAIR—You are not sure whether there have been problems with refrigerated systems in terms of legionella?

Mr Hancock—We have not had any examples.

CHAIR—The other question in relation to air cooling and heating systems is about energy conservation measures and targets. Can you tell us what you have done in relation to that in the development of this building?

Mr Hopton—Energy conservation is extremely critical and important and a very strong focus of the whole design. There are two parts to the energy conservation that we are looking at. There are very strict guidelines set down by the Property Council of Australia and we will be following those very strict guidelines to ensure that we maximise the SEDA ratings of the building within the confines of the cost estimates. We have the passive measures—the siting of the building, the sort of glass used to reflect solar penetration, and the use of light coloured stone—and the active energy conservation measures such as zoned airconditioning systems that allow zonal control of office temperatures, time schedule control of common area airconditioning systems, installation of energy efficient lighting, and zone switching to minimise over lighting. So there is a whole process that we will be going through to ensure that we create a building that is reflective of the Australian government's concern about energy.

CHAIR—Are you liaising with the AGO?

Mr Hopton—Yes, we are.

CHAIR—I do not seem to have any detail of the actual accommodation in my notes. We have had discussions before with overseas missions about the merit of accommodation on site as opposed to off site. I notice in your submission you do make some reference to this with regard to the current climate and the preference for staff to locate within the secure compound. There was a lot of discussion in previous public works hearings on this very issue, and in fact a counterargument put that very often staff would prefer to live off site. Would you like to tell us a little bit about the arrangements for accommodation: what kind of accommodation is there and how many people are likely to be accommodated on site?

Mr Davin—The actual project provides for the conversion of some of the interim chancellery space into apartments at the completion of the project. So there will be three new apartments constructed in what we call House 8, and also—at the other corner of the compound—we are going to construct two townhouse residential units. So there will be an additional five residential units provided on the compound at the completion of the project.

CHAIR—Which will make how many altogether?

Mr Davin—There is the head of mission residence, seven houses I think and 11 apartments, plus another five.

Mr RIPOLL—So not everybody is accommodated on site?

Mr Davin—No, not at the moment. It is a very difficult living environment. Because the chancellery provides backup electricity, treated water and quite a safe environment it is very popular with the staff—they are more than happy to live on the compound. In fact, we are constructing these townhouses as a direct result of representations from agencies for additional accommodation on the compound.

CHAIR—What percentage of your staff can you actually accommodate on the compound?

Mr Davin—At the moment I think we have six families that are living off compound, and I believe when we finish the project, and with anticipated additional staff arriving, we will still have about two or three families off compound. That is just from my reading of the notes.

CHAIR—So what is the standard of the accommodation? Do you have a mix of the number of bedrooms? Could we get some detail on the type of accommodation?

Mr Davin—We can certainly provide that.

CHAIR—We normally do get that from you but on this occasion we do not seem to have that included.

Mr Davin—We can certainly provide something separately. Unless you can provide—

Mr Hancock—I think you have touched on the fact that we have 11 staff apartments existing at the moment. We have a head of mission residence, of course, and six houses, if that is correct. Those houses are quite old—they are more or less colonial bungalow style and single storey—and not particularly large but they have been reworked over time so they are reasonably adequate. The staff apartments were refurbished some years ago—in the nineties, in fact—so they are in quite good shape. The kitchens, bathrooms and laundries have been brought up to date so they are very good units of accommodation. And that is what is on the compound at the moment, and we will have the additional five units.

CHAIR—So there is no need for refurbishment of some of the existing accommodation as part of this project?

Mr Davin—No, there was a major refurbishment of the apartments some time ago and routine regular maintenance of the housing has kept it in pretty good condition; so that is not part of the proposal.

CHAIR—What is the situation with the rental structure?

Mr Davin—This is for the residential accommodation?

CHAIR—Yes.

Mr Davin—The agencies that have asked for the accommodation have entered into precommitment memorandums with us for those accommodation units. We are basically

charging a market rent, which is what we are obliged to do in our commercial management of the estate. I do not have the exact rental amounts that have been agreed to but it certainly has been negotiated and agreed to and it reflects the local market, which is difficult.

CHAIR—Would the accommodation on compound be comparable to accommodation off compound in terms of cost, size and so on? How is that determined?

Mr Davin—The housing units there were built many years ago but, yes, they are quite comfortable bungalow style houses with a small amount of grounds around them. They compare very well and that is why people are quite keen to live on the compound.

CHAIR—When you say they compare very well, is it less expensive for the government to have people on the compound rather than renting private accommodation outside the compound, or is it more expensive?

Mr Davin—We charge a commercial rent for the properties that are on the compound. Clearly, the government owns the compound so it is an internal transaction when it is leased to other agencies. The rents are comparable and reflect the high quality of the housing. The fact that we have an Australian based facilities management team on that site to maintain not only the chancellery and the apartments but also the housing as well means they are well maintained and services of course are guaranteed by the water treatment and generators. But agencies have all been devolved their own budgets to manage the property affairs and they pay rent to the Commonwealth for owned properties or they pay rent into the private market for alternative accommodation.

CHAIR—Does this provide you with a return on your investment?

Mr Davin—It certainly does.

CHAIR—It is managed on a commercial basis?

Mr Davin—Yes, indeed. The Overseas Property Office, which I manage, has an obligation to manage all of the overseas estate in a commercial fashion and that really means charging agencies rents that are comparable to what would be paid in the private market. We review those. We have memorandums of understanding which reflect the normal commercial leases which would provide for regular reviews of the rent. We have negotiated rents for the new chancellery and we have also negotiated rents for the new compound accommodation, which is satisfactory to all parties.

CHAIR—The only other question I have is in relation to fire and safety and particularly anyone who is disabled who might be working and living within the compound. Can you explain what you have done in relation to provision for anyone with a disability? Can you explain the provisions for safety, particularly in relation to fire services?

Mr McKay—The chancellery will be designed to accommodate the occupational health and safety act and the disability act requirements here in Australia so there will be adequate provision for access and utilisation by disabled persons in the new chancery.

Mr Hopton—The permanent chancellery will be fully fire sprinkled even though we do not need to do that in accordance with the Australian standards. It has been deemed because the New Delhi fire services are not exactly the fastest to arrive on the scene and also because the fact that it is the Australian High Commission means they have to be invited onto the compound, so we are fully sprinkling the permanent chancellery.

CHAIR—What about the accommodation?

Mr Davin—They are freestanding units. There are smoke detectors provided in those residences. There are fire hoses, I think, at various sites around the compound.

Mr Hancock—There is a fire hydrant system that reticulates all the way around the compound so you can actually fight a fire from different areas.

CHAIR—From within the compound?

Mr Hancock—Yes.

Mr Davin—We have previously raised the issue of concurrent documentation with the secretariat for this project. For the record I wish to advise the committee that it is our intention to seek your approval to undertake concurrent documentation and shortlisting 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 the request. I thank you for appearing.

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 the submissions presented at the public hearing this day.

Committee adjourned at 9.59 a.m.