

The Parliament of the Commonwealth of Australia

House of Representatives Standing Committee
on Finance and Public Administration

DEAD RENT AND OTHER BURNING ISSUES

**Review of the Auditor-General's Reports on aspects of the
Department of Administrative Services**

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October 1990

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Printed by R. D. RUBIE, Commonwealth Government Printer, Canberra

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Members of Committee in 36th Parliament

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Mr R F Edwards, MP
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Mr G Gear, MP
Mr R S Hall, MP

Secretary: Mr D R Elder

Members of Subcommittee in 36th Parliament

The following Members served on the Subcommittee during the course of the inquiry:

Chairman: Mr S P Martin, MP

Members: Mr R Edwards, MP
Mr R S Hall, MP

Subcommittee
Secretary: Mr D R Elder

Inquiry
Staff: Ms L J Gillies

Terms of Reference of the Committee

The Standing Committee on Finance and Public Administration is empowered to inquire into and report on any matters referred to it by either the House or a Minister including any pre-legislation proposal, bill, motion, petition, vote or expenditure, other financial matter, report or paper.

Terms of Reference of the Subcommittee

On 5 December 1989, the then Minister for Administrative Services, The Hon Stewart West, MP referred to the Committee for inquiry and report the Auditor-General's, Reports Nos. 15 and 16 1989-90 on aspects of the Department of Administrative Services. These reports were re-referred to the Committee on 21 May 1990 by the Minister for Administrative Services, Senator the Hon Nick Bolkus. A subcommittee was appointed on 31 May 1990, to review the Reports.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

CHAPTER THREE - Property Services Program

Audit of Australian Surveying and Land Information Group

The process of commercialisation in AUSLIG is continuing with emphasis now being placed on client needs. Full cost recovery is still to be achieved, although this is expected in the next few years. In terms of the issues raised in the audit report, these largely have been addressed by the introduction of the LANDMARK management information system.

Audit of APG

The MENTOR system has improved APG's capacity to provide for the overall management of Commonwealth property. The system and its database need further enhancement to realise this potential.

ACS - Resource Utilisation - Land and Buildings

While the Committee commends the action now taken by ACS to rationalise facilities at Kewdale, it expresses its concern that the issue has taken so long to resolve. As the overall manager of the Commonwealth's property, it could be expected that DAS itself would set a high standard for the management of its own property.

The Committee recommends that ACS resolve the problem of underutilisation of facilities at Kewdale and arrange for lease or sale of facilities that are no longer required as soon as possible.

ACS Consultants

The Committee notes that the guidelines for use of consultants by ACS are being revised.

The Committee recommends that, on completion, the guidelines for use of consultants by ACS be sent to the ANAO and the Committee to ensure that all issues raised in the Audit report have been addressed.

ACS - Audit of Recoverable Expenditure

The Committee is concerned about the extent of slow payment of debts for work undertaken by the Property Services program of DAS. The level of slow payment in some areas is unacceptably high and requires urgent attention. DAS should continue to improve the quality of accounts information, offer further encouragement for early payment and possibly introduce penalties for late payment. Client departments also need to recognise their obligations to meet DAS's accounts quickly.

The Committee recommends that DAS:

- improves its systems for the payment of accounts by upgrading the quality of accounts information and considering methods of encouraging early payment and penalising late payment; and
- establishes and monitors targets for the prompt payment of accounts.

CHAPTER FOUR - Fit Out of Leased Premises

The Committee concludes that DAS has to improve its performance in relation to fit out of leased premises in a number of areas if it is to achieve its stated objective of completely turning around the culture of its organisation to focus on client needs. The Committee notes the measures DAS has taken to improve fit out performance by having a single focus for fit out and by endeavouring to be more responsive. DAS should continue to monitor client attitudes to establish whether this action is improving its service and whether further changes are required. The untying of agencies in July 1991 will force DAS to provide a better service if it is to be competitive.

The Committee considers that dead rent should be monitored by departments and agencies, not because there is a usefulness in measuring dead rent for its own sake, but because it is at least one indicator for departments of DAS's performance in fit out. Other measures of performance in fit out relate to timeliness of completion and cost effectiveness of the fit out service. As the body responsible for undertaking fit out, DAS should monitor all these as indicators of its performance.

The Committee recommends that:

- . DAS takes steps to improve its fit out service in the following areas:
 - closer consultation with clients at all stages of projects;
 - better reporting to clients; and
 - dedication of a project officer or team to particular fit outs with these officers or teams being account for performing according to agreed outcomes;
- . DAS assess client attitudes and needs on a regular basis in relation to fit out and adjust its service according to feedback from clients;
- . departments and agencies monitor levels of dead rent as a measure of DAS's fit out performance; and
- . DAS monitor dead rent, timeliness and cost effectiveness as performance indicators in relation to fit out.

CHAPTER FIVE - Fire Safety Surveys and Standards

The Committee is concerned about fire safety standards as they apply to Commonwealth buildings. The question of standards appears to fall into a gap. State and local government fire safety requirements do not apply to Commonwealth owned buildings. Also, the Commonwealth Fire Board, which should be auditing fire safety standards in relation to Commonwealth buildings, does not have the authority and independence to do so. The Committee considers that the devolution of the property function to client departments and agencies creates the potential for a diminution of adherence to fire safety standards.

To address these concerns, the Committee concludes that there is a need to:

- . establish fire safety standards in relation to Commonwealth property. This should be done by requiring Commonwealth property holders to conform with existing State or local government fire safety requirements. An Act of Parliament or a Cabinet Policy Statement appears necessary to establish these standards. Special circumstances may need to apply to some Commonwealth property where security or other concerns may make the State or local government regulations inappropriate. The Commonwealth Fire Board should be closely involved in this process of the setting of standards;
- . ensure that departments and agencies which now have property management and maintenance responsibilities are aware of standards for the conduct and implementation of fire safety surveys. These departments and agencies should be funded sufficiently to enable them to meet the defined fire safety standards. The Commonwealth Fire Board should audit departments and agencies compliance with the standards; and
- . reaffirm the Commonwealth Fire Board as the independent Commonwealth authority responsible for advising on, and auditing compliance with, fire safety standards in relation to Commonwealth property. The Board should report periodically to its Minister and annually to the Parliament. The Board's Annual reports should be subject to parliamentary review.

The Committee recommends that:

- . where appropriate, Commonwealth property holders be required, by means of an Act of Parliament or a Cabinet policy decision, to conform with the fire safety regulations of relevant State or local government authorities. The Commonwealth Fire Board should be closely involved in this process;
- . departments and agencies be appropriately funded to meet the fire safety standards;
- . the independence of the Commonwealth Fire Board be reaffirmed and appropriate administrative arrangements be made to affirm its independence; and

- the Commonwealth Fire Board be resourced to act as the Commonwealth's auditor of fire safety standards, report periodically to its Minister and annually to Parliament on its findings and these reports be subject to parliamentary review.

CHAPTER ONE

Scope of Inquiry

1.1 The Australian National Audit Office (ANAO) conducted a series of performance audits in early 1989 that focused on the Department of Administrative Services (DAS). These audits resulted in two reports being tabled in the House of Representatives on 7 September 1989. These reports were:

- . Audit Report No 15, 1989-90
Administrative Services Portfolio
- . Audit Report No 16, 1989-90
Department of Administrative Services
- leasing expenditure

1.2 The audits focussed on four functional areas of DAS:

- . Australian Survey and Land Information Group
- . Australian Property Group
- . Australian Construction Services
- . Corporate Services Group

1.3 Both reports were referred to the Committee in the last Parliament for inquiry and report. No progress was made on the inquiries, although DAS made a submission. The reports were re-referred in this Parliament by the Minister for Administrative Services.

1.4 As is past practice, the Committee appointed a sub-committee to undertake the inquiry.

1.5 Evidence was taken from the Department of Administrative Services at a public hearing on 21 June 1990. Follow up questions were raised with DAS and a range of departments and agencies. The sub-committee also received a submission from the Commonwealth Fire Board and took evidence from the Board at a public hearing on 8 August 1990.

1.6 Details of submissions authorised for publication and of witnesses who appeared at public hearings are included at Appendixes 1 and 2 respectively.

1.7 The transcripts of the public hearings and other evidence authorised for publication have been incorporated in separate volumes and are available for inspection in the Committee secretariat and the Parliamentary Library. References to evidence in the text of this report relate to page numbers in those volumes.

1.8 The sub-committee covered all the issues raised in the Audit reports. In this report the Committee only refers to those issues that were of such significance as to require further comment or where further action was required by DAS.

1.9 Two issues received prominence - the fit out of leased premises and the setting and enforcement of fire safety standards in relation to Commonwealth property. The sub-committee used these issues to provide an insight into the progress of the recent move to commercialisation in DAS.

1.10 This report initially discusses the process of commercialisation within DAS. Following this discussion, there is reference to the property program of DAS and the Committee covers the less contentious issues raised in the audit reports relating to the property program. In subsequent chapters the Committee discusses in some detail the issues of fit out of leased premises and fire safety standards. Finally, the Committee draws some conclusions about the progress of commercialisation in DAS.

CHAPTER TWO

Commercialisation

Background to commercialisation

2.1 As part of the Machinery of Government changes in July 1987, most providers of common services in the Commonwealth were brought together in the one department (DAS). Functions from nine separate departments were integrated within DAS. At that stage, DAS consisted of 17 relatively autonomous groups. Staff numbers totalled 18,600.

2.2 Along with the integration of common services, a process involving a move towards commercialisation was also commenced within DAS in July 1987. The move to commercialisation was embodied in a charter from the Prime Minister to the Minister for Administrative Services. The charter stated that, in providing common services to government agencies, consideration should be given by DAS to:

- . the extent to which central provision is necessary (as against central setting of standards but provision by individual agencies);
- . the extent to which any provision by a central public authority should be in open competition with private sector suppliers;
- . the extent and method of application of the user pays principle either for partial or full cost recovery or on a full profit-making basis.

2.3 The Prime Minister also requested that a set of general principles be developed in accordance with the charter. A set of 23 principles was agreed subsequently by the Government and all of DAS's functions have been reviewed against these.

The Process

2.4 The elements of the commercialisation process include:

- . a trust account operation for service areas;
- . the application of the user pays principle to the delivery of services, including the charging of commercial fees;
- . the transfer of the funding for services to client departments;

- . along with the transfer of funding, the transfer of accountability for the expenditure of funds to client departments; and
- . the gradual introduction of competition whereby clients are free to use DAS or another service provider.(Evidence, pp.4-5.)

2.5 These are the formal elements of commercialisation. DAS emphasised that the process of commercialisation also was about transforming the 'culture' of DAS as an organisation from being supply-driven and regulatory to being concerned with satisfying the needs of clients.

2.6 To achieve the change in culture, training was crucial. DAS noted that it had undertaken a large training program involving nearly all the staff of the Department. The reaction of staff to training generally had been positive, although some were sceptical.(Evidence, p. 15.) As part of the change in focus, business and corporate plans had been developed for the various areas of the Department.

2.7 New procedures also have been introduced including accrual accounting, billing of clients for services and the following up of outstanding payments.

2.8 Additionally, DAS is currently undergoing organisational change as a result of initiatives announced in February this year. This has involved reducing the large number of smaller programs to four mega-programs, each headed by a general manager. The four programs are:

- . Property Services
- . Sales and Services
- . Bureau of Meteorology
- . Government and Corporate Services.

2.9 The purpose of these changes is to integrate more closely like functions in order to meet client needs better. For example, the Property Services program brings together related functions such as construction, property, repairs and maintenance, valuations, surveying etc. This is Program is discussed further in the next chapter.

The Results

2.10 DAS advised that the results of commercialisation were significant and included:

- . a \$100m a year saving in running costs for delivery of the same service;

- . the delivery of an efficiency dividend to the government that has been four times that delivered by the remainder of the Australian Public Service; and
- . a complete turning around of the culture of the organisation to focus more clearly on meeting client needs.

2.11 In relation to the savings made as a result of commercialisation it is also worth noting that there has been a fall off in work in some areas of DAS as a result of commercialisation. AUSLIG noted that, while it had seen a fall off in work placed from traditional sources, it had received more work from non-traditional sources. Overall, AUSLIG stated that it was hard to quantify the fall off. Both ACS Assets and Projects Services had seen a fall off. However, for APG there has been an increase in workload following commercialisation. The increase in 1989-90 was 9%. (Evidence, pp.S11-12.)

2.12 While noting the fall off in workload, it is the case that commercialisation has delivered significant cost savings and productivity gains.

2.13 In relation to client satisfaction, DAS referred to client surveys that indicated a 'dramatic improvement over the last three years' in the attitudes of clients.

2.14 For example, APG referred to a survey of clients undertaken prior to commercialisation that showed that clients considered APG to be good technically at negotiating, but poor at client servicing. APG was considered to be 'too regulatory, too bureaucratic and too slow'. (Evidence, p. 8.) A second survey undertaken a year later indicated that clients considered that APG had 'improved considerably...but...still had a fair way to go'. (Evidence, p. 8.)

2.15 ACS advised that informal feedback in relation to its project and asset services indicated that clients had noted 'significant improvements in ACS attitudes and responsiveness'. (Evidence, p.S13.)

2.16 AUSLIG stated that its clients were acknowledging that it was changing 'from a bureaucratic organisation to a market-reactive one'. (Evidence, p.S13.) However, there was an awareness that there is still a lot to do in improving client satisfaction.

2.17 Through its inquiry, the Committee has tested the progress of commercialisation by focusing on those areas highlighted by the audit reports. In particular, the efficiency and effectiveness of ACS in the area of fit out of leased premises (discussed in Chapter 4) provided a window into the achievements of commercialisation in improving DAS's service delivery to clients.

2.18 In the final chapter, the Committee reviews aspects of commercialisation and highlights themes that emerge from the review of the Auditor-General's reports.

CHAPTER THREE

Property Services Program

Introduction

3.1 As noted in the previous chapter, a range of the diverse functional areas in DAS have been integrated into four large programs, one of which is the Property Services program. This program area integrates all the property related functions of DAS. It is designed to provide to clients a complete property service covering surveying, design, project and asset services, property management and valuation activities.

3.2 In this report, the Committee addresses the three functional areas in the Property Program that were commented on in the Audit reports - the Australian Surveying and Land Information Group (AUSLIG), the Australian Property Group (APG) and Australian Construction Services (ACS).

Audit of Australian Surveying and Land Information Group

3.3 AUSLIG provides surveying, geodetic, mapping and land related information services to government agencies, the private sector and the public.

3.4 During 1988/89 the Government identified those AUSLIG functions that were 'in the public interest' and agreed to fund those activities from the Budget. All other activities (approximately 60% of the total) were to be conducted on the basis of 'user pays'. These activities included the provision of surveying, mapping and land information services to Government agencies and other approved non Commonwealth clients.

3.5 An audit of AUSLIG's regional office in Queensland was completed in February 1989. The audit reviewed the effectiveness of performance monitoring and cost recovery procedures.

3.6 The major findings of the audit were that:

- . performance in monitoring projects and cost recovery required much improvement before AUSLIG could be commercially competitive;
- . target dates for projects, tasks and jobs were being exceeded;
- . project costs were overrunning original estimates;

- . invoicing was at below cost and slow - \$1.3 million had not been invoiced at 2 February 1989; and
- . action taken to recover overdue payments from clients was inadequate.

3.7 While making these findings, ANAO acknowledged that AUSLIG had undergone significant change with the move to commercialisation and was still adjusting to the new arrangements and practices.

3.8 AUSLIG responded that the audit issues identified had been largely addressed by the introduction of LANDMARK, a computerised accrual accounting system. AUSLIG noted that, at the time of the audit, it was concurrently operating LANDMARK and the old manual accounting system. (Evidence, p. 11.)

3.9 AUSLIG informed the Committee that its numbers had declined from 850 to about 614 staff. One of the problems it had identified with its previous operations was that it was over-engineering in responding to the demands of clients. With full cost recovery, there was much greater incentive for both DAS and clients to tighten specifications.

3.10 The Committee asked AUSLIG about its revenue shortfall of \$12.2m in the 1988-89 financial year. AUSLIG advised that the expected shortfall for 1989-90 was \$3m and that within one or two years there would be full cost recovery.

3.11 The process of commercialisation within AUSLIG is not complete. AUSLIG is currently implementing a 'marketing action plan' which involves a complete restructuring of the organisation to focus on clients rather than on functions as at present.

Conclusion

3.12 The process of commercialisation in AUSLIG is continuing with emphasis now being placed on client needs. Full cost recovery is still to be achieved, although this is expected in the next few years. In terms of the issues raised in the audit report, these largely have been addressed by the introduction of the LANDMARK management information system.

Audit of APG

3.13 The Australian Property Group (APG) manages the Commonwealth's property interests including acquisition, development and disposal across Australia. In doing so it operates in two main areas - the provision of accommodation services to government departments and agencies and estate management of the Commonwealth's overall property portfolio.

3.14 The APG was subject to two external reviews of property administration - firstly, by the Joint Committee on Public Accounts (JCPA) in April 1987 and secondly, by an inter-departmental task force led by the former Public Service Board in May 1987.

3.15 The key findings of those reviews were that a central property agency should be established to be responsible for administration of all the Commonwealth's property functions and that client departments and agencies should have full financial responsibility for their property services.

3.16 The Machinery of Government changes in July 1987 concentrated all property functions within DAS. Further changes this year have seen all property functions placed within a single program area in DAS.

3.17 Also in July 1988 the Government announced changes to the delivery of property services to departments and Budget funded authorities. These changes included:

- . transferring the responsibility and control of rental costs from APG to the relevant departments;
- . APG operating in a cost recovery mode charging for rent and the provision of property management services; and
- . a significant freeing up of departments in the area of staff housing.

3.18 These changes have put in place the major conclusions of the JCPA and Public Service Board reviews.

3.19 The performance audit of the APG was undertaken by ANAO in early 1989 to consider the adequacy and effectiveness of control over both Commonwealth owned and leased properties. The audit was conducted in two parts:

- . leasing expenditure was reviewed in the ACT, Queensland and Western Australian Regional offices; and
- . property management was reviewed in the NT.

3.20 In relation to the first point, the Committee refers in the next chapter to leasing expenditure and the fit out of leased premises.

3.21 The major audit findings in relation to property management were that the existing property management information system (PIMS) had not been able to provide management with prompt and reliable information. Because of the limited capacity of PIMS, the audit report considered that it was questionable if APG was able to control Commonwealth owned properties effectively.

3.22 A new computer system (MENTOR) was in the process of being implemented at the time of the audit with a view to replacing PIMS. MENTOR is a property management and financial accounting system. According to the audit report, the new system appears to have the potential to meet APG management needs. The report raised a number of existing deficiencies with PIMS which should be addressed prior to implementation of MENTOR. These recommendations have become redundant with the full introduction of MENTOR.

3.23 At the public hearing, DAS advised the Committee that MENTOR had moved into stage 2 of implementation, reinforcing and developing aspects of the system. Planning for stage 3 to further enhance the system is being undertaken. (Evidence, p. 17.)

3.24 It is proposed that all Commonwealth property will eventually be loaded on to the MENTOR database. The Committee was advised that commercial property is in the database, that industrial property is being loaded from 1 July and that this will be extended out to all Commonwealth property.

3.25 MENTOR will provide not only an inventory of Commonwealth property, but also financial information about that property. To date, the financial information provided by MENTOR has been used to bill DAS clients and control costs. It is envisaged that MENTOR eventually will provide information about how Commonwealth properties are performing financially. This information should provide the basis for much better decision-making in relation the overall management of Commonwealth property. (Evidence, p. 18.)

Conclusion

3.26 The MENTOR system has improved APG's capacity to provide for the overall management of Commonwealth property. The system and its database need further enhancement to realise fully their potential.

Audit of ACS

3.27 Australian Construction Service (ACS) is the Commonwealth Government's central works authority. It is responsible for planning, design and construction of buildings and other works on behalf of the Commonwealth. It also provides asset management services to ensure the good repair and efficient utilisation of such property.

3.28 In July 1988 the Government took the decision to place ACS on a more commercial basis. This resulted in all ACS clients being charged commercially equivalent rates for design, construction, repair and maintenance services. Additionally, it was decided that, effective 1 July 1991, ACS's clients would be free to select private sector alternatives for design and construction if ACS is unable to provide a competitive quote.

3.29 ACS is a highly decentralised organisation with some 6,600 (June 1989) employees in locations across the country. ACS spent a total of \$543 million in 1988/89 and collected \$176 million in revenue. During this time ACS managed projects valued at over \$4225 million and carried out repairs and maintenance to the value of \$285 million.

3.30 During 1988/89 a series of audits were undertaken to assess various aspects of operations in the following ACS activities:

- . fit out of leased premises (VIC, QLD);
- . resource utilisation - land and buildings (WA, QLD, ACT);
- . use of consultants (VIC, TAS);
- . recoverable expenditure (General);
- . procurement and stores (QLD);
- . fire protection surveys (TAS); and
- . salaries and payments in the nature of salary (QLD, ACT).

3.31 Fit out of leased premises and fire protection surveys are discussed in the next two chapters.

3.32 In the remainder of this chapter the Committee covers the other major issues raised in relation to ACS. The issues of procurement and stores and salaries and payments are not addressed in this report.

Resource Utilisation - Land and Buildings

3.33 Audits of the utilisation of land and buildings owned or leased by ACS were conducted in Queensland and Western Australia in 1988/89. A preliminary review was also undertaken in the ACT. The broad objectives of the audits were to review:

- . the extent of the resources available;
- . the use to which assets were being put; and
- . the efficiency of resource utilisation.

3.34 The audit findings in relation to Western Australia largely related to ACS's Kewdale complex and were that:

- . large areas of the Kewdale site were underutilised and had been so since at least 1982;
- . retention of the facilities has not been adequately justified; and
- . ACS in Western Australia has failed to respond adequately to ACS Central Office requests for the development of rationalisation proposals for Kewdale from 1981.

3.35 There were also a number of findings relating to facilities in Queensland that subsequently have been resolved.

3.36 In relation to Kewdale, DAS stated that ANAO did not give sufficient recognition to the changes that had taken place both in terms of administrative arrangements and in Government programs since 1982. Additionally, it was claimed that ANAO took no account of the government policy to retain the wages workforce nor of the capital appreciation of the site.

3.37 According to DAS's submission, ACS had firm proposals to consolidate its activities in Western Australia, including the leasing of the plant workshop and the relocation of the trades and plant workshop activities into the stores building.

3.38 The Committee was briefed on those proposals. The plan involves the construction of a smaller scale plant workshop within the existing stores building and the sub-leasing of the existing plant workshop building. This action will resolve the major concerns raised by the audit report by increasing the usage of the stores building and resolving the long term under-utilisation of the plant workshop building.

3.39 APG is co-ordinating the sub-leasing of the plant workshop building. In early July a preliminary offer from a private sector company was received by APG and it was hoped that this would result in a firm long term lease proposal.

Conclusion

3.40 While the Committee commends the action now taken by ACS to rationalise facilities at Kewdale, it expresses its concern that the issue has taken so long to resolve. As the overall manager of the Commonwealth's property, it could be expected that DAS itself would set a high standard for the management of its own property.

Recommendation

3.41 The Committee recommends that ACS resolve the problem of underutilisation of facilities at Kewdale and arrange for lease or sale of facilities that are no longer required as soon as possible.

ACS Consultants

3.42 ACS uses consultants (architects, engineers, quantity surveyors, draftpersons etc) to augment its fixed workforce to meet tight deadlines and peak workload periods. Until 30 June 1988, ACS was required by Government policy to have a minimum of 50% of its construction program design work carried out by consultants. That requirement was rescinded concurrently with a decision that ACS should move to full cost recovery by 1991.

3.43 The ANAO review of procedures relating to the employment of consultants in ACS was conducted in the Victorian and Tasmanian Regional Offices during early 1989. The objectives of the audit were to:

- . determine whether ACS, in deciding to use consultants, had adequately considered the time, quality and cost aspects of projects;
- . ensure that ACS had exercised due consideration for appropriate business procedure and ethics in its dealings with consultants; and
- . evaluate the adequacy and administrative effectiveness of ACS procedures for dealing with consultants.

3.44 The major findings were that:

- . the procedures for selection, appointment and performance assessment of consultants had not been followed;
- . there was insufficient evidence to establish that ACS had ensured that the basic principles in dealing with consultants had been observed; and
- . it was not possible to substantiate that all those consultants who wished to participate in Government business were given an opportunity to do so and that the government maintained a reputation for fair dealing and that public money was spent appropriately.

3.45 In its submission, DAS advised that all staff in the Victorian State Office had been circularised to reinforce the need to adhere to existing procedures for engagement of external consultants. This circular covered all issues raised by the ANAO. In addition, ACS was in the process of reviewing and updating operational guidelines to further improve business procedure compliance.

3.46 At the public hearing, DAS stated that the use of consultants by ACS had dropped significantly since the introduction of commercialisation. This reduction in use of consultants had occurred because of a fall off in ACS's workload and a greater use of in-house personnel.

3.47 The Committee was informed that the revision of the guidelines for use of consultants was nearing completion.

Conclusion

3.48 The Committee notes that the guidelines for use of consultants by ACS are being revised.

Recommendation

3.49 The Committee recommends that, on completion, the guidelines for use of consultants by ACS be sent to the ANAO and the Committee to ensure that all issues raised in the Audit report have been addressed.

Audit of Recoverable Expenditure

3.50 Until 1 July 1988, ACS was not required to charge for its services. Since then the Government has determined that ACS should achieve full cost recovery for project and asset management services over a three year period.

3.51 The objective of the audit of recoverable expenditure was to assess ACS's progress in adopting a more commercial manner of operation.

3.52 The findings of the audit were that, in general, ACS has introduced fee scales consistent with those of commercial organisations. It has initiated systems to ensure all costs are identified and accounted for and has developed procedures to recover costs of operation. Several areas were identified where commercialisation efficiency and effectiveness could be enhanced, and ACS has moved to implement or adopt these suggestions.

3.53 The Committee asked about the experience with debt recovery since commercialisation. DAS advised that it does have some clients who are slow in paying debts.

3.54 AUSLIG had debts of \$5m that were more than 90 days old as at April 1990. This had been reduced to \$3.4m three months later. The aim is to reduce debts of over 90 days to a minimum.

3.55 ACS stated that it currently receives, for its Project Services, 60% of payments within 30 days, 20% within 31-60 days, 10% within 61-90 days and 10% beyond 90 days. The statistics for ACS's Asset Services are similar. ACS indicated that it had a target of 80% of payments within 30 days and 15% within 31-60 days.

3.56 APG, while experiencing delays in payment initially with the introduction of commercialisation, now generally receives payment within 30 days. The revision of the format of invoices to provide clearer information to clients had led to the improvement in payment to APG.

3.57 Prompt payment of accounts can be seen as an indicator of performance. It could be expected that accounts will be paid promptly if work is undertaken satisfactorily, if it is completed within agreed time scales and if accounts provide appropriate advice of work undertaken. Prompt payment is also essential to the efficient functioning of the trust account operations of DAS.

3.58 DAS acknowledged that it had taken time to learn the process of putting out accounts ie. making sure that they related to a client order and provided a description of work done. Such information is essential if clients are to be satisfied that accounts are appropriate. The survey that the Committee made of client departments indicated that the inadequacy of information in accounts was a continuing problem.

Conclusion

3.59 The Committee is concerned about the extent of slow payment of debts for work undertaken by the Property Services program of DAS. The level of slow payment in some areas is unacceptably high and requires urgent attention. DAS should continue to improve the quality of accounts information, offer further encouragement for early payment and possibly introduce penalties for late payment. Client departments also need to recognise their obligations to meet DAS's accounts quickly.

Recommendation

3.60 The Committee recommends that DAS:

- . improves its systems for the payment of accounts by upgrading the quality of accounts information and considering methods of encouraging early payment and penalising late payment; and
- . establishes and monitors targets for the prompt payment of accounts.

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CHAPTER FOUR

Fit Out of Leased Premises

Introduction

4.1 One of the major property issues raised in the inquiry was concern with the fit out of leased premises.

4.2 In most circumstances, ACS has the responsibility for the fit-out of leased premises for Commonwealth occupancy. Client departments and agencies are required to provide a brief to ACS via the APG detailing their fit out requirements. APG negotiates, if possible, rent free periods during which fit out can take place. The design and documentation is then co-ordinated by ACS with actual construction being supervised by ACS staff. Expenditure on the fit-out of leased premises in 1988/89 was \$80 million.

The Audit

4.3 An audit of leasing expenditure was conducted in Victoria and Queensland during 1988/89. The Committee concentrated on the issue of fit out of leased premises. The objectives of the audit in relation to the fit out of leased premises were to:

- i) assess whether APG is efficient in negotiating rent free periods during fit outs;
- ii) determine if ACS is conducting the fit out of leased premises projects with appropriate consideration to business ethics and cost while ensuring utilisation of the best available resources and methods in satisfying client needs;
- iii) assess the effectiveness and efficiency of ACS's procedures for the development of client fit out briefs and implementation of project design, documentation, costing and supervision; and
- iv) determine whether ACS ensures that 'dead rent' periods during fit out are minimised.

4.4 The audit found that:

- . there was a need to improve the strategic approach to effectively negotiate leases with favourable terms and conditions;

there was no clear responsibility demarcation between ACS and APG leading to ACS being unable to discharge its responsibilities effectively;

there were no clear instructions to clients covering the preparation of fit out briefs for leased premises;

there was a continuing concern with the level of dead rent, two examples of which were:

- dead rent comprised 52% or \$3.6 million of the fit out cost in the Rialto Building in Melbourne

- dead rent comprised 7% or \$5.7 million in the ACT in 1988-89;

procedures for the recording of target dates for the completion of projects were not formally advised to ACS by APG; and

few instances were observed in which client Departments or authorities were notified of the costs of alteration to approved plans or drawings, or of the overall impact of proposals.

DAS Response

4.5 DAS acknowledged that some criticisms of its performance in the fit out area were warranted. However, it also claimed that some of the fault lay with client departments. DAS stated that the issue of dead rent was one that was often outside its control. Dead rent typically resulted from clients not providing fit out briefs in a timely fashion or ACS not having access to the leased premises in adequate lead time prior to or immediately after execution of the lease. Industrial disputation, also outside ACS's control, was a further factor.

4.6 In relation to the fit out of the Rialto building that resulted in an excessive incursion of dead rent, DAS stated that the principle causes were delays 'occasioned by user staff consultation processes and ... site industrial problems'. (Evidence, p.S19). DAS acknowledged that there were areas in which it could have speeded up the fit out but that it had done 'about the best we could in the circumstances, and ... the majority of dead rent that was paid is conceded by the Auditor-General to be dead rent over which we had no control ...' (Evidence, p.29).

4.7 DAS noted that the statistic for dead rent in the ACT in 1988-89 was \$2.37m (3.23% of actual rent paid) rather than \$5.7m (7%) as had been reported in the Auditor-General's report. This revised figure was disputed by ANAO, which claimed that the difference arose from differing definitions of dead rent. The Committee refers to the definition of dead rent later in the chapter.

4.8 While stating that many of the factors that gave rise to dead rent were outside its control, DAS referred to measures it had taken to improve its performance in fit out. These included:

- . the creation of a single focal point for fit out within DAS by the integration of APG and ACS within the one program area. This was considered by DAS to be a major improvement;
- . the setting up of ACS Interiors to focus on fit out of leased premises;
- . development of project management groups for each fit out job;
- . greater cost awareness of clients as a result of the responsibility for rental costs being devolved to departments; and
- . gradual opening up of DAS to outside competition.

4.9 The Committee sought to test developments in the fit out area since the devolution of rental responsibilities to departments and agencies in July 1989. A questionnaire was sent to departments asking them about their satisfaction with DAS's delivery of fit out, their use of outside services for fit out and the monitoring and level of dead rent. A copy of the questionnaire is at Appendix 3 and a list of organisations that responded to the questionnaire is at Appendix 4.

4.10 The remainder of this chapter reports on the findings of the survey and covers the Committee's conclusions on fit out and dead rent.

Client satisfaction

4.11 Responses to the questionnaire regarding client satisfaction indicated that clients generally were satisfied with the fit out service provided by DAS, although they had problems with some aspects of DAS's service. The response from the Department of Social Security summarised responses generally from departments and agencies:

The overall level of service provided by DAS could be described as satisfactory, however, some improvements could be achieved. (Evidence, p.S74)

4.12 Only a small number of agencies expressed an overall dissatisfaction with DAS's service. However, a number of agencies indicated that their experience with DAS's fit out service was variable, with the standard of service on some projects being of a 'high order' while on others the ACS 'did not provide the professional standard of service we expected'. (Evidence, p.S96.)

4.13 The major problems identified with DAS's fit out service were:

- . inflexibility to client requirements;
- . tendency to produce excessive documentation in relation to projects;
- . failure to finish projects within planned time scales;
- . questionable cost efficiency and effectiveness in some cases;
- . inadequate level of supervision of sub-contractors at times;
- . lack of continuity in project management; and
- . failure at times to keep clients adequately informed of the progress of projects.

4.14 The major problems that are identified seem to reflect difficulties within DAS in adjusting to a client focus and providing a cost effective and timely service delivery.

4.15 Client departments and agencies suggested a number of ways in which DAS could improve its fit out service. These included:

- . closer consultation with clients at all stages of fit out projects;
- . a better reporting service to clients including monitoring of costs;
- . a single project officer be dedicated to a project and be accountable for the outcome;
- . reduce the amount of documentation; and
- . the 'untying' of agencies to allow them to use outside service providers.

Utilisation of outside services

4.16 It is understood that client departments currently are untied for very small fit out projects of less than \$1,500. A full untying of departments is expected in July 1991. However, a number of agencies contacted by the Committee, such as Telecom, the Civil Aviation Authority, the Federal Airports Corporation and the Australian Broadcasting Commission are not tied.

4.17 In its survey of departments and agencies, the Committee sought responses regarding the experience of departments and agencies with the use of outside service providers for fit out.

4.18 As indicated, departments can only use outside service providers for minor fit outs. Generally departments are very satisfied with these outside providers and consider they are more responsive and timely than DAS. However, for larger and more complex fit outs, a number of departments commented on the value they placed on DAS's expertise. A small number of departments indicated that they were looking forward to being untied from their obligation to use DAS so that they could make greater use of outside service providers.

4.19 Those agencies that are not tied to DAS indicated satisfaction with outside service providers. However, some of the agencies also use DAS for some fit out work, and they expressed satisfaction with the work that had been done for them by DAS.

Dead Rent

4.20 Responses to the Committee's questionnaire indicated that all but a few agencies have been monitoring dead rent since becoming responsible for payment of rental expenditure. The Australian Customs Service indicated that it did not monitor dead rent and was not aware of a requirement to do so. (Evidence, p.S55.)

4.21 Since July 1989, the amount of dead rent, as reported in responses, is approximately \$5.8m. This figure would not include all dead rent. Some departments and agencies did not respond to the questionnaire, and others that did, do not monitor dead rent. The Department of Defence indicated that it monitors dead rent but does not dollar cost it. Consequently, the amount above does not include figures from Defence. The partial 1989-90 figure compares with amounts of \$12m (3.5% of rent bill) in 1986/87, \$9.8m (2.8%) in 1987/88 and \$9.5m (2.5%) in 1988/89. The trend in dead rent is that it is generally decreasing indicating that DAS's performance is improving.

4.22 The definition of dead rent was an issue which concerned the ANAO. It referred to the definition in the JCPA report on the Commonwealth's property function of:

any rent paid for unoccupied office and other accommodation space. This includes the portion of rent being paid on properties undergoing fit out. (Para 5.1 of JCPA Report).

4.23 By contrast, the ANAO stated, DAS's definition of dead rent excluded the period of fit out from the calculation of dead rent. It is not clear whether DAS's figures of dead rent and those supplied by departments and agencies are on the basis of the JCPA's wider, or DAS's narrower, definition.

4.24 The Committee agrees with ANAO that the wider definition of dead rent is more appropriate. Any rent that is paid on a building that is unoccupied should be regarded as 'dead rent' as no benefit is being gained from the use of that space. Also the Committee accepts ANAO's view that to exclude the period of fit out from the calculation of dead rent would 'preclude useful analysis of some of the causes of and reasons for dead rent' (ANAO Response, p.1). In particular, the Committee considers that the dead rent figure provides some indication of the efficiency and effectiveness of fit out of leased premises. (Evidence, p.S108)

4.25 When asked about the usefulness of dead rent as a performance indicator in relation to fit out, DAS commented that it was a useful indicator. However, the unavoidable circumstances such as the state of the property market, changes in government functions or industrial disputes reduced its usefulness. DAS considered time and cost to be main indicators of performance in fitting out accommodation (DAS Additional Information, p.13, Evidence, p.S21).

Conclusions

4.26 The Committee concludes that DAS has to improve its performance in relation to fit out of leased premises in a number of areas if it is to achieve its stated objective of completely turning around the culture of its organisation to focus on client needs. The Committee notes the measures DAS has taken to improve fit out performance by having a single focus for fit out and by endeavouring to be more responsive. DAS should continue to monitor client attitudes to establish whether this action is improving its service and whether further changes are required. The untying of agencies in July 1991 will force DAS to provide a better service if it is to be competitive.

4.27 The Committee considers that dead rent should be monitored by departments and agencies, not because there is a usefulness in measuring dead rent for its own sake, but because it is at least one indicator for departments of DAS's performance in fit out. Other measures of performance in fit out relate to timeliness of completion and cost effectiveness of the fit out service. As the body responsible for undertaking fit out, DAS should monitor all these as indicators of its performance.

Recommendations

4.28 The Committee recommends that:

- . DAS takes steps to improve its fit out service in the following areas:
 - closer consultation with clients at all stages of projects;
 - better reporting to clients; and
 - dedication of a project officer or team to particular fit outs with these officers or teams being account for performing according to agreed outcomes;
- . DAS assess client attitudes and needs on a regular basis in relation to fit out and adjust its service according to feedback from clients;
- . departments and agencies monitor levels of dead rent as a measure of DAS's fit out performance; and
- . DAS monitor dead rent, timeliness and cost effectiveness as performance indicators in relation to fit out.

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CHAPTER FIVE

Fire Safety Surveys and Standards

5.1 Fire safety surveys in relation to Commonwealth owned or leased buildings are undertaken by Australian Construction Services in DAS. Results of the surveys are advised to the owner or lessee to take appropriate remedial action where necessary. Since 1 July 1989 ACS has commenced charging client Departments to conduct the surveys.

The Audit

5.2 The ANAO conducted an audit of fire safety surveys in ACS's Tasmanian region. The objective of the audit was to assess the efficiency and effectiveness of the practices and procedures used in the administration of the fire protection survey program.

5.3 The ANAO found that the practices and procedures used by ACS for fire protection surveys were generally satisfactory. However, the procedures for the implementation of survey recommendations were inadequate. There was a widespread failure by building owners and lessees to remedy breaches of mandatory fire safety requirements expeditiously.

DAS Response

5.4 The submission from DAS accepted that ACS had responsibility for the conduct of fire safety surveys. ACS noted that it was intending to upgrade the surveys to include all fire protection equipment.

5.5 At the public hearing on 21 June, DAS stated that the role of ACS was just as a service provider of fire safety surveys as and when requested by client departments. On occasions DAS could suggest to departments that fire safety surveys should be undertaken if deficiencies were identified through DAS's overall property management function. However, the ultimate responsibility rested with departments. (Evidence, p. 41.)

5.6 DAS agreed that recommendations from fire safety surveys were, in many cases, not being implemented by the departments which had that responsibility. It was further stated that, while the Commonwealth Fire Board set the standards on fire safety in relation to Commonwealth buildings, it did not have the 'clout' to direct departments to rectify deficiencies. (Evidence, p.42.)

5.7 When asked whether the Commonwealth Fire Board should be given greater power to enforce the recommendations of fire safety surveys, DAS responded that it was a matter for government policy.

The Commonwealth Fire Board

5.8 The Committee wrote to the Commonwealth Fire Board asking it to advise on fire safety standards in relation to Commonwealth buildings and the Board's role. A response was received which indicated three main areas of concern to the Board:

- . a general concern about fire safety standards in relation to Commonwealth property;
- . a more specific concern that, with the devolution of responsibility of the property function to client departments and agencies, there may be a lessening of fire safety standards in relation to Commonwealth property; and
- . a concern about the power and independence of the Board to set and enforce Commonwealth fire safety standards.

5.9 In relation to the first point, the Board noted that Commonwealth owned buildings did not have to conform with State or local government building or fire safety requirements. Also, the Board stated that there were no alternative mandatory Commonwealth requirements. (Evidence, p.525.) The Commonwealth relied on a 'community standard' which was very difficult to define.

5.10 The Board argued that there needed to be a Commonwealth Fire Safety Act or a Cabinet statement of policy which will require the Commonwealth to conform with defined fire safety standards. When asked whether the application to Commonwealth buildings of State or local government regulations relating to fire safety would overcome the problem of the lack of a Commonwealth standard, the Board responded that it would. As a Board representative noted 'Why have two standards?'. (Evidence, p.59.)

5.11 However, there may need to be sensitivity in relation to some Commonwealth property such as defence establishments, courts and other properties where security or other issues are a concern. There may be a need for the Board to have a role in setting the standards that should apply to these buildings.

5.12 In relation to the second point, the Board noted that, under previous arrangements, the ACS had the responsibility for the maintenance of fire safety in all Commonwealth properties and also conducted the inspections - the three-yearly fire safety surveys. However, with the devolution of the property function to departments, it was now their responsibility to seek, pay for and implement fire safety surveys.

5.13 This change to devolved arrangements caused two problems for the Board.

5.14 It was claimed that it created a void in Commonwealth fire safety as ACS no longer had an obligation to maintain standards, nor did the Board have sufficient power or authority to set and enforce standards for client departments.

5.15 In the context of economic restraint on departments, the Board considered that they may give a lesser priority to fire safety. The general conclusion of the audit report and the confirmation of DAS and the Board that departments often were not implementing the recommendations of fire safety surveys appeared to indicate that fire safety was not a high priority for departments.

5.16 To address these concerns, the Board has asked the Department of Finance (DOF) to upgrade a Finance Guideline on fire protection to the status of a Finance Direction. The purpose of the Direction would be to make the inspection and maintenance of fire equipment and the conduct of fire safety surveys mandatory. The upgrading of the Finance Guideline to Direction status was supported by ANAO in the Audit report. According to the Board, there has been no response from DOF to its request.

5.17 However, if Commonwealth property holders are required by a statute or Cabinet policy to conform with State or local government fire regulations, there may be no need for this Finance Direction.

5.18 In relation to the third point, the Board noted that it had been established as an independent body following a major fire and a subsequent report by the Joint Committee on Public Accounts in 1969. The Board said that its role was of an 'audit advisory nature'. At present the Board reports through the Secretary of DAS to the Minister, as well as reporting annually to Parliament.

5.19 Despite its independent status, the Board lamented its lack of power to enforce fire safety standards in relation to Commonwealth buildings. It highlighted a decline in its independent position within the DAS portfolio and referred to the most recent suggestion that it be integrated into the ACS, the body that it was supposed to supervise in terms of the conduct of fire safety surveys.

5.20 The Board argued for its independent position to be re-asserted and also for it to be given more power to require departments to implement fire safety standards. The Board stated that, if it 'is to umpire this game of fire safety in the Commonwealth there must be rules that can be enforced'. (Evidence, p.50.) In a subsequent letter to the Committee, the Board noted that DAS appeared 'more sympathetic to the concerns we (the Board) have expressed for the future of fire safety in the Commonwealth and the need for independence of the Board'. (Evidence, p.S110.)

Conclusions

5.21 The Committee is concerned about fire safety standards as they apply to Commonwealth buildings. The question of standards appears to fall into a gap. State and local government fire safety requirements do not apply to Commonwealth owned buildings. Also, the Commonwealth Fire Board, which should be auditing fire safety standards in relation to Commonwealth buildings, does not have the authority and independence to do so. The Committee considers that the devolution of the property function to client departments and agencies creates the potential for a diminution of adherence to fire safety standards.

5.22 To address these concerns, the Committee concludes that there is a need to:

- . establish fire safety standards in relation to Commonwealth property. This should be done by requiring Commonwealth property holders to conform with existing State or local government fire safety requirements. An Act of Parliament or a Cabinet Policy Statement appears necessary to establish these standards. Special circumstances may need to apply to some Commonwealth property where security or other concerns may make the State of local government regulations inappropriate. The Commonwealth Fire Board should be closely involved in this process of the setting of standards;
- . ensure that departments and agencies which now have property management and maintenance responsibilities are aware of standards for the conduct and implementation of fire safety surveys. These departments and agencies should be funded sufficiently to enable them to meet the defined fire safety standards. The Commonwealth Fire Board should audit departments and agencies compliance with the standards; and

- . reaffirm the Commonwealth Fire Board as the independent Commonwealth authority responsible for advising on, and auditing compliance with, fire safety standards in relation to Commonwealth property. The Board should report periodically to its Minister and annually to the Parliament. The Board's Annual reports should be subject to parliamentary review.

Recommendations

5.23 The Committee recommends that:

- . where appropriate, Commonwealth property holders be required, by means of an Act of Parliament or a Cabinet policy decision, to conform with the fire safety regulations of relevant State or local government authorities. The Commonwealth Fire Board should be closely involved in this process;
- . departments and agencies be appropriately funded to meet the fire safety standards;
- . the independence of the Commonwealth Fire Board be reaffirmed and appropriate administrative arrangements be made to affirm its independence; and
- . the Commonwealth Fire Board be resourced to act as the Commonwealth's auditor of fire safety standards, report periodically to its Minister and annually to Parliament on its findings and these reports be subject to parliamentary review.

CHAPTER SIX

Progress of Commercialisation

6.1 DAS has acknowledged itself that the process of commercialisation has been a difficult one for it. One of the largest and most difficult tasks has been changing the culture of the organisation to introduce the client focus that is essential to commercialisation.

6.2 The Committee's brief review of aspects of DAS administration indicates that a number of the formal structures associated with commercialisation such as the trust account operation, the charging of commercial fees, corporate planning and the development of business plans and accrual accounting largely have been implemented. The audit reports and the Committee's review show that the development of performance indicators and management information systems in most areas examined required further attention.

6.3 The Committee acknowledges that the results achieved from the process of commercialisation are significant. There have been substantial increases in productivity and major cost savings.

6.4 However, one of the other results of commercialisation referred to by DAS was the 'large cultural change for the Department' of 'moving to a complete focus on service provision' (Evidence, p.5). The evidence from client departments and agencies in the area of fit out of leased premises indicated that DAS has some way to go in achieving this cultural change. The responses from departments and agencies showed an improving delivery of service by DAS in this area, but also demonstrated that timeliness of service and responsiveness to client needs required further attention.

6.5 The Committee considers that there is a need for DAS to continually monitor client attitudes and requirements so that it can respond appropriately. While noting the significant training effort that has been made to date to change the approaches of DAS staff, there appears to be a need for further training to improve the commercial awareness and outlook of staff.

6.6 The Committee notes that the gradual untying of departments and agencies from a range of the service areas of DAS should provide a strong incentive for DAS to improve its performance. Some of the departments that responded to the questionnaire on fit out of leased premises indicated their preparedness to utilise outside service providers when they are untied in July 1991.

6.7 The Committee expresses its interest in assessing the progress of commercialisation, and particularly the question of client focus, in other areas of DAS. The Committee proposes to write to the Minister for Administrative Services asking him to refer an inquiry to the Committee into one or two of the non-property program areas of DAS to enable the Committee to review further the implementation of commercialisation.

6.8 A final area highlighted by the Committee's review relates to the setting of standards in the context of commercialisation. The devolving of property responsibility and funds to departments and agencies has raised the question of whether standards should be set centrally in areas of particular importance, or whether departments and agencies should be free to set their own standards. A further issue is whether these standards should be merely guidelines for departments or agencies or should be proscriptive.

6.9 The Committee did not review these questions broadly, but the examination of the issue of fire safety standards in relation to Commonwealth property provided some insight.

6.10 The Committee acknowledges that the devolving of responsibilities and funding for functions such as property to departments and agencies has been designed to increase their flexibility to manage resources and to make them more sensitive to the cost of services. The imposition of centrally set standards runs contrary to this increased flexibility and responsiveness.

6.11 However, the Committee considers that areas of such vital concern as fire safety standards need to be set and monitored centrally. The Committee has recommended accordingly in Chapter 5 of this report.

STEPHEN MARTIN, MP
Chairman

October 1990

APPENDIX 1

LIST OF SUBMISSIONS

Number	From
1	Department of Administrative Services
1A	Supplementary Information from Department of Administrative Services
2	Commonwealth Fire Board
2A	Supplementary Information from Commonwealth Fire Board
3	Australian National Audit Office

Information from Departments and Agencies

Federal Airports Corporation

Commonwealth Department of Primary
Industries and Energy

The Department of The Prime Minister
and Cabinet

The Treasury

Department of Defence

Department of Foreign Affairs and Trade

Australian Customs Service

Department of Employment, Education and
Training

Department of Finance

Civil Aviation Authority

Aboriginal and Torres Strait Islander
Commission

Telecom Australia

Australia Post

Department of Social Security

Australian Bureau of Statistics

Department of Industrial Relations

Australian Broadcasting Corporation

Attorney-General's Department

Commissioner of Taxation

Department of Immigration, Local
Government and Ethnic Affairs

Department of the Arts, Sport, the
Environment, Tourism and Territories

Department of Veteran's Affairs

Department of Industry, Technology
and Commerce

Department of Community Services
and Health

APPENDIX 2

LIST OF WITNESSES APPEARING AT PUBLIC HEARINGS

Witness/organisation	Date of appearance
<i>Department of Administrative Services</i>	
Mr Andrew Branston Regional Manager Asset Services Western Australian Region Australian Construction Services	21 June 1990
Mr John Mervyn Kent Acting General Manager Asset Services	21 June 1990
Mr Richard Mark Lansdowne Acting Assistant General Manager Financial Policy and Corporate Planning Branch	21 June 1990
Mr Gordon Alan McKenzie Acting Executive General Manager Property Services Program	21 June 1990
Mr Ray Pascoe-Webbe Assistant General Manager Finance and Systems	21 June 1990
Mr William Peel Assistant General Manager State Services Branch Australian Property Group	21 June 1990
Mr Fraser John Roughton Acting Assistant General Manager Accommodation Services Australian Property Group	21 June 1990
Mr Garth Howard Setchell Acting General Manager Project Services Australian Construction Services	21 June 1990

Mr David James Sheaves Acting General Manager Australian Surveying and Land Information Group	21 June 1990
Mr Gregory Charles Weir Assistant General Manager Business Management Australian Property Group	21 June 1990
Mr Francis Lyon Wilkinson Assistant Regional Manager Interiors Australian Construction Services	21 June 1990
<i>Public Sector Union</i>	
Mr Christopher John Clarke Occupational Health and Safety Officer Victoria Branch	8 August 1990
<i>Commonwealth Fire Board</i>	
Mr Gerald Edward Lowe Member	8 August 1990
Mr Lawrence Graham Wilson Acting Chairman	8 August 1990

APPENDIX 3

QUESTIONNAIRE TO DEPARTMENTS AND AGENCIES

1. Does your department/agency have fit-out of leased premises undertaken by DAS?
 - If so, are you satisfied with the service provided by DAS?
 - Does DAS sufficiently involve you as a client in fit-out work?
 - Do you have any comments about the cost efficiency and timeliness of DAS's fit-out service?
 - Are there ways in which DAS's fit-out service could be improved?
2. Has your department/agency used an outside service provider to undertake fit-out work?
 - If so, why has your department/agency used an outside service provider rather than DAS?
 - Have you been satisfied with the service provided by the outside body?
 - Will you use outside service providers again or return to DAS to provide your fit-out service?
3. Does your department/agency monitor levels of dead rent that arise as a result of fit-out of leased premises or for other reasons?
 - If not, why not and do you intend to do so in the future?
 - If so, what has the level of dead rent been since your department/agency become responsible for rental expenditure?
4. If your department/agency becomes aware that a fit-out being undertaken by DAS is running over schedule and that dead rent may arise, what action do you take to bring the fit-out to rapid completion?
 - How responsive is DAS in these circumstances?



APPENDIX 4

RESPONSES TO QUESTIONNAIRE

Federal Airports Corporation

Commonwealth Department of Primary
Industries and Energy

The Department of The Prime Minister
and Cabinet

The Treasury

Department of Defence

Department of Foreign Affairs and Trade

Australian Customs Service

Department of Employment, Education and
Training

Department of Finance

Civil Aviation Authority

Aboriginal and Torres Strait Islander
Commission

Telecom Australia

Australia Post

Department of Social Security

Australian Bureau of Statistics

Department of Industrial Relations

Australian Broadcasting Corporation

Attorney-General's Department

Commissioner of Taxation

Department of Immigration, Local
Government and Ethnic Affairs

Department of the Arts, Sport, the
Environment, Tourism and Territories

Department of Veteran's Affairs

Department of Industry, Technology
and Commerce

Department of Community Services
and Health