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Document: Report dated 22 September 2011

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CSIRO

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Property Services Functional Review
Final Report v4.0

22 September 2011

grosvenor
management consulting

Contents

		Page No.
	Executive summary	3
1	Introduction	4
2	Review Scope and methodology	6
3	Findings	9
4	Conclusions	35
5	Recommendations	42
Attachments		57

Executive summary

Grosvenor management consulting have undertaken a comprehensive review of CSIRO Property Services (CPS). The purpose of this review was to identify changes to:

- drive business improvement towards a more customer-focused service orientation
- ensure business relevance in the scope of CPS activities
- increase business impact in the delivery of activities
- facilitate a flexible structured/skilled and resourced function.

The review found that current management processes, procedures and systems fall well short of leading practice. Similarly the structure and capabilities of the Enterprise team has not kept pace with industry change.

A lack of strategy or ownership of strategy was evident. In addition CPS was found to have poor IT systems. Multiple silo systems some internally developed, were contributing to poor performance and a lack of transparency of costs.

The service delivery model, systems and structures with CPS were found to have remained unchanged for many years and consequently were assessed as behind what is an acceptable level of performance.

An aging staff profile (average age >51 y/o) with very low turn over (4% pa).

Recommendations to improve current performance have been developed as follows:

- **restructure the Enterprise team** – a wholesale restructure is required which will redefine roles and responsibilities towards strategy and client engagement. Zone managers are to be given more autonomy and control over budgets and report directly to the G.M.
- **change the service delivery model** – this is required to improve basic data capture and information management systems. Options were explored with the preferred option based on the minimum level of outsourcing. This change will result in improved efficiencies and a substantial change in the ability to measure and manage performance.
- **increase the scope of CPS services** – services should be broadened to included all site based shared services covering switchboards, mailrooms, reception and stores. Business managers do not want to manage these services and CPS will be able to improve service levels and efficiencies
- **refocus management on strategy and engagement with science leaders** – by changing team structures and by implementing an outsourced contract to manage all data and reporting, the CPS leadership team will be able engage with science leaders and develop strategies to better align the portfolio to support the science.

1

Introduction

1. Introduction

Review of CPS to improve operational and strategic property management

CSIRO both own and manage a substantial portfolio of property assets which support a wide variety of business needs from science and research through to administration and support services.

Unique to CSIRO is the diverse range and complexity of these assets, the maintenance and support of which is critical to business operations. For CSIRO property also represents the largest balance sheet asset class at over 75% of non-financial assets[1] .

As the organisation continues to define and clarify its strategic direction, so too should the management of CSIRO's property assets aim to align the property portfolio with the strategic direction of the organisation.

CSIRO Property Services (CPS) have responsibility for operational, transactional and strategic management of all property assets. Like many organisations, CSIRO has found that industry wide improvements in the processes, systems and approaches used to manage property have moved faster than their own internal management practices.

For this reason Grosvenor were engaged to review the operations of CPS, develop an understanding of the gap between current and best practice and develop a road map for change and improvement.

To ensure a complete assessment of CSIRO's property function, the review included the full scope of operational, transactional and strategy functions. This required:

- assessment of internal team structures
- a review of both management and property related costs
- interviews with key internal stakeholders to inform the extent of alignment and service quality
- comparison to industry best practice and advice on the market for externally delivered services.

Grosvenor's experience enabled CPS to be assessed against both public and private sector organisations including FMA agencies, manufacturers, airlines, utility companies and Defence.

The following report summarises the outcomes of this review carried out from June through to August 2011. It includes a summary of Grosvenor's findings and conclusions together with specific recommendations aimed at improving operational performance and resource efficiency.

Finally, the report recommends changes to the management structures within CPS that will bridge the gap between current and best practice. Implementing these changes will also create the structures necessary to improve the strategic management of CSIRO's substantial property holdings.

Notes:

1. CSIRO Annual Report 2010/11

2

Review scope and methodology

2. Scope of the review

A comprehensive review of the entire CPS function

The scope of this review covered all aspects pertaining to the management of property within CSIRO and the structures, systems, processes and resources utilised by CPS to deliver property services.

The review scope included:

- review of internal functions, resources, structures, roles and responsibilities of the CSIRO property team
- collation of the total spend for property covering operational, capital costs and the cost of managing the delivery of services
- assessment of service delivery structures and processes both internal and contracted
- assessment of client engagement and relationship management process including client satisfaction assessment and reporting
- review of the property strategy and assessment of its alignment to core CSIRO goals, strategic road map and business unit activities
- assessments of systems tools and process used to manage the portfolio, costs and property data.

The benefits to CSIRO arising from this review were summarised as:

- a better understanding of the scope and function of the property business
- an assessment of the total portfolio costs from which to measure the effectiveness of any changes
- a road map that assesses current performance, compares this to best practice and outlines the key areas for improvement
- an understanding of the options available to improve current outcomes, the risk associated with each option and the change processes required
- an understanding of the market for property services and where the opportunities exist to leverage market capabilities
- an understanding of the extent to which CSIRO property, and the services delivered, align with the organisation's strategy.

The recommendations from this review were required to identify changes to:

- drive business improvements towards a more customer-focused service orientation
- ensure business relevance in the scope of CPS's activities
- increase business impact in the delivery of activities
- facilitate a flexible structured/skilled and resourced function.

2. Review methodology

Extensive staff and stakeholder engagement

The methodology used for this review is summarised in Attachment 1. Key aspects of the methodology included:

- interviews with all available CPS staff either in individual or team meetings. Most of these were carried out face to face; however, for practical purposes a number were also completed via phone and video conferencing
- online staff survey distributed to 133 CPS staff members. Response rate was 86% (115 responses) and provided detailed qualitative and quantitative feedback on staff issues and priorities for change
- interviews with 22 senior CSIRO internal stakeholders through a mix of face to face and phone/video conferencing. A full list of interviews is contained in Attachment 2.
- interviews with other corporate service divisions including finance, OHS, HR, legal and procurement
- site visits to Queensland, NSW, South Australia, ACT and AAHL in Geelong. Attending sites was seen as critical to receiving open and honest feedback as well as ensuring that the review process was seen by stakeholders to be comprehensive and complete
- detailed data collection of all financial and non financial information from CPS, finance, OHS, procurement and divisional and executive managers.

In developing our findings and conclusions a number of interim meetings were held with a designated project working group, chaired by the project sponsor with representation from finance, CPS and HR. During these meetings progress was discussed and initial views tabled for clarification and further direction.

In all efforts the review team found CPS and CSIRO management open and willing to provide feedback and information. A genuine belief that change was needed within CPS was expressed by the vast majority of stakeholders; however, the nature and extent of the required changed varied.

Much of the property and cost data was provided by the senior managers within CPS . The data they provided did not always correlate with other data sources. This is not unusual for this type of review and in CSIRO's case this is even more understandable given the multiple separate systems within which property related data is managed.

Every effort has been made to compare and validate the information collated. Comparisons to other property portfolios both within FMA agencies and from the private sector were used to compare and benchmark CISRO data.

While we are confident that the best available information has been used for this report, there are limitations to the granularity of analysis available based on the quality and availability of data.

3

Findings

3. Findings

Organisational Assessment Framework

This section of the report details the findings of the review. To provide structure to these findings we have used Grosvenor's Organisational Assessment Framework which is summarised in diagram opposite. Further details of this framework, together with an explanation of the structure, content and linkages for each element are provided in Attachment 3.

In total the framework covers 12 elements of organisational design and practice for CRE[1] functions. These elements are grouped into five section, with each section containing two to four related element. For each element we describe the current practice within CPS.

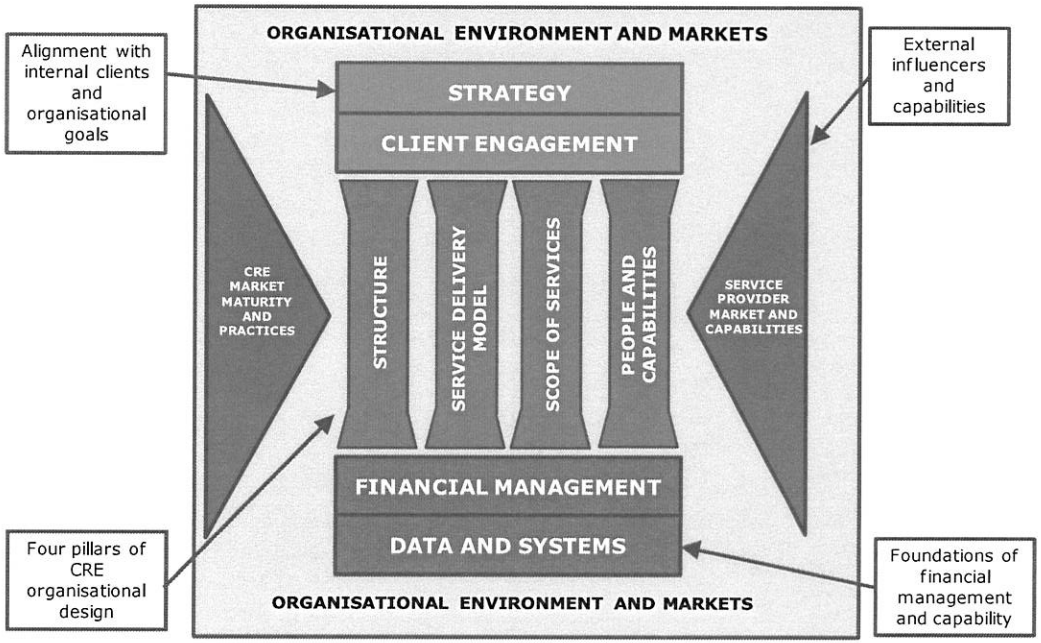
These findings are informed from the core data and discovery process described in Section 2 of this report and summarised below:

- stakeholder interviews with CSIRO executive and management
- staff interviews with CPS teams and individuals
- review of existing documentation, reports and processes
- investigation into existing systems and data management
- assessment of financial and portfolio data
- staff online survey.

This information was further assessed against Grosvenor's data base of current practices process, systems and structures for both public and private sector organisations.

Finally, findings were informed through external benchmarks developed by Grosvenor through similar reviews and assessments.

Corporate Real Estate - Organisational Assessment Framework



1. CRE – Corporate Real Estate. Industry terminology for the management of property for occupiers.

3. Findings – CSIRO property portfolio

A substantial freehold portfolio

3.1.1 Summary of Freehold Property

CSIRO hold a substantial portfolio of freehold property. Revaluations were undertaken as at 30 June 2011 and are summarised in the adjacent table.

	Number	Site Area SQM	Value
ACT	7	9,222,043	$ 201,125,651
NSW	13	32,890,961	$ 206,776,303
QLD	14	45,427,639	$ 262,606,776
SA	2	26,708	$ 36,785,063
TAS	2	40,380	$ 59,271,424
VIC	12	1,317,089	$ 638,102,068
WA	5	3,469,624,804	$ 174,483,245
NT	2	217,184	$ 14,918,141
Total	**57**	**3,558,766,808**	**$ 1,594,068,671**

3. Findings – CSIRO property portfolio

A large diverse portfolio of properties

3.1.2 Summary of buildings by state

While occupying less than 60 sites, the CSIRO portfolio has a large number of buildings and structures.

CSIRO summary of buildings by type

	Office		Land		Laboratory		Workshop		Misc		Agricultural	
	Number	GBA	Number	GBA	Number	GBA	Number	GBA	Number	GBA	Number	GBA
ACT	52	43,780	30	6,702	35	51,626	85	13,167	74	4,351	76	9,369
NSW	36	26,072	17	10,020	55	70,024	76	21,991	67	11,349	45	7,225
QLD	25	10,336	28	17	22	60,525	43	13,985	29	2,402	26	6,410
SA	8	3,055	7	-	13	14,842	11	1,960	2	-	7	1,578
TAS	5	3,337	6	224	5	13,892	7	87	6	5,689	2	202
VIC	40	22,009	21	430	48	140,269	105	58,585	34	6,452	25	5,121
WA	16	11,192	8	-	9	13,395	35	24,320	27	840	18	2,872
NT	3	868	4	-	4	1,444	12	1,048	4	384	1	108
OS	-	-	1	-	1	593	1	752	-	-	4	328
Total	185	120,649	122	17,393	192	366,610	375	135,895	243	31,467	204	33,213

GBA – Gross building area

3. Findings – CSIRO property portfolio

Total internal costs of management

3.1.3 Management Costs for CPS

The total cost of the CPS management structure is summarised in the adjacent table.

These costs were developed to enable assessment of the cost impact associated with change recommendations.

While no specific findings were developed, the following observations were made:

- travel costs appear very high compared to other organisations assessed, often with larger portfolios
- IT costs associated with multiple internal systems could not be identified

Category	2010/2011
Salaries Enterprise	$ 1,884,167
Salaries Zones	$ 9,165,577
Total Salaries	$ 11,049,744
Direct overhead (LSL, Sick leave, payroll tax)	$ 2,596,690
Indirect overhead (IT, HR, Property)	$ 2,185,500[1]
Total staff costs	$ 15,831,934
Contactors	$ 443,000
Travel and other costs associated with management team expenses	$ 739,000
Total management costs	**$ 17,013,934**

Notes:

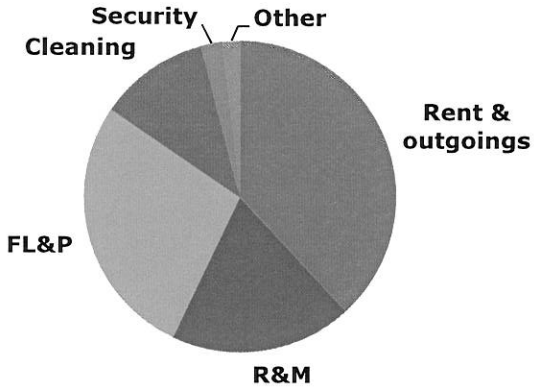
1. Estimate based on benchmark overheads for FMA departments

3. Findings – CSIRO portfolio costs

Total expenditure 2010/2011

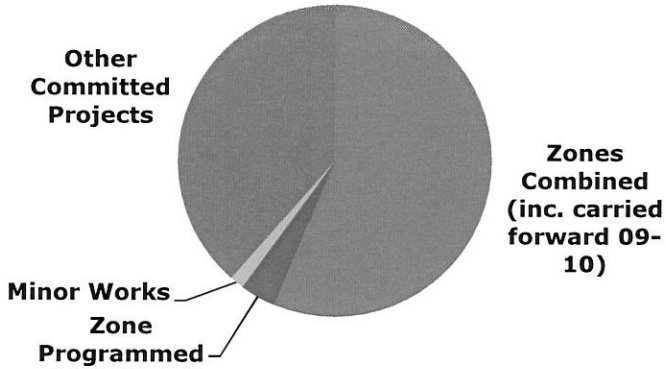
3.1.4 Summary of costs managed

OPEX



Rent & outgoings	$25,434,681
R&M	$12,624,800
FL&P	$18,341,233
Cleaning	$7,624,501
Security	$1,488,933
Other	$1,234,788
TOTAL	**$66,748,937**

CAPEX



Zones Combined (inc. carried forward 09-10)	$36,000,000
Zone Programmed	$2,375,000
Minor Works	$933,000
Other Committed Projects	$24,668,000
TOTAL	**$63,976,000**

3. Findings – Scope of services

The scope should include all site related shared services

3.2 Scope of services

As for the existing structure of CPS, the scope of services delivered and the associated allocation of responsibility for cost and budgets were defined as part of the RSS process.

However, not all the services that were previously undertaken within the various science divisions were transferred to CPS as part of the RSS process. Similarly as the CPS Zones were created through the centralisation of resources and functions from within the science divisions, each Zone developed differences in how it defined the scope of services it delivers.

As a result, internal stakeholders are not clear on the boundaries of the service delivered by CPS and many raised examples of where the definition of CPS responsibility was, at best, arbitrary.

This lack of clarity causes wasted effort and resources as divisions "shop around" for services that CPS will accept the cost of delivering. Similarly, CPS were perceived to be using this lack of clarity to define service scope to suit its budget constraints rather than its mandated support role.

Another dysfunction caused by this lack of scope clarity was the fact that divisions were undertaking facilities management related tasks and services directly rather than through CPS. For example, in Tasmania the Marine and Atmospheric Division has recently employed a number of staff whose primary role is facilities management.

Finally, Divisions are undertaken site related shared services roles including, reception, catering, stores management and common area management as CPS has defined that these tasks are outside their scope and budget responsibility.

Grosvenor's own experience confirms that all site related shared services should be consolidated under the one management structure. This aligns with the CPS staff survey where many staff noted that increasing service levels to the business required taking on responsibility for site related shared services.

Similarly, feedback from senior science leaders confirmed that they did not believe they should continue to manage site related shared services including:

- reception
- mailrooms
- stores
- cafeterias
- switchboards.

This scope change must be accompanied by a transfer of the associated resources and budgets from the science divisions to CPS. Zones would then be required to indentify improvements and efficiencies, the benefits of which would be passed back to the divisions.

3. Findings – Service delivery model

Internal resources for operational tasks is not leading practice

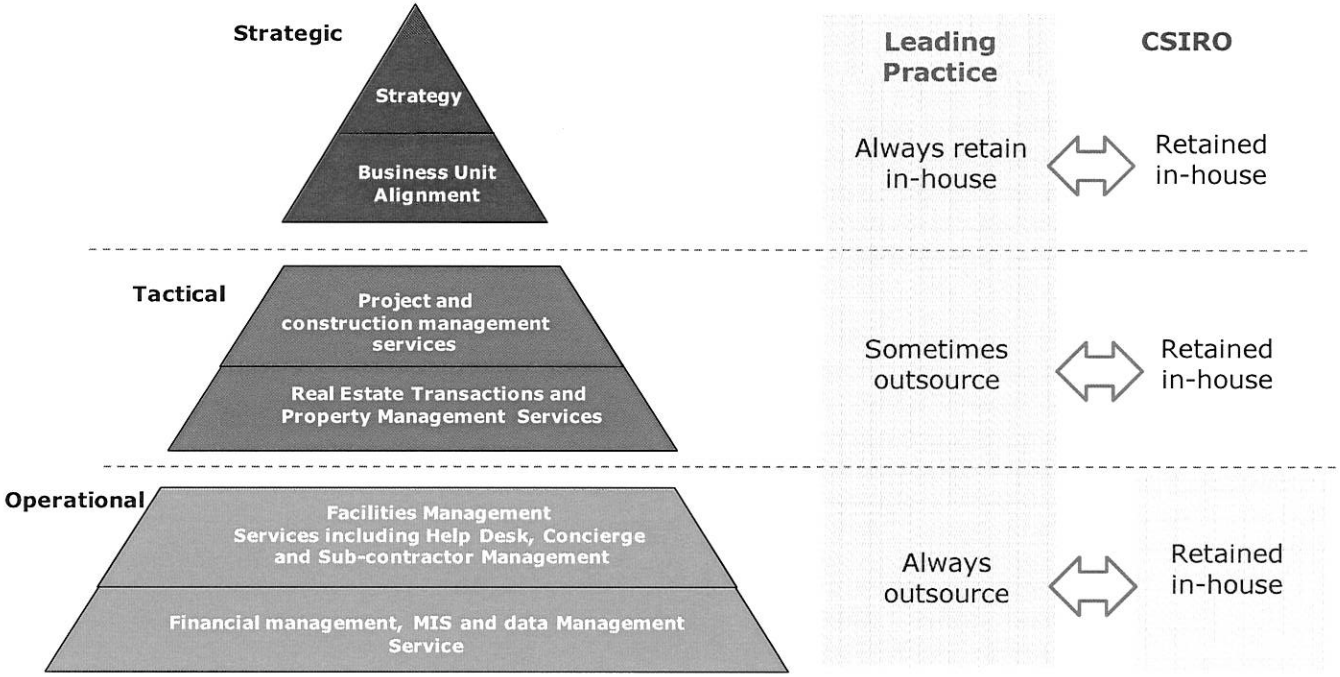
3.3 Service delivery model

The review found that the model used by CPS to deliver services was heavily reliant on internal resources. Commonwealth departments and agencies have embraced the move to outsource operational property services.

This has been the case for the past 10 years. Similarly, leading practice in industry is to outsource operational property services.

CSIRO has not been able to align itself with leading practice.

Leading practice for both public and private sector organisations includes engaging specialist providers to undertake all operational and the majority of tactical services. Internal resources are able to focus on client needs and strategy. The following diagram illustrates this.



Best Practice Model for Property Delivery

3. Findings – Service delivery model

Value chain identifies area of low value internal effort

Similarly the level of supervision and trade activity as compared to best practice was found to be very high. The following diagram illustrates this across standard value chains for the core services delivered.

While all Zones contracted the majority of trade services, some were still reliant on internal staff for some trade based services. All Zones retained a level of supervision that is in excess of best practice. A variety of contracting models are used depending on local preference and traditional practices.

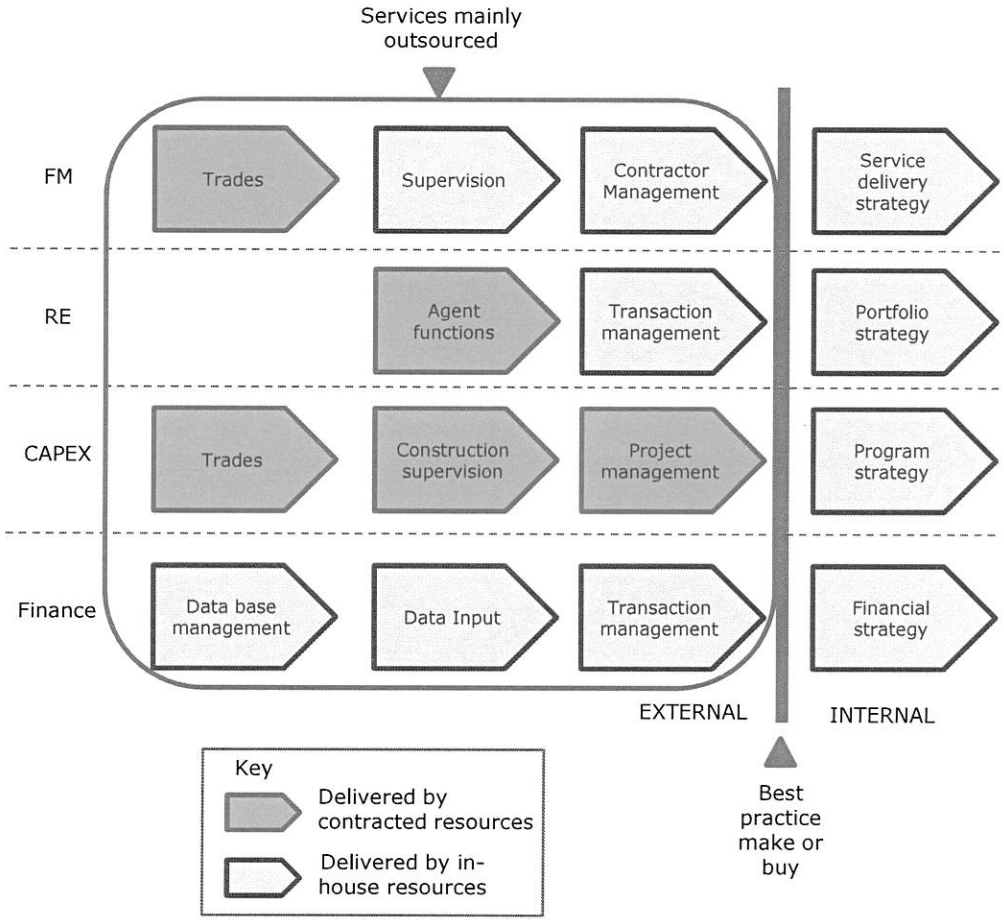
The key issues caused by this are:

- a lack of consistent practice and process across regions
- varying levels of compliance management
- excessive resources deployed to supervise low level services
- poor data and information management practices

A primary benefit of best practice service delivery strategies is the ability to leverage sophisticated management information systems (MIS) deployed by the service provider market.

While dealt with further in Section 3.6, the current use of internal systems to manage all services and data was found to be a major impediment to improvements in service levels, and efficient use of resources.

Value chain analysis of service delivery



3. Findings – CPS Structure

Absence of a role for function for to focus on strategy

3.4 CPS structure

The existing CPS head office Enterprise structure is based on a function model which divides the responsibilities across four key functions of:

- Capital Projects and Sustainability
- Planning and Facilities
- Facilities Services
- Property Resources.

Further support is provided through:

- executive project support
- business support covering finance, HR and HSE.

Service delivery is managed through six geographic based management structures and one function structure known as zones. These seven zones are:

- AAHL (functional)
- Victoria
- Tasmania
- Sydney NSW
- QLD ACT/Griffith
- ACT/Griffith
- SA/WA/NT Merebein.

Diagrams for existing structures are provided in Attachment 4.

The current structure was established in 2008/09 during the enterprise wide restructure known as Research Support Services or RSS. While in principle this centralisation of support functions is regarded as best practice, in this instance the review found that aspects of the RSS process were unfinished.

Specifically, the RSS process established Zone operations by centralising property related services, resources and responsibilities. However, the process did not adequately define the function and role of the Enterprise, or head office, CPS team.

Of significant note was the absence of a role or function in the Enterprise structure dedicated to the development of strategies for the property portfolio.

The review found considerable dysfunction in the relationship between the Zones and Enterprise teams resulting in a lack of clarity concerning roles and responsibilities together with considerable overlap of tasks and activities.

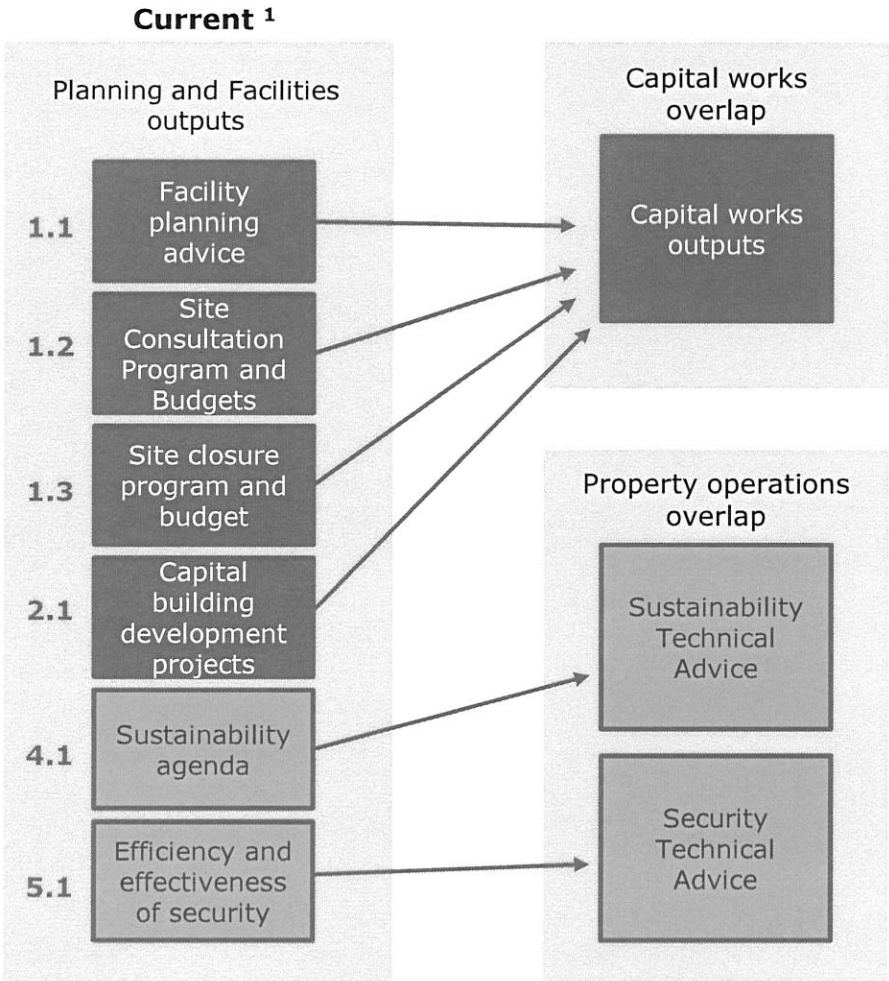
This overlap occurs in two specific areas:

- between capital projects and planning at the Enterprise level
- between Enterprise functions and Zone responsibilities

The majority of activities and tasks undertaken in the Planning and Facilities function were found to be a subset of Capital Works planning activities. The remaining tasks relate to the facilities operations which are better allocated to Zone managers or specialist technical advisors.

3. Findings - CPS structure

Significant overlap between Planning and Capital Works



This overlap creates uncertainty and a lack of clarity between Capital Works Management and Planning and Facilities. Similarly Zone Managers and customers are unclear of responsibilities. Duplication of effort and resulting inefficiencies occur as was noted by one executive stakeholder:

"...we are required to provide planning input to John's team and then again to the architects when they arrive..."

While the structure of geographically based teams focused on local delivery of services is best practice, their relationship to the Enterprise team is not.

Prior to the implementation of RSS Corporate Property Services, the forerunner to the current CSIRO Property Services (CPS) had a narrow mandate that focused on major developments and capital works only.

The shift to managing the full range of projects, operations and strategy was found to be only partly complete.

With the addition of Zone functions into CPS the alignment between Enterprise (centre) functions and those of Zone (delivery) functions should have also occurred.

The review found that this did not take place resulting in a lack of clarity as to the Zone and Enterprise allocation of responsibility.

Notes:

1. Outputs described in 2011 Annual Performance Agreement

3. Findings – People and capabilities

A significantly ageing workforce

3.5 People and capabilities

In total 135.65 FTEs are engaged by CPS across the following functions:

Function	FTE
Enterprise team	19.70
AAHL Zone	42.00
Victoria Zone	10.30
Tasmania Zone	4.00
Sydney NSW	18.10
QLD	13.05
ACT/Griffith	17.00
SA/WA/NT Merbein	11.50
TOTAL	135.65

While the range of skills and experience varies, overall the level of qualifications and experience were found to be high.

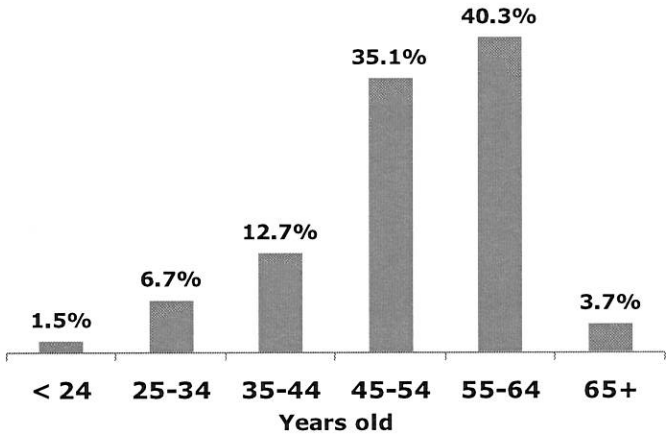
Often property support functions like CPS are staffed by general administration staff however, CPS has a greater level of technically qualified property industry professionals than are evidenced in most if not all other Commonwealth departments and agencies.

Analysis of the current CPS workforce found a number of important issues.

Age profile

A number of findings combine to indicate that the CPS workforce is largely stagnant including:

- average age of the CPS cohort is over 51 years old
- turnover over is very low by industry standards at 4%
- average retirement age for CPS staff is at 64.5 years.



In addition to this the low turnover and longer than normal tenure of staff has resulted in a situation where, through annual wage increments, staff are overpaid relative to their responsibilities.

The workforce was found to be older, very stable and as such, unlikely to embrace major change well.

3. Findings – People and capabilities

Remuneration levels are higher than comparable APS salaries

Resource levels

Total resource levels were found to be higher than other organisations. The portfolio size, geographical spread and complex asset types managed by CSIRO were given as reasons for this.

This reasoning does not support CPS's current resources levels which are greater than many organisations with portfolios many times the size , with greater geographical spread than CSIRO and similar complexity of assets

Remuneration levels

The level of remuneration for existing roles was, in a number of instances found to be much higher than the benchmarks for similar roles.

A random sample of positions were assessed against comparable APS roles which found the CPS staff to be remunerated on average over 20% higher than the median salary level for comparable APS roles.

CPS Staff

PS Group	Level	Work Contract	Zone	Base Salary
CSOF5	2	Admin	Enterprise	$ 89,987
CSOF6	M	Admin	Enterprise	$ 116,265
CSOF5	1	Tech	Tasmania	$ 86,435
CSOF6	M	Tech	SA/NT/WA	$ 116,265
CSOF5	M	Admin	Enterprise	$ 93,537
CSOF5	M	Tech	ACT / Griffith	$ 93,537
CSOF6	1	Admin	Enterprise	$ 99,218
CSOF5	M	Admin	Enterprise	$ 93,537
CSOF6	M	Tech	Queensland	$ 116,265
CSOF4	M	Tech	Queensland	$ 82,884
CSOF4	M	Tech	Victoria	$ 82,884
CSOF6	M	Tech	NSW	$ 116,265
CSOF5	M	Tech	ACT / Griffith	$ 93,537
			Total	**$ 1,280,616**

APS Equivalent

EQV APS Grade	Median Salary	Difference
APS 4	$ 60,089	33%
EL 1	$ 93,171	20%
APS 6	$ 75,243	13%
EL1	$ 93,171	20%
APS 3	$ 47,309	49%
APS 6	$ 75,243	20%
APS 6	$ 75,243	24%
APS 6	$ 75,243	20%
EL 1	$ 93,171	20%
APS 6	$ 75,243	9%
APS 6	$ 75,243	9%
EL 1	$ 93,171	20%
APS 6	$ 75,243	20%
Total	**$ 1,006,783**	**21%**

3. Findings – People and capabilities

High levels of engagement with the survey

3.5.1 Staff survey

To further inform the review on the views and attitudes of CPS staff, an online survey was undertaken. Details of the survey are provided in Attachment 5 with summarised highlights as follows:

- of the 133 staff surveyed, 115 responded. This equates to 86% which demonstrates a strong desire to engage
- most staff believe that service levels are appropriate
- AAHL scored worse for satisfaction and engagement across almost all measures
- the use of existing CPS IT tools is very low
- there is a lack of understanding of both CSIRO and CPS strategy.

There is a wealth of information contained within the survey which CPS management should take time to review and digest.

For the purposes of this report the survey is most useful in assessing staff readiness for change and staff perceptions of what changes will be required. Based on this assessment of the review found:

- a strong belief that more staff and increased budgets are required. This contrasts significantly with the reality that substantial extra funding is not likely and CPS need to find ways to do more with less
- a belief that more trade based staff are needed in the Zones. This contracts directly with leading practice organisations which have no trades directly employed
- a view from AAHL staff that their budgets and resourcing are "unsustainable" when in fact AAHL is better resourced and their budgets better maintained than all other CSIRO sites
- a generally inflated view of the quality of CPS performance when this review finds otherwise.

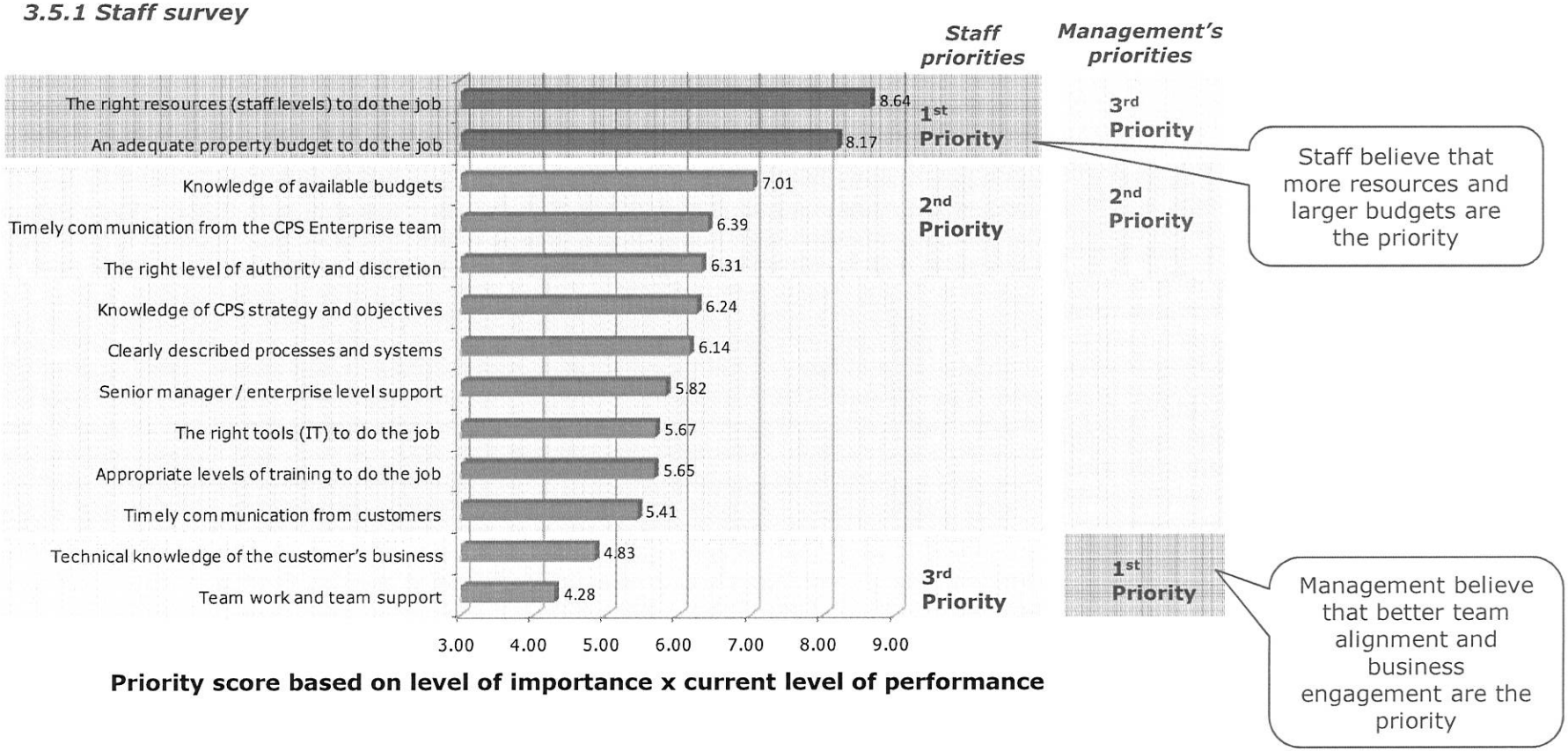
Considerable change management issues will arise from the difference between staff perceptions and the extent of the changes required to improve overall CPS performance.

Survey responses	Response Percentage	Response Count
ACT / Griffith	13.9%	16
Sydney NSW	13.0%	15
Victoria	11.3%	13
Tasmania	2.6%	3
Queensland	12.2%	14
SA/WA/NT/Merbein	10.4%	12
AAHL (Geelong)	25.2%	29
Enterprise team	14.8%	17
	answered question	**115**

3. Findings – People and capabilities

Staff's perception of changes contrast directly with management's priorities

3.5.1 Staff survey



3. Findings – Financial management

Poor cost allocation and space management

3.6 Financial management

The management of financial aspects of CSIRO's property portfolio is, as with all organisations, a core aspect of administration and governance of the business. The review found significant shortcomings across a number of aspects that require improvement.

Overall the transparency of costs and the clarity of responsibility for managing those costs was found to be poor. Divisional managers cited multiple instances where their understanding of the allocation of responsibility between CPS and their business was unclear. Similarly a number of instances were cited where the final responsibility for costs varied between Zones.

At the Zone level, management within budgets for both operational (P&L) and capital projects was not rigorously enforced. Multiple instances were noted of significant variations between approved and actual project costs.

Due to this lack of ownership and transparency of costs, divisional managers had responded by either applying local pressure on CPS or funding works themselves from other operational and capital budgets.

3.6.1 Cost allocation

Fundamental to the management of property costs is the management of demand for accommodation and the efficiencies that this creates. User pays methodologies are essential in complex dispersed organisations where decisions on accommodation usage are disaggregated to local managers. Managers need to be motivated to use property resources efficiently.

This is achieved by allocating property usage charges to the occupying Division or business unit via a cost allocation system. This motivates the local managers to work with the central property team to identify and execute strategies to reduce space usage and therefore costs. In CSIRO only a rudimentary system of cost allocation exists.

Accordingly, divisional managers are not motivated to improve space efficiency and business decisions that could result in improvements are not prioritised. CPS are then required to 'police' space usage which causes relationship issues and leads to sub-optimal outcomes.

	Area per workpoint
FMA agency mandated office space usage efficiency	16 sqm[1]
CSIRO estimate	33 sqm[2]

Notes:

1. PRODC requirements - Department of Finance and Deregulation
2. CPS own measurement estimated based on office area

3. Findings – Financial management

Maintenance spend is below available benchmarks

3.6.2 Maintenance expenditure

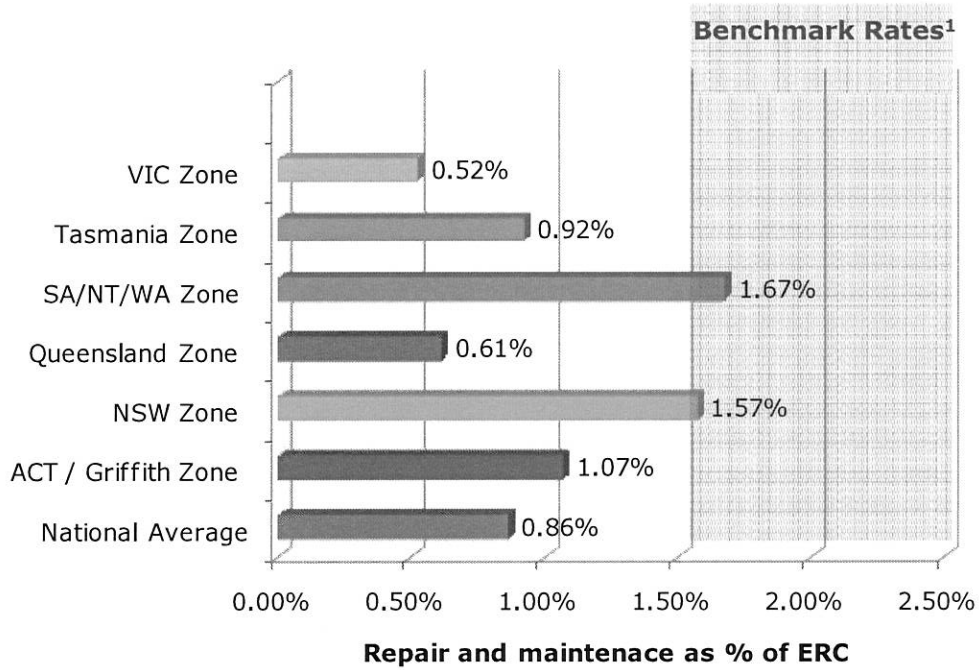
The review found limited understanding across the business of the differences between discretionary and non-discretionary expenditure. Property maintenance services are required to a minimum level to maintain workplace safety and compliance .

Without this understanding, property budgets for repairs and maintenance have been consistently reduced. Current expenditure was found to be below acceptable benchmarks.

The lack of expenditure on regular repair and maintenance was raised by the vast majority of the stakeholders both within CPS and across the divisions. It is recognised that this is resulting in reductions in the utility of accommodation which is summarised in the following chart.

While not the focus of this review, the level of expenditure to maintain suitable levels of accommodation standards was noted as a major concern for both CPS staff and Divisional Management.

Finally, the financial management aspects of CPS are influenced significantly by the data management systems supporting them. While dealt with in the following sections of the report, the lack of a single comprehensive property management information system capability was found to be both a cause and in some cases an effect of the issues noted above.



Notes

1. Data sourced from US Department of Defence - *Facilities Pricing Guide 2010*.

3. Findings – Systems and data management

3.7 Systems and data management

CPS's approach to management information systems (MIS) and associated data and reporting requirements have evolved in response to individual circumstances, rather than being part of a planned or strategic approach.

Accordingly CPS currently use multiple overlapping systems to capture, manage and report property, portfolio, cost and performance information. A summary of the various systems deployed is provided in tables overleaf.

With no organisational or departmental approach, each senior manager in the Enterprise team has developed their own systems solution. Many of these systems were poorly supported by CPS staff and their value to the organisation is highly questionable.

Staff survey responses to current data and systems were sought for the main CPS specific systems deployed:

- MEX (FM work order and asset management)
- LAN Desk (Help Desk and work order)
- Property Service Resource (documentation management)
- Document Resource Centre (documentation management)
- Lease Database
- Estate Management Database

Survey results confirmed that:

- less than 20% of staff consider Landesk adequate and effective
- over 60% of staff do not use MEX
- 50% of staff do not use the Document Resource Centre

With each Zone developing their own processes for data management, the usage of systems and therefore the completeness of data within them is marginal at best.

The lack of integration of these systems was also found to result in excessive effort dedicated to double handling of data input and manual manipulation of information for reporting.

None of the current systems deployed was found to be leading practice when compared to those used by both public and private sector organisations. Both the Lease and Estate Management Database systems are simply SQL and Access databases developed internally.

The lack of integration of these systems means that any reporting that needs to analysis space, commitments, condition and costs information would need to be manually manipulated after extraction from multiple systems.

Access to timely, accurate and complete data sets is the foundation for strategic management of any portfolio. The review found that this lack of capability in CPS is a major contributor to the absence of any strategic property planning.

3. Findings – Systems and data management

CPS specific IT systems

Facilities Management		
System	**Data Held**	**Primary Outputs**
MEX	CMMS – asset information, preventative schedules, contract information. Information not yet consistent across Zones.	Contracts, work orders, statutory requirements

Documentation Management		
System	**Data Held**	**Primary Outputs**
Property Resource Centre	Common documents library, templates, photos	Access for CPS staff
Property Resource Document Database	Plans, leases, construction documentation	Consolidated location
Property Operational Framework	CPS Procedures, forms and Registers	Procedures and proformas
TRIM	Corporate records	Access for CPS staff

3. Findings – Systems and data management

Additional and shared IT systems

Real Estate Management		
System	**Data Held**	**Primary Outputs**
Estate Management Database	Building usage and financial information Information on land (area, title, town planning, heritage, etc) buildings (year constructed, materials, levels, areas, etc) and usage (type of uses, occupants) Also has valuation information and Internal Leasing Scheme charge (ILS)	ILS, building usage Profile of portfolio Asset information sets as well as financial information.
Lease Database	Lease details Records of all tenancies, either as landlord or as tenant Basic Access database developed as a temporary means of recording data.	Critical dates, tenancy information Basic details of tenancies including dates, term, rental review dates and types, option provisions, termination dates, contact details, rental & outgoing details

Help Desk		
System	**Data Held**	**Primary Outputs**
LAN Desk	System is the CSIRO wide service centre used by CIM&T, HR, HSE and CPS. Data held is Location (sites)and, Buildings. For CPS it provides the service request with a list of task types (e.g. cleaning, maintenance, security, etc)	Single point of contact for entering service requests and to have consistency in information and requests Service request can be tracked by group dealing with the matter and by person that requested the service.

3. Findings – Systems and data management

Additional and shared IT systems

Project Management		
System	**Data Held**	**Primary Outputs**
Daptive	Project information	Project management
Partner Sites	Project documentation	Information sharing
Acconex	Project information	Project management
DataStream EAM	AAHL only asset management	Trade staff work flow, records of hours worked, maintenance work orders

3. Findings – Client engagement

Reactive engagement only

3.8 Client engagement

Effective engagement with CSIRO Divisional staff is essential to ensure that service delivery meets the requirements of the business. Accommodation strategies rely on CPS developing and maintaining effective working relationships with the CSIRO business and science leaders.

The review found the quality of day to day working relationships in the Zones to be generally good. As many of the Zone staff had previous experience working within Divisions, their understanding of the local issues and needs of internal clients was substantial.

However, processes used to gather information on client needs were found to be generally reactive. This combined with a lack of resources allocated to planning and strategy activities, resulted in CPS being constantly on the back foot, rather than proactively managing the needs of the business.

Further, where proactive planning decisions were attempted, due to a lack of engagement at the senior management level, CPS plans for change and site consolidation were inappropriately ahead of the business.

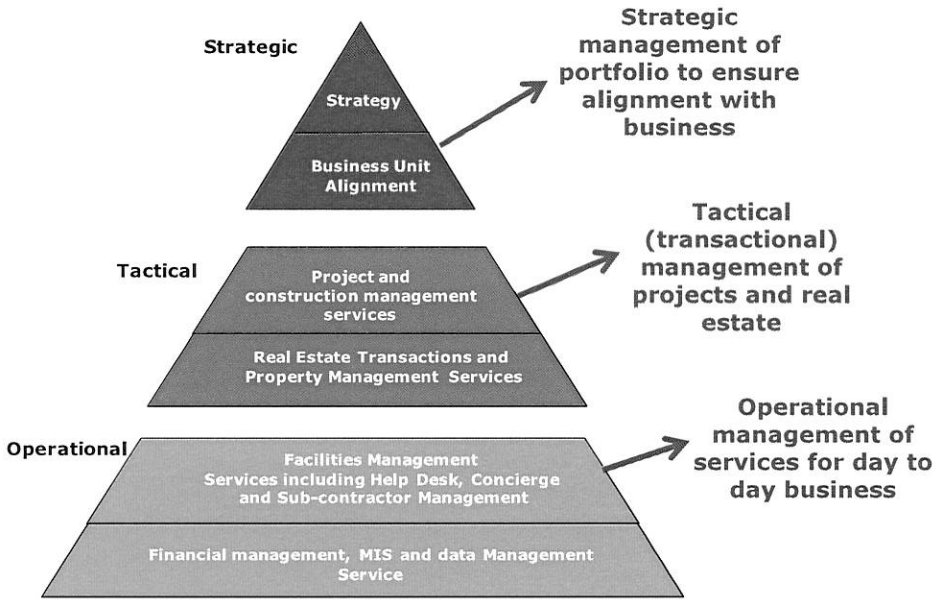
While the business has developed a program from regularly reviewing and agreeing the science investment strategy CPS have not aligned engagement processes to either input constructively into this strategic planning process or develop comprehensive responses to the investment plans.

3. Findings - strategy

No strategic planning processes

3.9 Strategy

As illustrated in the model below, property portfolios must be managed on three levels:



Best Practice Model for Property Delivery

The review found that no structured process for development of long term property strategies exist. The planning work carried out was at the tactical level in response to site consolidation issues or other business driven activities.

Little, if any, proactive strategic portfolio planning is undertaken. Similarly, no processes exist for development of strategic plans and measurement of strategic goals.

As one senior executive described it *"we have a strategy as you go approach"* referring to the reactive approach that was commonly described as strategy.

CSIRO's property portfolio is, by any measure, large and complex. The changing needs of the business require a planning approach which recognises the crucial role that accommodation solutions contribute to achieving science goals.

Due to the current allocation of roles and responsibilities within CPS, no clear ownership of strategy exists. This linked to our findings on structure where no there was no ownership of strategy.

This was noted by a number of internal stakeholders who commented on the lack of strategy and no clear understanding of how strategic decisions were made or how they provided input into those decisions.

The development of the Strategic Footprint outside of CPS is further evidence of the business "stepping in" where no clear CPS strategy existed.

3. Findings – Market practices and capabilities

CSIRO has not keep pace with leading market practices

3.10 Market practices and capabilities

A detailed market assessment is contained in Attachment 6 covering:

- typical organisational service delivery models
- industry trends in CRE and property management across public and private sector organisations
- the service provider market and capabilities.

The findings that are particularly pertinent to CSIRO are detailed below.

3.10.1 Industry trends

Generally, CPS was found to be lagging both the private and public sectors with respect to the management practices and capabilities. The diagram on the following page summarises industry trends across core capabilities covering:

- service delivery
- portfolio management
- customer focus
- internal resourcing and structure

The market for professional management of property portfolios has matured considerably over the last 15 years.

Since the Commonwealth Government's sale of the Australia Property Group in the mid 1990s, Commonwealth departments and agencies have improved the management practices for property with the key trends including:

- move to engage service provides to deliver operational and tactical services including financial transactions and data management
- shift of internal resources to client management, strategy and performance improvement
- greater use of service provider systems to provider transparency and clarity of costs and opportunities to reduce costs
- shift to a client centric model with proactive management of property portfolios to leverage value and support organisational change
- use of campus style accommodation solutions to consolidate corporate functions and push organisation change agendas.

These trends are true for all types of property portfolios. Organisations with large, graphically diverse portfolio's with complex sites and assets including Defence have all aligned their practices to leverage market capabilities.

This has improved operational performance while refocusing internal resources towards strategy and customer engagement.

3. Findings - Market practices and capabilities

CSIRO lags market practice

	Pre – 1990s "We're property and this is what you're getting"	Early 1990s "We're property and we know what's best for you" (CPS Current)	Late 1990s "How can we serve you better"	2000 + "This is how we can add value to your business"
Service Delivery Model	Majority of services performed by in-house staff	Out-tasking of some operational activities. i.e. cleaning, maintenance and project management	Structured contracts for all operational management and subcontractor supervision	Long term strategic relationships with specialist provider firms. 2nd and 3rd generation outsourcing
Property Strategy	Operational focus based on building management. Co-ordination fragmented or state-based	Contractor management to achieve operational objectives. Some basic benchmarking	Alignment of property to core business strategy. Cost reduction through incentive based outsourcing	Using CRE as a lever to improve business performance and reduce risks
Customer Management	Little or no understanding of internal customers needs	Some understanding of internal customers but little effort in changing property to suit the customer	Key focus on internal customers needs. Customer satisfaction measures for in-house and outsourced team	Pro-active CRM with dedicated internal relationship management. CRE involved in customer strategy level
Resourcing and Structure	Large in-house teams often staffed with resources from core business operations	Mix of in-house staff who retain core business knowledge and some external property professionals	Majority property professionals for small in-house with finance , OHS and risk specialists	CRE specialists, financial and strategy specialists. Extensive knowledge sharing the HR, IT and core business

3. Findings – Market practices and capabilities

A mature market for services exists

3.10.2 Service provider capabilities

There is extensive use of specialist service providers across all industry sectors including local, state, commonwealth and private sectors.

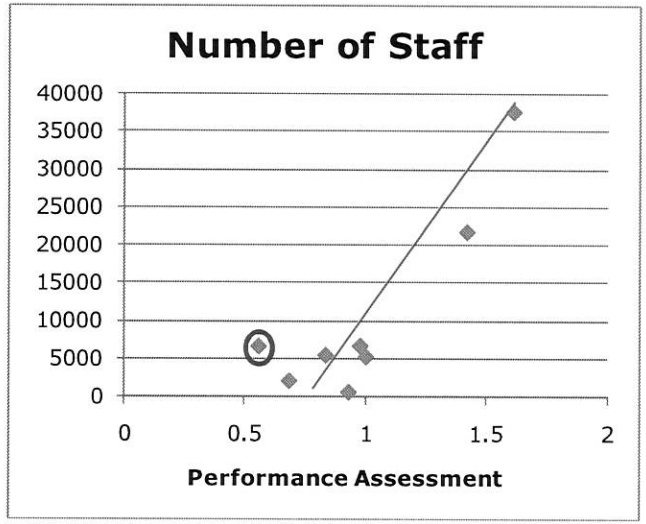
Detailed information on service providers is provided in Attachment 6.

For CSIRO, the relevant issues are:

- the use of specialist providers to deliver operational and tactical property services is widely regarded as leading practice across the Commonwealth sector
- many departments have leveraged this service delivery model for over 10 years
- service providers have invested heavily in sophisticated MIS providing a wide range of data management, financial and reporting services
- service providers are required to maintain compliance with Commonwealth reporting and financial management obligations
- service providers have increased their role with the inclusion of carbon reporting, resource consumption and other value add services often at the request of their Commonwealth clients.

To ensure fit for purpose the use of service providers and the size of the in-house team will vary. The constant remains the use of provider IT capabilities to manage and consolidate all financial and non-financial data.

FMA Agencies relative property capability



Performance assessment is based on an averaged aggregate score across 58 separate questions relating to management practices where:

0=not evident

1=partial application

2=full application

- ○ CSIRO
- / Performance Improvement Gradient
- ◆ Data point for each FMA department

5

Conclusions

4. Conclusions

Assessment based on the Organisational Assessment Framework

This section of the report details our conclusions with respect to the current performance of CPS. These conclusions have been drawn directly from the findings and are categorised using the Organisational Assessment framework model:

- service delivery model and scope of services
- systems and financial management
- CPS structure, people and capabilities
- strategy and client engagement.

Finally we draw together these conclusion and provide an overall assessment of service delivery performance overall using Grosvenor's CRE leading Practice Assessment Tool[1].

This tool summaries the current performance of CPS and compares this against best practice for both public and private sector organisations. An assessment of the improvement opportunity is also provided assuming 12 months post full implementation of the recommendations provided in section five of this report.

1. CRE leading Practice Assessment Tool – Data sources based on Grosvenor's ongoing review and assessment of public and private sector organisation and their property functions since 1998.

4. Conclusions – Scope of services and delivery model

Too much focus on operational management

4.1 Scope of services and delivery model

The review concluded that no substantial change or improvement has been made to the methods and systems used to deliver services since the RSS changes.

Similarly, as capabilities across both public and private sectors have changed and evolved to meet the demands of internal clients, CPS has remained relatively unchanged. Consequently, CPS was assessed as operating in a model more reflective of 1990s standards.

Specifically the review concluded that:

- the scope of services is too narrow and should be broadened to include all site support functions
- excessive effort is applied to the management of operational level activities at Zone level
- the focus on operational activities has resulted in a lack of time and resources applied to client engagement and strategy tasks
- there is an over reliance on internal resources and systems

The gap between current and best practice is substantial and the review concluded that incremental improvements alone will not yield the necessary changes.

A wholesale restructure of the current service delivery model is required which will involve changes to current practices covering:

- use of internal versed external capabilities, particularly for operational tasks including systems, data and reporting
- reallocation of internal resources to higher level transactional and strategy functions and away from operational tasks
- leveraging of operational spend and reduction in the number of contracts to managed through consolidation of service contracts to at least the Zone level
- development of clearly articulated operational standards and procedures to ensure consistency of performance across Zones.

Options to implement this change of service delivery model and leverage market capabilities are provided in section 5 of this report.

4. Conclusions - Systems and financial management

Current systems fall short of leading practice

4.2 Systems and financial management

The review concluded that the current set of systems used by CPS is delivering a suboptimal level of data and reporting capability while concurrently consuming excessive time and resources through complex data management and duplication of effort.

Having evolved across multiple silos, the current systems infrastructure is not capable of integration into a single (or limited number) of usable tools without considerable expenditure of time and costs.

Current resourcing levels have evolved to support this complex set of data management requirements.

In short, current systems do not support the needs of CPS or CSIRO and fall well short of leading practice across FMA agencies.

While SAP is gradually being implemented for budgeting and financial management requirements, the lack of a property management information system will hold back the ability of CPS to collect the right data and provide meaningful reports to management; which, in turn, will facilitate long term strategic planning and improved resource efficiencies.

Without a space management and cost allocation capability CPS will struggle to indentify space and usage inefficiencies.

Given the findings on the historically low levels of expenditure on repair and maintenance, the need to improve efficiencies to enable further site consolidates is seen as essential if substantial operational budget increases are to be avoided.

Finally the lack of a cost allocation model which encourages the divisions to improve their space efficiencies, by identifying poor utilisation will limit CPS's ability to implement changes even when opportunities are identified.

4. Conclusions – CPS structure and people

Reorientate Enterprise to support Zones

4.3 CPS structure, people ad capabilities

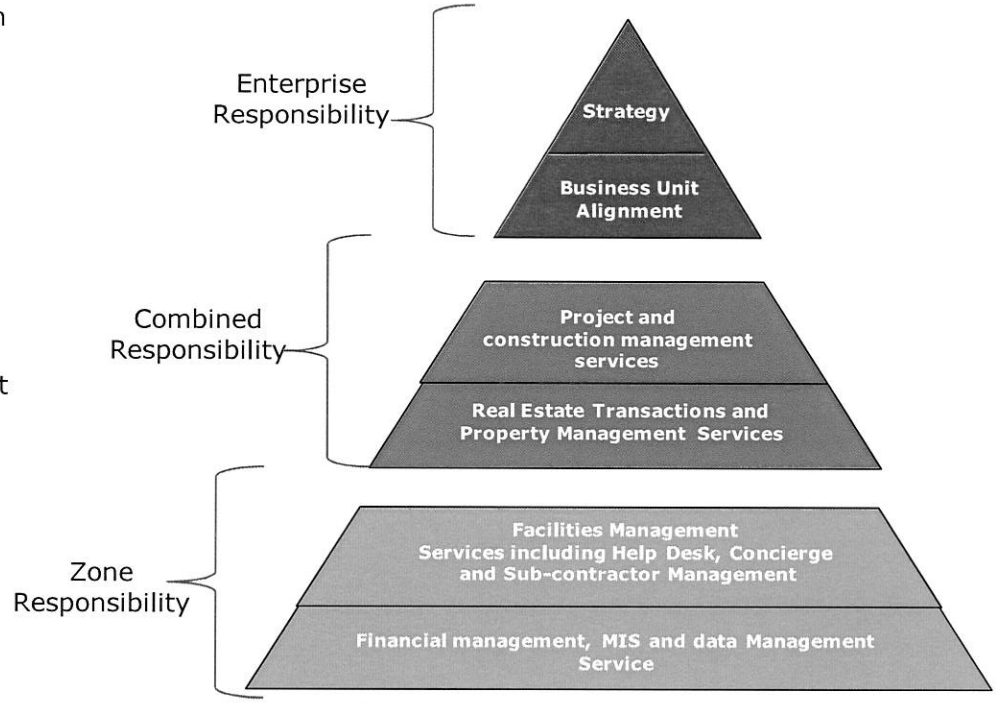
The review concluded that the current CPS structure which provides on site management teams located in each Zone is best practice. The geographically and functional dispersed nature of CSIRO's business requires a structure which devolves operational management responsibility to local managers.

These local managers must be supported by a head office function that retains responsibility for overall policy, standards, best practice and performance management of the services and portfolio.

While the Zone structures were assessed as performing relatively well the head office, or Enterprise function, was not. We have concluded that the Enterprise function lacks clarity of responsibility and purpose with a current focus on control of Zone functions rather than support. The relationship between the Enterprise and Zone functions needs realignment. Enterprise role, responsibilities and structure must complement and support Zone operations not restrict and control their activities.

All operational budgets and management responsibility should be devolved to Zone Managers.

The Capital Works and Planning functions within the Enterprise team should be combined to remove the substantial overlap of responsibility.



Best Practice Model for Property Delivery

4. Conclusions – CPS structure and people

Change of culture and behaviour in the Enterprise team is required

Enterprise function

As detailed in the findings, the Enterprise function fell significantly short of the necessary capability to manage strategy, policy and standards across the organisation. This team needs to operate and be seen as the technical experts for all property related services and a centre of excellence that supports senior business leaders and Zone operations.

The senior team is stuck in an old 'knowledge is power' paradigm which prevents them from even sharing knowledge with each other let alone with the Zones.

A radical shift is required to improve the current culture, break down silos and change behaviors. A new structure focused on the core property disciplines is required covering:

- strategy
- projects
- real estate
- facilities management including, sustainability and security.

This Enterprise team's role is to ensure consistency of process, application of standards and provide support and advice to Zone managers on areas of technical support or policy interpretation.

Finally, this function would also take responsibility for the development of property strategies and the maintenance of associated data.

Zone function

The Zones are the 'front line' for CPS services and are responsible for the majority of customer facing services. The importance of their service delivery role needs to be recognised by providing Zone managers with greater autonomy and control of budgets.

The overall status of Zones should be elevated to report directly to the General Manager in line with the nature of their responsibility for operational management. Functional levels and remuneration rates should not be impacted from this change.

As detailed in the findings, the capabilities of the respective Zone and Enterprise teams was generally good. However, a number of the roles within the Enterprise function were found to be at comparable APS levels (and pay scales) substantially in excess of what would normally be expected.

In Section 5 a new organisational structure for the Enterprise function is recommended which encapsulates these conclusions.

New role definitions and responsibilities will need to be assessed and from this role grading determined.

4. Conclusions – Strategy and client engagement

Reorientate CPS to improve strategic capability and client engagement

4.4 Strategy and client engagement

As typically seen in organisations whose property function has not keep pace with market capability and maturity, CPS's current focus is on buildings, assets and reactive service response. While the highly responsive attitude of Zone teams is commendable, this focus has been at the expense of a more strategic and client centric approach.

CPS must re-orientate its business model to ensure more accountability is placed on:

- the management of internal relationships at the operational, divisional and enterprise level
- the development of strategies and plans that align with the strategies of the business.

This will include:

- developing clear accountability for the management of internal relationships at both Enterprise and Zone level
- developing strategic planning processes which align and support existing Science Investment Programs
- clarifying responsibilities for maintenance of the National Footprint database and integration of this into national, precinct and site plans
- redefining roles and responsibilities within CPS for development of strategic plans
- developing a communication and engagement strategy to ensure CPS are regularly talking with the divisions about future needs
- representation of CPS at executive planning and strategy sessions.

The implementation and communication of change will be particularly important given the findings of the staff survey. Many staff believe that more resources and budgets are what is required.

The need to change structure, systems and people will require careful planning and a detailed communications processes to ensure the necessary support and engagement with the changes.

6

Recommendations

Recommendations

Four recommended changes are provided

This section of the report details our recommendations. These recommendations are designed to address the issues identified in both the findings and conclusions and are summarised as follows:

1. restructure of CPS Enterprise team
2. change the service delivery model and engage expert service provider;
   - to deliver all operational services – option 1
   - to deliver limited services for data management reporting and help desk – option 2
3. refine the scope of services
4. refocus CPS to improve client engagement and strategy capabilities.

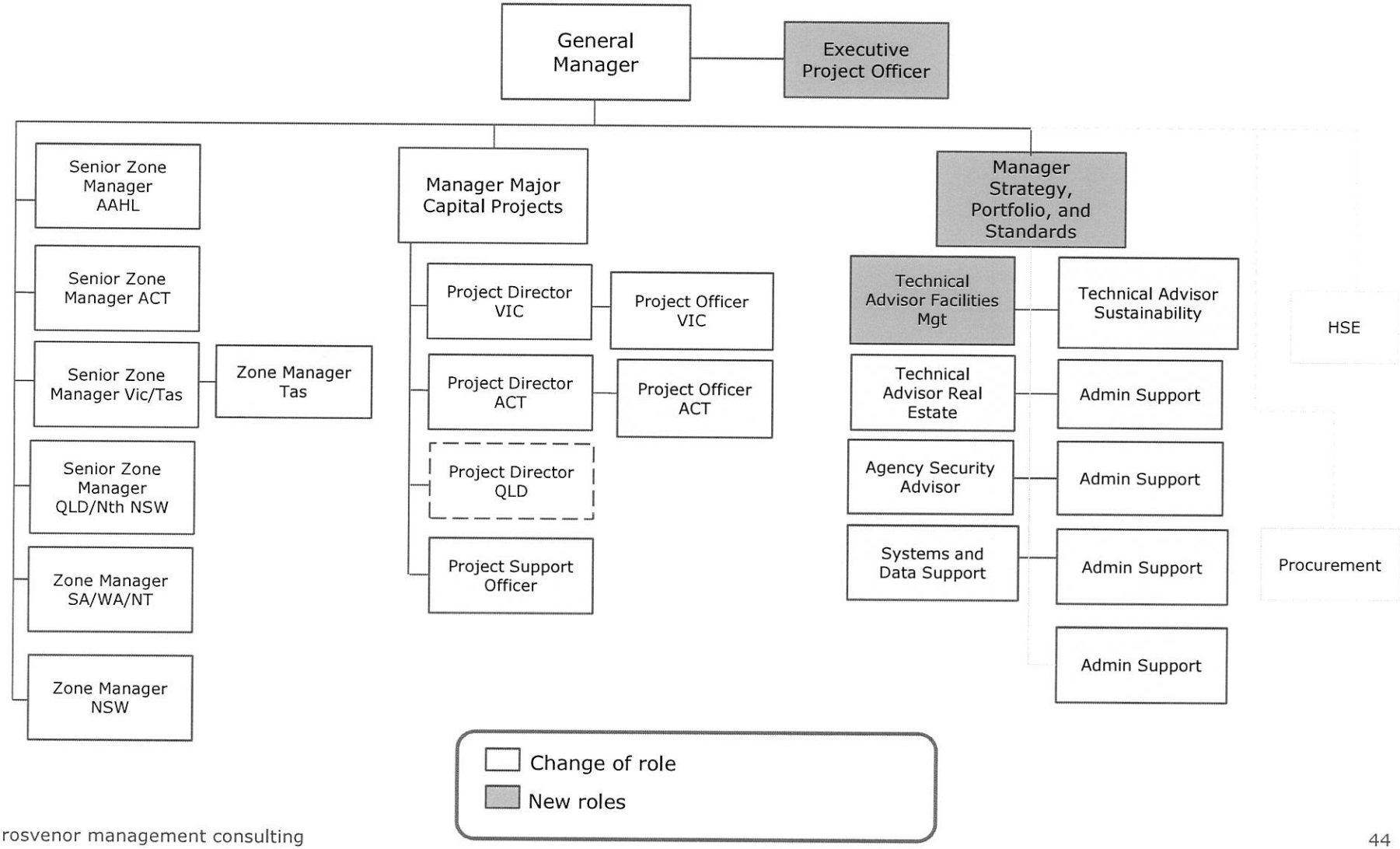
Finally, a high level change and implementation plan is provided to enable CSIRO to plan the necessary changes across a suitable timeline.

While these recommendations are described separately, their implementation should be considered as a whole rather than individually. Changes associated with one recommendation will impact and support other recommended changes.

The intention of these recommendations is to provide a road map for change which will enable CSIRO management to stage the implementation process in a way that:

- addresses the priority issues
- builds on the preceding change to imbed new capabilities, attitudes and behaviors
- provides sufficient time to address internal communication issues
- recognises the requirement to engage with unions and employees on EBA issues.

Recommendations 1 - Restructure the enterprise function



Recommendations 1 - Restructure the enterprise function

Restructure the Enterprise team

The proposed new structure provided is explained further below:

Zone Managers

A number of Zone managers have been designated as senior and should be reporting directly to the General Manager. Reporting to these Senior Zone Managers will be Zone Managers for the smaller Zones in Tasmania and NSW.

This structure elevates the role of Zone management while also creating a career succession structure for the smaller Zones. This structure also limits the number of direct reports to the General Manager.

Capital Works

This function remains relatively unchanged with the exception of the planning functions for site consolidation and other major capital works which are merged into this function form the current Planning and Facilities function.

Where workloads require, each Project Director should be supported by a Project Officer. Roles should be geographically based in their Zones and have a second reporting line (matrix report) to the local Zone Manager.

Planning for minor capital works transfers to the Zone Manager and team in line with current minor capital works delivery responsibility.

Additional support for project reporting is provided by a single support officer.

Strategy, Portfolio and Standards

All non project, technical property capabilities are consolidated into the Strategy, Portfolio and Standards function under a single manager role which is new. Technical Advisor roles are created for:

- strategy
- real estate
- facilities management including, sustainability and security.

These technical Advisors will be responsible for policy, procedures and standards in their area of expertise. They all also support Zones with technical advice and ensure consistent application of standards across each Zone.

The new Manager Strategy, Portfolio and Standards will take the lead responsibility for the development of national, precinct and site level strategies.

General Manager

The general Manager is supported by an Executive Officer whose role will include day to day management of the GM's office as well as representing the GM, where required, in planning and executive management meetings.

This role is also seen as the project manager for implementation of the changes to CPS over the next 24 months.

Recommendation 2 – Change service delivery model

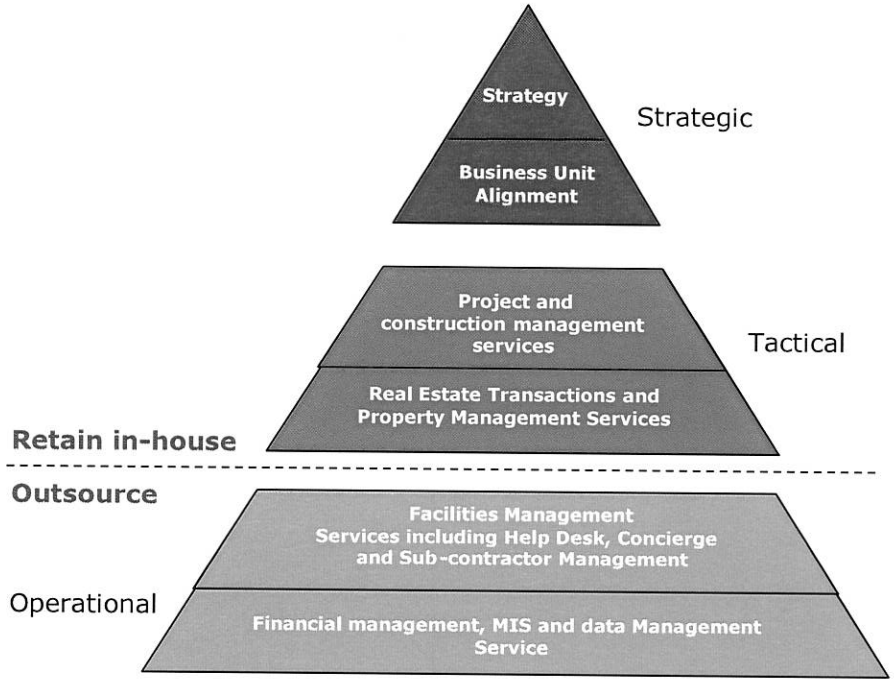
Option 1 – Outsource all operational FM activities

This option requires CSIRO to change its service delivery model to one where all operational services are performed by an outsourced service provider.

This would include all data systems and MIS for property related information which would negate the requirement to maintain the current in-house IT platforms detailed in Section 3.

This option is in-line with best practice across FMA agencies and private sector organisations who control large, complex property portfolios and would provide the following benefits:

- access to leading practice technology and systems the creation of which are well outside CSIRO's capability
- access to 24/7 service centre for capture and recording of all service faults and maintenance activity
- access to a large talent pool of property expertise
- enable CPS to focus on client, strategy and major project delivery
- immediate improvement in compliance and OHS management through provider's systems and processes.



New Service Delivery Model – Option 1

Recommendation 2 – Change service delivery model

Option 1 – Outsource all operational FM activities

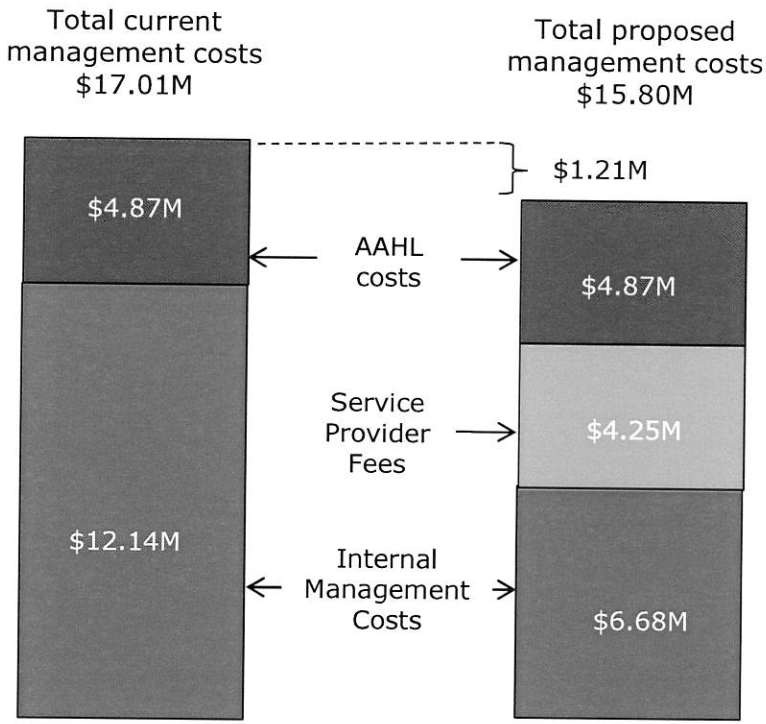
This option involves a wholesale restructure of the Zone functions.

On site Zone teams would be reduced from 78 FTE to 35 FTE. Internal resources would be supplemented by service provider personnel.

Zone staff would focus on the customer, projects and performance of services.

The provider would manage all subcontractors and utilise their systems infrastructure which would replace all existing CPS property systems.

	Current $M	Proposed $M
Internal management costs (exclusive of AAHL)	12.14	6.68[1]
AAHL management costs	4.87	4.87
Service provider fees	-	4.25[2]
Total	**17.01**	**15.80**



Notes

1. *Based on reduction of staff in Zones from 78 to 35 FTE*
2. *Based on industry benchmark of 2.5% of managed costs*

Assumptions

1. *AAHL remains unchanged*
2. *Service provider systems replace all current CPS IT systems*
3. *Excludes on off up front cost of transition and redundancies*

Recommendation 2 – Change service delivery model

Option 1 – Outsource all operational FM activities

Additional benefits will accrue as CPS refocuses internal resources on higher order value adding activities and responding to changes in Divisional requirements.

Finally, the long term cost structure of CPS will be improved as the service provider is able to leverage technology to employ fewer resources and do so at a cost much lower than available to CSIRO through their current enterprise structure.

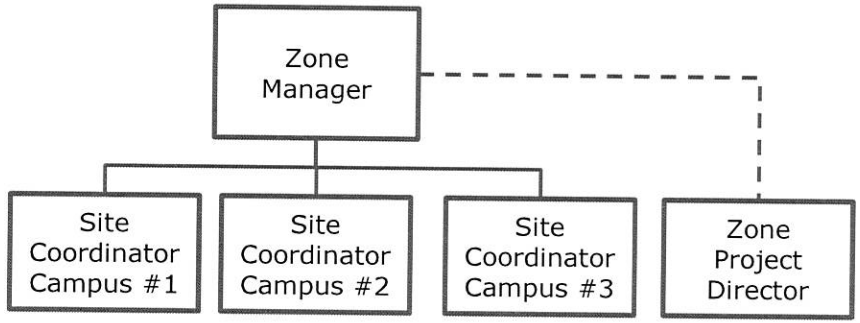
This change would be accompanied by a significant reduction in the number of CPS internal resources required at each Zone.

Zone resources would still be required however their focus would be on service delivery management, client engagement, budgetary control and project delivery.

Zone managers would be supported by local service provider teams. All data management and systems supporting the operational services would be part for the service provision with CPS managers having access for reporting and performance monitoring.

The responsibility for engagement and management of specialist trades and other subcontractors would sit with the service provider

Typical Zone structures would be as follows:



The number of site coordinators would be based on the size and spread of the major locations

Recommendation 2 – Change service delivery model

Option 2 – Leverage a provider's IT, help desk and data management capabilities

This option involves the engagement of a professional property service provider to manage all data and systems as a managed service. CSIRO would retain, at the Zones, internal teams to manage actual service delivery.

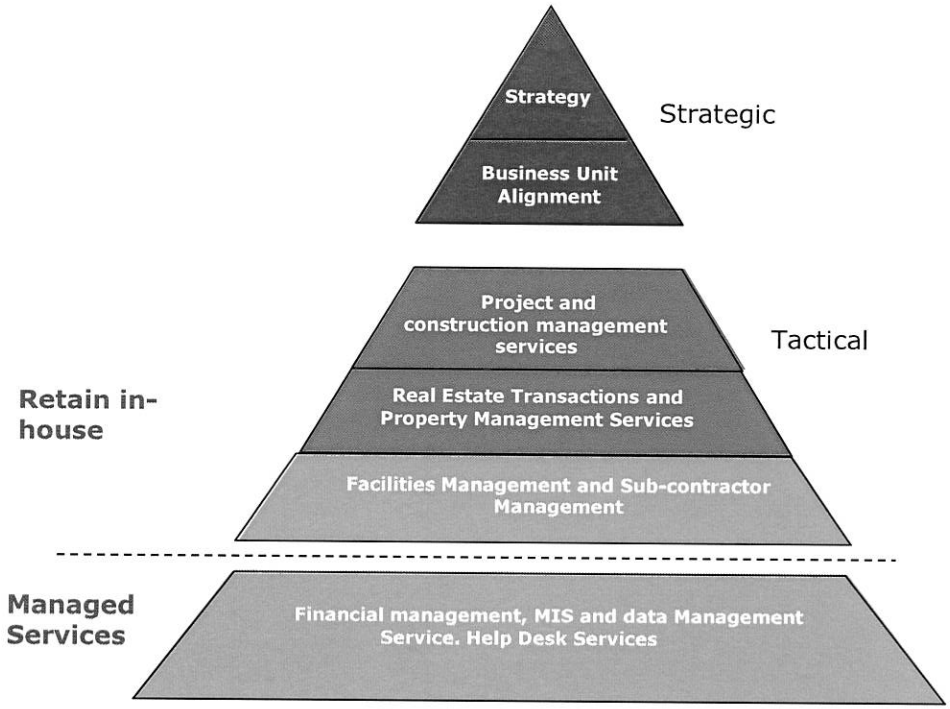
The service provider would provide a service which covers:

- help desk services
- finance including AP and AR
- work order systems
- asset management and maintenance systems
- lease and property management systems

This option represents the smallest set of services that would be suitable for contracting.

This option would also provide the following benefits:

- access to leading practice technology and systems the creation of which are well outside CSIRO's ability to duplicate
- access to 24/7 service centre for capture and recording of all service faults and maintenance activity
- enable CPS to focus on client, strategy and major project delivery
- the ability for CSIRO to retire the existing CPS IT systems



New Service Delivery Model – Option 2

Recommendation 2 – Change service delivery model

Option 2a – Develop internal IT, help desk and data management capabilities

This option involves investment in systems and resources to enable CSIRO to deliver the property services in-house to a superior standard to the current service delivery.

Implementation would require selection and customisation of a property MIS system together with the recruitment and training of a new internal systems management team.

Systems would include the full range of capabilities required to manage the portfolio as well as manage work requests, reporting and compliance.

Products including VisionCRE and Manhattan are suitable for this application and are also used by a number of the leading service providers.

Costs estimates have been based on discussions with providers and assume an internal provision of 5 FTE.

The challenges and potential disadvantages of this option include:

- inability to leverage existing and proven systems capability of provider market
- inability to leverage market IT and help desk spend
- lengthy and expensive implementation process
- shifts management focus away from strategic and tactical activities during implementation and establishment.
- not capable of 24/7 help desk service.

This option is not recommended for CSIRO.

	One off costs $'000
Software licence and implementation	250
Customisation	50
Hardware	20
Training and process documentation	80
Project management	65
Total	**465**

	Ongoing costs $'000
Licence fees and maintenance	50
Staff costs (5 FTE)	
Salaries	402
Direct overheads	95
Indirect(Property, IT and HR)	62
Total	**609**

Recommendation 2 – Change service delivery model

Option 2 – Leverage a providers IT, help desk and data management capabilities

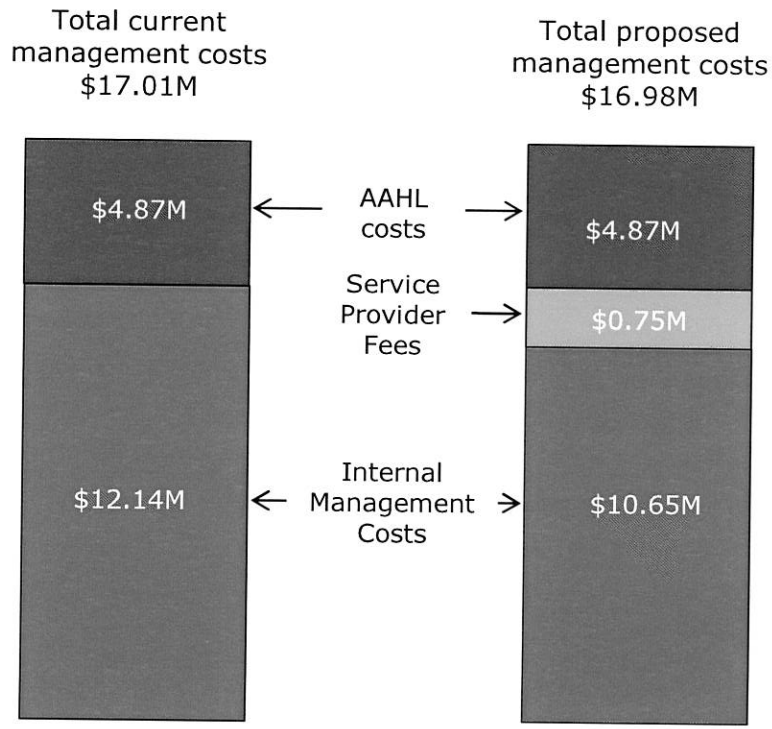
This option involves change to systems, processes and procedures necessary to capture report and manage all property data.

On site Zone teams would continue to manage services however the systems would be deployed by the provider.

Efficiencies would be anticipated through reduced time in administration. An allowance of 5 FTE has been made for this reduction.

Similarly a 50% reduction in current IT and contractor spend has been assumed.

	Current $M	Proposed $M
Internal management costs (Exclusive of AAHL)	12.14	11.36[1]
AAHL management costs	4.87	4.87
Managed services fees	-	0.75[2]
Total	**17.01**	**16.98**



Notes

1. *Based on reduction of Zones from 78 to 73 FTE*
2. *Estimated range of between $550k and $750k p.a*

Assumptions

1. *AAHL remains unchanged*
2. *Service provider systems replace all current CPS IT systems*
3. *Excludes on off up front cost of transition*

Recommendation 3 - Increase the scope of services

CPS to take responsibility for all site related shared services

The service boundary between CPS and the Divisions should be redefined to include, within CPS's mandate, all shared site support functions. This would include:

- reception
- stores management including receipt and dispatch
- cafeterias
- switchboards and mailrooms.

Taking on this function would close the gap between what was taken on by CPS during the RSS restructure and what was left behind for the Divisions to manage.

In taking on these new responsibilities, CPS will need to renegotiate with the Divisions new Service Level Agreements which should clearly define the scope of CPS's role, the resulting allocation of costs and budgets and the performance expectations that Divisions should expect to receive.

Commensurate with this CPS will need to seek Executive endorsement to the newly defined service boundaries which should be accompanied by an acknowledgement that Divisions will not create parallel functions across any of the CPS defined service areas.

This scope change must be accompanied by a transfer of the associated resources and budgets from the science divisions to CPS. Zones would then be required to indentify improvements and efficiencies, the benefits of which would be passed back to the divisions.

Recommendation 4 - Develop strategic planning capability

Strategy and portfolio level planning will require new data management capabilities

Position descriptions and roles within CPS must include an obligation to work with local and divisional science managers to better understand customer requirements.

This will also require a change of culture within CPS which will require substantially more than changing position descriptions. Additional recommendations to effect the extent of change required include:

- creating a relationship management matrix where allocation of primary relationship responsibilities within CPS is established for each senior executive and divisional role
- changing APA's to include direct customer feedback as part of performance assessment
- creating regular forums within CPS where news on changes and new business ventures within Divisions are tabled and CPS responses to them agreed.

A strategy development process must be established based on the current Science Investment Program (SIP). Clear timelines need to be established which enable CPS to both contribute to SIP processes and influence this planning process through the timely provision of strategic advice on property issues and opportunities.

The recommendation to improve strategic planning capabilities is linked to the other recommendations in that:

- clear accountabilities for strategy and portfolio planning is required at the Enterprise level . This is achieved through implementation of the new structure in Recommendation 1
- significantly improved data capture and reporting capabilities will be required to enable strategic planning to take place. This is achieved through implementation of either option 1 or 2 in Recommendation 2
- efficiencies gained through data capture, reporting capabilities will free internal resources to focus on higher level activities.

Overall assessment of recommendations

Reorientate CPS to improve accountability

To conclude the recommendations we have undertaken an assessment of CPS performance using Grosvenor's Leading Practice Assessment Tool for CRE functions.

This tool summarises overall performance across a series of categories and compares this to leading practice for both public and private sector organisations.

As a baseline we have assessed current performance. In addition to this we have assessed potential future performance based on:

- an assumed rescore 12 months after implementation of the recommendations including option one of recommendation two
- an assumed rescore 12 months after implementation of the recommendations including option two of recommendation two

The provision of the two options recognises the issues for CSIRO associated with a wholesale change to the service delivery model as recommended in option one of recommendation two. Such a radical change may be unsuitable to CSIRO at this time.

The second option in recommendation two which involves limiting the outsourcing of services to the systems, data and help desk services has the following limitations:

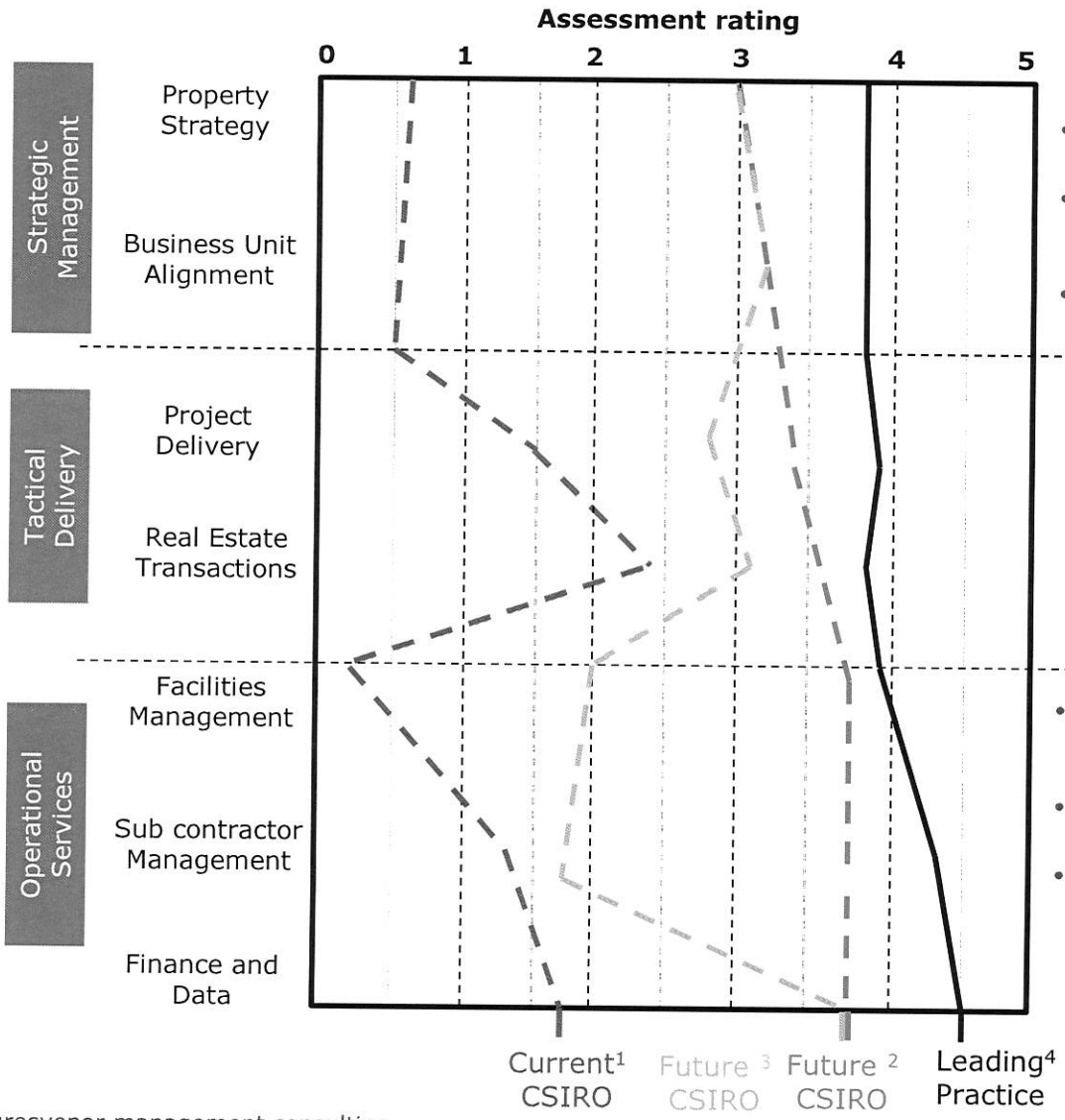
- the rate of change will be slower and old work practices at the Zone level will continue
- savings associate with reduction in staff numbers will be reduced.

However, this recommendation has the following benefits:

- IR issues can be substantially avoided and as less redundancies will ne required in the Zones
- a significant amount of the benefit of outsourcing can be realised through limiting the scope to the systems and processing functions. This is demonstrated in the diagram overleaf
- future changes to move to a more substantial outsourcing of operational functions can occur in line with natural staff attrition.

Details of the assessment and scoring are provided in Attachment 7 with the overall result summarised in the following diagram.

Overall assessment of recommendations



Impact of Recommendations

- Changes to Enterprise structure will significantly improve focus on strategy and client engagement
- Implementation of limited outsourcing model will still yield the data management improvements necessary for strategic capability to improve
- Improvements contingent on changing culture and behaviors

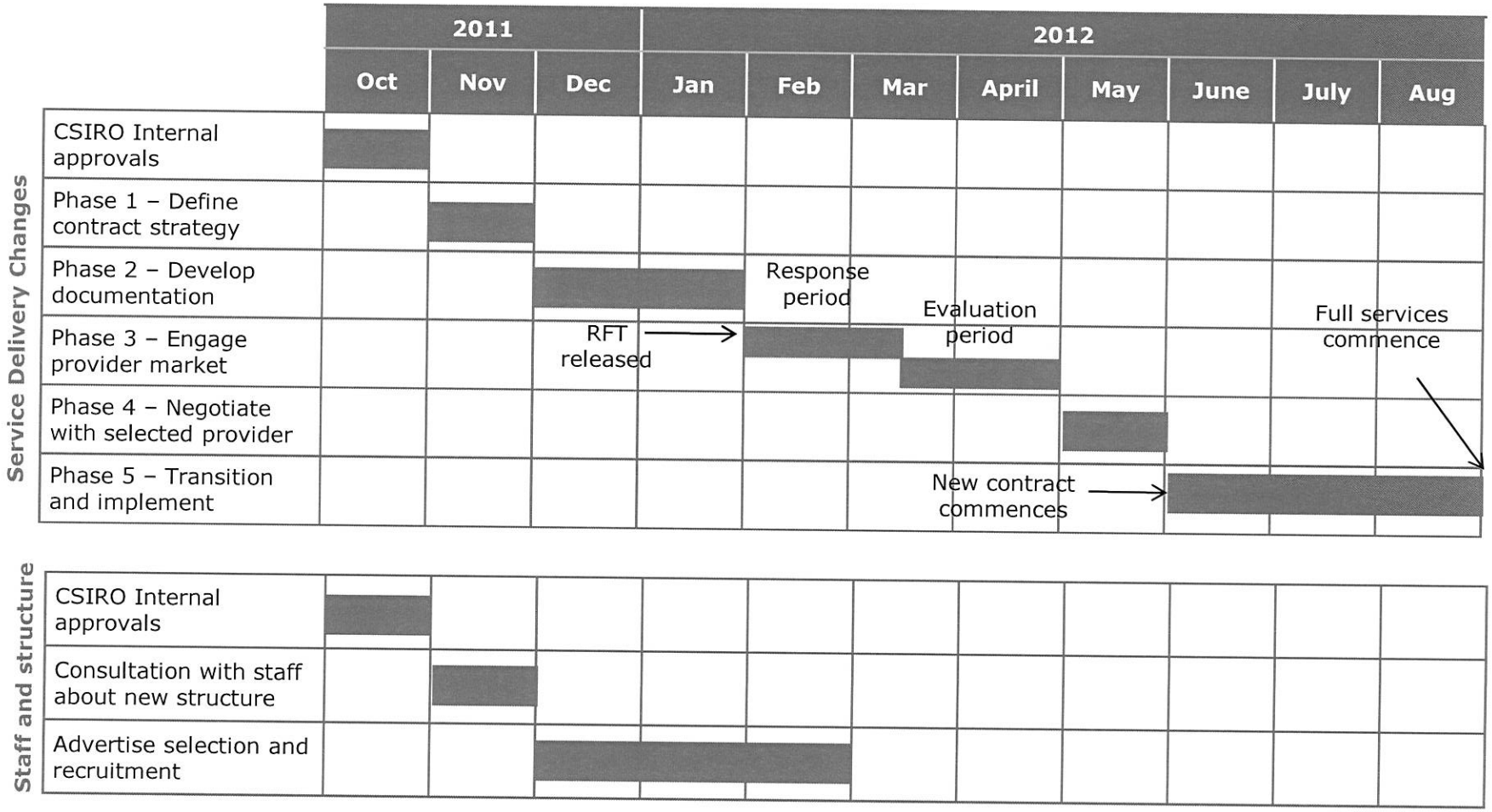
- Improvements in project delivery will be marginally reduced through continued use of operational managers at Zones
- Real estate improvements will be similarly impacted as transactions will continue to be centrally run and subject to internal skills and capacity

- FM will be significantly improved via better data capture, work order processing and help desk systems under either option
- Limited improvement to sub contractor management due to continued in-house management
- Financial and data management will yield full benefit under either option

Notes
1. See Attachment 7 – Grosvenor CRE Leading Practice Assessment.
2. Based on post implementation of full CRE outsourced
3.Based on limited CRE outsourcing
4.Leading organisations have 10+ years experience

Recommendation – Implementation timeline

Implementation timeline for service delivery changes and internal restructure



Attachments

1 Project methodology and timeline
2 Stakeholder interviews
3 CRE Organisational Assessment Framework
4 CPS current structure
5 Staff survey analysis
6 CRE market practice
7 Leading practice assessment

Attachment 1 – Review methodology and timeline

Review methodology

Step 1

Establish and manage project

- project kick off meeting to confirm project:
  - timelines
  - stakeholders and project working group (PWG)
  - reporting
  - other dependencies
- determine data sources
- develop project task schedule and project plan

Step 2

Collate baseline data

- collate and review data including:
  - costs
  - services
  - contract data
  - resourcing details
  - property details
  - process maps
  - IT information
- identify data gaps and agree process to resolve
- develop initial analysis
- agree key issues/ focus for analysis and stakeholder discussions

Step 3

Engage stakeholders

- confirm stakeholders
- develop interview questions
- conduct interviews
- follow up as required
- agree issues arising for analysis
- feedback to stakeholders

Step 4

Analyse data

- review Grosvenor market data on:
  - services
  - cost and contract structures
  - pricing and performance management
  - market engagement strategies
- analyse cost and other data and determine delta between current and best practice
- develop high level assessment of current practices and measure against best practice

Step 5

Test analysis and finalise report

- present analysis to CSIRO
- test assumptions and refine as required
- agree structure and format for final report
- draft report
- circulate for review and feedback
- finalise recommendations and presentation pack

CPS function review project plan

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12
week commencing	4/7	11/7	18/7	25/7	1/8	8/8	15/8	22/8	29/8	5/9	12/9	19/9
Kick Off (1/7)												
Confirm Project Plan (5/7)												
Confirm Survey (25/7)												
Survey Open												
Close Survey (5/8)												
Complete Interviews (28/7)	Canberra	Adel / Melb / Bris	Syd / AAHL	Canberra								
Complete Data Capture (20/7)												
Complete Analysis (10/8)												
Initial Observations (18/7)												
Preliminary Findings (11/8)												
Draft Report (1/9)												
Present Findings (12/9)												
Finalise Report (23/9)										Extension of time due to lead consultant illness		
Project Updates												

Attachment 2 – Stakeholder interviews

CSIRO Property Services Review – Grosvenor Management Consulting

Name	Department	Date
John Hawkins	CSP	5 July
Ross Stevens	CSP	5 July
Daniel Hannan	CSP	5 July
John King	CSP	6 July
Antony Mikulic	CSP	6 July
Irene Ford Margaret Clayton Ron Schwarz (Vidcon) Bob Ralph Rajan Reddy	Enterprise Focus Group (2)	6 July
Graeme Collin Andre Quaglio Raff Poidomani Marie Avellana Andrew Tracy	Enterprise Focus Group (1)	6 July
Janice Ip	HR	7 July
Bryan Mornement	Finance	7 July
Thomas Mulligan	HSE	7 July
Mark Baker	Legal	7 July
Mark Hardwick	Finance	7 July
Graham Burke – Armidale ~~Matt McFarland – Parkes~~ Clarrie Leven – Narrabri Darren Pearson – Belmont Sandra Kay - Atherton	CPS Regional Focus Group	8 July
Graham Crompton 0417 279 890	CPS ACT Zone Manager	8 July
Steve Dapozzo Stuart Henderson Peter Westwood Ben Willis	CPS ACT Zone Focus Group	8 July
Daniel Hannan	CPS Manager Facility Services	8 July
Hazel Bennett / Mark W	Review	8 July

Name	Department	Date
James Abbott 08 8303 8626 0417 806 512	CPS SA/WA Zone Manager	11 July
Jeff Arbon Jeff Sheridan Maria Piscioneri	CPS SA/WA Zone Focus Group	11 July
Keith Fernandez 08 8303 8415 0408 858 153	Operations Manager CSIRO Land and Water (CLW)	11 July
Chris Flynn 03 9545 2544 0429 271 405	Operations Manager Deputy Business Unit Leader CSIRO Materials Science & Engineering (CMSE)	12 July
Richard Yeoh 03 9545 2035 0418 178 466	CPS Vic Zone Manager	12 July
Bernard Petraitis Charles Rono Murray Brown Craig Smith	CPS Vic Zone Focus Group	12 July
Calum Drummond 03 9845 2050 (Erica Stojanovic 03 9545 2057) Clayton	Group Executive Manufacturing, Materials & Minerals	12 July
Graham Roper 03 9545 8430 0408 332 487	General Manager, Procurement	12 July
Andrew Johnson 07 3833 5520 (Sandy Heggie 07 3833 5522) Dutton Park	Group Executive Environment	~~15 July~~ 14 July
John Takats 0419 623 075	CPS Project director	14 July
Rudy Van Kerckhof 07 3214 2846 0419 104 099	CPS Qld Zone Manager	14 July

Name	Department	Date
Bernie McDonough Michael Kath Glenn Dibben (vidcon)	CPS Qld Zone Focus Group	14 July
Alan Bell 07 3214 2999 (Anne Grace 07 3214 2390) St Lucia Chris Prideaux 07 3214 2517 (Dianne Kunz 07 3214 2440) St Lucia	Business Unit Leader CSIRO Livestock Industries Deputy Business Unit Leader CSIRO Livestock Industries	15 July
Beverley Ronalds 08 6436 8700 (Mandy Robinson 08 6436 8821) Kensington WA	Group Executive Energy	15 July
Gerard Kennedy 03 5246 4886 (Jenny Peatling 03 5246 4737) Belmont Geelong	General Manager HSE	15 July
Tom McGinness 02 9490 5466 (Yuko Wakamatsu 02 9490 8564) North Ryde	Enterprise Services Manager Science Strategy & People (SSP) Acting for Craig Roy	18 July
Bruce Lee 02 9490 8490 (Bee Wright 02 9490 8491) North Ryde John Williams	Flagship Director Food Futures (Acting for Alistair Robertson) Group Exec	18 July

Name	Department	Date
James Moody 02 9490 8173 (Andrea Lloyd 02 6276 6965) North Ryde	Executive Director Development	18 July
Dirk Taylor Patrick Grech ~~Caleb Rees~~ Phil Day	CPS NSW Zone Focus Group	18 July
Suku Sukamaran 02 9490 8399 0419 541 560	CPS NSW Zone Manager	18 July
Andrew Rohl 08 6436 8831 (Wendy D'Arrigo 08 6436 8830)	IVEC – Pawsey High Performance Computing Centre (Pawsey Centre) – Steering Group member also Research Team Leader CESRE, Kensington WA	26 July
Simon Robinson 08 8303 8611 (Julie Powell 08 8303 8608)	Research Program Leader CSIRO Plant Industry (CPI) Waite Campus SA	26 July
Alan Anderson 08 8944 8431 Darwin	OIC and Research Group Leader CSIRO Ecosystem Sciences (CES) - Darwin	26 July
Phil Diamond 02 9372 4300 (Anne Barends 02 9372 4301) Marsfield	Business Unit Leader CSIRO Astronomy & Space Science (CASS) (Acting for Alex Zelinsky) Marsfield	26 July
John Farrow 08 9334 8020 (Bianca Autunno 08 9334 8089)	Operations Manager CSIRO Process Science & Engineering (CPSE) Waterford WA	27 July

Name	Department	Date
Mike McWilliams 07 33274486 (Karen Babbidge 07 3327 4160) Pullenvale QCAT	Site Manager & Business Unit Leader CSIRO Earth Science & Resource Engineering (CESRE) Pullenvale	27 July
Gary Fitt 07 3883 5665 (Vanessa Stott 07 3833 5660) Dutton Park	Site Manager & Deputy Business Unit Leader CSIRO Ecosystem Sciences (CES) Dutton Park Qld	28 July
Tom Hatton (Heidi Pecherczyk 08 9333 6274) Floreat	Site Manager - Floreat Flagship Director -Wealth from Oceans	~~14 July~~ 28 July
Jeremy Burdon (Margaret Redford 02 6246 5016)	Site Manager Business Unit Leader CSIRO Plant Industry (CPI) Black Mountain	Not avail until 8,9,10 Aug Not 11:30 – 1:00 on 8th
Hazel Bennett 02 6276 6633 (Nikki McDonald 02 6276 6962) Campbell	Chief Finance Officer	Multiple as part of project meetings
Alistair Robertson 02 9490 8468 (Lesa Colburn 02 9490 8344)	Group Executive Food Health & Life Science Industries	Not available Alternate – Bruce Lee
Alex Zelinsky 02 9490 5620 (Eugenia Tan 02 9490 5620) North Ryde	Group Executive Information Sciences	Not available Alternate Phil Diamond
Louise Ryan 02 9325 3203 (Susan Soo 02 9325 3202) North Ryde	Business Unit Leader CSIRO Mathematics, Informatics & Statistics	Not available

Name	Department	Date
Craig Roy 02 9490 8561 (Yuko Wakamatsu 02 9490 8564) North Ryde	DCE Science, Strategy & People	No available Alternate – Tom McGinness
Mike Whelan 02 6276 6598 (Hanna Scott 02 6276 6041) Campbell	DCE Operations	On leave
Ashley Sparrow 08 8950 7123 Alice Springs	OIC and Research Group Leader CSIRO Ecosystem Sciences (CES) – Alice Springs DKP)	11 July

Attachment 3 – Organisation Assessment Framework

1

CRE Organisational Assessment Framework

1. Introduction

Grosvenor has developed an assessment framework that can be used to review and critique the corporate real estate functions of any organisation. This framework has been developed over two decades of continuous management and consulting experience working with major public and private sector organisations.

The framework is structured to enable the key strengths and weaknesses of organisational practice to be surfaced as well as demonstrating the interrelationships between various aspects of the model.

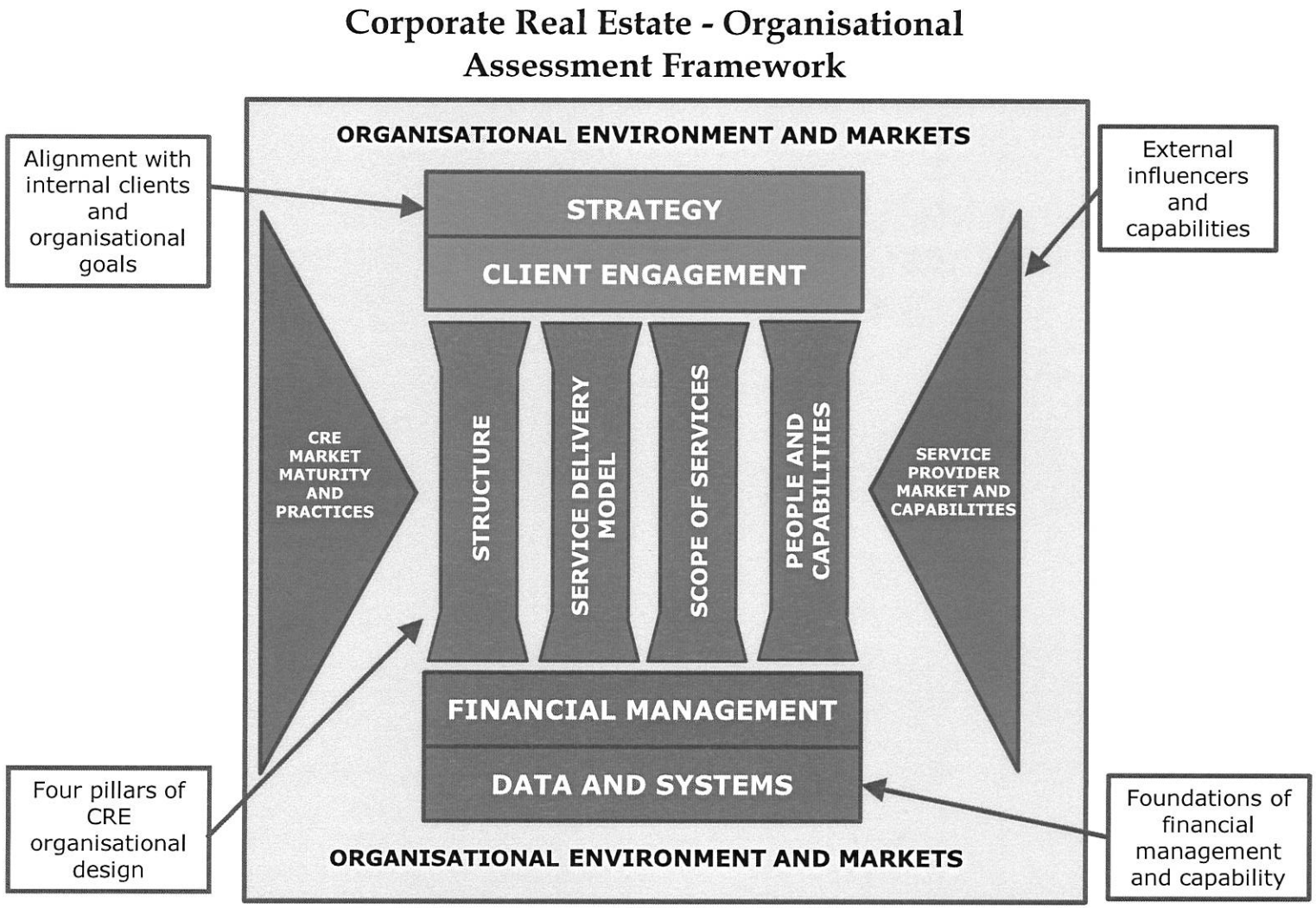
A summary of the framework, its structure and components is provided below.

1.1 Structure

The structure of the model demonstrates the key aspects of CRE operations as is divided the following sections:

- four organisational design pillars of structure, people and capabilities, service delivery model and scope of services
- two foundation capabilities of financial management and data/systems
- two strategic capabilities of client engagement of CRE strategy
- two external influences of CRE market practices and service provider capabilities
- the organisations operating environment and markets

1. Introduction



2. Organisational design pillars

At the core of the assessment framework are the four essential pillars of all organisational design for services namely organisational structure, people and capabilities, service delivery model and scope of services.

2.1 Structure

Includes the organisational structure used, allocation of roles and internal reporting line. Central verses decentralised structures are assessed and alignment with the corporate structure tested.

2.2 People and capabilities

Assesses the number and quality of the internal team, their skills, experience, qualifications and capabilities.

2.3 Service delivery model

Reviews how services are delivered with particular reference to internal delivery and contracted services. The scope and structured of contracted services and their relationship to internal resourcing is also examined.

2.4 Scope of services

The scope of services delivered to the organisation are examined with reference to the requirements of the organisation.

3. Financial, data and systems management

Underpinning the entire operations are the critical capabilities covering financial management and the data, systems and MIS capability.

3.1 Financial management

The processes, systems and procedures that manage the costs are reviewed. Included in this assessment are:

- policy, procedures and processes
- discretions and authorities
- cost allocation methodologies
- budgeting processes
- capital management and asset allocation

3.2 Data and systems

The information systems used to manage both financial and non financial information are assessed including:

- financial systems
- CMMS
- help desk and works processing
- space management
- lease diary.

The linkages to corporate systems are also reviewed.

4. Strategy and client engagement

The goals, strategy and alignment to the needs of the organisation and key business unit stakeholders are captured in the organisations ability to develop and maintain a CRE strategy.

Linked to this is the design and implementation of client engagement practices to develop the understanding of needs necessary to align the strategy and maintain that alignment.

4.1 Strategy

The portfolio strategy and strategy development processes are reviewed. While specific for each organsiation this review can include:

- own vs lease decisions
- site location and distribution strategies
- business case processes
- market cycle analysis
- density and occupancy strategies

4.2 Client engagement

This section of the frameworks looks specifically at the formal and information processes used to manage client needs and determine their strategic requirements.

Internal service level agreements and cost management strategies would also be included in this section.

5. CRE practices and provider capabilities

The practices, benchmarks, processes and capabilities of the broader CRE market will have a substantial impact on the assessment of internal capabilities. Similarly the abilities of third party providers of services must be considered as a key element of the assessment of internal strengths and weaknesses.

5.1 CRE market maturity and practices

The maturity of other organisation in like industry sectors are examined to determine the overall maturity of the client in terms of how they manage CRE and how this differs from best practice.

Grosvenor have developed a separate market maturity assessment model to assist in this review process

5.2 Service provider market capabilities

The relative strength and maturity of the market for service providers is assessed against the needs of the organisations including:

- real estate services
- facilities management
- project management
- CRE providers

The scope and geographical spread of the clients requirements are then compared to market capabilities

6. Organisational environment and markets

Surrounding the framework is the context within which the organisation operates. To deliver effective and efficient CRE services they must be familiar with and deliver services within the context of the organisation operating environment and markets.

6.1 Organisation environment

The culture and operating environment of the organisation is of key importance. The requirements of a start up company for CRE are vastly different to those of a mature company operating in established markets.

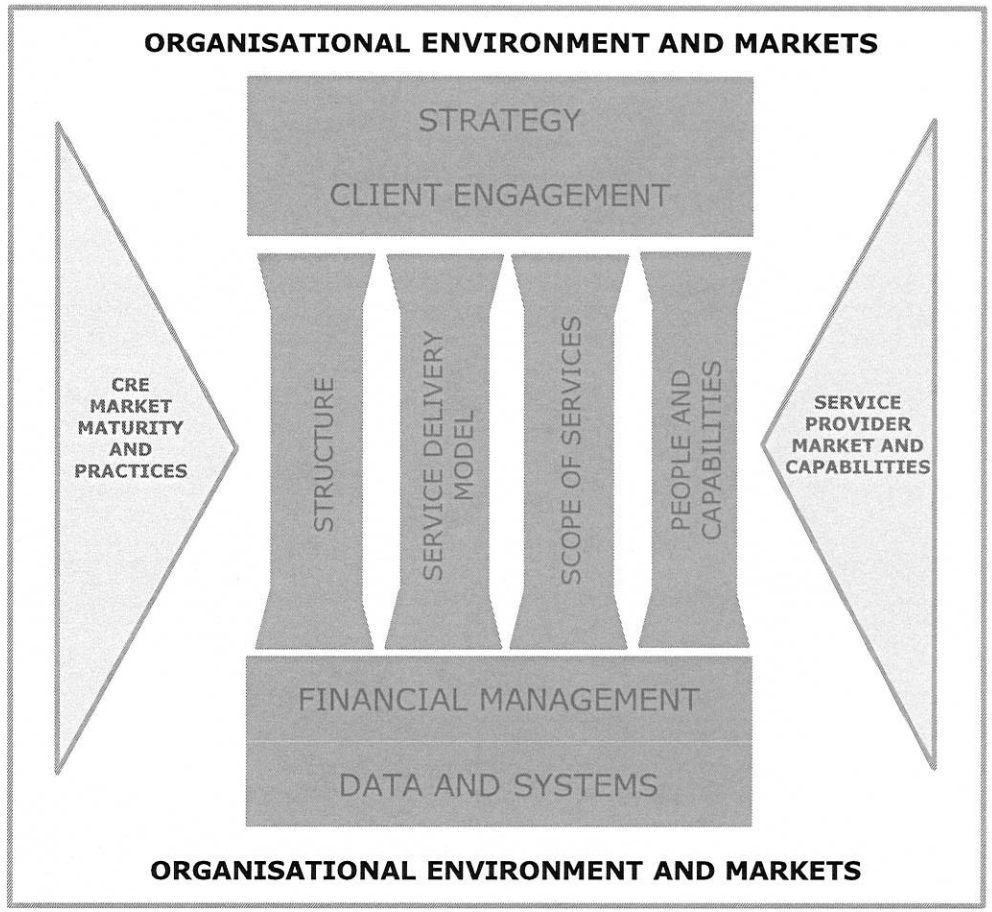
The way in which IT, HR and procurement services are delivered will provide an insight into the models used with the corporation.

6.2 Key markets and competitors

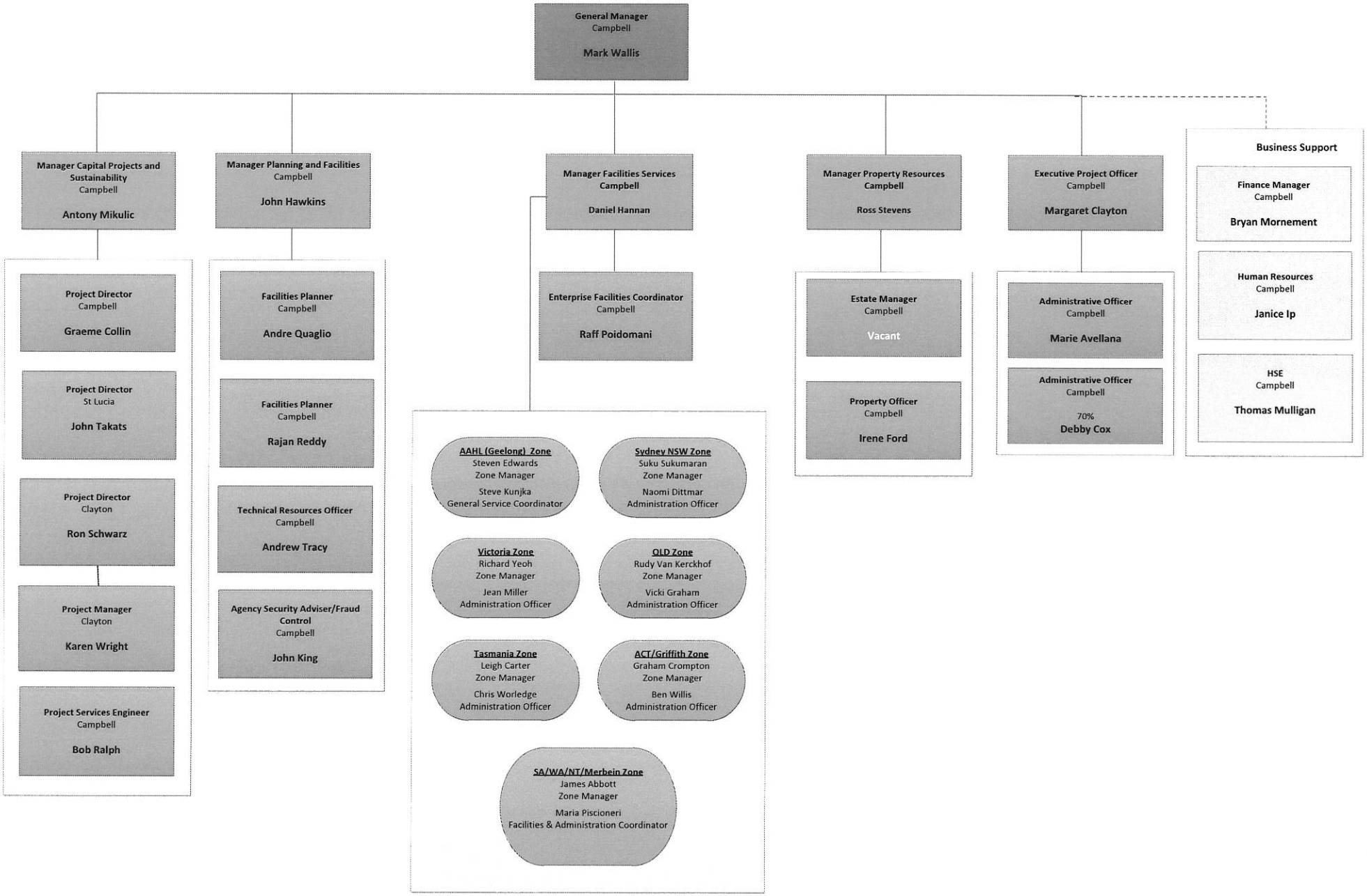
The markets within which the company operate, their competitors and other key external business drivers will influence CRE design.

Government policy, regulations and disclosure requirements for private sector organisations are examples of these important influencers.

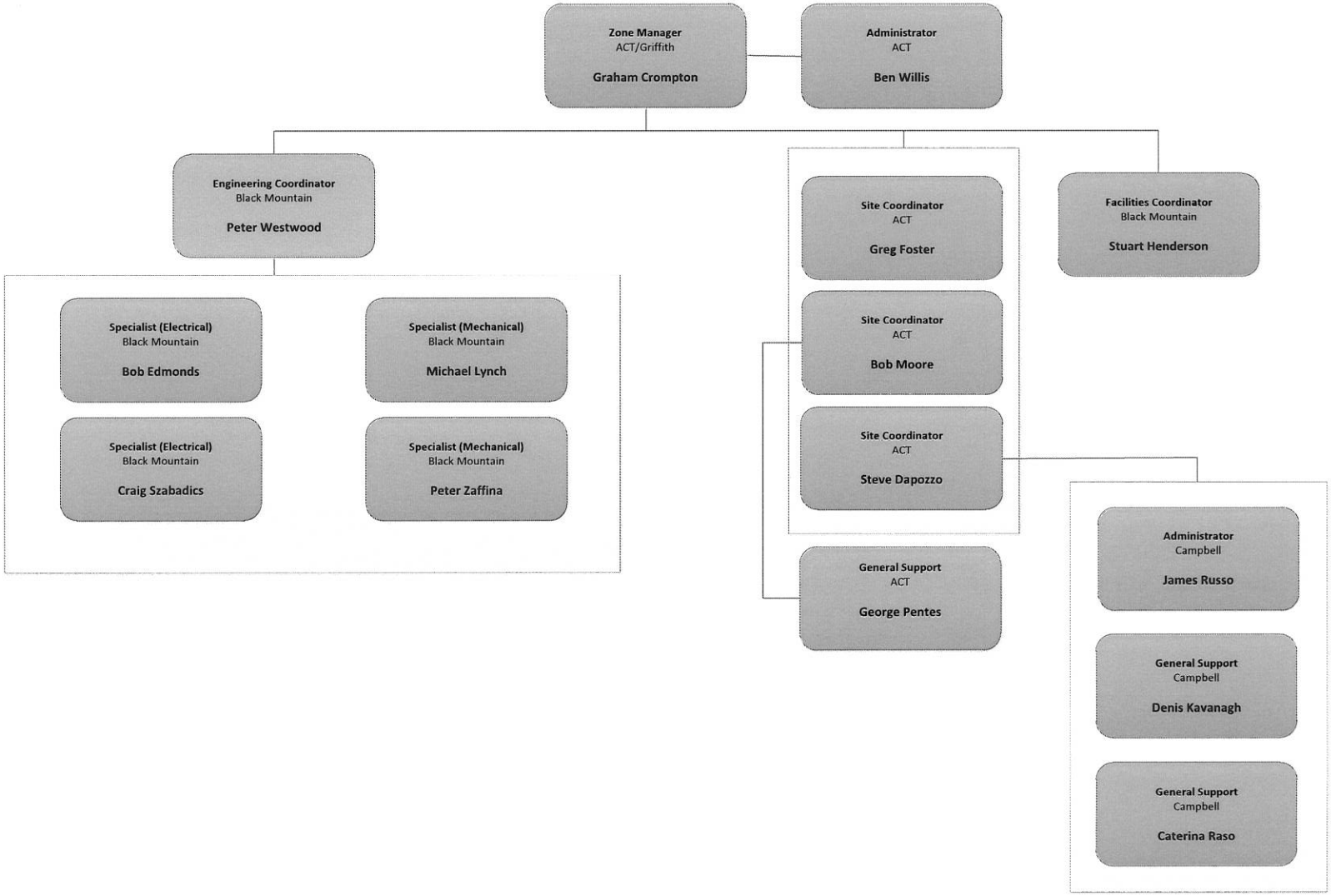
For public sector organisations government directives, strategies, policies and political environment will also need to be considered.



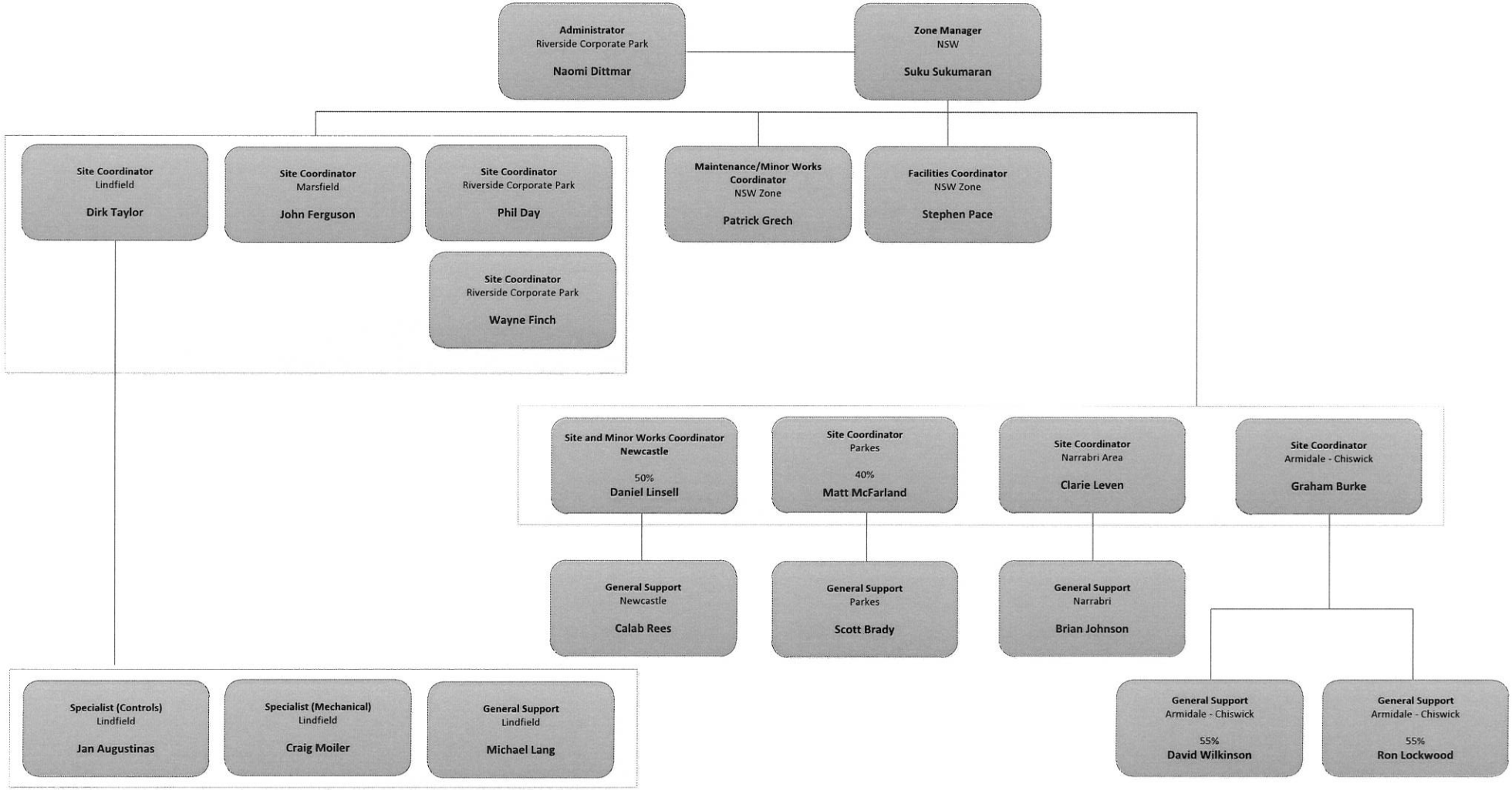
Attachment 4 – Current CPS structure


General Manager
Campbell
Mark Wallis
Manager Capital Projects and Sustainability
Campbell
Antony Mikulic
Project Director
Campbell
Graeme Collin
Project Director
St Lucia
John Takats
Project Director
Clayton
Ron Schwarz
Project Manager
Clayton
Karen Wright
Project Services Engineer
Campbell
Bob Ralph
Manager Planning and Facilities
Campbell
John Hawkins
Facilities Planner
Campbell
Andre Quaglio
Facilities Planner
Campbell
Rajan Reddy
Technical Resources Officer
Campbell
Andrew Tracy
Agency Security Adviser/Fraud Control
Campbell
John King
Manager Facilities Services
Campbell
Daniel Hannan
Enterprise Facilities Coordinator
Campbell
Raff Poidomani
AAHL (Geelong) Zone
Steven Edwards
Zone Manager
Steve Kunjka
General Service Coordinator
Sydney NSW Zone
Suku Sukumaran
Zone Manager
Naomi Dittmar
Administration Officer
Victoria Zone
Richard Yeoh
Zone Manager
Jean Miller
Administration Officer
QLD Zone
Rudy Van Kerckhof
Zone Manager
Vicki Graham
Administration Officer
Tasmania Zone
Leigh Carter
Zone Manager
Chris Worledge
Administration Officer
ACT/Griffith Zone
Graham Crompton
Zone Manager
Ben Willis
Administration Officer
SA/WA/NT/Merbein Zone
James Abbott
Zone Manager
Maria Piscioneri
Facilities & Administration Coordinator
Manager Property Resources
Campbell
Ross Stevens
Estate Manager
Campbell
Vacant
Property Officer
Campbell
Irene Ford
Executive Project Officer
Campbell
Margaret Clayton
Administrative Officer
Campbell
Marie Avellana
Administrative Officer
Campbell
70%
Debby Cox
Business Support
Finance Manager
Campbell
Bryan Mornement
Human Resources
Campbell
Janice Ip
HSE
Campbell
Thomas Mulligan

Zone


Zone Manager
ACT/Griffith
Graham Crompton
Administrator
ACT
Ben Willis
Engineering Coordinator
Black Mountain
Peter Westwood
Specialist (Electrical)
Black Mountain
Bob Edmonds
Specialist (Mechanical)
Black Mountain
Michael Lynch
Specialist (Electrical)
Black Mountain
Craig Szabadics
Specialist (Mechanical)
Black Mountain
Peter Zaffina
Site Coordinator
ACT
Greg Foster
Site Coordinator
ACT
Bob Moore
Site Coordinator
ACT
Steve Dapozzo
General Support
ACT
George Pentes
Facilities Coordinator
Black Mountain
Stuart Henderson
Administrator
Campbell
James Russo
General Support
Campbell
Denis Kavanagh
General Support
Campbell
Caterina Raso

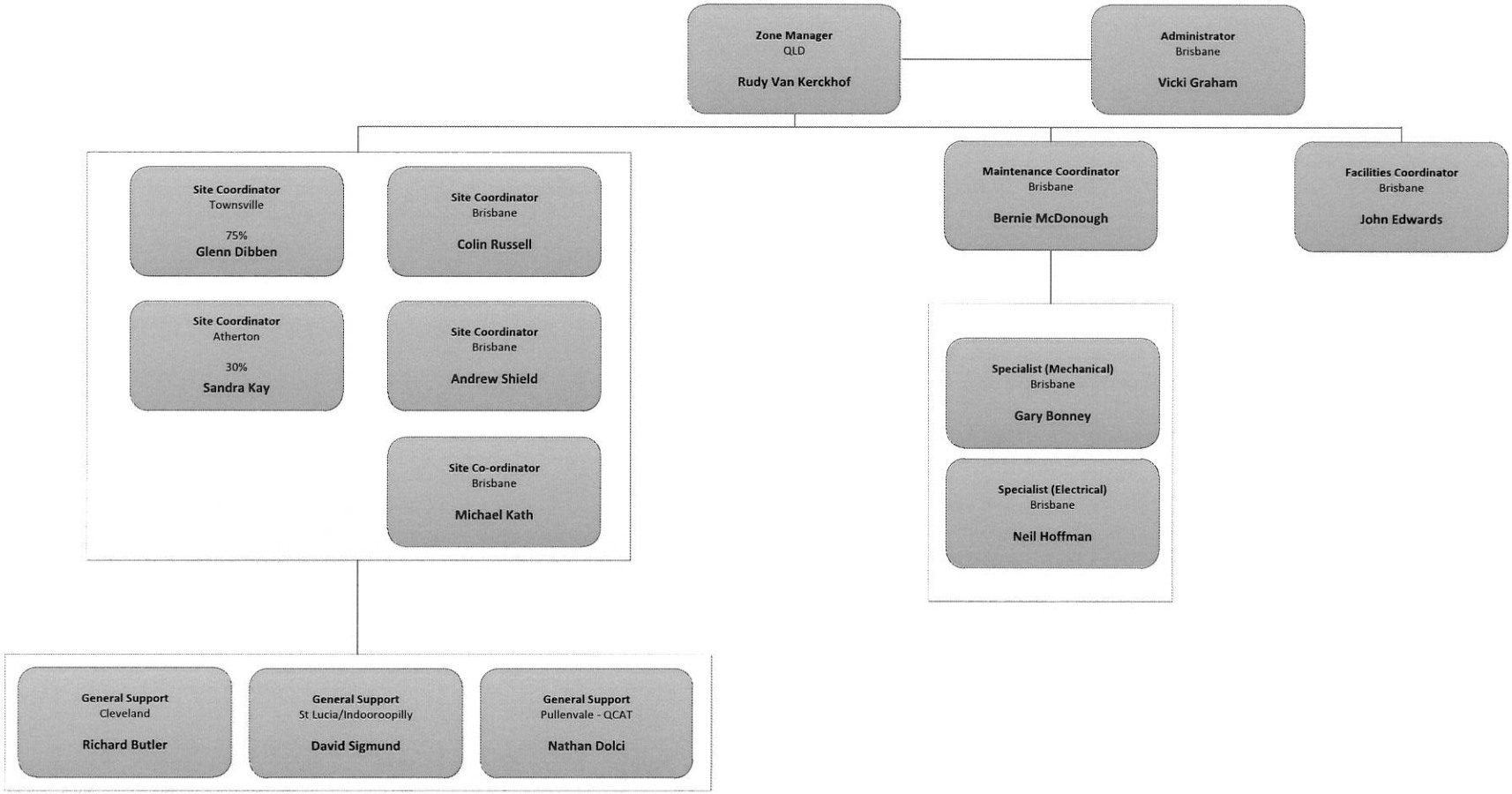
Zone



Updated Monday, June 20, 2011

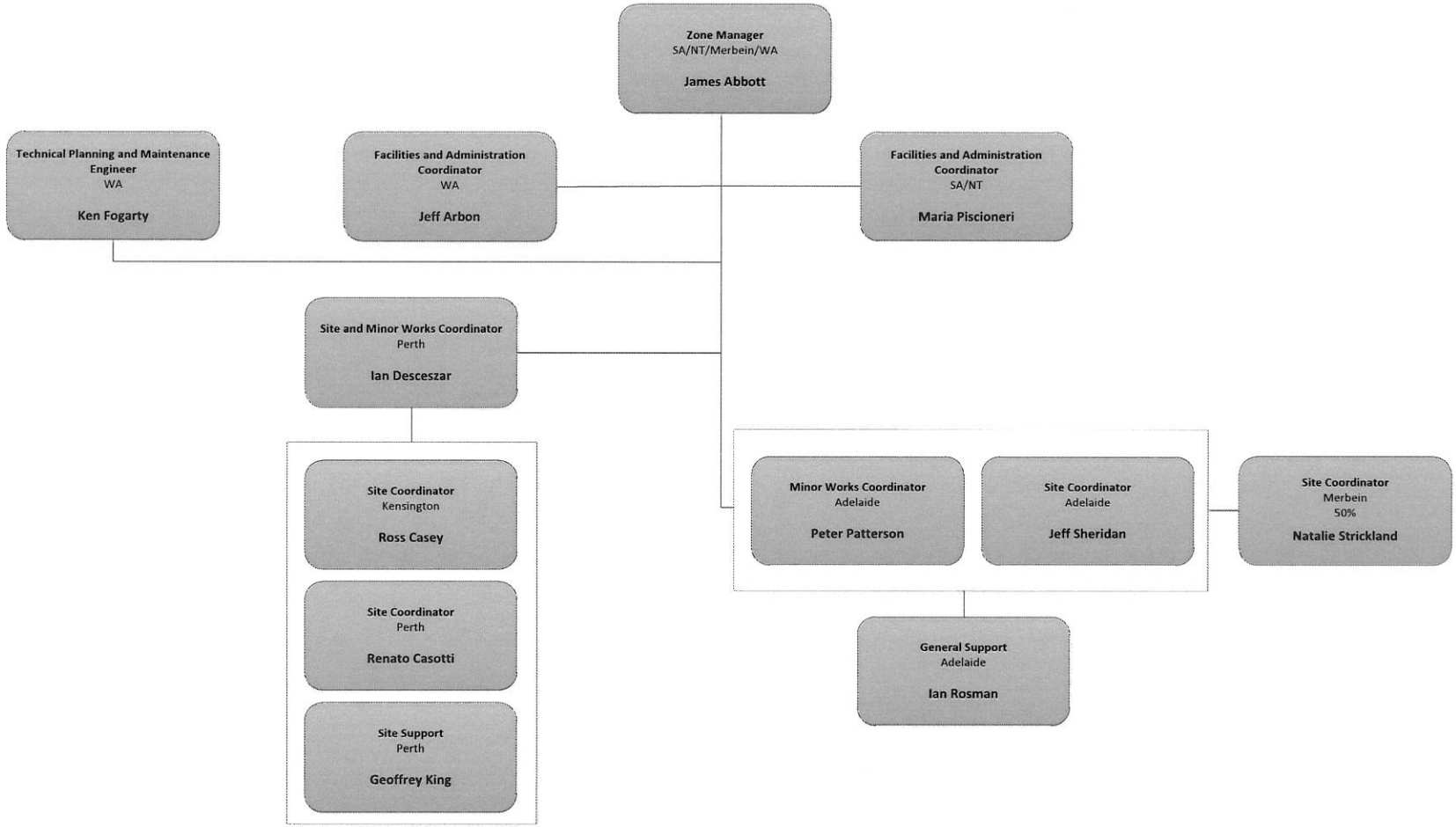
Pullenvale / St Lucia / Indooroopilly / Brisbane / Dutton Park / Coopers Plains / Toowoomba / Gatton / Townsville / Lansdown / Belmont / Atherton / Cairns

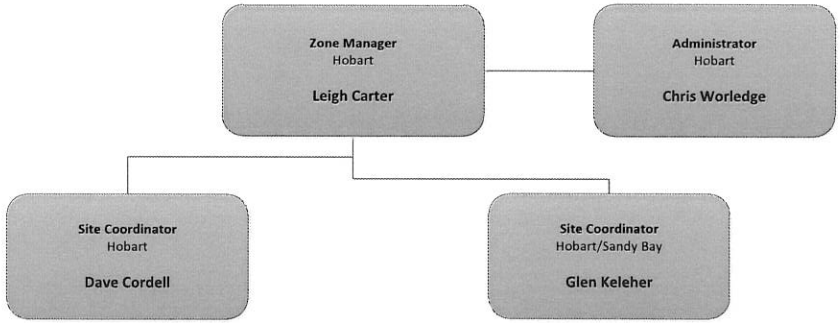
Zone



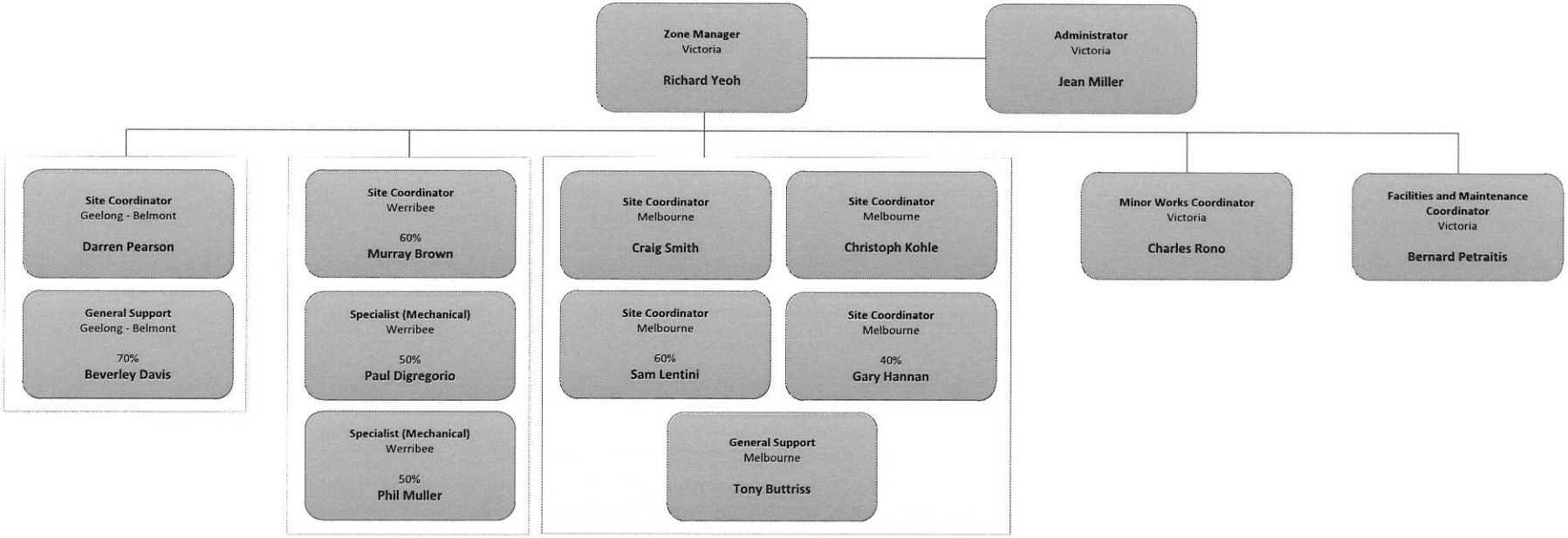
Updated Monday, June 20, 2011

Zone

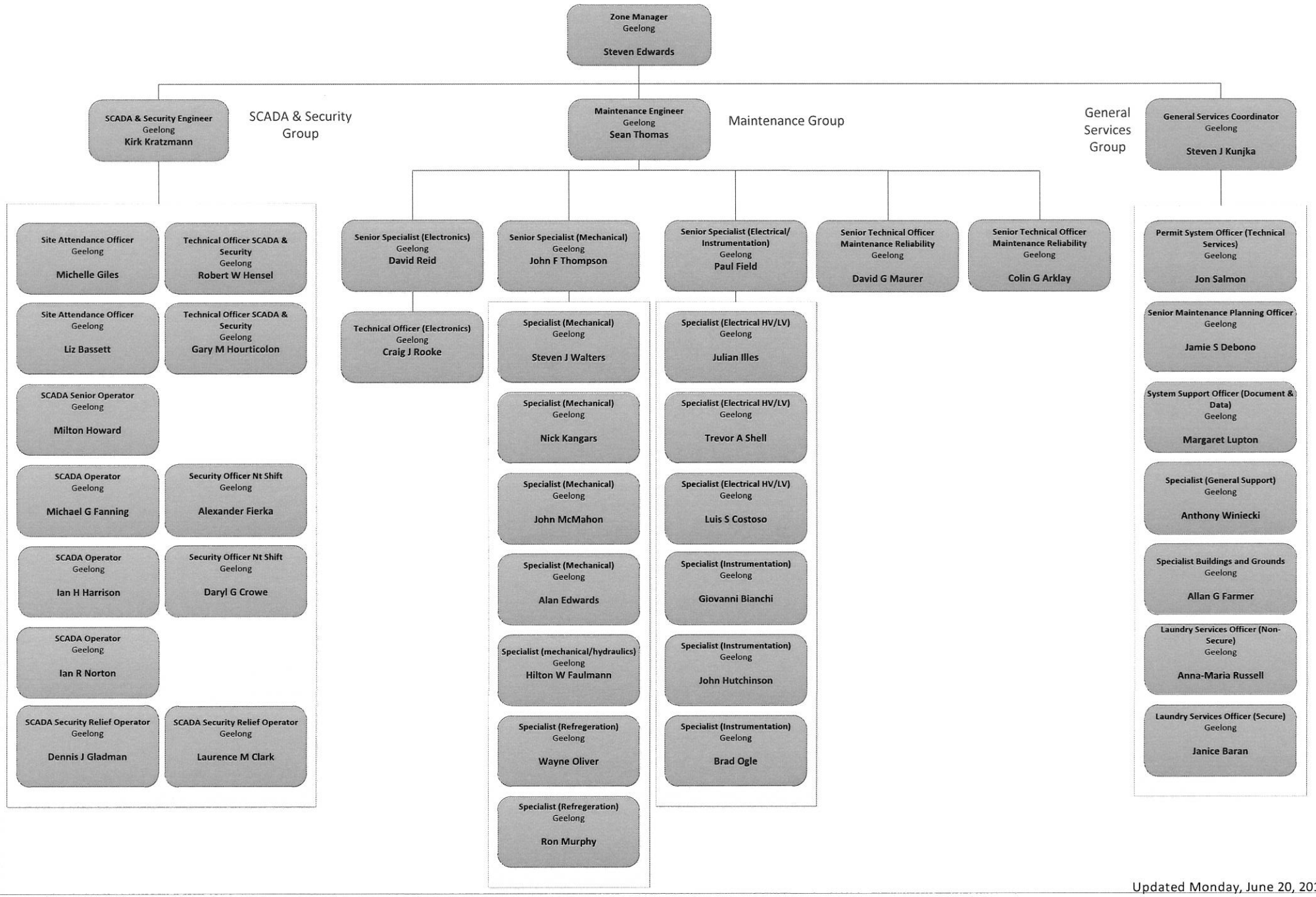

Zone Manager
SA/NT/Merbein/WA
James Abbott
Technical Planning and Maintenance Engineer
WA
Ken Fogarty
Facilities and Administration Coordinator
WA
Jeff Arbon
Facilities and Administration Coordinator
SA/NT
Maria Piscioneri
Site and Minor Works Coordinator
Perth
Ian Desceszar
Site Coordinator
Kensington
Ross Casey
Site Coordinator
Perth
Renato Casotti
Site Support
Perth
Geoffrey King
Minor Works Coordinator
Adelaide
Peter Patterson
Site Coordinator
Adelaide
Jeff Sheridan
Site Coordinator
Merbein
50%
Natalie Strickland
General Support
Adelaide
Ian Rosman


Zone Manager
Hobart
Leigh Carter
Administrator
Hobart
Chris Worledge
Site Coordinator
Hobart
Dave Cordell
Site Coordinator
Hobart/Sandy Bay
Glen Keleher

Zone


Zone Manager
Victoria
Richard Yeoh
Administrator
Victoria
Jean Miller
Site Coordinator
Geelong - Belmont
Darren Pearson
General Support
Geelong - Belmont
70%
Beverley Davis
Site Coordinator
Werribee
60%
Murray Brown
Specialist (Mechanical)
Werribee
50%
Paul Digregorio
Specialist (Mechanical)
Werribee
50%
Phil Muller
Site Coordinator
Melbourne
Craig Smith
Site Coordinator
Melbourne
Christoph Kohle
Site Coordinator
Melbourne
60%
Sam Lentini
Site Coordinator
Melbourne
40%
Gary Hannan
General Support
Melbourne
Tony Buttriss
Minor Works Coordinator
Victoria
Charles Rono
Facilities and Maintenance Coordinator
Victoria
Bernard Petraitis

Zone



Updated Monday, June 20, 2011

Attachment 5 – Staff survey results

Staff survey results

Outline of CPS staff survey

Comparative analysis of key variables

In order to understand the issues that impact the ability of CSIRO Property Services (CPS) staff to perform their roles and deliver an appropriate level of service to businesses and customers, Grosvenor conducted the following survey.

The primary objective of the survey is to enable CPS staff to provide their input and feedback into the review process. In this regard, the key outcomes from the survey include:

- feedback on issues affecting staff in the delivery of their responsibilities and level of performance
- feedback on ideas and opportunities to improve service delivery to CSIRO business and customers
- information on the use of existing IT systems and tools including MEX, Landesk, Trim and the Property Resource Services Framework
- feedback on internal communication processes both within zones and from the Enterprise CPS / Senior Management team

CPS staff survey included the participation of the eight zones/teams:

- ACT/Griffith
- Sydney NSW
- Victoria
- Tasmania
- Queensland
- SA/WA/NT/Merbein
- AAHL (Geelong)
- Enterprise Team

Each of the zones were analysed and compared to each other and to the overall national viewpoint to understand key differences and similarities for each zone.

The following pages provide an interpretation of the results in regard to:

- customer service
- service support
- communication
- strategy

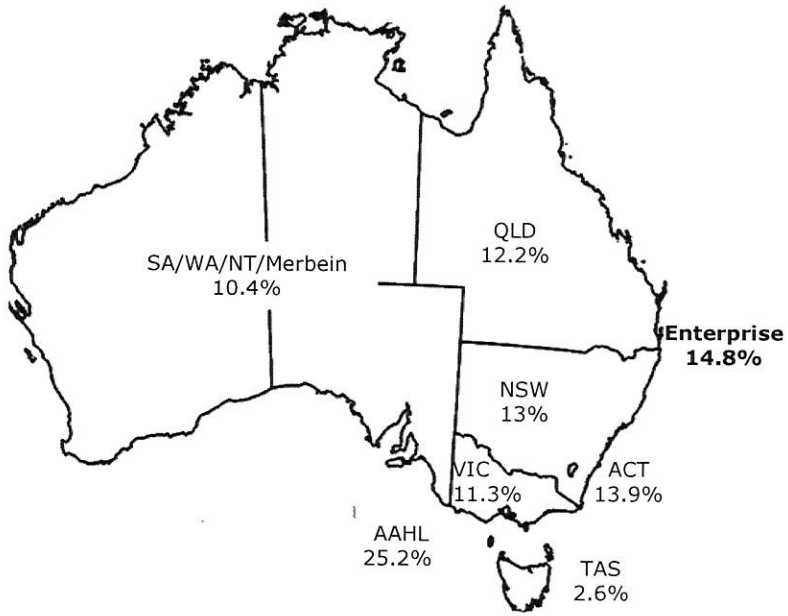
Survey Statistics

A total of 115 responses from 137 staff surveyed

Question1: For which CPS Zone team do you currently work for?

	Response Percentage	Response Count
ACT / Griffith	13.9%	16
Sydney NSW	13.0%	15
Victoria	11.3%	13
Tasmania	2.6%	3
Queensland	12.2%	14
SA/WA/NT/Merbein	10.4%	12
AAHL (Geelong)	25.2%	29
Enterprise team	14.8%	17
answered question		**115**
skipped question		**0**

	#	Response	
		#	%
Total CPS staff survey	133	115	86%



Response rate of 78% is very good

Survey results - customer service

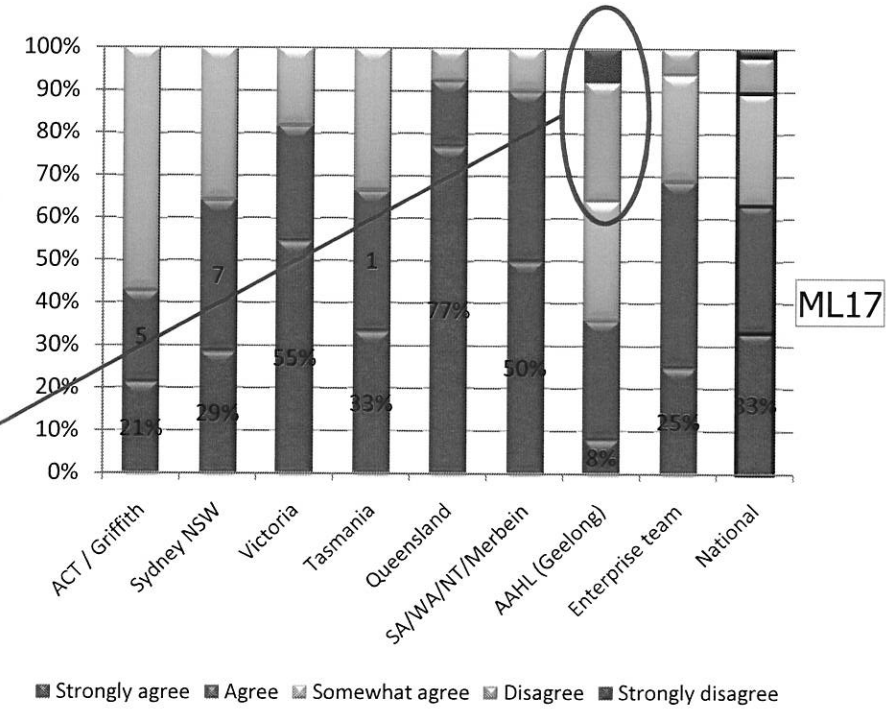
Delivery of appropriate service levels

The first part of the survey addresses the perceptions of staff regarding the appropriate level of service provided to CSIRO business and customers.

Figure 1 shows the response of staff members from each zone to the first survey question ("I believe that my team are delivering an appropriate level of service to our customers.") The responses were recorded on a five-point scale, ranging from 'strongly agree' to 'strongly disagree'.

The majority (77%) of staff in Queensland 'strongly agree' that they are delivering an appropriate level of service, in contrast to AAHL staff, of whom only 8% consider the service levels to be appropriate. Nationally, over 60% of staff agree with the statement, while AAHL (Geelong), Queensland and the Enterprise Team showed lower levels of agreement than the national average.

Figure 1: Survey Question – "I believe that my team are delivering an appropriate level of service to our customers."



All except AAHL believe service levels are appropriate

Slide 4

ML17

- Addition of % labels?
- Addition of actual numbers (this would provide additional information)?
- No labels?

Mira Lose, 25/08/2011

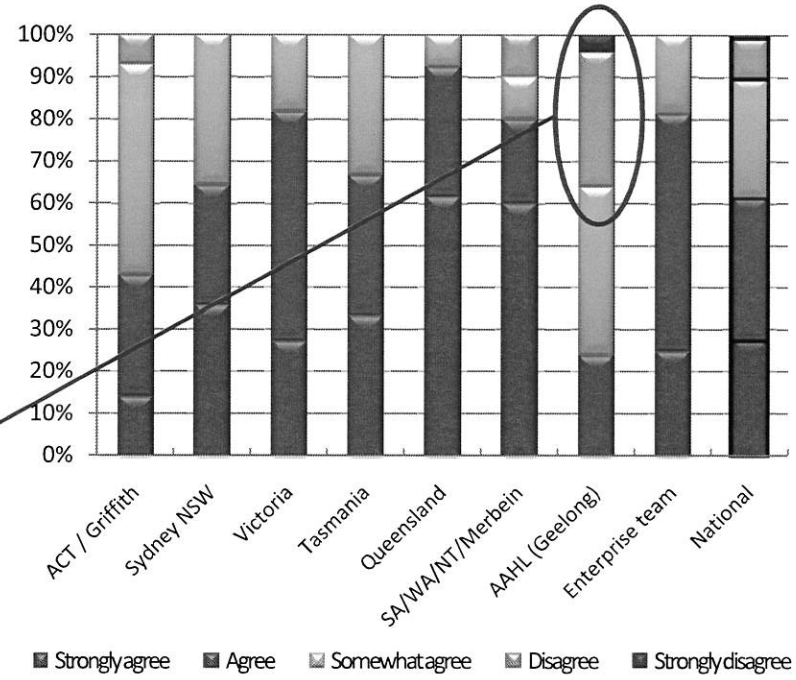
Survey results - customer service

Meeting business needs

The second question of the survey measures the extent to which CPS staff perceive that their team is delivering services that meet the needs of the business.

As Figure 2 illustrates, on average almost 90% of CPS staff think that the service offerings fulfill the business requirements. However, AAHL (Geelong) clearly is below the national average with over 35% stating that the business needs are not met.

Figure 2: Survey Question – "I believe that my team are delivering services that meet the needs of the business."



All except AAHL believe service levels are appropriate

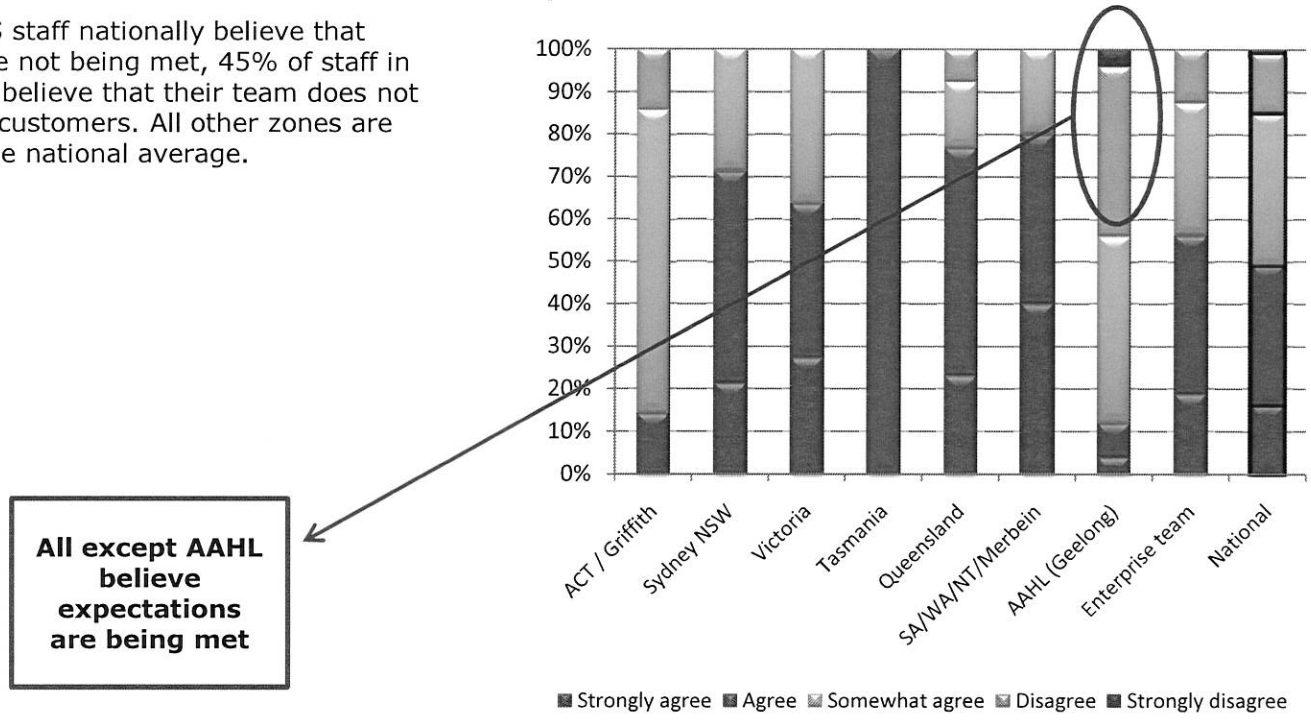
Survey results - customer service

Meeting customer expectations

Figure 3 illustrates how much CPS believe that their team are delivering services that meet their customer's expectations.

Whereas only 15% of CPS staff nationally believe that customer expectations are not being met, 45% of staff in the AAHL (Geelong) zone believe that their team does not meet the expectations of customers. All other zones are broadly consistent with the national average.

Figure 3: Survey Question – "I believe that my team are delivering services that meet our customer's expectations."



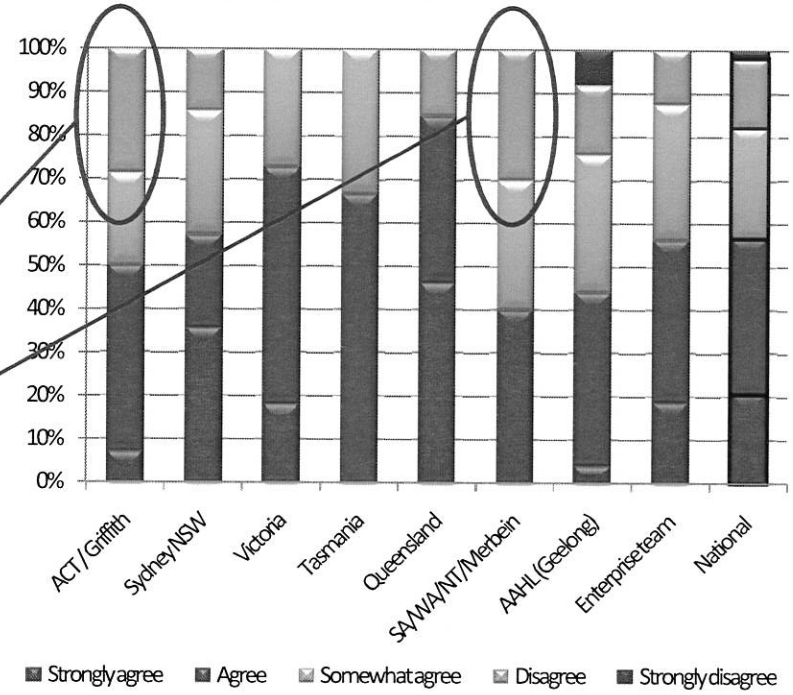
Survey results - customer service

Delivering appropriate range of services

In order to provide the appropriate level of service and to satisfy customers, it is of fundamental importance to deliver an appropriate range of services.

Figure 4 shows that 80% of staff nationally believe that the range of services provided is appropriate to meet the needs of CSIRO. However, 30% of ACT/Griffith and SA/WA/NT/Merbein disagree with the current range of service offerings.

Figure 4: Survey Question – "I believe that my team are delivering the appropriate range of services to meet the needs of the business."



30% of ACT and SA/WA/NT/Merbein believe the range of services need change

Key areas of service level improvements

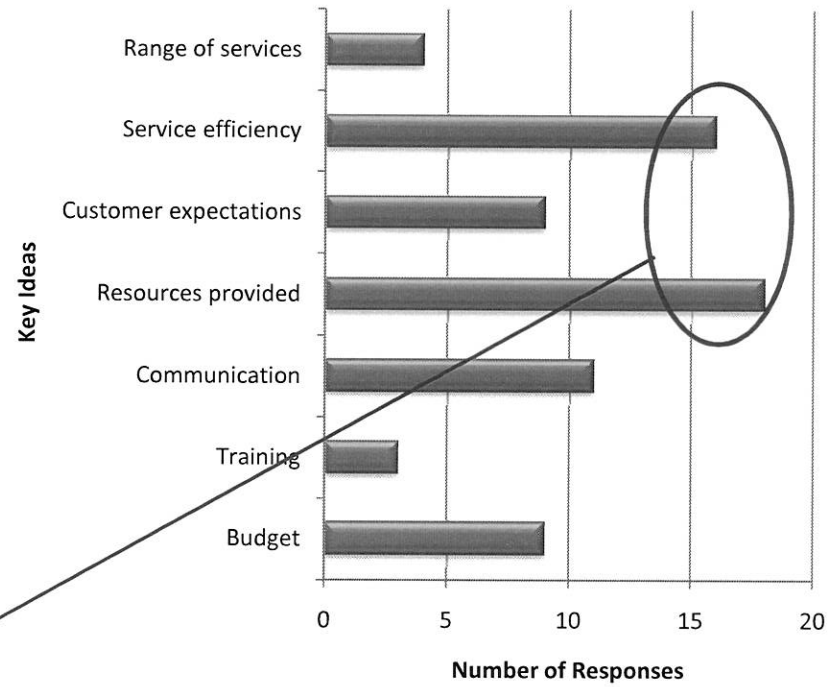
One of the objectives of the CPS review is to provide feedback on ideas and opportunities to improve the service delivery to businesses and customers.

This part of the report covers the range of changes suggested by CPS staff to improve the delivery and level of service provided to customers.

A number of key areas that were suggested by CPS staff are outlined in Figure 5. As shown, CPS staff suggested that customer service levels could be improved by better communication with customers and by changing the range of service offerings. In addition, improvements to resources are further analysed in Section 2 of the survey.

A detailed assessment of these themes can be found on the next page.

Figure 5: Key areas of improvement to customer service levels



Resources and efficiency of service delivery were most often suggested

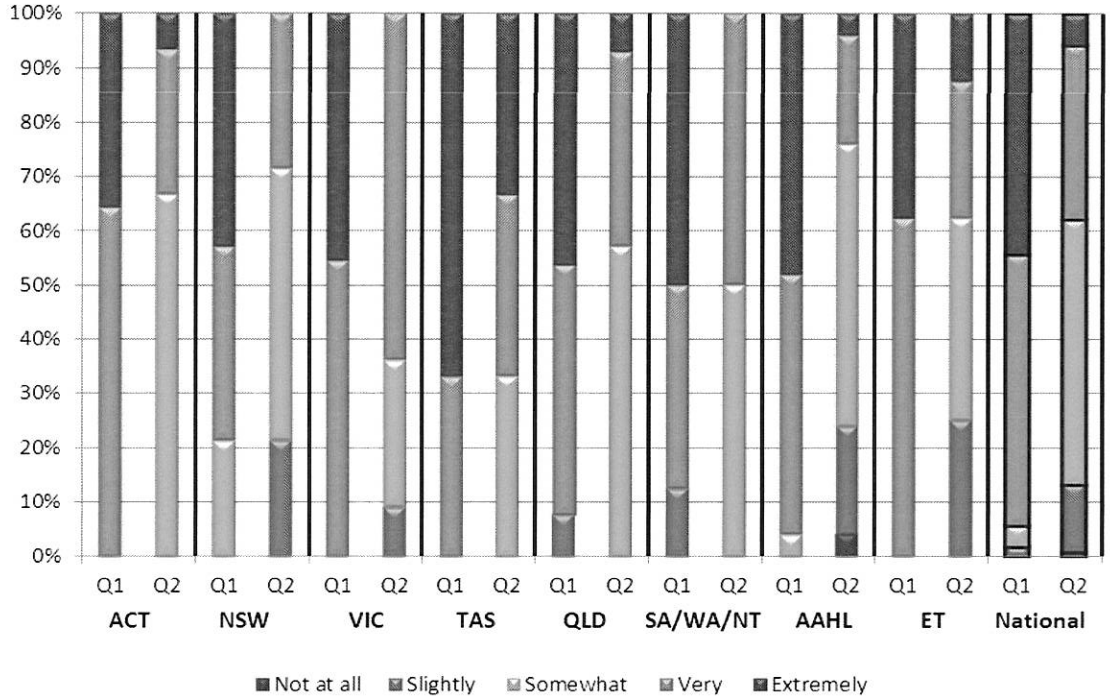
Survey results - service support

Gap assessment of service support performance

The second part of the survey presents an overview of the importance of various factors in performing the role and the level of support required to deliver quality services.

Questions were designed to provide a gap assessment of the views about what is important to staff and if these requirements are sufficiently supported by management and IT systems.

Figure 6: Importance of having *the right tools (IT)* to do the job (Q1), compared with how well equipped/ informed CPS Zone team members are in this area (Q2)



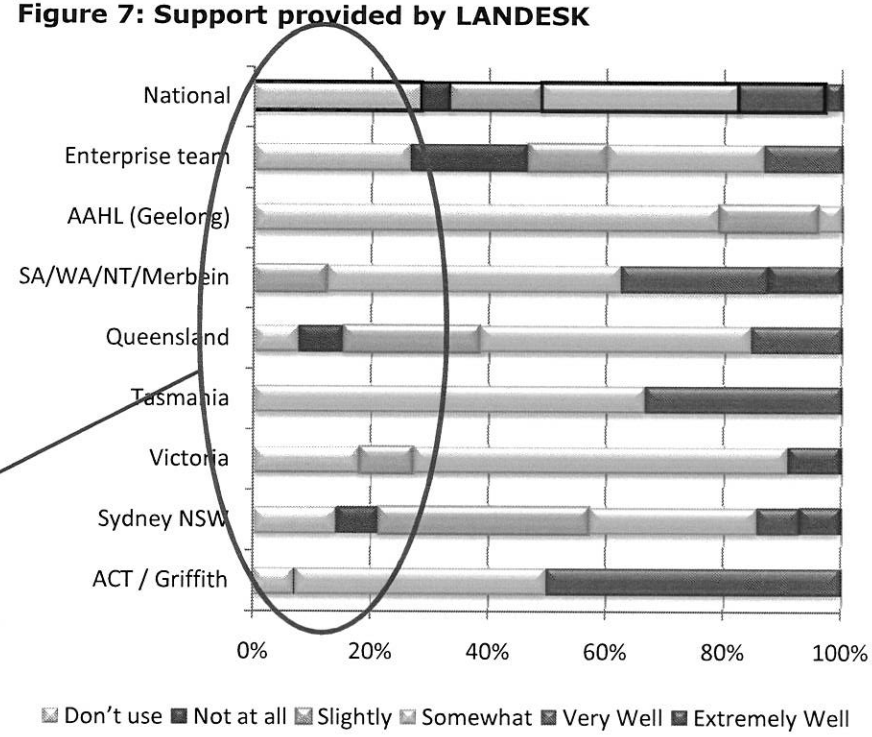
Survey results - service support

Unsatisfactory support by Landesk

Figure 7 shows that less than 20% of the respondents consider Landesk as an adequate and effective system for daily tasks. This is in accordance with the subsequent analysis of Question 7, which outlines a variety of changes suggested by staff to improve the support provided.

20% of the Enterprise Team believe that the system does not provide their staff with sufficient support. In contrast, 93% of ACT/Griffith staff consider Landesk as a 'somewhat' or even 'very well' support to their work.

Figure 7: Support provided by LANDESK



Over 80% believe Landesk is inadequate

Survey results - service support

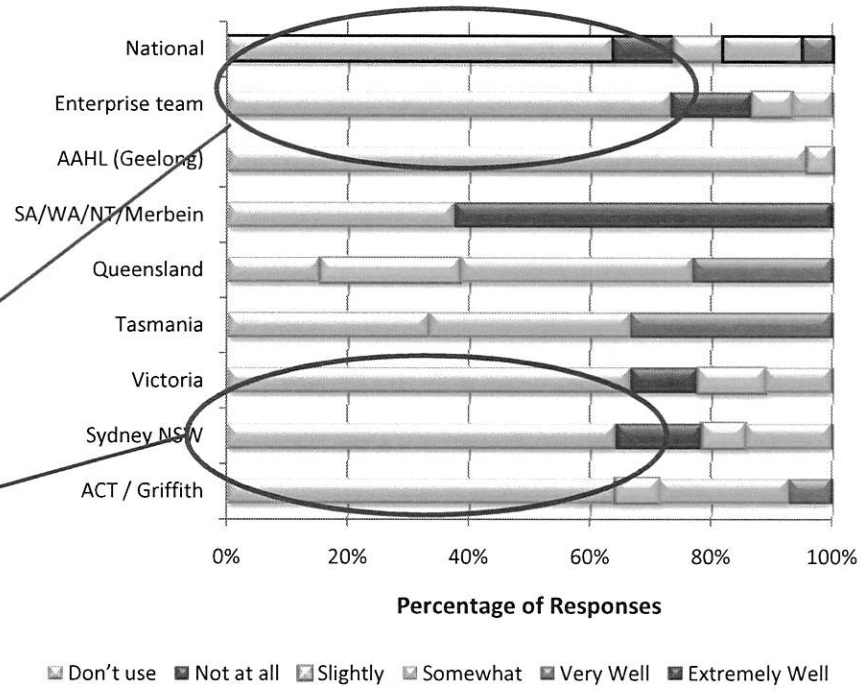
Deficient support by MEX

According to Figure 8, over 60% of staff in each zone do not currently utilise MEX.

In particular, survey results from SA/WA/NT/Merbein show that all users of MEX are unsatisfied with the support provided by the system.

In comparison to SA/WA/NT/Merbein, all users in Tasmania perceives MEX as a 'somewhat' or 'very well' support for their role.

Figure 8: Support provided by MEX



Most CPS staff do not use MEX

Survey results - service support

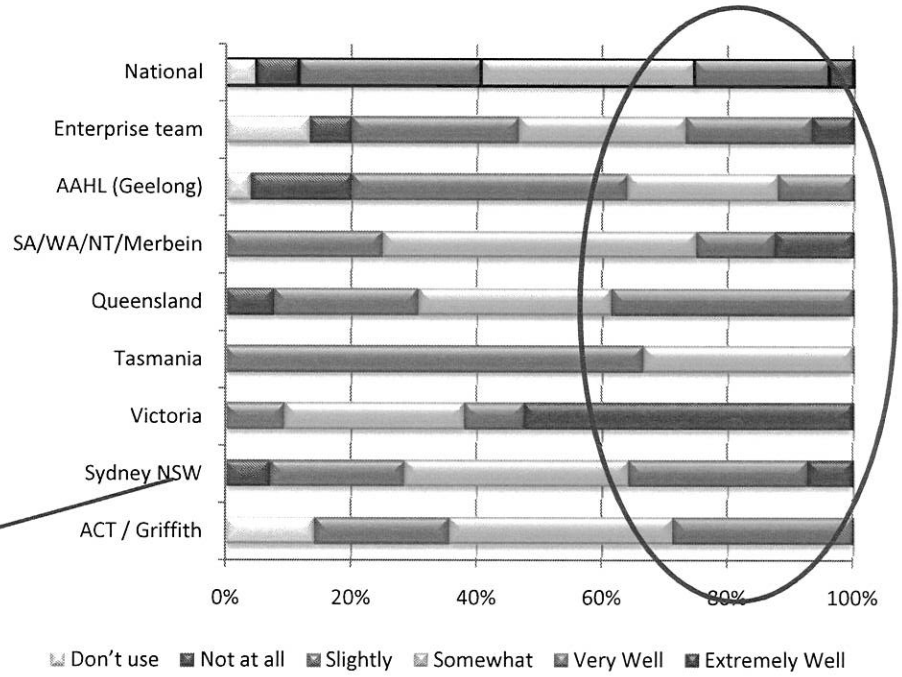
High usage of SAP with room for improvement

In accordance with Figure 9, SAP is the system most utilised by CPS staff nationwide.

However, opinions about the appropriate level of support provided by this system is divided across the nation. In particular, staff in Tasmania consider SAP not to be providing an above average support.

In contrast, staff in Victoria provided a very positive response about SAP. Further research and analysis are required to determine the reasons for this difference.

Figure 9: Support provided by SAP



SAP is well used

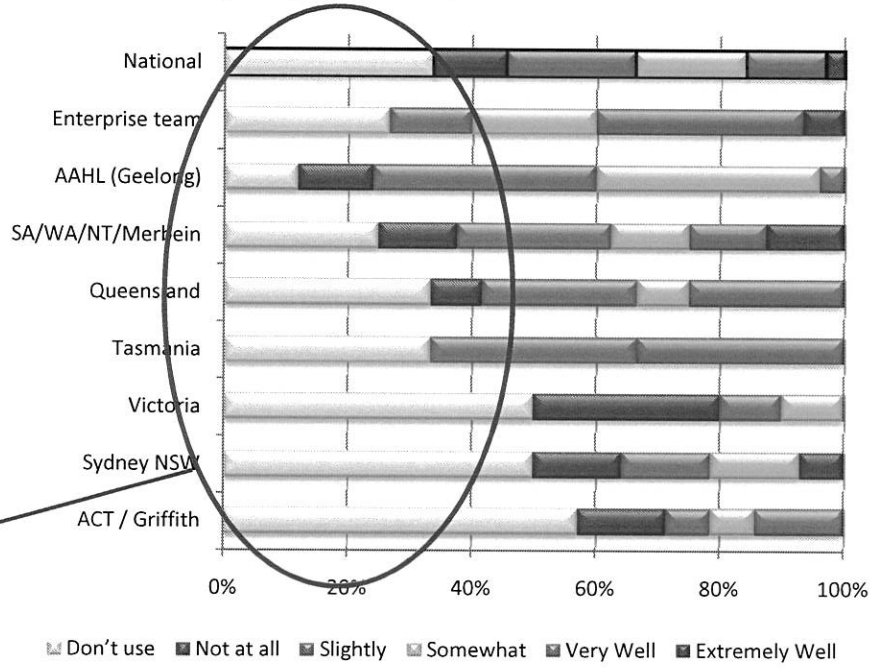
Survey results - service support

Unsatisfactory support by Trim

Figure 10 outlines that over 50% of all CPS staff consider Trim as a system which provides only 'slightly' or 'not at all' any assistance in conducting their work.

The chart indicates a fairly consistent perception about its support capabilities with the exception of the Enterprise Team, where 60% of staff are at least to a certain degree satisfied with the support provided by Trim.

Figure 10: Support provided by Trim



Over 50% do not consider TRIM a useful tool

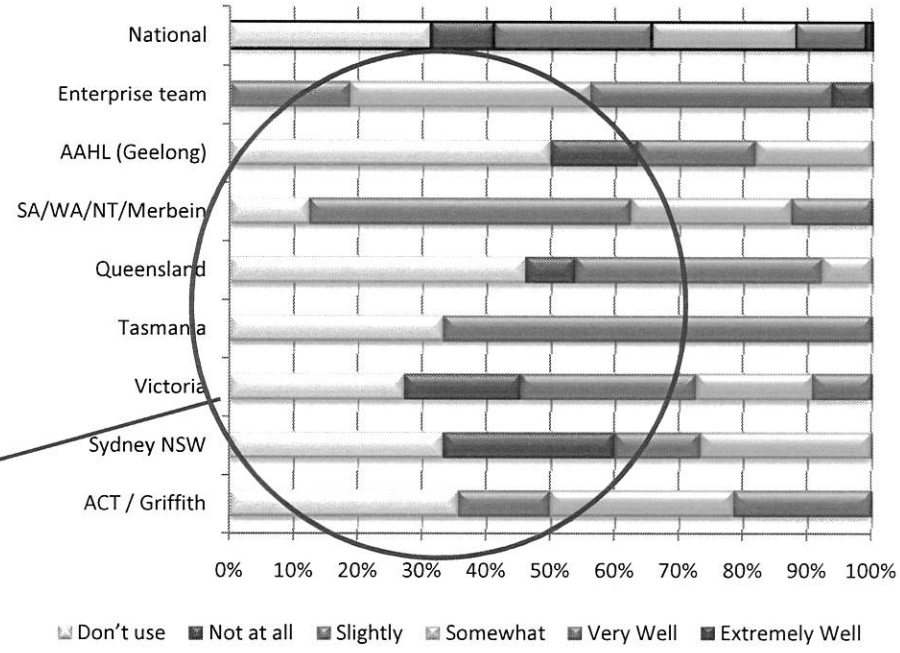
Survey results - service support

Varying perceptions of Property Service Resource Framework across the nation

Figure 11 illustrates the support provided by the Property Services Resource Framework. Over half of all CPS staff provided a below average response to the sufficient support provided by the system.

Over 10% of staff, particularly in Victoria, Sydney and AAHL (Geelong) perceive the Property Service Resource Framework no support for the team. This is in contrast to the Enterprise Team with over 80% staff on average being satisfied with the support provided by the framework.

Figure 11: Support by Property Services Resource Framework



The PSRF is useful to less than 50% of staff

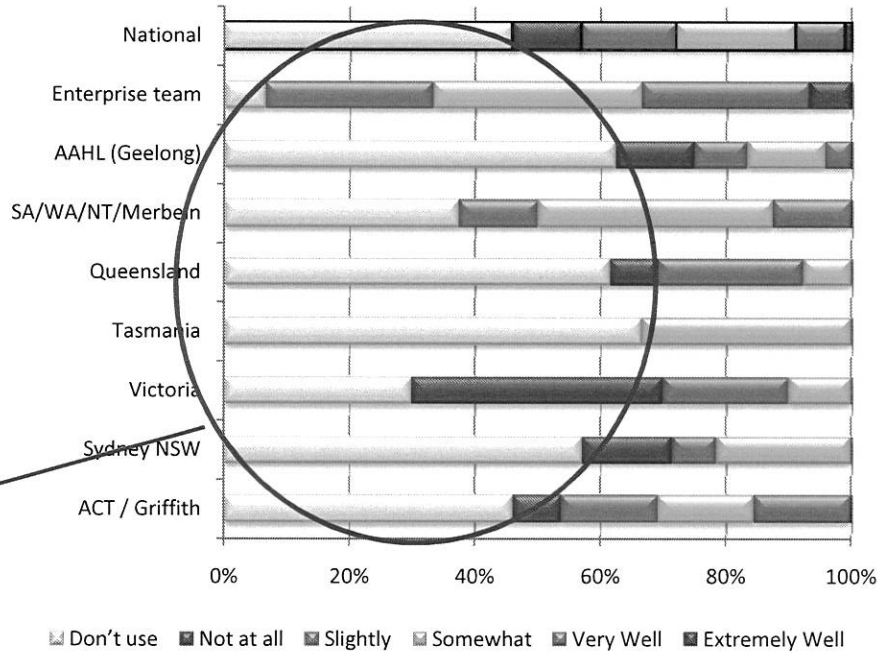
Survey results - service support

Support of Document Resource Centre

Similarly to the MEX system, the Document Resource Centre is not utilised by almost half of CPS staff in Australia.

As shown by Figure 12, only the Enterprise Team considers the Document Resource Centre as being an extremely good support. In contrast, Victoria shows a high percentage with 40% of staff considering this system as not providing any support.

Figure 12: Support by Document Resource Centre



The DRC is poorly used

Survey results - service support

Sufficient support by Senior Management

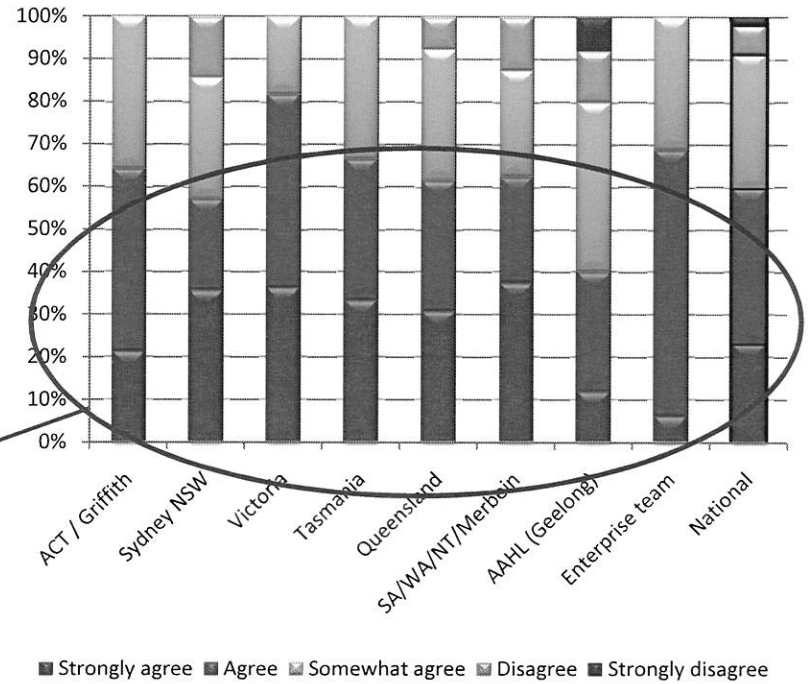
This section presents data on the perceived level of response and support provided by management and within the team with issues being raised by CPS staff.

The appropriate level of support provided by Senior and Enterprise Management particularly in regards to resolving customer issues is shown in Figure 13.

As illustrated, the majority of CPS staff receive the right amount of support from Senior Management. However AAHL (Geelong) again is below average with 8% actually 'strongly' disagreeing with the statement.

Nevertheless, all zones including the Enterprise Team, considered the level of support provided my Senior / Enterprise Management at least as 'somewhat' appropriate.

Figure 13: Appropriate level of support provided by Senior / Enterprise Management to resolve customer issues



Support from senior management is good

Survey results - service support

Ability to raise issues within teams

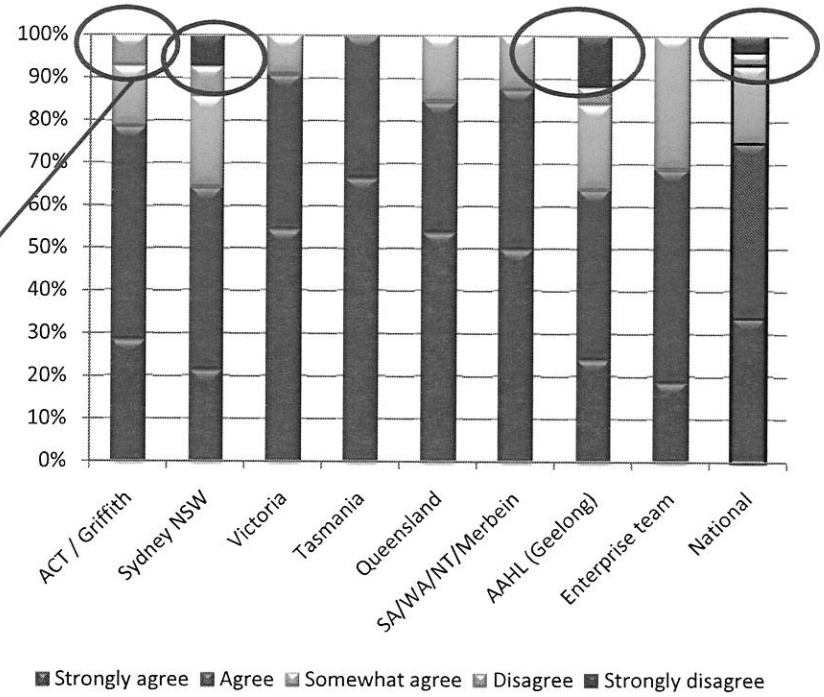
Figure 14 shows the ability of staff to raise issue within the respective team.

15% of staff in Sydney and Geelong do not feel comfortable with raising issues within their relevant teams, which can negatively influence the staff's ability to carry out their particular roles and responsibilities.

Nevertheless with over 90% of staff nationwide, the survey certainly indicates that CPS staff are overall confident with their ability to raise any customer-related issues.

With minor exceptions, staff feel they can raise issues

Figure 14: Ability of staff to raise issues within their respective team



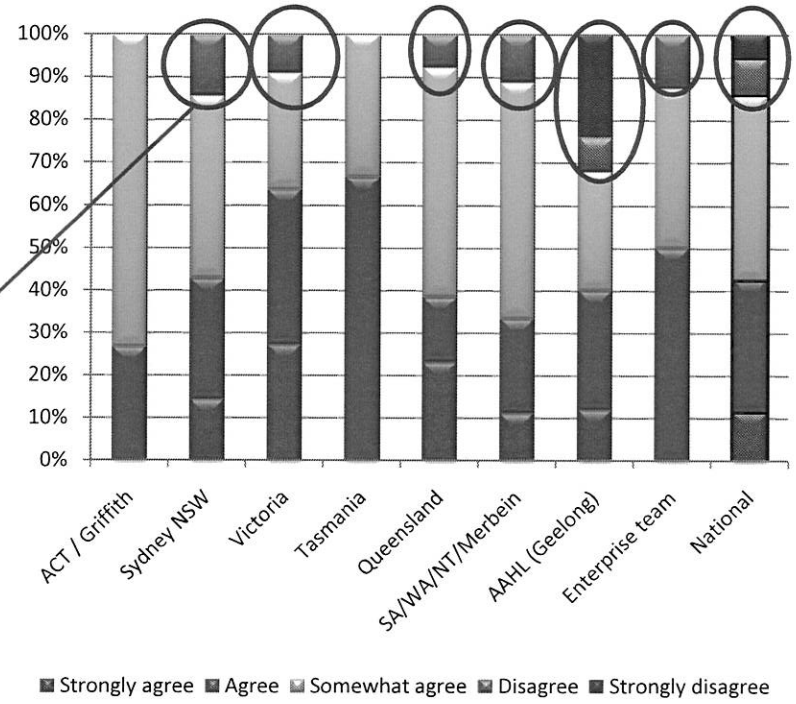
Survey results - service support

Furthermore as part of this section, the question was asked whether staff agree that any issues raised are being escalated above their respective team.

According to this survey, 30% of AAHL (Geelong) staff feel that their issues being raised with Team Managers are not escalated to higher management levels. This is in contrast to the remaining zones.

However, all staff in ACT/Griffith and Tasmania believe that issues are to at least to some degree being communicated above their team.

Figure 15: Response to issues raised by staff and being escalated above their respective team



Some concern with raising issues above team

Key areas of service support improvements

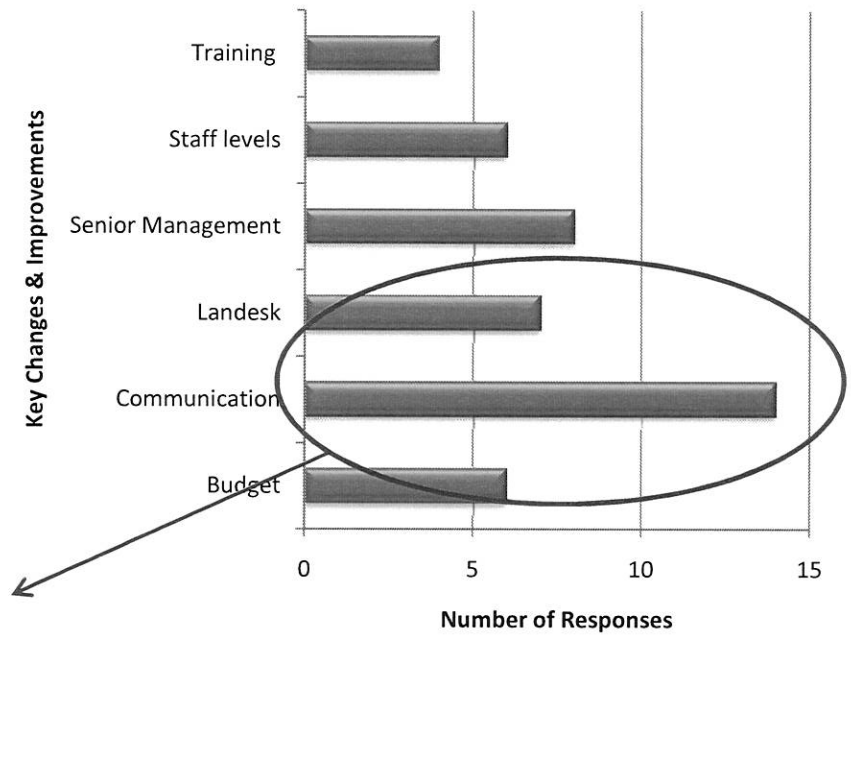
As mentioned before, a contributing factor to providing and improving services to CSIRO businesses and customers is the level of human and technical support provided by the organisation.

Figure 16 highlights the key areas of improvements or changes to the support provided, as suggested by CPS staff across Australia.

A variety of similarities and themes reappeared in the feedback provided by staff in comparison to Section 1 and the analysis of service level improvements.

A common and outstanding area in relation to improvements or changes to internal communication. Moreover, changes to the relationship with Senior Management have been highlighted by staff. In regard to the IT system, especially, amendments to Landesk were mentioned in order to improve its efficiency and user-friendliness.

Figure 16: Key areas of improvements or changes to service support provided



Survey results - communication

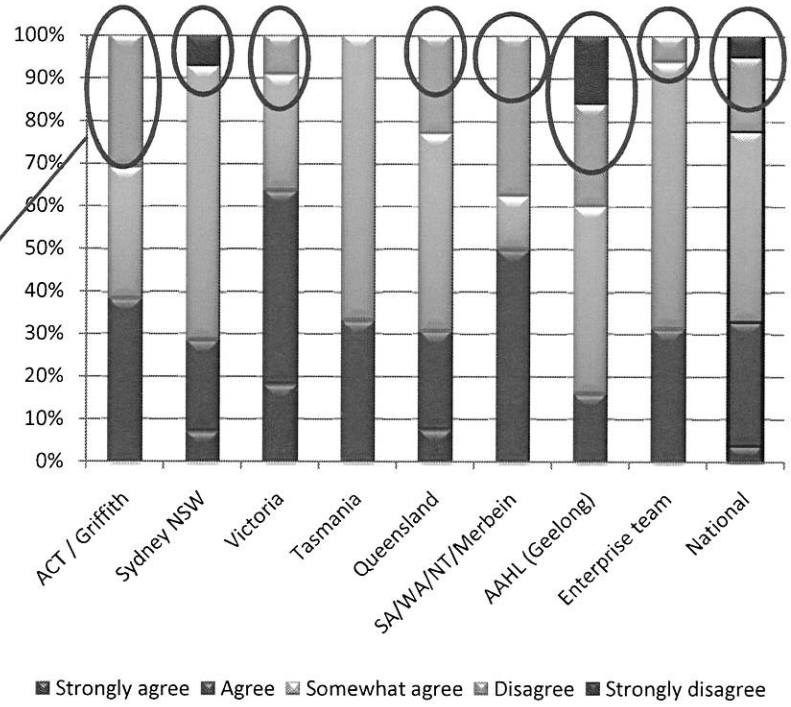
The third section of the survey gave an opportunity to staff to provide feedback on communication processes within CSIRO.

The first question reveals the perceived degree of communication from CSIRO executives and Senior Management on business issues. With the exception of Tasmania, 25% of CPS staff consider the communication from CSIRO Senior Management insufficient.

The issue of insufficient communication is especially apparent in AAHL (Geelong) with over 15% of staff 'strongly disagreeing' with the statement.

Some issues with CSIRO executive communication

Figure 17: Response to "I receive sufficient communication from CSIRO executives and Senior Management on business issues that affect my job."



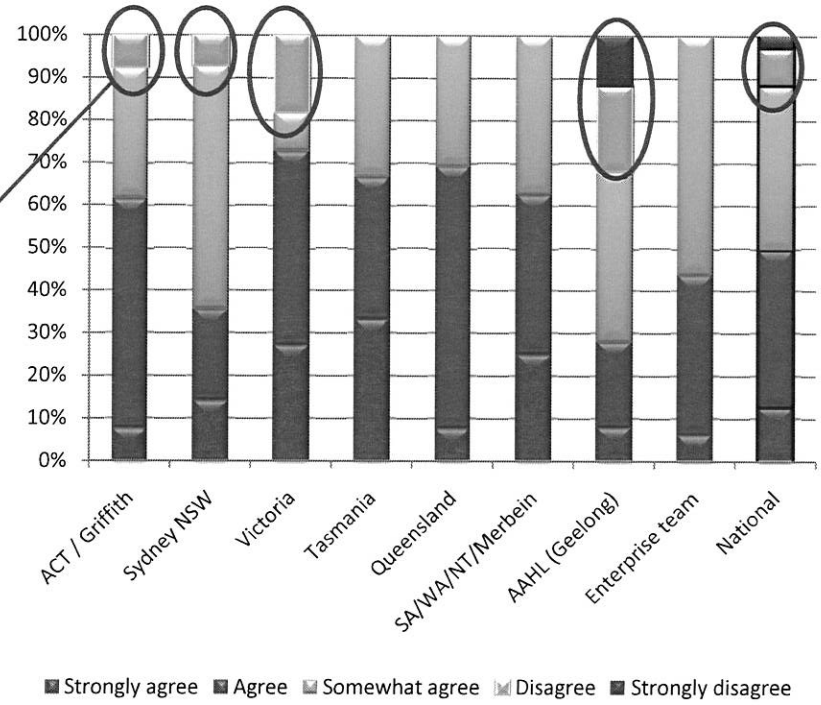
Survey results - communication

Figure 18 illustrates staff's perception of the sufficient communication from CPS Senior Management on issues that affect their work.

The outcomes are closely aligned with the results of communication levels from CSIRO Senior Management. Again AAHL (Geelong) falls below average as well as Victoria, who disagrees with the satisfactory level of communication by Senior Management.

Some issues with CPS management communication

Figure 18: Response to "I receive sufficient communication from CPS Senior Management (Zone Manager, General Manager) on issues that affect my job."



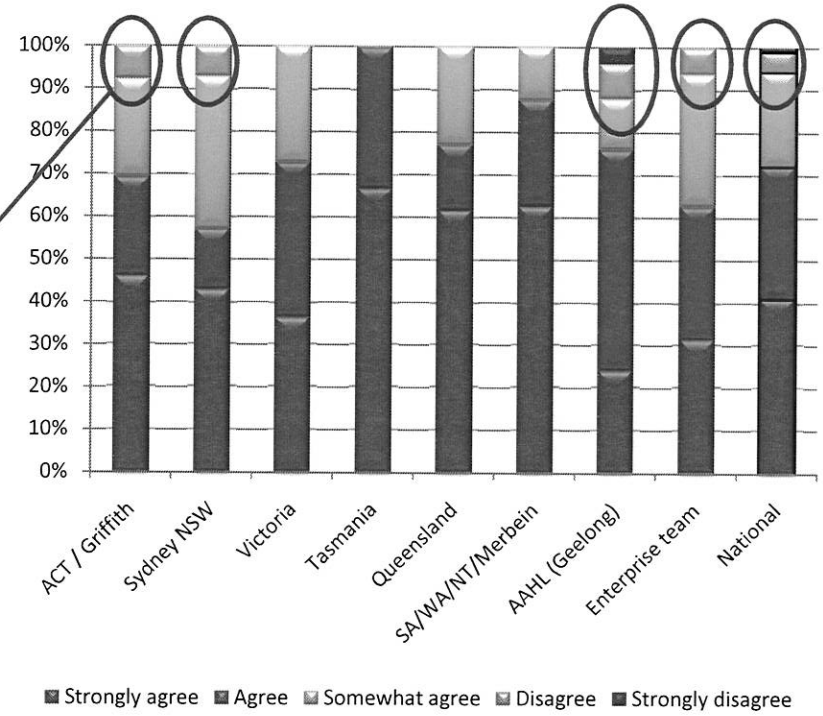
Survey results - communication

This question of the survey considered the communication of direct managers to their staff.

On average, over 90% of staff receive sufficient level of communication from their direct manager.

Overall, AAHL (Geelong) is slightly below the national average, while the majority of staff provided a positive response.

Figure 19: Response to "I receive sufficient communication from my direct manager on issues that affect my job."



Direct line manager communications is generally very good

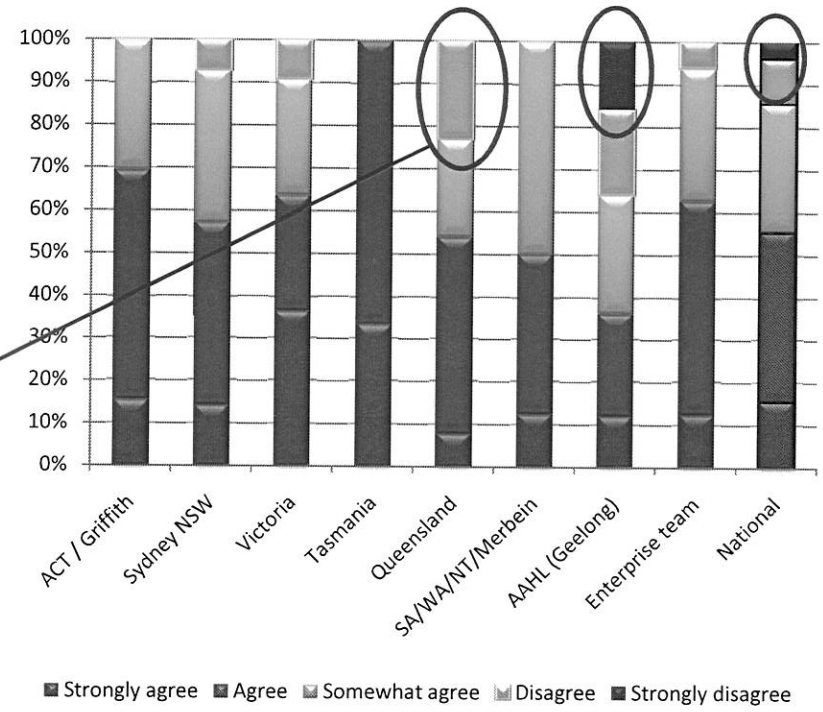
Survey results - communication

The final part of this section deals with the ability of staff to communicate issues to CPS management.

Figure X shows that staff from ACT/Griffith and SA/WA/NT/Merbein have sufficient opportunity to communicate issues that affect their job to CPS management. However, 35% of staff in AAHL (Geelong) and 25% in Queensland are unable to communicate to upper management.

Moreover, the chart highlights an above average response of staff in Tasmania.

Figure 20: Response to "I have sufficient opportunity to communicate issues that affect my job to CPS management."



Queensland and AAHL noted issues with management communication

Survey results - strategy

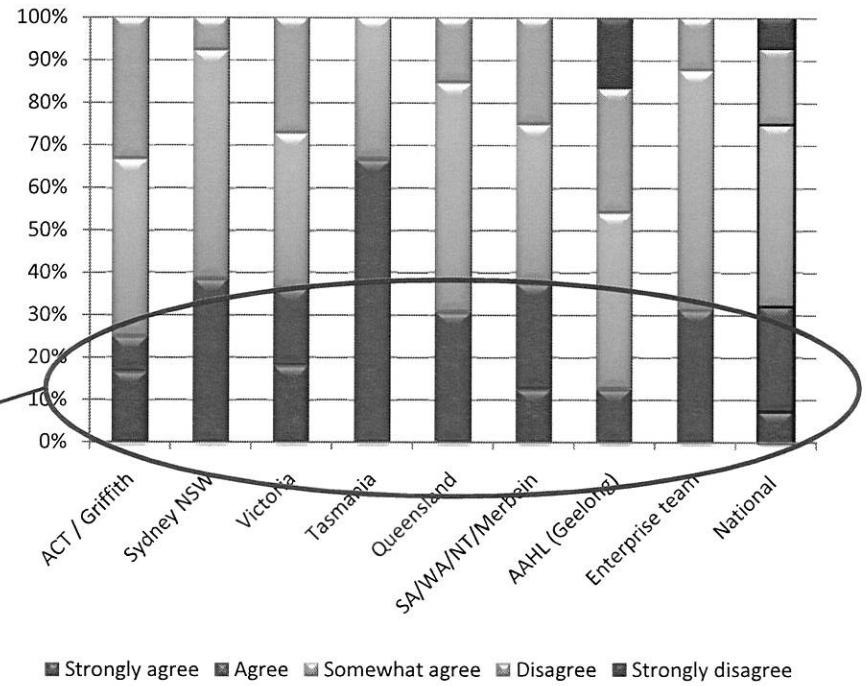
Unclear CSIRO's strategic direction

Figure 21 shows the response of CPS Staff and their understanding / knowledge of CSIRO's strategic direction and business priorities.

CSIRO's strategy and business priorities are unclear to 25% of CPS staff. AAHL (Geelong) in particular disagrees with almost 50% of staff.

In contrast, only staff in Tasmania agree with the statement.

Figure 21: Response to "CSIRO's strategic direction and business priorities are clear to me."



Most staff do not feel well informed about CSIRO strategy

Survey results - strategy

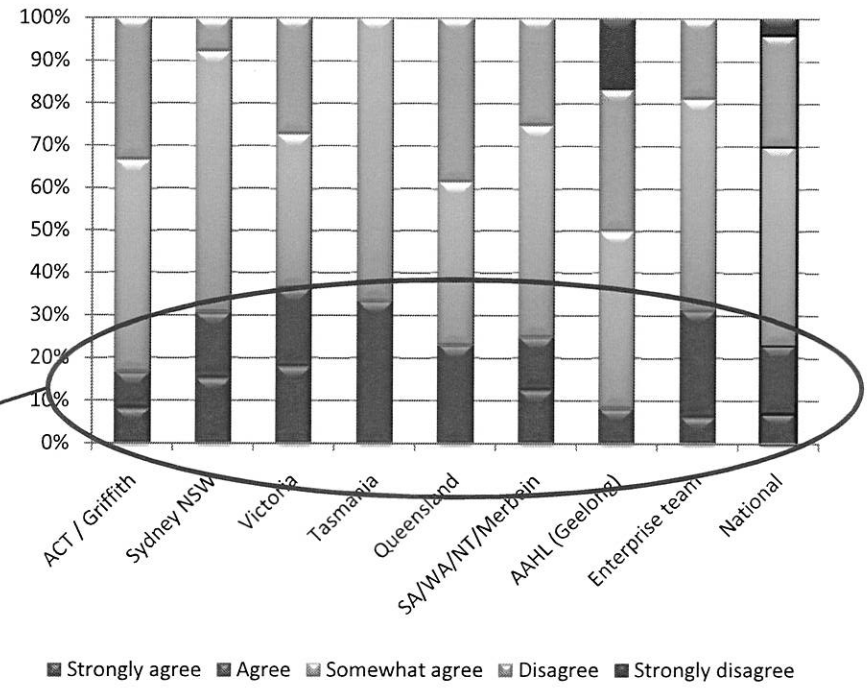
Unclear CPS's strategic direction

Figure 22 shows the response of CPS Staff and their understanding / knowledge of CPS's strategic direction and business priorities.

Similar to CSIRO's strategy and business priorities, most staff are unclear of CPS strategic direction. Again AAHL (Geelong) in particular disagrees with almost 50% of staff answering in the negative

In contrast, only staff in Tasmania agree with the statement.

Figure 22: Response to "CPS's strategic direction and business priorities are clear to me."



Most staff do not feel clear on CPS strategy

Attachment 6 – CRE market overview

Market practices and Capabilities

Trends

Move to customer focused value-adding service

The following pages outline the current trends in the outsourced corporate real estate (CRE) services market. CRE services have been evolving since the start of the 1990s. Originally these services were delivered in-house with an operational focus, committed to building management with little focus on customer needs.

Since outsourcing became popular during the 1990s, the movement has been more towards a customer focused solution, with a commitment to servicing organisational needs and complementing the strategic direction of the client. This is evidenced through a shift in emphasis toward:

- proactively managing business needs
- improving business portfolio and service levels
- reducing operational risks
- alignment of CRE to business needs.

Although a series of service delivery models have been tested in the market, core needs such as strategic planning have generally been retained in-house. This remains the case, even through second and third generation outsourcing. More operational activities, such as lease management, subcontractor management, MIS, finance management and facilities management have been outsourced.

There is a recognition that facilities and lease management are intrinsically linked, particularly for predominately leased portfolios. In these cases, the majority of issues being dealt with involve building landlords.

A developing area of CRE services is workplace support services. These 'concierge' style services include reception, mailroom and Audio Visual management. For sometime these services have also included building security services, generally delivered by security guarding subcontractors.

It has been observed in the private sector that there has been a move away from utilising security guards as a first point of contact, including across the major banks. The trend has shifted to utilising customer service specialists to be the first point of contact for clients and customers.

By engaging customer service specialists in this way, these companies are able to engage their concierge staff in other value adding roles, such as marketing, while also maintaining a professional look and feel at the front of house and in escorting subcontractors through buildings.

Trend towards customer service specialists

CRE change and evolution

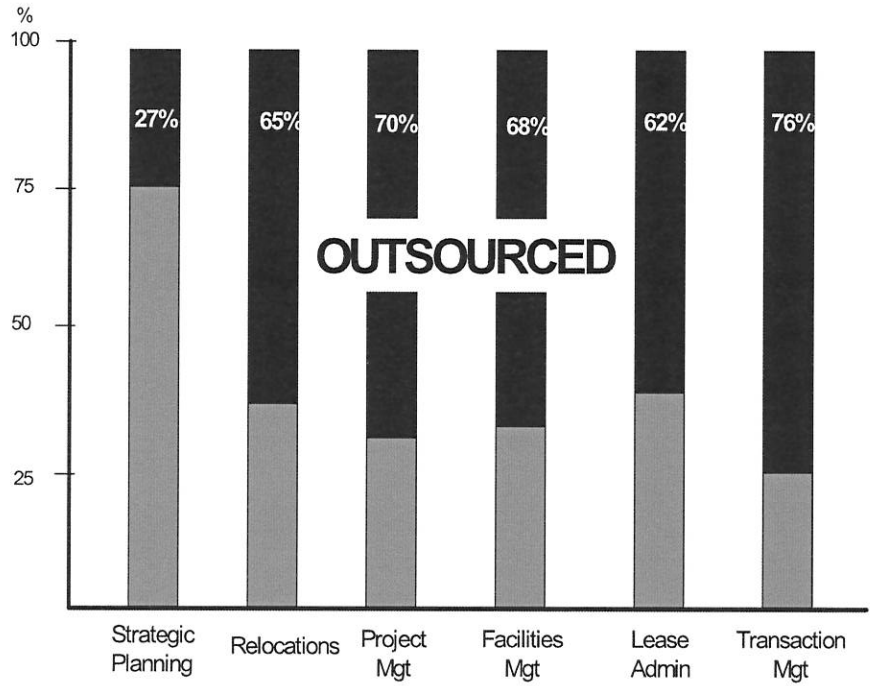
CRE must continue to align with core business needs

	Pre – 1990's "We're property and this is what you're getting"	Early 1990's "We're property and we know what's best for you"	Late 1990's "How can we serve you better"	2000 + "This is how we can add value to your business"
Service Delivery Model	Majority of services performed by in-house staff	Out-tasking of some operational activities. i.e. cleaning, maintenance and project management	Outsourcing of operational management and subcontractor responsibility	Long term strategic relationships with specialist provider firms. 2nd and 3rd generation outsourcing
Portfolio Management	Operational focus based on building management. Co-ordination fragmented or state-based	Contractor management to achieve operational objectives. Some basic benchmarking	Alignment of property to core business strategy. Cost reduction through incentive based outsourcing	Using CRE as a lever to improve business performance and reduce risks
Customer fFcus	Little or no understanding of internal customers needs	Some understanding of internal customers but little effort in changing property to suit the customer	Key focus on internal customers needs. Customer satisfaction measures for in-house and outsourced team	Pro-active CRM with dedicated internal relationship management. CRE involved in customer strategy level
Internal Resourcing Structure	Large in-house teams often staffed with resources from core business operations	Mix of in-house staff who retain core business knowledge and some external property professionals	Majority property professionals for small in-house with finance , OHS and risk specialists	CRE specialists, financial and strategy specialists. Extensive knowledge sharing the HR, IT and core business

Outsourcing trends

While growth has slowed there is no move to stop outsourcing operational CRE needs

To further demonstrate the trend in the shift of resourcing, the following chart summarises the split between insourced and outsourced functions for over 30 major organisations.



Source: Corporate Executive Board research

Percentage Outsourced by CRE function

The decision by organisations as to which functions to retain in-house and which to deliver via specialist providers has varied depending on the organisation's view of what constitutes core and non-core functions for the organisation as a whole. The core drivers influencing this decision are:

- the nature of property in relation to core business strategies including investment in IT i.e. does property management represent a strategic competitive difference?
- the organisation's skills and experience in managing service providers to deliver improved value for money for non core services
- the market capabilities to deliver the services required and achieve benefits by economies of scale or scope that are not available to the organisation themselves
- the size and complexity of core business and the corresponding need for sophisticated internal customer engagement processes for CRE services.

Finally, the need to significantly improve information management capabilities has led many organisations to choose an outsourced model. External service providers have invested extensively in sophisticated MIS designed specifically for complex property data needs.

The ability of an external service provider to leverage leading practice IT to deliver an integrated lease and asset management, workplace management, contract, subcontractor, compliance and financial management system is, for many organisation, the principle benefit of outsourcing.

Attachment C - Provider capabilities and clients

Service Providers

The Australian market is dominated by a small number of providers

In this section we outline the capability of the provider market. This information has been compiled from our ongoing involvement in supporting numerous organisations through major tendering, outsourcing and restructuring of property (CRE) service delivery over the last 13 years.

Essentially the market can be segmented into:

- corporate real estate (CRE) providers who can provide all services to corporate clients
- facilities management (FM) providers (noting that there are also many more facilities maintenance firms)
- real estate (RE) providers – providers of real estate services to corporate clients
- project management (PM) providers who specialise in project management of capital works projects such as construction and fit out projects.
- other specialist providers

A summary of the capability of all segments is depicted in the diagram overleaf. Further detail on each segment follows below.

CRE providers

The CRE providers are those organisations that have in place existing contracts with clients of a similar nature to provide the full range of services, being at least RE and FM services combined, with PM services also included in some cases. The providers include:

- UGL Services (UGL) – The provider with the largest presence and client base in Australia. Based out of Australia with recent international acquisitions
- Jones Lang LaSalle (JLL) – A major player in the Australian and international market. Its largest recent win was with Department of Human Services (including Centrelink and Medicare) in mid 2009
- Five D – Previously wholly owned by Colonial First State Property and Transfield with a recent management buy out. Relatively recent entrant to the market with recent success in major CRE tenders
- Brookfield Multiplex Management (BMM) – formerly a division of Multiplex FM who has positioned itself as a full service CRE provider. Active in many current CRE tendering proposals with major state-based contracts in Victoria and NSW.

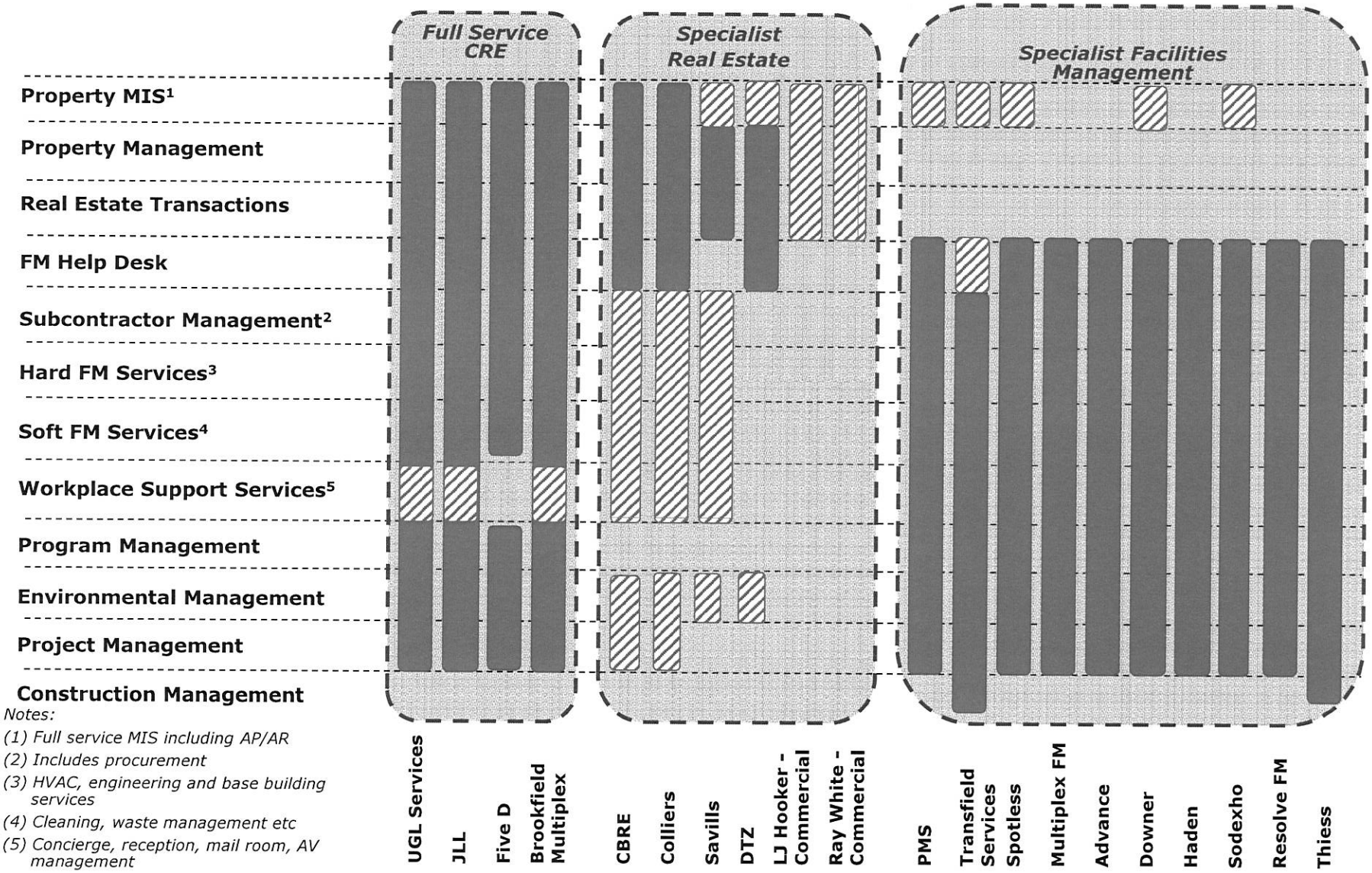
There are other off-shore providers who are yet to make a substantial presence in Australia. The most recent is Trammell Crow who is based out of the USA. Who has recently been acquired by CBRE one of largest international real estate service organisations.

Secondly, Cushman Wakefield, another US based CRE provider has recently purchased local Australian firm Lang and Simmons Commercial.

Finally, Johnston Controls, one of the largest integrated CRE providers has recently made moves to build a similar service offering in Australia

Market providers

Multitude of options



Notes:

(1) Full service MIS including AP/AR

(2) Includes procurement

(3) HVAC, engineering and base building services

(4) Cleaning, waste management etc

(5) Concierge, reception, mail room, AV management

Service Providers

More options are available for facilities and maintenance services

The specialist real estate, construction and facilities organisations listed din the preceding diagram have over the years joined alliances for specific bids or, to test the market in as join partners. While relatively stable at the top end of the market there is always opportunity for these market participants to either jointly, or on their own, bid for a specific contract.

Open tenders for CRE services conducted within Australia in recent times have primarily been responded to by UGS, JLL, Five D and Brookfield Multiplex CRE. Other players, including those identified as specialist providers elsewhere, have also responded from time to time, however none have been successful in full service CRE tenders in recent times.

FM providers

FM firms include a range of providers capable of delivering a wide range of building engineering, maintenance and help desk services. Many of these also perform the maintenance and related services such as cleaning services.

Open tenders for FM services typically generate a response from both FM companies and CRE companies. UGS has been particularly successful in these contracts recently, particularly where IT system requirements and aspects of asset management are involved. A large number of responses can be received from the market where the service only includes pure FM services to existing buildings.

The market has many players when broken down to a regional level. There are also some major international firms with varying levels of presence within the Australian market.

Further details on some of the more significant players are provided below:

- Johnson Controls – major international firm. Have not been active in the Australian market in recent times. Tendered for the Vic Government contract in an alliance a number of years ago
- ISS Group – acquired Tempo who is a major Australian player
- Serco – a provider to Defence , remote service provision in mining and resources and Commonwealth agencies for remote detention centres
- Spotless – a major provider of garrison support and comprehensive maintenance services to Defence and the resources sector.

Service Providers

A number of specialist real estate companies exist

The IT system capability of the FM providers varies. Many have good help desk systems and asset management systems. We are aware that Johnson Controls and Transfield have strong IT systems. These systems are often focused on detailed assets management and maintenance for complex or high risk assets.

A number of the providers have experience in providing payment services and FM expense budgeting and management. There is less experience in providing more advanced financial management requirements.

Overall the financial management experience and portfolio management system capability is less than that of the CRE providers. Those providers with strong IT systems could develop the experience out of a contract such as the AFP contract but could be considered a higher risk.

Real estate providers

Specialist real estate providers also exist although their services are often an adjunct to their traditional property management services supplied to investors and trust fund property owners. Some provide peripheral FM services also as an adjunct to their offerings to landlords. A list of the more significant players is provided below:

- LJ Hooker Commercial
- Ray White Commercial
- CBRE
- Colliers International (although Colliers would consider themselves a full service CRE provider, the services they provide are for landlords as opposed to tenants)
- Knight Frank
- Savills
- DTZ
- GVA Grimly.

Most providers have good portfolio management systems, and some operate sound Help Desk systems. The financial management capabilities vary. Colliers is one of the few providers known to have a good overall system.

Service Providers

There are multiple specialist project management providers

Project management providers

Project management services are often separated from core property service contracts with providers engaged in either exclusive or panel based arrangements. The range of property based project management providers is extensive, with a list of the more significant firms outlined below, however, many are geographically limited in their service offerings:

- Bovis Lend Lease
- Burns Bridge
- Clifton Coney Group (also Asia Pacific)
- GHD
- Global Pacific
- HBO + EMTB
- Interiors Australia
- Incoll Group
- Isis Interiors
- Multiplex
- Point PM
- Thinc Projects
- Wilde and Woollard Pacific (also Asia Pacific).

Some run sound project management systems, including systems that exceed the capabilities of the CRE firms. The system capabilities vary but generally are best of breed solutions. Payment and financial management capabilities also vary but many operate sound systems and practices for budgeting, payment and reporting of expenditure versus budget.

Specialised service providers

There are a significant number of small to medium sized specialised service providers across services including architecture, environmental and space management. Specialist services often continue to be subcontracted out by the large providers.

Environmental management is a fairly specialised service area and a relatively newly-emergent one; however many of the larger providers are diverting resources into developing this field or acquiring capability as demand for it becomes more mainstream. Multiplex's National Environmental Unit is one example here. For example, UGS have recently acquired a specialist firm with environmental expertise where they once subcontracted these skills from specialised providers, such as Coffey.

The specialist provider market for environmental management is varied, with many sole traders operating across a range of niche areas. As with new markets more generally, buyer behaviour has seemed to initially follow a trend of somewhat piecemeal, ad hoc procurement of advice and implementation of programmes. Firm and recognised best practice industry standards have not yet emerged.

Full service providers and example clients

Four main providers

For the set of FM services required by the most clients, a number of specialist service providers exist. For a scope covering the full set of real estate and FM services four capable providers exist.

While each organisation has relative strengths and weaknesses, all have demonstrated the core capabilities required to manage large and complex property portfolios, namely:

- **Corporate capability –** sufficient financial and organisational backing to provide stable long term services
- **Service delivery** – well developed MIS and systems capabilities to deliver services to an appropriate level
- **Cultural fit** – while different, each provider has demonstrated an ability to work within complex organisations and develop long term mutually beneficial relationships
- **Scale and capacity** – while some of the providers listed on the next page have yet to secure large scale national contracts, all have a national presence to varying degrees.

Provider	Government Clients	Other Clients
UGL Services	• ATO • Australia Post • Defence (CRE services) • Commonwealth Law Courts • DITRDLG • DFAT • NSW Police Force • Others	• Westpac Group, incl St George Bank • NAB • National Foods • GlaxoSmithKlein • I-Med Network
Jones Lang LaSalle	• DHS, incl Centrelink, Medicare and Child Support Agency • FaHCSIA • DIAC • Family Court of Australia • DIISR, incl IP Australia	• Intel • Coca-Cola • Sanyo • Suncorp • ANZ Bank • City Group • Telstra
Five D	• Australian Federal Police • Australian Electoral Commission • Victorian Department of Sustainability and Environment • NSW State Property Authority	• Flight Centre • ORIX • Salmat • Johnson and Johnson • Carnival Australia
Brookfield Multiplex	• Defence (FM only) • National Archives of Australia (FM only) • Victorian Department of Treasury and Finance (Victorian Government Property Group) • VicTrack • NSW Attorney General • NSW Police Headquarters • Sydney City	• Engergex • James Hardie • Melbourne Convention Centre • Melbourne Showgrounds • The Casey Hospital

Attachment D - Models in use

Service delivery models

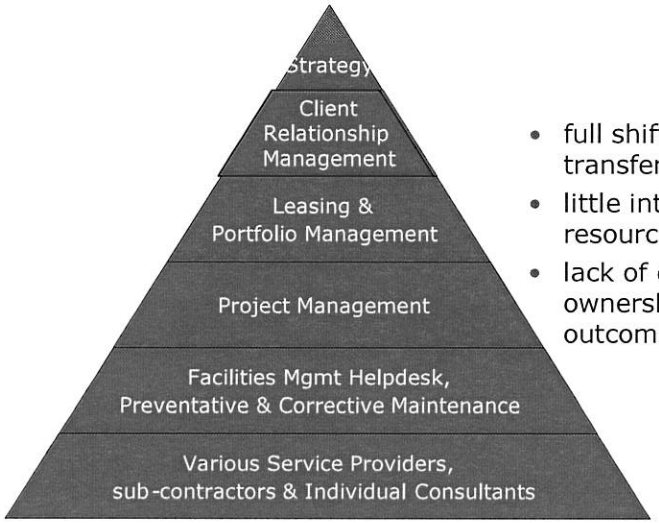
Early models often outsource too much or too little with little attention paid to the residual internal structure

While there is no single outcome of drivers for all organisations, we have seen a dramatic alignment in recent outsourcing and service delivery reviews which demonstrates a maturing of clients' understanding of how to extract best value from specialist providers and where specific internal resources are required. The following diagrams demonstrate this shift and how a maturing market place is now defining the line between in and outsourced functions.

Organisations who are now procuring 2nd, 3rd and even 4th generation property services contracts are also aware of the limitations to outsourcing. This is particularly evident for strategic advice and the management of internal customer relationships where the need for intimate organisational knowledge drives organisations to retain internal resourcing for these functions.

The diagrams following and overleaf identify the maturing of outsourced models.

Too much

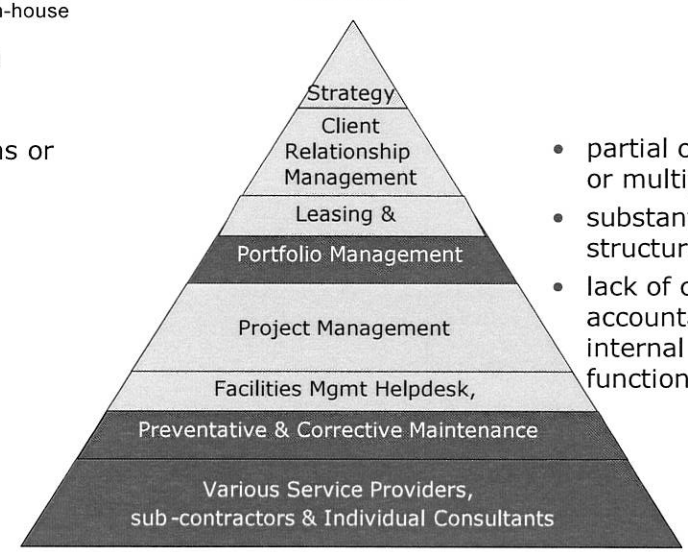


- full shift of all functions or transfer of business
- little internal residual resourcing
- lack of control and ownership of service outcomes

Delivered in-house

Outsourced

Too little

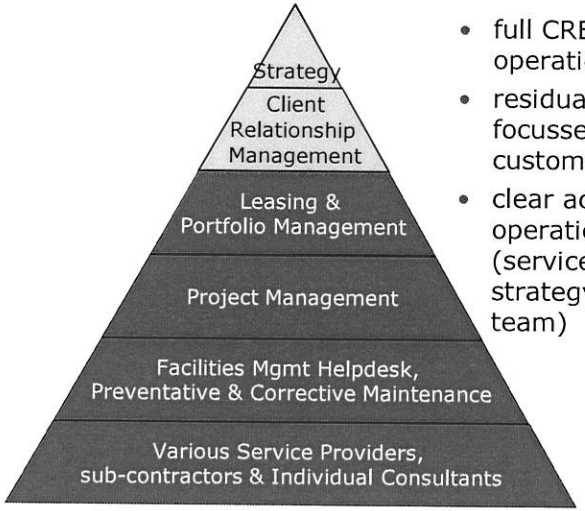


- partial out-tasking to single or multiple providers
- substantial residual internal structure
- lack of clarity or accountability between internal and external functions

Service delivery models

A maturing of the market is evidenced by a more strategic service delivery model

Mature model



- full CRE outsourcing of operational functions
- residual internal resourcing focussed on strategy and customer engagement
- clear accountability for operational outcomes (service provider) and strategy (internal CRE team)

Delivered in-house

Outsourced

In terms of strategy, it is important to understand the following:

- the client will likely still require advice from the provider in terms of aspects such as market developments and input based on the information which the provider has access to on the portfolio
- much of the capital works 'program management' (funds available, identification of non-life cycle related projects arising out of property strategy, prioritisation and scheduling of projects) is closely aligned to strategy and may also be unsuited to outsourcing
- higher level aspects of reporting may also be too closely aligned to strategy to be outsourced, particularly where it involves analysis and varying reporting requirements relating to strategy setting

Finally, there will also be an obvious need for a retained contract management function to manage the outsourced provider(s).

Contracting models

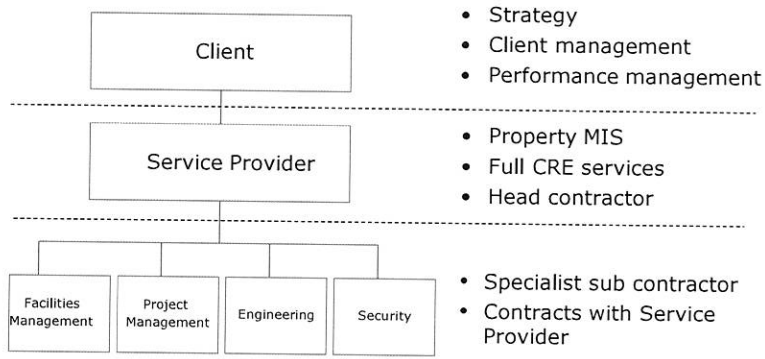
The most favoured contract remains combined FM and RE services

While the market is maturing in terms of what organisations choose to outsource, the structure of the outsource contracts themselves remains variable. With second, third and fourth generation contracts, clients are rebalancing their views of the relative benefits of a "one to one" contract model with the need for specialist skill sets for specific service lines.

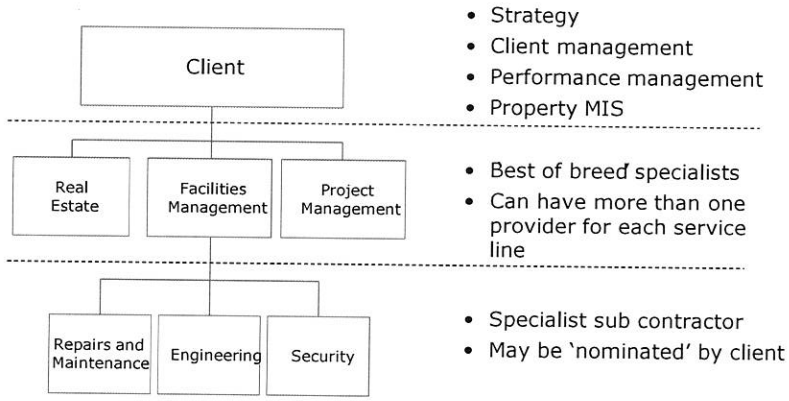
Early contract models were predominantly determined by the client's decision concerning their property management information systems (MIS) needs. Where MIS was included in the scope of outsourced services the "one to one" model was favoured (see figure 5.)

Where clients chose to retain core property MIS in house the "one to few" model was possible, with individual providers covering either specific service lines or separate geographical areas.

"One to One" Model



"One to Few" Model

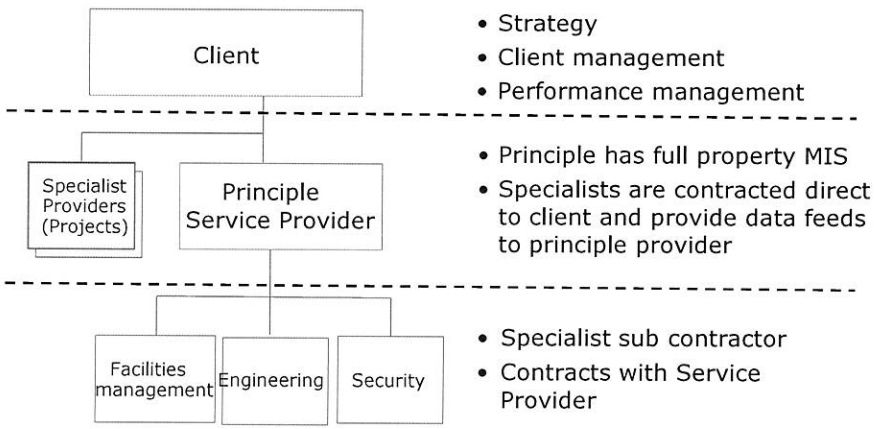


Contracting models

A more recent model balances a principle with one or more specialist providers

Over the last 3-5 years there has been an increasing need from clients for certain specialist capabilities in the provision of outsourced CRE services. This need, which is particularly evident in project management services, has lead to clients challenging the value of the "one to one" model where a single provider is expected to provide a wide range of specialist skills. The relative performance of the major CRE providers in project management services has also focused client's assessment of the issues associated with the "one to one" model.

"One to One plus" Model



This dissatisfaction has resulted in a drive by clients to define a suitable contract model which is able to leverage the MIS benefits of the "one to one" model, with the need to access specialist providers for specific services lines.

A refined contract model has developed where a principle provider is engaged to deliver the majority of CRE services including full MIS and all financial and non-financial data management and reporting. Specialist providers are then directly engaged by the client on either an exclusive or panel arrangement for defined services. Specialist providers are required to provide data in a pre-determined format to the principle provider thereby maintaining the integrity of the single property data management arrangement offered in the "one to one" model.

We have defined this model as the "one to one plus" model.

As the provider market has further demonstrated their superior property MIS capability, the differential between in-house capability and outsourced capability has grown. As a result, more clients are choosing to include MIS services in the scope of services. The "one to one plus" model also provides scope for clients to retain certain functions in house while leveraging the provider market's superior MIS capability.

Attachment 7 – Leading practice assessment

Grosvenor leading practice CRE assessment – CSIRO **August 2011**

The following is a summary of those management practices that are indicators of leading practice management for corporate real estate within the public and private sectors organisations.

Data for the assessment of best practice indicators combines current management literature together with information gained from Grosvenor Management Consulting's experience in assisting major organisations in the operational and strategic management of their real estate requirements.

The assessment of current practice for each indicator has been established based on the stakeholder interviews and analysis of documentation supplied for this review. Finally, there is an assessment as to the current offering by service providers for each practice to enable a comparison of in-house to outsourced market capability.

Rating Scale

The extent to which this service currently delivered?	No Evidence	Minimal Evidence	On Request or Ad Hoc	For Elements or Part Portfolio(s)	Fully Planned	Fully planned, programmed and rolled out
Assessment Score	**0**	**1**	**2**	**3**	**4**	**5**

Notes:

1. Based on current practices assessed over CSIRO portfolio including Enterprise and Zone management
2. Based on an assessment of performance 12 months post implementation of recommendations including Recommendation 2 Option 1 (full outsourcing)
3. Based on an assessment of performance 12 months post implementation of recommendations including Recommendation 2 Option 2 (limited outsourcing)

INDICATOR OF BEST PRACTICE	The extent to which this service currently delivered?	Current Assessment Score[1]	Future Assessment Score[2]	Future Assessment Score[3]
Strategic Property and Portfolio Planning				
Comprehensive policy, standards and procedural documentation in place	Ad Hoc	1	3	3
Benchmarking of costs and service quality with trend and improvement data available	No Evidence	0	2	2
Environmental plan (organisation level) established for property and aligned with corporate sustainability objectives	No Evidence	0	3	3
Own vs Lease decision methodology and objectives articulated and imbedded in portfolio planning process	Ad hoc	1	3	3
Building planning – all major sites with plans that role up to portfolio level plan to enable enterprise level planning of capital works, maintenance budgeting and portfolio planning	Ad hoc	1	4	4
	OVERALL RATING (out of 5)	**0.6**	**3.0**	**3.0**

INDICATOR OF BEST PRACTICE	The extent to which this service currently delivered?	Assessment Score[1]	Future Assessment Score[2]	Future Assessment Score[3]
Business Unit Alignment				
Accommodation strategic plan in place – long/medium term accommodation plans for all major business needs	No Evidence	0	3	3
Internal service level agreements agreed with business units	No Evidence	0	3	3
Regular review of business unit medium and longer term accommodation requirements and development of strategic accommodation plans	Site Level	2	3	3
Reporting of total occupancy costs per business unit with planning processes to achieve goals	No Evidence	0	2	2
CRM processes with client satisfaction measures in place	No Evidence	0	5	5
	OVERALL RATING (out of 5)	**0.5**	**3.2**	**3.2**

INDICATOR OF BEST PRACTICE	The extent to which this service currently delivered?	Assessment Score[1]	Future Assessment Score[2]	Future Assessment Score[3]
Real estate management				
Critical dates register maintained and planning for dates occurring well in advance	No Evidence	4	4	4
Standardised lease documentation in place and widely used	No Evidence	4	4	4
Performance metrics or KPIs used to measure, monitor and improve overall performance	Minimal	1	3	3
All market transactions measured and reported against agreed performance targets	No Evidence	0	4	3
Use of corporate level relationships to identify new opportunities with large owners / investors / occupiers	No Evidence	0	3	1
Use of real estate market (cycle) data to plan negotiation strategies	No Evidence	0	3	1
Benchmarking of real estate and business performance data to inform portfolio planning decisions	Partial	3	3	3
Utilisation of FM and building fault reporting data to inform real estate negotiations and due diligence work	No Evidence	0	3	3
	OVERALL RATING (out of 5)	**1.5**	**3.4**	**2.8**

INDICATOR OF BEST PRACTICE	The extent to which this service currently delivered?	Assessment Score[1]	Future Assessment Score[2]	Future Assessment Score[3]
Project Mgmt Services				
Budget to actual managed actively with variations flagged in advance	Minimal	1	4	4
Pre-qualified panel of providers with agreed rates and engagement process		2	4	4
Utilisation of QS for larger projects and capture of key cost information for benchmarking and value engineering	Major Cap Ex	2	4	4
Documented design standards and templates for fitout requirements	For Elements	2	3	4
Term contracts for all loose furniture, equipment, signage and standard joinery items to ensure consistency and leverage spend	Minimal	1	3	2
Standardised risk treatment process for all projects	Minimal	1	4	2
Standard project delivery and customer engagement process(s)	Ad hoc	2	4	4
Standardised procurement templates and processes	Minimal	1	4	2
Post implementation review for all projects with reporting and process improvement	Ad hoc	2	4	3
Standardised project reporting systems to enable performance reporting	Ad hoc	2	4	3
	OVERALL RATING (out of 5)	**2.3**	**3.8**	**3.2**

INDICATOR OF BEST PRACTICE	The extent to which this service currently delivered?	Assessment Score[1]	Future Assessment Score[2]	Future Assessment Score[3]
Facilities Management Services				
Preventative maintenance program in place for all properties	Site level	3	4	3
Life cycle planning for major plant and equipment in place	No Evidence	0	3	1
Help desk for all service requirements in place to manage; • Subcontractor performance • Work prioritisation • Warrantee/ guarantee periods • Lessor's obligations • Contractor compliance and insurance • Phone, email fax requests	Ad Hoc Site Level Only	2	4	4
Analysis of building fault reporting data and costs to inform preventative maintenance programs and new works planning	No Evidence	0	3	3
Prioritisation of reactive service work orders to achieve appropriate service/cost outcomes	No Evidence	0	4	2
Comprehensive compliance management program with centralised control and reporting	Site level	3	5	3
Risk identification and treatment imbedded into FM contracts and contractor management plans	No Evidence	0	5	2
Extensive contract bundling and leveraging of FM spend	Partial	2	4	2
Structured plan to accommodate changing technologies and compliance requirements	Limited	1	3	1
Regular FM reporting to customer groups	No Evidence	0	4	2
Outcome based performance contracts for FM services with both cost and quality metrics	Limited	1	4	1
Alignment of FM strategy to business unit plans and requirements	No Evidence	0	3	2
FM costs regularly tested against external benchmarks	No Evidence	0	3	2
	OVERALL RATING (out of 5)	**0.2**	**3.8**	**2.0**

INDICATOR OF BEST PRACTICE	The extent to which this service currently delivered?	Assessment Score[1]	Future Assessment Score[2]	Future Assessment Score[3]
Subcontractor Mgmt/other services				
Contracts in place for services >$100Kp.a.	Site level	2	3	2
All contractors pre-approved with program in place to manage insurance and workcover obligations	Site level	2	4	3
Performance reporting for subcontractors including customer satisfaction	No Evidence	0	4	3
Use of performance reporting to allocate subcontractor work	No Evidence	0	3	0
Standardised procurement procedures in place for purchasing contracts on behalf of client	Ad hoc	2	4	2
Use of panel providers for frequent lower value service requirements	Site level	3	4	2
Novation of responsibility for subcontractors to provider with ability to novate back to client if required	No Evidence	0	4	0
	OVERALL RATING (out of 5)	**1.3**	**3.7**	**1.7**

INDICATOR OF BEST PRACTICE	The extent to which this service currently delivered?	Assessment Score[1]	Future Assessment Score[2]	Future Assessment Score[3]
Financial and Data Mgmt				
Budget built from bottom up for all expense lines	Site Level	3	3	3
Clear and transparent cost allocation methodology.	Minimal	1	4	4
Analysis of property spend data to identify cost saving opportunities	No Evidence	0	3	3
Use of standardise financial business case methodology to ensure most effective allocation of project capital	Ad hoc	2	3	3
Timing of payment of rent and outgoings established to meet requirement of contract, minimise payment runs	Centralised	4	5	5
Appropriate controls in place and regular audit of payments and accounts to meet internal external audit requirements	Centralised	4	5	5
Payment processes that only contractors invoices to be paid once work has been completed	Centralised	4	5	5
Monthly reporting of budget to actuals with detailed commentary on variances	Minimal	1	5	5
Integration of financial and non-financial data for reporting WIP, open orders and outstanding commitments	No Evidence	0	3	3
Clear asset allocation, depreciation and allocation of capital assets at site level	No Evidence	0	2	2
	OVERALL RATING (out of 5)	**1.7**	**3.8**	**3.8**