Office Accommodation Policies

A Guide to the Procurement and Management of Western Australian Government Office Accommodation

August 2004
FOREWORD

One of my roles as Minister for Housing and Works is to facilitate the provision of office accommodation to most Government agencies through powers contained in the Public Works Act.

Government offices in many ways represent the public face of the Government to the community. Government office accommodation is also a major and highly visible component of total public expenditure. It is therefore essential that when agencies decide that new office accommodation is required, the decision-making process balances service delivery requirements with the responsible use of public funds.

The Department of Housing and Works has developed a series of office accommodation policies to ensure that Government office accommodation is provided as efficiently as possible, while also enabling services to be delivered in an effective manner.

These policies also address the Government’s concerns in other key areas, such as sustainability and access for people with disabilities.

They were endorsed by Cabinet on 10 May 2004 and as responsible Minister I require that they are complied with by those agencies listed at Appendix 2.

Enquiries concerning these policies should be directed to the Commercial Property Branch of the Department of Housing and Works.

Hon. Nick Griffiths LLB MLC
Minister for Housing and Works
August 2004
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Policy 1: APPLICATION OF POLICIES

POLICY STATEMENT

1.1 GENERAL

The Department of Housing and Works is responsible for the coordination of Western Australian Government office accommodation.

This includes:

- managing the procurement of Government office accommodation;
- managing leases for Government offices, including the payment of rent to private lessors and the recovery of rent from Government tenants;
- managing the portfolio of Government owned office buildings under the control of the Minister for Works;
- establishing and enforcing policies for the procurement and ongoing management of Government office accommodation; and
- planning for the Government’s future office accommodation needs.

1.2 APPLICATION

The Office Accommodation Policies in this document apply to the agencies listed at Appendix 2.
Policy 2:
PROCUREMENT OF OFFICE ACCOMMODATION

POLICY STATEMENT

2.1 GENERAL

The Department of Housing and Works is responsible for coordinating of Government office accommodation. This includes ensuring that existing vacant office space is minimised by directing agencies to use such accommodation in appropriate circumstances. The procurement of office accommodation includes the selection of a completely new tenancy and the renewal of an existing tenancy.

2.2 PROCUREMENT PROCESS FOR LEASED OFFICES

The following process shall be followed for the procurement of leased office accommodation:

2.2.1 The agency seeking new office accommodation shall prepare a justification statement which outlines the business case for new office accommodation.

The business case shall provide:

- evidence of the needs giving rise to the requirement for new office accommodation;
- a summary of the options which have been considered to satisfy the need;
- details of the preferred office location and office space requirement;
- a clear justification that the chosen option is the best option, taking into account service delivery and value for money considerations;
- an approximation of the life cycle cost of the proposal;
- confirmation that capital and recurrent funding as required are available for the office fitout and ongoing lease commitments; and
- written advice from the agency Chief Executive Officer or equivalent endorsing the business case.

2.2.2 The business case shall be submitted to the Department of Housing and Works for evaluation. The Department of Housing and Works:

- will confirm that the proposal complies with accommodation standards and the prevailing whole-of-government approach to accommodation matters; and
- will provide the agency seeking new office accommodation with a vacant space clearance in circumstances where the agency’s request cannot be accommodated within existing vacant Government office space; and
- advise the agency whether the lease negotiation process will be conducted internally by the Department of Housing and Works or through the services of a private leasing negotiator from a panel contract administered by the Department of Housing and Works.
2.2.3 At the conclusion of the lease negotiation, the agency is to submit a formal lease proposal to the Department of Housing and Works. The proposal should include:

- the name and location of the premises;
- the grade of the building as determined by the Property Council of Australia (where applicable);
- the names of the lessor and the managing agent;
- the proposed terms of the lease, including net rent, the net effective rent, outgoings, car parking, make good provisions, incentives, period of the lease and lease renewal options;
- the net lettable area (square metres) to be leased;
- the number of staff to be accommodated in the tenancy;
- whether the proposal complies with the Government space standard of 15 square metres per employee and the mitigating circumstances in cases of non-compliance;
- the energy rating of the premises under the Australian Building Greenhouse Rating;
- the cost of the fitout;
- details of facilities for people with disabilities;
- confirmation that funds are available to fund the fitout and the recurrent cost of the lease on an ongoing basis; and
- an endorsement of the lease proposal by the agency Chief Executive Officer or equivalent.

2.2.4 The Department of Housing and Works will evaluate the lease proposal to determine its compliance with Government accommodation standards and funding availability. Proposals with a life cycle cost exceeding $1 million will be referred to the Government Accommodation Committee for approval.

2.2.5 The Department of Housing and Works will arrange to have lease documentation prepared and then executed by the Minister for Works or an authorised delegate.

2.3 OCCUPANCY OF LEASED PREMISES

An agency must not take occupancy of a tenancy until a lease for the premises is executed by the Minister for Works or an authorised delegate.
2.4 BUILDING OR BUYING NEW OFFICE ACCOMMODATION

2.4.1 Proposals to purchase or construct new office accommodation must be prepared and submitted in accordance with the capital investment process administered by the Department of Treasury and Finance.

2.4.2 Proposals which require a capital funding allocation in excess of $1 million must be endorsed by the Government Accommodation Committee before the proposal is submitted to the Department of Treasury and Finance.

2.4.3 Proposals to build or buy new office accommodation shall take into account the office accommodation standards prescribed in this document, including area per employee, fitout cost, open planning requirements and access for people with disabilities.

POLICY RATIONALE

This policy is designed to ensure that the significant financial and legal commitment which arises from buying or building an office or entering into a building lease is done so in a diligent and justified manner.

The Department of Housing and Works will assist agencies in the development of their business cases and leasing proposals to ensure that the position of the agency and the Government generally is protected and not unnecessarily exposed in any leasing deal.
ROAD MAP FOR THE PROCUREMENT OF NEW LEASED OFFICE ACCOMMODATION

Agency prepares business case outlining requirement for new office accommodation. Submit business case to DHW.

DHW evaluates business case. Determine if requirement can be met from within existing vacant space.

Vacant space available. DHW & agency to agree on leasing & fitout proposal.

Agency agrees to Memorandum of Understanding with DHW for payment of rent, outgoings, etc.

Agency takes occupancy of tenancy (pending completion of fitout where applicable).

DHW determines that private leasing consultant is required.

DHW seeks quotes & selects preferred leasing consultant. Confirms appointment with Agency.

Vacant space not available. DHW to issue vacant space clearance.

Leasing consultant undertakes lease negotiation. Prepares lease proposal.

DHW determines that lease negotiation is to be conducted in house.

DHW undertakes lease negotiation. Prepares lease proposal.

Lease submitted to Minister for Works (or delegate) for execution.

DHW evaluates lease proposal. DHW recommends approval.

Submitted to Government Accommodation Committee where total value exceeds $1m. GAC approves.
Policy 3:
OFFICE FLOOR SPACE STANDARDS

POLICY STATEMENT

3.1 OFFICE SPACE FORMULA

The amount of net lettable area allowable for newly acquired offices is determined by applying the following formula:

Number of full time employees x 15 square metres.

This space allocation includes all work areas, conference and meeting rooms, and reception areas. Space requirements of special areas such as laboratories and court or hearing rooms are not covered by the formula and should be determined in consultation with the Department of Housing and Works.

3.2 INTERNAL OFFICE SPACE ALLOCATION

It is the responsibility of the agency, in consultation with design professionals, to ensure that the area allocated within an office meets the agency’s functional requirements. There are no prescriptive standards outlining an entitlement of a set amount of space based on employee classifications.

3.3 OPEN PLANNING TO BE MAXIMISED

Open plan office design is to be maximised and there is no automatic entitlement of any officer to an enclosed office. Enclosed offices should only be provided in circumstances where an officer’s function involves confidential client contact on an ongoing basis or the nature of the officer’s work is such that it must be protected from the unauthorised scrutiny of other officers in the same organisation on an ongoing basis.

POLICY RATIONALE

The adoption of the 15 square metre space standard reflects the approach taken to office layout in most other Australian government jurisdictions and the private sector. It results in reduced rental costs and lower expenses for office fitout, electricity, security and maintenance.

Prescriptive space allocation standards have not been formulated so as to maximise an agency’s capacity to determine its own internal office layout requirements. Open planning is a widely accepted modern interior design philosophy. Open planned offices have better air circulation, light penetration and reduce costs by being more flexible in the event of organisational change.
Policy 4: VACANT SPACE

POLICY STATEMENT

4.1 LIABILITY FOR VACANT SPACE

As a general rule, an agency which vacates a tenancy prior to the expiry of its lease shall remain liable for commitments associated with that lease. The liability will cease when an alternative tenant assumes responsibility for the lease on the same terms as the agency. In situations where an alternative tenant assumes responsibility, but on lesser terms than the agency, then the agency may continue to be liable for any shortfall between the original terms and those accepted by the alternative tenant.

4.2 RENTAL VALUATION OF VACANT SPACE

In the event that an agency which has vacated a tenancy prior to the expiry of a lease is unable to agree with a potential Government tenant on the terms of the lease, both parties shall accept an independent assessment of the market rental by the Valuer General or licensed valuer.

4.3 APPOINTMENT OF LEASING AGENT

In circumstances where a potential Government tenant for vacant Government owned or leased office space is not readily identifiable, the Department of Housing and Works may appoint a leasing agent to maximise opportunities to sublet the space to a private tenant.

POLICY RATIONALE

From time to time vacancies arise in Government leased and owned properties. To ensure that Government avoids ‘dead rent’ in leased premises and maximises the return from its owned properties, there is a requirement that vacant space is considered as a first option.

The requirement that an agency which vacates a tenancy continues to be liable for any remaining vacant space reflects the broader principle that agencies are accountable for all costs associated with their activities. It also serves as an incentive to ensure that any decision to take up or vacate office accommodation takes account of all possible cost implications.
Policy 5: 
STANDARD OF PREMISES

POLICY STATEMENT

5.1 GENERAL RULE

As a general rule, agencies seeking new office accommodation shall not seek accommodation in buildings graded ‘Premium’ or ‘Grade A’ by the Property Council of Australia.

5.2 EXCEPTIONS TO THE GENERAL RULE

Premium and Grade A buildings only be considered where it can be clearly demonstrated that:

- there is an insufficient supply of available space in other grade buildings; or
- Premium or Grade A accommodation is essential to the nature of the agency’s business; or
- Premium or Grade A accommodation can be transparently demonstrated as being better value for money than other grades of accommodation.

POLICY RATIONALE

This policy recognises that the majority of Government activities in inner city areas can be suitably accommodated in secondary grade premises. These buildings provide quality, cost effective accommodation and services. (The Property Council of Australia defines ‘B Grade’ accommodation as including ‘good quality modern space’.)

While special incentives can make Premium and Grade A building attractive lease propositions in the short term, such properties have a higher rental base and are more likely to be subject to higher rental growth. As a consequence, a long lease in a Premium or Grade A building will almost certainly be more expensive than a secondary grade building, regardless of the initial incentives offered.
Policy 6: BENCHMARK COST FOR OFFICE FITOUT

POLICY STATEMENT

6.1 FITOUT RATE PER SQUARE METRE

The benchmark cost for the fitout of new or refurbished office accommodation is $600 per square metre. Funding for office fitout shall reflect this benchmark.

6.2 FACILITIES INCLUDED IN FITOUT RATE

Fitout to be provided under this benchmark includes:

- workstations;
- office partitioning;
- loose furniture;
- cabling for communications and information technology;
- reception counters; and
- storage cupboards.

6.3 REGIONAL LOADING

Where applicable, a loading shall be applied to the benchmark to reflect cost differences in regional areas or special functional requirements. Such loadings shall be determined by the Department of Housing and Works.

6.4 REVIEW

The Department of Housing and Works will monitor and review the benchmark cost for office fitout.

POLICY RATIONALE

The $600 per square metre standard for office fitout has been adopted following a review of a number of Government office fitout projects. It represents a fair and reasonable level of funding to ensure that the internal layout of an office is of good standard and finish and adequately meets an agency’s functional requirements.

The actual figure of $600 per square metre is based on a predominantly open plan office layout, with only 20 per cent of floor area occupied by enclosed offices.
Policy 7:
MEMORANDUM OF UNDERSTANDING

POLICY STATEMENT

7.1 REQUIREMENT FOR MEMORANDUM OF UNDERSTANDING

An agency occupying a tenancy either leased by the Government or owned by the Government and under the control of the Department of Housing and Works, shall enter into a Memorandum of Understanding (MOU) with the Department of Housing and Works.

7.2 CONTENTS OF MEMORANDUM OF UNDERSTANDING

The MOU shall include the following information:

- the agreed term of the agency's occupancy in the tenancy;
- the net lettable area to be occupied;
- the monthly net rental to be paid by the agency;
- the monthly rate of outgoings to be paid by the agency; and
- arrangements for rent reviews.

7.3 CONSENT AND ACKNOWLEDGEMENT

The MOU shall be signed by the agency’s Chief Executive Officer or equivalent.

7.4 EFFECT

The Department of Housing and Works shall treat the MOU as a binding agreement.

POLICY RATIONALE

The requirement for MOUs has arisen largely as a result of legal restrictions on the capacity of agencies to enter into commercial property leases. Leases for office accommodation are executed under the provisions of the Public Works Act, with the Minister for Works as lessee.

As a result, the Department of Housing and Works facilitates lease arrangements on behalf of other agencies. Although the Minister for Works or authorised delegate signs the actual lease agreement, it is the agency occupying a tenancy that has budget funding to pay the lease and the responsibilities consistent with those of a commercial tenant. The MOU therefore exists as a means of formalising the agency's tenancy responsibilities, through an agreement similar to a sub-lease between the agency and the Department of Housing and Works.

MOUs also apply to agencies occupying Government owned offices controlled by the Department of Housing and Works.
Policy 8:
PAYMENT OF RENT AND OUTGOINGS

POLICY STATEMENT

8.1 LIABILITY FOR RENT AND OUTGOINGS

Where an agency occupies a tenancy under a Memorandum of Understanding with the Department of Housing and Works, it shall be liable for the payment of all rent and outgoings associated with its tenancy.

8.2 RECOVERY

The Department of Housing and Works shall take action to recover rental and outgoings arrears from agencies. The nature of the action shall reflect the reason for and extent of the arrears.

POLICY RATIONALE

This policy enables agencies to fully account for the office accommodation costs associated with their operations. It also serves as an incentive for agencies to reduce their accommodation costs through strategies such as space rationalisation and energy conservation.

An agency’s annual budget will include an allowance for the cost of office accommodation. In situations where an agency fails to meet its rental obligations, the Department of Housing and Works is legally bound to pay the shortfall to the lessor. The subsequent recovery of the matching amount from an agency is intended to ensure that overall budget objectives are met and that agencies abide by their obligations pursuant to the Memorandum of Understanding.
Policy 9:  
CAR PARKING

POLICY STATEMENT

9.1 BASIS OF ALLOCATION

Subject to availability, a parking bay shall be made available to the following categories of motor vehicle:

i. Government owned or leased vehicles

ii. vehicles used by an officer with a physical disability which requires that they travel by private motor vehicle to work

iii. vehicles used by officers of Level 8 classification and above.

9.2 CAR PARKING LIABILITIES

Agencies shall pay the market rent and all other liabilities (such as the Perth Parking Levy and Fringe Benefits Tax) arising from their occupancy of car parking bays.

9.3 DISCRETION OF AGENCIES

The allocation of parking bays is subject to their availability and the availability of sufficient funding within agencies. There is no automatic right of an officer falling within one of the above categories to be allocated a parking bay.

POLICY RATIONALE

This policy exists to ensure a rational allocation of scarce car parking resources.

In many premises the number of parking bays available to a tenant will reflect the size of the tenancy. For this reason it will not always be possible to accommodate all vehicles falling within the categories listed above.

Agencies may be able to rationalise their car parking bay allocation by basing their requirement on the number of bays in peak periods, rather than obtaining a bay for each vehicle within categories i, ii and iii. For example, in cases where an agency’s activities have a significant field component it may be highly unlikely that every vehicle would require a parking bay at a single time. In this situation an assessment of the peak requirement could serve as the agency’s parking bay allocation.
Policy 10: NOT FOR PROFIT ORGANISATIONS

POLICY STATEMENT

10.1 RENTAL ARRANGEMENTS

Government controlled office accommodation, either leased or owned, shall only be made available to not-for-profit organisations on a normal commercial basis, including the payment of market rent and outgoings. Further, such arrangements shall only be entered into in situations where there is a strong likelihood that the accommodation concerned is likely to be vacant into the long term.

10.2 REQUESTS FOR FREE OR SUBSIDISED ACCOMMODATION

Government is unable to accept requests from not-for-profit organisations for the use of free or subsidised office accommodation.

POLICY RATIONALE

The Government receives many requests for assistance from not-for-profit organisations. These requests are dealt with by agencies such as Lotterywest, which take into account the appropriate levels of assistance and ensure equity in the distribution of funds. The Department of Housing and Works is not able to undertake such assessments and is therefore unable to provide assistance in the form of free or subsidised office accommodation.

It is important to note that it is the aim of the Department of Housing and Works to reduce vacant office space by accommodating other Government functions or making the area available for lease on the commercial property market. In certain situations it may be possible for a not-for-profit organisation to lease a Government office on a fully commercial basis.
Policy 11:  
PEOPLE WITH DISABILITIES

POLICY STATEMENT

11.1 ACCESS REQUIREMENTS

Government controlled office accommodation, either leased or owned, shall take into account the needs of people with disabilities. This shall include the consideration of the following requirements:

- wheelchair access;
- close proximity to public transport;
- special toilet facilities;
- prominent signage; and
- easy access to lift controls.

Full details of these requirements are contained in the Access Resource Kit, available from the Disability Services Commission.

POLICY RATIONALE

The purpose of this policy is to ensure that Government office buildings are accessible for both employees and clients with physical disabilities. Agencies are encouraged to contact the Disability Services Commission to ensure that they are fully aware of their obligations with respect to people with disabilities.
Policy 12: 
PRIVATE LEASING CONSULTANTS

POLICY STATEMENT

12.1 PURPOSE OF LEASING CONSULTANTS

The Department of Housing and Works administers a panel of private leasing consultants. The role of the private leasing consultants is to assist agencies to:

- identify possible sites of new office accommodation and to assist in the planning, analysis and selection of new accommodation;
- undertake lease negotiations when authorised to do so by the Department of Housing and Works;
- prepare leasing proposals to be submitted to the Department of Housing and Works (in accordance with Policy 1) following the conclusion of a leasing negotiation;
- undertake other lease management functions (such as rent reviews and make good negotiations) when authorised to do so by the Department of Housing and Works; and
- assist agencies with accommodation planning.

12.2 APPOINTMENT AND MANAGEMENT OF LEASING CONSULTANTS

The following procedures apply to the appointment of private leasing consultants for the services referred to under paragraph 12.1:

1. The Department of Housing and Works, in conjunction with the agency, will determine whether a particular service can be delivered in-house by the Department of Housing and Works (free of charge to the agency) or through a private leasing consultant.

2. If it is determined that a private leasing consultant is to be engaged, the Department of Housing and Works in conjunction with the agency shall prepare a consultant appointment brief containing details of the nature of the service to be provided and key delivery dates. Where relevant, the brief of the leasing consultant shall be consistent with the business case for new accommodation previously endorsed by the Department of Housing and Works.

3. The Department of Housing and Works will distribute the consultant appointment brief to members of the leasing consultant panel. Members of the leasing consultant panel may respond to the consultant appointment brief by providing details of, but not limited to:

- the rate per hour for the service;
- the total number of hours required to complete the service;
- the total cost of the service;
- key milestone dates and/or final service delivery deadlines; and
- the personnel to be assigned to the task.
4 The Department of Housing and Works, in consultation with the agency, will appoint a leasing consultant. The Department of Housing and Works shall be the Principal to the contract with the leasing consultant and the Department of Housing and Works shall recoup fees charged under the contract from the relevant agency.

5 Where relevant, the leasing consultant shall ensure that the agency’s requirement for new accommodation is circulated as widely as practicable within the applicable property market. In situations where there is no existing supply of available office space the agency and the consultant shall pursue a public expression of interest process in conjunction with the Department of Housing and Works.

12.3 REPORTING

The Department of Housing and Works shall monitor the delivery of services by leasing consultants against the agreed terms of appointment and provide a report to agencies utilising the services of leasing consultants on a monthly basis.

12.4 PURCHASING PRINCIPLES

The Department of Housing and Works and the leasing consultant shall ensure that the lease negotiation process is conducted in accordance with principles of open and effective competition, value for money and ethical buying.

12.5 EXEMPTIONS

An agency may seek from the Department of Housing and Works an exemption from the requirement to engage a leasing consultant in circumstances where such an appointment is likely to prove impractical or uneconomic and sufficient expertise is available in-house.

POLICY RATIONALE

The Government has established a panel of private leasing consultants to represent the interests of agencies during the procurement of new office accommodation and the negotiation of the terms and conditions of that accommodation. This is to ensure that complex negotiations for high value property transactions are conducted in a professional and diligent manner.

The Department of Housing and Works closely manages the panel contract to ensure that no conflicts arise between the engagements of different consultants and that consultants are only engaged where this is considered to be the best value for money option for the Government.
Policy 13: PROCEDURES FOR THE ACQUISITION OF OFFICE ACCOMMODATION FITOUT

POLICY STATEMENT

13.1 PROCUREMENT PROCESS

All works for the fitout of office accommodation shall be delivered in accordance with the procurement processes managed by the Department of Housing and Works. This includes the preparation of tender documentation and the management and evaluation of tenders.

13.2 SOURCE OF FUNDING

Fitout works include:

- fitout which is funded directly by the agency; or
- fitout which is funded indirectly by the agency through methods such as an owner’s fitout contribution, where the amortised cost of the fitout is included in the net rental payment.

13.3 DESIGN APPROVAL

Agencies are required to obtain the approval of the Department of Housing and Works for the design of fitout projects which have an estimated cost exceeding $300,000.

POLICY RATIONALE

The installation of the fitout for office accommodation is often substantial work. For this reason it is important that fitout is delivered in accordance with works procurement processes managed by the Department of Housing and Works, which includes the engagement of design professionals and tendering for the construction of new fitout. This will ensure that the key purchasing principles of open and effective competition, probity and value for money are achieved.

It will also ensure that the design and construction expertise available through the Department of Housing and Works can be applied to the development of a tender brief and the tender evaluation.
Policy 14:
SUSTAINABILITY AND GOVERNMENT ACCOMMODATION

POLICY STATEMENT

A - ENERGY AND WATER

New Government Office Tenancies Greater than 1000 Square Metres in Existing Buildings

14.1 REQUIREMENT FOR RATING

All proposals for new office accommodation shall include an assessment of the greenhouse and energy performance of the building housing the proposed tenancy under the Australian Building Greenhouse Rating (ABGR).

All proposals for new office accommodation shall include an assessment of the water efficiency of the existing appliances and fittings within the building housing the proposed tenancy.

14.2 RATING TO BE CONSIDERED

The ABGR Base Building assessment for the building housing the proposed tenancies shall be considered by the Government when determining which premises should be selected for future Government office accommodation.

The water efficiency of appliances and fittings within the base building for the building housing the proposed tenancy shall be considered by the Government when determining which premises should be selected for future Government office accommodation.

14.3 DISCLOSURE MANDATORY

The Government will not consider a proposal to accommodate an agency in premises where the building owner or managing agent refuses to provide details of its ABGR Base Building Rating assessment or an assessment of the water efficiency of the building. The Department of Housing and Works reserves the right to waive this requirement where it is not feasible under certain market conditions.

14.4 MINIMUM RATING LEVEL

From 1 July 2006 the Government will only consider proposals to accommodate an agency in a premises that achieve a 3.5 star ABGR Base Building Rating or better.

The Government will give favourable consideration to those premises that are more water efficient as demonstrated by the existing installation of water efficient fitting and appliances.

The Department of Housing and Works reserves the right to waive this requirement where it is not feasible under certain market conditions.
14.5 TENANCY FITOUT MINIMUM RATING LEVEL

All new tenancy fitouts shall strive to achieve a minimum 4 star ABGR Tenancy Rating performance level, where cost effective to do so.

All new tenancy fitouts shall specify dual flush toilets, shower heads rated at 3A or better, taps rated at 3A or better, all water consuming appliances rated at 4A or better.

14.6 TENANCY FITOUT MINIMUM RATING LEVEL - FUTURE

From 1 July 2006 all new tenancy fitouts shall achieve a minimum 4.5 star ABGR Tenancy Rating performance level, where cost effective to do so.

The tenancy fitout requirements for water efficiency in 14.5 also apply.

Existing Government Office Tenancies Greater than 1000 Square Metres

14.7 MANDATORY ENERGY RATING AND WATER AUDIT

By 1 July 2005, all Government tenants are to self assess their tenancy energy performance, using the ABGR or conduct an ABGR Tenancy Rating for their tenancy, using data collected for meeting Energy Smart Government reporting requirements.

By 1 July 2005, all Government tenants are to conduct a water audit of tenancies, either through self-assessment or through a qualified assessor.

14.8 MINIMUM TENANCY RATING LEVEL

All tenancy refurbishments involving lighting upgrades shall be designed to achieve a minimum 4 star ABGR Tenancy Rating performance level, where cost effective to do so.

All tenancy refurbishments involving fitting and appliance upgrades shall specify dual flush toilets, shower heads rated at 3A or better, taps rated at 3A or better, all water consuming appliances rated at 4A or better.

14.9 MINIMUM TENANCY RATING LEVEL - FUTURE

By 1 July 2006, all Government tenancies shall bring their tenancy to a minimum 4 star ABGR performance level, where cost effective to do so.

By 1 July 2006 or as soon as is reasonably practicable, all Government tenancies shall adopt water efficient fittings and appliances.
Existing Government Office Tenancies Less than 1,000 Square Metres

14.10 ABGR TENANCY RATING - ASSESSMENT

All Government tenants are encouraged to self assess their tenancy energy performance, using the ABGR or conduct an ABGR Tenancy Rating for their tenancy, using data collected as part of the Energy Smart Government reporting requirements.

All Government tenants are encouraged to assess their tenancy water efficiency, through a water efficiency audit or by a qualified assessor.

14.11 MINIMUM TENANCY RATING LEVEL - FUTURE

By 1 July 2006, all Government tenancies are encouraged to bring their tenancy to a minimum 4 star ABGR performance level, where cost effective to do so.

By 1 July 2006, all Government tenancies are encouraged to adopt water efficient fittings and appliances where cost effective to do so.

New Government Office Buildings

14.12 BASE BUILDING RATING

All Government agencies developing or procuring a new office building are required to specify that the developer achieve a minimum 4 star ABGR Base Building rating, or specify an ABGR Base Building Commitment Agreement to this level, where it is cost effective to do so.

All Government agencies procuring a new office building are required to specify that the developer maximises water efficiency through the design and construction of the building by including dual flush toilets, shower heads rated at 3A or better, taps rated at 3A or better, and all water consuming appliances rated at 4A or better. In addition, agencies should specify the requirement for waterwise garden and irrigation designs, sophisticated automatic controllers and moisture sensors, use of alternate irrigation sources where feasible, water heaters located within close proximity to the water taps and alternate water sources for toilets where feasible.

14.13 BASE BUILDING RATING - FUTURE

From 1 July 2006 the minimum ABGR Base Building rating required will be 4.5 stars, where cost effective to do so.

14.14 ABGR WHOLE BUILDING RATING

All Government agencies developing or procuring a new office building for sole occupancy, are required to specify the developer achieve a minimum 4 star ABGR Whole Building rating, or specify an ABGR Whole Building Commitment Agreement to this level, where it is cost effective to do so.

14.15 WHOLE BUILDING RATING - FUTURE

From 1 July 2006 the minimum ABGR Whole Building rating required will be 4.5 stars, where it is cost effective to do so.
B - OTHER SUSTAINABILITY MEASURES

14.16 OTHER SUSTAINABILITY MEASURES

The Department of Housing and Works will actively promote the adoption of other sustainability measures for existing and new Government office accommodation, leased and owned.

These will include:

- minimisation of fossil fuel usage associated with transport;
- preserving the features of natural sites;
- conserving building materials;
- minimising waste;
- enhancing indoor air quality;
- appropriate landscaping; and
- engaging the community in the development and design of new Government office buildings.

4.17 REVIEW OF POLICY TO ENSURE BEST PRACTICE

This Department of Housing and Works will review this Policy Statement by 1 July 2006 in consultation with the Sustainability Policy Unit of the Department of the Premier and Cabinet to ensure compliance with best national practice in supporting sustainability through office accommodation. This will include specific consideration of the possible adoption of the Green Building Council of Australia’s Green Star rating program as a replacement for the standards outlined in this policy statement.

POLICY RATIONALE

The Western Australian State Sustainability Strategy released by the Premier in September 2003 identifies the significant opportunities for the Government to lead by example in the promotion and adoption of sustainability practices through its own buildings and tenancies.

The Strategy commits the Government to identify, develop and promote best practice sustainability standards and incorporate these standards into all Government housing and buildings through sustainability benchmarks.
The State Water Strategy requires Government agencies to undertake audits of their buildings and properties to demonstrate leadership in the adoption of water efficient practices.

The ABGR is a nationally accepted process for rating the greenhouse and energy performance of commercial office buildings. It has been endorsed by the Property Council of Australia and is supported by several of Australia’s largest corporations which are significant users of commercial office space. Further information on the ABGR can be obtained from the Sustainable Energy Development Office and website www.abgr.com.au.

The Green Star environmental rating system for buildings was developed by the Green Building Council of Australia to:

- establish a common language;
- set a standard of measurement for green buildings;
- promote integrated, whole-building design;
- recognise environmental leadership;
- identify building life-cycle impacts;
- raise awareness of green building benefits; and
- reduce the environmental impact of development.

The Government will review the potential application of the Green Star environmental rating system to Government office buildings.
Policy 15: GOVERNMENT ACCOMMODATION COMMITTEE

POLICY STATEMENT

15.1 ESTABLISHMENT OF COMMITTEE

In accordance with Premier's Circular 2001/22 a Government Accommodation Committee shall exist with ex-officio representation at Executive Director level from the Department of Treasury and Finance, the Department of the Premier and Cabinet, and the Department of Housing and Works.

15.2 MEETINGS

The Government Accommodation Committee shall meet on a bi-monthly basis.

15.3 PURPOSE OF COMMITTEE

The Government Accommodation Committee shall consider:

- all proposals for new office accommodation with a whole-of-life cost exceeding $1 million;
- any other office accommodation proposal referred to it; and
- office accommodation policy matters

and has the power to approve or not approve any of the matters submitted for its consideration.

15.4 OUT OF SESSION DECISIONS

The Government Accommodation Committee may consider matters and make decisions out of session.

POLICY RATIONALE

The Government Accommodation Committee considers the whole-of-Government impact of accommodation proposals, long term accommodation planning and accommodation policies. The Government Accommodation Committee also has a coordination role, so that important accommodation decisions are not made in isolation and can take into account the broad range of competing priorities facing agencies across the public sector.
Appendix 1:
GLOSSARY OF TERMS

ABGR: the Australian Building Greenhouse Rating - a star based system which measures the energy efficiency of buildings.

dead rent: the ongoing payment of rent for a vacant premises.

fitout: the works which are undertaken to create the internal layout of an office. This includes partitioning and the provision of work stations.

Government Accommodation Committee: has ex-officio representation from the Departments of Housing and Works, Treasury and Finance, and Premier and Cabinet. The GAC approves significant accommodation proposals and considers accommodation policy issues.

gross rental: net rent plus outgoings.

lease: a legal agreement which grants possession of a tenancy for a fixed period in exchange for a payment of rent.

lessee: the party which is required to pay rent under a lease agreement.

lessor: the party which grants possession of a premises under a lease agreement.

letting agent: acts on behalf of a lessor to find a new tenant for a premises, or acts on behalf of a lessee to find a tenant to sub-lease space which it does not require in a tenancy.

life cycle cost: in the case of lease offices the cost of fitout plus net rent plus outgoings plus car parking plus other costs, such as make good. In the case of owned offices the cost of construction or purchase plus outgoings plus periodic upgrades plus disposal costs.

memorandum of understanding: a form of sub-lease between the Department of Housing and Works and an agency that occupies a Government owned or leased premises. The MOU sets out the agreed terms and conditions of the agency’s occupancy of the premises.

net lettable area: the amount of useable space available for rent in a tenancy. This normally excludes areas such as lift wells, stairs, public areas and toilets.

net rental: the rent for a property, exclusive of outgoings.

outgoings: the costs involved with the ownership or occupancy of property, such as rates, insurance and cleaning.

Property Council of Australia: The national body which represents the interests of building owners, managers and related property professionals. It also sets standards related to the grading of buildings and standard methods of floor measurement.

rent review: a period review of the rent paid by a lessee over the term of a lease. As a general rule a rent review will reflect upward movements in market rental rates.

sub lease: occurs when an existing lessee grants possession of the area it leases to another party - the sub lessee - in return for a lease payment. A new legal obligation therefore arises between the sub-lessee and the lessee. The original legal obligation continues to remain between the lessee and the lessor.
Appendix 2:
AGENCIES BOUND BY OFFICE ACCOMMODATION POLICIES

Anti-Corruption Commission
Armadale Redevelopment Authority
Botanic Parks and Gardens Authority
Burswood Park Board
Corruption and Crime Commission
Curriculum Council of Western Australia
Department for Community Development
Department for Planning and Infrastructure
Department for the Environment
Department of Agriculture
Department of Conservation and Land Management
Department of Consumer and Employment Protection
Department of Culture and the Arts
Department of Education and Training
Department of Education Services
Department of Fisheries
Department of Health
Department of Housing and Works
Department of Indigenous Affairs
Department of Industry and Resources
Department of Justice
Department of Land Information
Department of Local Government and Regional Development
Department of Racing, Gaming and Liquor
Department of Sport and Recreation
Department of the Premier and Cabinet
Department of the Registrar, Western Australian Industrial Relations Commission
Department of Treasury and Finance
Disability Services Commission
East Perth Redevelopment Authority
Economic Regulation Authority
Equal Opportunity Commission
Fire and Emergency Services Authority
Forest Products Commission
Gascoyne Development Commission
Goldfields Esperance Development Commission
Great Southern Development Commission
Heritage Council of Western Australia
Kimberley Development Commission
Law Reform Commission of Western Australia
Legal Aid Commission of Western Australia
Main Roads Western Australia
Metropolitan Cemeteries Board
Mid West Development Commission
Midland Redevelopment Authority
Office of Energy
Office of Health Review
Office of the Auditor General
Office of the Country High Schools Hostels Authority
Office of the Director of Public Prosecutions
Office of the Information Commissioner
Office of the Inspector of Custodial Services
Office of the Public Sector Standards Commissioner
Parliamentary Commissioner for Administrative Investigations
Parliamentary Services Department
Peel Development Commission
Pilbara Development Commission
Public Transport Authority
Rottnest Island Authority
Small Business Development Corporation
South West Development Commission
State Supply Commission of Western Australia
Subiaco Redevelopment Authority
Western Australia Police Service
Western Australian Electoral Commission
Western Australian Institute of Sport
Western Australian Land Authority
Western Australian Meat Industry Authority
Western Australian Sports Centre Trust
Western Australian Tourism Commission
Western Australian Treasury Corporation
Wheatbelt Development Commission
Workers’ Compensation and Rehabilitation Commission
Zoological Parks Authority