



## **GOVERNMENT PROPERTY PRINCIPLES**

### **OPERATING PRINCIPLES**

#### **Principle 1**

All owned office buildings will be vested in the State Property Authority and lease arrangements will be entered into with tenant agencies through a Memorandum of Understanding. Agencies will not be compensated for the vesting of assets, but will receive budget funding for net rental payments. Normal operating costs will be funded by agencies from existing resources. The vesting of all owned office buildings will occur from 1 July 2008.

#### **Principle 2**

Agencies may vest in the Authority any or all of their non-generic owned property assets subject to agreement with the Authority and Treasury on resource and funding transfers associated with those properties. In some instances Government may direct that certain properties or agency portfolios be vested in the Authority.

#### **Principle 3**

The Authority will assume management responsibility for all leased office space and other leased property assets and sublease arrangements will be entered into with tenant agencies through a Memorandum of Understanding. Agencies will pay a management fee to the Authority in addition to the rent payable under the head lease.

A program will be established to transfer management of existing head lease responsibilities to the Authority.

#### **Principle 4**

The State Property Authority will conduct all lease negotiations (new leases, renewals and rent reviews) for property assets required by government agencies except where the Government Asset Management Committee determines otherwise.

#### **Principle 5**

Consistent with Operating Principle 4, negotiations for all proposed lease pre-commitments must be conducted by the Authority and in accordance with existing approval processes. All pre-commitments to acquire property or office space must be assessed and approved in accordance with the Working with Government Policy and Guidelines.

#### **Principle 6**

Any request to the Authority to acquire new property assets must be consistent with the agency's Asset Strategy, supported by a business case and certification of funding availability for acquisition, rental and fitout, as appropriate. Where an office accommodation requirement exceeds 1,000m<sup>2</sup>, agencies must provide the Authority with a facility plan for approval before the Authority can approach the market.

### **Principle 7**

All proposed property acquisitions must be referred to the Government Asset Management Committee to consider the proposed acquisition strategy and determine the appropriate agency to complete the transaction. Normal Treasury requirements for acquisitions continue to apply. All proposed property disposals will continue to be referred to the Government Asset Management Committee for approval.

### **Principle 8**

No General Government Sector agency will approach the market to acquire property assets, either by lease or ownership, other than through the State Property Authority, unless the Government Asset Management Committee determines otherwise.

### **Principle 9**

All proposals that involve either sale and leaseback arrangements or amortisation of fitouts as part of lease arrangements must be referred to the Authority and will require Treasury's specific approval.

### **Principle 10**

All government agencies must immediately advise the Authority of any vacant, underutilised or no longer required office space or other property.

### **Principle 11**

Car parking spaces that incur a cost to an agency should only be provided for official Government vehicles including vehicles supplied under salary sacrifice arrangements used for official business.

### **Principle 12**

All agencies will enter into an agreed Memorandum of Understanding with the Authority for office space or other property assets it provides. If an agency fails to execute a Memorandum within a reasonable time, the Authority, subject to Treasury approval, may deem its execution and the terms of the Memorandum will be binding on the agency. For leased premises the term is to be consistent with the head lease. For government owned accommodation the term may be negotiated between the parties, but subject to a certain minimum term.

### **Principle 13**

The Authority will enter into Service Level Agreements with agencies in relation to the provision and maintenance of owned or leased non-generic property assets that meet their service delivery requirements and deliver best value for Government.

### **Principle 14**

Agencies are responsible for the provision of fitout, changes to existing fitouts and the makegood of premises provided by the Authority and no fitout, makegood or other alterations are to be undertaken without the Authority's prior approval.

### **Principle 15**

The Authority will conduct regular and ongoing reviews of agencies' property portfolios, working with agencies to identify efficiencies to improve service delivery. The outcome of these reviews will be reported to the Government Asset Management Committee, which will monitor implementation.

## **GUIDING PRINCIPLES**

### **Principle 1**

The Government Asset Management Committee remains Government's peak Chief Executive body for considering all strategic asset management issues. The Committee's terms of reference are broadened to include all assets including assets other than real property.

### **Principle 2**

The title for all new property acquisitions where the responsible Minister does not have the legislative power to deal in property transactions is to be placed in the name of the State Property Authority. All property related leases (including office accommodation) will also be in the name of the State Property Authority.

### **Principle 3**

Government agencies are to achieve the office space use targets determined by Government. Currently these are an average of 17m<sup>2</sup> per person across an agency's office portfolio and 15m<sup>2</sup> per person for all new office space.

### **Principle 4**

Government agencies are to actively pursue opportunities to share common resources or services consistent with Government policy or directives.

### **Principle 5**

The preferred location for agencies in the Sydney CBD is in the southern sector or other sector where equivalent terms can be negotiated. No agency, however, will be provided with accommodation in the Sydney CBD Core unless approval has been obtained from the Government Asset Management Committee.

Subject to individual agency service delivery requirements, the preferred locations for government agencies in the Sydney Metropolitan Area are those centres consistent with the Department of Planning's Sydney Metropolitan Strategy.

Government agencies will ensure that decisions on the location and fitout of office accommodation are consistent with planning for active living principles and sustainable travel options as referred to in the Premier's 'Why Active Living' Statement, including the necessary infrastructure such as showers, lockers and secure bicycle parking.

### **Principle 6**

All government agencies are to ensure that office accommodation complies with Government policy in relation to sustainability and energy conservation. The current policy is outlined in Premier's Memorandum 2004/04.