

Not Relevant

635 PREMISES FOR ROYAL INSTITUTION OF AUSTRALIA (Michael Rann) - NOTED

Not Relevant

7 Reports from Ministerial Councils and Cabinet Committees

8 Sub-Committee

Not Relevant

63

FOR CABINET TO NOTE

RE: PREMISES FOR ROYAL INSTITUTION OF AUSTRALIA

1. BACKGROUND

- 1.1 On 23 October 2006, Cabinet approved negotiations with Sole Property Pty Ltd, which owns the Old Stock Exchange Building, with the aim of purchasing the building for use by the proposed Royal Institution of Australia.
- 1.2 Cabinet also approved additional appropriation and expenditure authority of up to \$5 million for Building Management Accommodation Services of DTEI (BMAS) in 2006-07 to cover the purchase and initial alterations of the Old Stock Exchange Building.

2. DISCUSSION

- 2.1 Negotiations with Sole Property Pty Ltd, conducted through Global Intertrade Pty Ltd, (hereafter referred to as Global Intertrade) have progressed.
- 2.2 As Cabinet was previously advised, the owner was holding the building for other purposes and was not interested in selling the property.

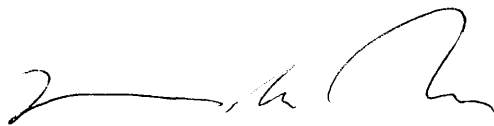
However, Global Intertrade also owns property on Franklin Street and Grote Street, adjoining the Public Trustee Building on two sides. Global Intertrade agrees that the acquisition of the adjoining Public Trustee Building could be a strategic move to consolidate its property holding in that precinct.

Global Intertrade has indicated an interest in purchasing the Public Trustee Building and is now willing to consider the sale of the Old Stock Exchange Building. BMAS and the Public Trustee's building manager conducted a site visit for Global Intertrade on Thursday 7 December.
- 2.3 If Global Intertrade agrees to the purchase and sale, the transactions for the Old Stock Exchange Building and the Public Trustee Building would be negotiated on values based on valuations provided by either the Valuer-General and/or other independent valuers.
- 2.4 The Public Trustee Building is currently tenanted by the Office of the Public Trustee (which is also the building owner), the Courts Administration Authority (CAA) and the Department for Correctional Services (DCS). The Public Trustee tenancy is ongoing. However, the CAA and the DCS tenancies are currently on monthly leases, pending finalisation of these two agencies' longer-term accommodation requirements.
- 2.5 Global Intertrade has indicated that they are willing to consider the sale of the building as a fully tenanted sale, but the nature of the tenancy arrangements, including the agencies to be tenanted and the tenancy period, are still to be determined. Global Intertrade's objective in negotiating a purchase arrangement for the Public Trustee building is to demonstrate to its Spanish parent company that the acquisition represents a commercially viable investment compared to alternative investments internationally.
- 2.6 BMAS is currently developing tenancy options for the Public Trustee building with a view to addressing Global Intertrade's requirements, in

conjunction with DCS', CAA's and Public Trustee's long term accommodation needs. BMAS is also considering other agencies as possible tenants. The Public Trustee has indicated that it is open to relocation on the basis that the current building is held primarily for stability in its accommodation needs and costs rather than any unique building characteristics. The settlement terms to be negotiated will take into account the need to assess alternative accommodation options for the three current building tenants and also possible other tenants as replacements.

- 2.7 The Public Trustee has advised that it is shortly to commence a building audit to identify required base building and any associated fitout upgrades. In addition, the DCS and CAA fitouts are ageing and a complete refit of the Public Trustee Building may be required in the short to medium term if those agencies continued to occupy the premises on a long-term basis. The proposed sale therefore provides an opportunity to explore new tenancy options as part of the negotiation process.
- 2.8 The proceeds from the sale of the Public Trustee building will be retained by the Public Trustee. The Public Trustee, as a Public Non-Financial Corporation (PNFC), is exempt from the application of Circular 114 - Government Real Property Management, which sets out the principles and processes for agencies' use, purchase and disposal of government real property, and in particular from Clause 58 of Circular 114 that requires sale proceeds to otherwise be paid to the Treasurer for application to the Consolidated Account.
- 2.9 It is proposed that DTEI Building Management will undertake the transactions in consultation with the Public Trustee and the Crown Solicitors Office, based on Building Management's experience with major CBD buildings. DTEI is also exempt from the application of Circular 114, and in particular from the requirement to use the LMC as the purchase and disposal agency. However, if the expertise of the Land Management Corporation (LMC) is required, they will be consulted.
- 2.10 Further submissions will be made to Cabinet regarding plans for the Old Stock Exchange Building and accommodation for the Office of the Public Trustee, the Courts Administration Authority the Department for Correctional Services and other agencies, as required.

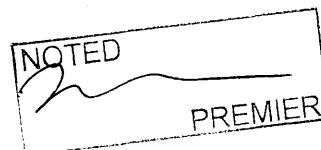
Any submissions required will be developed in consultation with the Public Trustee, other relevant agencies (as prospective tenants) and the Department of Treasury and Finance.



In Cabinet

11 DEC 2006

Hon. Mike Rann, MP
PREMIER
MINISTER FOR ECONOMIC DEVELOPMENT
MINISTER FOR SOCIAL INCLUSION
MINISTER FOR THE ARTS
MINISTER FOR SUSTAINABILITY AND CLIMATE CHANGE



8/12/2006

