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The past 12 months have seen significant steps towards our vision of excellence in property, infrastructure and places for New South Wales.

We developed a three-year Corporate Plan to set the direction for our organisation and ensure we’re focused on the policies, projects and places that will make a lasting difference to the State.

There has been substantial progress against our plan, in line with our core service areas:

1. **Leading property reform**
   - government approval of significant property policy reforms, including the Property Infrastructure Policy and Whole-of-Government Office Accommodation Policy.

2. **Delivering major projects and transactions**
   - recycling $490 million in surplus or underutilised property assets, including the sale of 45-61 Waterloo Road in Macquarie Park to John Holland for $170 million.
   - reaching the $500 million sales milestone in the Millers Point program, helping to fund more than 1,500 new social housing dwellings.
   - delivering lease pre-commitments on eight sites and more than 140,000m$^2$ of new office space across the State.

3. **Place making and heritage conservation**
   - investing in our world-class precincts, including the commencement of a $23 million structural restoration of the Pyrmont Bridge; a $15 million renewal of the Cockle Bay Wharves; and a $15 million upgrade of the historic Campbells Cove promenade.

4. **Portfolio and asset management**
   - a 4.5 per cent increase in visitation to The Rocks and Darling Harbour, to more than 42 million visitors across both precincts.
   - ICC Sydney hosted 732 events and welcomed more than 1.2 million visitors through the doors in 2017/18, generating more than $750 million in direct expenditure for the NSW economy.
   - a reduction in office space utilisation for the Property NSW-managed portfolio from 15.1m$^2$/FTE to 14.3m$^2$/FTE, surpassing our target of 14.7m$^2$/FTE.
   - a reduction in CBD office space of more than 37,000m$^2$ in FY18. The Government has now reduced CBD office space by 73,246m$^2$ since 2011.
   - the award of eight new contracts to deliver maintenance services to 3,000 government sites, including schools; TAFE campuses; and ambulance and fire stations. The contracts are estimated to save the NSW Government $60 million over four years.
   - 84 per cent of Net Lettable Area of office space for new leases negotiated at or below the midpoint of independent market benchmarks.
5. **Infrastructure advisory services**
   - Public Works Advisory (PWA) provided strategic advice, project delivery management and assurance services across more than $2.67 billion worth of infrastructure assets and facilities to support outcomes for the state and local government sectors across regional NSW.
   - PWA and Property NSW managing or advising on capital investment by the public and private sectors which peaked at c.$12.2 billion.

6. **Valuation Services**
   - The enhancement of contractor performance evaluation measures, including the development of rating and taxing contractor scorecards for each contract area.

Looking ahead, our focus over the next 12 months will remain on implementing property policies that support the management of property, infrastructure and places, and ultimately lead to better outcomes for the people of NSW.

The deep expertise across our organisation positions our group to deliver our pipeline of committed capital investment and advisory projects.

More broadly, the work we do directly contributes to the Premier’s Priorities, particularly on job creation, infrastructure, housing affordability and improved service delivery.

It is my pleasure to present the 2017/18 Year in Review.

**Brett Newman**  
Deputy Secretary  
Property and Advisory Group
## Our performance

### Key highlights in the 2017/18 financial year

<table>
<thead>
<tr>
<th>$490m</th>
<th>$1.73t +</th>
</tr>
</thead>
<tbody>
<tr>
<td>The successful identification, review, and sale of $490 million of underutilised assets in Sydney and regional NSW.</td>
<td>$1.73 trillion* is the total land value assessed by Valuation Services.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>37,182m²</th>
<th>1,963</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued implementation of the NSW Government’s Decade of Decentralisation policy. FY18 saw a reduction of more than 37,000m².</td>
<td>Managed 1,963 properties on behalf of NSW teachers and police officers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14.3m²</th>
<th>55,000 MwH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved office space utilisation for the Property NSW-managed portfolio from 15.1m²/FTE to 14.3m²/FTE, exceeding targets.</td>
<td>Generated over 55,000 MwH of renewable electricity.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>42.3m</th>
<th>17m m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>A 4.5 per cent increase in visitation in The Rocks and Darling Harbour.</td>
<td>Captured and destroyed over 17 million cubic metres of harmful landfill gases.</td>
</tr>
</tbody>
</table>

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*The total land value of NSW as at 1 July 2017.*
<table>
<thead>
<tr>
<th><strong>$175m</strong></th>
<th><strong>84%</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Raised $175 million for new community housing through the sale of Millers Point properties.</td>
<td>84 per cent of Net Lettable Area of office space for new leases negotiated at or below the midpoint of independent market benchmarks.</td>
</tr>
<tr>
<td><strong>1.2%</strong></td>
<td><strong>$12.2b</strong></td>
</tr>
<tr>
<td>Maintained very low vacancy rates for our commercial portfolios (1.2 per cent) across the Sydney CBD, metropolitan and regional areas.</td>
<td>The peak value of capital investment by the public and private sectors in which we managed or advised on in FY18.</td>
</tr>
<tr>
<td><strong>+69</strong></td>
<td><strong>$59m</strong></td>
</tr>
<tr>
<td>Recorded a Customer Satisfaction Score (CSAT) of +69, a reflection of a commitment to deliver outstanding customer service.</td>
<td>Revenue generated by PWA in 2017/18.</td>
</tr>
</tbody>
</table>
Our performance – five-year progress

Visitation by precinct 2015/16 to 2017/18

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>The Rocks</th>
<th>Darling Harbour</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>42.4m</td>
<td>15.1m</td>
<td>27.3m</td>
</tr>
<tr>
<td>2017</td>
<td>40.5m</td>
<td>14.5m</td>
<td>26.0m</td>
</tr>
<tr>
<td>2016</td>
<td>40.4m</td>
<td>14.5m</td>
<td>25.9m</td>
</tr>
<tr>
<td>2015</td>
<td>40.1m</td>
<td>14.1m</td>
<td>26.0m</td>
</tr>
<tr>
<td>2014</td>
<td>41.1m</td>
<td>14.4m</td>
<td>26.7m</td>
</tr>
<tr>
<td>Total (5yrs)</td>
<td>204.5m</td>
<td>72.6m</td>
<td>131.9m</td>
</tr>
</tbody>
</table>

Asset recycling Property NSW asset sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>#Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$490m</td>
<td>#71</td>
</tr>
<tr>
<td>2017</td>
<td>$507m</td>
<td>#86</td>
</tr>
<tr>
<td>2016</td>
<td>$432m</td>
<td>#131</td>
</tr>
<tr>
<td>2015</td>
<td>$347m</td>
<td>#54</td>
</tr>
<tr>
<td>2014</td>
<td>$550m</td>
<td>#10</td>
</tr>
<tr>
<td>Total (5yrs)</td>
<td>$2.33b</td>
<td>#352</td>
</tr>
</tbody>
</table>

Total land value from 2013 to 2017; percentage change from previous year

<table>
<thead>
<tr>
<th>Year</th>
<th>Value*</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$1.73t</td>
<td>↑ 15.2%</td>
</tr>
<tr>
<td>2016</td>
<td>$1.50t</td>
<td>↑ 11.3%</td>
</tr>
<tr>
<td>2015</td>
<td>$1.35t</td>
<td>↑ 20.7%</td>
</tr>
<tr>
<td>2014</td>
<td>$1.12t</td>
<td>↑ 12.7%</td>
</tr>
<tr>
<td>2013</td>
<td>$991b</td>
<td>↑ 3.7%</td>
</tr>
</tbody>
</table>

The Rocks total adjusted vacancy rate % 2013/14 to 2017/18

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>42.4m</td>
</tr>
<tr>
<td>2017</td>
<td>40.5m</td>
</tr>
<tr>
<td>2016</td>
<td>40.4m</td>
</tr>
<tr>
<td>2015</td>
<td>40.1m</td>
</tr>
<tr>
<td>2014</td>
<td>41.1m</td>
</tr>
<tr>
<td>Total (5yrs)</td>
<td>204.5m</td>
</tr>
</tbody>
</table>

* Land values are determined as at July 1 each year, however land values are not released to the public by the OVG until January the following year. i.e. Land values for 2018 will be issued January 2019.

* Adjusted vacancy excludes properties offline for building works/ refits and properties unavailable where lease has been approved and waiting on execution of documents by the tenant(s).

2017: Commercial 1.03% I Retail vacancy 2.30%
2018: Commercial vacancy 0.83% I Retail vacancy 0.99%
Also includes tenancies in Circular Quay and Darling Harbour.
Office space utilisation m²/FTE total portfolio

New and renewed leases utilisation (sqm/FTE)

<table>
<thead>
<tr>
<th>Year</th>
<th>Utilisation (sqm/FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>12.7</td>
</tr>
<tr>
<td>Target</td>
<td>13.0</td>
</tr>
</tbody>
</table>

Total portfolio utilisation (sqm/FTE)

<table>
<thead>
<tr>
<th>Year</th>
<th>Utilisation (sqm/FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>16.1</td>
</tr>
<tr>
<td>2014/15</td>
<td>15.8</td>
</tr>
<tr>
<td>2015/16</td>
<td>15.3</td>
</tr>
<tr>
<td>2016/17</td>
<td>15.1</td>
</tr>
<tr>
<td>2017/18</td>
<td>14.3</td>
</tr>
</tbody>
</table>

DoD: Commitment to Western Sydney

- **Number of Buildings in CBD**
  - 2017: 69
  - 2018: 58
  - 16% Reduction in no. of buildings

- **Office space reduction in CBD since 2011**
  - 73,246 sqm

- **Committed office space reduction in CBD by 2021**
  - 100,000 sqm
  - 54,679 sqm

- **Jobs delivered to Western Sydney from Sydney CBD**
  - 1,872

- **Jobs committed to Western Sydney by 2021**
  - 4,200

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1. Decade of Decentralisation (DoD) is a NSW Government election commitment to reduce at least 100,000 m² of CBD office space by 2021.
2. Since 2014, the Government public service has announced the relocation of more than 4,200 roles from the CBD to Western Sydney.
Our role

The Property and Advisory Group, including Property NSW and Public Works Advisory, undertakes a diverse range of services on behalf of the NSW Government, including property reform, leasing, asset management, development and transactions, place making, valuation services, and infrastructure advisory.

Our organisation works closely with a range of government agencies, providing specialist industry knowledge, expertise and understanding of the unique requirements of government property management.

Property NSW is the NSW Government’s central agency responsible for considering strategic real property asset management issues.

Property NSW manages the NSW Government’s non-specialised property portfolio, including office and other generic assets, and the key precincts of Darling Harbour and The Rocks.

Our focus is on the strategic review, acquisition, divestment and greater utilisation of the government’s real property assets and precincts, which results in better visitor experiences and services for the people of NSW.

Our assets comprise office buildings, significant heritage properties, teacher and police housing, non-commercial assets and land holdings, many of which have been vested to Property NSW by other government agencies.

Public Works Advisory supports local and state government agencies in the delivery of infrastructure projects by providing expert advisory services, including advice on how to adopt the services of ‘best-fit’ providers, and assisting with project delivery oversight and assurance.

Public Works Advisory’s services are built on a foundation of more than 160 years of effective delivery and management of critical infrastructure projects for NSW. We leverage this experience to deliver the best possible infrastructure solutions for the future.
The Property and Advisory Group is part of the Department of Finance, Services and Innovation (DFSI).

Operationally, the Property and Advisory Group is led by a Deputy Secretary who reports to the Minister for Finance, Services and Property, both directly and via the Secretary of DFSI. As statutory bodies representing the Crown, the entities that are under the Property and Advisory Group have the status, privileges and immunities of the Crown and are under the control and direction of the Minister for Finance, Services and Property.

The following organisation structure is accurate as at 30 June 2018.

Our organisation

<table>
<thead>
<tr>
<th>Minister for Finance, Services and Property (Portfolio Minister)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Finance, Services and Innovation</td>
</tr>
<tr>
<td>Property and Advisory Group</td>
</tr>
<tr>
<td>Property NSW</td>
</tr>
<tr>
<td>Public Works Advisory</td>
</tr>
<tr>
<td>Major Projects</td>
</tr>
<tr>
<td>Commercial Transactions</td>
</tr>
<tr>
<td>Portfolio Management Group</td>
</tr>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>Place Management</td>
</tr>
<tr>
<td>Valuation Services</td>
</tr>
<tr>
<td>Operations</td>
</tr>
<tr>
<td>Property Financial Services</td>
</tr>
</tbody>
</table>
Our services

The Property and Advisory Group’s vision is excellence in property, places and infrastructure for New South Wales.

Our services include:
• leading property reform
• portfolio and asset management
• delivering major projects and transactions
• place making and heritage conservation
• valuation services
• infrastructure advisory services.

Our service delivery is underpinned by strong Key Performance Indicators, and supported by divisions that work closely with our government clients to drive commercial best practice outcomes for the benefit of the NSW community.

As part of our commitment to improve our customer service, in May 2018, Property NSW conducted a customer satisfaction survey, achieving a score of 69 (out of 100).

The score marked a significant improvement on our previous survey, which was undertaken via a different methodology.

Moving forward, we will continue to track and report our customer satisfaction results.
As at 30 June 2018, the Property and Advisory Group employed 753 people*, including 240 based in regional NSW.

Of the 753 people, 41 per cent were women.

Providing equal opportunities for people to develop their skills continues to be a focus for the Property and Advisory Group.

Of the 52 leadership roles, 15 are occupied by women and 37 by men. The percentage of women in leadership positions across the Department of Finance, Services and Innovation is 43.7 per cent.

The Property and Advisory Group aims to operate at least as efficiently as private enterprise, in line with our aim to deliver services that are of the highest quality.

An engaging workplace culture is an important part of how the organisation carries out its business, maintains consistency of performance and ultimately delivers the best results for the Government.

*Note - employee figures exclude contractors
**Our executive team**

**BRETT NEWMAN**  
Deputy Secretary,  
Property and Advisory Group  
Chief Executive Officer,  
Property NSW

Brett joined Property NSW as Government Property NSW’s Chief Executive Officer in April 2013 and is the Deputy Secretary of the Property and Advisory Group. He leads the NSW Government’s owned and leased property portfolio, which generates revenues in excess of $1 billion and includes an asset value of more than $3.8 billion.

Brett is Chair of the Teacher Housing Authority and the Strategic Property Transactions Committee, and participates in a number of government-wide strategic steering committees. Prior to leading Property NSW, Brett held a number of senior executive positions with organisations such as Blackstone, Westpac, Stockland, Challenger and Macquarie Bank.

Brett was awarded the Public Service Medal (PSM) in 2017 for outstanding public service to property and asset management in New South Wales.

*Note – the below appointments were accurate as at 30 June 2018. From 2 July 2018, Major Projects and Commercial Transactions merged to become Development and Transactions, led by Leon Walker as Executive Director. Dennis Szabo became Executive Director of Valuation Services, following Anna Welanyk’s move to Service NSW.*
Stuart has more than 20 years’ experience in financial and operational management and worked as a senior executive in the property, private equity, investment banking and finance industries.

Since joining Property NSW in July 2014, Stuart has managed the financial and managerial reporting for the group’s business portfolio. He has provided practical advice to the agency and other stakeholders regarding the financial and accounting implications of property strategies.

Sam has more than 20 years’ experience in strategy, portfolio management, corporate development and direct property investment. He leads the Place Management division which is responsible for managing State-significant precincts, including The Rocks and Darling Harbour. Sam joined Property NSW in August 2013 and initially held the position of Executive Director, Strategy. Prior to joining Property NSW, Sam held several senior executive roles at Stockland.

Jennifer has a wealth of experience in business transformation and leading people through change. She has a diverse background in both scientific and technology roles across multiple agencies and extensive experience in delivering shared corporate services. Prior to joining Property NSW, Jennifer was the program director for the Department of Finance, Services and Innovation’s Great Place to Work initiative and she remains a strong advocate for engaged and effective people as the cornerstone of a successful business. Jennifer has a Master’s Degree in Information and Communications Technology and a graduate degree in Science (UNSW).

Dennis has more than 20 years’ experience in professional services, funds management and corporate real estate. Dennis led Property NSW’s Commercial Transactions team through a period of significant change and success since joining the organisation in January 2014. Dennis has a background in senior management roles with Westpac and Pricewaterhouse-Coopers.

Stuart has more than 30 years’ experience in capital development, strategic asset management and facilities operational management across the public and private sectors. He has held executive and director-level positions for various organisations, including the Coles Group, and the Queensland and Victorian state governments across the arts, state development and health portfolios. Stuart was appointed to head of Public Works Advisory in July 2016 to assist government agencies to optimise their asset solutions.
ADAM HOWARTH  
Executive Director, Portfolio Management Group

Adam’s property career includes managing large and complex mixed-use portfolios for blue-chip global organisations such as Westpac, Telstra, ANZ, Bank of America, Zurich and DBS, as well as Government Business Enterprises and clients such as Australia Post and the Departments of Defence, Immigration and Human Services. His responsibilities have included providing integrated transaction, asset and facility management services.

With a property career spanning 25 years, Adam has worked in Corporate Real Estate and Investment Management for companies including Knight Frank, Jones Lang LaSalle, DTZ and Leighton Group.

NAVEEN CHANDRA  
Executive Director, Strategy

Naveen has more than 20 years’ experience in strategy and business transformation across the banking, advisory and government sectors, having previously held senior positions at National Australia Bank, PwC, GE Capital, KPMG and the Reserve Bank of Australia.

Naveen joined Property NSW in June 2015 as Director, Strategy. He has contributed significantly to property reform and strategic initiatives across government, including the development of policies to improve asset management, enhance capital efficiency and accelerate housing supply.

Naveen was appointed Executive Director, Strategy, in January 2018.

ANNA WELANYK  
Executive Director, Valuation Services

Anna has over 25 years’ international property experience delivering strategic and operational solutions for large-scale portfolios, specialising in business transformation, business improvement and outsourcing. Anna has significant experience in portfolio planning, asset and facilities management, leasing and capital works programs.

Anna was appointed Executive Director, Valuation Services, in July 2016.

LEON WALKER  
Executive Director, Major Projects

Leon has been with Property NSW since July 2015 following a career in property and banking that has included roles such as a chief operating officer, fund manager and project financier.

He has held executive positions with Mirvac and Macquarie Group, both domestically and abroad.

Since joining Property NSW, Leon has led a number of significant government projects, including: the lease of 62,000m² of commercial space at 4 Parramatta Square, the leaseback of 32 Mann Street, Gosford; and the strategic review and assessment of future uses for government-owned sites in the Macquarie Street East Precinct.
Our Work - Case Studies

Property NSW led the implementation of major property policies to enhance the way government manages its assets.

The Property Infrastructure Policy will see Property NSW undertake detailed reviews of the Government’s property portfolio to identify surplus and underutilised assets which may be suitable for transfer to other government agencies or sold to deliver housing or social infrastructure.

The Government has also adopted new principles to improve the management of government property assets and support the delivery of core services.

These principles, which are rolling out across government, include; incentives to improve utilisation of the Government’s property portfolio; separating property management from service delivery to ensure independence and transparency of these respective functions; further developing specialised property systems and capabilities; and undertaking more robust reporting across whole-of-government.
Property NSW this year developed a new whole-of-government office accommodation policy that will improve utilisation and encourage greater collaboration across the public sector.

The policy contains principles to inform government office spaces of the future, with a focus on driving efficiencies by co-locating agencies in government office hubs in key strategic Sydney CBD, metropolitan and regional centres.

The policy, which has been approved by the Government, will ultimately deliver flexible and enhanced workspaces for government employees and value for the taxpayer.
In August 2017, Property NSW sold 3.2 hectares of surplus government-owned land at 45-61 Waterloo Road, Macquarie Park, to infrastructure and property group, John Holland, for $170 million. The sale included a lease pre-commitment for 25,000m² of commercial space to be occupied by Transport for NSW from late 2019.

The sale proceeds were paid to Restart NSW for investment into infrastructure projects across the State.

The project included the establishment of a circa 7,000m² park that will be developed using a $6 million Government grant.
Property NSW is managing the sale of the Sirius Building on behalf of the NSW Government.

The sale included an Expression of Interest (EOI) and Request for Tender (RFT) process.

The EOI stage closed in May 2018, and the RFT stage commenced in August 2018. The sale process is expected to be finalised in 2019.

Proceeds from the sale will be invested into new social housing in NSW.
Property NSW entered into the lease pre-commitment which underwrote the development of the Department of Education’s new headquarters at 105 Phillip Street, Parramatta.

The 13-storey, 27,000m² A-grade office building comes with a 6-star Green Star rating, end of trip facilities, a communal rooftop terrace with outdoor dining area, and a sports court.

More than 1,800 Department of Education staff from five separate locations moved into the building in early 2018.
In October 2017, work commenced on the $15 million renewal of the wharves and jetties at Cockle Bay.

The new marine structures, on the western side of Cockle Bay, include floating passenger wharves, as well as a 330m floating boardwalk.

The wharves were completed in September 2018, and include direct and accessible connections to the forecourts of the International Convention Centre Sydney and the Harbourside Shopping Centre, and link to the adjacent National Maritime Museum.
In April 2018, work commenced on the $23 million structural restoration and conservation of the State heritage-listed Pyrmont Bridge at Sydney’s Darling Harbour.

The remediation work will be undertaken in stages over the next five years, and will include the replacement of deteriorated timber sections within the bridge pier and truss sections to maintain the ongoing structural integrity of the bridge.

Opened in 1902, Pyrmont Bridge is one of the oldest surviving electrically-operated swingspan bridges in the world and has been recognised as a National Engineering Landmark.

Stage one of the project is expected to be completed by the end of 2019.
Kyogle Council engaged PWA as project manager and principal design consultant on an innovative project for the Kyogle Weir, in northern NSW.

The Council engaged PWA to lower the weir height and install a fishway, as the 1.8m drop of the old weir prevented native fish species from getting to the upper reaches of the Richmond River to feed and spawn.

PWA’s innovative design utilised pre-fabricated, v-shaped concrete baffles which were produced by the Council’s bridge and concrete crew. This allowed the structure to be built in challenging conditions at half the cost of traditional fishways, while also minimising ongoing maintenance costs.

The $1.37 million project won the 2017 NSW Local Government’s Excellence in the Environment award, and the Habitat and Wildlife Guardianship Award as part of the Keep NSW Beautiful Blue Star Sustainability Awards.
Warrumbungle National Park, in northern NSW, is heritage-listed due to its unique geology and biodiversity. In January 2013, a fire caused significant damage to the park’s buildings and infrastructure. The visitor centre was destroyed.

The NSW National Parks and Wildlife Service (NPWS) embarked on a project to reconstruct the visitor centre on the same site. NPWS engaged Public Works Advisory to manage the project through to completion and handover.

The new $3 million building was completed in 2018. The efficient design uses sustainable materials and incorporates solar power generation and water capture and reuse.
Housing Services, part of the Portfolio Management Group, provides an invaluable service to rural and remote communities across the State where there is limited rental accommodation available. In support of the Department of Education’s service delivery agenda, Housing Services manages around 1,278 residences for teachers in 200 rural and remote communities in NSW.

In August 2017, Housing Services unveiled a $1.2 million project to provide new housing for teachers at Coonamble’s public primary and high schools. The new, large, flexible-design accommodation block in Bimble Street can be converted into either two-bedroom and three-bedroom units or one-bedroom and four-bedroom units.

Housing Services currently provides 41 residences for teachers in Coonamble.
In late 2015, Property NSW leased the Lands and Education buildings in Bridge St, Sydney, (known as the ‘Sandstones’) to the Singapore-based Pontiac Land on a 103-year lease for $35 million.

The lease will ensure the adaptive re-use of the Sandstones as a luxury hotel, and proceeds from this transaction will fund much-needed public infrastructure across the State, with net proceeds paid to the NSW Treasury-administered Restart NSW fund.

The Department of Planning and Environment approved the Stage 2 Development Application for the project in April 2018, paving the way for Pontiac Land to commence work on the buildings at 23-29 and 35-39 Bridge Street. More than 350 jobs will be created as the iconic buildings are returned to their former glory.

Construction is expected to be completed in 2021.
In January 2018, Valuation Services introduced a system to manage contractor performance evaluations for each determination completed by a compulsory acquisition contractor.

The functionality includes rating and taxing scorecards for each contract area.

The performance evaluations are managed by Valuation Services’ Quality Assurance and Compliance teams, and the rating and taxing scorecards are currently being enhanced to include more measures, along with a final grading. The grading is an acceptable publishable measure of performance that will ensure fairness and accuracy in the calculation of land values. Testing has commenced with full implementation expected in 2019.
Our divisions

Strategy
Our Strategy division is responsible for the development of whole-of-government policies, strategies and initiatives to optimise the State’s property portfolio, improve real property asset management and implement reforms that contribute to government priorities.

Major Projects
Major Projects provides development management and real estate advisory services for large-scale, high-value and complex real estate projects on behalf of the NSW Government. Its services include acquisition and divestment management, development and project management, and feasibility and options assessment activities. The work extends to master-planning, design, rezoning and management of planning applications, lease pre-commitments and divestment terms.

Valuation Services
Valuation Services manages the valuation system on behalf of the Valuer General under formal delegation. Services include:
- the management of customer services and the provision of information to stakeholders
- the management of valuation service contracts and provision of information to contract valuers
- the objection review process
- auditing and ensuring the quality of land values
- maintaining the Register of Land Values
- day-to-day management of valuations completed under the Valuation of Land Act 1916; and
- the development of operational procedures.

In addition, Valuation Services manages the determination of compensation process on behalf of the Valuer General.

Commercial Transactions
Commercial Transactions is responsible for the evaluation, planning and delivery of property acquisitions and disposals on behalf of government agencies across a wide spectrum of projects and portfolios.

**Note – Commercial Transactions integrated with Major Projects to become Development and Transactions in July 2018.**

Operations
Our Operations division is responsible for providing high-quality business support and corporate services to the group. The division provides specialist services in information technology, business transformation, communications and marketing, human resources, legal affairs, risk and compliance management, and other general business services.

Place Management
Place Management is responsible for the ownership and management of State-significant precincts, The Rocks and Darling Harbour. Place Management aims to uphold community, social, heritage and commercial interests by providing world-class places and experiences that attract more than 42 million visitors per year to our precincts.

Public Works Advisory
Public Works Advisory provides a broad range of infrastructure advisory, project management and engineering services across NSW to assist state and local government clients to deliver, manage, operate and maintain the State’s critical infrastructure. The division uses its expertise in planning, design, delivery and maintenance of infrastructure projects to assist clients to maximise value, minimise costs and manage risks for their infrastructure programs.

Portfolio Management Group
The Portfolio Management Group (PMG) is the principal point of contact for Property NSW’s government agency customers for their day-to-day office accommodation needs. PMG is responsible for the fully-integrated asset management, property and lease management, and facilities maintenance services for government-owned and leased properties across the State.

Property Financial Services
Our Finance team is responsible for measuring and analysing the financial performance of the Property and Advisory Group, as well as administering the group’s financial transactions and providing financial and administrative support. This includes the management of all financial data relating to owned real estate, managed leases and all projects undertaken by the group.
Environment and sustainability

The Property and Advisory Group recognises the need to responsibly use natural resources in a sustainable way and in accordance with the NSW Government Resource Efficiency Policy July 2014 (GREP) and NSW Energy Efficiency Action Plan August 2013.

It is imperative to Property NSW to deliver sustainable outcomes for its assets portfolio. Its key objectives in this area are to improve resource and operational efficiencies while reducing costs for properties owned and leased for government agencies.

Property NSW will realise savings by:

- building and occupying assets which achieve NSW GREP requirements
- driving performance on leased sites with green leases
- integrating sustainability requirements in all relevant capital works, and
- ongoing improvements in operational efficiency to reduce energy, water and waste costs at owned and leased sites.

FY17/18 key outcomes

- National Australian Built Environment Rating System (NABERS) energy ratings – 38 per cent of rated Net Lettable Area (NLA) during FY17/18 was at, or above, 4.5-star rating (exclusive of Green Power).

- NABERS water ratings – 75 per cent of rated NLA during FY17/18 was at, or above, 4-star rating. The Grafton Government Office Building was once again one of the most water-efficient offices in Australia, achieving a 6-star NABERS water rating for the second consecutive year.

- Green lease coverage - buildings with a green lease comprised about 397,000m² of NLA.

- Property and Advisory Group released its Sustainability Plan 2018-2020 and Sustainability Policy. The initial focus is on assets owned, or leased, by Property NSW. Key commitments include 5-star NABERS energy targets for owned and leased offices over 1,000m², and continued commitment to sector-leading green leasing programs for leased offices over 2,000m².

- Property NSW and its project partners gained international recognition in the Chartered Institute of Procurement and Supply Australasia Awards in the Best Supplier Relationship category. This award recognised the strong collaboration between project partners during the 2017 trial of the Greensense energy monitoring system, which has subsequently been rolled out, alongside the Buildings Alive platform, across multiple owned and leased sites to monitor and manage energy use.

- Robotic electricity invoice validation has been rolled out for all electricity accounts held by Property NSW, generating savings of between 10 and 14 per cent via bill validation, verification and streamlined payment process. By reducing processing times, Property NSW can achieve on-time payment discounts and avoid late payment penalties.
• Utility Data Analytics and Alerting Platform – empowering owned properties and government tenants to identify electricity waste and operational efficiency opportunities via scheduling and control changes.

• The implementation of an advanced predictive building optimisation platform across 13 large owned NABERS-rated assets, allowing Property NSW and its outsourced service providers to closely manage energy consumption.

• Property NSW and the NSW Office of Environment and Heritage successfully piloted the new “Co-assess” NABERS rating for the large leased site at 160 Marsden St, Parramatta, supporting the development and adoption of this new industry benchmarking tool.

• Summer Emergency Readiness – a peak demand management plan was developed for priority owned offices, allowing Property NSW to quickly reduce electricity demand and support the State’s electricity network during summer.

• Water data loggers were successfully installed at 15 priority owned sites, providing the portfolio’s first advanced water monitoring system.

• As of 30 June 2018, a Portfolio Waste Contract has been implemented for 24 large owned sites where Property NSW has operational waste control. This initiative will assist Property NSW to comply with annual GREP reporting requirements and provide a full suite of general waste, co-mingled recycling and paper/cardboard collection services.

• Smart meter rollout on small sites. Property NSW has switched to smart interval data metering under the whole-of-government 778 Contract and the Power of Choice framework. This enables the move from existing quarterly manual metering to daily monitoring, analysis and fine-tuning of building operations.

• A new Mechanical Electrical Fire vendor was appointed, consolidating over 10 legacy contracts into a single service provider to coordinate and deliver a building efficiency optimisation program that focuses on owned offices subjected to GREP NABERS performance targets.

• NSW GREP and other guideline documents: Property NSW has developed the following sustainability and resource efficiency guidance notes for government agencies:
  - energy and water appliance, fittings and fixture
  - LED lighting upgrade
  - low Volatile Organic Compounds (VOC)
  - rooftop solar pv
  - office fitout design principles
  - key whole-of-government contracts
  - waste management
  - green lease schedules and management framework
  - new building performance brief.