



**Government
of South Australia**

TRS19D1203

Hon Stephen Mullighan MP
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Dear Mr Mullighan

APPLICATION UNDER THE FREEDOM OF INFORMATION ACT 1991

I refer to your application made under the *Freedom of Information Act 1991* (FOI Act), dated 10 May 2019.

Your application seeks access to:

"All minutes, briefings and correspondence titled 'Land Services Commercialisation Project – Auditor-General's Report' as described on the Objective document management system, between 12 July 2018 and 10 May 2019."

The legislative prescribed timeframe to determine this application has expired and is now deemed to have refused you access to all documents relevant to your application. I refer to my letter dated 26 May 2019 where I sought additional time to make my determination.

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 1 document was identified as answering the terms of your application.

I grant you access in part to 1 document; a copy of which is enclosed.

Documents released in part

Document 1 is a briefing prepared by DTF in relation to the review undertaken by the Auditor-General of the Land Services Commercialisation Project.

I have determined to release the briefing in full, however as the draft version of the Auditor-General's report (Attachment A) is materially the same as the version which is publicly available, I have not included this report.

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, Section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, Section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Vicky Cathro on 8226 9769.

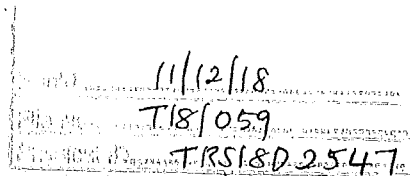
Yours sincerely



Hon Rob Lucas MLC
Principal Officer

28 August 2019

MINUTE



Government
of South Australia
Department of Treasury
and Finance

MINUTES forming ENCLOSURE

File T&F18/0271

Doc No TF18D01457

To The Treasurer

LAND SERVICES COMMERCIALISATION PROJECT - AUDITOR-GENERAL'S REPORT

Timing: URGENT — For Noting before 13/12/2018

Recommendations/Issues: It is recommended that you:

- Note that the Auditor-General has completed his report on his review of the Land Services Commercialisation Project, which he intends to submit to Parliament on 11 December ~~2013~~²⁰¹⁸;
- Note the report's key findings and commentary from DTF and DPTI to the Auditor-General on those findings; and
- Note the latest draft version of the report that was made available to DTF at Attachment A.

Noted

Hon Rob Lucas MLC
Treasurer

12/12/18

Background

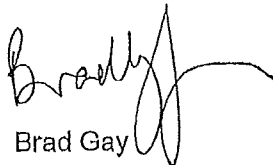
- Following financial completion of the Land services Commercialisation Project (LSCP) on October 2017, the Auditor-General (A-G) has undertaken a detailed review of the Project.
- The A-G will submit his report on the LSCP to Parliament on 11 December ~~2013~~²⁰¹⁸, and will make the report available to the public on the A-G's website on 13 December 2018. The latest draft of the report provided for review and procedural fared to DTF by the A-G's office is provided at Attachment A for your reference.



- In his draft report, the A-G was generally satisfied that the LSCP was well managed, concluding that sound processes and controls were adopted and comprehensively documented and that these controls provided reasonable assurance that there was proper evaluation of the initiative and a fair and transparent procurement process.
- However, the A-G identify areas where procedures, practices and controls could be improved. The table below summarises the main areas of concern identified and the strategies to be put in place by DTF (as LSC project manager) and DPTI (as LSC contract manager) to remedy these issues.

Auditor-General Finding	DTF Comment
The A-G noted that the business case model adopted by DTF provided comprehensive analysis of key aspects of the commercialisation model but it did not fully comply with TI17.	DTF has agreed to fully comply with TI17 for all future projects.
The A-G identified some errors in the financial model, including some incorrect data assumptions and incorrect assessment of some internal-to-government cashflows, for the calculation of reserve price. The A-G acknowledged that the errors did not have a material impact on the outcome of the commercialisation.	DTF has acknowledged the errors and is putting in place measures to build its in-house financial analysis. DTF will also consider the A-G's recommendation to obtain independent evaluation of financial models.
The A-G identified that DTF failed to undertake analysis of the financial cost of interest associated with the Exclusive Right to Negotiate consideration.	DTF has acknowledged this omission. DTF has responded that the Exclusive Right to Negotiate contains an alternative option to repaying the Exclusive Right to Negotiate consideration via a 7 year extension to the term of the LSCP. Independent costing of this option was undertaken and found to be significantly lower cost than repayment. DTF nevertheless acknowledges that full analysis of the alternative repayment option should have been undertaken and noted this for future projects.
The A-G has noted that the LSC Contract has not been publicly disclosed in accordance with DPC circular PC027 – <i>Disclosure of Government Contracts</i> .	DTF responded that disclosure of the contractual documents may be subject to commercial or Cabinet confidentiality. Crown Solicitor's advice is being sought in relation to this point, with the intention to disclose as much of the contract as possible within the limits of the contractual requirements.
The A-G has identified a number of contract compliance issues including delays by DPTI ORG in implementation of a risk register; service level reporting; and appropriate audit arrangements for the contract. The A-G has recommended that for future contracts monitoring and compliance frameworks should be in place from contract commencement.	DPTI has since largely rectified these matters. Some further work is required to complete the service level reporting and compliance register.

Auditor-General Finding	DTF Comment
The A-G has recommended that to mitigate risks associated with maintaining the ongoing integrity and security of the property registries and valuation roll, it is important that the SA Government obtains independent assurance over service provider systems and controls through focused audit coverage.	Currently financial audit of the LSC contract is in place. Providing for external compliance and risk management auditing will be a cost pressure for DPTI and requires further consideration.
The A-G has noted that there have been delays in finalising LSSA's Transition Plan, which deals with the migration of LSSA business platform and SALLIS of the State network and the return of all seconded State employees prior to the Transition end date of 12 October 2019.	A Transition Plan is now in place and DTF is monitoring delivery of the plan and working closely with LSSA to ensure the plan is delivered. Completion of transition activities is scheduled for 19 October 2019.



Brad Gay

EXECUTIVE DIRECTOR, COMMERCIAL AND ECONOMIC

11 December 2018

Contact Officer:	Andrew Cadd
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Email address:	Andrew.Cadd@sa.gov.au

List of Attachments

Attachment A: Draft of the Auditor-General's Report on the Land Services Commercialisation Project

