

**Senate Standing Committee on Education and Employment**

**QUESTIONS ON NOTICE  
Budget Estimates 2014-2015**

**Agency - Fair Work Building & Construction**

**Department of Employment Question No. EM0818\_15**

**Senator Cameron asked on 2 June 2014 on proof Hansard page 32**

**Question**

**FWBC - Property Plan**

Senator CAMERON: Your budget estimate for the value of land and buildings for 2014-15 is \$445,000. Mr Hadgkiss: Right. Senator CAMERON: The 2015-16 estimated value of land and buildings increases to \$3.005 million. What is that about? Mr Mihelyi: It relates to leasehold improvements. Senator CAMERON: Sorry? Mr Mihelyi: It relates to future leasehold improvements for when leases expire with regard to new buildings and we have to do fit-outs. Senator CAMERON: Leasehold improvements of \$3 million. That is about \$2.6 million in improvements in leaseholds. Correct? Mr Mihelyi: Yes. Senator CAMERON: Is there a business plan for this? Mr Mihelyi: Yes. There is a property plan, yes. Senator CAMERON: A property plan available? Mr Mihelyi: Can be. Senator CAMERON: You do not have the property plan with you, I assume? Mr Mihelyi: No. Senator CAMERON: Also on notice, could you provide the property plan to the Senate? There is \$2.4 million worth of leasehold improvements. Give me an overview of your property plan on this.

**Answer**

A copy of the FWBC's property plan for the period 2011/2012 to 2013/2014 is attached.



To: Chief Executive	Contact Officer: John Casey
From: Chief Financial Officer	Telephone: (03) 8509 3004
Date: Friday, 22 June 12	Fax: (02) 6204 2457
File:	Location: Melbourne
Copy:	
Subject: FWBC Property Management Plan	

**Background**

1. FWBC requires a Property Management Plan to comply with the *Commonwealth Property Management Guidelines (October 2009)*.
2. A FWBC Property Management Plan has been prepared for your review and signature.

**Issues**

3. There are no issues to be addressed.

**Recommendation**

4. That you review and sign the attached FWBC Property Management Plan by 30 June 2012.

Signed:

Date:

22/6/12



Australian Government

Fair Work Building  
& Construction

# **Fair Work Building & Construction**

## **Property Management Plan 2011/12 to 2013/14**

## Foreword from the Chief Executive

The *FWBC Property Management Plan 2011/12 to 2013/14* (the Property Management Plan) is an important part of FWBC's property management strategy, ensuring compliance with the *Commonwealth Property Management Guidelines (October 2009)*.

The Property Management Plan provides:

- an outline of the role of property in meeting the objectives of FWBC;
- an account of the existing FWBC property portfolio and the performance of each property; and
- an account of the existing and future property needs of FWBC;
- an identification of the risks associated with the FWBC property portfolio not meeting the current and future needs of FWBC and any mitigating strategies;
- a comparison of the existing property portfolio against the short to longer-term property needs of FWBC and an assessment of the existing property against relevant performance goals and targets (a gap analysis);
- which of the opportunities or strategies identified in the gap analysis will be pursued and an outline of how they will be implemented; and
- an outline of the internal responsibility and accountability for the strategies and change programs identified in the property management plan that will be pursued by FWBC.



Leigh Johns  
Chief Executive

30 06/2012

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## 1. Introduction

### 1.1 Role of FWBC

The Office of the Fair Working Building Industry Inspectorate (trading as Fair Work Building & Construction or FWBC) is an independent statutory agency established by the *Fair Work (Building Industry) Act 2012*. FWBC commenced operations on 1 June 2012.

In respect of the building and construction industry, FWBC is primarily responsible for:

- the provision of education, assistance and advice to industry participants regarding their rights and obligations
- inquiring into and investigating acts or practices by industry participants
- commencing civil penalty litigation, or making submissions to Fair Work Australia, to enforce compliance by industry participants
- representing industry participants who are, or may become, a party to court proceedings or matters before Fair Work Australia to promote compliance with relevant workplace laws
- referring matters to relevant authorities where appropriate.

in relation to:

- *Fair Work (Building Industry) Act 2012*
- *Fair Work Act 2009*, the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009* and the *Independent Contractors Act 2006*
- safety net contractual entitlements
- awards, agreements, orders, the Australian Fair Pay and Conditions Standard, a fair work instrument and the National Employment Standards, and
- the National Code of Practice for the Construction Industry.

### 1.2 Importance of Property Management to FWBC

FWBC understands that effective property management can lead to efficiencies and savings for the whole of the Australian Government. FWBC actively monitors all its properties to ensure that there is compliance with the *Commonwealth Property Management Guidelines (October 2009)*.

### 1.3 FWBC Property Management Priorities, Projects and Budget Constraints

FWBC has two accommodation projects due for completion in 2012/13.

The first project involves the proposed relocation of remaining staff in FWBC's Melbourne office from 553 St Kilda Rd to 414 La Trobe St, subject to Minister for Finance approval. This project is expected to be completed in the first half of 2013 if approval is granted.

The second project involves refit of FWBC's Adelaide office and colocation with the Fair Work Ombudsman (FWO) at 148 Frome St Adelaide under a new FWO head lease. This project is expected to be completed by 1 September 2012.

Other FWBC properties subject to lease will be examined progressively at least 1 year before their property lease expires. A key aim will be to investigate the feasibility of FWBC colocation with FWO in each State to promote and facilitate a closer working relationship between the two organisations.

Any instances of FWBC property occupational densities exceeding the Commonwealth PRODAC (Australian Government Property Data Collection) target of 16m<sup>2</sup>/Occupied Workpoint (OWP) may result in the FWBC losing part of its budget from the date of lease expiry (for existing leases) or from the start date of the lease (for new leases). The budget loss is approximately equal to two thirds of the excess rent per m<sup>2</sup> by which the occupational density target is exceeded.

#### **1.4 FWBC Compliance with Commonwealth Property Management Guidelines**

The Australian Government has established five principles for efficient, effective and ethical property management as outlined in the *Commonwealth Property Management Guidelines (October 2009)*:

- Value for money;
- Property management planning;
- Efficient and effective design;
- Appropriate accountability measures; and
- Cooperative Commonwealth property management.

FWBC will comply with the guidelines subject to its current leasing arrangements.

#### **1.5 FWBC Commitment to Implementing its Property Management Plan**

FWBC is committed to implementing its Property Management Plan and will continue to review all properties going forward so as to achieve the best possible outcomes for FWBC and the whole of Government.

## 2. Existing Property Portfolio and Performance

### 2.1 Existing Property Portfolio

The FWBC currently occupies tenancies at the following sites:

Melbourne	- Levels 2 & 3, 553 St Kilda Rd, Melbourne (not colocated with FWO) - Level 5 (Part), 414 La Trobe St, Melbourne (Legal Group only) (colocated with FWO on the same floor)
Sydney	- Level 11, 255 Elizabeth Street, Sydney (colocated with FWO in the same building)
Brisbane	- Level 16 (Part), 200 Mary Street, Brisbane (colocated with FWO on the same floor)
Perth	- Level 9, 140 St Georges Terrace, Perth (colocated with FWO in the same building)
Adelaide	- Level 3 (Part), 148 Frome Street, Adelaide (colocated with FWO on the same floor)
Hobart	- Level 3 (Part), 142 Elizabeth Street, Hobart (colocated with FWO on the same floor)
Darwin	- Level 5 (Part), 47 Mitchell St, Darwin (colocated with FWO on the same floor)
Canberra	- Level 12 (Part), 208 Bunda St and cnr Akuna Street, Canberra (colocated with FWO on the same floor)
Cairns	- Level 1 94-104 Grafton St, Cairns QLD 4870 (colocated with FWO on the same floor)

The profile of existing FWBC properties is outlined in **Appendix A.1** and **Appendix A.2**.

### 2.2 Property Performance

The Melbourne, Sydney and Perth properties are the only current FWBC properties subject to PRODAC requirements, having a usable office area in excess of 500m<sup>2</sup>.

As FWBC property leases become due for renewal, FWBC will attempt to bring all properties into line with PRODAC requirements.

Opportunities to optimise occupational density to comply with the PRODAC standard of 16m<sup>2</sup>/OWP through refitting or subletting will also be explored within the confines of current leases for these properties.

The performance of FWBC's property portfolio is outlined in **Appendix A.3** and **Appendix A.4**.



### 3. Existing and Future Property Needs

#### 3.1 Existing Property Needs

FWBC requires a presence in each capital city to respond to requests for assistance and undertake investigations, National Code compliance audits and educational activities across Australia. It is preferable that FWBC be located close to the central business district to ensure closeness to the head offices of key industry stakeholders.

A description of the existing property needs of FWBC is outlined in **Appendix A.1** and **Appendix A.2**. This information has been compiled based on property statistics, property leases and other property-related information on hand.

#### 3.2 Future Property Needs

FWBC has two accommodation projects due for completion in 2012/13.

The first project involves the proposed relocation of remaining staff in FWBC's Melbourne office from 553 St Kilda Rd to 414 La Trobe St, subject to Minister for Finance approval. This project is expected to be completed in the first half of 2013 if approval is granted.

The second project involves refit of FWBC's Adelaide office and colocation with the Fair Work Ombudsman (FWO) at 148 Frome St Adelaide under a new FWO head lease. This project is expected to be completed by 1 September 2012.

A key FWBC aim is to investigate the feasibility of FWBC colocation with FWO in each State to promote and facilitate a closer working relationship between the two organisations. Accordingly, a review of the St Kilda Road Melbourne will occur prior to its lease expiry date should FWBC still be accommodated in this tenancy.

## 4. Risk Assessment

### 4.1 Risk Management Approach

FWBC's risk management approach for property management are modelled on those articulated in the Australian standard on the topic: AS/NZS ISO 31000:2009 - Risk Management. This involves an assessment of:

- **Inherent Risk** - an assessment of the likelihood and consequence of the risks as if no controls are in place to mitigate the risk;
- **Controls Assessment** - identification of the key controls to mitigate the risk and a qualitative assessment of the adequacy of the controls; and
- **Residual Risk** - an assessment of the risk with controls in place.

#### Consequence

The assessment of the consequence of a risk is against the overall impact on the continuing operations of FWBC. Guidance for assessing the consequence of a risk is outlined below.

Rating	Consequence
Severe	<p>FWBC ceases operations.</p> <p>This could be represented by:</p> <ul style="list-style-type: none"> <li>• Legislative changes abolishing FWBC;</li> <li>• Withdrawal of all FWBC Government funding; or</li> <li>• Loss of life as a result of the FWBC's property activities or natural events/disasters affecting FWBC's properties.</li> </ul>
Major	<p>FWBC is obliged to permanently scale down some of its operations.</p> <p>This could be represented by:</p> <ul style="list-style-type: none"> <li>• Legislative changes affecting some of FWBC's key operations;</li> <li>• Significant financial loss or withdrawal of FWBC Government funding (up to \$20m); or</li> <li>• Loss of key staff or injuries to key staff as a result of FWBC's property activities or natural events/disasters affecting FWBC's properties.</li> </ul>

Rating	Consequence
Moderate	FWBC faces a temporary business interruption or some scaling back of operations.  This could be represented by: <ul style="list-style-type: none"> <li>• Financial loss or withdrawal of FWBC Government funding (up to \$1m);</li> <li>• Failure of internal business systems; or</li> <li>• Significant litigation.</li> </ul>
Minor	FWBC's resources are diverted from its core business to address the risk.  This could be represented by: <ul style="list-style-type: none"> <li>• Official enquiries or directions not responded to;</li> <li>• Delay or deferment of core business activities;</li> <li>• Financial loss or withdrawal of FWBC Government funding (less than \$100k);</li> <li>• Delays in payments to staff/suppliers; or</li> <li>• Minor litigation or challenge to the FWBC's activities.</li> </ul>
Insignificant	Risk dealt with in the normal course of business activities.

**Likelihood**

The likelihood measurement is intended to indicate the probability of the event occurring. The guidance for assessment is outlined below.

Rating	Likelihood
Almost certain	The event is expected to occur at some stage
Likely	The event is likely to occur at some stage
Possible	The event could occur at some stage
Unlikely	The event is not expected to occur at some stage
Rare	The event would not occur at some stage

**Risk Matrix**

Consequence/ Likelihood	Severe	Major	Moderate	Minor	Insignificant
<b>Almost Certain</b>	High	High	High	Significant	Moderate
<b>Likely</b>	High	High	Significant	Moderate	Moderate
<b>Possible</b>	High	Significant	Moderate	Low	Low
<b>Unlikely</b>	Significant	Moderate	Moderate	Low	Low
<b>Rare</b>	Moderate	Moderate	Low	Low	Low

**Risk Assessment**

Risk Rating	Characteristics
High	Immediate action required. Chief Executive to be advised with remedial strategy for implementation.
Significant	Attention needed and management responsibility with business unit specified.
Moderate	Management within business unit with documented procedures.
Low	Management within business unit by routine procedures.

**Risk Tolerance Level**

FWBC has an acceptable risk tolerance level of 'Moderate'. All risk assessed as being higher than 'Moderate' (i.e. 'Significant' or 'High') require remedial action to mitigate them to an acceptable level (i.e. 'Moderate' or 'Low').

## 4.2 Property Risk Management Plan

Risk	Consequence	Likelihood	Risk Rating	Key Controls
Changes to FWBC's role and property requirements due to machinery of Government, legislative, policy or budget changes	Severe	Possible	High	<p>Monitor machinery of Government, legislative, policy or budget changes and assess FWBC property impacts</p> <p>Refit existing accommodation, sub-let existing accommodation, early lease termination for current leases or source new accommodation to ensure PRODAC compliance</p>
Failure to accurately identify space requirements (in terms of location, quality or quantity)	Moderate	Possible	Moderate	<p>Coordination of property management activities with senior management in Legal, Operations and Corporate</p> <p>Staff consultation and Chief Executive/Executive Board briefing and approval of property relocations, fitouts and sub-letting</p> <p>Include PRODAC standards in all property designs for new fitouts/properties</p>

Risk	Consequence	Likelihood	Risk Rating	Key Controls
Insufficient or inappropriate resources to carry out FWBC's property-related activities, e.g. lack of employees with the necessary skills	Minor	Possible	Low	<p>Include relevant property-related training in performance plans</p> <p>Regular assessment of property management workload</p> <p>Use of temporary resources or temporary outsourcing at peak times</p> <p>Outsourcing of property management function to FWO</p>
Management systems not being able to identify inefficient use of space	Moderate	Possible	Moderate	<p>Annual PRODAC data collection for properties subject to PRODAC</p> <p>PRODAC data collection every three years for properties not subject to PRODAC</p> <p>Updating and Chief Executive approval of Property Management Plan</p>
Poor maintenance of records, e.g. inadequate lease documentation, key documents not on registry files	Moderate	Possible	Moderate	<p>Record, maintain and update all property-related information on registry files and electronic document management system</p>
Unduly restrictive lease clauses	Moderate	Likely	Significant	<p>Legal review of all new leases prior to signing</p> <p>Ensure early lease exit/termination clauses included in all new leases</p>

Risk	Consequence	Likelihood	Risk Rating	Key Controls
Failure to identify that annual rent reviews and outgoing reconciliations have been carried out and invoiced as per lease contract	Moderate	Likely	Significant	<p>Develop, maintain and update spreadsheet system to identify, record, monitor and follow up rent reviews and outgoing reconciliations</p> <p>Ensure a 'time is of the essence' clause is included in all new leases in relation to completion of annual rent reviews and outgoing reconciliations</p>
Failure to understand and enforce contract provisions, e.g. failure to exercise a lease option within the trigger period	Moderate	Possible	Moderate	<p>Develop notification system for key lease trigger dates</p> <p>Ensure all lease documentation is on file and regularly reviewed</p>
Inflexible property portfolio that cannot adapt to meet changing business requirements	Moderate	Likely	Significant	<p>Refit existing accommodation, sub-let existing accommodation, early lease termination for current leases or source new accommodation to ensure PRODAC compliance</p>
Inefficient use of space and/or non-compliance with PRODAC	Moderate	Almost Certain	High	<p>Identify space usage through PRODAC reporting and Property Management Plan</p> <p>Refit existing accommodation, sub-let existing accommodation, early lease termination for current leases or source new accommodation to ensure PRODAC compliance</p>

Risk	Consequence	Likelihood	Risk Rating	Key Controls
Damage to buildings and other property assets from natural events, e.g. storms, flooding and fire	Severe	Rare	Moderate	Comcover policy in place with adequate coverage
Staff exposure to hazards or environmental contamination	Severe	Rare	Moderate	Continuous liaison with US Consulate on security matters (553 St Kilda Rd) and building management on environmental matters
Loss of property due to damage or disrepair	Moderate	Possible	Moderate	Comcover policy in place with adequate coverage  Develop plan for regular scheduled/preventative maintenance
Failure of key infrastructure, e.g. fire detection equipment, air conditioning equipment, power	Moderate	Possible	Moderate	Building owner detection equipment in place and regular testing/maintenance of FWBC fire equipment  Business continuity plan in place and updated regularly  Regular liaison with building owner
Failure to support unique FWBC requirements, e.g. LAN room	Moderate	Possible	Moderate	UPS in place in LAN room and separate battery backup for security system

#### 4.2 Comcover Insurance Policy Analysis

FWBC completes the annual Comcover Renewal Questionnaire to ensure that all property contents are adequately insured and an appropriate level of business interruption insurance coverage is held.



Insurance coverage is based on the most current asset valuation and depreciable asset data in FWBC's general ledger system.

## 5. Gap Analysis and Performance Assessments

### 5.1 Assessment of Existing Property Portfolio against Existing and Future Property Needs

An assessment of FWBC's property portfolio against existing and future needs is outlined in **Appendix A.5**.

FWBC's existing property portfolio is sufficient to meet short, medium and long term forecasts for workpoints, space and accommodation budgets.

### 5.2 Assessment of Existing Property Portfolio against Performance Targets

An assessment of FWBC's property portfolio against PRODAC performance targets is outlined in **Appendix A.3** and **Appendix A.4**. PRODAC calculations for properties subject to PRODAC are outlined in **Appendix A.6**.

Agencies which have a usable office area of 500m<sup>2</sup> or more are required to comply with PRODAC requirements. Only the FWBC's Melbourne, Sydney and Perth properties currently meet this condition. PRODAC property data collection is required annually for those properties subject to PRODAC.

The September 2009 PRODAC survey collected information on 688 properties in Australia. This included 666 leases, in 127 locations, covering 2,677,924 m<sup>2</sup> of controlled area. Around 88 per cent of this was office area, with the remainder used for operational and other purposes.

An occupational density target was set by DoFD at 16m<sup>2</sup> per occupied workpoint (OWP) with the intention that around a quarter to a third of government tenancies would be below the target. The target was set at this level to achieve improvements in a significant majority of government tenancies. As at around September 2009 data capture, 202 properties had occupational densities at or below the 16m<sup>2</sup>/OWP.

Agencies whose properties do not meet the 16m<sup>2</sup>/OWP target will have budget deducted from their forward estimates from the date of lease expiry (for existing leases) or from the start date of the lease (for new leases) by DoFD. The budget loss is approximately equal to two thirds of the excess rent per m<sup>2</sup> by which the occupational density target is exceeded. Occupational density is affected by fit-out density and workpoint vacancy.

Two of FWBC's properties - Melbourne and Sydney - were subject to PRODAC at the time of PRODAC data collection in September 2009. These properties covered 4,845m<sup>2</sup> of controlled area and around 85 per cent of this was office area.

The median fit-out density of government properties was 16m<sup>2</sup>/OWP. Overall, 17 per cent of workpoints were vacant at the time of data collection. The occupational densities of FWBC properties ranged from 34.9m<sup>2</sup>/OWP (in Melbourne) to 45.0m<sup>2</sup>/OWP (in Sydney). Neither the FWBC's Melbourne or Sydney property met the occupational density target of 16m<sup>2</sup>/OWP. A significant permanent loss of FWBC budget has occurred from 2015 onwards for these properties.

The fit-out density of FWBC properties ranged from 32.4m<sup>2</sup>/OWP (in Melbourne) to 37.7m<sup>2</sup>/OWP (in Sydney). Ten per cent of the FWBC's workpoints were vacant at the time of the PRODAC data collection.

The occupational densities of FWBC properties based on the 2011 PRODAC data were 37.2m<sup>2</sup>/OWP (Melbourne), 28.5m<sup>2</sup>/OWP (Perth) and 49.8 m<sup>2</sup>/OWP (Sydney). Neither the FWBC's Melbourne, Perth or Sydney properties meet the occupational density target of 16m<sup>2</sup>/OWP. A permanent loss of FWBC budget has already occurred from 2015 onwards for Melbourne and Sydney.

The occupational densities of other FWBC properties based on the most recent property data are 50.0m<sup>2</sup>/OWP (Adelaide), 29.8m<sup>2</sup>/OWP (Brisbane), 23m<sup>2</sup>/OWP (Hobart), 7.5 m<sup>2</sup>/OWP (Canberra), 10m<sup>2</sup>/OWP (Darwin) and 10m<sup>2</sup>/OWP (Cairns). While Canberra, Darwin and Cairns met the 16m<sup>2</sup>/OWP occupational density standard, Adelaide, Brisbane and Hobart did not. These properties are not currently subject to PRODAC requirements and hence are not at risk of loss of budget for not meeting the PRODAC occupational density standard.

Rent costs/m<sup>2</sup> vary across all properties, ranging from \$587/m<sup>2</sup> (Perth), \$643/m<sup>2</sup> (Sydney), \$587/m<sup>2</sup> (Brisbane), \$355/m<sup>2</sup> (Adelaide) and \$280/m<sup>2</sup> (Melbourne St Kilda Rd) and \$313/m<sup>2</sup> (Melbourne La Trobe St). The Cairns, Canberra, Hobart and Darwin properties are currently rent-free under property sub-lease MoU arrangements with FWO.

### **5.3 Opportunities and Strategies to Improve Property Outcomes**

The Perth, Melbourne and Sydney offices do not comply with the 16m<sup>2</sup>/OWP occupational density standard. More efficient utilisation of existing space through refitting/subletting or a relocation to smaller alternate premises are the key strategies to ensure compliance with PRODAC and address any loss of FWBC budget.

There may also be opportunities to minimise property rent costs/m<sup>2</sup> for all properties as part of any proposed relocation.

A key aim will be to investigate the feasibility of FWBC colocation with FWO in each State to promote and facilitate a closer working relationship between the two organisations.

## 6. Actions and Outcomes

### 6.1 Strategies to be Pursued

#### Melbourne and Adelaide

FWBC has two accommodation projects due for completion in 2012/13.

The first project involves the proposed relocation of remaining staff in FWBC's Melbourne office from 553 St Kilda Rd to 414 La Trobe St, subject to Minister for Finance approval. This project is expected to be completed in the first half of 2013 if approval is granted.

The second project involves refit of FWBC's Adelaide office and colocation with the Fair Work Ombudsman (FWO) at 148 Frome St Adelaide under a new FWO head lease. This project is expected to be completed by 1 September 2012.

A key FWBC aim is to investigate the feasibility of FWBC colocation with FWO in each State to promote and facilitate a closer working relationship between the two organisations. Accordingly, a review of the St Kilda Road Melbourne will occur prior to its lease expiry dates should FWBC still be accommodated in this tenancy.

#### Melbourne, Perth and Sydney

Melbourne, Perth and Sydney do not comply with the PRODAC 16m<sup>2</sup>/OWP occupational density standard. More efficient utilisation of existing space through refitting/subletting or a relocation to smaller alternate premises are the key strategies to ensure compliance with PRODAC and address any loss of FWBC budget. These include:

- (a) Identify any opportunities to refit the existing tenancies to better comply with the 16m<sup>2</sup>/OWP standard. Refits must be value for money and have regard to FWBC's available capital and operational budgets.
- (b) Identify any opportunities to sub-lease part of the existing tenancies to mitigate any loss of budget. The space to be offered must be of sufficient size to attract tenants.
- (c) Source alternate accommodation that complies with the 16m<sup>2</sup>/OWP standard. Opportunities to minimise rent costs/m<sup>2</sup> should also be taken into account as part of any proposed move. Any proposed move must be value for money and have regard to FWBC's available capital and operational budgets, particularly if a new fitout is required.

## 6.2 Implementation of Strategies

At least 1 year prior to expiry of property leases, a review of property requirements and strategies identified in section 6.1 will be undertaken. This will allow sufficient time for property management strategies to be approved and implemented well before the relevant leases expire.

Estimated timings for property reviews are as follows:

Property	Lease Expiry Date	Date Property Review to be Completed
Perth	30 November 2015	30 November 2014
Melbourne (St Kilda Rd)	30 September 2015	30 September 2014
Sydney	30 November 2015	30 November 2014

## **7. Responsibility and Accountability**

### **7.1 Areas of FWBC Responsible for Implementation of Strategies**

The Chief Financial Officer will be responsible for implementation of strategies relating to Property Management for FWBC, subject to review by the Chief Executive.

### **7.2 Reviews, Updates and Approval of the FWBC Property Management Plan**

The Property Management Plan will be reviewed and updated by the Chief Financial Officer and approved by the Chief Executive every three years or when FWBC's property portfolio or property strategy changes significantly.

## Appendices

### A.1 FWBC Property Profile - Lease Details

Location	Lease No.	Owned/Leased/MoU	Type	Area (m <sup>2</sup> )	Total Workpoints (WP)	Occupied Workpoints (OWP)	Est. Useful Life (years)	Lease Start Date	Lease End Date	Lease Details	Other Lease Incentives (e.g. rent periods, free periods, good provisions etc)	Rent (per year) \$	Annual Review Date	Details of Annual Review (Market Review, Fixed Percentage etc)	Date of Initial Obligations Reconciliation	Other Property Costs (per year) \$ (see table below)	Total Property Costs (per year) \$
Melbourne (SFR)	54320005	Leased	Office	3,075	81	71	3.25	1/10/2005	30/09/2015	N/A	Lease Incentive No Makegood	\$851,985	1 <sup>st</sup> Oct	3.50%	1-Oct	-	\$851,985
Melbourne (LTS)	N/A	MoU (FWD)	Office	250	14	11	5	1/05/2012	30/06/2017	N/A	Nil	\$78,210	1 <sup>st</sup> July	3.75%	1-Jul	-	\$78,210
Sydney	54330001	Leased	Office	1,770	95	21	3.5	1/12/2005	30/11/2015	N/A	Lease Incentive No Makegood	\$1,137,551	1 <sup>st</sup> Dec	3%	1-Dec	-	\$1,137,551
Brisbane	N/A	MoU (FWD)	Office	537	18	18	N/A	1/10/2011	14/11/2014	N/A	Nil	\$815,044	1 <sup>st</sup> July	4%	1-Apr	-	\$815,044
Adelaide	54300003	Leased	Office	385	13	8	0.5	1/01/2006	31/12/2012	N/A	Lease Incentive No Makegood	\$142,950	1 <sup>st</sup> Jan	4%	1-Jan	-	\$142,950
Perth	54300006	Assigned Lease (FWD)	Office	1,055	26	26	3.5	1/12/2005	30/11/2015	N/A	Nil	\$341,515	1 <sup>st</sup> Apr	4%	1-Mar	-	\$341,515
Hobart	N/A	MoU (FWD)	Office	23	2	1	N/A	1/07/2011	31/03/2016	N/A	No Cost	N/A	N/A	N/A	N/A	N/A	N/A
Canberra	N/A	MoU (FWD)	Office	30	5	4	N/A	1/07/2011	30/06/2016	N/A	No Cost	N/A	N/A	N/A	N/A	N/A	N/A
Cairns	N/A	MoU (FWD)	Office	10	1	1	N/A	1/07/2011	4/04/2014	N/A	No Cost	N/A	N/A	N/A	N/A	N/A	N/A
Darwin	N/A	MoU (FWD)	Office	20	2	2	N/A	1/07/2011	31/01/2016	N/A	No Cost	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1. Cost data based on 2011/12 financial year

## A.2 FWBC Property Profile - Other Property Costs

Location	Lease No.	Lessor's outgoings	Repair maintenance	Car Parking	Electricity and gas	Water sewerage and	Security	Depreciation	Lease incentives	Other property costs	Total other property costs
Melbourne (SKR)	54300005	\$323,754	\$31,518	\$101,818	\$41,322	Not separately available	Not separately available	\$449,902	-\$259,978	\$7,327	\$695,663
Melbourne (LTS)	MoU FWO	\$30,000	\$0	\$9,733	Not separately available	Not separately available	Not separately available	\$24,192	Nil	Nil	\$63,925
Sydney	54300001	\$10,748	\$17,309	\$57,567	\$15,908	Not separately available	Not separately available	\$293,632	-\$247,000	\$699	\$148,863
Brisbane	54300002	\$14,921	\$9,451	\$18,000	Not separately available	Not separately available	Not separately available	Nil	-\$7,497	\$385	\$35,260
Adelaide	54300003	\$41,273	\$1,052	\$5,361	Not separately available	Not separately available	Not separately available	\$106,509	Nil	\$247	\$154,442
Perth	54300006	\$200,011	\$8,427	\$35,105	\$21,483	Not separately available	Not separately available	\$156,299	Nil	\$1,237	\$401,079
Hobart	MoU FWO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Canberra	MoU FWO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cairns	MoU FWO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Darwin	MoU FWO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

1. Cost data based on 2011/12 financial year



### A.3 FWBC Property Performance

Property	Fit out density (m <sup>2</sup> /WP)	Occupational density (m <sup>2</sup> /OWP)	Workpoint (WP) Vacancy (%)	Rent (\$)/m <sup>2</sup> (per year)	Other property operating costs (\$)/m <sup>2</sup> (per year)	Total property costs (\$)/m <sup>2</sup> (per year)	Total property costs (\$)/OWP (per year)	Total property costs (\$)/annual budget (%)	Desk sharing or formal work from home (%)	Energy MJ/m <sup>2</sup> (per year) Base Building	Energy MJ/OWP (per year) Tenancy	NABERS Energy Rating (stars) Tenancy and Base Building
Melbourne (SKR)	38.0	43.3	12	\$280	\$226	\$507	\$21,539	0%	Unknown	Unknown	Unknown	Unknown
Melbourne (LTS)	17.9	22.7	21	\$313	\$256	\$569	\$12,921	N/A	Unknown	Unknown	Unknown	Unknown
Sydney	50.6	84.3	40	\$643	\$84	\$727	\$61,258	-1%	Unknown	Unknown	Unknown	Unknown
Brisbane	29.8	29.8	0	\$587	\$66	\$652	\$19,461	3%	Unknown	Unknown	Unknown	Unknown
Adelaide	30.8	50.0	38	\$355	\$386	\$741	\$37,063	1%	Unknown	Unknown	Unknown	Unknown
Perth	40.6	40.6	0	\$324	\$380	\$704	\$28,561	5%	Unknown	Unknown	Unknown	Unknown
Hobart	11.5	23.0	50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canberra	5.0	7.5	33	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cairns	10.0	10.0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Darwin	10.0	10.0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1. Cost data based on 2011/12 financial year FWBC expense Budget for 2011/12 as per 2011/12 PBS: \$35,381,000

2. Data based on PRODAC return figures for 1 October 2011 for WP, OWP and usable office area

#### A.4 FWBC Property Performance - PRODAC Outcomes as at June 2012

Key PRODAC Outcomes	FWBC	Peer Group 3 at September 2009	Whole of Government at September 2009
Average fit-out density (m <sup>2</sup> /OWP)	45	20	15.8
Average occupational density (m <sup>2</sup> /OWP)	45	24.7	19.1
Average workpoint vacancy (%)	20	19	17
Average ratio of usable office area (ratio)	0.85	0.94	0.88
Leased properties subject to PRODAC requirements	3	77	676
Owned properties subject to PRODAC requirements	0	0	12
Total Net Lettable Area - Lease Properties (m <sup>2</sup> )	5,900	163,319	2,636,266
Total Net Lettable Area - Owned Properties	0	0	120,062
Total leased-out area (m <sup>2</sup> )	0	3,723	78,404
Total controlled area (m <sup>2</sup> )	5,900	159,596	2,677,924
Total non-office area (m <sup>2</sup> )	727	9,633	327,245
Total usable office area (m <sup>2</sup> )	5,173	149,963	2,350,679
Total workpoints (WP)	147	7,508	148,688
Total occupied workpoints (OWP)	118	6,079	122,851
Average lease length for properties subject to PRODAC requirements (years)	10	7.7	7.3
Average lease remaining for properties subject to PRODAC requirements (years)	3.5	4.1	4
Number of leases which expire within 2 years for properties subject to PRODAC requirements	0	26	214
Percentage of leases that expire within 2 years for properties subject to PRODAC requirements	0	34	32

Non-office area is an area which is in the controlled area of the property and is one or more of the following:

- A basement or an area that does not provide adequate amenity for use as office space due to the absence of natural light or other physical constraints
- An area specifically designed to undertake operational activity, such as rooms or areas specifically used to detain, examine, interview, observe, assess or counsel members of the public
- All areas used to store equipment and items, other than office items, that are needed for operational activities
- Additional facilities that have been fitted out by the agency to specifically support operational activities, such as bathrooms, showers and kitchenettes
- All areas that are physically accessible to the public, such as public reception and waiting areas
- Judicial chambers and the secure zone around judicial chambers, court rooms and hearing rooms
- An area designated and used specifically for coordinating responses to emergency or crisis situations
- All door swing areas where the door provides access to a non-office area or to an area that is not in the net lettable area
- An area specifically designated by the Department of Finance and Deregulation as an exempt area.

Office areas are areas used to support office activities and that are not classified as a non-office area. These include meeting rooms, breakout areas, conference rooms, non-public reception areas, space used to store office items, computer rooms, call centres (unless designed and used specifically for directing responses to emergency or crisis situations) and data centres unless they are located in a basement or area of inadequate amenity.

Net lettable area is the area covered by the agency's lease for that property.

Leased out area is the area within the net lettable area which is leased out to another agency or another entity.

Workpoints are the total number of workpoints within the usable office area of the property. Workpoints are defined as a desk, an enclosed office or a counter at which it is reasonable to expect one person to carry out office work on an ongoing basis.

Occupied workpoints are the total number of occupied workpoints within the usable office area of the property. An occupied workpoint is defined as a workpoint that has all essential equipment to do office work, shows signs of life and could reasonably be assumed to be a place where office work is regularly undertaken.

Controlled area is the amount of net lettable area under the agency's control less the leased out area.

Usable office area is the amount of controlled area less the total non-office area.

Ratio of usable office area is the usable office area divided by the controlled area.

Average fit-out density is the total usable office area divided by the total number of workpoints across all properties.

Fit-out density for each property is the usable office area divided by workpoints.

Average occupational density is the total usable office area divided by the total number of occupied workpoints across all properties.

Occupational density for each property is the usable office area divided by the occupied workpoints.

Average workpoint vacancy is the total number of workpoints less the total number of occupied workpoints, divided by the total number of workpoints, expressed as a percentage, across all properties.

Workpoint vacancy for each property is the number of workpoints less the number of occupied workpoints, divided by the number of workpoints, expressed as a percentage.

Average lease length equals the sum of each property's lease length divided by the number of properties under lease.

Average lease remaining equals the sum of each property's lease remaining figures divided by the number of properties under lease.

Peer groups have been determined based on a number of factors, including the main function of the agency, its size, level of interaction with the public and other circumstances. The relevant peer group for FWBC (Peer Group 3) is made up of the following agencies:

Peer Group 3
FWBC
Australian Competition and Consumer Commission
Australian Communications and Media Authority
Australian Human Rights Commission
Australian Securities and Investments Commission
Office of the Director of Public Prosecutions
Fair Work Australia
Office of the Fair Work Ombudsman
Insolvency and Trustee Service Australia
Office of the Commonwealth Ombudsman
Office of the Privacy Commissioner

### A.5 FWBC Property Gap Analysis

Property	Current Workpoints	Short-term workpoint forecast: 1-2 Years	Medium-term workpoint forecast: 3-5 years	Long-term workpoint forecast: > 5 years	Current space (m <sup>2</sup> )	Short-term space forecast: 1-2 years (m <sup>2</sup> )	Medium-term space forecast: 3-5 years (m <sup>2</sup> )	Long-term space forecast: > 5 years (m <sup>2</sup> )	Current property budget 2012 (\$)	Short-term property budget forecast: 1-2 years (\$)	Medium-term property budget forecast: 3-5 years (\$)	Long term property budget forecast: > 5 years (\$)	Current property costs (\$)	Short-term property costs forecast: 1-2 years (\$)	Medium-term property costs forecast: 1-5 years (\$)
Melbourne (SKR)	84	84	84	84	3,075	3,075	3,075	3,075	1,563,700	1,608,080	N/A	N/A	\$1,557,948	1,608,080	N/A
Melbourne (LTS)	14	14	14	14	250	250	250	250		147,110	N/A	N/A	\$142,135	147,110	N/A
Sydney	37	37	37	37	1,770	1,770	1,770	1,770	1,296,800	1,342,188	N/A	N/A	\$1,286,414	1,342,188	N/A
Brisbane	18	18	18	18	400	400	400	400	341,700	353,660	N/A	N/A	\$350,304	353,660	N/A
Adelaide	13	13	13	13	400	400	400	400	295,700	303,980	N/A	N/A	\$296,502	303,980	N/A
Perth	26	26	26	26	1,055	1,055	1,055	1,055	706,100	730,814	N/A	N/A	\$742,954	730,814	N/A
Hobart	2	2	2	2	23	23	23	23	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canberra	6	6	6	6	30	30	30	30	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cairns	1	1	1	1	10	10	10	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Darwin	2	2	2	2	20	20	20	20	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

1. Data based on 2011/12 financial year

### A.6 PRODAC Calculations

	Perth Level 9, 140 St Georges Terrace	Melbourne 553 St Kilda Road	Sydney 255 Elizabeth St
Total office area (m <sup>2</sup> )	1,055	3,075	1,770
Non-office area (m <sup>2</sup> )	265	359	376
Usable office area (m <sup>2</sup> )	790	2,716	1,394
Occupied Workpoints (OWP)	26	71	21
Occupational density (m <sup>2</sup> /OWP)	30.4	38.3	66.4
PRODAC occupational density target (m <sup>2</sup> /OWP)	16	16	16
PRODAC usable office area target (m <sup>2</sup> )	416	1,136	336
Usable office area in excess of PRODAC target (m <sup>2</sup> )	374	1,580	1,058
Usable office area in excess of PRODAC target (%)	47	58	76
Cost of usable office area in excess of PRODAC target (\$)	121,068	442,906	679,960
Deemed effective rent cost (\$/m <sup>2</sup> )	\$324	\$280	\$643
Actual effective rent cost (\$)	255,732	761,350	895,902
Target effective rent cost (\$)	134,664	318,444	215,942