



AGFMA • FACT SHEET

Contract Leakage Risks

Audience

Participating Agencies AGFMA FMSP Contractors

Purpose

This Fact Sheet provides information on contract leakage risks and describes the process by which instances of contract leakage will be managed under the Across Government Facilities Management Arrangements (AGFMA).

Overview

In accordance with Cabinet Approval and the Memorandum of Administrative Arrangement (MoAA), Agencies are obliged to procure facilities management works and services under the AGFMA. The following Fact Sheets provide further information on the service and asset types under the AGFMA:

- [Services Scope - Sites and Assets](#)
- [Soft Facilities Management and Building Maintenance Works](#) provided under the AGFMA.

'Contract Leakage' occurs when Agencies do not adhere to the Cabinet mandate and instead engage services outside of the AGFMA.

The risks of contract leakage are:

1. **Work Health and Safety:** as the Person Carrying a Business or Undertaking (PCBU), Agencies may expose individuals or groups on site to unnecessary harm if contractors do not apply adequate Work Health and Safety procedures and practices. Specifically at risk are workers, site staff, site users (e.g. children, inmates, etc.), the public and other contractors.
2. **Lack of proper specification and related contracts:** This may manifest in inadequate warranties or insurances, poor design or construction, lack of asset management synergies and efficiencies.
3. **Lack of project management:** The Facilities Management Service Provider (Ventia) and DIT Building Projects have designated project managers who are experienced in engaging works contractors and managing risks. They have established contracts that can remedy poor work, incomplete work or processes to manage time, scope, quality and budget.
4. **Data management:** Ventia is obliged to capture and record data to ensure that systems are updated. Contract leakage may result in assets being overlooked, subsequently increasing the risk of assets not being appropriately maintained.
5. **Increased costs:** Works may not be fully specified or costed, subsequently resulting in variations and / or remediation costs, or delay costs.



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6. **Effective management:** Agency management of, and responsibility for, subcontractors on site. The larger the project value, the more likely Ventia is to have site control and responsibility. Ventia is responsible for contractors on site to some degree, including a duty of care in accordance with the Work Health and Safety Act (SA) 2012.
7. **Responsibility for licences and appropriate clearances of subcontractors:** Ventia engage subcontractors with appropriate licences and clearances (e.g., SAPOL, DHS, Aged Care, etc.).
8. **Transfer of assets to Ventia:** Agencies may pay for repair or replacement services when the asset is still technically under warranty, subsequently resulting in unnecessary expenditure.
9. **Fraud and corruption:** The procurement of contractors for Minor Works, Replacement / Refurbishment or Small Construction Works is managed by the Ventia, mitigating procurement and probity risks for the Agency.

AGFMA will:

- Collate contract leakage information where provided from Ventia or identified and report to the Facilities Management Government Group (FMGG);
- Request the information from agency representatives to verify and advise on the reported contract leakage and action taken to AGFMA; and
- Provide periodic contract leakage reports to the Agency Chief Executive.

For More Information

Contact the AGFMA Team - DIT.AGFMASC@sa.gov.au