



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Construction of a new chancery building for the Australian Embassy,
Rangoon, Burma**

MONDAY, 5 DECEMBER 2005

CANBERRA

BY AUTHORITY OF THE PARLIAMENT

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:
<http://parlinfoweb.aph.gov.au>

**JOINT STATUTORY COMMITTEE ON
PUBLIC WORKS**

Monday, 5 December 2005

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Forshaw, Parry and Troeth 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, Rangoon, Burma

WITNESSES

**CHAPPE de LEONVAL, Mr Mark Ashton, Director and Quantity Surveyor, Rider Hunt
Canberra Pty Ltd 1**

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

**GANLY, Ms Paula Elizabeth, Head, Post Security Task Force, Diplomatic Security Information
Management and Services Division, Department of Foreign Affairs and Trade 1**

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

McKAY, Mr Ian Stuart, Capital Works Manager, Multiplex Facilities Management 1

**MORAN, Mr Philip John, Assistant Secretary, Property Management and Strategic Planning,
Overseas Property Office, Department of Foreign Affairs and Trade 1**

Committee met at 10.27 am

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

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

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

GANLY, Ms Paula Elizabeth, Head, Post Security Task Force, Diplomatic Security Information Management and Services Division, 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)—Welcome. I declare open this public hearing into the construction of a chancery building at Rangoon in Burma. The 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 shall have regard to:

- (a) the stated purpose of the work and its suitability for that purpose;
- (b) the necessity for, or the advisability of, carrying out the work;
- (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
- (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
- (e) the present and prospective public value of the work.

We take this opportunity to thank you for the confidential cost briefing and for the plans that you have made available to us, given that we are unable to visit the site.

Witnesses were then sworn or affirmed—

CHAIR—The committee has received a submission and a supplementary submission from the department. They will be made available, but do you wish to propose any amendments to those submissions?

Mr Davin—No, we have no amendments. Thank you.

CHAIR—Mr Davin, would you like to give us a brief overview of the project.

Mr Davin—This submission seeks approval for the Department of Foreign Affairs and Trade to construct a new chancery in Rangoon, at a cost of \$12.87 million. The new chancery will be built on freehold land acquired by the Australian government in 1955, on which the head of mission residence is also located. The new chancery would 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 and the Australian Federal Police. The current embassy is located at 88 Strand Road in central Rangoon, in a two-storey building constructed in 1901 thousand as an annexe to the Strand Hotel. While the building has been refurbished over the years, it is too small to cater for the requirements of tenant agencies and, following a detailed accommodation review, it has been concluded that the construction of a purpose-built chancery would be the most cost-effective way of meeting these requirements.

In addition to problems of space, the ownership of the current building and the status of existing tenure arrangements under Burmese law are uncertain, with the current lease agreement possibly subject to early termination. The current chancery also does not meet security setback requirements or current Australian building code and occupational health and safety standards. The proposed new chancery would be a modern, functionally designed, two-storey building which will provide the space required by tenant agencies and meet security requirements and building and health and safety standards. The Department of Foreign Affairs and Trade consular offices, the Department of Immigration and Multicultural and Indigenous Affairs and the Australian Agency for International Development would be accommodated on the ground floor. The remaining foreign affairs and trade offices and the Australian Federal Police would be located on the first floor.

Construction of the new chancery will cause minimal disruption to the operation of the embassy, as the existing facility will continue its operations until the new building is completed and occupied. The current chancery will then be vacated. Local industry in Burma has been consulted on issues of planning and required approvals. Local authorities will consider the proposal once a detailed design is complete and approval is sought for works to commence. Subject to parliamentary approval, construction is scheduled to begin in September 2006, with practical completion and occupation in March 2008.

CHAIR—Thank you very much. Can I start again by asking if you would be kind enough to let the committee have the site selection process, because, although you have outlined in two places in your submission issues around sites selection and site description, we do not really have an analysis of how you arrived at the decision and what the factors were. So if you could let us have that, we would much appreciate it.

Mr Davin—In this particular instance the first option was to look for an alternative leased office site. That was not available in Burma. There was no comprehensive search for building sites, given that we had a perfectly suitable site already under government ownership of the residence. So it was a step, if you like, from examining the lease option and finding nothing available there to then making the decision that we should utilise the existing site to build a chancery. But we will certainly include that sort of information in future submissions.

CHAIR—That would be good. I noticed that the land was already purchased.

Mr Davin—It is part of the head of mission site. It is quite large.

Mr Moran—Maybe I could add a little bit of an overview. We used CB Richard Ellis out of Bangkok because they value our properties in most of South-East Asia. So we gave them a commission to survey the market in Burma for suitable leased accommodation. Rangoon is a city of five million people, so it is quite large and there are multistorey buildings there. We had a look at probably half-a-dozen. But, again, none of them met what we would regard as suitable building standards, particularly in respect of fire egress. Building management was also suspect in most of those cases and none of them would pass muster in terms of security setbacks. So I can quite happily provide an overview in terms of that process.

CHAIR—If you could, that would be very useful. Thank you very much.

Senator TROETH—As for building on the site that you already own, I understand from paragraph 8.1 that some of the existing maintenance and recreation facilities will have to be demolished. Could you tell us which ones are going to be demolished?

Mr Davin—I might defer to Mr Hancock, who has visited the site. It is primarily where the tennis court is located at the moment. There is a staff recreation facility available on that site. Mr Hancock, you might like to tell us how we came to that conclusion.

Mr Hancock—There are a number of facilities on the lower part of the site. The head of mission residence sits up quite high. I think you will read in the evidence that there is a 16-metre rise across the whole length of that site. The head of mission residence sits up and overlooks what we have at the moment, which is a tennis court, a pool, a recreation facility and of course some facilities management workshops. In order to utilise the site for our project, it is necessary to get rid of the tennis court and the recreational facility. The tennis court will be rebuilt and the recreational building will become part of the integral design of the new chancery. So we will rebuild those facilities as appropriate.

Senator TROETH—Are there any hazardous materials such as asbestos in any of the existing buildings?

Mr Hancock—I do not know the answer to that.

Senator TROETH—If you could find out and let us know, that would be helpful.

Mr Hancock—Yes, we can certainly review that for you.

Senator TROETH—Also, given the extreme temperatures and tropical climate of Rangoon, do Australian building codes and standards provide the most appropriate guidelines for the proposed work?

Mr Davin—I think it has been mentioned earlier that we use the Darwin guidelines as the closest Australian model. But we are quite familiar with these tropical environments and we think the building we have designed for this particular site goes a long way, in passive design, towards minimising energy costs in airconditioning and to otherwise protecting the building from a solar heat load. There is a sketch there; there are quite substantial overhangs, protection

for windows and other features so we are confident it would meet the highest standards. As a standard we take our guidance from the tropical standards in Darwin. We are also advised to some extent by local practice in the environments where we are. We normally engage a local architectural firm to assist with the building.

Senator TROETH—For example with double glazing of windows and other passive energy considerations?

Mr Davin—That is correct, yes.

Senator TROETH—Good.

Mr Hancock—Could I just add to the removal of any hazardous material in the rec building or elsewhere. As before, we are very stringent in writing our contract conditions for contractors. This is to ensure that thorough investigation is undertaken before demolition of any buildings. A compliance audit is done to determine whether or not there are any hazardous materials in the buildings. In that respect we are always well covered, so should there be such a case then clearly the mitigation is carried out under Australian standards and we would do the right thing if we found anything.

Senator TROETH—If there are any extra details, you might advise the committee.

Mr Hancock—Yes.

Senator TROETH—I understand from the plan that the site is surrounded by a residential premises, a business, a school and an aged-care facility. Has consultation gone on with the proprietors of those facilities to manage the construction process?

Mr Davin—There has been some consultation with the international school.

Mr McKay—As part of the process of engaging contractors, there will be plans put in place for things like dust management—not that there is much dust in that part of the world—and noise management. In terms of formally consulting with them at this stage, theirs is a similar type of facility. It is an office facility adjacent on one side to the international school and on the other side, as I say, there has been some discussion there.

Mr Davin—I think the answer is minimal at this stage.

Senator TROETH—Minimal, but you would expect it to be carried out. Thank you.

Mr Davin—Yes.

Senator TROETH—We were given an article from the *Australian* of 9 November 2005 reporting that Burmese bureaucrats had been ordered to leave Rangoon for a new capital to be located 320 kilometres to the north at Pinyinana, near Mandalay. If there were to be a relocation of the Burmese government to that area, would that have any implications for this project?

Mr Davin—On the best advice we have been able to obtain to date, the answer is no. We have been aware of this plan, as much as one can be aware of anything in that environment, but, at a briefing conducted by the Burmese government for all diplomatic missions in Rangoon, the Burmese government said that there was no intention to relocate diplomatic missions to what they term as their new administrative headquarters; they are not really citing it as a relocation. It is not being defined as a new capital; it is an administrative centre. They have no intention of seeking to have diplomatic missions relocate there. They have said that they will leave adequate staff in their current foreign ministry in Rangoon to service the needs of diplomatic missions and that we—the diplomatic mission—should continue to communicate through the foreign ministry in Rangoon.

That is about the most accurate advice we have been able to receive. Our ambassador in Rangoon has made direct representations on this, but they have been unavailable to give any more information on what was provided at that general briefing. In company with a number of other countries, we are in the process of designing and constructing new chanceries. All those countries are continuing to build, as we are, on the clear assumption that there is no intention by the Burmese government to seek to have diplomatic missions there. If anything, they are relocating to get away from them.

CHAIR—The brigadier-general is quoted as saying that now more centrally located governments see it as becoming a necessity.

Senator TROETH—Was the department aware that such moves could be in the offing?

Mr Davin—We have been aware for some time that, certainly from a military sense, they wanted to move their facilities there. They are not a regime that are fulsome in communication or information. In fact, they are a very difficult regime to engage with. We are certainly aware that there has been a desire on the regime's part to relocate facilities into the hinterland, away from Rangoon, but they have stopped short of declaring a new capital per se. They are calling it a new administrative centre, and they are moving bureaucrats there. The numbers and functions really remain a bit of a mystery, not just to us but to everyone. We have a clear assurance from them that they will continue to service the needs of diplomatic missions through a reduced but still functioning foreign ministry in Rangoon.

So on the basis of that information and the information our ambassador has provided, we are proceeding with the construction. I will also add that this sort of thing has happened before, the most recent being the relocation of the capital in Nigeria from Lagos to Abuja. That was forecast some 35 years ago, and we relocated our embassy only within the last two years, so there are very long lead times. We will never be the first amongst missions to start going off. The main business of embassies is usually in the larger cities. Even if there were a decision to relocate and formally declare a different capital, by any measure the lead time would be 10, 20 or 30 years rather than in a short time frame. The justification is building, and the requirement for it would remain. We are confident that it is a sensible and practical decision.

Senator PARRY—Have other embassies been in discussion with Australia about the ramifications of a move? Are other embassies that are reaching the end of their lives postponing decisions? What information can you give us?

Mr Davin—We have been working very much in concert with like-minded and other missions in Rangoon. I am aware of the fact—and I am just referring to a note here—that the United States, Singapore and Indonesia are all at various stages of constructing new chanceries, and they are all proceeding with those plans. There is nothing that the Burmese government have said that would indicate that there is a long-term desire on their part to have diplomatic missions relocate out of Rangoon. In fact, they have said pretty much the opposite: they will continue to service us in Rangoon. We are in good company, I guess. There is certainly consultation at the post level—all the various ambassadors sought this meeting with the foreign ministry to get a firm answer. The best answer that they could get was as I outlined earlier.

Senator PARRY—How recently have the US, Singapore and Indonesia commenced construction? Are we talking months, years?

Mr Davin—I think the Americans have recently completed construction. Those countries are in a process of construction, whether it is half-way through, at the planning stage or completed. My recollection is that the Americans have completed their construction, the Indonesians are part-way through it and the Singaporeans are at a similar stage to us, in that they are at the advanced planning stage of construction. It is an issue that has caught up a few countries, but we are all of like mind, that we should proceed with our plans for Rangoon and obviously maintain a watching brief for any developments that formally declare the new location as the capital and then, as a secondary requirement, seek that diplomatic missions relocate. Even in those circumstances—and there is no indication at all that that is where we are heading—we would still, in all likelihood, retain our presence in Rangoon for many years to come and at a minimum, if we were required to have representation at this new administrative capital, set up a very small office. That is how we managed the Lagos-Abuja situation. With the Canadians, we had one of our co-location environments. We had space in their embassy in Abuja for many years prior to us establishing a permanent presence there. We would imagine doing the same thing in Rangoon.

Senator PARRY—I do not want to place a lot of emphasis on a newspaper report, but the *Australian* indicates that there has been some construction of infrastructure for the new administrative location. Is that different to Nigeria?

Mr Davin—The construction that I am aware of, as reported back from our embassy in Rangoon, is primarily accommodation for the bureaucrats who are being relocated to support it and mainly military facilities. I did read a report in the press about a diplomatic zone being contemplated in this new area, but that is not supported by any of the information we have received from the foreign ministry or, indeed, from our embassy in Rangoon.

Senator PARRY—You have answered that quite exhaustively. It is very important. We would hate to approve a project that became defunct or was not required, but you have answered that quite well. I will just ask further about electrical and building services in general, without going into too much detail. You indicated in your submission that there are obviously similar issues with the reliance on power supplies from the local authority and it may be disrupted. I presume this would be a similar issue to the previous submission where the on-site power supply would be adequate to cater to the needs in the event of a disruption to the power supply.

Mr Davin—Yes, it is similar but different in the sense that our primary source of electricity on this site will be off the mains grid, and the generators we will be installing will be for backup.

We have made provision to handle any emergency situation with adequate generator power but, unlike the other situation, we do not expect to be running off the generators all the time, only as a backup.

Senator PARRY—Similarly, with stormwater, there is no gutter collection because of the heaviness of the water when it does rain heavily. Is there any way of collecting that water, rather than just discharging it through stormwater drains? Is that feasible or not feasible?

Mr Davin—I am sure it is feasible, but it is not an environment where, I understand, there are any real problems with the main water supply. There does not appear to be any incentive for us to put in our own water collection system. That is the only way I can answer that. Local practice seems to be to run off the mains supply, with the usual filtration precautions taken with that supply.

Senator PARRY—Likewise, with other plant and equipment such as airconditioning, are there any issues of legionella?

Mr Davin—No, we are not employing a central system. We are using the split units, which serve our needs very well in efficiency terms, but it also means we do not have any complex maintenance issues. If one breaks down we can readily replace it on the local market without seeking First World type intervention. We run them only in the areas where we actually need them, so it is efficient in that sense.

Senator PARRY—In the submission you have noted the security precautions. Again, without going into detail, are you satisfied that the security requirements are being met and you are covering any future contingency requirements?

Mr Davin—Like our discussion in Phnom Penh, this building will reflect the latest, almost, contemporary thinking in terms of security precautions. Primarily we are seeking to achieve the setbacks from the perimeters. We are also investing heavily in perimeter security screening procedures: ram-proof fences, substantial guardhouses and metal detectors at the point of entry into the compound. That is where we want to keep all the security. When you come to the construction of the chancery itself, the perimeters of the building are hardened, as is the roof, all windows and doors. They are all built to contemporary blast standards.

Senator PARRY—With the road—item No. 14 on the plan—there is an exit road as well. Are there two entry-exit points?

Mr Davin—I think the exit point relates to the residence. That road will be more commonly used for our ambassador in coming and going from the property. There is a security point at that exit, and the perimeter fencing all around the site is being upgraded.

Senator PARRY—Obviously someone has decided that this is quite safe and secure. I do not see the logic of having two entry-exit points. There must be two sets of manning of barriers and security points.

Mr Davin—It is a feature of our security requirements. It is very much a positive to have an alternative exit. Should there be an issue at one entrance, you can get out of the site somewhere

else. We see that as a very positive development. Whilst it is really there for the exclusive use of the ambassador and his activities, it is an attractive feature for us to have that exit.

CHAIR—Does building 16 meet the setback requirements for security on the international school boundary?

Mr Hancock—It does.

CHAIR—Just one other question from me: it says at 13.1 that the township has established, but unreliable, power and mains water infrastructure, and no sewerage or fire hydrant services are available. Can you explain to us how you are going to provide fire services in the event of some adverse event?

Mr Hancock—We will be installing a substantial water tank on the site. There are water storage facilities on the site for that purpose. There will be water storage for a sprinkler. The building will be sprinkled, so the water storage will be adequate for sprinkler operation and hydrant operation. That will be included in the design of the building.

CHAIR—So if the fire brigade has to come and use hoses and so on, there will be a ready supply of water.

Mr Hancock—There will.

CHAIR—It will not be off on that day, hopefully. There are similar issues, like access for people with a disability, but it is similar to the other one in many respects, so I think that probably covers the questions that I have this morning.

There being no further questions, I would like to thank all the witnesses for appearing before the committee today. I would also like to thank the Hansard and broadcasting staff, and also our secretariat, of course.

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

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 10.54 am