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Contact us

Please direct questions or comments about the guide to:

Property and Construction Division
Commercial and Government Services
Department of Finance
1 Canberra Avenue
Forrest ACT 2603
Email: propertyframework@finance.gov.au
Internet: www.finance.gov.au
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Audience

1. The Commonwealth Property Management Framework is mandatory for officials and accountable authorities of non-corporate Commonwealth entities (NCEs). Corporate Commonwealth entities (CCEs) may be subject to legislative aspects of the Commonwealth Property Management Framework, such as the Lands Acquisition Act 1989 and Public Works Committee Act 1969, and are responsible for ensuring compliance.

Introduction


3. Under the PGPA Act, accountable authorities and officials have a duty to promote the proper use and management of public resources. In relation to the Commonwealth Property Management Framework, proper use means efficient, effective, economical and ethical management of owned and leased Commonwealth property.

4. The Commonwealth Property Management Framework relates to real property. The Framework supplements Division 1 of the Commonwealth Procurement Rules (CPRs), such that officials of NCEs must comply with and
demonstrate value for money to ensure the best outcome from property decisions. For clarity, the Commonwealth Property Management Framework operates in respect of property-related transactions that are otherwise exempt from Division 2 of the CPRs.

5. In accordance with Section 4 of the CPRs, the Property Services Coordinated Procurement Arrangements (PSCP Arrangements) are mandatory for all NCEs.

6. The purpose of the Commonwealth Property Management Framework is to facilitate informed decisions by NCEs and establish a foundation for achieving value for money, demonstrated through:

7. effective planning;

8. ensuring the efficient use of property wherever possible, including through a cooperative, Whole-of-Australian Government approach to property management outcomes;

9. accountable and transparent decision-making;

10. appropriate engagement with risk; and

11. compliance with relevant legislation and Commonwealth policies, including in respect of use of environment, heritage and use of public resources.

12. The Commonwealth Property Management Framework applies to property owned or leased by the Commonwealth in Australia, including external territories and for those located overseas.

13. The Commonwealth’s property (owned or leased) located overseas – except for certain national security-related facilities – is managed by the Department of Foreign Affairs and Trade, consistent with the Commonwealth Property Management Framework.

14. The Commonwealth Risk Management Policy requires accountable authorities and officials to establish and maintain appropriate systems and internal controls for the oversight and management of risk. This is also applicable to property management.

15. Requirements that must be complied with in respect of Commonwealth Property Management Framework are denoted by the term ‘must’. The term ‘should’ indicates good practice.

16. The Commonwealth Property Management Framework also includes web-based guidance, developed by the Department of Finance to assist NCEs in managing their property needs.
Part 1 – Planning

Property Management Plan

12. Non-corporate Commonwealth entities (NCEs) must have a Property Management Plan that:

13. sets property objectives, defines performance indicators and assesses performance;

14. ensures that the quality, quantity, functionality, cost and availability of property are appropriate; and

15. assesses options for the acquisition, sharing, renovation and disposal of property, and associated change management.

16. Property Management Plans must be provided to the Department of Finance (Finance) or its nominee to inform the Whole-of-Australian Government (WoAG) Leasing Strategy.

17. Property Management Plans should be updated as necessary to address changing business requirements. This includes Machinery of Government changes, updating of Corporate Plans, changes or amendments to a lease, new office fit-outs, significant organisational structure or function changes, or New Policy Proposals (NPPs).

18. The Property Management Plan template should be tailored according to the size and complexity of the relevant property portfolio.

Whole-of-Australian-Government Leasing Strategy

16. NCEs must ensure that their property leasing decisions are consistent with the WoAG Leasing Strategy, established under the Property Services Coordinated Procurement (PSCP) Arrangements.

17. The WoAG Leasing Strategy, which is maintained by Finance in consultation with NCEs, is primarily focused on office accommodation and shopfronts, and seeks to maximise value for money from consideration of Commonwealth leasing needs on a strategic WoAG basis.

Capital Management Plan

18. Under the Capital Budgeting Policy for Australian Government Entities (Capital Budgeting Policy), entities must have a Capital Management Plan (CMP) for capital expenditure on properties owned and leased by the Commonwealth within Australia. CMPs in the common format are not required for the Department of Defence as it has separate capital management reporting.

19. The Capital Budgeting Policy outlines rules and requirements for management and reporting of capital/asset funding. It is located in the Central Budget Management System and should be available from an entity’s Chief Financial Officer (CFO) or relevant financial area.
Occupational Density Target

20. The Government’s occupational density target is 14m² per occupied workpoint. This target applies to Commonwealth properties, leased or owned.
21. NCEs must consider the occupational density target when undertaking planning and throughout the property management lifecycle.

Workplace Design

22. NCEs are responsible for their own accommodation arrangements and must incorporate efficient and effective workplace design into their accommodation planning wherever feasible.

Legislative and Policy Approval Requirements

23. Officials must ensure that property-related planning activities have appropriate regard to the relevant legislative and policy requirements, such as:
   iii. Disability Discrimination Act 1992
   iv. Environment Protection and Biodiversity Conservation Act 1999
   vii. Lands Acquisition Act 1989
   viii. Native Title Act 1993
   ix. Public Governance, Performance and Accountability Act 2013
   x. Commonwealth Procurement Rules
   xi. Public Works Committee Act 1969
   xii. Public Works Committee Regulation 2016
   xiv. Commonwealth Risk Management Policy
   xvii. Relevant State and Territory legislation and local government requirements.

Part 2 – Budgeting and Funding

Budget Requirements

24. Officials are encouraged to liaise with their Chief Financial Officer (CFO) or relevant financial area to ensure that they are aware of and comply with current Department of Finance Estimates Memoranda covering the Capital Budgeting Policy and the Budget Process Operational Rules.
25. Funding arrangements related to Commonwealth owned and occupied property may be promulgated by Finance from time to time.
Whole-of-Life Costs

26. Whole-of-Life Costs (WoLC) are a key element of budgeting, which must be used in the preparation of business cases for property-related plans and proposals. Section 4.6 of the Commonwealth Procurement Rules provides the cost elements that are included in WoLC.

27. To reflect Government requirements for the Department of Defence (Defence), costings requirements are outlined in the relevant Estimates Memoranda. For additional information, please contact your CFO or relevant financial area.

28. In relation to property management, WoLC must include:
   i. acquisition;
   ii. construction;
   iii. lease;
   iv. fit-out;
   v. ongoing maintenance; and
   vi. other costs incurred over the life time of the property.

29. The Goods and Services Tax (GST) must be included within all cost elements of the WoLC estimate, along with an indication of what portion is recoverable/non-recoverable if appropriate.

30. The benefits of WoLC include:
   i. Informed decision-making: WoLC provides a systematic method for comparing project alternatives and identifies the option that represents best value for money.
   ii. Long-term asset planning: Non-corporate Commonwealth entities (NCEs) are better placed to understand future resource requirements for the public works under their control.
   iii. Consistent costing approach across options: Options that are costed on the same basis allow for a more robust analysis and can be more appropriately compared.
   iv. Transparency and accountability: Visibility of the WoLC associated with a proposed investment allows for scrutiny of the project and ensures that decision-makers are able to prioritise the use of public resources. WoLC provides a baseline for considering how best to manage resources and costs over the useful life of the asset.
   v. Robust test of the value of the asset: When comparing it with the opportunity cost of capital, this test allows decision-makers to assess the different priorities, policy outcomes and environment and social factors with the WoLC of the capital investment.

New Policy Proposal (NPP)

31. The Budget Process Operational Rules provide guidance on what constitutes an NPP, including for capital expenditure, and how entities can bring forward an NPP for Government consideration.

32. NPPs for capital works, which are estimated to have a WoLC of $30 million or more (excluding fit outs), are subject to the Two Stage Capital Works Approval Process. This process includes a Cost Benefit Analysis (CBA) of options reasonably available to address the NCE’s needs, including a preferred approach.

33. Defence maintains a separate approval process for capital works proposals within the Defence Integrated Investment Program, as outlined in the Budget Process.
Operational Rules. For Defence capital works proposals that fall outside this context, the Budget Process Operational Rules apply.

34. Officials are encouraged to liaise with their CFO or relevant financial area on the NPP process and the Budget Process Operational Rules.

Additional Guidance

35. Guidance on accounting for real property is available in Accounting for subsequent expenditure on property plant and equipment – RMG 113.

36. Guidance on accounting for operating leases and lease incentives is available in Accounting for operating lease expenses and incentives - RMG 110.

Part 3 – Leasing

19. The leasing of property must be based on a value for money analysis, using Whole-of-Life Costs (WoLC) and must be consistent with the Whole-of-Australian Government (WoAG) Leasing Strategy developed by the Strategic Property Adviser (SPA) for the Department of Finance (Finance).

20. Non-corporate Commonwealth entities (NCEs) must transition to the Property Services Coordinated Procurement (PSCP) Arrangements once their existing property service provider contracts cease or they need to undertake a procurement for a lease or facilities management service. However, NCEs may transition earlier. For NCEs that have not yet transitioned to PSCP Arrangements, the Lease Endorsement Process applies.

Lease Endorsement Process

21. The Lease Endorsement Process is mandatory for NCEs. For the purpose of the Lease Endorsement Process, the WoLC estimates exclude fit-outs.

22. Leases for office accommodation and shopfronts with a value exceeding $30 million on a WoLC basis, or exceeding $100 million for Department of
Defence (Defence), including extension options and GST, are subject to endorsement by the Finance Minister (or nominee). The Finance Minister (or nominee) may also ‘call-in’ any other leasing proposal for endorsement, even if it would otherwise be below the value thresholds. This includes where special considerations such as local impacts apply.

23. The endorsement of a lease proposal by the Finance Minister (or nominee) does not constitute funding support for the proposal.

24. Local Impact Assessments must be undertaken where Finance considers a potential move would adversely affect a local economy, transport and logistics infrastructure and/or give rise to adverse social and community effects. Finance will determine if a Local Impact Assessment is required. If it is required, NCEs will be asked to complete Part 2 of the Lease Endorsement Notification Form, and Finance will undertake the Local Impact Assessment using the Local Impact Assessment Methodology. Costs for any external advisory services are to be recovered by Finance from the relevant NCE. A Local Impact Assessment must be referred to the Finance Minister when the NCE:

25. is considering relocating outside of its current area as defined by the Australian Bureau of Statistics SA2 area calculations; and

26. the workforce proposed to be moved represents more than 10 per cent of the employment in its current locality.

27. The Finance Minister (or nominee) may impose conditions on a commercial lease procurement (including the exercise of an option under an existing lease) following lease notification and assessment. These conditions may include that a new lease procurement not proceed due to the availability of suitable surplus space or due to inconsistency with the WoAG Leasing Strategy, or that particular requirements will apply to the procurement process where significant local impacts arise.

Leasing Process under the PSCP Arrangements

28. The WoAG Leasing Strategy, developed by the SPA, will automatically identify leases for office accommodation and shopfronts valued at $2 million or more. For NCEs that have transitioned to the PSCP Arrangements, a Lease Endorsement Notification Form will no longer be required.

29. A streamlined process applies for NCEs that have transitioned to the PSCP Arrangements:

30. Approaches to the market for office accommodation or shopfronts must be undertaken through the PSCP Arrangements.

31. Finance’s SPA will confirm that all leases that are expected to exceed $2 million WoLC, including extension options and GST, are consistent with the WoAG Leasing Strategy.
32. Where lease endorsement is required, the relevant PSP will prepare a detailed value for money analysis on behalf of the NCEs to support the endorsement.

33. Lease procurements undertaken through the PSCP Arrangements will be considered value for money from a WoAG perspective.

34. Finance will work with NCEs to arrange a lease endorsement by the Finance Minister (or nominee).

35. Leases for office accommodation outside Australia are exempt from the Lease Endorsement Process.

**Leasing Process for NCEs yet to transition to the PSCP Arrangements**

36. For NCEs that are yet to transition to the PSCP Arrangements:

37. The Lease Endorsement Process includes two aspects – Lease Notification and Lease Endorsement.

38. Finance must be notified of all leases that are expected to exceed $2 million WoLC, including extension options and GST.

39. NCEs may undertake a non-binding approach to the market prior to undertaking the Lease Notification Process (Request for Information or Expression of Interest) to identify possible options. NCEs must not commence a binding procurement process until the lease notification proposal has been assessed by Finance.

40. Part 1 of the Lease Endorsement Notification Form must be submitted online to Finance prior to entering into a lease or agreeing to an existing extension option. NCEs may provide Finance with the information contained in the Lease Endorsement Notification Form in an alternative method, if agreed by Finance. This will enable Finance to assess if any suitable surplus space is available. It does not commit NCEs into leasing arrangements.

41. Finance will determine if an NCE is required to complete Part 2 of the Lease Endorsement Notification Form: Local Impact Assessment. The Local Impact Assessment will be undertaken in accordance with clause 42.

42. Where an endorsement of a lease is required, an NCE must prepare a Cost Benefit Analysis (CBA) demonstrating value for money, using WoLC that must be provided to Finance for review. Finance may seek further information and provide commentary to assist the development of the detailed proposal.
Lease Endorsement Process

For NCEs that are yet to transition to the PSCP Arrangements.

<table>
<thead>
<tr>
<th>LEASE NOTIFICATION</th>
<th>LEASE ENDORSEMENT</th>
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<tbody>
<tr>
<td><em>NCEs</em> may only seek a non-binding expression of interest from the market</td>
<td><em>NCEs</em> are required to proceed through the Lease Endorsement Process for all office accommodation and shopfronts with a WoLC over $30 million ($100 million for Defence), including extension options, or where the Finance Minister has “called in” a lease.</td>
</tr>
</tbody>
</table>

Complete Lease Endorsement Notification Form

**Part 1 -** NCEs are required to notify Finance of any lease proposals for office accommodation and shopfronts that are expected to exceed $2 million WoLC (including extension options) via the Lease Endorsement Notification Form.
<table>
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</table>

**Part 2 - Finance will determine if an NCE is required to complete Part 2 – Local Impact Assessment, and undertake the Local Impact Assessment**  
**Availability of any suitable surplus Commonwealth space**  
**Finance will investigate options for any suitable surplus Commonwealth space for the NCE to occupy. If suitable space is available, Finance will work with NCEs to determine the best WoAG outcome.**

**Approach the market**  
If no suitable surplus space can be found, Finance will approve an approach to market for a commercial lease. The NCE should advise Finance of the outcome.

**Proceed with Procurement**  
If the WoLC of the lease is under $30 million ($100 million for Defence), the NCE can proceed with procurement of

**Prepare a Cost Benefit Analysis (CBA)**  
NCEs are required to complete the CBA template and submit to Finance for review and comment.

**Submit final proposal letter and CBA to Finance**  
To seek lease endorsement, NCEs are required to submit proposal letter and final CBA to Finance.

**Outcome**  
Following the Finance Minister’s consideration, Finance will advise NCEs of the outcome.
### LEASE NOTIFICATION

**NCEs** may only seek a non-binding expression of interest from the market.

the lease, noting any relevant Lands Acquisition Delegations.

*Finance is available to assist NCEs throughout the Lease Endorsement Process and NCEs are encouraged to engage at the early stages of the process.*

*Fit-outs or other public works may be subject to consideration by the Parliamentary Standing Committee on Public Works. For further information, refer to the Parliamentary Standing Committee on Public Work Procedure Manual.*

### LEASE ENDORSEMENT

NCEs are required to proceed through the Lease Endorsement Process for all office accommodation and shopfronts with a WoLC over $30 million ($100 million for Defence), including extension options, or where the Finance Minister has “called in” a lease.

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**Commonwealth National Lease**

43. NCEs should use the Commonwealth National Lease (CNL) for office accommodation, wherever practicable. The CNL is available to NCEs upon request from Finance.

**Minimising Surplus Office Space**

44. Wherever possible, NCEs must seek to minimise surplus office space, including through assigning the lease to another NCE, entering into an MoU.
arrangement with another NCE to occupy all or part of the space, or divesting the lease to a third party external to the Commonwealth.

45. In recognising different property requirements that NCEs may have, NCEs acting as landlords, tenants and/or subtenants, are expected to work collaboratively to reach a mutually beneficial agreement on different aspects of leasing and sub-lease arrangements. This may include after-hours access and shared use of common areas.

46. Where consistent with an NCE’s business need and the WoAG Leasing Strategy, NCEs must occupy existing Commonwealth leased or owned office space as a priority over sourcing new accommodation in the market. In such instances, the tenant NCE must charge the intended sub-tenant a rent consistent with prevailing market conditions at the time the sub-lease arrangement is being established, including with regard to the likely rent and lease incentives of other leasing opportunities the sub-tenant NCE could pursue. In determining the rent, the NCE tenants may include any additional services, such as security, as a result of different operating requirements of the sub-tenant.

47. Sub-lease arrangements between NCEs should be established and used as administrative arrangements internal to the Commonwealth, with minimal input from external consultants, and should be reflected in a formal MoU. The Accountable Authority for the sub-tenant NCE must take into account the benefits to public resources generally from taking a WoAG approach, in accordance with Section 15(2) of the PGPA Act.

48. An optional MoU template is available to NCEs on request from Finance.

Divesting a Lease

49. When surrendering or assigning a lease or sub-lease to a third party external to the Commonwealth, officials must have regard to their responsibilities under Section 119 of the Lands Acquisition Act 1989. For additional guidance, please contact Finance.

50. Non-corporate Commonwealth entities (NCEs) must follow the Two Stage Capital Works Approval Process when acquiring property, undertaking capital works or property remediation projects on behalf of the Commonwealth. The Department of Defence (Defence) maintains its own
Two Stage Capital Works Approval Process through the Major Capital Equipment Projects and the Defence Integrated Investment Program as part of the Portfolio Budget submission process, and bi-annual updates to Government.

51. New Policy Proposals (NPPs) for capital works which are estimated to have a Whole-of-Life Cost (WoLC) of $30 million or more (excluding fit outs), are subject to the Two Stage Capital Works Approval Process. Capital Works must not be separated into smaller projects to avoid the Two Stage Capital Works Approval Process.

52. The Two Stage Capital Works Approval Process provides a methodical approach to developing the scope and cost estimate associated with a project, reducing risk and increasing cost certainty. This approach ensures that:

53. the Government achieves maximum value for money in the investment being made, including that funds are utilised in the most effective, economical, ethical and efficient manner; and

54. the scope and budget approved is adhered to by NCEs.

55. Although the Two Stage Capital Works Approval Process is separate from the Parliamentary Standing Committee on Public Works (PWC) Approval Process, required under the Public Works Committee Act 1969 (PWC Act), a project may be subject to both processes. The difference between these processes is that the Two Stage Capital Works Approval Process provides government approval of funding, whereas the PWC Approval Process provides public scrutiny of proposed public works.

56. In addition to the Two Stage Capital Works Approval Process, capital works projects that meet or exceed certain cost and risk thresholds may be subject to independent Assurance Reviews, including the Gateway Review Process and Implementation Readiness Assessments.

57. The Two Stage Capital Works Approval Process flowchart provides an overview of the Two Stage process below.

Part 4 – Capitol Works

Two Stage Capital Works Approval Process

58. Non-corporate Commonwealth entities (NCEs) must follow the Two Stage Capital Works Approval Process when acquiring property, undertaking capital works or property remediation projects on behalf of the Commonwealth. The Department of Defence (Defence) maintains its own Two Stage Capital Works Approval Process through the Major Capital Equipment Projects and the Defence Integrated Investment Program as part of the Portfolio Budget submission process, and bi-annual updates to Government.
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65. The Two Stage Capital Works Approval Process flowchart provides an overview of the Two Stage process below.

First Stage Approval Process

66. The First Stage Approval Process involves seeking the Government’s in-principle agreement for a capital works project and securing the necessary funding to develop a Detailed Business Case (DBC) for further consideration by Government.

67. The First Stage Approval Process involves a strategic assessment, the development of an Initial Business Case (IBC) and NPP (as part of the Budget process), and seeking first stage approval.

68. The First Stage Approval Process does not guarantee or constitute approval to proceed with the capital works project.
Conducting a Strategic Assessment

69. NCEs must undertake a strategic assessment for a capital works project. The strategic assessment of the business need must demonstrate value for money, including in respect of:

70. alignment with the NCE’s strategic priorities;
71. compliance with legislation and Government policies;
72. how it facilitates the efficient delivery of government programs and objectives;
73. the appropriateness of the proposed investment;
74. sufficient funding and resourcing;
75. anticipated benefits and potential savings; and
76. possible inherent risks.

77. The strategic assessment must be evidence-based and clearly articulate the need for the capital works in terms of its contribution to facilitating the efficient delivery of government programs and objectives.

78. NCEs must assess the capability of existing resources to meet the business needs through identifying opportunities to use existing surplus property, owned or leased by the Commonwealth.

79. The strategic assessment should provide a comprehensive analysis of the merits of the proposal for the delegate to consider when deciding on whether or not to progress the proposal to the IBC stage.

Developing an Initial Business Case (IBC) and NPP

80. The IBC must document relevant requirements to seek the Government’s in-principle approval to proceed with the capital works project, and to secure funding to develop a DBC. The business requirement must be defined at a high level, and demonstrate value for money.

81. The IBC supports the NPP that identifies the preferred option and alternatives, underpinned by a primary analysis of each option. Several key elements will inform the IBC, and consequently the NPP.

82. NCEs should undertake due diligence as part of the evaluation process. This will ensure that factors, which may have a significant impact on costs, feasibility and risks associated with each option, are properly addressed.

83. NCEs must use WoLC estimates (GST inclusive) throughout the development of IBC and NPP, and calculated at the P50 confidence level.
For assistance with defining P50, refer to the Defining P50 and P80 Manual. All options considered in the IBC must be comparable and assessed objectively and consistently.

84. The IBC template includes the requirements for First Stage Approval. NCEs should provide a draft IBC to their Chief Financial Officer (CFO) or relevant financial area to submit to Department of Finance (Finance) for consideration prior to seeking First Stage Approval.

Seeking First Stage Approval

85. The NPP and IBC with its attachments form the First Stage submission. Should the Government approve the IBC and NPP, the NCE must proceed to the Second Stage Approval.

Second Stage Approval Process

86. The purpose of the Second Stage Approval Process is to secure government approval and funding for implementation and delivery of a project in accordance with the DBC.

87. The Second Stage Approval Process involves the development of the DBC and NPP, and seeking Second Stage Approval.

88. The timing of Second Stage Approval is dependent on the complexity on the project and time required to develop the DBC and supporting information.

Developing a Detailed Business Case (DBC) and NPP

89. A DBC provides government with a comprehensive analysis of all viable options, risks and costs. The WoLC estimates (GST inclusive) should be calculated at the P80 confidence. For assistance with defining P80, refer to the Defining P50 and P80 Manual. All options considered in the DBC must be comparable and assessed objectively and consistently.

90. The DBC may require a feasibility study to test the integrity of the preliminary analysis and/or the capacity to implement the preferred option.

91. To support the DBC, NCEs may also consider the inclusion of:

92. legislative requirements such as environment and heritage obligations, and stakeholder management plans and communications strategy;
93. a memorandum of understanding detailing key responsibilities where more than one NCE is involved;
94. a delivery and procurement strategy;
95. a stakeholder engagement plan; and
96. a public relations/communications plan.

97. The DBC template includes the requirements for Second Stage Approval. NCEs should provide a draft DBC to their CFO or relevant financial area to submit to Finance for consideration prior to seeking Second Stage Approval.

98. If the Government approves the NPP and DBC, an NCE may procure the necessary contractors to design, build and manage the capital works project. If capital works meet PWC monetary thresholds, the works generally require PWC approval.

Seeking Second Stage Approval

99. The NPP and DBC with its attachments form the Second Stage submission.

Two Stage Capital Works Approval Process

Applicable where the whole-of-life costs (excluding fit out) exceed $30 million

<table>
<thead>
<tr>
<th>First Stage</th>
<th>Second Stage</th>
<th>Parliamentary Standing Committee on Public Works (PWC)</th>
</tr>
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</table>
| The purpose of this stage is to seek the Government’s in principle agreement to proceed with a capital works project and to secure funding to develop a Detailed Business Case. | PWC Referral Process  
All major capital works projects delivered by NCEs and CCEs are required to go through the |
<table>
<thead>
<tr>
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</tr>
</thead>
</table>
| **Conduct a Strategic Assessment**  
Consult with your Chief Financial Officer (CFO) or relevant financial area in the first instance to discuss your entity’s capability to deliver the project. | **Develop a Detailed Business Case (DBC) and NPP, if required**  
The DBC template can be found on the Finance website. Provide draft DBC to your CFO or relevant financial area to submit to Finance for consideration. If required, develop an NPP in consultation with your CFO or relevant financial area. | PWC referral process before the works can commence, unless exempt under the PWC Act. The PWC will make a recommendation to Government. For the PWC Referral Process refer to the Parliamentary Standing Committee on Public Works Procedure Manual. Finance can provide guidance and consultation on the referral process. Please contact Finance. |
| **Develop an Initial Business Case (IBC) and New Policy Proposal (NPP), if required**  
The IBC template can be found on the Finance website. Provide the draft IBC to your CFO or relevant financial area to submit to the Department of Finance (Finance) for consideration. If required, develop an NPP in consultation with your CFO or relevant financial area. | **Seek First Stage Approval**  
Submit NPP with accompanying IBC to the Government for approval. |  |
| **Seek First Stage Approval**  
Submit NPP with accompanying IBC to the Government for approval. | **Seek Second Stage Approval**  
Submit NPP with accompanying DBC to the Government for approval. |  |
| If First Stage Approval is granted, NCEs must proceed to the Second Stage.  
CFO or relevant financial area. |  |  |

**Note:** In addition to observing the Two Stage Approval Process, capital works projects that meet or exceed $30 million and meet certain risk thresholds, may be subject to Gateway Review or an Implementation Readiness Assessment Review.
Parliamentary Standing Committee on Public Works

100. Under the PWC Act, capital works projects from NCEs and Corporate Commonwealth entities (CCEs) are also subject to referral to the PWC, unless specifically exempt under the PWC Act or enabling legislation. The Two Stage Capital Works Approval Process must be undertaken prior to seeking PWC approval.

101. Under the PWC Act, public works with an estimated cost exceeding $15 million (GST exclusive) must be referred to the PWC. Proposed public works with an estimated cost between $2 million and $15 million (GST exclusive) must be notified in writing to the PWC.

102. Finance plays a coordinating role in the PWC process and is responsible for administering the PWC Act on behalf of the Finance Minister. Finance is also responsible for preparing referring motions, expediency motions and exemptions, and briefs the Minister for Finance on works requiring referral to the PWC. The Finance Minister or a Ministerial representative moves referral motions in the House of Representatives.

103. For more information on the PWC Approval Process, refer to the Parliamentary Standing Committee on Public Works Procedure Manual.

Part 5 – Managing

Property Services Coordinated Procurement Arrangements

104. The Property Services Coordinated Procurement (PSCP) Arrangements aim to achieve Whole-of-Australian Government (WoAG) property-related outcomes, maximise market benefits and deliver efficiencies and savings.

105. The PSCP Arrangements include:

106. a Strategic Property Adviser (SPA) for developing the WoAG Leasing Strategy; and

107. Property Services Providers (PSPs) responsible for providing leasing services, facilities management services and ancillary services to NCEs.
108. Where NCEs were performing services in-house (i.e. by officials) prior to the commencement of the PSCP Arrangements, they may continue to do so, only if no procurements are undertaken.

109. Further information on the PSCP Arrangements is available on the Department of Finance website.

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Part 6 – Ownership and Disposal

Principle

110. Property should only be held by the Commonwealth where it demonstrably contributes to government service delivery outcomes and ownership represents value for money.

Commonwealth Property Disposals

111. Commonwealth property, having no alternative efficient government use, must be sold on the open market at full market value, unless agreed otherwise by the Finance Minister.

112. For off-market sales, Commonwealth entities must not enter into any sale negotiations with potential purchasers, or discussions that might give rise to commercial obligations, before the Finance Minister’s approval, whether on concessional terms or not, has been obtained. In the first instance, any proposal for an off-market disposal of Commonwealth property should be referred to Finance for discussion, and to the relevant portfolio Minister for consideration.
113. The Lands Acquisition Act 1989 (LAA) has specific requirements in respect of the disposal of an interest in land that has previously been acquired under the LAA, which must be taken into account in the disposal of any such interest.

114. Additional guidance on the disposal of property is available in the Commonwealth Property Disposal Policy.

Part 7 – Reporting

Australian Government Property Register

115. The Department of Finance (Finance) maintains the Australian Government Property Register (the Register) for leased and owned Commonwealth property. Non-corporate Commonwealth entities (NCEs), or Property Services providers (PSPs) on behalf of NCEs, must contribute to the Register, in addition to the accountability and transparency requirements of Section 7 of the Commonwealth Procurement Rules (CPRs).

116. The Leased Estate Data Collection provides an evidence base for decision-making in relation to office accommodation and shopfronts leased by the Commonwealth. This data assists Finance and NCEs to identify opportunities to adopt best practice, progressively improve the management of office space and shopfronts and achieve efficiencies, and inform Whole-of-Australian Government (WoAG) property decision making.

117. The Owned Estate Data Collection provides information on land holdings, including properties than may be surplus and suitable for divestment by the Commonwealth. NCEs must report the acquisition or sale of property promptly to Finance, to enable the accuracy of the register to be maintained.

118. For NCEs that have transitioned to the Property Services Coordinated Procurement (PSCP) Arrangements, the PSP will be responsible for collecting, validating and submitting all property data to the Register on behalf of NCEs. NCEs may choose to validate this information to verify its accuracy.

119. NCEs that have not yet transitioned to PSCP Arrangements will be responsible for collecting, validating and submitting all property data to the Register, in accordance with instructions issued by Finance.

120. CCEs may opt into the Leased Estate Data Collection and/or the Owned Estate Data Collection.

121. Finance is responsible for reporting on the leased and owned estate.
Part 8 – Glossary

<table>
<thead>
<tr>
<th>Links to related information:</th>
<th>Description:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountable authorities</td>
<td>Refer to PGPA Act section 12(2).</td>
</tr>
<tr>
<td>Capital Works</td>
<td>Architectural or engineering work, most typically relating to the construction, refurbishment or repair of buildings or other structures.</td>
</tr>
<tr>
<td>Cost Benefit Analysis</td>
<td>A method of economic evaluation for projects, programs or policies that measures benefits and costs as far as possible in monetary terms.</td>
</tr>
<tr>
<td>Detailed Business case</td>
<td>The body of work that will fully inform the Government decision as to whether to proceed with the project.</td>
</tr>
<tr>
<td>Entities</td>
<td>Refer to PGPA Act, section 11.</td>
</tr>
<tr>
<td>Fit-out</td>
<td>The design and delivery of the interior partitioning, floor, ceiling, mechanical, electrical and environmental components to meet the</td>
</tr>
<tr>
<td><strong>Links to related information:</strong></td>
<td><strong>Description:</strong></td>
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<tr>
<td></td>
<td>requirements of the buildings occupants. This includes the customising and finishing of the base building (where base building is the raw floor space bounded by walls but not specifically adapted to the requirements of its occupants).</td>
</tr>
<tr>
<td><strong>Initial Business Case</strong></td>
<td>The initial argument for Government support to lay out the possible benefits and costs associated with the project to secure approval from the Government to develop the option(s) for the delivery of the desired level of capability.</td>
</tr>
<tr>
<td><strong>Lease</strong></td>
<td>A legal agreement made between the lessee and a lessor, which grants possession of a premises for a fixed period in exchange for the payment of rent. This includes any lease, crown lease, sub-lease, heads of agreement, exchange of letters, memorandum of understanding, contract, licence or other arrangement to which an NCE may occupy part or all of a building that is not owned by the NCE, or where possession and use of property is transferred for a limited period in return for rent. It excludes arrangements to hire venues on a short-term basis.</td>
</tr>
<tr>
<td><strong>Local Impact Assessment</strong></td>
<td>An assessment undertaken in the Lease Endorsement process by Finance to consider an NCE's potential move and how it would adversely affect a local economy, transport and logistics infrastructure and/or give rise to adverse social and community effects.</td>
</tr>
<tr>
<td><strong>Memorandum of Understanding</strong></td>
<td>Refer to PGPA Glossary</td>
</tr>
<tr>
<td><strong>New Policy Proposal</strong></td>
<td>As defined in the Budget Process Operational Rules.</td>
</tr>
<tr>
<td><strong>Officials</strong></td>
<td>Refer to PGPA Act, section 13.</td>
</tr>
<tr>
<td><strong>Parliamentary Standing Committee on Public Works</strong></td>
<td>The Parliamentary Standing Committee on Public Works (PWC) is constituted by the PWC Act. The Committee conducts inquiries into matters referred to it by the House of Representatives or a Minister of the Commonwealth Government.</td>
</tr>
<tr>
<td><strong>Property</strong></td>
<td>Infrastructure, land or buildings owned or leased by NCEs.</td>
</tr>
<tr>
<td><strong>Property Services Coordinated</strong></td>
<td>Coordinated procurement arrangements for property services, including leasing services, property and facilities management services and ancillary services. The PSCP Arrangements are</td>
</tr>
</tbody>
</table>
**Links to related information:**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Procurement Arrangements</strong></td>
</tr>
<tr>
<td>mandatory for NCEs. For more information, visit the Finance website.</td>
</tr>
<tr>
<td><strong>Property Service Provider</strong></td>
</tr>
<tr>
<td>Outsourced providers that are responsible for delivering leasing services, property and facilities management services and ancillary services to NCEs under the PSCP Arrangements.</td>
</tr>
<tr>
<td><strong>Public Works</strong></td>
</tr>
<tr>
<td>Refer to PWC Act, section 5AA.</td>
</tr>
<tr>
<td><strong>Strategic Property Adviser</strong></td>
</tr>
<tr>
<td>Provider appointed by Finance to develop and maintain the WoAG Leasing Strategy under the PSCP Arrangements.</td>
</tr>
<tr>
<td><strong>Two Stage Capital Works Approval Process</strong></td>
</tr>
<tr>
<td>The Two Stage Capital Works Approval Process provides a methodical approach to developing the scope and cost estimate associated with a project, reducing risk and increasing cost certainty.</td>
</tr>
<tr>
<td><strong>Whole-of-Life Costs</strong></td>
</tr>
<tr>
<td>An estimate of all expected costs over the lifetime of the relevant lease or property, including costs of acquisition, operation and maintenance. GST is included when calculating Whole-of-Life Costs.</td>
</tr>
<tr>
<td><strong>WoAG Leasing Strategy</strong></td>
</tr>
<tr>
<td>The Whole-of-Australian-Government Leasing Strategy developed under the PSCP Arrangements.</td>
</tr>
</tbody>
</table>

**Acronyms**

<table>
<thead>
<tr>
<th>Acronyms</th>
<th>Description:</th>
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<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>CBA</td>
<td>Cost Benefit Analysis</td>
</tr>
<tr>
<td>CCEs</td>
<td>Corporate Commonwealth entities</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>CMP</td>
<td>Capital Management Plan</td>
</tr>
<tr>
<td>CNL</td>
<td>Commonwealth National Lease</td>
</tr>
<tr>
<td>CPDP</td>
<td>Commonwealth Property Disposal Policy</td>
</tr>
<tr>
<td>CPRs</td>
<td>Commonwealth Procurement Rules</td>
</tr>
<tr>
<td>DBC</td>
<td>Detailed Business Case</td>
</tr>
<tr>
<td>Defence</td>
<td>Department of Defence</td>
</tr>
<tr>
<td>Acronyms</td>
<td>Description</td>
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<tr>
<td>Finance</td>
<td>Department of Finance</td>
</tr>
<tr>
<td>GBE</td>
<td>Government Business Enterprises</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>IBC</td>
<td>Initial Business Case</td>
</tr>
<tr>
<td>LAA</td>
<td>Cost Benefit Analysis</td>
</tr>
<tr>
<td>LIA</td>
<td>Corporate Commonwealth entities</td>
</tr>
<tr>
<td>MOG</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>MoU</td>
<td>Capital Management Plan</td>
</tr>
<tr>
<td>NCEs</td>
<td>The Two Stage Capital Works Approval Process provides a methodical approach to developing the scope and cost estimate associated with a project, reducing risk and increasing cost certainty.</td>
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<td>NPP</td>
<td>An estimate of all expected costs over the lifetime of the relevant lease or property, including costs of acquisition, operation and maintenance. GST is included when calculating Whole-of-Life Costs.</td>
</tr>
<tr>
<td>P50 / P80</td>
<td>The Whole-of-Australian-Government Leasing Strategy developed under the PSCP Arrangements.</td>
</tr>
<tr>
<td>PGPA Act</td>
<td>Public Governance, Performance and Accountability Act 2013</td>
</tr>
<tr>
<td>PSCP</td>
<td>Property Services Coordinated Procurement</td>
</tr>
<tr>
<td>PSP</td>
<td>Property Services Provider</td>
</tr>
<tr>
<td>PWC</td>
<td>Parliamentary Standing Committee on Public Works / Public Works Committee</td>
</tr>
<tr>
<td>PWC Act</td>
<td>Public Works Committee Act 1969</td>
</tr>
<tr>
<td>RMG</td>
<td>Resource Management Guide</td>
</tr>
<tr>
<td>SA2</td>
<td>Statistical Area level 2</td>
</tr>
<tr>
<td>SPA</td>
<td>Strategic Property Adviser</td>
</tr>
<tr>
<td>WoAG</td>
<td>Whole-of-Australian Government</td>
</tr>
<tr>
<td>WoLC</td>
<td>Whole-of-Life costs</td>
</tr>
</tbody>
</table>
Part 10 – Resources

Forms:

- Contact Form
- Lease Endorsement Notification Form

Templates:

- Property Management Plan Template
- Cost Benefit Analysis for Lease Endorsements
- Initial Business Case Template for Capital Works Projects
- Detailed Business Case Template for Capital Works Projects

Flowcharts:

- Lease Endorsement Process Flowchart
- Two Stage Capital Works Approval Process Flowchart

Manuals and Guidance Material:

- Local Impact Assessment Methodology
- Defining P50 and P80 Manual
- The Parliamentary Standing Committee on Public Works Procedure Manual
- PRODAC Collection Manual

To request the following documents, please contact the Department of Finance.

Commonwealth National Lease:

- Guidance note
- Transaction

MoUs (Commonwealth):

- Guidance for assignment template
- Guidance for sub-lease template
Divesting a lease (private sector):

- Deed of Assignment
- Surrender a Deed
- Sublease

Previous series of property management related RMGs

Please note: As of 26 September 2017, RMG-500 Commonwealth Property Management Framework replaces the previous series of property management related RMGs:

- 500 - Overview of the Commonwealth Property Management Framework
- 501 - Property Management Planning Guidance
- 504 - Commonwealth Property Management Framework Lease Endorsement Process for Non-Corporate Entities
- 505 - Funding Arrangements for Commonwealth Property
- 506 - The Flexible and Efficient Workplace Design Guidance