

2011

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

GOVERNMENT RESPONSE

TO

INTERIM REPORT 14

FROM

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ON

**AUDITOR-GENERAL'S REPORT NO.6 OF 2009;
*GOVERNMENT OFFICE ACCOMMODATION***

Presented By:
Andrew Barr MLA
Minister for Economic Development

Tabled on 16 August 2011

INTRODUCTION

On 28 August 2009, the Standing Committee on Public Accounts 'Review of Auditor-General's Report No 6 of 2009: *Government Office Accommodation*' was tabled in the Legislative Assembly.

In accordance with the Standing Committee on Public Accounts' (the Committee) resolution of appointment, the Audit report was referred to the Committee for examination. The Committee tabled Interim Report No 14 in February 2011.

GOVERNMENT POSITION ON RECOMMENDATIONS

The Standing Committee on Public Accounts 'Review of Auditor General's Report No 6 of 2009: *Government Office Accommodation* includes three recommendations. Those recommendations, and a corresponding Government position, are detailed below.

Recommendation 1

The Committee recommends that the ACT Government make no final decision with regard to the whole-of-government office building project until the Standing Committee on Public Accounts has received a copy of the business case, and the economic and environmental analysis, together with any other relevant considerations, and had time to consider this information and report to the ACT Legislative Assembly.

Government Response

Not Agreed.

A decision to proceed with the Government Office Building project was made in the 2011-12 Budget.

The information supporting the business case has been made available publicly. A special briefing on the project was provided to the Select Committee on Estimates 2011-12 at which all members of the Standing Committee on Public Accounts were present. Information provided at this briefing included economic, budget impact analysis and environmental analysis.

Recommendation 2

The Committee recommends that the ACT Government provide the Standing Committee on Public Accounts with an assessment of the opportunity cost of a whole-of-government office building project against other significant infrastructure projects, such as the Majura Parkway, a light rail network, a new convention centre, or a third major hospital.

Government Response

Not Agreed.

A decision to proceed with the Government Office Building project was made in the 2011-12 Budget. In making this decision the Government assessed projects against other relative priorities and its capacity to fund the project. This process, by its very nature, assesses the opportunity cost of proceeding with the building. The Budget Impact analysis provided to the Select Committee on Estimates includes the cost of capital.

The Economic Development Directorate (formerly the Department of Land and Property Services) sought specific independent economic advice about the impact of the proposed building on the Territory's capacity to fund other capital works. Advice received from the Directorate's advisors, and supported by a leading credit rating agency, indicates that other capital works projects would not be constrained and the Territory's credit rating would not be adversely affected.

The reasoning underpinning this advice is that completion of the building results in an asset that is expected to exceed the development cost. Therefore it should improve the Territory's balance sheet, other things being equal.

Recommendation 3

The Committee recommends that the ACT Government whole-of-government office accommodation strategy should be finalised, and considered by the ACT Legislative Assembly, prior to any final decision, or awarding of any contract, with regard to the whole-of-government office building project.

Government Response

Not Agreed.

The future office accommodation strategy is now influenced by the Government's decision to proceed with the new ACT Government Office Building. The new government office will see significant consolidation of current office accommodation and changes to planned office refits/refurbishments. The office accommodation strategy will now be revised in line with this decision.

