



ACT AUDITOR-GENERAL'S OFFICE



MEDIA RELEASE

PA 08/09

28 August 2009

Performance Audit Report Government Office Accommodation

The ACT Auditor-General, Mrs Tu Pham, has today presented a Performance Audit report titled 'Government Office Accommodation', to the Speaker for tabling in the ACT Legislative Assembly.

All government agencies require appropriate office and operational accommodation for the efficient delivery of services. ACT Government agencies currently occupy 54 000m² in leased premises and about 38 000m² in owned premises for office accommodation.

Property rental and associated expenditure is a significant administrative expense for ACT government agencies, and in 2007-08, was estimated at \$50 million.

The audit examined the strategic planning, management, and delivery of government office accommodation projects at the whole-of-government level as well as the agency level, using case studies of individual office projects. The case studies were:

- the relocation of the Department of Education and Training, from Manning Clark Offices in Tuggeranong to 220 Northbourne Avenue, Braddon;
- the refurbishment of Eclipse House, London Circuit, City for occupancy by the Shared Services Centre; and
- the acquisition of leased premises at Fairbairn to relocate the Emergency Services Agency (ESA) Headquarters.

The focus of the first two case studies was on the planning and delivery of the office accommodation projects as part of the whole-of-government accommodation strategy. The third case study focused on the processes for, and the outcomes to date of, decisions to relocate the ESA Headquarters to Fairbairn.

Audit Conclusion and Key Findings

ACT Property Group (within the Department of Territory and Municipal Services) has delivered within a short timeframe a range of office accommodation projects that have generally met the requirements of the ACT Government 2006-07 Budget initiatives.

- There were improvements in accommodation utilisation rates per Full Time Equivalent (FTE) and also overall occupancy rates in both owned and leased buildings, and the government short-term target of 18.3m² per FTE for 2008-09 was achieved. The ACT Government planned to address the longer-term target of 15m² per FTE as part of the development of the whole-of-government office block.

There were shortcomings in the strategic planning, management and administration of the whole-of-government office accommodation portfolio.

- The ACT Government did not have a whole-of-government office accommodation strategic plan to assess its future needs and inform its current accommodation strategy.
- The approach by agencies to business continuity planning for accommodation needs was inadequate and did not provide for alternative accommodation in case major business interruptions resulted in the loss of premises.
- There was scope to improve monitoring and management of performance and benchmarking information across the property portfolio and in Annual Reports.
- Some key office accommodation policies, procedures, and guidelines were outdated, or were still under ACT Government consideration, and were not always effectively implemented.

The ESA Headquarters relocation project has experienced significant delay, and substantial cost increases, and is not yet completed. This case study highlighted serious deficiencies in the early decision-making process in entering into long-term leases and financial commitments without proper advice, planning, and analysis of suitable options.

Despite actions taken subsequently to address problems arising from past decisions, the ESA relocation project to date has not achieved value for money nor delivered the ACT Government's intended outcomes. In particular:

- The process to select the Fairbairn site in 2005 was not robust, and was not supported by detailed analysis of operational requirements or financial implications. There was at that time inadequate scrutiny of information and consideration of risks to operational requirements. This was of particular concern, given that this accommodation project was to support the delivery of critical government emergency services.
- There were significant concerns raised about the suitability of the Fairbairn location. These included the Headquarters and all Headquarters surge staff and special operations being remotely located outside response-critical zones; the lack of road access; the conditions of the buildings leased; and airport traffic congestion.
- Between 2006 and 2008, the financial commitment for Fairbairn leasing has increased from some \$11.6 million in 2005 to \$61.5 million over the new 15-year lease; and the current construction costs for the new Headquarters buildings were estimated to add another \$13.8 million.
- The relocation project now involves two sites at Fairbairn and Hume, with a revised completion target date of December 2010, in addition to a Fyshwick site that will also incorporate operational functions. This has resulted in ESA functions being dispersed in various locations.
- A key outcome of the ESA relocation project, namely the benefits for co-location and full integration of many ESA functions in a single location, would not be realised.

Recommendations

The audit made fifteen recommendations to address the issues raised. Agencies agreed to fourteen recommendations and agreed in part to one, and advised that work has already started on the implementation of these recommendations.

Further Information

For further information, please contact Rod Nicholas, Director, Performance Audits and Corporate Services on 6207 0833. Copies of the report are available from the ACT Auditor-General's Office (Level 4, 11 Moore Street, Canberra City) and from its website, www.audit.act.gov.au.