



Tasmanian
Audit Office

Management of major office accommodation

Report of the Auditor-General
No.6 of 2023-24

Welcome and introductions

Audit objective

The objective of the audit was to express an opinion on whether Treasury is efficiently, effectively, and economically managing major office accommodation.

Key Takeaway

Treasury was partially effective in centrally managing major office accommodation, in that it:

- has established largely effective operational processes to manage leases
- has not established a whole-of-government strategy maximising occupation and utilisation
- is not tracking utilisation

Scope

The audit:

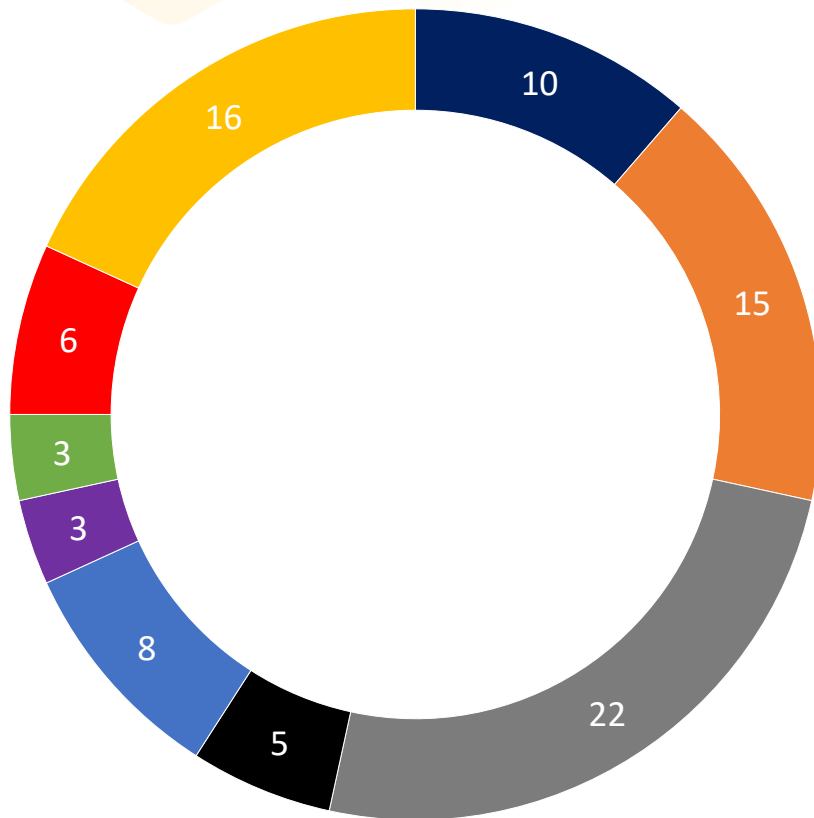
- examined **major office accommodation** only (400m2 within Hobart CBD; 150m2 outside Hobart; excludes facilities with ancillary accommodation)
- examined Treasury's office accommodation **strategy, guidelines**
- consulted with **5 stakeholders** in addition to Treasury

Audit criteria

1. Is Treasury strategically managing departmental office accommodation needs?
2. Has Treasury established processes to manage office accommodation leases?

What we found

Number of spaces occupied by entities under a major office accommodation lease (2022-23 financial year)



- Department for Education, Children and Young People 10
- Department of Health 15
- Department of Justice 22
- Department of Police, Fire and Emergency Management 5
- Department of State Growth 8
- Department of Natural Resources and Environment 3
- Department of Treasury and Finance 3
- Department of Premier and Cabinet 6
- All other 16

Note: Some leases cover spaces occupied by multiple agencies. The total number of spaces is 88 across 63 leases.

Criteria 1 – Strategic management of government office accommodation

Given the purpose of the Treasurer's Instructions, we expected Treasury to have implemented:

- an effective whole of government office accommodation strategy
- prioritised efficiencies and provide oversight of whole-of-government accommodation
- oversee and manage occupation and utilisation

Criteria 1 – Strategic management of government office accommodation (Cont)

We found that Treasury has not established an effective whole-of-government strategy.

This is because:

- Treasury has not shared its leasing strategy with agencies
- utilisation data is not tracked and cannot inform requests for office accommodation
- agency strategies are ad-hoc and not centrally supported by Treasury
- Treasury could improve transparency in reporting its vacancy rate

Criteria 1 – Strategic management of government office accommodation (Cont)

However, Treasury:

- conducts approaches to market appropriately
- engages effectively with external stakeholders
- is progressing the implementation of a new lease management system

Criteria 2 – Management of leases

Given the requirements of the TI's, we expected Treasury to have:

- implemented processes to understand agency needs & manage leases
- proactively sought advice from OCS and OVG
- assessed agency needs to achieve the overall policy objective.

Criteria 2 – Management of leases (Cont)

We found that Treasury:

- has established effective processes for managing leases
- absence of utilisation data limits scrutiny over new accommodation requests
- sought and applied appropriate advice from OVG and OCS
- effectively managed relocations where applicable

We also found some gaps in communication and coordination among stakeholders.

Recommendations

We recommend that:

1. Treasury adopt a strategic whole-of-government approach for managing major office accommodation by:
 - developing and sharing amongst agencies a whole-of government leasing strategy
 - supporting agencies to develop their own leasing strategies
 - establish processes to track utilisation data
 - documenting milestones and escalation pathways for clients.

Recommendations (Cont)

2. Treasury use and analyse utilisation data to inform strategic planning to facilitate efficient management and use of major office accommodation.

Audit conclusion

Treasury, as measured against the criteria, was partially effective in centrally managing major office accommodation because it has:

- not established a whole-of-government strategy which maximises occupation and utilisation
- established largely appropriate operational processes to manage leases, with room to improve engagement with other agencies.

Responses

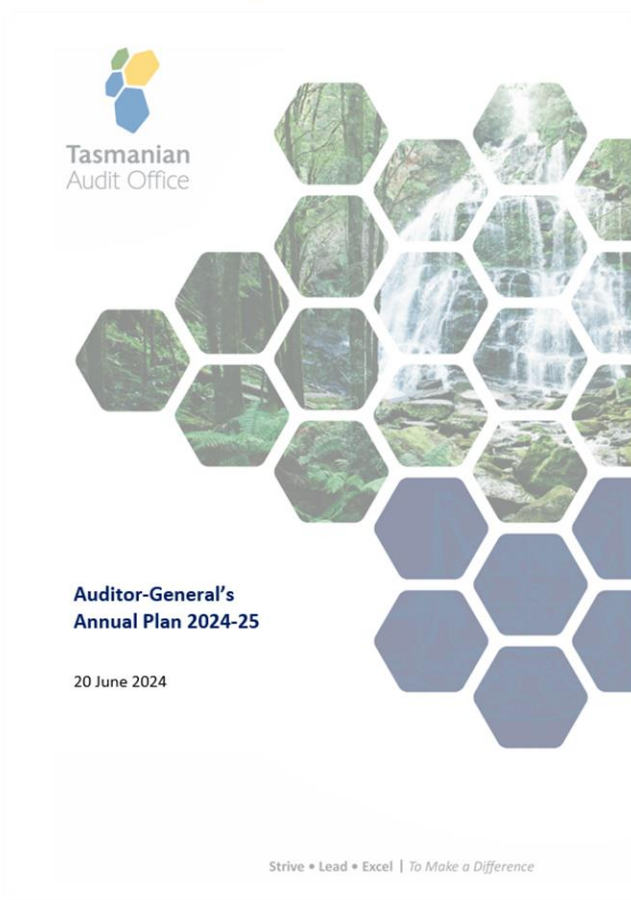
Treasury Response

- Agreed to all recommendations
- Detailed response included in full the executive summary of the report

Other Responses

- Office of the Valuer-General
- Department of Natural Resources and Energy Tasmania
- Department of Health

Annual Work Plan



Available at audit.tas.gov.au
under 'reports'

Thank You – any questions?