



Australia's National
Science Agency

Inquiry into Auditor-General Reports 11, 31, 39 (2019-20) and 2, 9 (2020-21)

The Joint Committee of Public
Accounts and Audit

CSIRO Submission 20/742

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Executive Summary

CSIRO welcomes the opportunity to provide input to the Joint Committee of Public Accounts and Audit inquiry into the Governance in the Stewardship of Public Resources: Inquiry into Auditor-General Report No. 39 (2019-20), *Implementation of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) Property Investment Strategy (the Report)*.

CSIRO acknowledges the importance and value of the ANAO's role in examining and reporting on the use of public finances and resources by Commonwealth entities and the significant detail and analysis provided in the audit of the 2012 Property Investment Plan (the 2012 Property Strategy).

This submission outlines the key elements of the 2012 Property Strategy and addresses the recommendations presented in the Audit Report. All recommendations in the Audit Report have been agreed by CSIRO and action taken to resolve the issues identified. The 2012 Property Strategy was developed and subsequently evolved in response to changes in CSIRO's science priorities and infrastructure needs.

As the national science agency, CSIRO recognises the importance of strong strategic oversight and operational effectiveness of our research facilities, sites and infrastructure to support the delivery of benefits to Australia's national interest.

CSIRO has a large and complex property portfolio valued at over \$1.6 billion. CSIRO manages a significant proportion of Australia's state-of-the-art science infrastructure and biological collections as well as a diverse portfolio that includes 56 domestic sites, three international facilities, with more than 950 buildings. The operating cost across the portfolio (owned and leased) is approximately \$120 million per annum.

This complex system of sites and facilities underpins and enables the efforts of our scientists to solve Australia's greatest challenges through innovative science and technology. The property portfolio encourages an environment of innovation and collaboration for CSIRO staff, customers and stakeholders.

2012 Property Strategy

CSIRO's 2012 Property Strategy set out a program of investment, development and divestment to support the delivery of science through new and existing infrastructure, including the maintenance of a significant number of ageing facilities.

While the consolidation and divestment activities during the life of the 2012 Property Strategy enabled CSIRO to reduce its building footprint by more than 10 per cent, there were several challenges that delayed the footprint reduction and/or added to overall site numbers. In 2015, machinery of government changes (the amalgamation of the National Information and Communications Technology Australia (NICTA) into CSIRO's Data61) saw CSIRO take on a further five sites, increasing the overall number of sites under the 2012 Property Strategy. In addition, several properties that had been identified for divestment in the 2012 Property Strategy required extensive unforeseen environmental remediation works that delayed their preparation for sale.

As a result of those developments, some of the outcomes and benefits sought in the 2012 Property Strategy were not realised and were postponed to later years, with most subsequently incorporated into the 2019 Property Strategy.

Evolution of CSIRO's Property Strategy

In developing the 2019 Property Strategy, CSIRO drew on the experiences and lessons learned from the implementation of the 2012 Property Investment Plan. This included an adapted approach to enable better management of factors outside CSIRO's control, such as the acquisition of sites through government changes.

The objectives of the 2019 Property Strategy are to:

- facilitate collaboration and network development;
- support and establish innovation hubs for SME engagement;
- enable a vibrant, safe and secure working culture;
- provide flexible property and facilities that can adapt to meet evolving and future science needs; and
- advance environmentally sustainable facilities that continue to lower our emissions and improve our environmental outcomes.

The 2019 Property Strategy provides a planning framework that articulates the investment and divestment principles for decision making about CSIRO's property portfolio. It is also structured to accommodate future changes which will impact the operating environment of the portfolio, such as the implementation of the CSIRO Future Science and Technology plan and emerging priorities (e.g. COVID-19 and national bushfire research), as well as a range of other customer focussed initiatives.

CSIRO's ten year 2019-29 Property Strategy incorporates activities, planning and reporting requirements consistent with the Audit Report recommendations.

CSIRO has subsequently met all commitments made in its responses to the five recommendations. The table below details the outcome of those actions.

Recommendation 1	The CSIRO develop a consistent, transparent and effective approach to measure the entirety of its property portfolio footprint.
CSIRO Response: Agree	<p><i>The CSIRO applies a consistent, transparent and effective approach to measuring the entirety of its property footprint and acknowledges that while management regularly reports the property footprint for buildings (occupiable m2), it does not include the footprint for land.</i></p> <p><i>Land footprint data is available and was not previously reported to the Board because the value of the data is skewed by land holdings such as the Square Kilometre Array (SKA) in WA which is 350,000 hectares of predominately vacant land.</i></p> <p><i>CSIRO commenced reporting property footprint data, including both building and land areas, annually to the Board from 2019-20. CSIRO reports land footprint data in two parts, separating out the detail of the pastoral lease at SKA WA due to the significant distortion it brings to land area measurement.</i></p>

Recommendation 2	The CSIRO establish effective governance arrangements for the management of divestment projects including establishing a consistent framework and undertaking detailed planning.
<i>CSIRO Response: Agree</i>	<p><i>The ANAO report acknowledged the improved governance framework and process for the effective management of major and significant projects for all investment projects and some divestment projects depending on size.</i></p> <p><i>CSIRO has now extended this governance framework to include all divestment projects regardless of size.</i></p> <p><i>CSIRO established the Capital Management Committee in early 2019 to look at major capital investments. This Committee will now also consider divestments noting the capital impact associated with this activity.</i></p> <p><i>Each divestment project now also has a Project Board and Project Control Group assigned along with regular reporting to ET and the Board.</i></p>
Recommendation 3	The CSIRO develop a property strategy risk management plan to monitor, assess and guide the mitigation of property strategy implementation risks.
<i>CSIRO Response: Agree</i>	<p><i>CSIRO prepares individual risk management plans for all investment and divestment projects included in the property strategy. This enables CSIRO to monitor, assess and guide the mitigation of property strategy implementation risks.</i></p> <p><i>CSIRO acknowledges the merit and benefits in incorporating these individual risk management plans into an overarching risk management plan for the overall property strategy.</i></p> <p><i>A property strategy risk management plan was approved by the Board at its December 2020 meeting.</i></p>
Recommendation 4	The CSIRO Executive report at least annually to its Board on the progress in implementing its property strategy and the realisation of benefits.
<i>CSIRO Response: Agree</i>	<i>CSIRO committed to report progress in implementing the property strategy and the realisation of benefits to the Board twice a year was already made in the 2019 Property Strategy. The first report was presented to the Board in December 2020.</i>
Recommendation 5	The CSIRO establish quantifiable performance targets for its 2019 Property Strategy
<i>CSIRO Response: Agree</i>	<i>Quantifiable performance targets for the 2019-29 Property Strategy and a supporting implementation plan was approved by the Board in August 2020.</i>

As Australia's national science agency and innovation catalyst, CSIRO is solving the greatest challenges through innovative science and technology.

CSIRO. Unlocking a better future for everyone.

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