



Australian Government

Defence

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28 JUL 2025

in the office of the
Chief Finance Officer
Correspondence No. **CFO333**

Defence Finance Group Cover Sheet

Title: Endorsement to Proceed (ETP) to engage an Out Source Service Provider for the provision of valuation services for Defence's Non-Financial Assets			
Action required: Approval		CFO Clearance Due Date: 04 August 2025	
Contact Officer: s47F		Phone: s47F	
<p>Background:</p> <p>1. The existing contracts with independent valuer will expired in October 2025 (upon completion of the 2024-25 activity) and the attached document is to seek your approval to approach the market, for the provision of independent valuation services for Defence's and s22 Non-Financial Assets.</p> <p>2. The ETP will allow Asset Accounting Team to commence the procurement process by requesting quotes under Management Advisory Services (MAS) Panel. The ETP seeks no funds commitment at this stage and is specifically to commence the procurement process.</p>			
To be returned to requesting area by: 05 August 2025			
Date created by Line Area: 23 July 2025		Requesting area: Assets Accounting Directorate	
Date received by FAS Office: July 2025		Date completed by FAS Office:	
Clearance	Print name	Signature	Date
A/g Executive Director	s47F	s47F <small>Digitally signed by rene.leahy Date: 2025.07.23 14:52:51 +10'00'</small>	July 2025
A/g Assistant Secretary	Nikhil Iyengar	nikhil.iyengar1 <small>Digitally signed by nikhil.iyengar1 Date: 2025.07.24 17:37:16 +10'00'</small>	July 2025
First Assistant Secretary	Sam Volker		July 2025

Approved / Not Approved

s22

27/7/25


Steven Groves
Chief Finance Officer

CFO comments and feedback:

Feedback scale (10 – Exceptional/Great through to 1 – Requires substantial rework)

Timeliness	<p>How long has the tasking has been in circulation? Was it provided to the CFO in a timely manner to allow adequate time for review and consideration? Were follow ups required on its progress? Could this have been submitted to the CFO earlier?</p>
Quality and Hygiene	<p>Was a thorough QA undertaken, including spelling, grammar and formatting, before submission to the CFO? Has the correct template been used and is the item in a final state (no track changes)? Were other areas of DFG or Defence consulted (where appropriate)? Have both the relevant AS and FAS reviewed and cleared prior to submission to the CFO?</p>
Impact	<p>Does the item achieve or address the intended goal, objective or outcome? Was the messaging clear, succinct and written at the appropriate level? Is the information provided accurate and has it been assured? Will the intended recipient have what they need on receipt?</p>

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 <p>Australian Government Department of Defence Defence Finance Group</p>	<p>DECISION BRIEF FOR CHIEF FINANCE OFFICER:</p> <p>ENDORSEMENT TO PROCEED TO ENGAGE AN INDEPENDENT VALUER FOR ASSETS VALUATION</p>
	Due date: 04 August 2025

Recommendations

1. That you:
 - a. **Agree** for the Asset Accounting Team (AAT) to commence the procurement activities to engage an Outsourced Service Provider for the provision of independent valuation services, for the Department of Defence (Defence) and s22 () Non-Financial Assets (General Assets (GA) and Specialist Military Equipment (SME)); and
 - b. **Sign** the AF043 SES or Star Approval to Engage a Contractor, Consultant or Outsourced Service Provider (Attachment A).

Key issues

2. Defence prepares its annual financial statements in accordance with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
3. The Department of Finance requires the value of non-financial assets to be reported at fair value in the Consolidated Financial Statements (CFS).

<p>Sam Volker First Assistant Secretary Budgets and Financial Services Division Tel: s47F July 2025</p>	<p>a. <u>Agreed</u> / Not agreed b. <u>Signed</u> / Not signed</p> <p>s22</p> <p>Steven Groves Chief Finance Officer Defence Finance Group <u>July 2025</u></p>
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Contact officer: s47F Director Asset Accounting	Tel: s47F Mob: s22
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4. Defence's primary contracts with the current independent valuer, Jones Lang Lasalle (JLL) will expire in October 2025 (upon the completion of the 2024-25 valuation activity). The contract currently has an extension clause available for the SME valuations component.

5. This extension will not be sought to enable Defence to retest the market and, consolidate two separate engagements (SME and GA) into a single engagement covering Defence's entire non-financial asset base. This will drive efficiencies in contract management and valuation reviews.

6. The non-financial assets valuation process cannot be performed in-house due to skill sets and qualifications required for the review not available. Furthermore, third party external valuer provides the Australian National Audit Office (ANAO) with independent assurance in relation to the asset valuations forming part of Defence's financial statements.

7. GA valuation has been undertaken by the external service provider for more than 10 years. For SME assets, the external service provider was first engaged in response to a category B audit finding regarding SME valuation methodology during financial year 2020-21. Subsequently, the audit finding was successfully remediated during financial year 2021-22 with the assistance of external valuer.

8. Attachment A seeks endorsement to initiate procurement under the Whole of Australian Government (WoAG) panel arrangement (SON3751667) to engage an outsource service provider for non-financial assets valuation services required by Defence and s22 .

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10. Subject to approval, the AAT will establish a contract for a three-year valuation cycle commencing in financial year 2025-26 through to financial 2027-28, with two optional three-year extension options. The estimated cost of the initial three-year cycle is \$17.0m (excluding GST).

11. Defence's asset base subject to valuation as at 30 June 2024 was \$130.4bn and expected to grow to \$150.2bn by 2027-28, based on Portfolio Additional Estimates Statements 2024-25.

Consultation

Non-Material Procurement Branch.

Attachment:

- A. AF043 SES or Star Approval to Engage a Contractor, Consultant or Outsourced Service Provider

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AF043
Revised 13 Sep 21

SES or Star Approval to Engage a Contractor, Consultant or Outsourced Service Provider (CCOSP)

Instructions

Sections marked with * are mandatory, and must be completed before signing or submission.

For further guidance refer to the [Engaging Contractors, Consultants and Outsourced Service Providers - Decision Making Governance Fact Sheet](#)

Purpose *

The purpose of this submission is to seek your approval to commence a procurement to engage a:

Contractor Consultant Outsourced Service Provider

Background *

Defence official to provide a brief background

This request is to seek your approval to approach the market, for the provision of independent valuation services for Defence's and S22 Non-Financial Assets: General Assets (GA) and Specialist Military Equipment (SME).

1. Existing contracts with independent valuer for valuation services have either expired or options to extend will not be sought. This is to enable the consolidation of two separate contracts into a single contract covering all of Defence's non-financial asset base.
2. These asset classes (SME and GA) are valued on a three years rolling cycle basis. The valuation process includes both physical inspections and desktop reviews of Defence's non-financial assets.
3. Independent valuer inspects sample of roughly one third of GA (Land Buildings and Infrastructure (LBI)) each year and remaining asset base is valued via a desktop process. Physical Inspections also cover one of the services (Army, Navy and Air Force) each year across the three years' cycle for SME assets.
4. Valuer reports are key documents in meeting the Australian Accounting Standard and Defence's Financial Policy Framework requirements regarding asset valuation for Defence's Financial Statements.
5. Five service providers will be approached under the Whole of Australian Government (WoAG) panel arrangement (SON3751667) based on relevant experience and knowledge of assets valuation required by Defence. The successful provider will have a proven track record as a service provider in financial accounting and reporting across other government agencies and be a member of the Department of Finance (DoF) panel. The WoAG arrangement is consistent with Commonwealth Procurement Rules (CPRs) and mandatory policy requirements and offers value for money through the establishment of skill level matched with assessed and competitive pricing, set by the panel rates.

Justification *

Justification for engaging a CCOSP

Department of Finance (DoF) requires that for Consolidated Financial Statement (CFS) purposes, the value of Whole of Government's non-financial assets bases is reported at their fair value.

Previously, Defence engaged with DoF to explore opportunities to revisit the requirements of reporting major asset balances (Specialist Military Equipment (SME)) at fair value. DoF advised that for CFS purposes and in accordance with AASB 1049 Whole of Government and General Government Sector Financial Reporting, Defence will be required to report asset balances at Fair Value.

The non-financial assets valuation process cannot be brought in-house due to non-availability of required skill sets and qualification. Furthermore, the independence of external valuers provides Australian National Audit Office (ANAO) with extra assurance concerning the asset valuations forming part of Defence's Financial Statements.

Additionally, Defence received Category B Audit finding on SME valuation methodology for financial year 2020-21, which was remediated in financial year 2021-22, by engaging independent valuer as per ANAO's recommendation.



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Current contract for GA valuation has expired and there are no extensions available under the current arrangement. DFG are required to approach market for upcoming valuation cycle, starting from financial year 2025-26. The current contract for SME valuation has a one year extension option remaining and Defence is not seeking to take up the option.

To maximise Defence's potential savings and leverage economies of scale, assets team will merge both GA and SME valuation services into a single contract. The proposed contract will be for three years with three optional one-year extensions.

Defence Officials' Checklist *

I confirm that (tick):

Step 1 - Planning

- It is necessary for Defence to undertake the task as described above.
- The task described above cannot be delayed; and
- Specialist skills, or skills not maintained within Defence, are required to undertake the task described above.

Step 2 - Current APS and ADF workforce considerations

- The APS and ADF workforce does not have the capacity and capability (skills and knowledge) to achieve the outcome;
- Other work cannot be reprioritised to temporarily release the necessary APS or ADF personnel; and
- There is a requirement for additional resources, or specialised knowledge and/or skills that are not required within the ongoing APS or ADF.

Step 3 - Cost Considerations

- I have the estimated cost of this option and it is affordable within the current budget of:

333628

- I have determined that this is the effective and efficient means of delivering the required outcomes and have considered the relative priority of other cost pressures within:

Financial Compliance

- and I have considered the ongoing costs associated with engaging external workforce support including, but not limited to, government furnished equipment, office equipment, ICT support, security vetting, official travel and training (in-house or external).

Step 4 - Industry Considerations

- I have considered the engagement of a Outsourced Service Provider is the most efficient and effective option to deliver the outcome.
- The proposed term of the engagement is appropriate to fulfil the requirement.

Recommendation *

- That you approve the requirement to commence a procurement process to engage an Outsourced Service Provider.

Family Name *	Given Name *
s47F	s47F
Home / work / business address *	
City or town *	Street address *
Canberra	s47F
State or territory *	Russell Offices
ACT	CANBERRA
Postcode *	
2610	

SES / Star Approval *



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Approval is given to commence a procurement process to engage an Outsourced Service Provider

Approved Not Approved

Signature *

Printed name *	Employee ID *	Date *
Steven Groves, Chief Finance Officer	s22	29/7/25
Signature *		
s22		



Schedule 6 – Order Template

Note to Service Provider:

This Schedule 6 provides an Order Template for the provision of Management Advisory Service to an Agency, as detailed in clause 11.3 of the Head Agreement. It is intended that the Order Template will be provided as a smart form. The intent of this template and any smart form is to achieve a high level of standardisation and consistency in Agency Orders to provide efficiencies to Agencies and Service Providers, however, it will not be mandatory that Agencies use this Order Template or any equivalent smart form to Order Services from Service Providers.

1. Introduction


1.1. This Order is issued in accordance with clause 11.3 of the Head Agreement.

<u>Order for Services</u>	
<p>s47F - Head of Corporate & Operational Real Estate Jones Lang LaSalle Advisory Services Pty Ltd (JLL) Level 27, 120 George Street, Sydney NSW 2000 ABN: 56 003 262 600 Sent via s47F @jll.com</p>	
<i>Agency Order Information</i>	
Agency	Department of Defence
Agency File Reference	s47E(d)
Order Number	TBA
Cost Centre	s47E(d)
<i>Order Commencement Date and Term</i>	
Order Commencement Date	19 December 2025
Order Term and Extensions	31 October 2028 The Agency may in its sole discretion extend the Initial Term of this Order for a further two periods of three years, finishing in September 2034, on the same terms and conditions of this Order, by giving written notice to the Service Provider, prior to end of the Initial Term of this Order (Extension Period/s).
<i>Statement of Work</i>	
Service Area	Financial
Service Category	Financial Advisory
Service Sub-category	Valuation Services

<u>Order for Services</u>	
Detailed Statement of Work	<p>Contract for the provision of independent valuation services (the Services) for the Department of Defence (Defence), s22 s22) Non-Financial Assets: General Assets (GA) and Specialist Military Equipment (SME).</p> <p>Defence requires the Service Provider to deliver the following relating to Land, Building and Infrastructure (LBI) assets:</p> <ol style="list-style-type: none"> a. For each year of the three-year valuation cycle (2025/26 – 2027/28), provide valuations of land, buildings and infrastructure assets for approximately one third of the Defence asset base via inspection and the remaining two thirds via desktop assessment. The list of assets requiring valuation within each year of the cycle will be provided by Directorate of Asset Accounting (DAA). b. Completed and quality assured valuation spreadsheets which will be reviewed annually for each Asset Class which will provide details of asset Fair Values, valuation method, residual values and total and remaining useful lives (list is not exhaustive). c. On the spreadsheet for each property, provide details of asset classes, asset Fair Values, asset replacement values, valuation method, heritage and cultural values (if applicable), residual values, total and remaining useful lives, confirm that the asset has been sighted and provide impairment assessment. d. For any land, buildings and infrastructure items identified at a site that are above the asset recognition threshold and do not currently have an asset record, provide assets first-found data including gross book value, in-use date and net book value; e. Submit a report that would include details of the valuation approach adopted to determine asset replacement cost as at valuation date and the methodology used to determine the Fair Value the assets. f. Provide commentary where the movement between the fair value and net book value is greater than $\pm 10\%$ for individual asset. g. Reports should meet the AASB116 and AASB136 requirements for financial statement disclosure of valuation. This will include a sensitivity analysis over all valuations for Land, Buildings and Infrastructure (including a separate line for Heritage and Cultural buildings and infrastructure). <p>Defence requires the Service Provider to deliver the following relating to Other Plant and Equipment (OPE) assets:</p> <ol style="list-style-type: none"> a. For each year of the three-year valuation cycle (2025/26 – 2027/28), provide valuations of OP&E assets for the total Defence asset base. b. For each year of the three-year valuation cycle (2025/26 – 2027/28), provide valuations of OP&E assets for the total Defence asset base. c. Completed and quality assured valuation spreadsheets for OP&E class which will provide details of asset Fair Values, valuation method, residual values (OP&E asset class) and total and remaining useful life (list is not exhaustive). d. Valuation report should meet the applicable requirements of AASB116, AASB13 and DOF guidelines. This will include a sensitivity analysis over all valuations for OP&E asset class.

	<p>e. Submit a report that would include details of the valuation approach adopted to determine asset replacement cost as at valuation date and the methodology used to determine the Fair Value the assets.</p> <p>f. Provide commentary where the movement between the fair value and net book value is greater than $\pm 10\%$ for individual asset.</p> <p>Defence requires the Service Provider to deliver the following relating to Specialist Military Equipment (SME) assets:</p> <p>a. For each year of the three-year rolling cycle (2025/26 – 2027/28), conduct a comprehensive valuation on SME platforms managed by one of the three Services and desktop valuation for the SME platforms of the remaining two Services and MSI/spares. In addition to providing fair value measurement, the Service Provider is required to provide impairment assessment for platforms assets. The sites by service groups are as per <u>Attachment A. Table 4</u>.</p> <p>b. All comprehensive valuation will involve a detailed investigation of each platform, including physical verification and specific engagement with the relevant System Program Office's (SPO) in relation to the critical inputs developed and utilised by the service provider in the valuation models.</p> <p>c. All desktop valuations will involve desktop investigations with high-level engagement with the relevant SPO in relation to the key inputs developed and utilised by the service provider in the valuation models.</p> <p>d. Written valuation reports covering all aspects of the Fair Value Framework will be developed for all Platforms (whether desktop or comprehensive) as well as MSI valuation.</p> <p>e. The report would include details of the valuation approach adopted to determine asset replacement cost as at valuation date, the methodology used to determine the Fair Value and where the movement of the written down value (WDV) of asset is 10% or \$ value greater than \$200,000 for individual assets.</p> <p>f. Valuation report should meet the applicable requirements of AASB116, AASB13 and DOF guidelines. This will include a sensitivity analysis over all valuations for assets in the SME class.</p> <p>In addition to the three-year rolling cycle, Defence may require additional work to be undertaken. Any additional work must adhere to the scope of this agreement and may include all or any of the following (list is not exhaustive):</p> <p>a. Valuations for disposal purposes (primarily land and buildings);</p> <p>b. Valuations for acquisitions (primarily land and buildings);</p> <p>c. Valuation of Land Buildings and Infrastructure below \$100,000 threshold;</p> <p>d. Valuations of Defence heritage collections; and</p> <p>e. Assets First Recognised purchased in prior years.</p> <p>For SME and GA asset classes, the service provider must develop, in conjunction with DAA, the following deliverables;</p> <p>a. a detailed work plan with agreed milestones and timelines; and,</p> <p>b. an agreed schedule for physical inspection.</p> <p>The service provider shall provide the deliverables in the following format:</p> <p>a. Soft copies: MS Excel (for spreadsheets)</p> <p>b. A final signed report as per the requirements of AASB13, AASB116 and DOF guidelines.</p>
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<p>Milestones</p>	<p>For the GA asset classes, the service provider shall provide of the agreed deliverables in accordance with the schedule details below, noting milestone 1, 2 and 3 are due by Mid-January in year 1 (2025-26):</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Deliverables</th> <th>Delivery Date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Final agreement of site inspection/visits schedule with Defence.</td> <td>Oct (of each year)</td> </tr> <tr> <td>2</td> <td>Report detailing progress of site inspections and valuations for land, building, infrastructure and other plant and equipment assets (Defence, s22)</td> <td>Dec (of each year)</td> </tr> <tr> <td>3</td> <td>Draft valuation data provided to Defence for land, building and infrastructure assets –based valuations including useful life changes (Defence, s22)</td> <td>Mar (of each year)</td> </tr> <tr> <td>4</td> <td>Draft valuation data provided to Defence for OP&E assets including useful life changes (Defence, s22)</td> <td>Mar (of each year)</td> </tr> <tr> <td>5</td> <td>Final valuation data provided to Defence for GA classes including useful changes (Defence, s22)</td> <td>Apr (of each year)</td> </tr> <tr> <td>6</td> <td>Final valuation report provided to Defence for GA classes (Defence, s22)</td> <td>May-Jun (of each year)</td> </tr> <tr> <td>7</td> <td>Materiality Review Report</td> <td>Aug - Sep (of each year)</td> </tr> </tbody> </table> <p>For the SME asset class, the deliverables are in accordance with the schedule details below, noting miles 1, 2 and 3 are due mid-January in year 1 (2025-26):</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Deliverable</th> <th>Delivery Date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Final agreement of site inspection/visits schedule with Defence.</td> <td>Mid November (of each year)</td> </tr> <tr> <td>2</td> <td>Provide valuation methodology, review of required inputs, Asset Review Questionnaire (ARQ) template review, and confirm all required documentations and agreement of schedule for platforms inspection and SPO meetings with Defence.</td> <td>Mid November (of each year)</td> </tr> <tr> <td>3</td> <td>Conduct meetings with relevant SPOs, complete platforms inspection and finalise the ARQ inputs for service group undergoing comprehensive valuation review.</td> <td>December-January (of each year)</td> </tr> <tr> <td>4</td> <td>Conduct meetings with relevant SPOs to finalise the ARQ inputs for service groups undergoing desktop valuation review.</td> <td>February (of each year)</td> </tr> <tr> <td>5</td> <td>Draft valuation data/work papers and provide results to Defence for MSI and HACE assets, including useful life changes, residual/scrap value.</td> <td>March (of each year)</td> </tr> <tr> <td>6</td> <td>Final valuation report and work papers and provide to Defence for MSI and HACE assets, including useful life changes, residual/scrap value.</td> <td>April (of each year)</td> </tr> <tr> <td>7</td> <td>Draft valuation data/work papers and provide results to Defence for platform assets, including useful life changes, residual/scrap value.</td> <td>May-June (of each year)</td> </tr> <tr> <td>8</td> <td>Final valuation report and data/work papers provided to Defence for platform assets, including useful life changes, residual/scrap value.</td> <td>Mid July (of each year)</td> </tr> <tr> <td>9</td> <td>Provide sensitivity analysis and materiality review report for the SME asset class.</td> <td>July – August (of each year)</td> </tr> <tr> <td>10</td> <td>Respond to valuation related audit enquiries from the Australian National Audit Office (ANAO) in a timely manner.</td> <td>July – September (of each year)</td> </tr> </tbody> </table> <p>Dates are subject to change as per the project plan and Defence requirements and in discussion with the Service Provider</p>	No.	Deliverables	Delivery Date	1	Final agreement of site inspection/visits schedule with Defence.	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<p>Key Personnel</p>	<p>s47F - JLL General Assets lead s47F - JLL SME lead Further JLL personnel are listed in relevant tender and subsequent negotiation submissions.</p>																																																									

Subcontractors	s47G 
Location	<p>Locations are to align with the project plan outlining site visits across each year of the three year cycle.</p> <p>A breakdown of sites required to be visited and valued is attached at Attachment A. Table 1. Figures could change as properties/assets are acquired/constructed, existing assets are demolished or disposed of and inspection of sites may need to be deferred due to operational requirements or any other reason. The attachment also includes a list of sites that are not currently subject to valuation as they do not have any assets recorded above the valuation threshold – these sites may be added to the inspection schedule should threshold requirements change, as well as the breakdown of off-base properties that will also require inspection during the three year cycle.</p>
Fees	Fixed fee split across 3 years totaling \$12,367,546 (including GST). Fees based on deliverables, locations and number of assets listed in the Statement of Work.
Payment Terms	20 calendar days
Invoicing	Invoices to be issued upon delivery of services for each stage of valuations
Travel	The service provider will be required to undertake travel to Defence sites in order to conduct physical inspections under this contract.
Agency Material	Please refer to attached Statement of Work
Existing Material	Not Applicable
Contract Material	Please see attached Statement of Work
Restrictions on use of Contract Material	See attached Statement of Work
Restrictions on use of Service Provider's name, trade name or logo	Not Applicable

Confidential Information	<table border="1"> <thead> <tr> <th>Agency Confidential information <i>(for example)</i></th> <th>Period of Confidentiality</th> </tr> </thead> <tbody> <tr> <td>Agency data</td> <td>In Perpetuity</td> </tr> <tr> <td>Any Personal Information held by the Agency</td> <td>In Perpetuity</td> </tr> <tr> <td>Security Classified Information</td> <td>In Perpetuity</td> </tr> </tbody> </table>		Agency Confidential information <i>(for example)</i>	Period of Confidentiality	Agency data	In Perpetuity	Any Personal Information held by the Agency	In Perpetuity	Security Classified Information	In Perpetuity
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Pricing	For the term of the contract									
Additional requirements - check RFQ for details of the below										
Internal Working Papers	Under clause 20.4 the Service Provider is not required to deliver internal working papers (including Audit Working Papers) that are required to be retained under applicable Laws or professional standards.									
Intellectual Property	The default position in clause 20.2.1 will apply. The default licence the Agency gets under 20.2.3 for Contract Material includes a right to transfer and sub-license.									
Key Personnel Requirements	Personnel performing the Services may be required to sign a Deed and acknowledgements relating to confidentiality, security, moral rights, intellectual property and other relevant matters as required by the Agency.									
Return of confidential information	Under clause 22.6.3 the Service Provider may retain one copy of Agency Confidential Information to the extent included in the Contract Material for its professional record keeping obligations, for insurance purposes or as otherwise required by Law.									
Agency Data Storage Requirements	Data to be stored on the Defence Network or in accordance with Defence Industry Security Program (DISP) requirements and the Defence Security Principles Framework (DSPF). Data cannot be stored offshore. A data breach response plan will be required (see clause 23.2)									

<p>Security</p>	<p>In Defence, all personnel security clearances are national security clearances and require Australian citizenship, reciprocal security clearance agreed with foreign nationals from NZ, US, UK or Canada, or the completion and acceptance of an approved Citizenship Eligibility Waiver. The two levels of personnel security clearances relevant to this arrangement are:</p> <ul style="list-style-type: none"> a. Baseline, permits ongoing access to Australian Government classified resources at the RESTRICTED and PROTECTED level. This is the mandatory minimum clearance for Defence civilians and any Defence external service providers; and b. Negative Vetting – Level 2 (NV2), permits ongoing access to classified resources and top Secret. <p>The service provider’s personnel performing work under the contract will be required to obtain a minimum level of Baseline clearance.</p> <p>An appropriate number of service provider’s team members will be required to obtain and hold a Negative Vetting – Level 2 security clearance.</p> <p>Any costs associated with obtaining and maintaining the appropriate level of clearance will be borne by the service provider.</p>
<p>Additional Requirements – security</p>	<p>Not Applicable</p>
<p>Conditions/Restrictions for Personal Information</p>	<p>Not Applicable</p>
<p>Liability</p>	<p>The default liability cap is set out in clause 19 of the Head Agreement.</p>
<p>Additional or alternate Requirements – insurance</p>	<p>Insurance requirements under the Head Agreement will apply.</p>
<p>Agency Service Levels</p>	<p>Not Applicable.</p>
<p>Service Provider termination right</p>	<p>The default position under clause 26.2.3 of the Head Agreement is that the Service Provider may terminate the Contract due to Agency non-payment of Fees, or if the Agency breaches a material provision and does not remedy this within 40 Business Days after receiving a notice to remedy.</p>
<p>Termination for convenience costs in relation to Fees for Services calculated on a milestone basis</p>	<p>The default position under clause 26.4.3(a) of the Head Agreement is that where Fees in an Order are calculated on a milestone basis, the Agency will pay Fees for Ordered Services completed before the date of termination for convenience on a time and materials basis where the Service Provider can substantiate this.</p>
<p><i>Commonwealth Procurement Connected Policy Requirements</i></p>	
<p>An exemption from Australian Industry Participation Plan Policy requirements applies.</p> <p>As per chapter 3, paragraph/clause 3.26 of the Defence Policy for Industry Participation (DPIP), procurements that exceed a total value of \$4 million for materiel and non-materiel, and \$7.5 million for construction, but that are for the delivery of goods and services where the effort to apply the Policy would be significantly outweighed by the cost to industry.</p> <p>Reasons for exemption from application of DPIP to engage (procurement) service provider to provide valuation services for Defence’s non-financial assets:</p> <ul style="list-style-type: none"> a. This procurement engages a service provider to provide valuation services for Defence’s non-financial assets and would not be considered building industry capability. 	

<p>b. The services will be delivered over a long period and efforts to apply the policy would significantly outweighed by the cost to the industry.</p>	
<p>Indigenous Procurement Policy under clause 16.4 of the Head Agreement applies:</p> <p>JLL to provide completed INDIGENOUS PARTICIPATION PLAN document.</p>	
<p>Agency Information</p>	
<p>Agency Representative</p>	<p>Name: s47F</p> <p>Position: A/g Executive Director Financial Accounting and Assets Budgets and Financial Services, Defence Finance Group</p> <p>Address: Russell Drive Russel ACT 2600</p> <p>Email: s47F @defence.gov.au</p> <p>Contact number: s47F</p>

<p style="text-align: center;"><u>Order for Services</u></p>	
<p>Agency Address for Notices</p>	<p>Physical Address: R1-2-B067 Russell Drive, Russell ACT 2601</p> <p>Postal Address: Chief Finance Officer Group R1-2-067 PO Box 7912 Canberra BC ACT 2601</p> <p>Email: s47F @defence.gov.au</p>
<p>Agency Address for Invoices</p>	<p>Invoices must be submitted to s47E(d)@defence.gov.au and must include the purchase order no.</p>
<p>Service Provider Information</p>	
<p>Service Provider Representative</p>	<p>Name: s47F</p> <p>Position: Head of Corporate & Operational Real Estate</p> <p>Address: Level 27, 120 George Street, Sydney NSW 2000</p> <p>Email: s47F @jll.com</p> <p>Contact number: s22</p>

Service Provider Address for Notices	Physical Address: Level 27, 120 George Street, Sydney NSW 2000 Postal Address: Level 27, 120 George Street, Sydney NSW 2000 Email: s47F [redacted]@jll.com
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Signed for and on behalf of
Commonwealth of Australia
as represented by the [insert Agency
name] [insert Agency ABN]

s47F [redacted]

name of authorised officer

Acting Assistant Sectary Financial Compliance Branch
title of authorised officer

December 2025
date

s47F [redacted]

Digitally signed by
s47F [redacted]

Date: 2025.12.19
15:05:24 +11'00'

Signature of authorised officer

Signed for and on behalf of
Jones Lang LaSalle Advisory Services Pty
Ltd, 56 003 262 600

s22

*Signature of Service Provider's
authorised representative*

s47F

*name of Service Provider's authorised
representative*

Head of Corporate & Operational Real Estate

*title of Service Provider's authorised
representative*

18th December 2025

date

RFQ: Non –Financial Asset Valuation Services

STATEMENT OF WORK

Note to tenderers: Attachment A will consist of an amalgamation of this Attachment and the successful tenderer's response.

1. NON- FINANCIAL ASSETS VALUATION SERVICES

1.1 Contract for the provision of independent valuation services (the Services) for the Department of Defence (Defence), s22 (n s22 r s22) Non-Financial Assets: General Assets (GA) and Specialist Military Equipment (SME).

2. BACKGROUND

2.1 Defence prepares its annual financial statements as per subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

2.2 Department of Finance (DOF) requires that for Consolidated Financial Statement (CFS) purposes, the value of Whole of Government's non-financial assets base be reported at fair value.

2.3 The department's asset base subject to valuation, recorded at over \$95 billion as of 30 June 2025, is projected to continue on a growth trajectory in the years ahead.

2.4 The Directorate of Asset Accounting (DAA) within Defence has the overall responsibility for the management of asset valuation services, ensuring a consistent, structured method of conducting valuations across the Defence asset base.

3. OBJECTIVES

3.1. Defence intends to engage the services of an independent valuer for an initial period of three (3) years commencing financial year 2025/26 through to 2027/28, to provide independent valuation services covering all of the Defence, s22 non-financial asset base, with the option to extend for a further two periods of three years each.

3.2. These asset classes (SME and GA) are valued on a three years rolling cycle basis. The valuation process includes both physical inspections and desktop reviews of Defence, s22 non-financial assets.

3.3. For GA asset classes, every year approximately one third of the Land, Building and Infrastructure (LB&I) asset base will be subject to comprehensive valuation (physical inspection) with the remaining asset base subject to a desktop valuation. Other Plant and Equipment (OP&E) asset classes within GA class will be subject to a desktop valuation process each year.

3.4. For the SME asset class, each year one of the services (Army, Navy and Air Force) will undergo a comprehensive review process, across the three years rolling cycle. The comprehensive review will include physical inspections of the SME platform assets. The SME platform assets of the two remaining services not undergoing the comprehensive review process, will be valued via a desktop process. The military support items (MSI) within the SME asset class will be valued each year via a desktop process

4. SERVICE DELIVERY

4.1 In delivering the valuation services, the Service Provider is required to:

- a. Provide regular reports and updates as agreed each year during the periods when assets are being valued;

- b. Exhibit quality assurance by providing complete, timely, accurate, and consistent valuations; and
 - c. Engage personnel with the ability to obtain and maintain an Australian Government Security Clearance to the minimum level of Baseline to allow ongoing access to Australian Government resources. Where necessary, select personnel will be required to hold a minimum clearance of Negative Vetting 2, to enable access to classified asset related information for valuation purposes.
- 4.2 The three years rolling cycle valuation of non-financial assets is required to comply with the following:
- a. Australian Accounting Standards;
 - b. Department of Finance guidelines and regulations; and
 - c. Defence Accounting Policy Framework.

5. ESSENTIAL REQUIREMENTS

- 5.1 Tenderers participating in this procurement process are required to demonstrate the capacity to meet the following Essential Requirements:
- a. tenderers must demonstrate sound knowledge and understanding of the 'fair value model' for asset valuation and Australian Accounting Standard AASB 116 Property Plant and Equipment (AASB 116), AASB 13 Fair Value Management (AASB 13), any amendment to Fair Value measurement of Non-Financial Assets of Not-For-Profit Public Sector Entities.
 - b. tenderers must demonstrate experience in valuing large volume and complex bespoke military equipment and estate assets.
 - c. tenderers must demonstrate the ability to manage timely delivery of valuation services including addressing any audit related queries especially during peak periods including end of financial year.

6. PERSONNEL REQUIREMENT

- 6.1 The Service Provider shall ensure that the Services are undertaken by personnel who:
- a. are suitably qualified, with appropriate skills and experience and who collectively have a wide range of current experience in valuing a diverse and complex asset portfolio including all physical, environmental, heritage and planning issues; and
 - b. hold an appropriate current certification, authorisation or accreditation under Australian Valuation Standards at all times during the provision of these Services.
- 6.2 The Service Provider shall ensure that its personnel and subcontractors:
- a. undertake any security checks or clearances as required by the Commonwealth;
 - b. notify the Commonwealth of any changes to circumstances which may affect the Service Provider's capacity to provide the Services in accordance with the Commonwealth's security requirements; and
 - c. provide a list of all security cleared personnel to be used in delivery of the Services to the Commonwealth, and provide an amended list in the form of a quarterly report.

7. DEFENCE SECURITY REQUIREMENTS

- 7.1 In Defence, all personnel security clearances are national security clearances and require Australian citizenship, reciprocal security clearance agreed with foreign nationals from NZ, US, UK or Canada, or the completion and acceptance of an approved Citizenship Eligibility Waiver. The two levels of personnel security clearances relevant to this arrangement are:

RFQ: Non –Financial Asset Valuation Services

- a. Baseline, permits ongoing access to Australian Government classified resources at the RESTRICTED and PROTECTED level. This is the mandatory minimum clearance for Defence civilians and any Defence external service providers; and
 - b. Negative Vetting – Level 2 (NV2), permits ongoing access to classified resources and top Secret.
- 7.2 The indicative processing time for each level of security clearance is subject to change from the Australian Government Security Vetting Agency (AGSVA):
- a. Baseline clearance: two to three months; and
 - b. Negative Vetting – Level 2 clearance: four to six months.
- 7.3 The service provider's personnel performing work under the contract will be required to obtain a minimum level of Baseline clearance.
- 7.4 Appropriate number of service provider's team members will be required to obtain and hold a Negative Vetting – Level 2 security clearance.
- 7.5 The successful tenderer shall within 14 days of being awarded the contract submit all applications to obtain necessary security clearances. Any personnel changes that require the removal of a security clearance or the addition of a new security clearance should be advised within 3 working days of the change.
- 7.6 Any costs associated with obtaining and maintaining the appropriate level of clearance will be borne by the service provider.
- 7.7 Additional information in relation to Security Clearance and the Australian Government Security Vetting Agency can be found [About | Australian Government Security Vetting Agency](#).

SCOPE OF WORK (SOW)

8. GA: VALUATION OF LAND, BUILDINGS AND INFRASTRUCTURE ASSETS

- 8.1 Defence has around 425 different locations across Australia with land, building and infrastructure assets recorded against them on various bases or establishments. Most assets are located on Defence owned/controlled land, although a number of assets are in leased premises or on leased land. In addition, there are Defence-owned Other Plant and Equipment (OP&E) assets across both owned locations and additional locations that are leased by Defence.
- 8.2 s33(a)(i) [REDACTED] Located on these sites are a small number of buildings and other structures subject to revaluation. These assets are subject to desktop valuation.
- 8.3 A breakdown of sites required to be visited and valued is attached at **Attachment A. Table 1**. Figures could change as properties/assets are acquired/constructed, existing assets are demolished or disposed of and inspection of sites may need to be deferred due to operational requirements or any other reason. The attachment also includes a list of sites that are not currently subject to valuation as they do not have any assets recorded above the valuation threshold – these sites may be added to the inspection schedule should threshold requirements change, as well as the breakdown of off-base properties that will also require inspection during the three year cycle.
- 8.4 The size and diverse nature of Defence asset holdings, together with their location throughout Australia, should be considered in the conduct of the valuation exercise, i.e. provision of the Services. Around one third of the LBI assets within each State / Region are to be valued by inspection each year.

- 8.5 The current policy is to capitalise integral fixed components within a building, which is usually a landlord's responsibility such as lifts, air-conditioning, fire protection systems, toilets etc. and then depreciate them as part of the building or infrastructure. All such components should be included in the valuation exercise.
- 8.6 Defence requires the Service Provider to deliver the following:
- a. For each year of the three-year valuation cycle (2025/26 – 2027/28), provide valuations of land, buildings and infrastructure assets for approximately one third of the Defence asset base via inspection and the remaining two thirds via desktop assessment. The list of assets requiring valuation within each year of the cycle will be provided by DAA.
 - b. Completed and quality assured valuation spreadsheets which will be reviewed annually for each Asset Class which will provide details of asset Fair Values, valuation method, residual values and total and remaining useful lives (list is not exhaustive).
 - c. On the spreadsheet for each property, provide details of asset classes, asset Fair Values, asset replacement values, valuation method, heritage and cultural values (if applicable), residual values, total and remaining useful lives, confirm that the asset has been sighted and provide impairment assessment.
 - d. For any land, buildings and infrastructure items identified at a site that are above the asset recognition threshold and do not currently have an asset record, provide assets first-found data including gross book value, in-use date and net book value;
 - e. Submit a report that would include details of the valuation approach adopted to determine asset replacement cost as at valuation date and the methodology used to determine the Fair Value the assets.
 - f. Provide commentary where the movement between the fair value and net book value is greater than $\pm 10\%$ for individual asset.
 - g. Reports should meet the AASB116 and AASB136 requirements for financial statement disclosure of valuation. This will include a sensitivity analysis over all valuations for Land, Buildings and Infrastructure (including a separate line for Heritage and Cultural buildings and infrastructure).
- 8.7 DDA will provide the Service Provider with details of LB&I assets.

9. GA: VALUATION OF OTHER PLANT AND EQUIPMENT ASSETS

- 9.1 Various Groups and Services within Defence, s22 manage a variety of OP&E assets. As at 30 June 2025, the number and value of OP&E assets which are required to be valued are shown at **Attachment A Table 2** (The numbers could change due to disposals or acquisitions).
- 9.2 Defence requires the Service Provider to deliver the following:
- a. For each year of the three-year valuation cycle (2025/26 – 2027/28), provide valuations of OP&E assets for the total Defence asset base.
 - b. Completed and quality assured valuation spreadsheets for OP&E class which will provide details of asset Fair Values, valuation method, residual values (OP&E asset class) and total and remaining useful life (list is not exhaustive).
 - c. Valuation report should meet the applicable requirements of AASB116, AASB13 and DOF guidelines. This will include a sensitivity analysis over all valuations for OP&E asset class.

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- d. Submit a report that would include details of the valuation approach adopted to determine asset replacement cost as at valuation date and the methodology used to determine the Fair Value the assets.
 - e. Provide commentary where the movement between the fair value and net book value is greater than $\pm 10\%$ for individual asset.
- 9.3 DDA will provide the Service Provider with details of OP&E assets.

10. SME ASSETS VALUATION

- 10.1 Defence's SME asset base includes s33(a)(i) across the Australian Army, Royal Australian Navy and the Royal Australian Air Force, with a total value of more than \$45 billion (AUD). In addition, it also consists of MSI/spares valued at over \$15 billion (AUD).
- 10.2 Defence requires the Service Provider to deliver the following:
- a. For each year of the three-year rolling cycle (2025/26 – 2027/28), conduct a comprehensive valuation on SME platforms managed by one of the three Services and desktop valuation for the SME platforms of the remaining two Services and MSI/spares. In addition to providing fair value measurement, the Service Provider is required to provide impairment assessment for platforms assets. The sites by service groups are as per **Attachment A. Table 4**.
 - b. All comprehensive valuation will involve a detailed investigation of each platform, including physical verification and specific engagement with the relevant System Program Office's (SPO) in relation to the critical inputs developed and utilised by the service provider in the valuation models.
 - c. All desktop valuations will involve desktop investigations with high-level engagement with the relevant SPO in relation to the key inputs developed and utilised by the service provider in the valuation models.
 - d. Written valuation reports covering all aspects of the Fair Value Framework will be developed for all Platforms (whether desktop or comprehensive) as well as MSI valuation.
 - e. The report would include details of the valuation approach adopted to determine asset replacement cost as at valuation date, the methodology used to determine the Fair Value and where the movement of the written down value (WDV) of asset is 10% or \$ value greater than \$200,000 for individual assets.
- Valuation report should meet the applicable requirements of AASB116, AASB13 and DOF guidelines. This will include a sensitivity analysis over all valuations for assets in the SME class.

11. MAKE-GOOD PROVISION

- 11.1 Defence is required to recognise a make good obligation under AASB 137 for leased properties, where applicable as per lease agreement. Defence will provide a list of current lease contracts with make-good obligation clauses, the location of the properties that these apply to and any other relevant information. The Service provider will be required to provide reliable estimates for make good provision required for leased properties as per AASB137, Defence Accounting Policy Framework and guidelines issues by DOF.
- 11.2 Estimates should be accompanied by a report outlining how estimates were determined. Where a reliable estimate is not able to be made, the valuer should provide a reason why no estimate was possible.

12. VALUATION DATA REQUIRED

- 12.1 For every asset, the valuer is to advise:
- a. The Fair Value as at the valuation date [financial year and month];
 - b. The methodology used to determine the Fair Value;
 - c. Accumulated depreciation value as at valuation date [financial year]
 - d. The total and remaining useful life as at the specified date [financial year] (not applicable to Land or non-depreciable Heritage and Cultural assets);
 - e. The residual value at the end of the useful life (where applicable);
 - f. Information in Microsoft Excel with reconciliations to the final valuation reports; and
 - g. Impairment assessment for inspected Buildings, Infrastructure, Heritage and Cultural assets and SME platforms.
 - h. Summary report to the Defence Audit and Risk Committee regarding the outcome of valuation process.
 - i. Final detailed valuation report for Defence, s22 asset classes. GA and SME will require separate report for each year.

13. ADDITIONAL VALUATION SERVICES OR ADVICE

- 13.1 In addition to the three years rolling cycle, Defence may require additional work to be undertaken. Any additional work must adhere to the scope of this SOW and may include all or any of the following (list is not exhaustive):
- a. Valuations for disposal purposes (primarily land and buildings);
 - b. Valuations for acquisitions (primarily land and buildings);
 - c. Valuation of Land Buildings and Infrastructure below \$100,000 threshold;
 - d. Valuations of Defence heritage collections; and
 - e. Assets First Recognised purchased in prior years.

14. DELIVERABLES

- 14.1 For SME and GA asset classes, the service provider must develop, in conjunction with DAA the following deliverables;
- a. a detailed work plan with agreed milestones and timelines; and,
 - b. an agreed schedule for physical inspection.

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- 14.2 For the GA asset classes, the service provider shall provide of the agreed deliverables in accordance with the schedule details below:

Table 6: Contract deliverables – note that dates are subject to change as per the project plan and Defence requirements and in discussion with the Service Provider

No.	Deliverables	Delivery Date
1	Final agreement of site inspection/visits schedule with Defence.	Oct (of each year)
2	Report detailing progress of site inspections and valuations for land, building, infrastructure and other plant and equipment assets (Defence, s22).	Dec (of each year)
3	Draft valuation data provided to Defence for land, building and infrastructure assets –based valuations including useful life changes (Defence, s22).	Mar (of each year)
4	Draft valuation data provided to Defence for OP&E assets including useful life changes (Defence, s22).	Mar (of each year)
5	Final valuation data provided to Defence for GA classes including useful changes (Defence, s22).	Apr (of each year)
6	Final valuation report provided to Defence for GA classes (Defence, s22).	May-Jun (of each year)
7	Materiality Review Report	Aug - Sep (of each year)

- 14.3 For the SME asset class, the deliverables are in accordance with the schedule details below:

No.	Deliverables	Delivery Date
1	Final agreement of site inspection/visits schedule with Defence.	Mid November (of each year)
2	Provide valuation methodology, review of required inputs, Asset Review Questionnaire (ARQ) template review, and confirm all required documentations and agreement of schedule for platforms inspection and SPO meetings with Defence.	Mid November (of each year)
3	Conduct meetings with relevant SPOs, complete platforms inspection and finalise the ARQ inputs for service group undergoing comprehensive valuation review.	December-January (of each year)
4	Conduct meetings with relevant SPOs to finalise the ARQ inputs for service groups undergoing desktop valuation review.	February (of each year)
5	Draft valuation data/work papers and provide results to Defence for MSI and HACE assets, including useful life changes, residual/scrap value.	March (of each year)

No.	Deliverables	Delivery Date
6	Final valuation report and work papers and provide to Defence for MSI and HACE assets, including useful life changes, residual/scrap value.	April (of each year)
7	Draft valuation data/work papers and provide results to Defence for platform assets, including useful life changes, residual/scrap value.	May-June (of each year)
8	Final valuation report and data/work papers provided to Defence for platform assets, including useful life changes, residual/scrap value.	Mid July (of each year)
9	Provide sensitivity analysis and materiality review report for the SME asset class.	July – August (of each year)
10	Respond to valuation related audit enquiries from the Australian National Audit Office (ANAO) in a timely manner.	July – September (of each year)

14.4 The service provider shall provide the deliverables in the following format:

- a. Soft copies: MS Excel (for spreadsheets)
- b. A final signed report as per the requirements of AASB13, AASB116 and DOF guidelines.

15. ACCEPTANCE OF DELIVERABLES

15.1 Following receipt of the draft valuation, Defence will review the data for quality and completeness and advise the service provider of questions and acceptance as appropriate. The service provider will need to address these questions and remediate where required prior to final report.

16. TRAVEL

The service provider will be required to undertake travel to Defence sites in order to conduct physical inspections under this contract.

17. REPORT FORMAT

17.1 The valuation reports are to be signed by the valuer, including their qualifications. Report must comply with all the relevant requirements of applicable accounting standards, changes to the accounting standards and guidelines issued by DOF.

17.2 Report must include all the assumptions made during the valuation process for each asset class.

18. CONFLICT OF INTEREST

18.1 It is essential that valuations undertaken by organisations or individuals are not related to Defence or any other party who could obtain a financial advantage from the valuation process other than remuneration by way of normal professional fees.

In all situations, the valuer must have no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property. Valuation reports should include a statement to this effect.

19. GENERAL

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- 19.1 A contract will be established for a three years cycle commencing from financial year 2025-26 through to financial year 2027-28, with optional two three years extensions. If Defence opts for the extension option, an updated quote will be requested from the successful service provider.
- 19.2 Assets First Found must be recorded on a separate spreadsheet (blank templates provided).
- 19.3 Final reports must be signed by the valuer and forwarded to Defence within ten days of acceptance by Defence or other period as agreed by the parties.
- 19.4 Defence personnel will coordinate access to properties and platforms and provide background knowledge, particularly for the more specialised assets. DAA, Security and Security and Estate Group (SEG), Army, Navy, Air Force and Capability Acquisition Sustainment Group (CASG) will have overall responsibility for site access and any specific requirements.

ATTACHMENT B

DEFINITIONS

<u>Class of Assets</u>	Description
Land	Property such as training depots, bases, rifle ranges, airfields etc. Land excludes any buildings on the property. Land has a \$0 capitalisation threshold so all Defence land is an Asset.
Buildings	Structures with a roof such as office buildings, accommodation blocks, workshops, messes, hangars and houses. The buildings category is also intended to capture integral fixed components of any such structures, including – but not limited to – lifts, toilets, air conditioning systems, lighting and fire protection systems.
Infrastructure	Items attached to land, which have been acquired or constructed to provide a function in the form of support or access. This includes assets such as roads, pavements, carparks, targets and firing mounds, helicopter landing pads, water treatment plants, memorials and storm water drains. In order to be recognised as infrastructure by Defence, an asset must be able to demonstrate three criteria – specifically: It is attached to land; Its intended purpose is to provide support or access; and It must not be a structure with a roof.
Other Property, Plant and Equipment	All equipment not considered to be 'Specialised Military Equipment' including commercial vehicles, ICT hardware, office, scientific medical and band equipment.
Heritage and Cultural Assets	Items identified to have heritage and cultural (H&C) significance. Once an asset has been formally assessed and classified as 'Heritage and Cultural', this classification applies regardless of any other asset characteristics. For example, buildings on the Defence Heritage Register are not recognised under the Buildings asset class.
SME	Defence holds Specialist Military Equipment (SME) assets to maintain its defence capability requirements. SME Platform assets include fully assembled units such as planes, tanks, and ships and Military support items (MSI) assets are spares and components that support the aforementioned platforms.
Residual Value	Proceeds that the entity can expect to receive for an asset at the end of its Useful Life.