TREASURER

OFFICE ACCOMMODATION FOR THE OFFICE OF THE PREMIER

ISSUE

To seek your advice in finalising an accommodation strategy for your Office beyond the expiry of the Governor Stirling Tower (GST) lease.

RECOMMENDATION

That you agree to the recommended option, to relocate your office to the parliamentary precinct within the heritage listed Hale House building that fronts Parliament Place.

BACKGROUND INFORMATION

The lease on existing office accommodation in GST expires in June 2012. Hence there is a need to agree on a future accommodation strategy for your Office, and plan for a transition before June 2012. A decision cannot be delayed much longer – otherwise the lead time to arrange the transition will become too tight.

We are planning the relocation to occur in a quiet Parliamentary period – ideally January-February 2012 – to minimise its impact on the operation of your office.

LOCATION OPTIONS

OPTION 1 - RELOCATE TO DUMAS HOUSE

This option would see the Office of the Premier relocate to Dumas House, along with the Offices of Ministers currently located in GST, plus the Department of the Premier and Cabinet and the Public Sector Commission. Funding has been approved ($23 million) for a major refurbishment of Dumas House. The intention of the refurbishment funding is to refit the building with a modern fit-out that will maximise efficient use of the space, as well as deliver good quality accommodation throughout.

Under this proposal the Office of Premier and the Cabinet room would be located on the 13th floor of Dumas House. The fit-out would be designed in such a way that it could be easily converted to two Ministerial offices when the Office of the Premier moves to new accommodation as part of a Parliamentary Precinct development proposal (i.e. a new building on the Dumas House site).

This is a viable option, but will require a second move a few years later, after the new building is completed.
OPTION 2 - RELOCATE TO AN EXISTING MINISTERIAL OFFICE

The Office of the Premier could be relocated to an existing Ministerial office on St George’s Terrace, with the relevant Minister being relocated to Dumas House.

Ministerial offices are currently located at:

- Allendale Square (Minister Porter) – 525 square metres
- London House (Minister Moore) – 605 square metres
- London House (Minister McSweeney) – 665 square metres

The Office of the Premier currently occupies 855 square metres in GST.

This option is the preferred option, should you wish to remain accommodated on St George’s Terrace. However, a second move would be required, when the new building is completed in the parliamentary precinct.

OPTION 3 - REMAIN ACCOMMODATED IN GOVERNOR STIRLING TOWER

The quality of core building services (lift, air-conditioning, security, etc.) and building amenity within GST have progressively diminished over the years, and no longer meet the standard required for modern office accommodation. It is not proposed to seek a lease extension on GST.

Whilst the building owner, Colonial First State (Colonial) is aware of our current intention – we have not formally advised Colonial that we will allow the lease to expire in June 2012. We understand Colonial's current thinking is that it will refurbish the building, post June 2012, and seek new tenants for the building.

The opportunity still remains to seek a lease extension (post June 2012) on the office space in GST occupied by the Office of the Premier.

This option is problematic from a number of perspectives:

- The requested lease extension would be for a limited amount of space (potentially a floor), for a limited period of time (to coincide with a potential move to the parliamentary precinct in 4 to 5 years, when a new building is constructed). There is little commercial attraction for Colonial to agree to a short term lease extension – and even if they did agree – we are not in a strong rent negotiation position;
- There will also be a need to retain and resource a “reception/security” function on the ground floor for visitors to the Office of the Premier; and
- Colonial will need to proceed with the refurbishment of the remainder of the building (to attract new tenants) post June 2012. This will inevitably lead to significant disruption to the smooth functioning of the Office of the Premier. It also raises potential State security issues.
This option is not recommended.

**OPTION 4 - RELOCATE TO HALE HOUSE WITHIN THE PARLIAMENTARY PRECINCT**
The Office of the Premier could be relocated to the existing heritage listed Hale House on the old Hale School site – at the opposite end of the car park to the existing Dumas House building. This option has a number of attractions:

- It ensures there will be ample space within Dumas House for all the accommodation needs of the Department of Premier and Cabinet, the Public Sector Commission, and the additional three Ministers relocating from GST.

- The building should be large enough to accommodate your Office plus the Cabinet room.

- The building is a permanent part of the parliamentary precinct – given that it is heritage listed – and any funds that are expended should contribute to the long term master planning for the site.

- The building could be retained as the long term option for the Premier’s Office and Cabinet (rather than the Premier’s Office being relocated to a new building to be constructed on the site) – if it proves to be suitable. This has the potential to offer the best long term cost option;

- The building is well placed next to the Constitution Centre – which could facilitate use of the Centre for some State reception functions hosted by the Premier; and

- The building is easy walking distance to Parliament House.

Additional costs over the currently budgeted office fit-out that would apply to option 1 are likely to include additional arrangements for site security, and an upgrade to vehicle access and parking. It may also be an appropriate time to do some refurbishment to the building facade, given its heritage significance and change of use. There are also potentially some unbudgeted costs in the relocation of the current tenant.

This option is recommended.

**NEXT STEPS**
If you support option 4, we will

- Liaise with the Department of Education to plan for relocation of the existing tenant (their Centre for Inclusive Schooling) to other accommodation;

- Commence the planning of refurbishment and fit-out to Hale House immediately - with a target occupancy date of February 2012;
• Develop a project budget for the proposal, and seek some additional funds as part of the 2011-12 budget process.

Timothy Marney
UNDER TREASURER
30 August 2010

TREASURER

Work is progressing on these issues, should be able to make some final decisions on 12th Scoping work completed

NOTE
ONLY