

2018

**THE LEGISLATIVE ASSEMBLY FOR
THE AUSTRALIAN CAPITAL TERRITORY**

**Government Response to Auditor-General's Report No 8/2018 Assembly of
rural land west of Canberra**

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Government Response: Auditor-General's Report No. 8/2018 – Assembly of rural land west of Canberra

Introduction

The Government has an important role in planning for the future of Canberra, and ensuring that the city and its surrounds meet the needs of the community today and into the future.

The Auditor-General's Report on the assembly of rural land west of Canberra was tabled in the Legislative Assembly on 29 June 2018. Government notes the overall conclusions and key findings in the Auditor-General's Report.

Since the period of time addressed in this audit, the ACT Government has significantly strengthened the governance and oversight of land release and development in the Territory. On 1 July 2017, the Government established two new entities, the Suburban Land Agency and the City Renewal Authority. The Suburban Land Agency's functions include buying and selling leases on behalf of the Territory, and its enabling legislation puts in place a strong performance framework for it to deliver on Government policy.

There has been significant work undertaken to give operational effect to robust governance frameworks and practices within the Suburban Land Agency, the City Renewal Authority and the Environment, Planning and Sustainable Development Directorate. Since the period of time addressed in the audit, a number of initiatives have been implemented to strengthen governance and accountability including:

- establishing a valuations policy requiring all valuations to be sought and provided in writing by trained valuers, and requiring all valuations to be sourced through a central team to enable quality assurance;
- developing a policy for management of rural subleasing and licences to support the effective management of these arrangements;
- implementing an Electronic Document and Records Management System to strengthen records management within the organisation (already existing within EPSDD);
- creating document control systems and policy governance frameworks;
- training of all staff in records management, procurement, probity issues, and fraud prevention;
- strengthening of land management practices and resourcing for a land management role within the Suburban Land Agency; and
- establishing portfolio wide governance processes that ensure standard approaches are taken across the Environment Planning and Sustainable Development Directorate, the Suburban Land Agency and the City Renewal Authority.

One year on from the commencement of these arrangements, the Auditor General's Report provides a welcome opportunity to consider if the improved processes and governance surrounding land acquisitions address the issues raised. The ACT Government's position on the nine recommendations set out in the Auditor-General's Report is outlined below.

Government Position on Recommendations

Recommendation 1

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should:

- a) instruct valuers fully and in writing;
- b) clearly differentiate, in Territory records and verbal briefings, when a valuation is based on a letter or on a comprehensive valuation report;
- c) document clearly the salient aspects of professional standards such as ANZVGN 1 that have been addressed by a valuer (e.g. purpose, basis, methodology, Territory Plan uses) and bring this to the attention of decision makers relying on that valuation; and
- d) routinely test the application of valuation guidance.

Government Position

Agreed.

Since the period of time addressed in the audit, a number of initiatives have been implemented to strengthen governance and accountability including the establishment of a valuations policy requiring all valuations to be sought and provided in writing by trained valuers, and requiring all valuations to be sourced through a central team to enable quality assurance via the Valuations Services Scheme. The Suburban Land Agency will continue to implement operational initiatives to ensure that staff within the organisation understand, apply and adhere to the endorsed policy framework in the context of obtaining valuations.

Recommendation 2

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should:

- a) implement a process to verify that, for the purchase of any property, any directions given by the Minister and in Cabinet decisions are implemented in accordance with any approved framework;
- b) align internal guidance material and operating procedures so that these are consistent with any direction or policy the Government makes publically available;
- c) document compliance; and
- d) routinely test the application of guidance and operating procedures.

Government Position

Agreed.

The Treasurer has issued the *City Renewal Authority and Suburban Land Agency (Suburban Land Agency Land Acquisition) Direction 2017* (DI2017-262) (the Direction) which outlines the processes that must be followed to develop a business case to acquire land, and the requirements for providing the business case to Cabinet prior to Ministerial approval. Work will continue across the service to develop guidance material to support the consistent interpretation and application of the Direction. Processes will be embedded in the Suburban Land Agency to facilitate routine testing of the application the Direction and any related guidance material.

Recommendation 3

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should:

- a) formally engage agents and advisors through documented procurement and contracting arrangements; and
- b) manage and monitor their activities through appropriately documented contract management arrangements. Records of a quality that provides transparency for these activities should be maintained.

Government Position

Agreed.

The Suburban Land Agency has a Contract Management System to support contract management and has implemented an Electronic Document and Records Management System to ensure transparent and accurate recordkeeping. Processes will be embedded within the Suburban Land Agency to assess and monitor documentation and compliance with procurement and contracting requirements.

Recommendation 4

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should:

- a) document reasons for proposing to engage an agent, contractor or consultant and have this agreed and approved;
- b) monitor the implementation of contracts and authorise in writing reasons for any departure from the agreed contract; and
- c) give particular attention to scrutinising and authorising in writing any contractual terms, such as terms for the payment of an agent, that are a departure from standard terms.

Government Position

Agreed.

The Suburban Land Agency's Contract Management System supports procurement and contract management. Procurement training will continue to be provided for Suburban Land Agency staff and processes will be embedded within the Suburban Land Agency to assess and monitor documentation and compliance with procurement and contracting requirements.

Recommendation 5

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should provide training and guidance to its staff on identifying and managing probity. This should be part of induction training and be refreshed annually.

Government Position

Agreed.

All Suburban Land Agency staff have been required to complete mandatory probity training and mandatory fraud and ethics training. Probity training will be expanded in the induction program, and Suburban Land Agency staff will be required to refresh their probity training annually.

Recommendation 6

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should work with the Conservator of Flora and Fauna to:

- a) finalise Land Management Agreements for rural leasehold land purchased by the former Land Development Agency by December 2018 but preferably sooner;
- b) identify why Land Management Agreements for all the properties purchased in the Western Edge were not developed in a timely manner and identify options to prevent this in the future; and
- c) execute Land Management Agreements for all future rural land purchases within six months of transfer unless there are exceptional circumstances and these are documented.

Government Position

Agreed.

All endeavours will be made to ensure remaining Land Management Agreements for the properties subject to the audit can be executed by the Suburban Land Agency and the Conservator of Flora and Fauna by 24 December 2018.

The Suburban Land Agency reviewed the management of rural land during the first half of 2018 and appointed a dedicated resource to manage rural land that is under the custodianship of the Suburban Land Agency. Processes and systems will now be developed across the ACT Government to ensure timely completion of Land Management Agreements in relation to future rural leaseholds.

Recommendation 7

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should align licencing and subleasing arrangements with responsibilities in its fire management *Bushfire Operations Plans* or vice versa.

Government Position

Agreed.

The ACT Government notes that the Suburban Land Agency has undertaken a review of the management of rural land over the last six months and has entered into or progressed appropriate licencing and subleasing arrangements.

The Suburban Land Agency will review the *Bushfire Operations Plan* and licencing and subleasing arrangements for all rural land owned by the Suburban Land Agency, and make necessary changes to ensure alignment.

Recommendation 8

While the Suburban Land Agency was not the subject of this audit, since 1 July 2017 the Suburban Land Agency has had responsibility for activities considered in this audit that were previously those of the former Land Development Agency. Recommendations are therefore made to the Suburban Land Agency.

The Suburban Land Agency should:

- a) undertake a strategic analysis of options for the daily management of purchased rural properties including considering use and ongoing management at a larger scale;
- b) implement the preferred option; and
- c) execute contracts for the management of all rural land purchases managed on its behalf.

Government Position

Agreed.

The Suburban Land Agency will undertake an analysis of current daily management arrangements in place for all rural land in its ownership, including assessing value for money and environmental outcomes. Pending consideration of a preferred option, the Suburban Land Agency will consider new contractual measures as current arrangements lapse.

Recommendation 9

The Chief Planning Executive should undertake a planning study, to define the long term future urban form and identify the Territory's future development fronts to guide the update of the *ACT Planning Strategy (2012)*.

Government Position

Agreed.

Studies underway as part of the current *Planning Strategy Refresh* will be used to determine the timing of a study into the long term future urban form.