



ACT
Government

2018

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

**GOVERNMENT RESPONSE TO THE
ACT AUDITOR-GENERAL'S REPORT
TENDER FOR THE SALE OF BLOCK 30 (FORMERLY BLOCK 20)
SECTION 34 DICKSON
REPORT NO. 3/2018**

**Presented by
Mick Gentleman MLA
Minister for Urban Renewal**

Introduction

On 22 February 2018, the ACT Auditor-General released a Performance Audit Report titled ‘Tender for the sale of Block 30 (formerly Block 20) Section 34 Dickson’ (the Report). The Report considered specific historical land transactions undertaken by a unit formerly within the Economic Development Directorate and with the supporting services of the former Land Development Agency.

Since the land transactions which were the subject of the Report occurred, the Government has made significant improvements to the land transactions process.

On 1 July 2017, the *City Renewal Authority and Suburban Land Agency Act 2017* commenced, which abolished the Land Development Agency and established the City Renewal Authority (Authority) and the Suburban Land Agency (Agency).

Legislative instruments have been notified to support the work of the new land entities, including declaration of the City Renewal Precinct, the Land Acquisition Directions, the Housing Target Determination, the Statement of Expectations and Statement of Operational Intent for the Authority, and the Minister for Housing and Suburban Development gave her approval for the Suburban Land Agency to exercise specific functions in accordance with the Act.

Key elements of the governance framework for both entities include the annual Statement of Intent, establishing governing boards for the Authority and Agency, clear and direct accountability of the Chair of each governing board to the responsible minister, a board appointed and accountable chief executive officer, the use of written ministerial directions to the entities and development of a Service Level Agreement between the Directorate and land entities to provide governance support.

A Project Portfolio Governance Committee has been established to provide advice on the development of key governance deliverables and dependencies. The committee is focusing on consolidating governance systems and frameworks, adapting project management governance, standardising records management and updating operational policy and procedures.

A People and Transition Committee has been established to provide human resource support for the Agency. The Directorate and Agency have conducted staff surveys to inform development of an action plan which will outline measures to continue to support staff, reinforce organisational values and offer personal development initiatives.

This Government Response builds on this work, and provides an opportunity to further enhance and refine the land transactions process.

It is critical to public confidence and trust in the work of Territory entities that operations are conducted properly and are open to scrutiny. Governance frameworks play a key role in ensuring that the community can be assured that Territory entities operate in the public interest, and to the highest standards of probity and accountability.

The Government welcomes the recommendations in the Auditor-General’s Report and the opportunity this provides the portfolio to deliver continuous improvement to probity and governance practices in land transactions, and reinforce an organisational culture that promotes integrity.

ACT Government position on the recommendations

Recommendation 1: Remedy deficiencies in the tender process

Consistent with its administrative responsibilities since July 2017 the Environment, Planning and Sustainable Development Directorate should:

- a) brief the Minister administering the *Planning and Development Act 2007* and Cabinet on the implications of the risk to legislative compliance identified by this report and advise on options for remedying the deficiencies with the tender process; and
- b) develop and implement mechanisms to mitigate potential noncompliance.

Government response: AGREED. The Environment, Planning and Sustainable Development Directorate is seeking legal advice from the ACT Government Solicitor on the legislative compliance issues identified in the report, including any potential impact on the tender process and outcome. Once this is finalised, as a priority action the Directorate will in turn brief the Minister for Planning and Land Management and Cabinet on the issues raised through this process. The Minister for Planning and Land Management will table with the Legislative Assembly an Implementation Progress Statement by 31 October outlining the action taken to develop and implement mechanisms to mitigate potential noncompliance.

Recommendation 2: Strengthen probity

Consistent with administrative responsibilities since July 2017 the Environment, Planning and Sustainable Development Directorate, City Renewal Authority and Suburban Land Agency should strengthen accountability for probity in procurement by:

- a) establishing clear standards of conduct and record-keeping for all staff engaged in tenders that, at a minimum, address communications with prospective and actual tenders, negotiations with preferred and winning bidders, and evaluations of both initially submitted and final bids;
- b) facilitating training on probity for all staff involved in procurement processes; and
- c) introducing controls and reporting requirements at key procurement (including tender) stages that assure and transparently demonstrate consideration of probity risks.

Government response: AGREED. As a priority the Environment, Planning and Sustainable Development Directorate, the City Renewal Authority and the Suburban Land Agency is implementing a program for the provision of robust probity and records management training for staff across the Portfolio. The Environment, Planning and Sustainable Development Directorate, City Renewal Authority and Suburban Land Agency is currently reviewing, assessing and enhancing processes, practices, training and culture related to probity and procurement as part of the continuous improvement cycle that underpins the new arrangements.

Recommendation 3: Strengthen governance and assurance

Consistent with administrative responsibilities since July 2017 the Environment, Planning and Sustainable Development Directorate, City Renewal Authority and Suburban Land Agency should strengthen governance and accountability arrangements for staff involved in land procurements by establishing and implementing controls to assure:

- a) consistent adherence to clearly defined roles and responsibilities for tender oversight, conduct and probity management;
- b) tender negotiations are transparent, appropriately documented and approved, and that they meet probity requirements; and
- c) tender decisions, particularly those arising from complex and lengthy negotiations, are independently reviewed and quality assured against defined procedural and probity requirements prior to approval.

Government response: AGREED. See the response to recommendation 2 above.

Recommendation 4: Reinforce organisational values

Consistent with administrative responsibilities since July 2017 the Environment, Planning and Sustainable Development Directorate, City Renewal Authority and Suburban Land Agency should reinforce organisational values by:

- a) clearly articulating their values and providing guidance to staff on how these are to be implemented; and
- b) implementing procedures that reinforce and infuse the values throughout the organisation.

Government response: AGREED. The Environment, Planning and Sustainable Development Directorate, City Renewal Authority and Suburban Land Agency is continuing to review, and is implementing improvements to, processes, practices and culture related to organisational values as part of the continuous improvement cycle that underpins the new arrangements.