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New Commonwealth Property Management Guidelines

It has been a busy year for the Minister for Finance and Deregulation. In addition to reviewing the *Commonwealth Procurement Guidelines* (CPGs) and issuing *Commonwealth Grant Guidelines*, on 28 October the Minister issued [Commonwealth Property Management Guidelines](#) (CPMGs).

The objective of the CPMGs is to enhance planning, cross-agency coordination and accountability for property management by agencies regulated by the *Financial Management and Accountability Act 1997* (FMA Act).

Overview

This objective is achieved by the establishment of five property management policy principles for agencies. These are:

- value for money
- property management planning
- efficient and effective design
- appropriate accountability measures
- cooperative Commonwealth property management.

The CPMGs also impose new information obligations on agencies via the requirement to establish a 'property management plan' and additional reporting obligations via the Australian Government Property Data Collection (PRODAC) system.

The CPMGs establish the government's property management policy under which agencies determine their own specific property management practices. The CPMGs supplement the CPGs; they do not replace them.

The CPMGs do not apply to bodies subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act). However, the Property Principles represent good property management practice that CAC Act agencies could have regard to in the management of their own property portfolios.

Scope of the Commonwealth Property Management Guidelines

The CPMGs apply to all properties within Australia (including external territories) that are leased or owned by agencies (see para 3.1 of the CPMGs).

Like the approach taken with other financial framework guidance, the CPMGs will be supported by a range of better practice property management guidance.

Principle 1: value for money

Value for money is a key principle underpinning property management, including all property procurement. It requires agencies to have an understanding of more than just the stated price; they should have a good understanding of all expected costs over the lifetime of the relevant lease or property, including costs of acquisition, operation and maintenance (whole-of-life costing) to determine value for money. In the context of leasing this would include the impact of the obligations arising under the lease including outgoings, indemnities and make-good obligations.

Agencies must ensure that contracts and leases are awarded with regard to achieving the best value for money as outlined in the CPGs.

Value for money should be considered at both the planning and the implementation stages of the property management process. Paragraph 5.3 of the CPMGs lists factors which should be considered (where relevant) in assessing value for money.

Principle 2: property management planning

Principle 2 identifies the following strategic issues that should be considered:

- the agency's broader strategic, business and corporate plans
- relevant business continuity issues, including 'machinery of government changes'. ANAO's better practice guidance 'Business Continuity Management—Building resilience in public sector entities' provides a useful tool to assist in this regard
- relevant risks associated with identified property options. Comcover's Risk Management Better Practice Guide, including the Comcover Insurance Policy, may be of assistance
- performance indicators and benchmarks to measure the efficiency and effectiveness of the property management function.

To facilitate better forward planning of property requirements (for both the Commonwealth and industry) this principle imposes a mandatory requirement on agencies to have a property management plan in place from 1 October 2010. Future property requirements identified in the property management plan may be incorporated into the agency's Annual Procurement Plan prepared under the CPGs and made publicly available on AusTender.

Principle 3: efficient and effective design

At a project level, effective planning requires efficient and effective design. Principle 3 identifies the following matters as relevant considerations for ensuring efficient and effective design:

- **Space utilisation:** an occupational density target of 16 square metres of usable office area per occupied workpoint has been set. The occupational density target applies to agencies who are entering into a new lease or owned building or undertaking a major fit-out for existing office accommodation, where the lease/building contains more than 500 square metres of usable office area. 'Major fit-out' is defined to mean fabrication and/or renovation of the non-base elements of half or more of a property's usable office area to create the internal layout of an office area.

- **Flexibility:** fit-out design should be sufficiently flexible to respond to changing organisational needs.
- **Staff consultation:** staff should be consulted on proper workplace design. Proper regard should also be given to the requirements of the *Occupational Health and Safety Act 1991*.
- **Amenities:** consideration of accessibility, co-location of like services and the availability of public transport and other amenities may benefit the efficient and effective operation of a particular property.

Principle 4: appropriate accountability measures

Accountability and transparency is another cornerstone of all Commonwealth property management. Accountability and transparency is best achieved by ensuring that property management is conducted soundly and decisions are documented, defensible and substantiated in accordance with legislation and government policy.

Principle 4 identifies both internal and external mechanisms as important to ensuring accountability and transparency. The internal mechanisms are:

- a documented property management plan
- lease and contract documents
- reporting and record keeping (at a standard that allows adequate scrutiny)
- regular monitoring and evaluation of properties within the agency portfolio
- clear communication of agency-specific property objectives and property management roles and responsibilities
- relevant and inclusive consultation processes.

External mechanisms include:

- compliance with legislative requirements, including the *Public Service Act 1999* and the *Lands Acquisition Act 1989*
- parliamentary oversight via the Budget process and relevant parliamentary committees
- potential review by the Australian National Audit Office
- information obligations (for example, the obligation to detail property requirements in procurement plans).

Principle 4 repeats the guidance found in the CPGs on the importance of good documentation to ensure accountability and transparency. Agencies must maintain appropriate documentation for each property management activity and officials need to ensure that there is sufficient documentation to provide an understanding of the reasons for significant property-related decisions.

Australian Government Property Data Collection

Principle 4 imposes additional reporting obligations on agencies: they must now collect specific property data (PRODAC) and report this information to Finance. This is intended to help agencies to identify better practice and inform whole-of-government property management policy.

The specific data that agencies are required to report on includes:

- the Net Lettable Area (NLA), leased-out area and the total non-office area

— the number of workpoints and the number of occupied workpoints in the usable office area.

The Data Specifications for PRODAC provide details on how agencies are to measure space and collect other property data.

For further information see www.finance.gov.au.

Principle 5: cooperative Commonwealth property management

This principle covers cooperation in information sharing and the use of space.

Information sharing

Information sharing between agencies in property management activities facilitates a cooperative approach to the efficient management of space and Commonwealth property resources. Agencies attempting to locate property at the same time in the same market should have regard to the outcome to be achieved for the Commonwealth.

Participation at the Senior Property Officers Forum held by Finance, and sharing information between relevant areas within agencies, helps to develop productive relationships and helps to ensure that core business and corporate needs are addressed.

Use of space

Agencies should consider vacant space being offered by other Commonwealth agencies for sublease or assignment, provided this is cost effective and appropriate.

A number of standard Memorandums of Understanding have been developed to assist agencies in transferring all or part of their premises. These templates will be available to agencies on GovDex, an Australian Government website that supports collaboration across agencies.

What agencies need to do now

Agencies should familiarise themselves with the CPMGs (which commenced on 28 October 2009) and related material, accessible at <http://www.finance.gov.au/property/property/property-management-framework.html>. They should note in particular the requirements to provide property data to Finance and to ensure that a property management plan is in place by 1 October 2010.

AGS Property and Infrastructure Forum

AGS's annual Property and Infrastructure Forum is being held at Old Parliament House on Thursday 26 November 2009. For more information, please contact Michelle Easte (T 02 6236 7211 or michelle.easte@ags.gov.au).

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