

Office Accommodation Management Framework

Framework Policy

Policy and guidelines for the use of
owned, and private sector leased
government office accommodation



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1.0 Introduction

This policy forms part of the Office Accommodation Management Framework (OAMF) suite of documents which guide government agencies (agencies) in relation to their occupancy of government office accommodation. It sets out the principles, responsibilities, rights and obligations of agencies and how they can plan, acquire, fitout and occupy office accommodation in accordance with the requirements of Cabinet and the Deputy Directors-General Accommodation Group to achieve effective management of office accommodation for government.

The *Policy and Guidelines for the Use of Owned and Private-Sector Office Accommodation* were approved in Cabinet decision number 04040, dated 12 September 1994. This document is consistent with the original Cabinet-approved arrangements but incorporates subsequent changes to organisational structures and terminology.

2.0 Scope and context

This policy and associated OAMF guidelines apply to:

- all Queensland Government departments as defined in *s 8 of the Financial Accountability Act 2009 Queensland*
- Government statutory authorities that are wholly or partly funded through the Queensland state budget
- Queensland Government Commercialised business units.

They do not apply to:

- Queensland Government Corporations
- operational workplaces, such as police stations and health clinics, where less than 20 per cent of the facility is office space.

Certain legislation applies to office fitout design and construction, and this is set out in the *Office Accommodation Workspace and Fitout Standards* that form part of the OAMF.

3.0 Definition of government office accommodation

Queensland Government office accommodation is broadly defined as the space in a commercial building where executive, administrative, technical, and professional work of agencies may be performed. These spaces may be within Government-owned buildings or private sector owned premises that are leased by government.

The OAMF also applies to accommodation leased from agencies other than the Department of Housing and Public Works (HPW). Government Office Accommodation Committee (now known as Deputy Directors-General Accommodation Group) has approved that the occupancy management of all accommodation leased by one agency from another is the responsibility of HPW. The revenue resulting from such leasing activities is to be collected by HPW on Queensland Treasury's behalf.

4.0 Operating principles

The operating principles for the use of Queensland Government office accommodation and services are:

- Directors-General and Chief Executive Officers (CEOs) are responsible and accountable for their agencies' utilisation of office accommodation and office accommodation services within this framework
- office accommodation and services are to be provided and utilised on a commercial, market comparable and user-pays basis
- whole-of-government needs take precedence over individual agency preferences where more significant benefits or cost savings can be achieved for Government. Accordingly, office accommodation in government-owned buildings must be used in preference to leasing additional accommodation from the private sector
- agencies are to be represented in office accommodation matters by one authority, the Department of Housing and Public Works (DHPW) and must not compete in the marketplace. DHPW is the managing authority for all government office accommodation (both owned and leased from the private sector).

5.0 Roles and responsibilities

5.1 Cabinet

Executive Government (Cabinet) may consider office accommodation matters from time to time and make decisions on general and specific accommodation issues.

5.2 Deputy Directors-General Accommodation Group

The Deputy Directors-General Accommodation Group has the responsibility of guiding and supporting whole-of-government office accommodation matters, as follows:

- Oversight the implementation of whole-of-government accommodation strategies to ensure progression and achievement of required outcomes.
- Make recommendations to central government on accommodation matters.
- Consult with Government stakeholders to ensure that the recommended options are appropriate and that the implications and opportunities are clearly understood.
- Oversee and determine the overall strategic direction and approach for the ownership and management of the Government's office portfolio consistent with government policy.
- Endorse office accommodation dealings/strategies comprising purchases, disposals, refurbishments, redevelopments related to government-owned office buildings, and approval of leases in non-government-owned buildings (including coordination of submissions for ratification and/or financial endorsement of these dealings/ strategies).
- Endorse, review and audit accommodation standards and guidelines in terms of content and quality.
- Accept and action departments' submissions related to office accommodation issues
- Have the final determination on lease or relocation proposals that may be inconsistent with existing government policy/strategy.
- Operate in alignment with departments' strategic objectives and Government priorities.
- Establish cross-sector working groups, as needed, to support its work.

The Deputy Directors-General Accommodation Group is chaired by the Deputy Director-General, Building Division, Department of Housing and Public Works, with secretariat arrangements by the Queensland Government Accommodation Office. Membership is comprised of four permanent members and four temporary members as follows:

Chair (Permanent Member)	Deputy Director-General, Building Policy and Asset Management, Department of Housing and Public Works
Deputy Chair	Executive Director, Queensland Government Accommodation Office, Department of Housing and Public Works
Permanent Member	General Manager, Corporate Services, Department of the Premier and Cabinet
Permanent Member	Deputy Under-Treasurer, Queensland Treasury
Permanent Member	Deputy Commissioner, Office of the Commissioner, Public Service Commission
Temporary Member	Deputy Director-General or equivalent from an agency not currently in the Deputy Directors-General Accommodation Group
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Secretariat	Queensland Government Accommodation Office, Department of Housing and Public Works
Notes	<p>Temporary Members are selected by the permanent members to sit in the Deputy Directors-General Accommodation Group on a rotational basis.</p> <p>Individual Deputy Directors-General Accommodation Group Members may invite specialists from their business areas to attend meetings with prior approval of the Chair.</p>

5.3 Department of Housing and Public Works

DHPW is responsible and accountable for managing the Government's portfolio of owned and leased office accommodation through its business unit – the Queensland Government Accommodation office (QGAO) as follows:

- Develop and monitor office accommodation guidelines.
- Benchmark office accommodation performance.
- Lead the adoption and implementation of new office design principles.
- Develop, review, and implement standard government leasing documentation.
- Negotiate all new leases and manage existing leases in non-government-owned office buildings, including all new lease negotiations and lease management functions.
- Assume the role of lessee in a legal sense for space leased from the private sector.
- Coordinate office accommodation for the government at a strategic level including allocation of space within the government's office accommodation portfolio.
- Provide strategic technical and financial advice related to the cost-effective provision and utilisation of government office accommodation.
- Develop and implement acquisition, refurbishment, rationalisation, and disposal strategies for office accommodation and office building assets.

- Consult with agencies, local authorities, and the property industry in the development of office accommodation strategies.
- Provide advance information to the Treasury Budget Division for financial advice and comment for inclusion in Deputy Directors-General Accommodation Group submissions that have an overall budget impact.
- Manage the Department of Housing and Public Works' Office Accommodation Program (see Section 17.0) and Capital Works Program as it relates to office facilities.
- Formulate, audit and review workplace guidelines and standards in terms of content and quality.
- Prepare annual office estate performance reports that include revenue and operating costs, vacancy rates and financial performance, benchmarked against office estates owned by other similar governments and the private sector.
- Liaise with the Deputy Directors General Accommodation Group and other accommodation bodies in the public and private sectors.
- Financial management of the government office accommodation portfolio, including the invoicing of rent, on-charging for accommodation services, making contractual payments for accommodation leased from the private sector (including accommodation services) and on-charging those costs to agencies.

5.4 Agencies

Agencies are responsible for undertaking their own business planning, developing corporate strategies and business plans, and delivering government services, in accordance with the government's priorities and policy. These responsibilities include the development of an office accommodation plan. The Queensland Government Accommodation Office can support agencies with developing these plans and a guide to office accommodation planning can be found in the OAMF under [Guideline 1: Planning](#)

6.0 Office building construction and ownership

DHPW assumes the ownership and role of landlord for existing government owned office buildings and is the sole agency responsible for the construction of new government office buildings. Other agencies must not construct or purchase office buildings in whole or in part unless approved by the Deputy Directors-General Accommodation Group. Any such acquisitions will also be subject to the usual budget and Cabinet Budget Review Committee process. Any proposal to construct, extend or purchase office space must be submitted to the Deputy Directors-General Accommodation Group for approval.

Agencies may acquire operational facilities such as research establishments, field stations, clinical facilities, or police stations. However, the office accommodation components within these facilities should be consistent with the OAMF *Office Accommodation Workspace and Fitout Standards*. DHPW should be consulted if the circumstances are unclear.

7.0 Office space leasing

As per the operating principles of this policy, agencies are to be represented in office accommodation matters by DHPW and must not compete in the marketplace. DHPW is responsible for identifying, investigating, negotiating, acquiring, and managing all Government office accommodation leased from the private sector, including precommitment lease arrangements.

DHPW becomes the lessee when a lease is established assuming contractual responsibility on behalf of Government, and agencies occupy the space under an Occupancy Agreement that requires them to comply with the conditions of the lease and meet the financial commitments involved in occupying the space.

8.0 Occupancy

8.1 Government-owned and 'Major Leased' office buildings

Major leases are buildings where DHPW has a single lease of 10,000m² or more which equates to 85% or more of the total lettable area of a building. Major leases are usually for occupancy by multiple Government agencies. Both Government-owned and Major Leased office buildings are occupied under an Occupancy Agreement with DHPW and are not subject to fixed terms unless agreed at the commencement of occupancy. Generally, tenure is continuous and secure, unless:

- the service delivery needs of the occupying agency change such that the premises is no longer suitable,
- there is benefit to government in vacating the premises as part of a whole-of-government accommodation strategy,
- the building is sold with vacant possession as a condition,
- the building needs to be vacated for refurbishment or safety reasons.

8.2 'General Leased' office buildings

General Leased buildings are standalone leases that are usually occupied by a single agency, or separate leases that are less than 10,000m² in a larger building. There can be multiple general leases in a larger building, and this happens when leases for different agencies are acquired over a period. The term and lease options align with those in the lease. Prior to the acquisition of each private sector lease, the occupying agency must provide a financial commitment to pay the rent and all legitimate occupancy charges for the term of the lease, including option periods if options are exercised.

General Leased office buildings are occupied under an Occupancy Agreement between DHPW and the occupying agency. Agencies must comply with the conditions of the agreement and with all lease conditions.

9.0 Tenancy changes

9.1 Additional area

If an agency requires additional area, then they must formally advise DHPW via a *Request for Accommodation Form*, which is available on the For Government website. This provides QGAO with a brief of the agency's functional requirements and business drivers as well as the preferred locality and commencement date. Agencies must provide adequate advance notice to ensure that the most suitable and cost-effective options can be identified.

DHPW must respond promptly to the request and DHPW will provide accommodation options according to the following order of priority:

1. Available space in government-owned office buildings.
2. Existing vacant space in Major Leased office buildings.
3. Existing vacant space in Other Leased office buildings.
4. New space leased from the existing property market.
5. New space leased under a precommitment lease arrangement.

If the only suitable existing accommodation identified at steps 1 to 3, above, does not have the required functionality or condition then DHPW will work with the agency on remedial work to be carried out. DHPW

funding for remedial work is considered on a case-by-case basis. If it is not viable for that to occur, and within a reasonable timeframe, they will promptly authorise the acquisition of leased accommodation from the private sector market. Should there be nothing suitable in the market they will authorise the acquisition of leased accommodation through a precommitment lease process.

If agreement cannot be reached between DHPW and the requesting agency regarding the suitability of accommodation offered, then the agency or DHPW can request that the Deputy Directors-General Accommodation Group consider the matter.

9.2 Reducing area

Reductions in tenancy area may be sought to respond to changing service delivery needs and/or to realise economic benefits from rationalisation. Proposals to reduce area may be initiated by the occupying agency or by DHPW as part of whole-of-government accommodation strategies.

9.2.1 Advice and notice

If an agency requires less area, they must formally advise DHPW of the proposed area reduction and timeframe. Advance notice is required to allow a reasonable time for DHPW to locate a replacement tenant, or manage a lease agreement, as follows:

- at least six months' notice for area reductions of up to 1,000m²
- at least twelve months' notice for area reductions of over 1,000m²

The notice period starts from the date of the formal acknowledgement of the notice by DHPW. Only notices that are submitted on the *Notice to Vacate* form are deemed as formal notices.

If the area reduction is initiated by DHPW, they will consult with affected agencies and endeavour to also provide the above periods of advance notice. Sometimes emerging whole of Government initiatives or urgent community response initiatives will require a short notice, and DHPW will work with agencies to minimise the disruption wherever possible. If advance notice from DHPW is considered insufficient or if the agency opposes the area reduction, agencies may make a submission to the Deputy Directors-General Accommodation Group.

9.2.2 Rental implications for government-owned and 'Major Leased' office buildings

When the area reduction is initiated by agencies, then rental abatement for the area vacated is possible, provided that:

- the reduced area(s) is (are) of a size and configuration suitable for occupancy by a separate tenant(s)
- there is a reasonable likelihood of obtaining a replacement tenant for the vacated area
- the required advance formal notice was provided.

Provided that the above criteria are met, the date for rental abatement will be set by DHPW based on the period reasonably required to obtain a new tenant for the vacated space. Normally, this period will be six months after the receipt of agencies' notification for area reductions up to 1,000m² and twelve months for area reductions over 1,000m². If the vacated area is backfilled prior to the expiry of those timeframes, rent will cease at the end of the month prior to the new occupant taking up the space. DHPW will take all reasonable steps to obtain a replacement tenant for the space vacated to minimise agencies' ongoing rental obligations.

When the area reduction is initiated by DHPW, then rental abatement will occur from the end of the month in which the agency vacates the space.

The set date for cessation of rent in government-owned and 'Major Leased' office buildings is always the end of a month and commencement of rent is from the first of the **following** month after move in.

9.2.3 Rental implications for 'General Leased' (Private Sector) office buildings

When the area reduction is initiated by the occupying agency, then rental and charges for the whole of the leased area must continue to be paid until the expiry of the lease unless a replacement tenant for the vacated space can be found.

If a replacement tenant is found, then rent and charges for the vacated space can be abated from the date that the replacement tenant commences to pay full rent and charges. However, if the replacement tenant, by agreement with the original occupying agency, is to pay less than the full rent and/or charges, then the original occupying agency must pay the balance of rent and charges applicable for the remaining period of the lease, including option periods if options are exercised.

DHPW will not initiate area reductions in 'General Leased' office buildings unless agreed by the occupying agency. This approach will be taken only if an area reduction would benefit the occupying agency and a replacement tenant has been identified. If an area reduction is agreed, then the abatement of rent and charges will be subject to negotiation.

9.2.4 Project costs for area reduction initiatives

In most cases, costs will be involved in achieving area reductions. These costs can include revision of the existing office layout to reduce space, construction of new inter-tenancy walls and 'make good' to the vacated space.

Generally, the cost of achieving agency-initiated area reductions or rationalisations is the responsibility of that agency. However, when these projects produce whole-of-government benefits, agencies initiating the change may request funding from the Office Accommodation Program (refer to Section 15.0).

When area reductions are initiated by DHPW, then the cost of achieving the area reduction will be funded through the Office Accommodation Program (refer to Section 15.0).

When agencies propose to undertake major rationalisation projects to reduce area, agencies may negotiate special funding arrangements with Queensland Treasury through the budget process.

9.3 Relocating or vacating accommodation

Agencies may initiate a relocation to alternative accommodation and/or propose to vacate existing accommodation for service delivery or economic reasons. DHPW may also propose these initiatives as part of whole-of-government accommodation strategies.

9.3.1 Advice and notice

An agency must formally advise DHPW of their proposal to vacate and/or relocate. Notice periods are the same as for area reductions, as described in section 11.2.1 above.

9.3.2 Approval

When these proposals are initiated by an agency, formal approval is required from DHPW. DHPW will consult with the agency and assess proposals based on:

- Consistency with government policy and/or Cabinet decisions.
- Consistency with the Operating Principles (refer to Section 4.0)
- Cost and benefits to the agency.
- Cost and benefits in whole-of-government terms.
- Consistency with Government accommodation strategies.

DHPW will then, either:

- approve the proposal unconditionally or with conditions
- reject the proposal and provide reasons.

Should an agency disagree with the assessment and/or approval decision made by the DHPW, they may make a submission to the Deputy Directors-General Accommodation Group.

9.3.3 Rental implications for government-owned and ‘Major Leased’ office buildings

The rental implications align with those for area reductions. In the case of relocations, agencies retain any rental savings and are responsible for any rental increase. Agencies may approach Queensland Treasury for rental supplementation through the budget process.

9.3.4 Rental implications for ‘General Leased’ (Private Sector) office buildings

The rental implications align with those for area reductions. In the case of relocations, agencies retain any rental savings and are responsible for any rental increase. Agencies may approach Queensland Treasury for rental supplementation through the budget process.

9.3.5 Project costs for relocating and vacating accommodation

Where Office Accommodation Program funding (refer to Section 15.0) is provided, it will cover costs to establish an equal standard of accommodation to that being vacated. Costs to upgrade accommodation and/or technology are the responsibility of relocating agencies.

The responsibility for costs incurred when vacating accommodation are the same as when reducing a tenancy area, as described in section 9.2.4.

10.0 Vehicle parking

Agencies occupying government-owned, and ‘Major Leased’ office buildings must use the parking in those buildings in preference to leasing additional private sector parking. However, if insufficient vehicle parking is available in the building, DHPW will arrange for additional parking that is suitable to occupants.

Vehicle parking that forms part of an occupancy agreement in a government owned or private sector lease must not be sublet without the agreement of DHPW.

11.0 Rental rates

11.1 Government-owned office buildings

Rental rates in government-owned office buildings are based on independent valuation and align generally with the prevailing commercial market rates. Rents are reviewed on a two-yearly cycle and revised rents are effective from 1 July for year 2005 and every two years thereafter. For additional information, please refer to the Occupancy Agreement or contact DHPW.

11.2 ‘Major Leased’ and ‘General Leased’ office buildings

The rental rates for ‘Major Leased’ and ‘General Leased’ office buildings are negotiated in accordance with the head lease between the building owner and DHPW on behalf of the State of Queensland. Rent review dates are those specified in each head lease. DHPW will negotiate the best rent review outcome as part of its lease management responsibilities and advise agencies of applicable rental rates. For additional information, please refer to the Occupancy Agreement or contact DHPW.

12.0 Suitable locations for government accommodation

The location of office accommodation in regional centres needs special consideration to ensure consistency with government priorities and local government objectives. In particular, Government policy requires agencies to remain in the central business area of regional centres (unless that location would be unsuitable for their service delivery or client base) and to relocate office accommodation from suburban locations to the central business areas of regional centres whenever practical.

13.0 Office Accommodation Workspace and Fitout Standards

Office Accommodation Workspace and Fitout Standards have been developed by DHPW and are included as a supporting document within Guideline 3: Fitout of the OAMF.

14.0 Performance indicators

DHPW is responsible for setting and monitoring office accommodation performance targets and benchmarks. Performance indicators and benchmarks are established to align with both private sector and public sector commercial performance and best practice.

14.1 Service Delivery Statement

Office accommodation performance indicators are included in the annual Service Delivery Statement for DHPW as follows:

Measure	Target
Area of office accommodation managed	Varies*
Number of accommodation strategies completed	4
Vacancy rate	< 2.5%
Value of lease incentives and savings	Varies*
Return on investment (office buildings)	Varies*

* Refer to current Service Delivery Statement.

14.2 Other performance indicators include:

- office area benchmarks for workplace density (m2 per work point or person)
- office fitout project cost rates (\$/m2 and \$/person)
- sustainable office building ratings.

14.3 Reporting

In addition to quarterly reporting for the Ministerial Program Statement, DHPW benchmarks office accommodation performance with other states through the Government Property Group on a six-monthly basis. DHPW is also required to prepare an annual Office Estate Report for the Cabinet Budget Review Committee. Additional reports, submissions and information papers are provided to GOAC periodically.

15.0 Office Accommodation Program

The Office Accommodation Program (OAP), administered by DHPW, is an annual program with a value of approximately \$11.542 million. The purpose of the OAP is to fund office accommodation projects that deliver whole-of-government benefits as well as benefits to individual agencies.

OAP funding is provided for projects in government-owned office buildings and office buildings leased by government from the private sector. Funding from the OAP is not available for office accommodation projects in buildings owned or controlled by other agencies.

Agencies may make submissions to DHPW for OAP funding for specific projects. Preference is given to those that realise whole-of-government benefits, are part of broader accommodation strategies or that support the implementation of government policy (including changes to Ministerial Portfolios).

16.0 Additional information

Additional information, assistance and advice is available from DHPW. Contact information is available at www.build.qld.gov.au/qgao/oamf/contactus.asp