



QONs

1. How does the consolidation project demonstrate that the 2019 property strategy has been implemented in a way that delivers the intended benefits and reflects the lessons learned from previous strategies? And has anything changed in the way you're going about this as a result of the new governance arrangements?

In August 2019, CSIRO's Board endorsed CSIRO's 2019-29 Property Strategy that set out five strategic property priorities as follows:

- Align Infrastructure with Science: align CSIRO's infrastructure and facilities with the current and future needs of the Business Units.
- Leverage strategic infrastructure opportunities: capitalise on planned strategic infrastructure investment by other parties, including within the Commonwealth, state/territory and higher education sectors.
- Consolidate our property footprint: consolidate to sites and locations that align to CSIRO's future needs, improve the utilisation of properties, and optimise investment of limited funds in key sites.
- Invest in maintaining key infrastructure: identify key infrastructure and maintain/upgrade these existing facilities to be fit for purpose.
- Environmental Sustainability: invest where appropriate in minimising the environmental footprint of facilities and operations while supporting CSIRO's own agenda to support leading environmental practice

The goal of the Perth Precinct Project is to provide efficient, fit-for-purpose and consolidated accommodation for CSIRO's Perth staff. This will be achieved by moving staff from CSIRO's underutilised and aging Floreat site to Kensington and Waterford sites, and is the first step towards consolidation, with further efficiencies to be delivered by future projects. Learnings from other projects have been assessed for applicability and incorporated to ensure constant improvement in process and design.

To align with the Property Strategy the Project has the following specific objectives:

- Increased CSIRO collaboration through co-location – providing a property solution that supports our scientists to work better together.
- Better utilising existing infrastructure for compatible uses – Using the building stock we have in the most efficient way.
- Deliver improvements in information and communication technology to meet the needs of the next ten to twenty years.
- Deliver efficient allocation of workspaces and resources with the flexibility to adapt and modify these spaces to support the needs of CSIRO over the coming years.
- Support staff health, safety and well-being by providing modern, safe and fit for purpose world class facilities.
- Deliver a cost effective, value for money property solution.

- Reduce operation and maintenance costs by moving out of aging and unsuitable building stock

CSIRO has an established governance framework and processes for the effective management of major and significant projects. The project team are responsible for delivery in accordance with the scope of works. The CSIRO internal project governance structure includes a Project Board which has a high-level responsibility for project delivery and ensures the project is delivered in accordance with the Business Case, including the achievement of strategic objectives and realisation of benefits. Monitoring of a project to milestones, risk and budget as well as regular reporting is overseen by an internal project management office.

2. The audit recommended that CSIRO establish effective governance arrangements for management of divestment projects, inclusive of establishing a consistent framework and undertaking detailed planning (Recommendation 2). In its submission, CSIRO noted that its governance framework has been extended to include all divestment projects regardless of size (Submission 1, p. 3). Could CSIRO provide more information about what frameworks are in place to guide prioritisation of property decisions on capital investment/divestment?

CSIRO has an established governance framework and processes for the effective management of major and significant projects including for both the investment and divestment of properties.

The Project Team, comprising staff with significant experience in delivering capital projects around Australia are responsible for the delivery of any divestment project in accordance with the scope of works proposed. In the case of property disposals, the project is referred to the Divestments Steering Committee (DSC) for thorough identification of options for disposal and barriers to achieving a beneficial outcome for CSIRO, taking into account CSIRO's obligations under the Commonwealth Property Disposals Framework, the extent of remediation, the commercial property market and the future requirements of the organisation.

The DSC is responsible for the efficient divestment of sites surplus to organisational requirements and for ensuring divestments are consistent with the goals of achieving financial sustainability for the organisation. The DSC will assist the project team in preparing options, and will include providing direction as well as assisting in the procurement of professional financial, legal, commercial or other advice to assist in planning and the formulation of recommendations. The Committee will make a recommendation to the delegate who will direct additional approvals required under the established governance framework.

Following endorsement, the project will follow the existing CSIRO internal project governance framework. The Project Board has high-level responsibility for project delivery and ensures the project is delivered in accordance with the business case and the Project Control Group provides direction, management and monitoring of the project and is responsible to the Project Board.

Any divestment is required to be tabled for approval at either the CSIRO Executive Team Committee or the CSIRO Board. The Executive Team Committee is the primary executive leadership body in CSIRO. Their role is to determine matters or make recommendations to the Chief Executive and through the Chief Executive to the Board, regarding the direction and operations of CSIRO. The Board is CSIRO's governing entity and works with the Chief Executive to determine the strategic direction of CSIRO.

3. The audit recommended that CSIRO develop a property strategy risk management plan to monitor, assess and guide the mitigation of property strategy implementation risks (Recommendation 3). CSIRO's submission acknowledged 'the merit and benefits in incorporating these individual risk management plans into an overarching risk management plan for the overall property strategy' (Submission 1, p. 3). Can CSIRO provide an update on how this new overarching risk management plan has informed implementation of the 2019 Property Strategy? Has CSIRO incorporated this property strategy risk management plan into the organisational strategic risk assessment? Why/why not?

To complement the 2019-29 Property Strategy, a strategic risk assessment was undertaken, and a risk management plan developed to demonstrate that risks are being identified, monitored and reported appropriately. The strategic risk assessment identified strategic risks and implementation risks that were considered appropriate to the implementation of the 2019-29 Property Strategy and each identified risk was assessed with key controls and treatment plans specified. The strategic risk assessment is to be reviewed annually to ensure that the risks contained are relevant and appropriate. The Risk Management Plan was approved by the CSIRO Executive Team and CSIRO Board in November 2020.

In addition to the overarching strategic risk assessment, each individual capital project has a risk plan, risk register and the risks are regularly reviewed as part of the project governance arrangements.

The risks associated with the 2019-29 Property Strategy have been incorporated into the CSIRO organisational risk profile. The key reason for this is that an inability to achieve the goals of the Strategy will impact adversely on the risk category 'organisational resilience, safety and the environment' which is actively monitored by CSIRO.