



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



Briefing for Incoming Minister

Property Functional Leadership

Government Property Group

November 2020

3 November 2020



MBIE Karakia

Tāwhia tō mana kia mau, kia māia

Ka huri taku aro ki te pae kahurangi,
kei reira te oranga mōku

Mā mahi tahi, ka ora, ka puāwai

Ā mātau mahi katoa, ka pono, ka tika

TIHEI MAURI ORA

TRANSLATION:

Retain and hold fast to your mana, be bold, be brave

We turn our attention to the future, that's where the opportunities lie

By working together we will flourish and achieve greatness

Taking responsibility to commit to doing things right

TIHEI MAURI ORA

MĀIA
BOLD & BRAVE

**PAE
KAHURANGI**
BUILD OUR FUTURE

MAHI TAHI
BETTER TOGETHER

**PONO
ME TE TIKA**
OWN IT

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1. Portfolio overview

Purpose

1. To provide you with an overview of Property Functional Leadership and the Government Property portfolio. Further briefings will be provided on specific topics in depth, depending on your priorities.

Introduction to Government Property

2. The Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) is the Property Functional Leader. The Government Property Group (GPG), within the New Zealand Government Procurement and Property Branch (NZGPP) at MBIE, operationalises the role. GPG became part of MBIE in 2016.
3. The Government Property portfolio relates to all leased government office accommodation occupied by 67 mandated agencies (shown in Annex 2) primarily for back office functions and customer interface spaces.
4. GPG manages and coordinates government office accommodation needs by working collaboratively with agencies and ensures that the Government expectations for office accommodation, set by Cabinet in 2018, are met. It plays an important role in driving public service culture through new and different ways of working by the public service workforce and the footprint that it occupies.
5. GPG's role includes providing property advice and setting standards and guidelines for agencies across the system. GPG works with agencies to meet their office space and public interface property requirements, but does not deal with agencies' operational sites such as hospitals, schools, prisons, and residential property.
6. Government property is key to delivering government services that are tailored to the needs of citizens and the public sector. The public sector is adapting to the global megatrends, such as technological change, activity-based working, flexible working arrangements and an increase in well-being based initiatives. Government workplaces do not drive the changes, however, they are a key component of effecting change in the way the public service operates.
7. The COVID-19 Alert Level 4 lockdown demonstrated that the government workplace strategy needs to be people focussed and that the primary strategic response to COVID-19 needs to ensure the ongoing health, safety and well-being of staff and visitors. The Future of Work programme is impacting the way in which the public service works. Therefore the strategic response will need to reflect the high priority nature of ensuring business continuity and the future of work especially during times of uncertainty.
8. Looking to the future, GPG seeks to provide, manage and coordinate safe and healthy workplaces that support the wellbeing of public servants working together to deliver joined up services. GPG seeks workplaces that allow streamlined and simplified interactions between government agencies and citizens and that afford dispersed economic stimulus to local and regional centres.

Overview of Property Functional Leadership and system leaders

9. In 2012 functional leadership roles were created to drive performance across the state services. Property was one of these functional leadership roles and is responsible for taking a centre-led approach, in consultation with agencies, to the development of property principles, standards, tools and processes.
10. On 7 August, the Public Service Act 2020 came into effect. The new legislation formalises the existing model of 'functional leads' to provide leadership on system-level issues such as property.
11. Under the Act, all public service chief executives will be part of the new Public Service Leadership Team (PSLT). Chief executives can be designated as 'system leaders', giving them the power to create standards (with Ministerial agreement) that apply to public service agencies and produce guidance that applies for all State Services.
12. The Chief Executive of MBIE as the Property Functional Leader, through GPG, will play a key role in the new PSLT.

Government Expectations

13. In 2018, Cabinet set new expectations for the Government accommodation portfolio, together with a change to the Property Functional Leadership mandate. These expectations are that Government Workplaces:
 - a. keep a citizen and community focus;
 - b. drive collaboration between agencies;
 - c. provide workplaces that value people, and;
 - d. deliver public value.
14. The change to the mandate authorises the Property Functional Leader to hold property/leases on behalf of agencies, and allows for agencies to be directed to occupy premises/leases. This was seen as an exercise in removing risks and barriers to the collocation of agencies as part of the drive to standard and consistent workplaces.

Advice and Support

15. MBIE provides a range of support and advice to you in your role as the Minister for the Public Service. This includes:
 - **Policy advice** on each of the areas identified above as well as advice on the broader government expectations.
 - **Data collection and analysis** to support decision making, including providing detailed analysis at a sectoral and regional level as well as developing tools and products to provide easy access to information.
 - **Project delivery** of co-located property projects within the Government Office Accommodation Programme.

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- **Engagement with agencies** to provide support, advice and expertise.
 - **Project management assurance** to support and manage the systems and frameworks that support quality decision making.

Property Functional Leader Work Programmes

16. The Property Functional Leader work programmes contribute towards the delivery of the government's goals and are outlined below.

Stakeholder engagement

17. GPG manages and coordinates government office accommodation needs by working collaboratively with agencies. Key stakeholders currently include 67 mandated agencies whose needs influence GPG's work programmes. Maintaining this relationship is crucial for the effectiveness of GPG's ongoing work programmes. This relationship is maintained through ongoing advice, guidance and support to the mandated agencies provided by GPG.

18. A Chief Executives group has been established that supports the Property Functional Leader and helps to set the strategic direction and ensure alignment across mandated agencies. A programme steering group has also been established which helps to direct activity and provide oversight of the Government Office Accommodation Programme.

19. GPG has established a Government Property Forum, which is a vehicle for senior property personnel to raise and discuss system issues with a more detailed technical flavour. It also enables sharing of information and expertise across agencies that may have different capacity and capabilities.

Performance and Monitoring

20. Agencies spend around \$167 million per annum on government office accommodation across a portfolio of around 919,000m². GPG sets the standard for good property practice across mandated agencies, providing property advice and setting standards and guidelines. The Government Office Accommodation Programme places emphasis on fostering a more joined up approach across government, supporting regional growth, delivering modern, flexible and adaptive government workplaces and providing a standardised approach to fit out and design.

21. The Government Property Portal (GPP) is a property (lease) management system that enables agencies to manage their property portfolios effectively and efficiently, and ensures that property/lease information can be consolidated and reported at a portfolio level. Mandated agencies are required to use the portal and are charged an annual fee to use the service. We wish to centralise the costs of the portal to remove barriers to its use by agencies, and streamline the prioritisation of improvements and enhancements to the system

Capability Building

22. GPG is looking to enhance capability across the system. A Property Maturity Model is nearing completion and is currently being reviewed by agencies. This model is a self-

assessment tool that has been created based on the property lifecycle of “Plan, Acquire, Operate and Dispose”. This will enable GPG to assess agencies’ baseline capability and identify capability gaps across the system. A key focus of the model is to make agencies aware of their current capabilities and strengths and help them identify areas for improvement. Improving capability in agencies will support a high performing property function and help GPG deliver the change government wants from its property portfolio.

Seismic Work programme

23. Seismic assessments of government office accommodation are an important part of ensuring the safety, health and well-being of public servants. GPG monitors the Government Office Accommodation Portfolio (the portfolio) to ensure that all premises are considered seismically safe.
24. Buildings that are at or below 34% of New Building Standards (NBS) are deemed to be earthquake prone, with buildings between 35% and 66% NBS classified as an earthquake risk.

Percentage of New Building Standard (%NBS)	Seismic grade	Approximate risk relative to a new building	Life-safety risk description
>100	A+	Less than or comparable to	Low risk
80-100	A	1 -2 times greater	Low risk
67-79	B	2 – 5 times greater	Low to Medium risk
35-66	C	5-10 times greater	Medium risk
20-34	D	10 – 25 times greater	High risk
<20	E	25 times greater	Very high risk

Table 1: table showing the relationship between the %NBS, an alpha seismic grade, and the levels of risk.

25. GPG is working with agencies to ensure all buildings within the portfolio are adequately assessed for seismic performance and seismic risk, and that any building vulnerabilities are understood. The overall aim of the seismic work programme is to progressively improve the seismic rating of buildings within the office accommodation portfolio as leases expire and new leases are entered into.

NABERSNZ Rating tool – Energy Efficiency

26. Commercial buildings use 21 percent of New Zealand’s electricity, costing business and government roughly \$800 million every year. NABERSNZ is a tool used to rate and improve the energy efficiency of New Zealand’s office buildings.
27. NABERSNZ is an adaptation of the National Australian Built Environment Rating System (NABERS). NABERSNZ is licensed to the Energy Efficiency and Conservation Authority

(EECA) and is administered by the New Zealand Green Building Council (NZGBC). Ratings are carried out by trained assessors.

28. GPG has partnered with EECA to obtain NABERSNZ ratings for government office accommodation. This approach will be phased in over five years and it is expected that the benefits of NABERSNZ will begin to be realised in the second and third year of this new initiative.

Co-location and standardised fit out and design

29. GPG takes a whole-of-government perspective when considering property and lease options for agencies. This includes prioritising co-location opportunities where multiple agencies share the same tenancy.

30. Co-location operates on three principles – partnership, community and innovation. The benefits of co-location include increased flexibility, adaptability, and raising workplace quality and safety. Co-location design and fit-outs use NZ Government branding rather than agency specific signage or branding. Co-location workplaces include shared working areas to support a collaborative, community focus.

Government Workplace Strategy

31. A revised Government Workplace Strategy is under development and is focused on the following strategic outcomes:

- a. Safe and healthy workplaces that support the wellbeing of public servants;
- b. Citizens provided with simplified and streamlined interaction with government agencies;
- c. Public servants working together and providing joined up services;
- d. Workplaces that provide dispersed economic stimulus in local and regional centres; and
- e. Ensuring that government expectations are met.

32. s 9(2)(f)(iv)

[Redacted content]

33. s 9(2)(f)(iv)

[Redacted content]

2. Portfolio responsibilities

Vote Business, Science and Innovation

34. The Minister for Economic Development is currently the lead minister for Vote Business, Science and Innovation (BSI). This involves submitting baseline updates and budget estimates content to the Minister of Finance on behalf of all appropriation ministers within the Vote as well as appearing in front of select committee when discussing the Vote.
35. As Minister for the Public Service, you are an appropriation Minister. The Minister for the Public Service is responsible for appropriations in the 2020/21 financial year of around \$20 million to provide leadership, guidance and support, monitoring and brokerage in respect of property management within the State Sector.
36. The State Services: Property Management Services (M66) appropriation is limited to providing property management services, including property development and leasing services, within the State Sector. The State Services: Property Management within the State Sector (M66) Services appropriation is limited to providing leadership, guidance and support, monitoring and brokerage in respect of property management within the State Sector.

Legislative responsibilities

37. As the Minister for responsible for the MBIE Property Functional Lead, you are not responsible for administration of any legislation.

Crown entities and statutory bodies

38. While the Property Functional Leadership covers mandated agencies some of which are Crown Entities, as the Minister for the Public Service, you are not responsible for monitoring and following Crown Entities and Crown-Owned Companies.

Advisory bodies

39. As the Minister responsible for the Property Functional Leader, you are not responsible for any advisory bodies.

Funds

40. The portfolio does not have any specialised funds that require action or monitoring in your capacity as Minister for the Public Service.

3. Major links with other portfolios

41. Addressing the challenges and seizing the opportunities will involve a concerted effort on a number of fronts. Some of the key enablers are held in other portfolios. The major links between the Property Functional Leader, GPG and other portfolios are outlined in the diagram below:



42. As well as the above portfolios, the Property Functional Lead has a significant connection with the other Functional Leaders in the public sector – particularly the Procurement Functional Lead (MBIE), and the ICT Functional Lead (Department of Internal Affairs (DIA)).

4. How MBIE assists you

43. A number of personnel within MBIE support the broad range of responsibilities within the Government Property portfolio. The following table provides a summary of **key initial contacts** related to the topics identified above:

Key contacts

Contact	Role	Priority Area	Contact details
<p>Carolyn Tremain</p> 	Chief Executive, MBIE	The Procurement and Property Functional Leader	E Carolyn.Tremain@mbie.govt.nz s 9(2)(a)
<p>Chris Bunny</p> 	Deputy Chief Executive, Building Resources and Markets	Government Property, Government Procurement	E Chris.Bunny@mbie.govt.nz s 9(2)(a)
<p>Wendy Venter</p> 	Acting General Manager, New Zealand Government Procurement and Property	Government Property, Government Procurement	E Wendy.Venter2@mbie.govt.nz s 9(2)(a)
<p>Peter Bollmann</p> 	Chief Advisor, Property	Government Property	E Peter.Bollmann@mbie.govt.nz s 9(2)(a)

<p>Angela Xygalas</p> 	<p>Executive Director, Future Accommodation Needs of Government</p>	<p>Government Property, Government Procurement</p>	<p>E Angela.Xygalas@mbie.govt.nz s 9(2)(a)</p>
<p>Matt Perkins</p> 	<p>Acting Director, Delivery Services, New Zealand Government Procurement and Property</p>	<p>Government Property, Government Procurement</p>	<p>E Matt.Perkins@mbie.govt.nz s 9(2)(a)</p>

5. Immediate priorities and deliverables

44. The table below lists the major decisions and actions that will arise during your first 100 days as the Minister responsible for Property Functional Leadership. These cover the day-to-day operational requirements for your role, funding decisions, significant policy decisions and other matters.

45. We would also welcome an early discussion with you to discuss your key priorities and forward work programme.

Key decisions and appointments

Topic	Description	Driver	Timing
Things that are going to happen			
Introduction of NABERSNZ Rating tool	NABERSNZ will be phased in over a five-year period for leases of buildings over 2,000m ² . This provides an opportunity to align with practical completion (new builds) or lease renewals (existing leases).	Energy efficient office spaces. Reducing carbon emissions.	Introduced from 1 January 2021.
Consistent approach to standardised fit out and design	GPG has produced draft guidelines on the branding of Government office buildings. Consultation with agencies is underway.	Consistency and more flexibility across government office portfolio.	Targeting Q1 2021 (subject to consultation).
Things currently scheduled to happen			
Government Workplace Strategy	<p>s 9(2)(f)(iv)</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <ul style="list-style-type: none"> ■ [Redacted] ■ [Redacted] 	[Redacted]	[Redacted]

Annexes

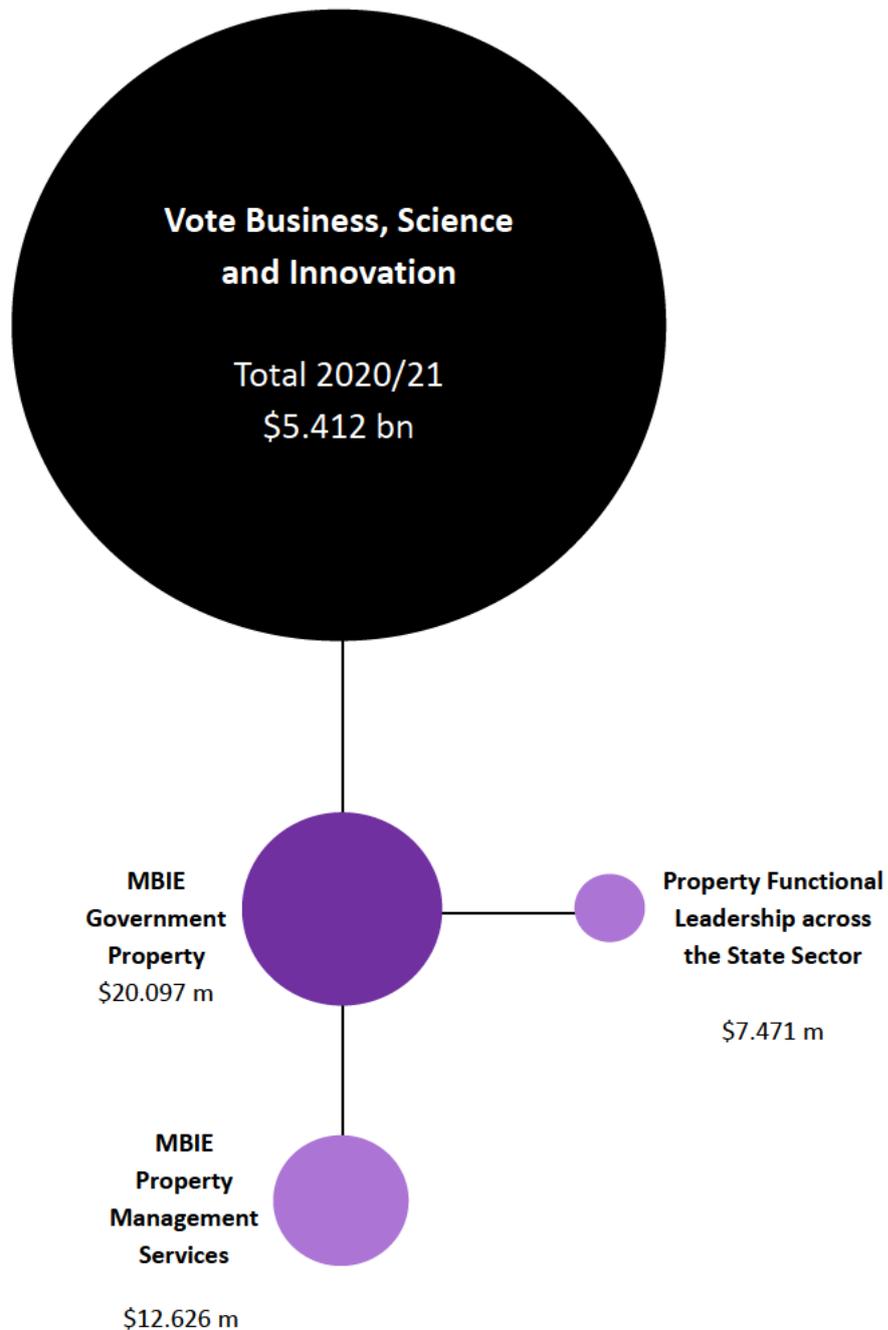
Annex 1: Funds and appropriations

Annex 2: Key stakeholders – mandated agencies

Annex 1: Funds and Appropriations

The diagram below sets out the 2020/21 appropriation for the Government Property Portfolio. This captures both departmental funding (funding received by MBIE to provide services directly) and non-departmental funding (funding provided via MBIE to other agencies for them to provide services).

2020/21 Departmental and non-departmental funds and appropriations.



Annex 2: Key stakeholders - mandated agencies

The following agencies are within the mandate for the GPG responsibilities:

- Accident Compensation Corporation
- Callaghan Innovation
- Cancer Control Agency
- Civil Aviation Authority of New Zealand
- Crown Law Office
- Department of Conservation
- Department of Corrections
- Department of Internal Affairs
- Department of the Prime Minister and Cabinet
- Earthquake Commission
- Education New Zealand
- Education Review Office
- Energy Efficiency and Conservation Authority
- Environmental Protection Authority
- Fire and Emergency New Zealand
- Government Communications Security Bureau
- Health Promotion Agency
- Health Quality and Safety Commission
- Health Research Council of New Zealand
- Inland Revenue Department
- Kāinga Ora—Homes and Communities
- Land Information New Zealand
- Maritime New Zealand
- Ministry for Culture and Heritage
- Ministry for Pacific Peoples
- Ministry for Primary Industries
- Ministry for the Environment
- Ministry for Women
- Ministry of Business, Innovation and Employment
- Ministry of Defence
- Ministry of Education
- Ministry of Foreign Affairs and Trade

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- Ministry of Health
 - Ministry of Housing and Urban Development
 - Ministry of Justice
 - Ministry of Social Development
 - Ministry of Transport
 - National Emergency Management Agency
 - New Zealand Antarctic Institute
 - New Zealand Customs Service
 - New Zealand Defence Force
 - New Zealand Police
 - New Zealand Qualifications Authority
 - New Zealand Security Intelligence Service
 - New Zealand Tourism Board
 - New Zealand Trade and Enterprise
 - New Zealand Transport Agency
 - New Zealand Walking Access Commission
 - Office for Māori Crown Relations - Te Arawhiti
 - Office of the Clerk of the House of Representatives
 - Oranga Tamariki–Ministry for Children
 - Parliamentary Corporation
 - Parliamentary Counsel Office
 - Pharmaceutical Management Agency
 - Public Service Commission
 - Real Estate Agents Authority
 - Serious Fraud Office
 - Social Wellbeing Agency
 - Social Workers Registration Board
 - Sport and Recreation New Zealand
 - Statistics New Zealand
 - Taumata Arowai
 - Te Kāhui Whakamana Rua Tekau mā Iwa — Pike River Recovery Agency
 - Te Puni Kōkiri (Ministry of Māori Development)
 - Tertiary Education Commission
 - The Treasury
 - WorkSafe New Zealand