



1997

PARLIAMENT OF TASMANIA

**AUDITOR-GENERAL
SPECIAL REPORT NO 21**

**Special Investigation
Into Administrative Processes associated
With Preservation and Maintenance of the
Port Arthur Historic Site**

No. 5 of 1997 - August 1997

*Presented to both Houses of Parliament in accordance with the provisions of Section 57 of the
Financial Management and Audit Act 1990*

By Authority:
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Table of Contents

GLOSSARY	ii
INTRODUCTION	1
AUTHORITY RESPONSE	2
SUMMARY OF RECOMMENDATIONS	3
AUDIT OBJECTIVES, SCOPE, TIMING AND COST	7
OBJECTIVES.....	7
SCOPE	7
APPROACH.....	7
RESOURCES	8
BACKGROUND	9
HISTORY	9
LEGISLATIVE FRAMEWORK	9
PORT ARTHUR RESTORATION PROJECT	10
CONSERVATION PHILOSOPHIES	10
PREVIOUS REVIEWS	11
POLICIES, STRATEGIES AND PLANS	13
PLANNING FRAMEWORK	13
POLICIES.....	14
STRATEGIES	15
PLANS	16
LONG TERM CONSERVATION NEEDS	21
CONSEQUENCES OF DELAYED CONSERVATION	25
SELF IMPOSED CONSTRAINTS	29
CONSERVATION BUDGETS	31
ACTUAL EXPENDITURES ON CONSERVATION	33
CONSERVATION VERSUS TOURISM	37
CONCLUSIONS	39
APPENDIX 1	41
APPENDIX 2	43
PREVIOUS REPORTS TO PARLIAMENT	45

Glossary

Place means site, area, building or other work, group of buildings or other works together with associated contents and surroundings.

Cultural significance means aesthetic, historic, scientific or social value for past, present or future generations.

Fabric means all the physical material of the place.

Conservation means all the processes of looking after a place so as to retain its cultural significance. It includes maintenance and may according to circumstance include preservation, restoration, reconstruction and adaptation and will be commonly a combination of more than one of these.

Maintenance means the continuous protective care of the fabric, contents and setting of a place, and is to be distinguished from repair.

Repair involves restoration or reconstruction and it should be treated accordingly.

Preservation means maintaining the fabric of a place in its existing state and retarding deterioration.

Restoration means returning the existing fabric of a place to a known earlier state by removing accretions or by reassembling existing components without the introduction of new material.

Reconstruction means returning a place as nearly as possible to a known earlier state and is distinguished by the introduction of materials (new or old) into the fabric. This is not to be confused with either re-creation or conjectural reconstruction.

Adaptation means modifying a place to suit proposed compatible uses.

Source: *Burra Charter* (refer page 10)

INTRODUCTION

This report follows a special investigation by the Tasmanian Audit Office into the administrative processes associated with preservation and maintenance of the Port Arthur Historic Site (the Site) by the Port Arthur Historic Site Management Authority (the Authority).

The review was carried out under Section 44(a) of the *Financial Management and Audit Act 1990* which states that the Auditor-General may:

“...at any time conduct any investigation that the Auditor-General considers necessary concerning any matter relating to the accounts of the treasurer, a Government Department, or a public body or to public money, other money or money of a statutory authority or to public property or other property...”

On 14 January 1997 the shadow Minister for the Environment, Mr John White MHA wrote to the Auditor-General with a request to carry out a performance audit of the financial arrangements of the Authority and their compliance with legislative responsibilities.

Main areas of concern were:

- failure to adequately fund catch-up and cyclical maintenance,
- manipulation of costs and budgets relating to capital and maintenance expenditures, and
- particular sites where essential maintenance is being ignored or delayed.

Correspondence was also received from a former employee of the Authority.

A preliminary survey was conducted to determine whether a full performance audit was warranted.

Little would appear to be gained from extending this investigation to a fully scoped performance audit. The constraints and difficulties associated with the conservation and preservation of the Site are fairly evident from the work undertaken during this investigation.

The recommendations contained in this report are provided to assist the Authority to improve the administration of its preservation and maintenance responsibilities under the *Port Arthur Historic Site Management Authority Act 1987*.

Audit appreciates the cooperation and assistance provided by the management and staff of the Authority during a particularly difficult period.

AUTHORITY RESPONSE

The draft report was referred to the Authority for comment on 16 July 1997. The following comments were provided by the Acting Chairman in a letter dated 31 July 1997.

“The draft report does not properly take account of the strategy and plan the Authority devised to deal with the problem of site conservation which the Government endorsed and the Authority is implementing. The 1996 Corporate Plan prepared by the Authority pursuant to Section 41 of the Government Business Enterprises Act 1995 proposed a two pronged approach to solving this problem, in the knowledge that the authority could not rely on regular funding from either the Commonwealth or State Governments for conservation works. The first was to increase revenue by building a new visitors centre and installing a sound and light show. The second was to obtain corporate sponsorship for specific conservation projects.

The expectation that these approaches would be successful was based on more than “hope”, the term used in the draft report at page 38, it was based on financial planning and analysis of sufficient depth for the Government to confidently approve the borrowings required for the authority to undertake the program. The comment on page 19 that commercial activities undertaken in recent years have failed to raise substantial profits is irrelevant as it is the new activities set out in the Corporate Plan on which the authority is relying and these bear no relationship to past activities.

In relation to the second approach, the Authority engaged an internationally successful consultant in philanthropy to devise a strategy and assist with implementing a program to secure corporate sponsorship for the site. This work was starting to bear fruit and the first donor had been announced when the Doyle report was publicly released and prospective donors became nervous about associating themselves with the site because of the controversy generated by the release of the report. The Corporate Plan also stated clearly that “Until such times as developments proposed in this plan have been completed, and the revenue predicted is available, the Authority is not in a position to fund conservation works on heritage buildings and structures to the extent required to meet its obligations. The Authority will continue to seek capital funding from Government for these works.”

The draft report seems to be implying that the Authority is deficient in not having adopted a conservation plan for the site at an earlier stage and that the effect of this has been that important conservation works have been delayed. The fact is that the Strategic Management Plan prepared by the Authority included many of the components of a conservation management plan, a point acknowledged by the Australian Heritage Commission when preparation of the plan commenced. The Strategic Management Plan provides a framework for dealing with conservation works. It is lack of funds, not lack of plans, which limits the Authority’s ability to undertake conservation works.”

Specific comments in relation to the recommendations are included with the Summary of Recommendations in the report.

SUMMARY OF RECOMMENDATIONS

The Authority should adopt the recommendations of the 1993 Parliamentary Accounts Committee Report that relate to the reporting of capital and maintenance costs associated with Site operations.

(page 12)

Authority response:

“Agreed. However, it should be noted that until such times as there are capital funds at the Authority’s disposal for conservation works, the ability to be able to report will be of no practical benefit.”

The Authority should implement a process of regular review and update of all policies, plans and strategies, particularly as they relate to preservation and maintenance of the Site.

(page 20)

Authority response:

“These processes are already in place. This recommendation completely overlooks the reviews which have taken place or are planned. In the process of preparing the Strategic Management Plan, all policies and strategies were reviewed and the new policies stated in the plan. The policies were then incorporated into the 1996 amendment to the site management plan and this is clearly stated on page 2 of the plan. The site management plan also states on page 23 that the Authority intends to review the plan again after the conservation management plan has been approved.”

The Authority should integrate strategic planning processes with annual operating plans and annual budgets to better coordinate preservation and maintenance responsibilities with the annual budget process.

(page 20)

Authority response:

“Agreed”

The Asset Management Plan should be updated at regular intervals (say six-monthly) to enable progress against budget to be identified. The results of the updates should be reported to the Board at regular intervals.

(page 22)

Authority response:

“The asset management plan does need to be updated from time to time but six monthly is far too frequent for most structures given the resources required to complete the update and the slow rate of change in the condition of most structures. Unstable structures such as the hospital wall require more frequent monitoring and this is happening.”

The Authority should undertake a study of the long term consequences of delaying Site preservation activities, including the continuing delays in restoring major site features such as the Hospital, the Penitentiary and the Model Prison.

(page 25)

Authority response:

“The long term consequences do not require further study, they are obvious. If these buildings are allowed to deteriorate to the point of collapse, the cultural values of the site and its ability to attract visitors will decline.”

The Authority should reconsider the use of borrowed funds for capital works associated with restoration and reconstruction to secure the long term future of the Site.

(page 29)

Authority response:

“This recommendation begs the question as to how funds borrowed for capital works associated with restoration and construction could be repaid. The Authority’s strategy is set out in the Corporate Plan and is to borrow funds to undertake projects which will increase the attraction of the site to visitors in ways which enhance the cultural values and generate sufficient income not only to repay borrowed funds but also provide a continuous flow of funds for conservation works.”

The Authority should urgently finalise the consideration of the Draft Conservation Plan (now known as the Draft Cultural Resource Management Plan) to allow early development of conservation and restoration strategies for major Site features such as the Hospital, the Penitentiary and the Model Prison.

(page 31)

Authority response:

“It is the Authority’s intention and has been for some time to finalise the conservation plan as soon as possible. However, if the implication of this recommendation is that work on these buildings is delayed because the plan is not complete then this is not correct. As I have previously pointed out, lack of funds is what is delaying major conservation works.”

The Authority should consider implementation of an Activity Based Costing System to allow identification of all capital and maintenance expenditures, including labour costs, associated with individual historic buildings on the Site. This should be complemented by a careful and complete record of the associated physical work undertaken.

(page 34)

Authority response:

“Agreed.”

The Authority should reconsider whether the primary objectives of the *Port Arthur Historic Site Management Authority Act 1987* to maintain and preserve the Site are being achieved while attempting to operate as a commercial tourist destination.

(page 38)

Authority response:

“The Authority is required to manage the site in accordance with the requirements of the Port Arthur Historic Site Management Authority Act 1987 and the Government Business Enterprises Act 1995. It prepared a Strategic Management Plan and a Corporate Plan setting out how in its view this could be successfully achieved. The Corporate Plan was approved by the Government. Any reconsideration of whether the objectives of the Port Arthur Historic Site management Authority Act 1987 are being achieved is a matter for the Government.”

AUDIT OBJECTIVES, SCOPE, TIMING AND COST

OBJECTIVES

The objective of the investigation was to determine whether the Authority is achieving its objectives, particularly with regard to the preservation and maintenance of the Site. A preliminary survey was conducted to determine whether a full performance audit was warranted.

SCOPE

The investigation reviewed the administrative processes adopted by the Authority to achieve its objectives. Specifically, the objectives of the Authority as set out in Section 7(2) of the *Port Arthur Historic Site Management Authority Act 1987* are to:

- ensure the preservation and maintenance of the Site,
- coordinate archaeological activities,
- promote an understanding of the importance of the site,
- consistent with the Management Plan, promote the site as a tourist destination,
- provide facilities for visitor use, and
- secure financial assistance to carry out its functions.

APPROACH

The investigation reviewed:

- the policies, strategies and plans adopted by the Authority to achieve its objective,
- the processes used to identify the long term conservation needs associated with preserving the site's important buildings and infrastructure, and the projected costs,
- whether any studies have been done to estimate the future cost penalties and physical consequences of not undertaking identified preservation work, eg in 1990 it was estimated that approximately \$3 million was required to conserve the Model Prison,
- the impact of self imposed constraints, eg cash, borrowings, etc as they relate to the preservation of the site,
- the financial budgets allocated to site preservation (by building) over the last five years, and
- actual expenditures on restoration and maintenance (by building) over the last five years.

RESOURCES

The preliminary survey was commenced in February 1997, and a draft report provided to the Authority in July 1997.

The estimated cost of this investigation is \$6 778 based on 75 hours.

BACKGROUND

HISTORY

Port Arthur operated from 1833 until 1877 as a penal settlement housing convicts from Britain's convict transportation system.

In the late 19th century following the closure of the settlement many of the site's main buildings including the penitentiary and the church were gutted by bush fires.

In 1979 the Tasmanian and Federal Governments committed \$9 million to a seven year conservation plan in recognition of the site's historic significance.

Following extensive public consultation in the early eighties the Government in 1985 formally adopted the Port Arthur Historic Site Management Plan prepared in accordance with sections 19-21A of the *National Parks and Wildlife Act 1970*.

The Authority was established in 1987 with the enactment of the *Port Arthur Historic Site Management Authority Act 1987* to take over responsibility for the site from the then Tasmanian Department of Lands, Parks and Wildlife.

LEGISLATIVE FRAMEWORK

Prior to the establishment of the Authority in 1987 the Port Arthur Historic Site came under the control of the National Parks and Wildlife Service.

Section 19 of the *National Parks and Wildlife Act 1970* provided for the preparation and approval by the Governor-in-Council of a Management Plan. This plan is to provide a framework for the use, development and management of any reserved lands.

The Port Arthur Historic Site Management Plan was approved on 29 April 1985, and came into effect on 15 May 1985.

The *Port Arthur Historic Site Management Authority Act 1987* received royal assent on 18 August 1987 and provided for the establishment of an authority to take over the management of the Site. The Act provided that the Authority must give effect to the Management Plan in the exercise of its powers.

In 1995 the Authority became subject to the provisions of the *Government Business Enterprises Act 1995*, which required commercial operations and accountability to the Government.

PORT ARTHUR RESTORATION PROJECT

In 1979 the Commonwealth and State Governments agreed to jointly funding (on a 2 for 1 basis) restoration and developmental work at Port Arthur to the extent of \$9.0 million over seven years.

By 30 June 1986, on completion of the project, \$3.3 million had been spent on conservation works, \$2.5 million on infrastructure works, \$0.3 million on interpretation facilities and \$2.9 million on project staff salaries, overheads and consultants.

Major conservation works completed at that time included:

- Penitentiary \$0.6 million
- Commandant's House \$0.3 million
- Church \$0.3 million
- Pauper's Mess \$0.3 million
- Hospital \$0.3 million
- Medical Officer's House \$0.2 million
- Dockyard Cottage \$0.2 million

Infrastructure works included:

- Garden Point Caravan Park and Boat Ramp \$0.9 million
- Safety Cove Link Roadworks \$0.7 million

CONSERVATION PHILOSOPHIES

The Authority has adopted the guidelines set out by the International Council on Monuments and Sites (ICOMOS), an international organisation dedicated to the conservation and study of places of cultural significance. In 1979 the Australian national committee, Australia ICOMOS, adopted a charter for the conservation of places of cultural significance, which has since become known as the *Burra Charter*.

The *Burra Charter* outlines the conservation principles, processes and practices that are generally accepted by heritage authorities and conservation practitioners as a basis for managing heritage places and objects.

The Port Arthur Historic Site Management Plan 1985 outlines the direction of management:

“will be towards conservation of the fabric of the site to keep from harm, decay or loss the structures, spaces and elements that accurately reveal the significance of the site. In guiding this conservation, the principles of maintenance and preservation will be given the highest priorities, with restoration limited to those structures where it is the only means of arresting decay or loss. Adaptation of structures will also be selectively limited for interpretive or essential purposes.”

PREVIOUS REVIEWS

In August 1992 the Parliamentary Standing Committee of Public Accounts decided to enquire into general management and operational procedures of the Authority to assess the:

- efficiency and effectiveness of operations,
- likelihood of the Authority becoming commercially viable,
- cost efficiency of the entry fee collection system, and
- the adequacy of protection of the Site at Port Arthur.

In July 1993 (prior to the establishment of the Authority as a Government Business Enterprise) the Committee concluded that:

- the Authority’s enabling legislation was appropriate for its purpose,
- entrance fees had been accepted by the public and the system of collection was reasonably efficient,
- the Authority, constrained by budget limitations, had established appropriate priorities for maintenance and development of the site,
- an injection of capital funds was required to enable adequate preservation of the Site and the viability of the Authority,
- the transfer of approximately one third of capital funding to recurrent expenditure indicated that the Authority was not self funding, and
- the Authority should separately report:
 - general maintenance
 - Site maintenance
 - capital works
 - restoration
 - rebuilding
 - enterprise development
 - recurrent expenditure.

AUDIT COMMENT

No attempt has been made by the Authority to implement the recommendations of the Parliamentary Accounts Committee Report that relate to the reporting of costs associated with capital and maintenance works.

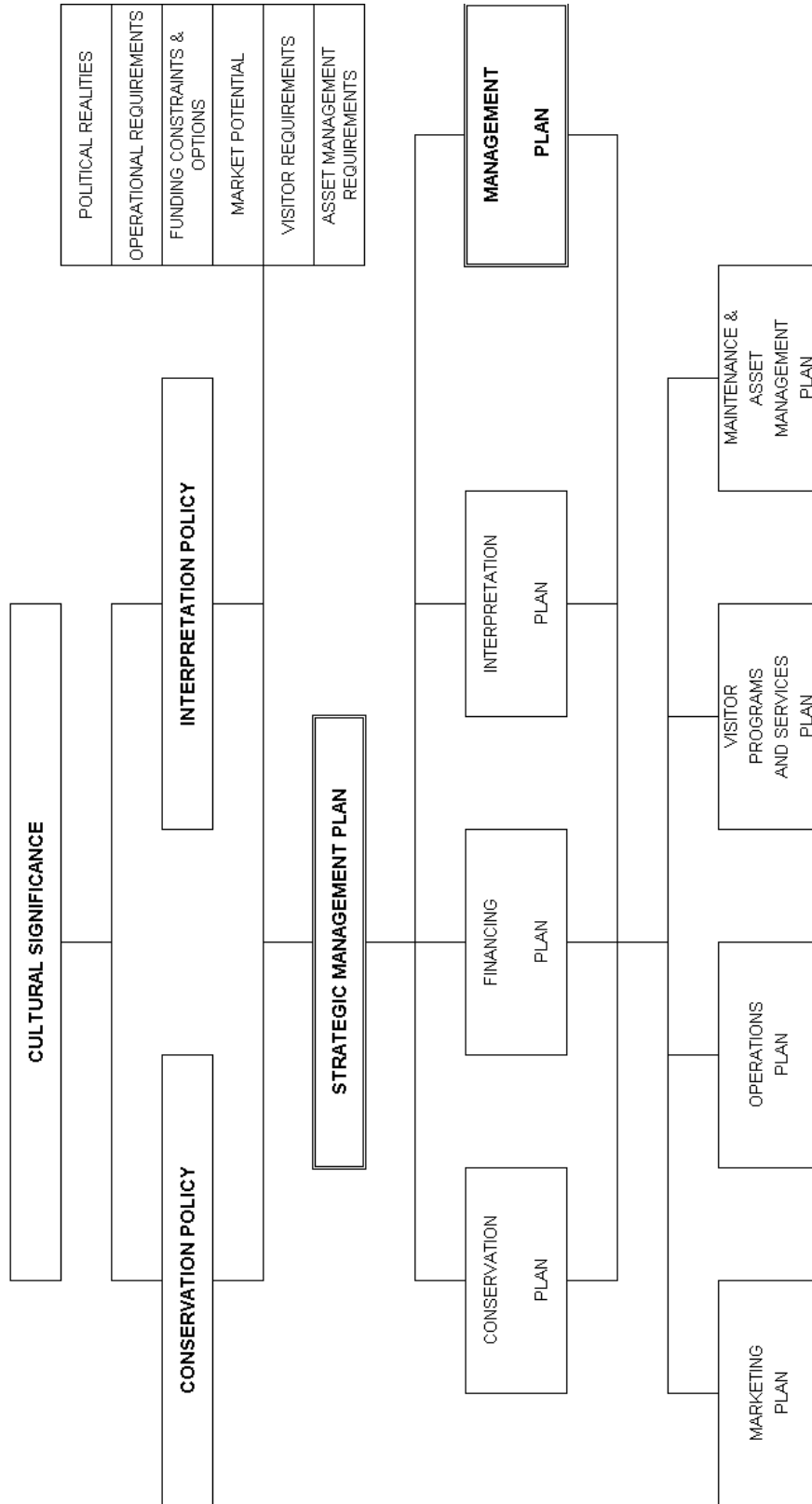
RECOMMENDATION

The Authority should adopt the recommendations of the 1993 Parliamentary Accounts Committee Report that relate to the reporting of capital and maintenance costs associated with Site operations.

POLICIES, STRATEGIES AND PLANS

PLANNING FRAMEWORK

STRATEGIC MANAGEMENT PLAN PROCESS



POLICIES

The policies of the Authority are contained in Part 3 of the 1994 Port Arthur Historic Site Strategic Management Plan.

The overall fundamental policy under which the Authority operates is:

“All actions and activities undertaken at the Port Arthur Historic Site will conform with the guidelines set out by ICOMOS..... and the *Burra Charter*.”

Other policies include:

Conservation and Asset Maintenance Policies

- The Board shall secure technical advice regarding conservation and interpretation,
- Conservation work will be undertaken based on a priority system,
- No work other than emergency stabilisation or basic maintenance will be undertaken prior to completion of a Statement of Cultural Significance, Conservation Plan and Interpretation Plan,
- All culturally significant buildings shall be utilised in accordance with the Burra Charter,
- No new structure shall be constructed within the core Site areas,
- Administrative and operational functions shall be relocated to a non-core area,
- No site element shall be removed unless considered intrusive,
- The sustainable carrying capacity for all elements of the Site shall be determined,
- Original construction details and authentic materials should be used in the maintenance and conservation of all built elements, and
- Restrict vehicle access and noise intrusion from the Site during operational hours.

Finance Policies

- Annual budgets to ensure that operating expenses do not exceed operating revenue,
- Maximise the contribution of private sector funds,
- Seek and secure funding from the public sector at all levels, and
- The Authority shall manage the Site on behalf of the Government.

STRATEGIES

The following are some of the relevant operational strategies, outlined in Part 8 of the 1994 Port Arthur Historic Site Strategic Management Plan, that have been formulated in order that the Authority can achieve its objectives:

Visitor Services

- Increase the level of visitor satisfaction with support services,
- Maximise the revenue return of all visitor services, and
- Ensure that visitor usage is sensitive to conservation requirements and constraints.

Interpretation

- Develop a comprehensive Interpretation Plan for the Site,
- Create a visitor reception and departure experience, and
- Create a major evening program.

Asset Management and Conservation

- Establish an effective cyclical maintenance program for the Site,
- Achieve conservation of sites which are culturally significant or could compromise the Site, and
- Transfer management and responsibility of provision of infrastructure services to appropriate agencies.

Finance

- Develop a balanced operating budget that does not rely on borrowing,
- Increase the financial yield per visitor,
- Obtain secure sources of funding for recurring capital and maintenance expenditure, and
- Develop secure sources of funding for future major capital projects.

Marketing

- Increase the number of Tasmanian residents who visit the Site,
- Increase the number of visitors who remain overnight in Port Arthur, and
- Increase the number of visitors to Port Arthur during the non-summer months.

PLANS

The Authority has adopted a planning framework to discharge its statutory and management obligations. The framework is illustrated at page 13 and includes the following plans:

Management Plan

The 1985 Management Plan has been the guiding document for management of the Site since before the establishment of the Authority. The Plan was prepared as the Restoration Project was drawing to a close, and identified the progress made during the project and outlined future directions and priorities for conservation of the Site.

The two more important Site policies outlined in that Plan were;

- adherence to the Burra Charter, with priority for maintenance, then preservation, then restoration works with minimal disturbance to the fabric of the site, and
- provision of high standard visitor facilities while ensuring the historic qualities of the site are protected.

The 1985 Management Plan included a detailed building by building Conservation Programme developed during the Restoration Project which outlined works carried out, works in progress, and works to be completed in 1985-86 as part of the Plan.

The 1985 Management Plan was developed as a five year plan which would require regular update as conservation work continued. The Plan also outlined future priorities (in order of priority) as additional funding became available:

- construction of a car park and reception facility,
- conservation and/or restoration of the Model Prison,
- presentation of the Site, and
- conservation of the Coal Mines Site.

This Plan also identified future funding needs as approximately \$0.5 million per annum (1985 dollars) for conservation works, and \$0.5 million per annum (1985 dollars) for maintenance of works carried out during the Restoration Project. At 1997 prices this equates to a total expenditure of \$1.7 million per annum.

Despite the fact that updating of the 1985 Management Plan was required, nothing concrete emerged for over ten years.

On 31 August 1996 the Authority released a draft Management Plan for public comment. The 1996 Plan amended the 1985 Plan to allow:

- the development of a new Visitor Centre to replace the Broad Arrow Cafe,

- new access road and car parking facilities, and
- a new visitor night entertainment experience.

The 1996 Management Plan was approved by the Governor-in-Council on 25 November 1996, and the Plan came into effect on 25 December 1996..

1994 Strategic Management Plan

In 1994 the Authority finalised a Strategic Management Plan designed to integrate all of the policies, objectives, strategies and plans into a single document to provide a clear definition of the mission of the Authority.

The final Plan included the following:

- Statement of Cultural Significance
- Mission Statement
- Interpretation Policies
- Conservation and Asset Management Policies
- Asset Maintenance Plan

The following were not included in the 1994 Strategic Management Plan but were identified in that plan as in need of development:

- Conservation Plan
- Interpretation Plan

Consequently there had effectively been no update of the 1985 Management Plan in these respects until 1996 for Interpretation Plan and 1997 for the Conservation Plan .

Asset Maintenance Plan

The Asset Maintenance Plan, prepared in 1994 as part of the Strategic Management Plan, identified an amount of \$1.14 million required for catch-up maintenance over the period 1995 to 1999, in addition to an annual budget of \$0.5 million for cyclic maintenance over the same period. See Appendix 1 for details.

The Asset Maintenance Plan defines maintenance works as:

“preserve indefinitely the structures with roofs, to decelerate the degradation of ruins and to minimise long term expenditure on elements without significance”.

The plan does not include any preservation or restoration works that may be identified as part of the Conservation Plan presently under preparation.

The 1994 Asset Maintenance Plan has not been updated since preparation, nor has there been any structure by structure record keeping that would enable a comparison to be made with actual expenses against estimated amounts.

Interpretation Plan

In June 1996 the Authority released an Interpretation Plan designed to present to the public a first-hand awareness and appreciation of the Site's cultural significance. The following strategies have been identified:

- division of the visitor experience into 3 stages:
 - Preparation and Orientation,
 - Site Tour, and
 - Reflection and Departure
- establish three levels of interpretation for varying interests and time constraints
- divide the site into 12 Precincts:
 - convict ruins, military, administration and early settlement, health and welfare, etc
- identify interpretive messages
- management structures, policies, procedures, staffing and facilities to support the Site's public programs, and
- division of interpretive planning and works into defined projects according to priorities.

The plan relies on completion of the Visitor Centre and identifies significant capital costs (over \$1.6 million) in establishing the required facilities. This estimate does not include in-house works/facilities construction, staff time and the Evening Program.

Corporate Plan

The Corporate Plan prepared in accordance with the *Government Business Enterprises Act 1995* and the Ministerial Charter issued by the Minister for National Parks and Wildlife defined the core business of the Authority as:

- conservation of the Site, and
- interpretation and presentation to visitors.

Conservation responsibilities are to be funded by a dividend policy that reinvests all profits.

Access to debt finance is limited by the Authority's Loan Council Allocation.

Funds identified for conservation are:

1996-97	nil
1997-98	\$360 000
1998-99	\$720 000

The key risks identified in the plan are:

- a drop in tourist numbers to the state,
- physical damage from fire, or fabric decay resulting from a lack of funding,
- emergence of tourism competition, and
- the ability to attract qualified staff.

The plan was up-dated in 1996 following the events of 28 April 1996, and the granting of \$2.5 million by the Federal Government to assist with replacing the Broad Arrow Cafe. The Authority will also borrow \$3.0 million from Tascorp to complete the Visitor Centre and related developments.

Conservation Plan

A draft conservation plan now retitled as a draft Cultural Resource Management Plan is presently being considered by the Authority. The draft presently lacks a detailed analysis of the financial impact of works identified as being required to conserve the significant features of the Site.

AUDIT FINDINGS

The Authority is now finalising a comprehensive strategic planning framework which commenced in 1993 with the commissioning of the Strategic Management Plan. Since that time the various parts of the framework have been addressed with one of the most important aspects, the Conservation Plan still not finalised at the present time.

Given the present situation where decision making on long term preservation and restoration options for major site features is being delayed pending completion of the Conservation Plan, it may have been appropriate for the Conservation Plan to have received more urgent attention.

The Corporate Plan provides for the Authority to fund conservation budgets from profits generated from commercial activities.

There is little evidence from commercial activities undertaken over recent years that there will be any substantial profits to fund the scale of conservation works needed to secure the long term future of the Site.

Although no profits have been generated from operating activities in recent years, limited Site improvement works (\$156 551 in 1994-95 and \$201 066 in 1995-96) in addition to conservation works (\$740 795 in 1994-95 and \$886 742 in 1995-96) - see Table 1 on page 33 for further details. However as noted at pages 33 and 34 of this report the lack of reliable costing information means that it is not clear that these amounts represent true “conservation” expenditure.

Greater attention should be paid to strategic issues on a continuing basis. The 1985 Management Plan was conceived as a five year plan but was not reviewed until 1996. While the 1985 plan contained a conservation plan, based on completion of the Restoration Project and identifying immediate priorities, no action has been taken on revising that plan until the present time. A revised Conservation Plan is in the course of preparation but will not be complete for some time, and immediate preservation activities are waiting on its completion.

RECOMMENDATIONS

The Authority should implement a process of regular review and update of all policies, plans and strategies, particularly as they relate to preservation and maintenance of the Site.

The Authority should integrate strategic planning processes with annual operating plans and annual budgets to better coordinate preservation and maintenance responsibilities with the annual budget process.

LONG TERM CONSERVATION NEEDS

Conservation means all the processes of looking after a place so as to retain its cultural significance. It includes maintenance and may according to circumstance include preservation, restoration, reconstruction and adaptation and will be commonly a combination of more than one of these.

The 1985 Management Plan estimated that continuing conservation work would require approximately \$500 000 per annum (\$845 000 pa at current prices), and maintenance of work completed during the restoration project would require a further \$500 000 per annum at 1985 prices (\$845 000 pa at current prices). Conservation and/or restoration of the Model Prison was identified as a high priority.

In the Authority's 1990 Annual Report the Chairman indicated that \$3.0 million would be required to preserve the Model Prison if the Authority was to fulfil its charter.

The Model Prison was the culmination of the Pentonville system of psychological control over prisoners, rather than physical control, and is unique in Australia.

By 1994 the Asset Maintenance Plan identified a requirement for \$1.14 million in catch-up maintenance in addition to a continuing need for \$500 000 per annum in cyclic maintenance. Details are included at Appendix 1.

The Conservation Plan presently being prepared is expected to identify future conservation and restoration requirements.

Prior to the commencement of this investigation there was no document in existence at the Authority that listed and projected future conservation expenditure required nor any prioritisation even though it is probable not all of the proposed conservation work will be able to be accomplished within budgetary constraints. In recent years the Authority has been unable to generate any profits to support the conservation works identified above.

At the request of Audit, the management of the Authority prepared a Conservation Works Forecast for the period 1997-2000. This forecast was prepared by reviewing the 1994 Asset Maintenance Plan and updating that information for works completed and additional work since identified as being necessary. That forecast indicated a continuing need for expenditure of the order of \$500 000 per annum, however it did not indicate the extent of catch-up maintenance outstanding from 1994. Details are included at Appendix 2.

AUDIT FINDING

There is no regular update of the asset management plan to enable progress against long term conservation and preservation budgets to be quickly identified.

It is unlikely that the funding for conservation works identified as being required by the Authority, will be sufficient if it is limited as planned to a sum equal to the profit of the Authority.

RECOMMENDATION

The Asset Management Plan should be updated at regular intervals (say six-monthly) to enable progress against budget to be identified. The results of the updates should be reported to the Board at regular intervals.



Model Prison - Eastern Wing



Model Prison - Northern Wing and Exercise Yard



Law Courts

CONSEQUENCES OF DELAYED CONSERVATION

No studies have been undertaken by the Authority to identify the consequences of delayed conservation works.

Hospital

The remains of the Hospital have seriously deteriorated over recent years. Part of the building is now closed to visitors as some walls on the southern and western sides of the building are in danger of collapse.

Approximately \$200 000 has been identified as necessary to be spent mainly on dismantling and re-assembling walls.

Penitentiary

Much of the timber bracing installed to stabilise the building during the 70's and 80's Restoration Project requires replacement. In addition the building requires erosion repair to many walls. Approximately \$95 000 has been estimated for repairs over the next three years.

Model Prison

The 1985 Management Plan identified the Model Prison as a future priority for restoration work.

The 1990 Annual Report included a reference to an amount of \$3.0 million being required for conservation of the Model Prison.

The 1994 Asset Management Plan listed \$180 000 in catch-up maintenance and a requirement for approx \$26 000 per annum cyclic maintenance. That Plan observed that no allowance had been made for any conservation works that may be identified in the Interpretation Plan or the Conservation Plan. The Conservation Plan is still being prepared.

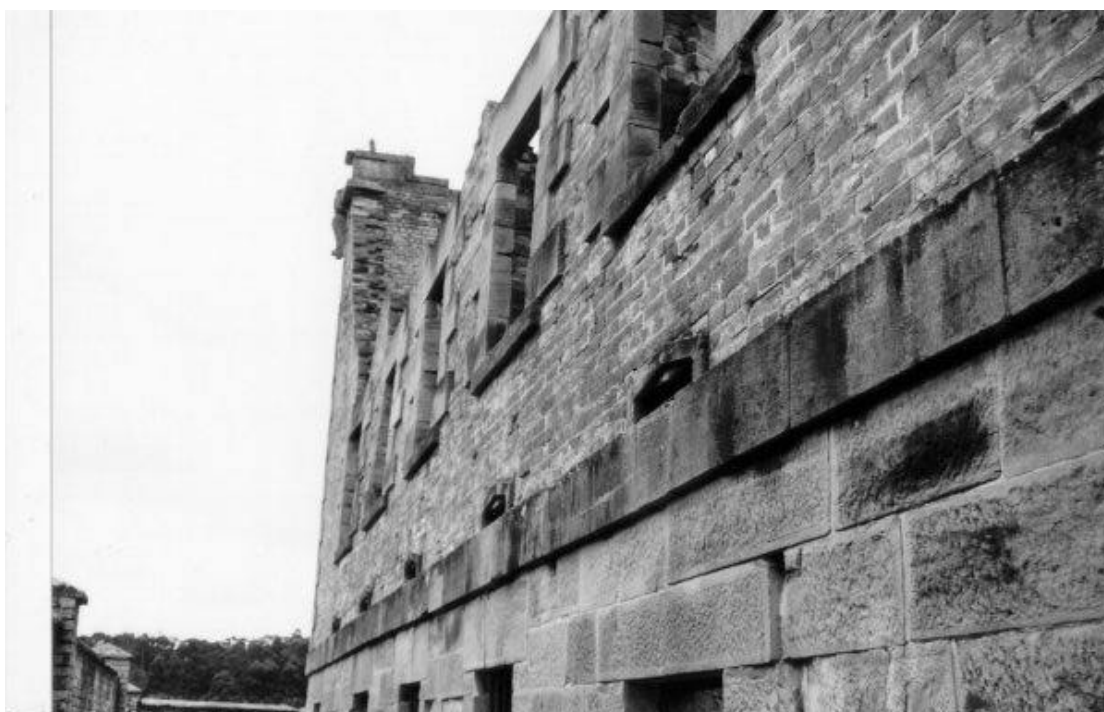
Over \$700 000 has recently been identified as necessary to effect repairs to the structure of the building over the next three years.

RECOMMENDATION

The Authority should undertake a study of the long term consequences of delaying Site preservation activities, including the continuing delays in restoring major site features such as the Hospital, the Penitentiary and the Model Prison.



Hospital - Western wall from inside - area now closed to the public



Hospital - Western Wall - exterior



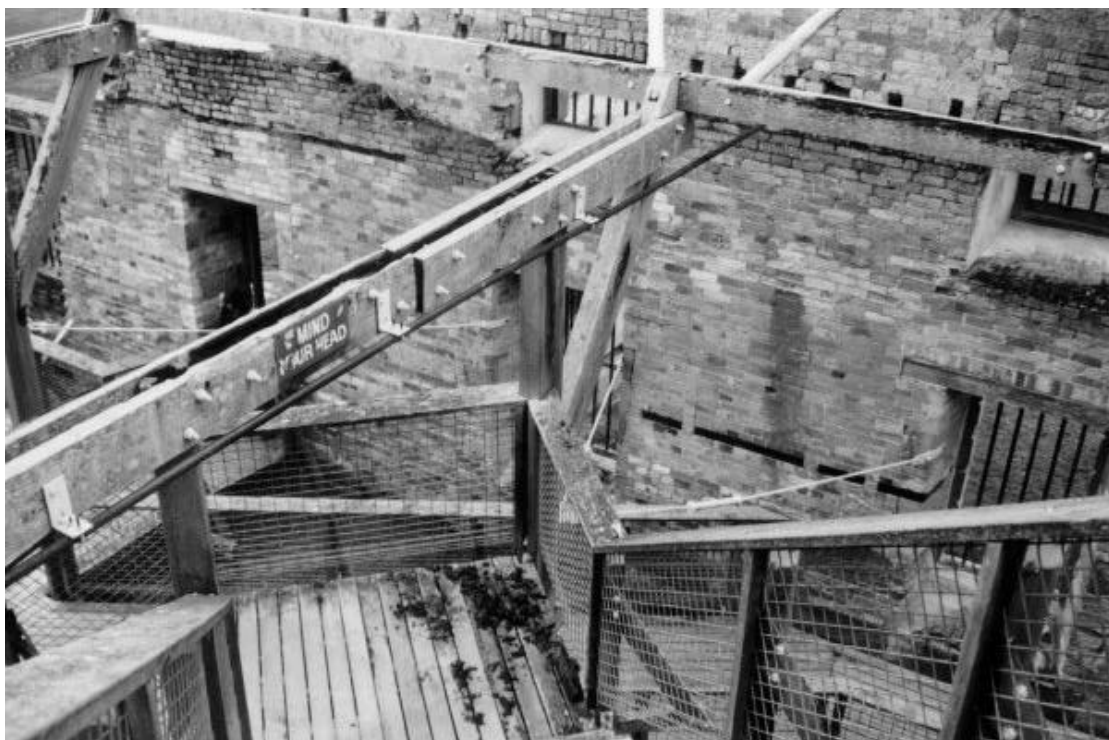
Hospital - South Western Corner



Hospital - Southern Wall - now closed to the public



Penitentiary - Sandstone and brick erosion



Penitentiary - Rotting support beams requiring replacement

SELF IMPOSED CONSTRAINTS

From the date of establishment, the Authority had slowly accumulated cash and investments to the point where \$1.7 million was available at 30 June 1994, however since that time available funds have been run down to \$550 000 at 30 June 1996 with the withdrawal of Government funding (see Table 1 at page 33).

Other than occasional small overdraft facilities, no attempt has yet been made to raise debt funding to assist the process of preservation or restoration of the Site.

Plans are in hand to borrow \$3.0 million from Tascorp over the 1996-97 and 1997-98 financial years, to fund the building of the new visitor centre and related developments. However none of this funding will be available for basic conservation work.

The Authority has a policy not to invest borrowed funds in securing the long term future of the Site itself.

RECOMMENDATION

The Authority should reconsider the use of borrowed funds for capital works associated with restoration and reconstruction to secure the long term future of the Site.



Bakehouse Wall - Additional support required to wall

CONSERVATION BUDGETS

Spending on conservation and maintenance of the site has remained fairly static through the early Nineties at about \$800 000 per annum, increasing to \$900 000 in 1994-95 and \$1.1 million in 1995-96. However a substantial component of the maintenance does not relate to the buildings, for example approximately \$184 000 is spent on mowing lawns at the Site each year.

The 1996-97 Corporate Plan and associated budget documents prepared in January 1997 indicate that while \$1.0 million is available for cyclic and catch-up maintenance, most capital funding is directed at new infrastructure and support facilities with little funding available for new preservation and restoration projects.

Decisions associated with new conservation and restoration projects have been deferred pending finalisation of the Conservation Plan.

RECOMMENDATION

The Authority should urgently finalise the consideration of the Draft Conservation Plan (now known as the Draft Cultural Resource Management Plan) to allow early development of conservation and restoration strategies for major Site features such as the Hospital, the Penitentiary and the Model Prison.



Penitentiary - Broken sill and lintel

ACTUAL EXPENDITURES ON CONSERVATION

Since its establishment the Authority has struggled to adequately resource the conservation and maintenance requirements of the Site. In the Authority's early years much of the Authority's expenditure on conservation and maintenance work was capitalised, thus reducing operating losses.

1994-95 saw the start of the wind back of State Government Grants, which were reduced to nil in 1995-96.

While the Authority increased expenditure on the Site during 1995-96, both on conservation and Site improvements, the end result was a reduction of approximately \$700 000 in the Authority's cash reserves. The following table provides the details.

Table 1 - Financial Information

Details	1991-92	1992-93	1993-94	1994-95	1995-96
Conservation Expenses (Profit & Loss Statement)	468 909	391 990	360 977	740 795	886 742
Site Improvements (Statement of Financial Position)	328 621	428 226	428 806	156 551	201 066
Total Expenditure on the Site	797 530	820 216	789 783	897 346	1 087 808
Total Cash and Investments	743 379	1 115 524	1 696 763	1 251 562	548 595
Total State and C'wlth Government Funding	786 000	490 250	631 500	230 507	30 000
Operating Result before Grants & Subsidies Superannuation Adjustments	(271 958)	392 915	206 885	(286 149)	(171 355)
		(231 657)	(322 128)		
Adjusted operating result	(271 958)	161 258	(115 243)	(286 149)	(171 355)

Notes

- 1 In 1992-93 a write back of superannuation of \$131 657 instead of charging an expense of approximately \$100 000 overstated the operating result.
- 2 In 1993-94 no charge was booked in the accounts for a superannuation pension liability of \$322 128 overstating the operating result.
- 3 Prior to 1994-95 significant expenditures on site & building upkeep were capitalised thus overstating the operating result for 1991-92, 1992-93, and 1993-94.

AUDIT COMMENT

The Authority's records have little information to show the extent of actual conservation (Capitalised) and maintenance expenditures on individual historic buildings over time. As a result it is impossible to compare or reconcile the conservation and the maintenance expenditure above with the estimates of required funding cited earlier in this report. In particular the expenses described as conservation cannot reliably be compared with the conservation estimates in the 1985 Management Plan described earlier.

RECOMMENDATION

The Authority should consider implementation of an Activity Based Costing System to allow identification of all capital and maintenance expenditures, including labour costs, associated with individual historic buildings on the Site. This should be complemented by a careful and complete record of the associated physical work undertaken.



Law Courts from Guard Tower Steps



Model Prison - Sandstone erosion behind a previous cement render repair



Model Prison - Exercise Yard - Weed infestation and lack of adequate drainage

CONSERVATION VERSUS TOURISM

The major objective of the Authority is to preserve the Site for future generations. Allied to that objective is the mandate to promote the Site as a tourist destination within the confines of the Management Plan, see Section 7 (2) (d) of the *Port Arthur Historic Site Management Authority Act 1987*.

The 1985 Management Plan provides that “the principal direction of management will be to conserve the fabric of the settlement , while providing visitor requirements with minimal impact.” That is Conservation over Tourism.

Since the passing of the *Government Business Enterprises Act* in 1995, the Authority has adopted a more commercial focus. During 1995 the Authority acquired the lease of the Broad Arrow Cafe for \$396 000, and in 1996 acquired the Frances Langford Tearooms for \$180 000.

The Authority has also moved to promoting a number of Special Events in conjunction with the Department of Tourism, Sport and Recreation. Events such as Beating Retreat and the Tasmanian Irish Festival have not been commercial successes and have been a drain on Authority resources. Special Events lost over \$100 000 in each of 1994-95 and 1995-96. These Special Events may however serve to increase the profile of the Site on the mainland and overseas, and may have beneficial spin-offs for other Tasmanian tourism operators.

Prior to the establishment of the Authority, accurate visitor numbers were not maintained but probably peaked in 1979-80 at near 200 000, before declining over the next five years. Entrance fees were introduced in 1987 and have probably impacted on visitor numbers since that time. It was not until 1994-95 the visitor numbers were to exceed 1979-80 levels when a record 205 256 visitors were recorded. Visitor numbers declined in 1995-96.

By 1999 visitor numbers are projected to increase to a total of 345 000, including 242 000 day visitors and 103 000 evening visitors, being 42 500 Ghost Tour attendances and 60 500 attendances at the soon to commence Light and Sound Show. These figures assume significant attendances will be achieved at the Sound and Light Show and a greater than 6% annual increase in all visitor numbers.

The majority of the increase will be made up of visitors to the sound and light show which will be installed so as not to impact on the cultural values of the site including the fabric. Visitors to the sound and light show will view the show from locations remote from the historic structures and will not have any impact on the fabric.

The Authority has projected increased cash flows of approximately \$2.2 million over the next three years, as a result of increased investment in the Visitor Centre and Car Park and implementation of the new Interpretation Plan, which it hopes will fund increased conservation and maintenance work at the Site. That is, Tourism will be used to fund site preservation and conservation.

The Authority should reconsider whether its obligations under the *Port Arthur Historic Site Management Authority Act 1987* and the Management Plan are being adequately addressed by operating as a tourist destination in the hope that sufficient corporate sponsorship and profits will be accumulated to allow for long term conservation and preservation of the Site. Once the fabric of the Site is lost or degraded it will not be regained.

RECOMMENDATION

The Authority should reconsider whether the primary objectives of the *Port Arthur Historic Site Management Authority Act 1987* to maintain and preserve the Site are being achieved while attempting to operate as a commercial tourist destination.



View across Site towards Convict Church

CONCLUSIONS

GBE status may not be consistent with enabling legislation functions per Section 7 of the *Port Arthur Historic Site Management Authority Act 1987*, ie what comes first, conservation or tourism? Under present Government policies, each seems dependent on the other, with a considerable investment being made in tourist facilities at the expense of the Site. Preservation of the Site will have to wait on increased revenue from higher tourist numbers which are yet to eventuate. However, if the long term future of the site is not guaranteed, then the tourist attraction may well wane over time.

Although the 1985 Management Plan was conceived as a five year plan, it was not updated until 1996. The 1985 Conservation Plan has not yet been updated, although this action is now belatedly in progress. Although identified in 1985 Management Plan as priority projects to be addressed when the Restoration Project concluded in 1986:

- the car park is nearing completion and the reception facility is still in the planning phase
- the commencement of conservation work on the Model Prison is awaiting the completion of the Conservation Plan and a source of funding
- presentation of the site is dependent on implementation of recommendations of the Interpretation Plan (completed in 1996). Many of the recommendations await the completion of the Visitor's Centre. Implementation costs in excess of \$1.6 million have been identified.



Excavations for the Visitor Centre and Car Park as viewed from behind the Penitentiary.

Appendix 1

1994 Asset Maintenance Plan

SITE FEATURE	CATCH-UP MAINTENANCE	5 YEAR CYCLIC MAINTENANCE	TOTAL COST 5 YEARS
	\$	\$	\$
Penitentiary	69 400	80 850	150 250
Watchman's Quarters	5 350	16 300	21 650
Commandant's Office & Law Courts	10 350	12 500	22 850
Guard Tower & Turrets	5 650	2 825	8 475
Commandant's Residence	7 240	13 000	20 240
Commandant's Jetty	900	1 450	2 350
Tower Cottage	43 700	17 850	61 550
Smith O'Brien's Cottage	16 470	18 100	34 570
Hospital	41 700	35 000	76 700
Pauper's Mess	7 200	9 000	16 200
Policeman's Quarters	7 280	7 850	15 130
Asylum	19 800	15 425	35 225
Model Prison	179 780	129 650	309 430
Farm Overseer's Cottage	7 230	13 350	20 580
Dairy	3 670	6 050	9 720
World War 1 Memorial Avenue	4 000	10 000	14 000
Trentham	17 100	7 750	24 850
Trentham Garden (Nursery)	14 000	55 000	69 000
Visiting Magistrate's Residence	8 870	14 400	23 270
RC Chaplain's Residence	21 020	26 300	47 320
Junior Medical Officer's Residence	28 020	23 525	51 545
Accountant's Residence	32 070	48 500	80 570
Church - 1927			-
Parsonage	20 780	26 400	47 180
Church - 1837	5 000	3 500	8 500
Scorpion Rock Lookout	2 300	4 350	6 650
Government Cottage	2 300	4 350	6 650
Government Gardens			-
Mrs Jones' Cottage	15 300	10 950	26 250
Price's Kiln	700	1 750	2 450
Toilets	6 200	23 300	29 500
Information Office	8 600	16 250	24 850
Lookout Cottage	10 850	14 075	24 925
Jetty Cottage	4 750	8,100	12 850
Lithend	10 550	19 250	29 800
Interpretation Booth	500	1 200	1 700
Master Shipwright's Residence	29 300	11 850	41 150
Lime Kiln	2 000	1 750	3 750
Dockyard Slipway	500	2 000	2 500
Isle of the Dead			-
Hospital Laundry	4 500	7 500	12 000
Clay Pits			-
Work Yard, Residences & Laboratories	40 850	76 600	117 450
Tatnell's Cottage	9 800	16 000	25 800
Quarry			-
Motel			-
Youth Hostel			-
Thompson's Cottage	7 350	11 850	19 200
Charles O'Hara Booth's Memorial	350	1 000	1 350
Areas of Mown Lawn	75 000	920 000	995 000
Roads	104 000	25 000	129 000
Caravan Park			-
Brick Point			-
Point Puer Saw Pit			-
Point Puer Jetty			-
Point Puer Viaduct			-
Point Puer Building Ruins	3 650	3 250	6 900
Unspecified works	222 770	725 050	947 820
GRAND TOTAL	\$ 1 138 700	\$ 2 500 000	\$ 3 638 700

Appendix 2

Conservation Works Forecast 1997-2000

Details	1997 (1/2 yr)	1997-98	1998-99	1999-2000	Foundation
	\$	\$	\$	\$	\$
Commandant's Residence	4 500	97 600	2 000	1 000	-
Commandant's Outbuildings	-	1 500	-	-	-
Commandant's Jetty	-	2 000	-	-	-
Charles O'Hara Booth's Memorial	-	200	-	-	-
Rose Cottage	900	6 000	-	2 800	-
Guard Tower And Turrets	250	9 500	500	-	-
Military Barracks Site	-	-	-	-	-
Tower Cottage	-	8 400	1 200	3 700	-
Tower Cottage Road	-	-	-	-	-
Commandant's Office (Law Courts Champ Street	250	3 500	-	30 000	50 000
Watchman's Quarters	700	500	9 000	-	-
Penitentiary	10 000	47 100	19 000	17 500	-
Smith O'Brien's Cottage	8 000	8 300	2 700	1 000	-
Aqueduct & Dam	-	6 500	3 400	-	-
Hospital	-	-	170 000	29 000	-
Hospital Laundry	-	-	200	-	-
Paupers Mess	-	9 000	-	5 000	40 000
Police House / Langford's	-	8 700	-	-	-
Radcliffe Creek	-	5 000	5 000	5 000	-
Memorial Avenue Replacement	-	-	35 000	-	-
Asylum Town Hall	-	1 400	31 400	10 000	-
Model Prison	-	-	-	540 000	180 000
Farm Overseer's	-	1 000	10 000	600	-
Dairy	2 000	300	600	-	-
Agricultural Precinct	-	2 000	8 500	4 000	-
Surgeon's Outbuildings	-	2 000	2 500	-	-
Surgeon's Residence (Clougha)	-	1 600	9 250	-	-
Roman Catholic Chaplain's Residence	-	650	14 100	5 050	-
Junior Medical Officer's Residence	-	10 450	23 900	-	-
JMO Stables/Conference Room	750	4 350	15 000	-	-
Accountant's Residence	-	-	6 500	1 000	-
Carnarvon Post Office	3 350	30 000	6 700	-	-
Parsonage Stables	-	1 000	2 000	7 500	-
Convict Church	-	-	22 000	20 000	255 000
St David's Church	-	2 000	-	-	-
Government Cottage	-	15 700	20 700	-	60 000
Government Gardens - Stage 3	-	15 000	25 000	-	-
Tatnell's Cottage	-	700	400	4 200	-
Tatnell's Cottage - Shed	-	-	1 450	-	-
Pat Jones Cottage	-	37 900	-	-	-
Master Shipwright's Residence	-	-	25 000	-	-
Dockyards	-	-	-	-	50 000
Lithend And Outbuildings	3 500	2 000	7 800	1 000	-
Jetty Cottage	-	2 750	3 950	2 500	-
Canadian Cottage	-	2 300	-	7 300	-
Recurrent Expenses					
Landscape	-	46 000	46 000	46 000	-
Curatorial	-	16 000	16 000	16 000	-
Planning	50 000	4 000	49 000	4 000	-
Total	\$ 84 200	\$ 412 900	\$ 595 750	\$ 764 150	\$ 635 000

Note: Foundation expenditures dependent on receipt of Corporate sponsorship.

PREVIOUS REPORTS TO PARLIAMENT

1992	SPECIAL REPORT NO 1	REGIONAL HEALTH SUPPORT SERVICES
1992	SPECIAL REPORT NO 2	STUDENT TRANSPORT
1993	SPECIAL REPORT NO 3	EDUCATION INSTITUTIONS CLEANING SERVICES
1993	SPECIAL REPORT NO 4	STANDARD OF ANNUAL REPORTING BY GOVERNMENT DEPARTMENTS
1993	SPECIAL REPORT NO 5	MUNICIPAL SOLID WASTE MANAGEMENT
1994	SPECIAL REPORT NO 6	ADMINISTRATION AND ACCOUNTABILITY OF GRANTS
1994	SPECIAL REPORT NO 7	REGIONAL HEALTH MEDICAL REVIEW
1994	SPECIAL REPORT NO 8	WASTEWATER MANAGEMENT IN LOCAL GOVERNMENT
1995	SPECIAL REPORT NO 9	HERITAGE COLLECTION MANAGEMENT
1995	SPECIAL REPORT NO 10	OFFICE ACCOMMODATION MANAGEMENT
1995	SPECIAL REPORT NO 11	RECORDING AND REPORTING BY GOVERNMENT DEPARTMENTS OF THEIR NON-CURRENT PHYSICAL ASSETS
1995	SPECIAL REPORT NO 12	TENDERED WORKS
1996	SPECIAL REPORT NO 13	NURSING COSTS IN TASMANIA
1996	SPECIAL REPORT NO 14	REVIEW OF PERFORMANCE INDICATORS IN GOVERNMENT DEPARTMENTS
1996	SPECIAL REPORT NO 15	CASH MANAGEMENT IN LOCAL GOVERNMENT
1996	SPECIAL REPORT NO 16	DEPARTMENTAL ACCOUNTING MANUALS AND COMPLIANCE WITH PROCEDURES
1997	SPECIAL REPORT NO 17	AIR TRAVEL
1997	SPECIAL REPORT NO 18	ADMINISTRATION OF STATE GOVERNMENT CONCESSIONS
1997	SPECIAL REPORT NO 19	COMPLIANCE WITH SUPERANNUATION GUARANTEE ARRANGEMENTS
1997	SPECIAL REPORT NO 20	REVIEW OF COMPUTER CONTROLS IN GOVERNMENT DEPARTMENTS