

Supplementary Questions – Property Asset Utilisation

Recommendation 2 – By December 2019, Property NSW should devise a strategy and plan to recycle or repurpose underutilised properties using a whole-of-government picture of the NSW Government portfolio

1. The Department's response notes that the development of a new framework would be the primary mechanism to identify and make decisions about how to recycle or re-use underutilised property assets.

- **What progress has been made since the establishment of a Property Strategy Collaboration Committee (PSCC) to ensure transparency and accountability and how does the PSCC improve the recycling of underutilised properties? How does this contribute to developing a whole-of-government picture?**

A governance process for the new framework has been implemented including a requirement for properties that are no longer required by the landowning agency to be submitted to Property NSW via an electronic portal for distribution to other NSW Government agencies to seek expressions of interest before being tabled at the PSCC to endorse the future use and associated transaction. This provides for an electronic record of properties that are no longer required by the landowning agency via the portal, and minuted endorsement via the PSCC to provide transparency and whole-of-government accountability for surplus properties. Landowning agencies are also notified in writing by Property NSW of the outcome of PSCC deliberations on their specific real properties.

The PSCC improves the recycling of underutilised properties, and developing a whole-of-government picture of the Government's real property portfolio, through several mechanisms:

- Firstly, landholding agencies are bringing forward advice to the PSCC on specific assets that they wish to dispose of that are no longer required for their needs, allowing other agencies to determine whether those assets could be used to deliver on current Government infrastructure and service delivery objectives. This ensures all agencies have visibility of current real property assets available for use and thereby an opportunity to recycle where relevant, creating potential efficiencies for government.
- Secondly, landholding agencies are bringing forward advice to the PSCC on their asset disposal pipelines and expected future acquisitions of land. This gives all agencies a strategic whole-of-government view of the State's real property asset portfolio, insight into long-term agency plans and advice on where land will be required to deliver future Government infrastructure and services, and what Government-owned land might be available for alternative uses.
- Thirdly, Property NSW is working with water utility agencies such as Sydney Water to leverage water consumption data as a proxy for utilisation on Government-owned land to assist in the identification of potentially surplus sites for recycling.
- Fourthly, since the Audit Office's Performance Audit in December 2018, Property NSW has completed portfolio reviews relating to Housing Affordability, Crown Lands and Health, as well as precinct reviews related to Liverpool and Gosford.

In summary, the PSCC's role, and the sharing of real property information on specific assets and pipelines between agencies, the development of utilisation proxies and

Property NSW's ongoing role in conducting precinct reviews, provides all agencies with a 'whole-of-government' picture of underutilised assets.

▪ **Is there publicly available information regarding the functions and ambit of the PSCC?**

Given the Cabinet and commercially sensitive nature of matters considered by the PSCC, information on its functions and ambit is not currently publicly available.

▪ **Does the PSCC make determinations about the proposed use of underutilised properties? If so, are the determinations and reasoning for the decisions made publicly available?**

The PSCC's role is to make recommendations to Cabinet, Ministerial and agency decision makers on the best use of underutilised properties, balancing the trade-off between economic, social, environmental and financial objectives. Given the Cabinet and commercially sensitive nature of matters considered by the PSCC, its recommendations and reasoning are not publicly available.

▪ **How does the evaluation methodology assess underutilised land and its potential utility?**

The evaluation methodology assesses the impact of alternate uses for Government-owned land by applying a series of criteria centred around public value (social, economic, environmental and inter-generational), operational capacity (costs, budget impact, utilisation, risks and timing), and support and alignment with the Government's strategic plans and stakeholder and community support.

2. Property NSW's response mentions the development of a new property framework which would elevate the requirement for agencies to provide land and property data for their respective portfolio's.

▪ **How has the development of the framework addressed the issue that decentralised property management was leading to waste, duplication or effort, underutilisation and unnecessary disposal of property that could otherwise be of benefit to the NSW Government?**

Implementation of the Framework has created a centralised, whole-of-government funnel for land and property proposals related to underutilised assets to be considered through (i.e. via Property NSW's portal and the PSCC) to provide for whole-of-government consideration, reduced duplication, and opportunities for co-location. In particular, the use of precinct-based reviews (e.g. Liverpool and Gosford) has improved coordination and focused efforts across government agencies and unlocked longstanding unresolved land use issues in support of the Government's election commitments.

In relation to reducing unnecessary acquisitions and disposals, the Framework and the PSCC do the following:

- A mechanism for agencies to share real property knowledge and experiences. This valuable engagement provides agencies with learnings from subject matter experts across Government.
- A process to ensure other potential uses of surplus land are considered before the landowning agency seeks to divest it on the open market. These checks and balances avoid unnecessary disposals and acquisitions of real property. This in turn has avoided unnecessary costs to Government in delivering its priorities.

- **Has the development of a new framework improved the collection of property data from various agencies, compared to past practice? If so, how has it improved?**

In response to the Government's need to increasingly balance financial and non-financial objectives, the Framework and the PSCC have developed a culture that encourages and supports greater sharing of real property data between landowning agencies.

While more can be done, this shift has allowed more information on agencies real property holdings to be made available, improving the whole-of-government picture of the Government's real property portfolio. For example, forward pipeline data on proposed land acquisitions and disposals has been provided by the majority of NSW Government agencies which has now provided government with the opportunity to identify and coordinate potential land transfers or co-location opportunities well in advance of the assets being needed for service delivery requirements.

- **Have all the key agencies property assets been reviewed and identified to determine improvements to utilisation or recycling? If so, has there been any assessment of the overall benefits and savings to the Government?**

The Government holds an extensive and varied real property portfolio. As at 1 July 2020, the Government Property Register contained records relating to 300,670 lots. This significant volume of entries necessitates Property NSW and agencies to prioritise and narrow their focus to concentrate on the Government's priority locations and broader service delivery objectives, rather than reviewing each individual agency's asset holdings.

Note that the Framework, the PSCC and Property NSW's role in carrying out portfolio and precinct reviews is benefitting the Government by providing greater clarity on land use decisions related to open space, the delivery of schools and housing and other key infrastructure.

Recommendation 3 - By December 2019, Property NSW should develop and report on indicators for progress in reducing the number and value of underutilised properties at the whole-of-government level, referencing progress against an accurate baseline stocktake

3. The Department's response states that the PNSW would support the Property Strategy Collaboration Committee (PSCC) in providing regular reports to Government on the progress of identifying the transfer or divestment of underutilised land and property. The reporting commenced from March 2020.

- **Are you satisfied that the regular reporting and the register meet the Audit Office's recommendation in providing an accurate baseline stocktake of government-owned and leased properties? What information is provided in the regular reports to Government?**

The Government Property Register exists but contains over 300,000 properties and the Department of Planning, Industry and Environment continues to improve on the quality of its information.

Given the Cabinet and commercially sensitive nature of transactions involving the Government's real property portfolio, the content of these reports is not publicly available. However, aggregated data on sales and acquisitions is publicly reported through the NSW Budget Papers.

- **Since the commencement of the reporting, how many and how often are reports provided to the Government?**

Given the Cabinet and commercially sensitive nature of transactions involving the Government's real property portfolio, the content and frequency of these reports is not publicly available.

- **Is there a set period reports should be provided (i.e. monthly, half-yearly cycle) or is it on a case-by-case basis?**

Given the Cabinet and commercially sensitive nature of transactions involving the Government's real property portfolio, the frequency of these reports is not publicly available. Having said that, the Government does consider specific real property proposals as and when they arise.