



GOVERNMENT OF
WESTERN AUSTRALIA

Government Office Accommodation Reforms

Timothy Marney
Under Treasurer

21 March 2011



Part 1: Works Reform Context

Part 2: Consequences of piece-meal approach

Part 3: Master Planning objectives & principles

Part 4: Phase 1 projects & planning for Phase 2



Devolved (piece-meal) Versus Centre-led (master planning)

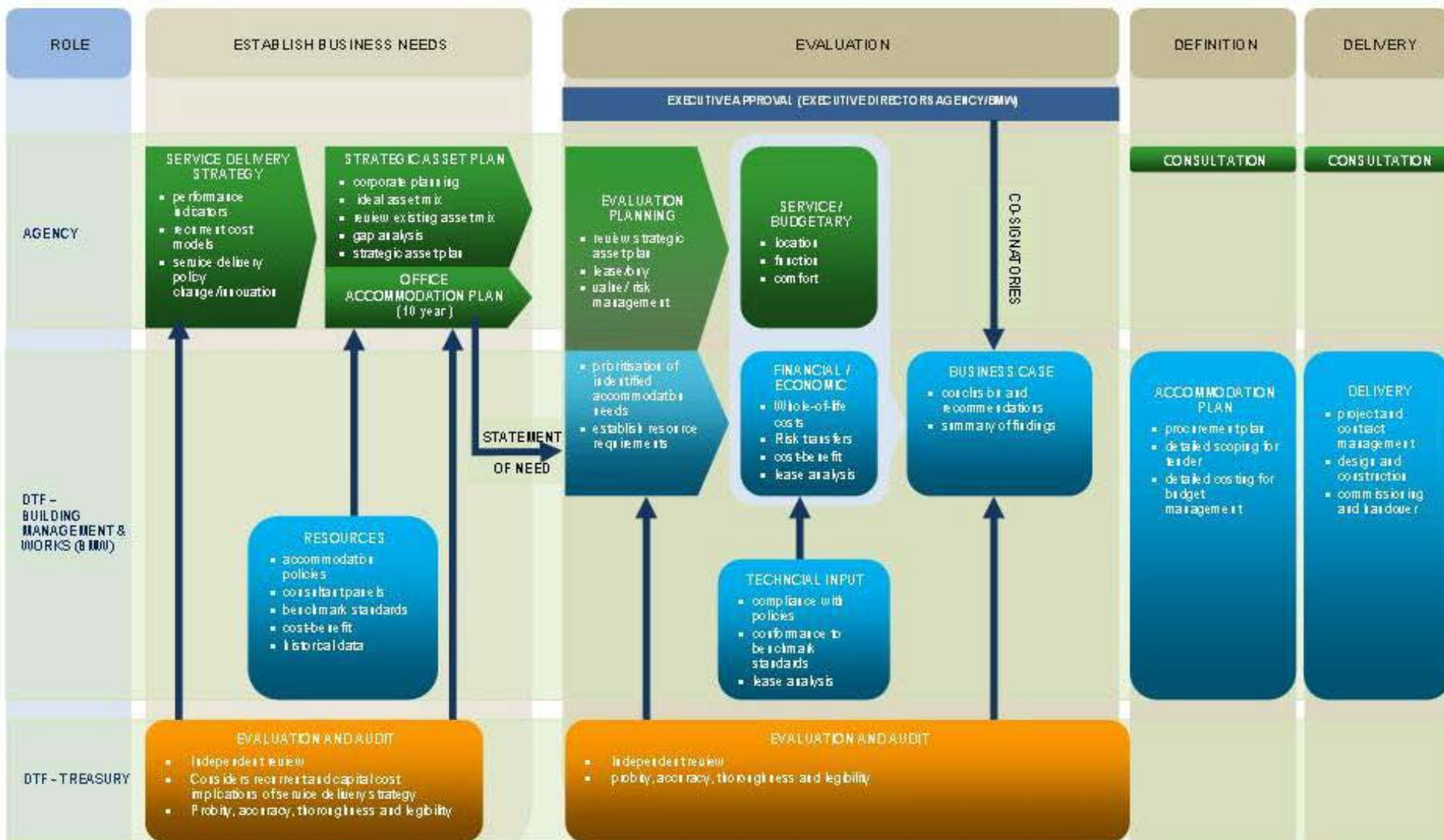


- #19: That agencies be required to include a 10-year office accommodation plan as part of their annual capital investment plan
- #20. That BMW be given a new leadership role in the development of business cases and office accommodation programs, using a master planning approach
- #21. That BMW reviews existing government office accommodation policies and develops a policy suite that aligns with the total portfolio approach
- #22. That BMW strengthens its capability in accommodation planning and procurement
- #23. That BMW reviews the governance of the Office Accommodation Advisory Committee with a view to enhancing consultation and representation



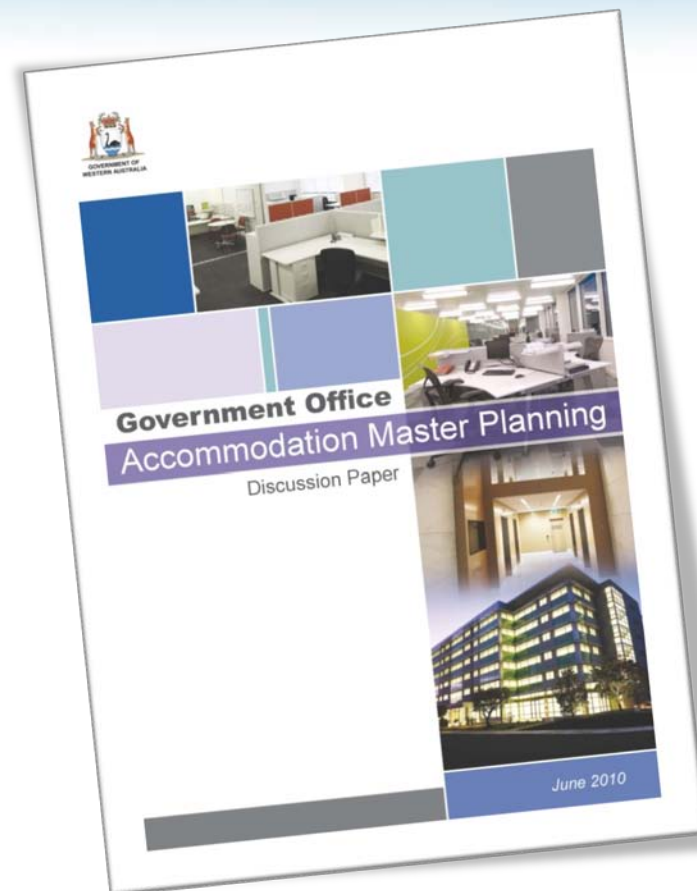
Business Case Process Proposal – Office Accommodation

TREASURY
AGENCY
BMW



**March 2010 –
Cabinet endorsed Office
Accommodation Master
Planning objectives, principles,
first steps**

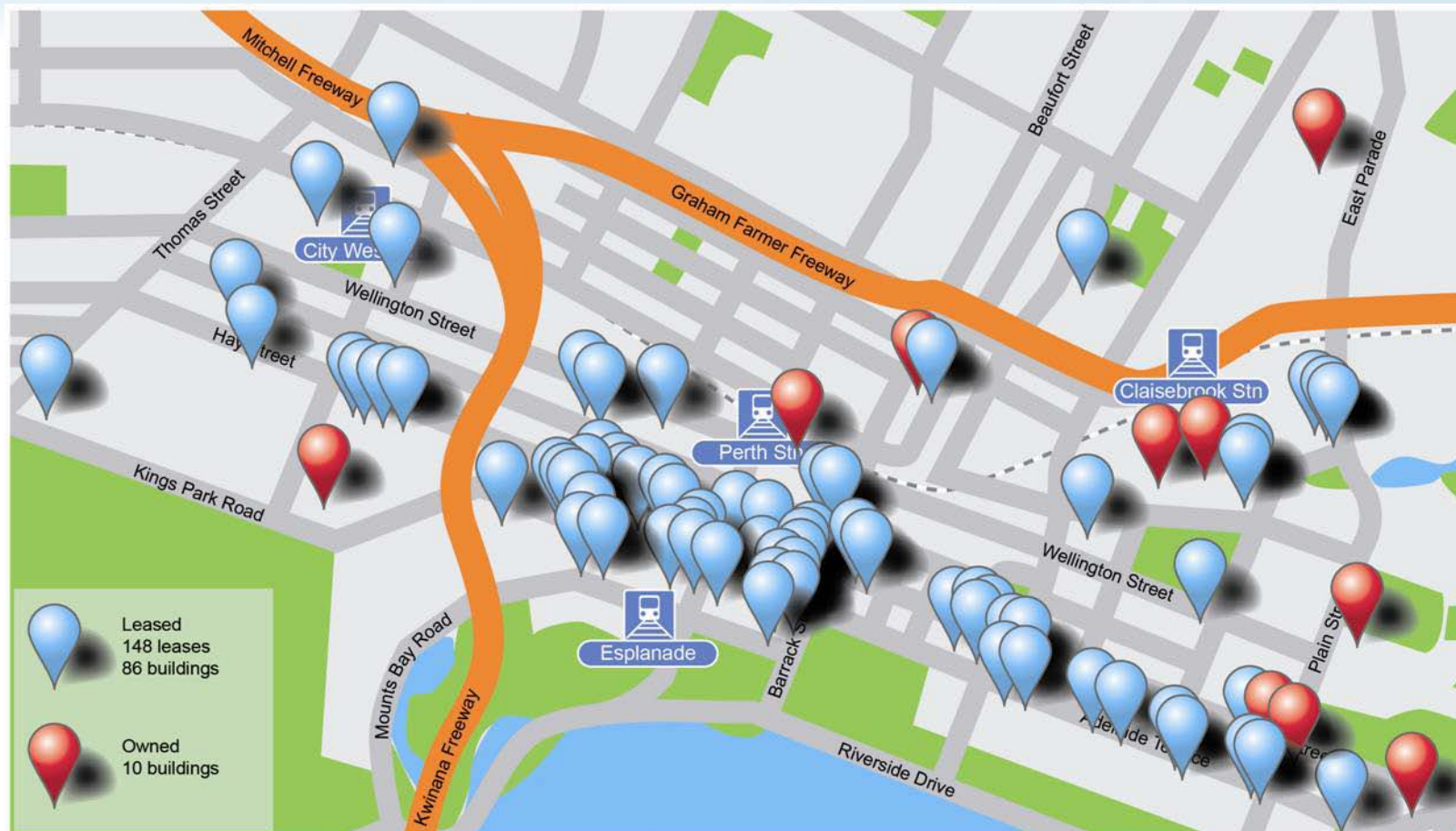
**June 2010 –
Minister Released Master Plan
discussion paper and invited
stakeholder feedback**



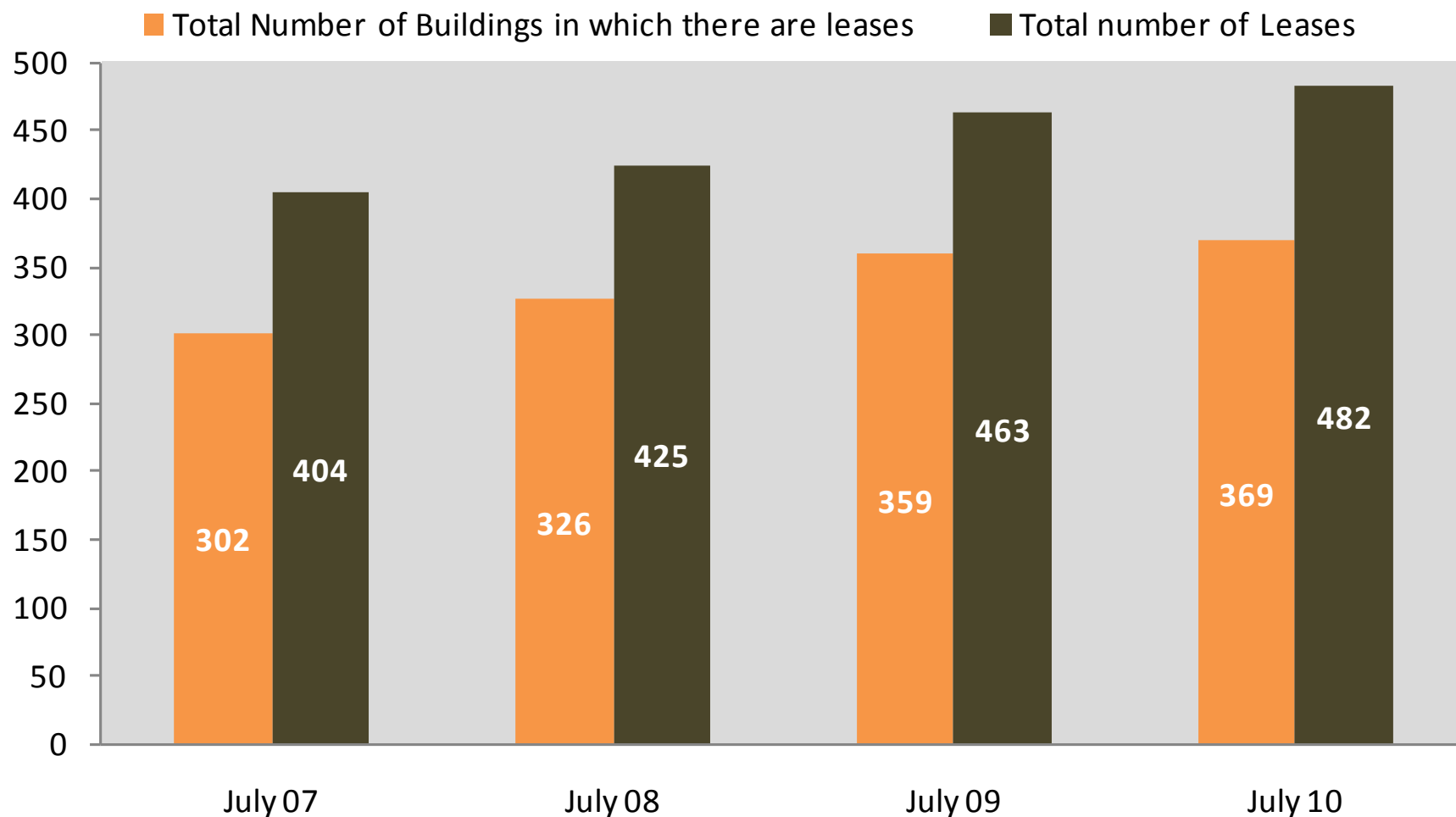


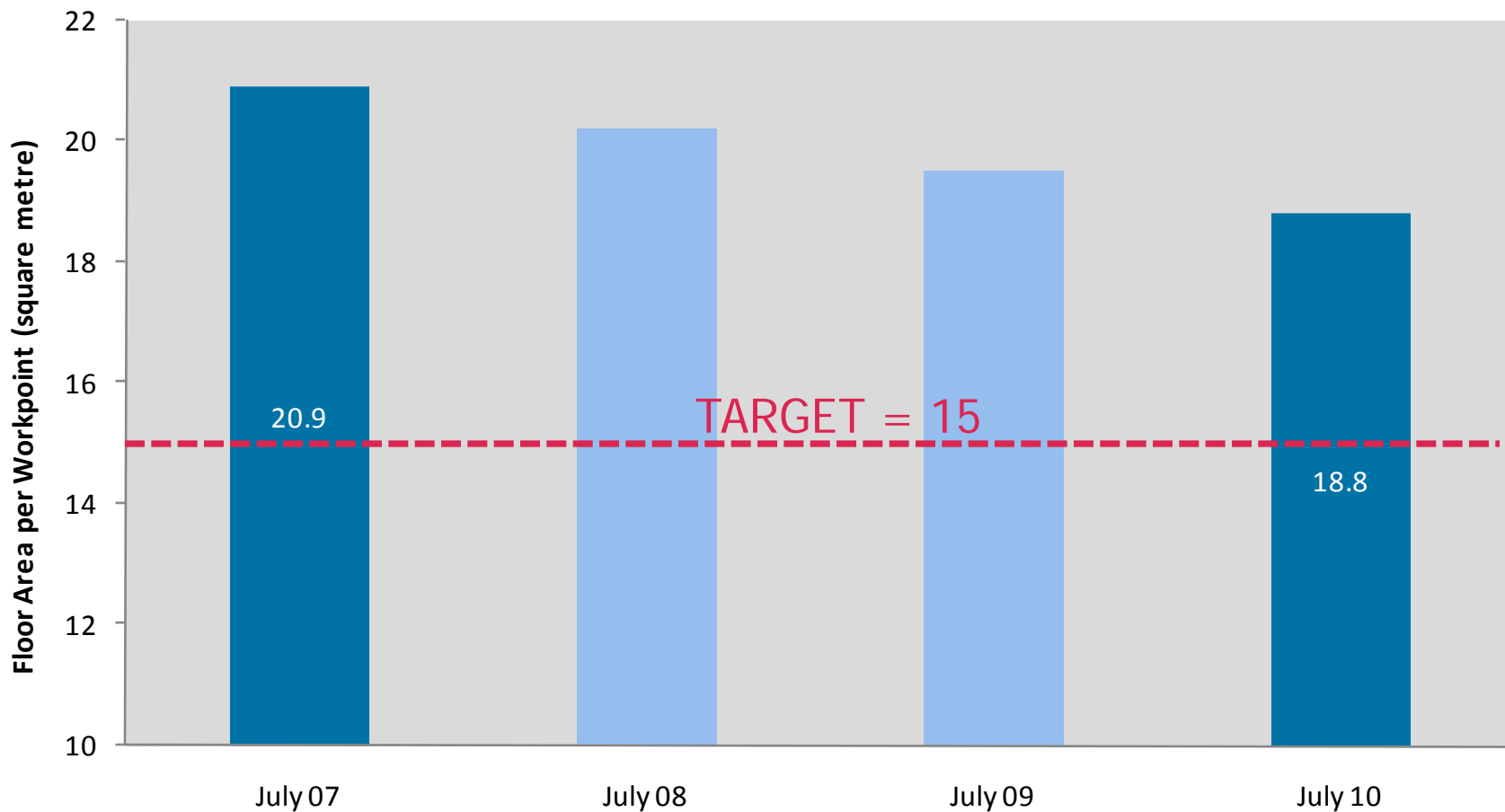
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Consequences of piece-meal approach – at June 2010



Total Leased Buildings





Data for July 2008 and July 2009 are estimates based on July 2007 and July 2010 surveys



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Master Planning Objectives and Principles

Reduce the overall ongoing cost of Government office accommodation

- ❖ Decentralisation from the CBD
- ❖ Consolidation to fewer buildings
- ❖ New fit-out standards

Support Government service delivery

- ❖ Improved community access to Government agencies
- ❖ Enhanced agency collaboration
- ❖ Provision of more efficient, effective and sustainable workplaces

Support the Western Australian Planning Commission's *Directions 2031 Spatial Framework for Perth and Peel*

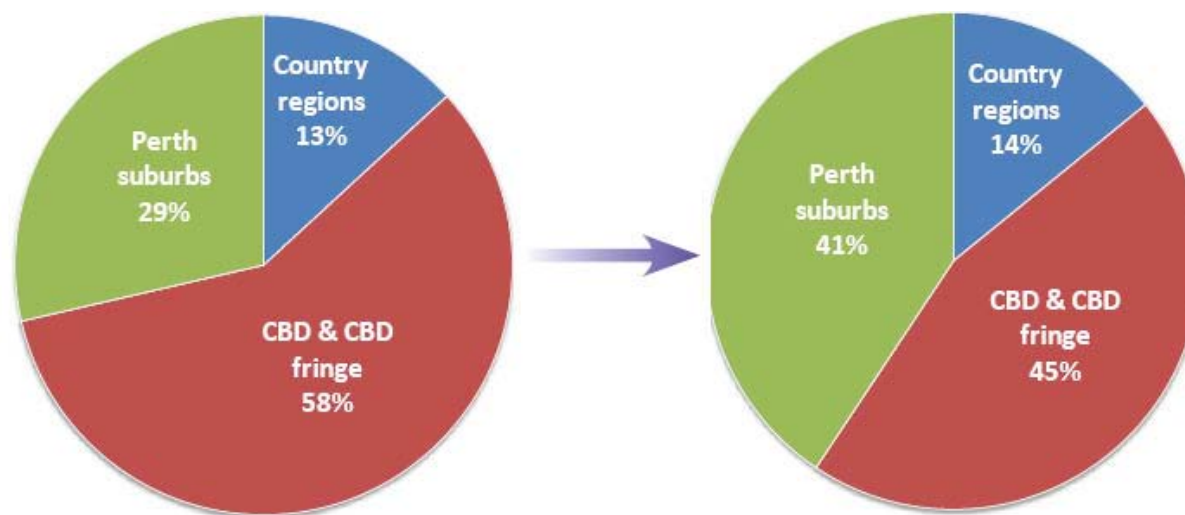
- ❖ Development of metropolitan activity centres on rail routes
- ❖ Increased utilisation of public transport

Support future machinery of Government reforms

- ❖ More efficient and cost effective agency restructuring and associated office relocations

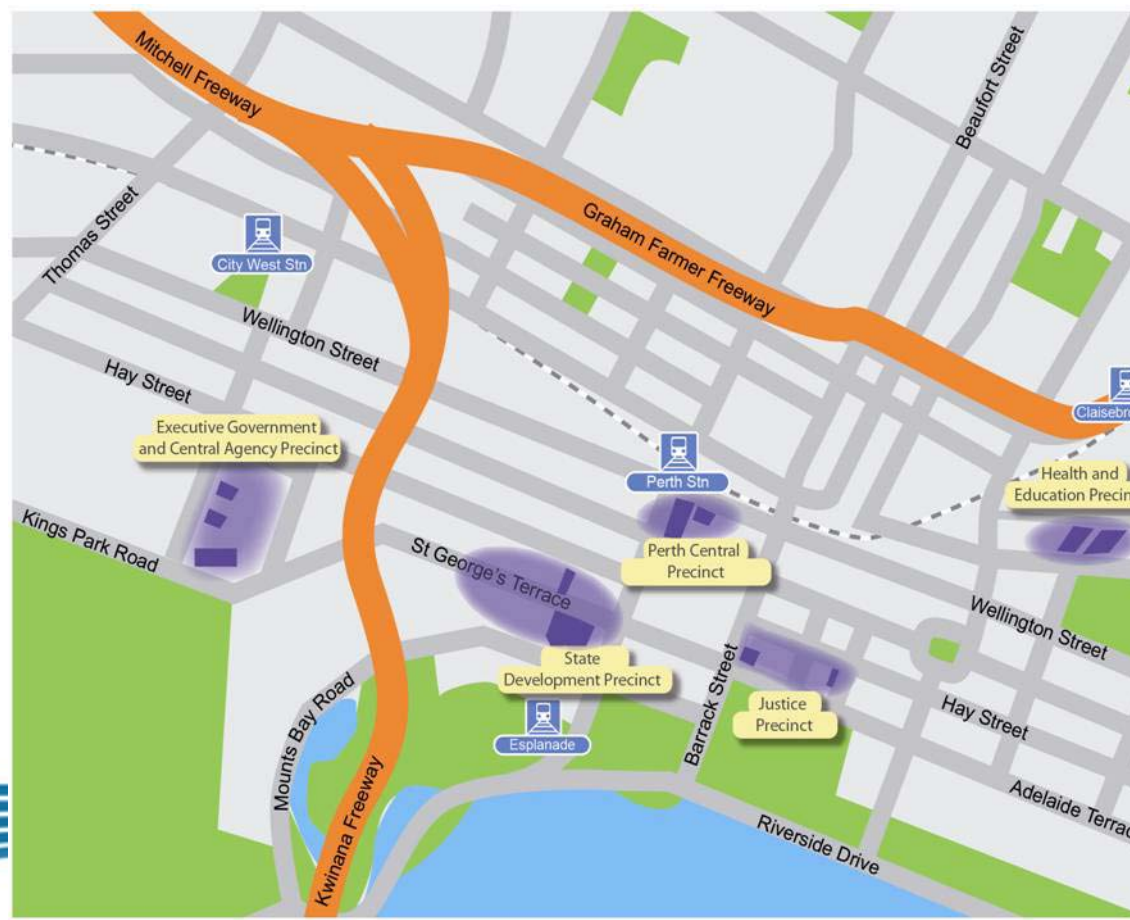
Decentralise Government office accommodation from the CBD and CBD fringe

- ❖ Rates in CBD are 30% higher
- ❖ Supportive of Directions 2031

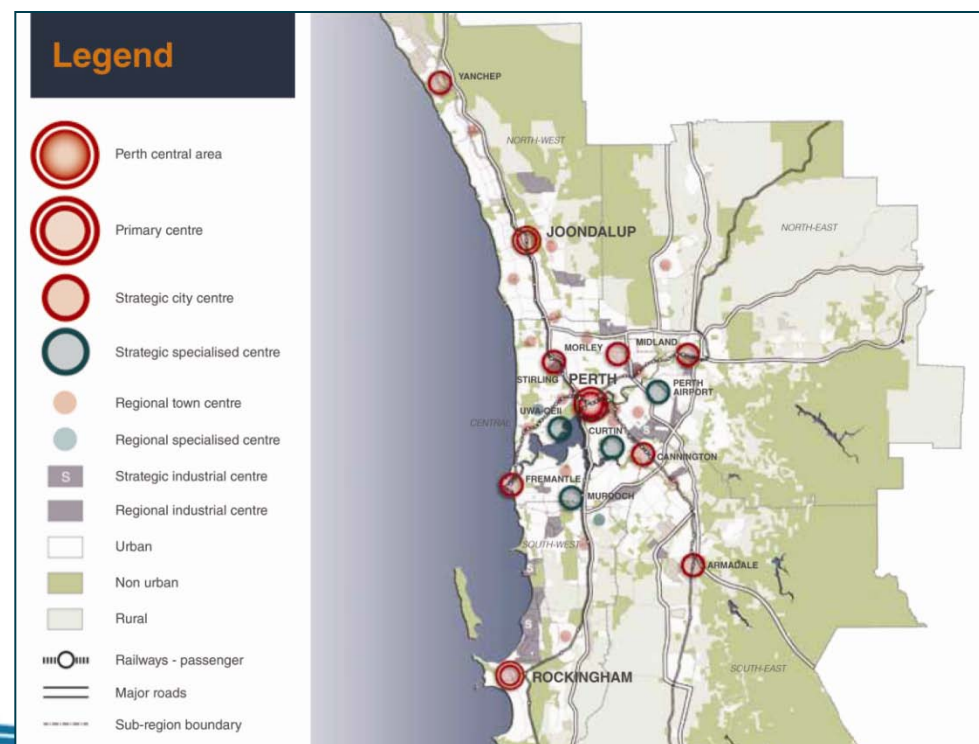
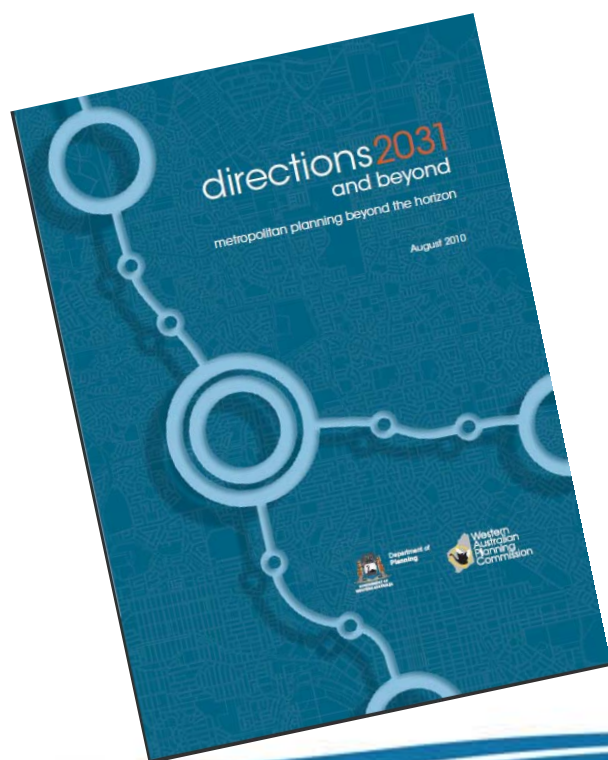


Consolidate remaining CBD and CBD fringe Government office accommodation

- ❖ 96 buildings
- ❖ 148 leases
- ❖ Consolidate to 15 to 20 locations
- ❖ Establish Precincts



Locate new Government office accommodation in metropolitan activity centres



Co-locate Government agencies in regional towns

- ❖ Improve community access
- ❖ Enhance agency collaboration
- ❖ Share common facilities
- ❖ Emerging opportunities in Bunbury, Geraldton, Kalgoorlie, Karratha, South Hedland, Carnarvon, and Mandurah

Adhere to the policy of 15 square metres of floor space per workpoint

- ❖ Currently large range – 14m² to 25m² with an average of 19m² per work point
- ❖ Achieved through more open plan, less offices, less storage, shared facilities
- ❖ Space saving opportunity of 20%, plus more efficient and effective work environments

Standardise office fit-outs and share facilities in major buildings

- ❖ New modern standard
- ❖ Sharing of common facilities like reception and security, mail and meeting rooms
- ❖ ICT (phones and networks) standardised too
- ❖ Provides flexibility for growth, restructuring and relocations

Enhance environmental sustainability of Government office buildings

- ❖ Target - Green Star rating of 5
- ❖ Target - NABER energy rating of 4.5
- ❖ Purchasing power to drive reductions on environmental impact
- ❖ Green Lease Agreements (COAG initiative)
- ❖ Increased productivity and occupant health



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Phase 1 projects

Decentralisation

- ❖ Lease new office accommodation in the Herdsman Business Park
 - ◆ 13,250 sqm at Optima Centre
 - DTF - Government Procurement (from Dumas House)
 - BMW (from 5 buildings East/West Perth)
 - DTWD - Most from 151 Royal Street East Perth
 - Some from Wellington Street West Perth
 - ◆ 900 workpoints
 - ◆ Occupy April 2011

Consolidation

- ❖ Lease additional office accommodation at 140 William Street, Perth
 - ◆ Original 23,000 sqm floors 2 to 10
 - ◆ Additional 12,400 sqm floors 11 to 19
 - ◆ + Heritage buildings 2,200 sqm
 - ◆ 2,500 work points
 - ◆ Around 10 agencies
 - ◆ Occupy April to December 2011

Consolidation

- ❖ Retain and refurbish Albert Facey House and Dumas House
 - ◆ Albert Facey House part of 'Central Precinct'
 - Needs refit & base building works
 - Initially for 'regulatory agencies'
 - ◆ Dumas House part of 'Executive and Central Government Precinct'
 - Needs refit & base building works
 - For Ministers, DPC & PSC

Consolidation

- ❖ Accommodation options for Premier's Office, Cabinet Room & Cabinet Secretariat
 - ◆ Relocate to an existing government owned building
 - ◆ Relocate to a leased building
 - ◆ Extend lease in Governor Stirling Tower
 - ◆ Relocate to Hale House within the Parliamentary Precinct

Benefits of the Hale House site

- ❖ Refurbishment of this heritage building to a “stately” condition allows for long-term use
- ❖ No ongoing lease costs - Government owned
- ❖ Part of the Executive Government & Central Agency Precinct on A Class reserve
- ❖ Within easy walking distance of Parliament House
- ❖ Adjacent to Constitution Centre – availability of function areas

❖ Works Program - \$210M over two years

- ◆ 140 William fitout (38,000sqm) - \$57M
- ◆ Optima fitout (13,250sqm) - \$15M
- ◆ Dumas House refit (12,000sqm) - \$26M
- ◆ Dumas House base build refurbishment - \$30M
- ◆ Albert Facey House refit (9,000sqm) - \$21M
- ◆ Albert Facey House base build refurbishment - \$13M
- ◆ Hale House construction & site works - \$17M
- ◆ Hale House fees, fitout & contingencies - \$8.5M
- ◆ Six other building modifications/refits - \$13M

Logistics

- ❖ 25 government agencies to relocate
- ❖ 13 Ministers plus Premier's Office to relocate
- ❖ 5,300 people to relocate
- ❖ 95,000sqm of fitout
- ❖ New ICT platforms (phones and computer networks)
- ❖ Timing imperative of June 2012
- ❖ Domino effects

Program Management

- ❖ Using BER program management office
- ❖ 4 project management firms
- ❖ 5 architectural firms
- ❖ Fitout contractors
- ❖ Workstation contractors
- ❖ Specialist ICT facilities manager and contractor
- ❖ Common-use-contracts for furniture and fittings



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Planning for Phase 2

Decentralisation

- ❖ Commence planning for new Government office accommodation in the northern metropolitan area of Perth
 - ◆ Stirling
 - ◆ Joondalup
 - ◆ Department of Commerce agreed
 - ◆ EOI in August 2010

Decentralisation

- ❖ Commence planning for new Government office accommodation in the southern metropolitan area of Perth
 - ◆ Murdoch
 - ◆ Cockburn Central
 - ◆ Fremantle
 - ◆ Rockingham
 - ◆ EOI in August 2010

Decentralisation

- ❖ Commence planning for additional office accommodation in country regions
 - ◆ Bunbury (announced by Government)
 - ◆ Business Cases for multi-tenanted buildings
 - Karratha
 - South Hedland
 - Carnarvon
 - Geraldton
 - Kalgoorlie
 - Mandurah

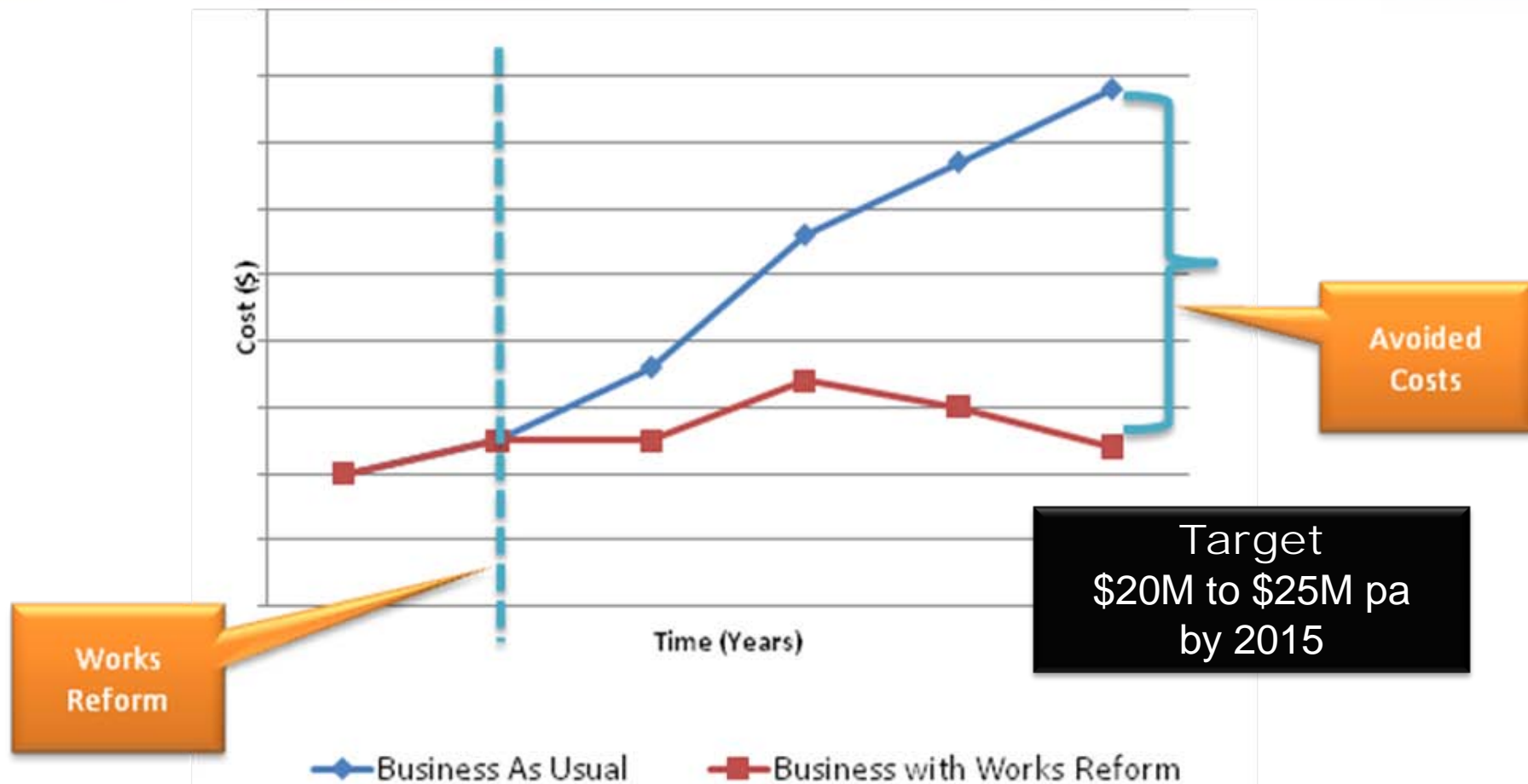
Consolidation

- ❖ Include a significant office accommodation in the development of the Old Treasury Building
 - ◆ Hotel in heritage buildings
 - ◆ A new office tower
 - ◆ Redevelopment of adjacent Cathedral Square
 - ◆ 36,000 sqm for – offices and Courts
 - ◆ Occupancy 2014-15
 - ◆ Justice Precinct

Consolidation

- ❖ Use the Dumas House carpark site to fully establish an 'Executive Government and Central Agency Precinct' near Parliament House
 - ◆ Grow space by 20,000 sqm
 - ◆ New building on underutilised land
 - ◆ Relocate Treasury from 140 William Street
 - ◆ Relocate 'regulatory agencies' from Albert Facey

Dependent on broader 'Parliamentary Precinct' concept planning requested by Premier



Recurrent costs avoided (with effect from July 2012) from the master planning approach at 140 William Street and the Optima Centre - \$13.5 M pa

- ❖ \$6.5 M pa in avoided rent from not leasing replacement space for Governor Stirling Tower in CBD
- ❖ \$4.7 M pa from avoided rent costs due to the increased fitout density of 15sqm per workpoint
- ❖ \$2.1 M pa from shared telephone and computer networks; and
- ❖ \$0.2 M pa from reduced electricity costs due to the improved NABERS ratings

Capital cost avoided at 140 William Street and the Optima Centre are estimated at \$16.3 M

- ❖ \$11.3 M from the increased fitout density (avoiding the need to fitout 600 workpoints elsewhere)
- ❖ \$5 M from the lower unit construction cost of the new open plan design and shared facilities

Recurrent costs avoided (with effect from July 2012) from retaining the Government-owned Dumas House and Albert Facey House - \$22 M pa

- ❖ \$17 M pa from avoided rent costs that would have occurred if replacement space for Dumas House was leased within the core CBD
- ❖ \$5 M pa from avoided rent costs if replacement space for Albert Facey House was leased in central Perth

Recurrent costs avoided from a reduction in piece-meal fitouts requested by agencies

- ❖ \$4 M pa no longer necessary due to standardised fitouts and improved controls

Questions?

