



Auditor-General for Australia
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12 January 2021

Mr Rick Wilson MP
Chair
Parliamentary Standing Committee on Public Works
Email: pwc@aph.gov.au

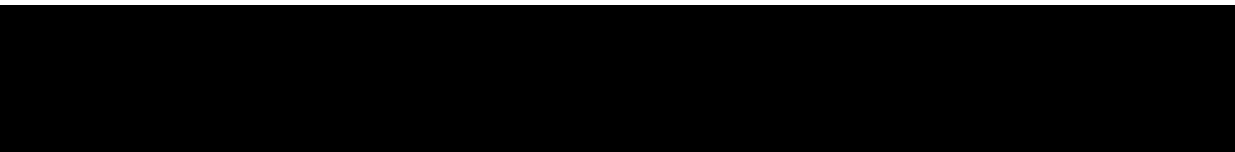
Dear Mr Wilson

Inquiry into the Commonwealth Scientific and Industrial Research Organisation – Perth Precinct Project

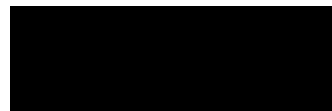
The Australian National Audit Office (ANAO) published the following performance audit report that you may find relevant to the Standing Committee on Public Works inquiry.

- Auditor-General Report No.39 2019-20 [Implementation of the Commonwealth Scientific and Industrial Research Organisation \(CSIRO\) Property Investment Strategy.](#)

Information about what the audit assessed, concluded and recommended is attached. The audit reports are available online at www.anao.gov.au.



Yours sincerely



Grant Hehir

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Auditor-General Report No.39 2019-20 *Implementation of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) Property Investment Strategy* assessed whether the CSIRO designed and is implementing its property investment strategy in a way that is delivering the intended benefits, and how any lessons learned are being reflected in a new strategy that is being developed. To form a conclusion against the audit objective, the ANAO adopted the following high-level audit criteria:

- Is the CSIRO on track to reduce the organisation’s property footprint by 20 per cent, and eliminate the forecast annual increase in property operating costs, compared with 2012–13 levels?
- Did the CSIRO establish effective governance arrangements to support the implementation of its 2012 Property Strategy?
- Was the development of the 2019–29 Property Strategy (2019 Property Strategy) appropriately informed by analysis and review of the implementation of the 2012 Property Strategy, and the results that have been achieved?

The audit concluded that:

- The CSIRO did not design and implement its 2012 property investment strategy in a way that is delivering the intended benefits. The 2019 Property Strategy was not sufficiently informed by lessons learned and does not include any performance targets.
- The CSIRO’s approach to measuring its property footprint and operating costs is not effective. The evidence indicates that the CSIRO will not achieve the aim of reducing its property footprint by 26 per cent and eliminate the forecast annual increase in operating costs compared with 2012–13 levels.
- The CSIRO was not effective in establishing governance arrangements to support the implementation of its 2012 Property Strategy. The CSIRO effectively established its capital investment program, but it did not establish effective arrangements to support its capital divestment program, risk management and reporting to its Board. There have been significant delays with the delivery of the planned divestments (with some divestments having been cancelled). The planned divestments were key to CSIRO reducing its property footprint as well as to provide funds for the capital investment required for its proposed property consolidations, both of which were expected to facilitate a greater proportion of the CSIRO’s resources to be spent on scientific and industrial research.
- The development of the CSIRO’s 2019 Property Strategy has been informed by some lessons learnt, but it was not informed by an appropriate review and analysis of its 2012 Property Strategy. The CSIRO has not established quantifiable targets to measure and be accountable for its performance in delivering the 2019 Property Strategy.

The ANAO recommended that:

- The CSIRO develop a consistent, transparent and effective approach to measure the entirety of its property portfolio footprint. CSIRO response: Agreed.
- The CSIRO establish effective governance arrangements for the management of divestment projects including establishing a consistent framework and undertaking detailed planning. CSIRO response: Agreed.
- The CSIRO develop a property strategy risk management plan to monitor, assess and guide the mitigation of property strategy implementation risks. CSIRO response: Agreed.

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- The CSIRO Executive report at least annually to its Board on the progress implementing its property strategy and the realisation of benefits. CSIRO response: Agreed
- The CSIRO establish quantifiable performance targets for its 2019 Property Strategy. CSIRO response: Agreed