



**Government
of South Australia**

Department of the Premier and Cabinet Circular

PCO18 - Government Office Accommodation Framework

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1 Introduction

This circular sets out the policy adopted by Cabinet to govern office accommodation including the roles, responsibilities and procedures to be followed, and the issues to be considered for the planning, leasing, fitout, utilisation and management of office accommodation leased or owned by the South Australian Government.

The policy applies to office accommodation used by all government agencies and authorities subject to the *Public Finance and Audit Act 1987*. It does not apply to operational accommodation such as hospitals, schools and police stations managed by public authorities, however space usage and cost standards are applicable to the office areas within operational accommodation.

This circular provides practical guidance for government agencies in all aspects of office accommodation planning and fitout delivery including the process for gaining approval of office accommodation proposals from the Government Office Accommodation Committee (GOAC) and Cabinet. Adherence to the policy and procedures set out in this circular will ensure increased efficiency and effectiveness of office accommodation use and the minimisation of investing and operating expenditure.

Further information on the application of this policy relating to the processes of planning, space usage, fitout design, fitout cost and tenant behaviour is provided in the *SA Government Office Accommodation Guidelines* prepared by the Department of Planning, Transport and Infrastructure (DPTI).

The policy is intended to ensure agencies make office accommodation decisions in the context of whole-of-government considerations. This is to focus all those involved in planning and decision making to consider opportunities for flexibility and efficiencies and any budget impacts.

All agencies and authorities are to review their approach to the management and planning of office accommodation against this policy and the strategies outlined in the *SA Government Office Accommodation Guidelines*. [Copies of the Guidelines can be downloaded from the DPTI website www.dpti.sa.gov.au/] References to these guidelines are made throughout this Circular.

This circular replaces the Department of the Premier and Cabinet Circular 018, dated April 2006.

2 Roles and Responsibilities

The Cabinet approved role of GOAC, comprising senior executive representatives of Department of Treasury and Finance, the Department of the Premier and Cabinet and DPTI, is to focus on strategy and major office accommodation proposals that have a net cost to government greater than \$2.2 million (inclusive of GST) and/or 2000m² in occupied area.

GOAC is responsible to the Minister for Transport and Infrastructure and its endorsement of major accommodation proposals is required as part of the approval process for agencies' office accommodation proposals.

DPTI has the centralised across government responsibility for office accommodation management. This includes procurement of leases with the private sector, management of those leases and management of government's owned office portfolio.

GOAC and DPTI are responsible for developing and implementing strategies to allow the delivery of government's office accommodation standards and other whole-of-government targets for effective accommodation use.

The following outlines the key responsibilities for office accommodation planning, leasing, fitout construction and management to ensure the efficient, cost effective provision of government's office accommodation in accordance with government accommodation policies, guidelines and regulatory requirements.

2.1 GOAC

GOAC is responsible to the Minister for Transport and Infrastructure to:

- provide strategic advice to agencies and Cabinet on office accommodation proposals;
- for office accommodation proposals in excess of 2,000m² and/or where the total net cost to government in net present value (NPV) terms is \$2.2 million (inclusive of GST) and over (i.e. sum of rent over the full term and capital cost of fitout over the term of the lease) and where whole-of government benefits can be realised, develop solutions and direct agencies in all situations on the preferred solution;
- endorse agencies' office accommodation proposals as part of the Cabinet or Ministerial process for projects and leases in excess of 2,000m² and/or where the total net cost is \$2.2 million (inclusive of GST) and over;
- endorse and provide comment on all proposals of \$11.0 million and over (inclusive of GST) that are submitted to Cabinet for approval, as an attachment to the submission;
- review agency strategic accommodation plans and advise the Minister for Transport and Infrastructure on potential across government rationalisation and cost saving opportunities; and
- develop, implement and formulate and review policies and guidelines in relation to the planning and management of office accommodation for agencies including policies that address fitout flexibility; ecological sustainability; improved productivity, attraction and retention of staff and employee wellbeing.

2.2 DPTI

Cabinet has directed that, to avoid competition between agencies for space which would compromise the ability to negotiate competitively in the market place, only DPTI will represent government in office accommodation matters in the market place.

DPTI through its Building Management Accommodation and Property Services directorate is responsible to the Minister for Transport and Infrastructure to:

- provide the centralised office accommodation management service on an ongoing and fee for service basis to government agencies and authorities;
- act as a single entity in the commercial office market exerting market leverage and buying power to get the best value for the Government dollar from its lease negotiation and management activity;
- coordinate and manage the CBD, suburban and regional office accommodation portfolio of leases under the name of the Minister for Transport and Infrastructure;
- act as landlord for government owned offices and lessee for leased offices;
- manage accommodation proposals and all lease approvals and document execution;
- coordinate fitout planning, design and construction where required;
- coordinate government office accommodation, reduce the associated costs and maximise occupancy rates;
- develop and implement office accommodation policies and guidelines;
- ensure ongoing improvement in the utilisation of government office accommodation through continuous implementation of government's space usage standards and targets, open planned office space and minimal enclosed offices in all new leases and fitouts (see Section 4);
- develop annual across government strategic accommodation plans;
- evaluate accommodation options and provide financial analysis of proposals as required;
- advise agencies and GOAC of accommodation strategies and solutions where whole-of-government benefits can be realised;
- present proposals to GOAC and prepare Cabinet submissions on behalf of the Minister for Transport and Infrastructure seeking approval for office accommodation proposals of \$11 million and over (inclusive of GST); and

- report annually to GOAC and the Minister for Transport and Infrastructure on potential rationalisation and cost saving opportunities based on a review of all agencies' strategic plans.

All negotiations are subject to the approval of the Minister for Transport and Infrastructure, who executes the lease.

2.3 Agencies

Chief Executives are accountable and responsible for the effective and efficient use of office space and associated facilities and agencies are required to:

- develop and submit annual accommodation strategic plans to DPTI;
- complete space usage audits and surveys and submit to DPTI annually (or as required);
- consider the cost of office accommodation in all new initiatives where additional office accommodation may be required and include funding for accommodation in budget bids where not identified in existing operating budgets;
- ensure DPTI is informed at the earliest opportunity of new initiatives to allow adequate time to procure and fitout new accommodation (timeframes for office accommodation proposals are detailed in 3.1);
- enter into tenancy agreements in the form of a Memorandum of Understanding (MoU) with the Minister for Transport and Infrastructure;
- comply with private landlord and DPTI's building and tenancy policies, and other related legislation and standards accordingly;
- provide appropriate delegate approval for the funding associated with office accommodation proposals, new leases and lease renewals using documentation provided by DPTI; and
- recognise the full cost of occupying leased and Government owned office accommodation in financial reports.

2.4 Minister for Transport and Infrastructure

Considers and approves all office accommodation proposals where the total cost to government in NPV terms is \$1.1 million and over (inclusive of GST) over the full term of the lease.

2.5 Cabinet

Cabinet authorisation is required for all office accommodation proposals where the total cost to government in NPV terms is \$11.0 million and over (inclusive of GST) over the full term of the lease.

3 Guiding Principles

The cost of office accommodation is a significant annual financial commitment for agencies and government. Implementation of strategies to meet government's office accommodation standards and policies can result in savings.

Chief Executives are accountable and responsible for the effective and efficient use of office space and associated facilities and for ensuring that, wherever possible, these meet mandatory space targets and standards.

Cabinet has directed that government should only be represented in office accommodation matters by DPTI, to avoid competition between agencies for space which would compromise the ability to negotiate competitively in the market place on behalf of government.

Across government needs should take precedence over single agency needs when significant benefits to government are to be realised or major costs are involved.

Priority is to be given to existing government owned or leased accommodation, including that owned or leased by public corporations.

Agencies are required, where possible, to achieve mandatory space and fitout standards and cost benchmarks in proposals for all fitout projects, new leases and extensions to existing leases.

GOAC may direct agencies where across government benefits are realised. DPTI in conjunction with, or on behalf of, an individual agency will propose options that meet agency requirements in the context of the across-government portfolio and the best financial outcome for Government.

GOAC will make office accommodation decisions based on advice from DPTI, with agencies bound by those decisions. Approval of the proposal is ultimately by the Minister or Cabinet, depending on the value.

3.1 Timing

Office accommodation requirements of government should be planned well in advance and reviewed annually. Agencies should plan strategically as lead times for new office accommodation can be 18 months or longer for large projects. Adequate time must be allowed for evaluation, application for operating and investing funds if required, assessment by GOAC, approval by Cabinet if necessary, and to complete the fitout project to meet the required occupation date.

The need to make a decision on office accommodation can be prompted by machinery of government changes, the requirement to meet government's office accommodation standards, expiry of a lease or the fitout becoming old or incompatible with an agency's needs. Hasty decisions can result in

accommodation that does not meet the standards and/or is unsuitable and more costly than could have been achieved with good planning.

3.2 Leased accommodation

All office accommodation leases are held in the name of the Minister for Transport and Infrastructure and are prepared by or agreed to by the Crown Solicitor's Office.

Agencies (tenants) are required to provide financial authorisation by the appropriate Agency delegate for expenditure associated with new leases and lease renewals and to enter into a Memorandum of Understanding (MoU) with DPTI which represents the Minister for Transport and Infrastructure.

The MoU reflects the essential terms and conditions of the lease, and outlines for the agency its consequent roles and responsibilities as the primary beneficiary of the lease and the user of the facility.

The MoU confirms that the agency has the budget and expenditure approval to cover rental and other accommodation expenditures, and that the agency wishes to have a formal tenancy relationship with the Minister for Transport and Infrastructure. The MoU is an important document and Chief Executives must ensure that MoUs are executed in accordance with the agency's delegations and not incorrectly or inappropriately.

The nature of this relationship is not a legal relationship, however, both DPTI and the agency are required to act as if there was a legal relationship, in the same way as a lease would operate. This is consistent with Treasurer's Instruction 8.

3.3 Government owned accommodation

Arrangements between DPTI and agencies for government owned buildings are similar in approach. Tenancy agreements between DPTI and agencies are documented in a MoU, similar in form and intent to the MoU as described above. DPTI assumes the role as building owner and manager, and the agency is the user or tenant.

3.4 Delegations

The Treasurer has approved the following delegations for approval of lease proposals:

- Chief Executive or delegate, DPTI, up to \$1.1 million (inclusive of GST);
- Minister for Transport and Infrastructure up to \$11.0 million (inclusive of GST); and
- Cabinet is \$11.0 million and over (inclusive of GST).

4 Office Accommodation Standards and Targets

The following government office accommodation mandated space targets, standards and fitout cost benchmarks are to be used to establish accommodation requirements and are to be applied to all accommodation projects.

4.1 Space standards

Cabinet has approved that agencies are required to comply with mandatory space usage targets of no more than 14m² per person and less than 10% of staff to be accommodated in enclosed offices.

Space	Standard
Total area per person	Total not to exceed 14m ² per person (based on net lettable area) for all office accommodation*
Total of enclosed offices	Less than 10% of total employees (including contractors) to be accommodated in enclosed offices
Individual office area	Enclosed office area to be no more than 12.6m ²
Individual workstation area	Workstation area to be no more than 6.3m ²

*NOTE: Area per person calculations exclude area taken up by 'Special Agency Facilities' as defined in Section 8: Definitions.

Under this policy, space usage will be based on a fit-for-purpose test according to service delivery requirements or building floor plate configuration rather than a set standard. For example, call centres can generally be established at around 12m² per person.

Specific circumstances may cause the space targets to be difficult to achieve e.g. specific agency needs, availability of space, building configuration etc. Such variations are to be noted and agreed by GOAC and/or DPTI.

4.2 Fitout design and cost standards

Government office accommodation standards have been established to achieve consistent, modular and generic office fitouts that are sustainable, flexible and adaptable to changes both within and across agencies. Adoption of these standards will ensure that the economic life of new fitouts is increased and the cost of alterations to existing fitouts to cope with functional / operational changes (churn) is reduced.

Consistent office accommodation cost targets will ensure fitouts are provided on an equitable basis across agencies. These standards and cost targets will enable agencies to plan their accommodation in a cost-effective manner, which is equitable across the whole organisation and makes the most efficient use of available space.

The benchmark cost per square metre for office fitouts are reviewed on an annual basis. Fitout cost benchmarks can be downloaded from the DPTI website www.dpti.sa.gov.au.

Design standards for fitouts are documented in the *SA Government Office Accommodation Guidelines* and demonstrate how space usage targets can be achieved. The Guidelines assist agencies in planning and providing appropriate office space and fitouts and provide examples of sustainable and flexible work environment solutions.

The Guidelines include mandatory standards relating to the efficiency of office space use, tenant behaviour and benchmark costs for fitouts. Additionally, they include detail on the requirement for Government to meet legislation and standards relevant to office accommodation buildings and fitouts. These include the *Disability Discrimination Act 1992*, AS 1428 – 2003 Design for Access and Mobility, Building Code of Australia, other relevant Australian Standards and the *Occupational, Health Safety and Welfare Act 1986* and Regulations.

4.3 Environmental targets

Tenant responsibilities and guidelines for tenant behaviour in regard to sustainability are outlined in the *SA Government Office Accommodation Guidelines* which can be downloaded from the DPTI website www.dpti.sa.gov.au

5 Strategic Planning

5.1 Space Usage Audit

DPTI will undertake annual audits of office accommodation usage to measure the performance of government agencies in meeting key accommodation policies and standards.

The annual audits will enable:

- identification of inefficient and high cost accommodation sites for potential rationalisation; and
- development of annual office accommodation plans, incorporating future demands and focusing on achieving reduction in space usage; and identifying potential for consolidation of corporate service and service delivery activities of government.

Agencies will provide the following information to DPTI for each site on an annual basis to assist in the preparation of across government accommodation strategies:

- total number of staff accommodated;

- total number of workspaces i.e. total number of staff that could be accommodated in open workstations and enclosed offices;
- number of open workstations and number of staff accommodated in open workstations;
- number of enclosed offices and number of staff accommodated in enclosed offices;
- details of 'special agency facilities' (refer to definition in *SA Government Office Accommodation Guidelines*); and
- net lettable area (m²) taken up by 'special agency facilities'.

5.2 Annual Strategic Plans

Agencies will develop and submit annual accommodation strategic plans to DPTI.

DPTI will prepare an annual **Across Government Strategic Plan** to identify strategies with realisable across government benefits, savings and efficiencies. Where an appropriate business case supports space rationalisation that achieves savings in space and rental costs, these strategies will be presented to GOAC for appraisal and considered for funding support as part of the Budget process.

6 The Office Accommodation Process

DPTI will assist agencies through both the planning and implementation stages of each office accommodation project.

Prior to DPTI taking action on any lease, including procuring new leases, renewing any lease or exercising lease extension options, departments and agencies must consult with DPTI and adhere to the documented process.

Where required, DPTI will coordinate the development of a project plan for the procurement of new accommodation in line with the Across Government Strategic Plan.

DPTI has developed standard documentation and business processes for all its lease negotiation and lease management activities. This provides efficiencies and appropriate risk management and reflects industry best practice.

The process below describes the steps involved in receiving and assessing a client request for accommodation, testing the property market if government owned accommodation is not available and then assessing the leasing options for suitability against the agency request and government policy.

6.1 Planning

- The agency is to identify accommodation demand and confirm it is in line with the agency's strategic plan and budget.
- The agency will submit an *Agency Request for New Office Accommodation Form* to DPTI. The request should demonstrate that the budget for accommodation already exists. If additional funding is required, it will require approval by Cabinet or must be considered as part of the Budget process. The request must include executive endorsement of the proposal.
- DPTI will ensure the new proposal meets government policy requirements for space usage, energy efficiency and fitout design criteria and will consult with the agency if requirements exceed standards to ensure the request is made compliant.
- DPTI may seek to co-locate the agency with compatible agencies in groupings that would benefit the tenants and their clients or have whole-of-government benefits.
- DPTI will conduct a search of Government's current office accommodation commitments to identify any appropriate accommodation within the desired location that is already owned or leased by government.
- Where no suitable government owned or leased committed space is available, DPTI will seek leasing offers from the market.
- DPTI will evaluate the options proposed by the market against area, cost and quality criteria and short list before discussing with the agency. DPTI will arrange building inspections by the agency as required and will arrange a building appraisal taking into consideration, but not limited to:
 - building services – electrical, mechanical, security
 - base building condition, access to natural light and views, efficiency of floor plate to suit generic fitout planning, floor loads
 - access (Disability Discrimination Act) compliance/requirements
 - energy efficiency
 - government's earthquake policies
 - access to government ICT networks
 - existing fitout condition and suitability.
- DPTI will advise the agency if a building audit is required and will arrange the audit at the agency's cost.

- DPTI will seek detailed leasing proposals and will conduct financial analysis and building appraisal of options to determine the preferred option(s). The final selection of the preferred option will be based on the most suitable building to meet agency service delivery requirements balanced with the best whole-of-government option.

6.2 Approvals

- DPTI will prepare a Memorandum of Understanding (MoU) including approval of funding and lease terms, which must be signed by the agency delegate before proceeding to the next stage of approval process.
- All office accommodation proposals in excess of 2,000m² and/or with a value of \$2.2 million and over (inclusive of GST) in NPV terms must be submitted to GOAC for appraisal and advice. Refer to Section 7.
- Cabinet must approve all proposals with a value of \$11.0 million and over (inclusive of GST). Refer to Section 7.
- When all above approvals are finalised, DPTI will arrange the execution of the lease.
- A DPTI Project Risk Manager must be engaged to manage all fitout (construction) projects with a capital investment value in excess of \$150,000 (exclusive of GST). The role of the DPTI manager is to procure design and construction, make arrangements for commissioning the new premises and for relocating staff and equipment and ensure all construction related processes comply with approved government procedures.

7 Procedures for Projects Referred to GOAC and Cabinet

7.1 GOAC

All office accommodation proposals where the area is greater than 2,000m² or the total net cost to government is \$2.2 million or over (inclusive of GST) over the term of the lease will be referred to GOAC for endorsement and to ensure that office accommodation standards and policies have been met.

Proposals that meet the Government's mandated standards and policies may be endorsed by GOAC for subsequent Ministerial or Cabinet approval.

The expected time line and process for review by GOAC and Cabinet should be appropriately managed by DPTI and the agency. In planning an accommodation project, sufficient time must be allowed to enable Ministers, GOAC and Cabinet to properly consider a proposal. GOAC must also be given adequate time to conduct its assessment, provide advice to the agency and where necessary, for the agency to respond to that advice.

For proposals requiring GOAC endorsement, DPTI will assist in the preparation of the submission and will complete details on the *GOAC submission proforma* and forward to the agency for input.

The agency must liaise with the Department of Treasury and Finance (DTF) to provide a costing comment for attachment to the GOAC submission. When DPTI has agreed to the contents of the submission, the agency Chief Executive's approval must be provided before submission to GOAC.

GOAC meetings are usually held on a monthly basis. Proposals must be submitted by DPTI to the GOAC Executive Officer two weeks prior to a meeting. Agencies should ensure that submissions are returned to DPTI for review as early as possible to avoid the possibility of incurring further delay and cost if changes are required prior to submission to GOAC.

GOAC will provide its advice and response to agency submissions within one week of the meeting date.

[Copies of the *GOAC submission proforma* and assistance on the process and complying with the requirements are available from DPTI Building Management Accommodation and Property Services on ☎ 8226 5200.]

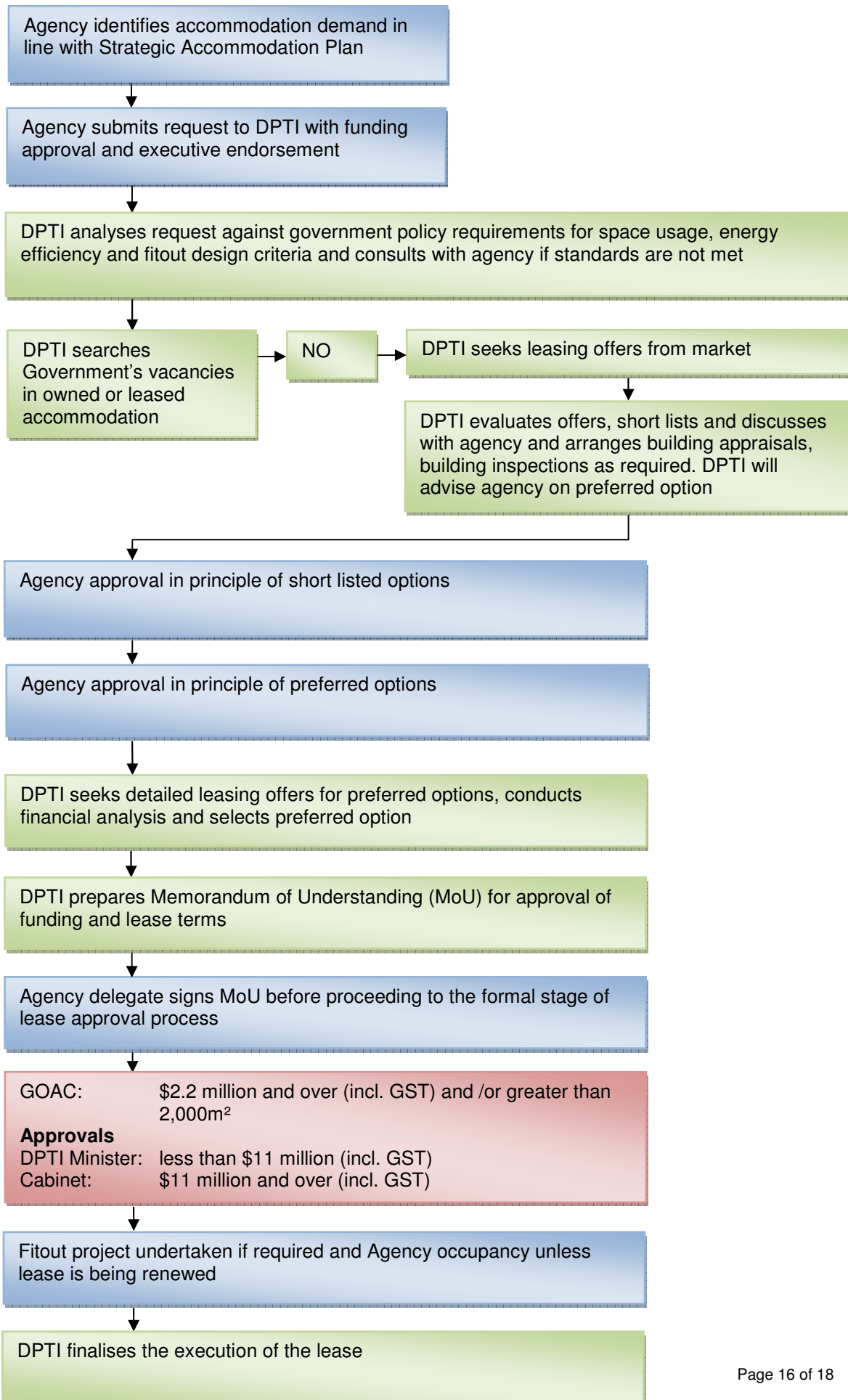
7.2 Cabinet

All proposals where the total cost to government in NPV terms is \$11.0 million and over (inclusive of GST) over the full term of the lease will be referred to Cabinet for approval. Submissions to Cabinet will carry GOAC endorsement and comment on the proposal.

Where necessary, GOAC will prepare advice to Cabinet in the form of a comment which is to be included in the Cabinet submission for the project proposal.

DPTI (in conjunction with the agency) will prepare Cabinet submissions to be submitted in the name of the Minister for Transport and Infrastructure.

Leased Office Accommodation Process Flowchart



8 Definitions

‘Base Building’ means the building's primary structure; the building envelope (roof and facade) in whole or part; public circulation and fire egress (lobbies, corridors, elevators and public stairs); and primary mechanical and supply systems (electricity, heating and air conditioning, telephone, water supply, drainage, gas, etc.) up to the point of contact with individual occupant spaces.

‘Fitout’ means the design and completion of *base building* space with the specific interior partitioning, workstations, joinery, floor treatments, ceiling, mechanical, electrical, and environmental requirements of the tenants.

‘Government Office Accommodation’ means the physical workspace in commercial premises that is used for general administration and client service functions and does not include operational accommodation such as schools, hospitals, police stations, workshops, specialist facilities and industrial storage and the term applies equally to leased and owned accommodation.

‘Special Agency Facilities’ means ‘non-office’ areas and include but are not limited to:

- basements, workshops, storage areas used for non-office items (e.g. armouries);
- operational areas such as police stations, hearing rooms, laboratories, cashiers, public front counter areas, public galleries, public reception and waiting areas and rooms used to interview, assess or counsel members of the public;
- additional facilities that form part of the fitout (i.e. not part of base building) such as bathrooms, showers, kitchenettes etc. designed to specifically support operational activities; and
- areas specifically used for directing or coordinating response to emergency or crisis situations.

‘Net Lettable Area’ (NLA) means the method by which commercial property is measured. The measurement is complex and is carried out by a survey according to the Property Council of Australia guidelines for measuring floor space in leased premises. The guidelines aim to provide consistency by documenting a defined approach to floor space measurement that is both practical and cost effective.

9 Further Information

For information about this Circular please contact:

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