

GOVERNMENT ACCOMMODATION — SAVINGS

**294. Hon HELEN BULLOCK to the parliamentary secretary representing the Treasurer:**

I refer to the Treasurer's statement that the government will save \$25 million by consolidating government accommodation into a smaller number of new buildings.

- (1) What assumption has been made for the cost of fit-out for the new accommodation?
- (2) What is the assumption of escalation for leases in the consolidated accommodation?
- (3) What are the estimated outgoings per annum for the new accommodation?
- (4) In which budget year will any net savings materialise?

**Hon HELEN MORTON replied:**

I thank the honourable member for some notice of the question. The Treasurer provided me with the following answer. Under the new master planning approach, it is proposed to relocate around 60 000 to 80 000 square metres of existing Perth central business district and CBD fringe—East Perth and West Perth—government office accommodation to metropolitan activity centres by 2015. CBD and CBD fringe office accommodation remaining following decentralisation will be aggregated and consolidated into 15 to 20 leased or government-owned buildings. Considerable planning is still required to fully implement all aspects of the five-year plan. Two immediate actions have been taken: firstly, to commence consolidation, an additional 14 600 square metres of office accommodation has been leased in the new office building at 140 William Street, Perth; and, secondly, to commence decentralisation, 13 200 square metres of office accommodation has been leased in a new office building, the Optima Centre, in Herdsman Business Park. The following response is based on these two projects —

- (1) An estimated fit-out cost of \$1 309 per square metre for 140 William Street and \$1 512 per square metre for the Optima Centre.
- (2) The initial 12-year lease on additional office accommodation at 140 William Street includes a 3.5 per cent net rent increase per year. The initial 15-year lease on the Optima Centre includes a face market rent review, with 10 per cent cap and collar, at the commencement of years six and 11, a 3.75 per cent net increase in years two, three, and four and a 3.5 per cent net rent increase in years five, seven to 10 and 12 to 15.
- (3) The estimated annual cost of outgoings is \$154 per square metre at 140 William Street and \$139 per square metre at the Optima Centre.
- (4) The savings will start to materialise in 2010–11.