Report on the Crown Office Estate

As at 30 June 2013

This Report will be issued annually.

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Foreword

The 2013 Crown Office Estate Report is our third report to track progress of the estate towards the government's goal of reducing our footprint and associated costs. This report captures estate-related data and analysis as at 30 June 2013.

The progress that is being made represents the efforts of a range of people across various agencies and disciplines. The Property Management Centre of Expertise (PMCoE) provides the strategies and frameworks to support agencies, and the results are achieved building-by-building, contract-by-contract. Some of these are large and high profile, led by the PMCoE, but there are also a large number that are smaller in nature but equally require prudent management.

The period covered by this report encompasses two phases of the PMCoE. In October 2012 Cabinet created the role of the Functional Leader for Property and appointed the Chief Executive of the Ministry of Social Development to that role, exercised through the PMCoE. Prior to this, the PMCoE was acting under the original mandate that did not include any approval authority.

While the changes from the 2012 report to the 2013 report are modest as a proportion of the portfolio, they are nonetheless significant in scale in themselves. The reduction in area of around 15,000 m^2 represents the size of a large metropolitan office building in size.

The scale of the individual transactions will vary as lease expiries allow, but each transaction contributes to the overall objective. All transactions, large or small over the past year have been within the Government's expectation of 12-16 m^2 per person. Generally, the larger the transaction, the longer the lead time and therefore the lag until it will be represented within the Crown Estate Report.

While not contributing to the metrics in this year's report, over the past year we have completed a number of significant transactions that are indicative of the results we expect to achieve going forward:

- The Ministry of Business, Innovation & Employment's agreement for its National Office resulted in baseline savings of $60.62 million over 20 years; cost avoidance of $187.98m compared to the projected status quo; and a space reduction of 36% (32,906 m^2 to 20,904 m^2). This was an area per person reduction from 21.4 m^2 to 13.6 m^2.

- The Ministry of Social Development's agreement for its National Office will achieve a reduction of 13% in its property footprint (from 27,788 m^2 to 24,255 m^2), an occupancy density of 12.8 m^2 per person from 17 m^2, and achieves cost avoidance of $6.10 million compared to the projected status quo.

- Crown Law co-located with the Ministry of Justice, utilising surplus space and resulting in shared facilities and a reduction in the overall Crown footprint of 4,800 m^2.

This report provides the information Ministers, the PMCoE, agency leadership teams and property professionals need to assess our performance and to identify our next priorities so we can continue to build on our progress to date.

I wish to express on behalf of the PMCoE team our thanks to all those who have supported the production of this report and the achievement of the improvement in the performance of our estate in the past year.

DAVID J WHITE
Director, *Property Management Centre of Expertise*

Executive Summary

The 2013 Crown Office Estate Report is the third publication reporting on progress made during the year towards the Government's goals for its property.

These goals are to:

- realise efficiency and effectiveness gains in Crown property management

- build property management capabilities within departments and Crown agencies

- optimise the use of the Crown estate; build collaboration and co-operation between government entities in property and property-related activities

To support the achievement of its goals, the Government has provided seven clear expectations for departments and crown agents (listed in Appendix 1). These expectations cover how the agencies are to manage their property portfolios and how they are to contribute to the Government's property management goals.

The expectations are that agencies will:

- have national property plans

- provide productive, flexible, cost-effective workspaces

- adopt cost-effective options to manage energy consumption and emissions

- reduce the total lifecycle costs of occupancy, including working towards an office space occupancy density goal of 12–16 m^2 per full-time equivalent (FTE)

- behave and negotiate with due regard to the impacts on other Crown agencies operating in the same market

- have a whole-of-government perspective when considering lease options, including as a priority considering surplus space available from other government agencies and co-location opportunities

- only enter rental contracts that limit performance and price risks.

In October 2012 Cabinet expanded the PMCoE's mandate to include:

- mandatory Property Principles and Standards

- mandatory all-of-government procurement

- sign-off on tenure decisions

- sign-off on biennial property strategies and operational plans

- the compulsory adoption of a common information system

The PMCoE supports these goals and agency expectations by providing tools, information and guidance on property management best practice.

Highlights for 2013

Reduction in the Estate of 14,782 m^2 overall, mainly in Wellington office area.

Average m^2 per person reduced from 20.5 to 19.2.

m^2 per workstation reduced from 17.9 m^2 to 16.5 m^2.

The average cost per person (landlord rents/operating expenses only) has had a small increase of 3.5% from $259 per m^2 to $268 per m^2 (excluding facilities management costs).
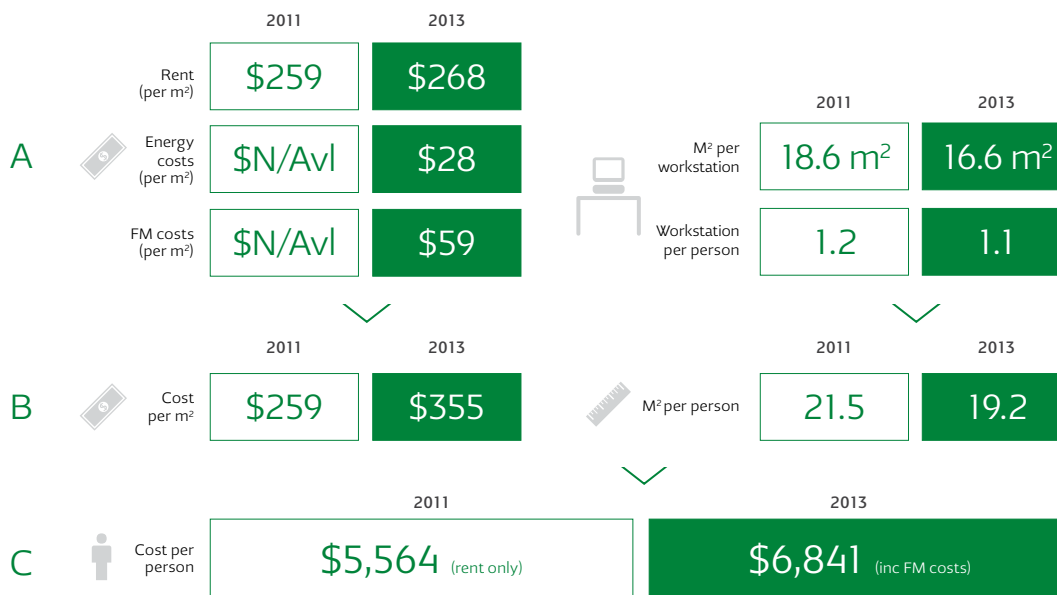
Overview

The summary statistics below are for the entire Crown Estate for 2013, not just PMCoE mandated office space:

Total leases	Total m²	Total buildings	Number of people	Total rent spend per annum
1,151	1,654,610 m² (433,020 m² freehold and 1,221,590 m² leasehold)	1,086	63,696	$328 million

Measuring performance

As presented in the last two reports, the model below shows the key property management performance measures for the Crown leasehold Office Estate. This year we have collected and included the costs for energy and facilities management (FM), which provides a more realistic cost per m² and cost per person in the office estate going forward for future reporting.

		2011	2013			2011	2013
A	Rent (per m²)	$259	$268		M² per workstation	18.6 m²	16.6 m²
	Energy costs (per m²)	$N/Avl	$28		Workstation per person	1.2	1.1
	FM costs (per m²)	$N/Avl	$59				

		2011	2013			2011	2013
B	Cost per m²	$259	$355		M² per person	21.5	19.2

		2011	2013
C	Cost per person	$5,564 (rent only)	$6,841 (inc FM costs)

The model has three levels:

- **Level A:** the detailed office measurements underpinning the cost efficiency and space efficiency measures at Level B. Energy and FM measurements have been collected this year are included for the first time
- **Level B:** cost per m² – the overall cost efficiency measure, derived from the three cost measures at Level A; and m² per person – the overall space efficiency measure, derived from the two space efficiency measures at Level A
- **Level C:** cost per person – the overall efficiency measure, derived from the leasehold office cost and space measures at Level B

🔍 Observation
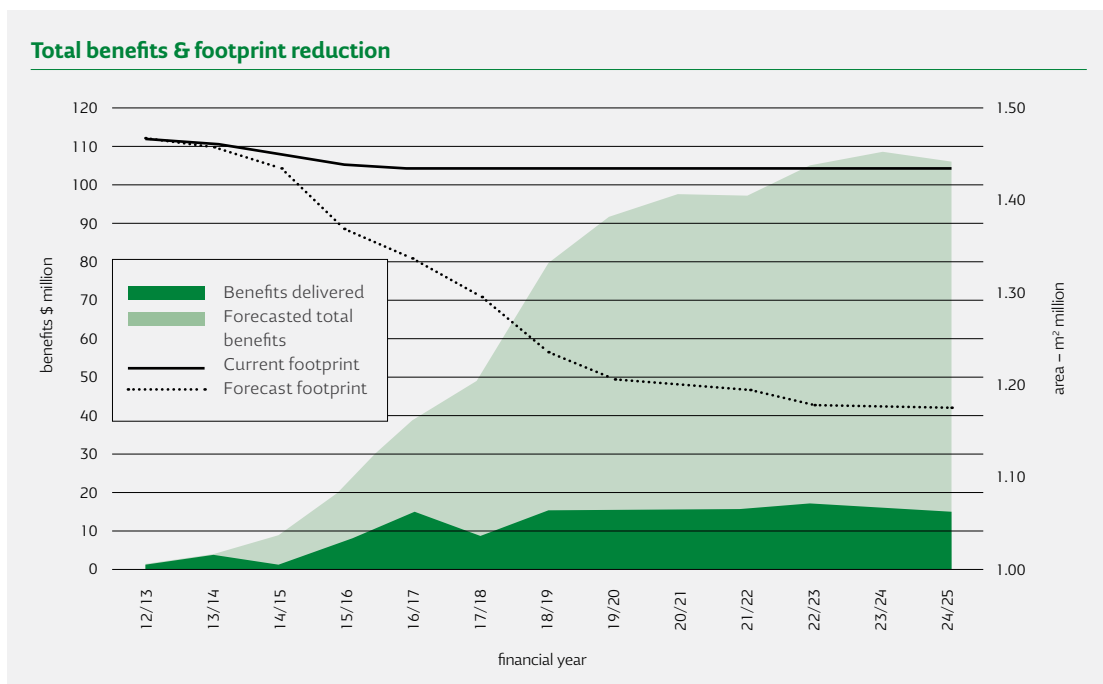
The 2013 figure of $6,841 per person is very cost effective. Many commercial organisations and professional services companies are in the $8,500 - $10,000 per person range but operate in a 12-16 m² per person band. Therefore the opportunity presents itself to attain the target of 12-16 m² per person and lower the annual cost per person by approximately 20% to circa $5,000 per person.

Impact of footprint reduction

Efficient and effective use of the estate office space is key to releasing savings by reduction of space and cost. In the previous estate reports we provided details on the impact of the reduction of the footprint based purely on rentals only. We can now provide a more detailed picture of the forecast savings that can be achieved. The dark green "benefits delivered" in the below graph reflect contracts signed and business cases approved. The light green "forecast" benefits represent the potential benefits the PMCoE has modelled. Over time the benefits delivered will grow, aiming to reach the total forecast benefits.

The savings forecast is based on a total footprint reduction of 18.75% with total benefits peaking at $109m per year. Incorporated into the forecast benefits modelling is the following:

- agency property plans
- agency business intentions
- accommodation project business cases
- market information, e.g. rental forecasts
- professional fees

- utilities, e.g. power
- maintenance and facilities management costs
- procurement economies
- relocation costs

Total benefits & footprint reduction

Government National Property Strategy and Principles (GNPS)

In March 2013 the Government National Property Strategy and Principles (GNPS) became Government policy when it was approved for publication by the joint Ministers for State Sector Reform. This document provides a clear vision for the Crown estate and expectations for agencies on how they will manage their property portfolios to realise the GNPS goals. The strategies enduring themes and objectives are outlined below:

Enduring common themes of the PMCoE mandate

| Value for money | Effectiveness | Flexibility & Adaptability | Quality | Safety |

National Property Strategy Objectives

| Drive efficiencies through property | Enhance the capability to adapt to change | Enable access to people, information and amenities | Achieve consistency of workplace quality | Safe and secure workplace environments |

National Property Strategy Principles

Portfolio

Responsive to changing government priorities

Align with agency Statements of Intent and Strategic Plans

All of government approach

Co-location and sharing

Spaceless growth

Workplace

Open-plan working environment

Shared collaborative & quiet spaces

Utilisation of technology

Mobility and adaptability

Consistent design

Choice of workplace settings

Safe and secure environment

Spaceless growth

Asset Management

Value focus

Agile infrastructure

Adaptability and re-use

Lease & Facilities Management

Integrate property with management planning

Centralise information and risk management

Cost efficiency

Service

The PMCoE is using the GNPS as a foundation document to guide the development of its all of government, portfolio approach work programme.

Forward view 2014

These reports provide an annual snapshot of performance in the efficiency and effectiveness of management of our office portfolio, so that we can assess our progress against the Government's goals and expectations.

This snapshot of performance is indicative but not necessarily fully reflective of the performance during the time period covered by the report. Many of the major activities and transactions undertaken by the PMCoE and agencies during the year will not be reflected until future years. Inherent within the management of an enduring asset such as property is the acceptance that performance must be viewed over medium term, and that there are often significant lead times.

Benefits measurement and realisation remains important to functional leadership and the modelling and reporting of this has also been refined. Going forward we expect to increase both the detail and accuracy of benefit forecasting and reporting.

1. About this Report

1.1 Introduction

The purpose of the Crown Office Estate Report is to provide a snapshot of the Crown office accommodation portfolio and an assessment of progress being made towards improving the efficiency and effectiveness of the Crown's Office Estate (the Estate). The publication of this report is required by Cabinet annually.

This, the third annual report was generated using a consistent set of data points and metrics. It clearly demonstrates the progress that agencies and the PMCoE are making towards achieving the Government's property goals for the Estate to:

- realise efficiency and effectiveness gains in Crown property management

- build property management capabilities within departments and Crown agencies

- optimise the use of the Crown estate, building collaboration and co-operation between government entities in property and property-related activities

This report:

- sets out data sources and the key performance indicators used to measure the progress of agencies in achieving the Government's property goals

- uses the key performance indicators to measure the 2013 performance against the baseline set in 2011

- provides insight into and reports progress on delivering performance improvements across the Crown office estate

- includes case studies as examples of the activities and initiatives that have contributed to overall improved Estate performance

1.2 Benchmarking Administrative & Support Services (BASS)

This annual report also incorporates the property metrics previously reported by Treasury as part of the Benchmarking Administrative & Support Services (BASS) annual survey undertaken by public services departments. Therefore Treasury will no longer be reporting separately on these aspects.

1.3   Key performance indicators

This report is focused on 3 main key performance indicators:

- Overall reduction in area of the Estate

- Reduction in the cost of office space per person

- Improvement in the utilisation of the occupied space

1.4   Agencies and space comprising the PMCoE mandate
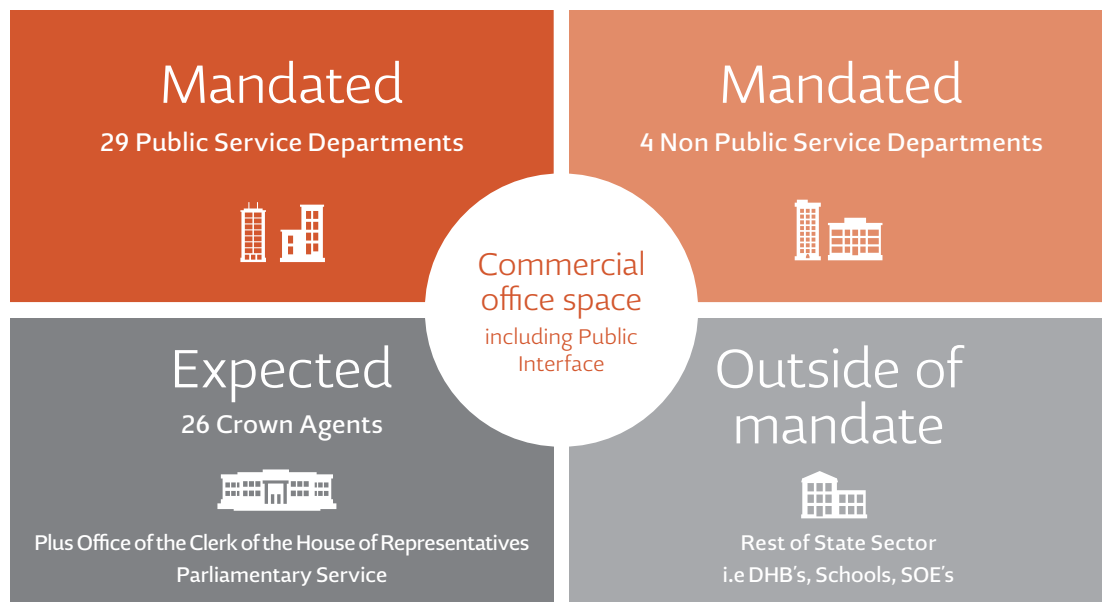
As at 30 June 2013, 61 agencies (29 government departments, six non-public service departments and 26 Crown agents) were mandated or expected, to participate in the PMCoE programme. A full list of the participating agencies is in Appendix 1. The PMCoE mandate includes all commercial office buildings, whether they are used for service delivery, head office or support functions, within the Government's property estate. Specialist and operational facilities, for example hospitals, prisons, court rooms, and emergency services' stations, are not included as part of the PMCoE mandate.

1.5 Reporting period

This report reflects the Government's national commercial estate as at 30 June 2013. Expenditure data reflects the period 1 July 2012 to 30 June 2013.

1.6 Data presented

Please note some **important parameters** in relation to the data presented within this report.

- All graphs relating to density (persons per m², workstations per m²) reflect the Crown office space only, for both leasehold and freehold properties. The full definition of 'office space' is in the glossary in Appendix 3

- All cost graphs reflect the leasehold costs in office defined areas only, with the exception of the two graphs relating to 'cost per m²' which are calculated on the entire leasehold data. Cost calculations for these graphs are based on rent, operating expenses (charged under the lease terms) and carpark costs only

- This year we have collected from agencies additional information relating to cost of operating their buildings (including electricity and facilities management). These costs have been included in the overall efficiency table on page 4

- The number of properties and leases overall for 2013 has changed significantly this year reflecting improvement in the integrity of the data. This is now a firm baseline going forward

1.6.1. Data update

The PMCoE undertook a manual data collection process with agencies to update their portfolio data to 30 June 2013.

The PMCoE will be utilising the recently implemented centralised government database, the Government Property Portal (GPP) as the data source for all future reports. Agencies have access to the data base and are required to record and maintain up-to-date details on their portfolios. This will allow the PMCoE to have close to real time information about the Estate.

1.6.2 Datasets used in this report

- costs for rents, operating expenses (charged under the lease terms) and carparks both office and public interface

- costs for operating office space, i.e. energy, facilities management

- square metre (m²)

- headcount

- workpoints

As at 30 June 2013, 61 agencies (29 government departments, six non-departments and 26 Crown agents) were mandated or expected, to participate in the PMCoE programme.

2. The Estate

2.1   Introduction

Continuing the trend from the previous years, 2013 has seen further progress and improvements within the Estate. The entire Estate has seen an overall reduction of 14,782 m².

The rental cost of running the estate has increased by approximately 1.25% or $4million. The data tells us that this appears to be due to increased insurance costs and several agencies in 2013 facing rental increases from scheduled rent reviews. However this cost increase is offset by the area reduction within the estate and therefore better utilisation of space.

Additional office cost data, including energy costs and facilities management, was collected from agencies in 2013. This data has been included in the overall efficiency graph (average cost per m²) for the office estate on page 4. Our intention is to incorporate this data fully in all future reports. The total cost for both electricity and facilities management within the estate for 2013 was $82m. This presents a large opportunity for the PMCoE through procurement and policy for potential savings in these areas. Opportunities will be explored over the next 12 months.

2.2   National overview

The following national table provides an overview of the entire estate (irrespective of function) data for 2013 from the baseline set in 2011.

	2011	2012	2013
Total m²	1,720,527 m²	1,669,392 m²	1,654,610 m²

This is an overall reduction of 65,916m² from 2011

	2011	2012	2013*
Total buildings	1,143	1,129	1,086

	2011	2012	2013*
Total leases	1,344	1,326	1,151

	2011	2012	2013
Total rent spend per annum (excludes any facilities costs)	$326 million	$324 million	$328 million

	2011	2012	2013
Number of people (headcount) accommodated	60,600	61,128	63,988

*The number of properties and leases overall for 2013 has changed significantly this year reflecting improvement in the integrity of the data. This is now a firm baseline going forward.

2.3 Regional metrics

2.3.1 Introduction

This section provides both metropolitan and non-metropolitan views of the Crown office estate. The metropolitan graphs include office holdings in the CBD and non-CBD locations within the metropolitan area. The non-metropolitan graphs also show the overall averages for the 3 years. Agencies in the smaller centres have been taking a more collaborative approach to meeting their accommodation needs which has seen a growing acceptance of co-location and sharing of facilities as a viable option. This has flowed through to reductions in accommodation requirements and better utilisation of space available.

2.3.2 Metropolitan locations – Area (m²) per office person

The two graphs below show the average m² per office person by region and city.

Wellington (m² per person)	Auckland (m² per person)	Christchurch (m² per person)
2011 — 20.6	2011 — 22.2	2011 — 23.0
2012 — 19.7	2012 — 20.5	2012 — 18.7
2013 — 18.37	2013 — 19.9	2013 — 16.72
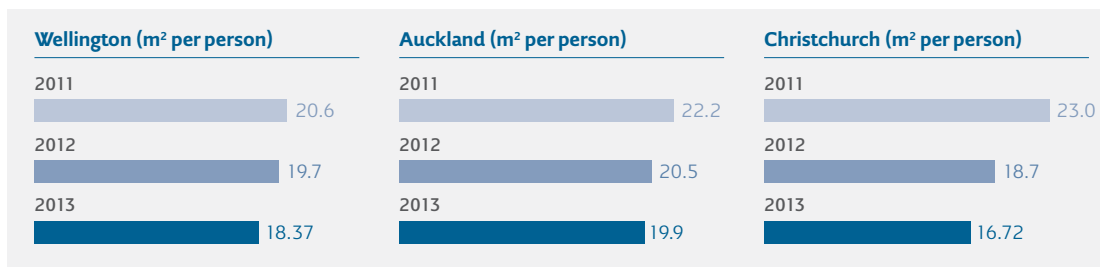
Non-metropolitan locations – Area (m²) per office person by region

The large change to the Coromandel for 2013 is due to an office closing and a reduction in the headcount plus re classification of the remaining agencies areas. This change has affected the overall average for 2013. Analysis of the data taking this into consideration shows that the regions are trending in a positive direction although not shown. Note: Nelson is combined with Tasman.
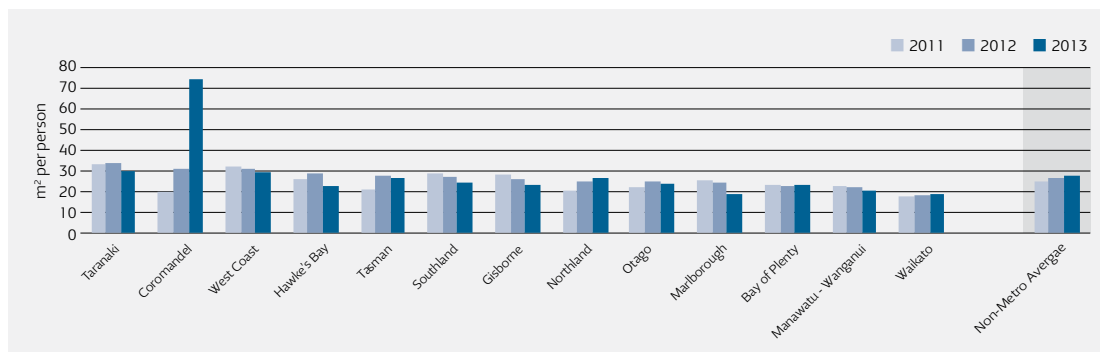
🔍 Observations

> Overall the trend is showing positive progress towards the goal of between 12 to 16m² per person for metropolitan locations

> There is still scope for improved utilisation of space through exploring alternative ways of working for both metropolitan and non-metropolitan locations

2.3.3 Metropolitan area occupied

The following two graphs show the total m² occupied in relation to leasehold and freehold space, and office and non-office (public interface) space.

Areas (m²) – freehold vs. leasehold

■ Leasehold ■ Freehold

Office vs. non office (m²)

■ Non Office ■ Office
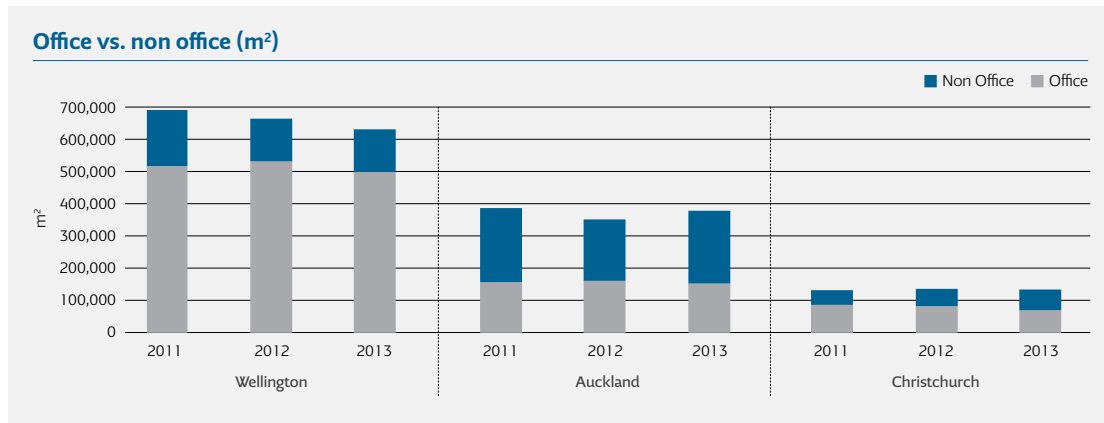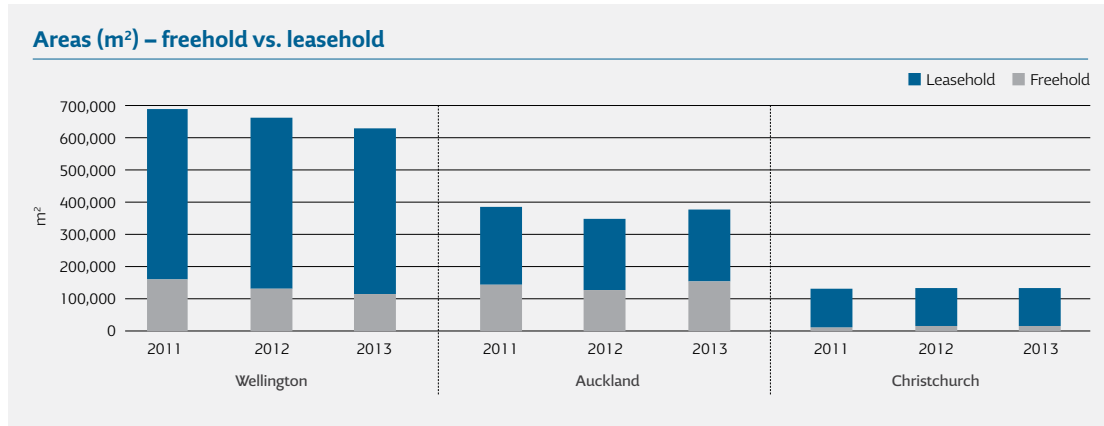
2.3.4 Cost per m²

The following two graphs detail the average rents across the estate by city and region, using the total leasehold cost per m².

Metropolitan – cost per m²

Wellington – cost per m² ($)	Auckland – cost per m² ($)	Christchurch – cost per m² ($)
2011 — 340	2011 — 253	2011 — 206
2012 — 346	2012 — 269	2012 — 188
2013 — 355	2013 — 271	2013 — 229
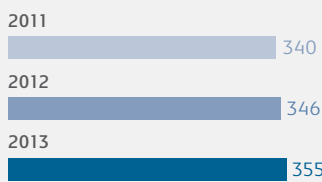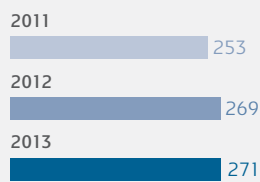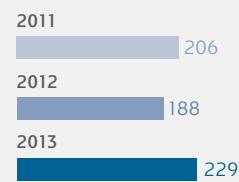
Non-metropolitan locations – cost per m²
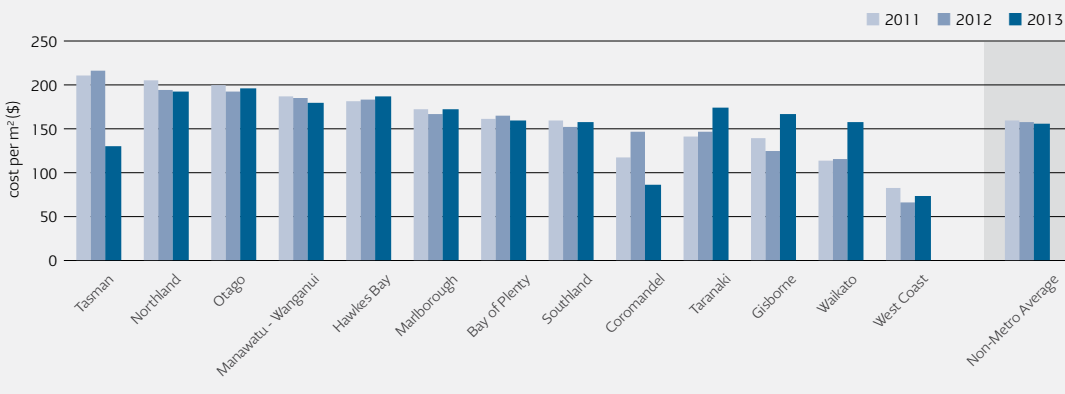
🔍 Observation

The cost changes in the cities and regions are consistent with market trends. In particular the increases reflect the cost pressures faced by landlords through increased insurance costs.

2.3.5 Cost per office person

This graph shows the average cost per office person (rents only).

Metropolitan – cost per office person

Wellington – cost per person ($)	Auckland – cost per person ($)	Christchurch – cost per person ($)
2011 — 7,021	2011 — 5,622	2011 — 4,730
2012 — 6,808	2012 — 5,511	2012 — 3,518
2013 — 6,555	2013 — 5,282	2013 — 3,725
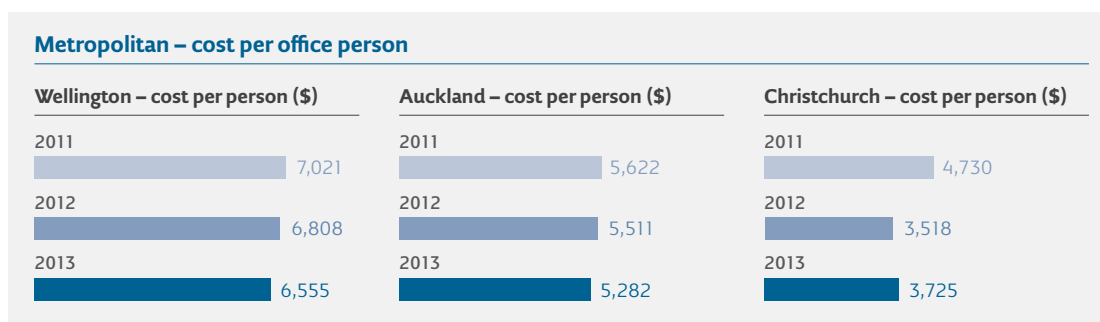
🔍 **Observation**

We can see that the overall cost per person has reduced (with the exception of Christchurch) which shows us that although the overall cost of the estate has risen slightly, with more accurate headcount information this year the densities have improved and therefore the cost per person.

2.3.6 Office area per workstation

The next two graphs show the office densities.

Metropolitan – office area per workstation

Wellington (m² per workstation)	Auckland (m² per workstation)	Christchurch (m² per workstation)
2011 — 18	2011 — 20	2011 — 21
2012 — 17	2012 — 17.9	2012 — 18.4
2013 — 16	2013 — 16	2013 — 16

Non-metropolitan locations – office area per workstation

Note: as per previous non-metropolitan graphs (2.3.2) the Coromandel data has seen change due to the closure of a property and the re classification of the remaining property.

🔍 **Observation**

The general trend indicates smaller workstation foot print and more efficient use of the available space. This is consistent with the recorded reduction in m² per person. As mentioned earlier in the non-metropolitan graph for area per office person the Coromandel data also impacts the above graph on the average data presented.

2.3.7 Workstations per person

Metropolitan – workstations per person

Wellington (workstations per person)	Auckland (workstations per person)	Christchurch (workstations per person)
2011 — 1.2	2011 — 1.1	2011 — 1.1
2012 — 1.2	2012 — 1.1	2012 — 1
2013 — 1.17	2013 — 1.16	2013 — 1.04

🔍 **Observation**

This graph has remained fairly static for the past three years and supports the view that agencies still hold to a traditional approach of "a desk per person" in providing work space for staff. There is opportunity to challenge this paradigm and explore options for greater utilisation of the available workspace. The PMCoE will be releasing new workplace standards and guidelines in 2014 to encourage agencies to consider alternative working arrangements.

2.3.8 Crown portfolio property grades

The following graphs for the metropolitan cities show the property gradings self-assessed by each agency for the entire area.

Metropolitan estate grading (m²)

Wellington
- 6,988 / 1%
- 30,171 / 5%
- 5,625 / 1%
- 168,433 / 27%
- 215,275 / 35%
- 191,214 / 31%

Auckland
- 23,955 / 6%
- 1,196 / 0%
- 57,127 / 15%
- 183,153 / 48%
- 68,117 / 18%
- 49,688 / 13%

Christchurch
- 28,408 / 25%
- 34,992 / 30%
- 280 / 0%
- 30,493 / 26%
- 22,227 / 19%

Legend: ▪ Premium　■ A Grade　■ B Grade　■ C Grade　■ D Grade　■ Not Classified
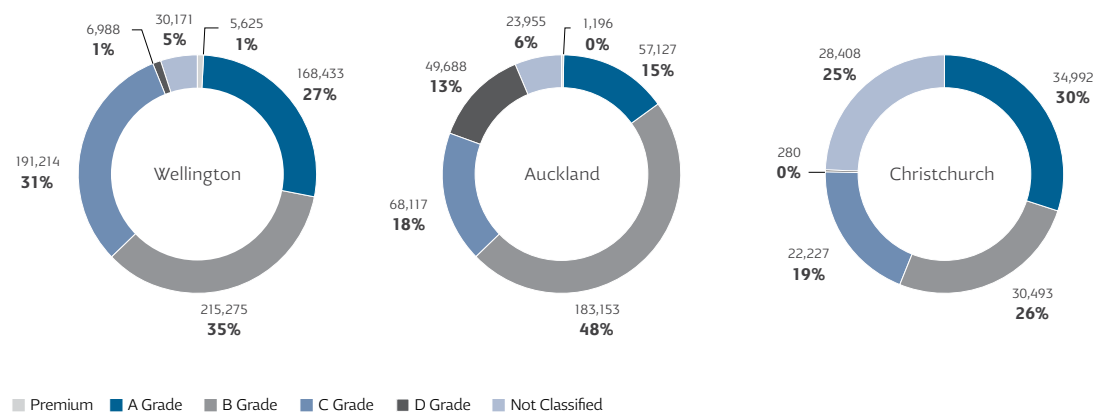
2.4   Agency metrics

2.4.1 Introduction

This section provides a view of each agencies office accommodation footprint, utilisation and cost of provisioning. For ease of reading the graphs in this section only detail the performance of agencies with portfolios over 10,000 m². Where a graph shows an all agency average this is the averages for all agency data not just those presented. For a full list of agency metrics and acronyms see Appendix 2.

2.4.2 Total area by agency

This graph shows the total areas for both leasehold and freehold including office, public interface and operational space.

total Area (m²) thousands
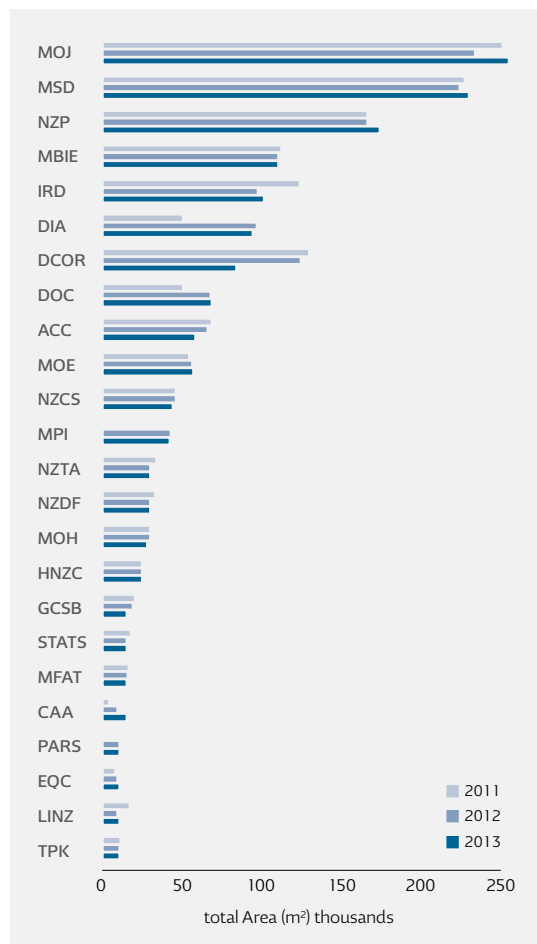
2.4.3 Agency office area (m²) per person

Area per person is the principle measure of how efficiently space is being utilised.

This graph details for each agency their progress over the last 3 years towards achieving the Government's goal density of 12-16 m² per person, shown as a grey band on the graph.

m² per person
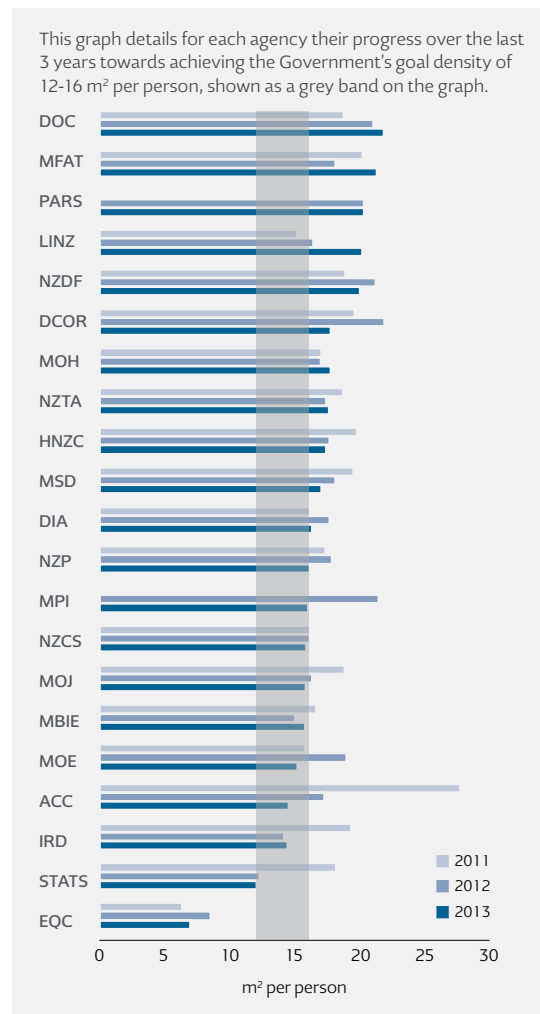
🔍 Observation

There is still considerable scope for agencies to better utilise space available, although from the data presented in 2011 there is a clear trend in the right direction towards achieving the Government's goals.

2.4.4 Area (m²) per office workstation by agency

This graph shows the average m² per workstation using both leasehold and freehold office data.

2.4.4 Area (m²) per office workstation by agency
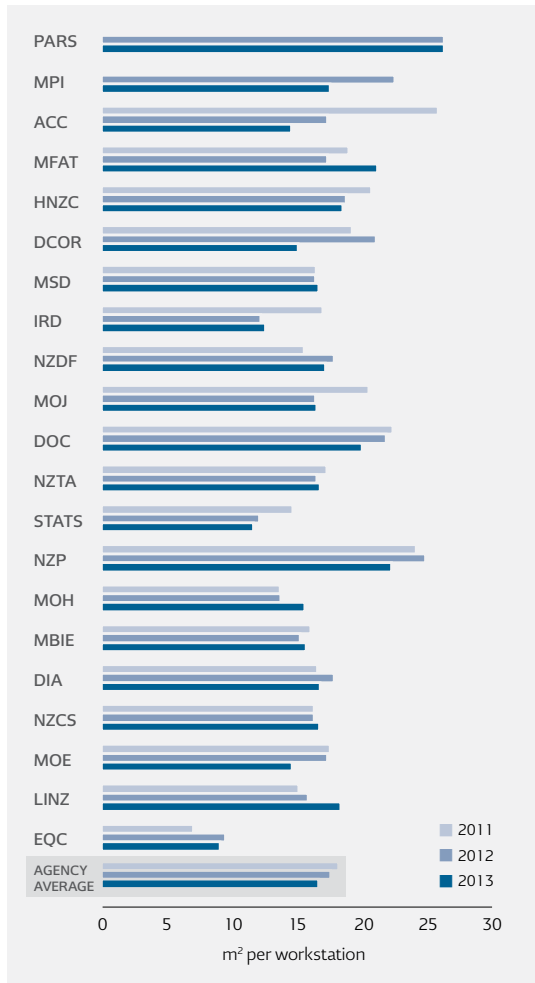
2.4.5 Cost per m² by agency

This graph details the average cost per m² based on the total leasehold area within an agency portfolio.

2.4.5 Cost per m² by agency
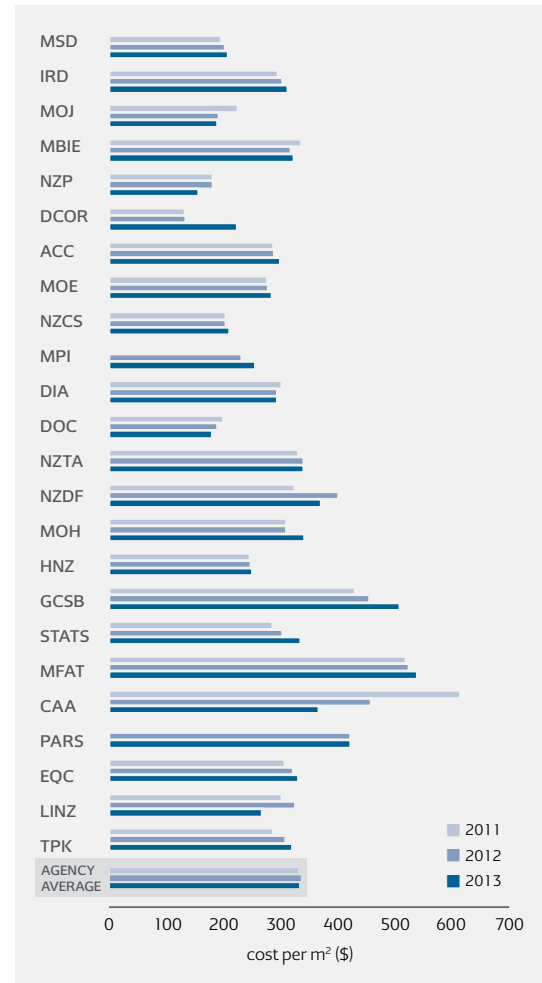
2.4.6 Cost per person by agency

This graph shows the average office cost per person using agency office leasehold costs and area in relation to their total leased office area.
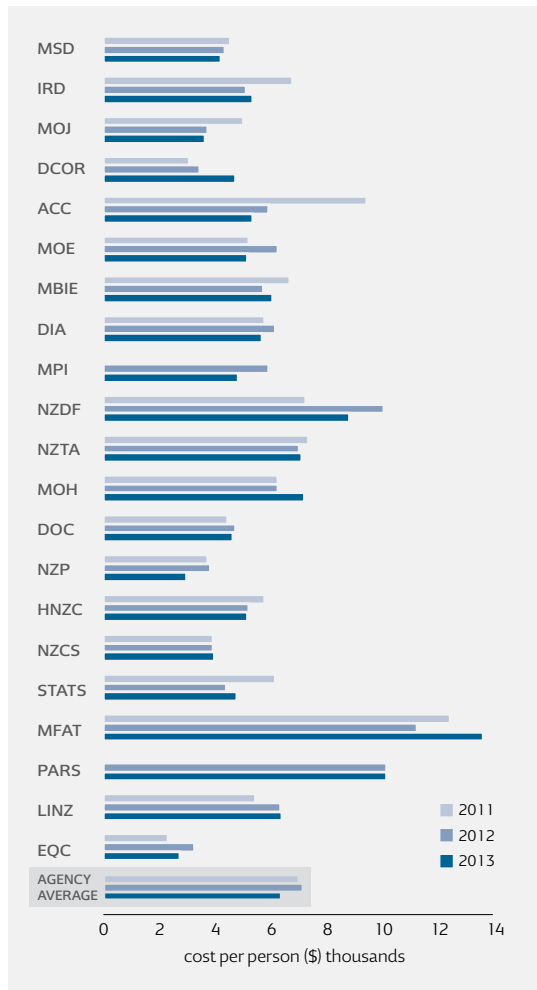
2.5 Summary of agency metrics

Overall, the graphs and data over 3 years are indicating a positive trend for most agency metrics in relation to the estate key performance indicators. Some of the movement is attributed to further improvements in the data provided and to increased co locations, brokering of estate space, awareness and the support of the PMCoE to agencies when making portfolio decisions.

New Ways of Working – Education New Zealand Refurbishment Project

Finding new ways of working for employees in the public sector has been the focus for the PMCoE who are tasked with leading a whole-of-government approach to property management and procurement.

The PMCoE is exploring innovative ways for government agencies and service lines to be more collaborative and efficient in the work environment, technology and even the furniture that makes up their space.

The new Education NZ office in Classic House, Murphy Street, Wellington is the most recent example of applying this framework to the development of a government workspace.

Before its refurbishment the office was open plan with minimal shared space for staff and management. Staff had little choice other than to be deskbound.

By adopting new working styles, Education NZ made better use of the space. It introduced a choice of work settings, a dedicated receptionist, small waiting area, including enclosed meeting rooms, an enclosed CE area, multi-use and multi-function staff café, and an assortment of non-bookable collaboration and touch down seats.

Supported by mobile technology, Education NZ can modify its working environment around real business drivers. Staff can use the entire floor as their work point.

Shared, non-bookable collaboration areas

Lift lobby converted into reception and waiting area
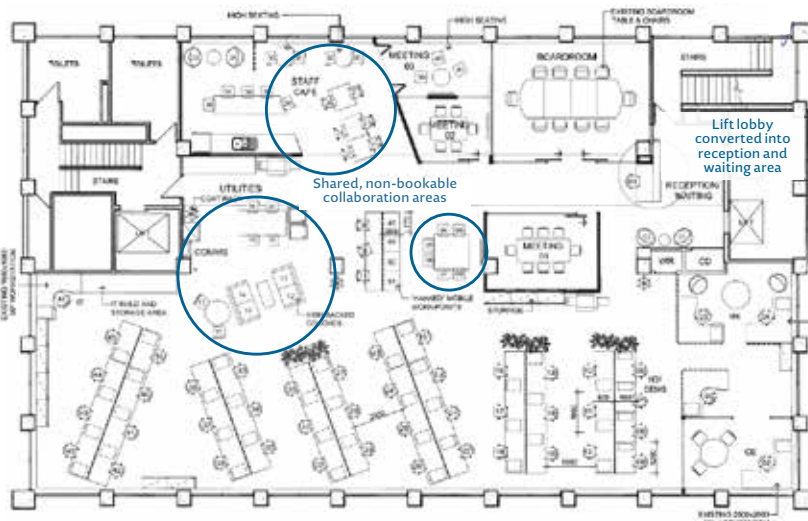
Quick facts:

> 485.25m² area
> 51 workpoints
> 9.5m² per workpoint
> 17.7% increase in space efficiency
> Mobile technology
> Flexible working options

3. Improving our Performance

3.1 Introduction

Having detailed information relating to the past three years operation of the Crown office estate has enabled us to validate the estate performance metrics, identify opportunities for improvement and track our overall progress towards achieving the goals of the GNPS.

3.2 Measuring performance

As presented in the last two reports, the model below shows the key property management performance measures. In this report we compare the 2013 results against the original 2011 baseline.

It should be noted that data relating to cost of energy and facilities management (FM) have been included for the first time in 2013. This has impacted baseline cost comparisons.

		2011	2013				2011	2013
A	Rent (per m²)	$259	$268		M² per workstation		18.6 m²	16.6 m²
	Energy costs (per m²)	$N/Avl	$28		Workstation per person		1.2	1.1
	FM costs (per m²)	$N/Avl	$59					

		2011	2013			2011	2013
B	Cost per m²	$259	$355	M² per person		21.5	19.2

		2011	2013
C	Cost per person	$5,564 (rent only)	$6,841 (inc FM costs)

The model has three levels:

- **Level A:** the detailed office measurements underpinning the cost efficiency and space efficiency measures at Level B. Energy and FM measurements have been collected this year are included for the first time
- **Level B:** cost per m² – the overall cost efficiency measure, derived from the three cost measures at Level A; and m² per person – the overall space efficiency measure, derived from the two space efficiency measures at Level A
- **Level C:** cost per person – the overall efficiency measure, derived from the leasehold office cost and space measures at Level B

🔍 Observation

The 2013 figure of $6,841 per person is very cost effective. Many commercial organisations and professional services companies are in the $8,500 - $10,000 per person range but operate in a 12-16 m² per person band. Therefore the opportunity presents itself to attain the target of 12-16 m² per person and lower the annual cost per person by approximately 20% to circa $5,000 per person.

3.3   Government National Property Strategy (GNPS)

In March 2013 the Government National Property Strategy and Principles (GNPS) became Government policy when it was approved for publication by the joint Ministers for State Sector Reform. This provided a clear statement of the Government's vision for the Crown estate and the goals that it expected agencies, supported by the PMCoE, to achieve.

The GNPS contains the following vision:

"A government property portfolio that is responsive, affordable, sustainable and safe, leveraging property as a tool to support organisational culture and assist in the delivery of services."

The strategic property objectives are built upon long term enduring themes and supported principles that will directly support agencies achieving the anticipated value for money from their property portfolios. This model captures these relationships.

Enduring common themes of the PMCoE mandate

| Value for money | Effectiveness | Flexibility & Adaptability | Quality | Safety |

National Property Strategy Objectives

| Drive efficiencies through property | Enhance the capability to adapt to change | Enable access to people, information and amenities | Achieve consistency of workplace quality | Safe and secure workplace environments |

National Property Strategy Principles

Portfolio

Responsive to changing government priorities

Align with agency Statements of Intent and Strategic Plans

All of government approach

Co-location and sharing

Spaceless growth

Workplace

Open-plan working environment

Shared collaborative & quiet spaces

Utilisation of technology

Mobility and adaptability

Consistent design

Choice of workplace settings

Safe and secure environment

Spaceless growth

Asset Management

Value focus

Agile infrastructure

Adaptability and re-use

Lease & Facilities Management

Integrate property with management planning

Centralise information and risk management

Cost efficiency

Service

The strategy is now the foundation document on which the PMCoE is building its work programme and initiatives. This more centralised approach and the expansion of the role of the PMCoE is expected to increase the quality, and to advance the realisation, of potential property-related savings. This is due to:

• central co-ordination between ICT (information and communications technology) and property decisions to provide integrated workplace solutions

• decisions on co-location and other sharing of resources based on all-of-government benefits, rather than individual agency preferences

• standardisation to reduce the cost of implementation and allow for economies of scale and flexibility

• better-quality decisions and performance monitoring via centrally held information

• provide a brokerage service to match Crown agencies seeking space with those that have surplus space, investigate the shared contracting of property-related supplies and facilities' management, and support the co-location of agencies (including identifying common barriers to co-location and developing solutions.

3.3.1 New all-of-government portfolio approach

The expansion of the PMCoE mandate has enabled the PMCoE to take a more strategic, all of government, portfolio approach to its work programme.

This model outlines the approach and relationship between the GNPS, standards and guidelines and operational delivery.

Provided by Cabinet

Functional Leadership Mandate

Approved by State Sector Reform Ministerial Group

Government policy, mandatory for agencies

National Property Strategy & Principles

Portfolio

Portfolio principles prescribe the AoG planning approach and strategic integration of property

Workplace

Workplace principles provide the workplace design and implementation expectations

Asset Management

Asset management principles set quality and planning expectations focusing assets on best value for money

Lease & Facilities Management

Lease & facilities management principles set expectations of integration, management and service

Standards approved by Ministers

Guidelines published by Functional Leader for Property

Standards mandatory for agencies

Standards & Guidelines

Guidelines are provided to assist agencies with property-related information, links, tools and other resources.

Workplace

Workplace standards set the specifications of fitout and layout elements

Asset Management

Asset management standards set the specifications of property-related assets

Lease & Facilities Management

Lease & asset management standards set the management and service level specifications

Approved by PMCoE and Functional Leader for Property

Operation

Processes, procedures and templates provide clarity of process and help manage administration for agencies.

Functional Leadership Work Plan

Biennial work plan outlining key tasks, project goals, outputs and targets

Agency Property Plans

Agency-specific property plans reflecting functional leaders' goals and strategies

PMCoE Service Model

Service-level agreement outlining best practice PMCoE will apply to service delivery and agency interaction

Through stakeholders, central and local government, the private sector, market and economic conditions, and Government policy and strategic objectives, the PMCoE is promoting and implementing best practice and continuous improvement measures in the Crown property portfolio. Areas of focus are being identified for research and the PMCoE will facilitate the outcomes, incorporating them into policy, processes and procedures where relevant and supporting the GNPS.
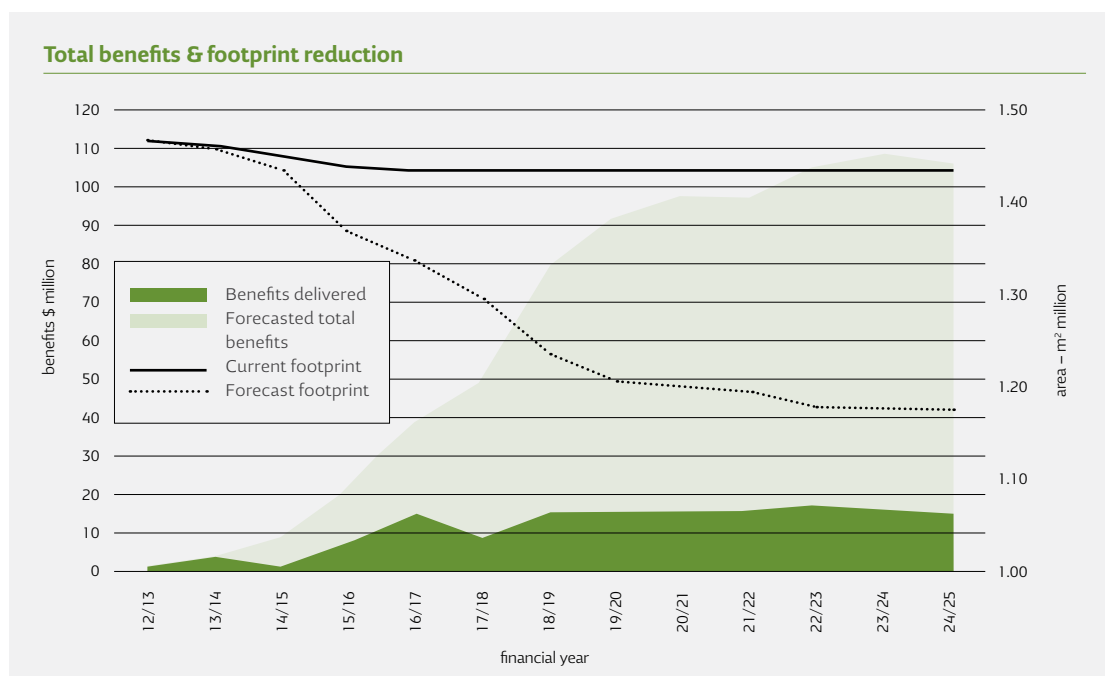
The benefit of setting the foundation initially, then researching relevant topics, is the ability to introduce and implement new methodologies and practices with maximum effectiveness. The approach is not solely focused on saving money, but on the economy, efficiency and effectiveness of the workplace, whether it is office accommodation or public interface areas. This approach results in true value for money.

3.4 Impact of footprint reduction

Efficient and effective use of the estate office space is key to releasing savings by reduction of space and cost. In the previous estate reports we provided details on the impact of the reduction of the footprint based purely on rentals only. We can now provide a more detailed picture of the forecast savings that can be achieved. The dark green "benefits delivered" in the below graph reflect contracts signed and business cases approved. The light green "forecast" benefits represent the potential benefits the PMCoE has modelled. Over time the benefits delivered will grow, aiming to reach the total forecast benefits.

The savings forecast is based on a total footprint reduction of 18.75% with total benefits peaking at $109m per year. Incorporated into the forecast benefits modelling is the following:

- agency property plans
- agency business intentions
- accommodation project business cases
- market information, e.g. rental forecasts
- professional fees

- utilities, e.g. power
- maintenance and facilities management costs
- procurement economies
- relocation costs

### Total benefits & footprint reduction

3.5   Benchmarking the Crown office estate against the private sector

As with previous years the PMCoE looks to the private sector as a benchmark to measure its performance, using the following key measurements:

- cost per workstation

- m² per workstation

An explanation of the types of gradings is included in the glossary in Appendix 3. Please note that the government rating is based on an average quality grading for all properties.
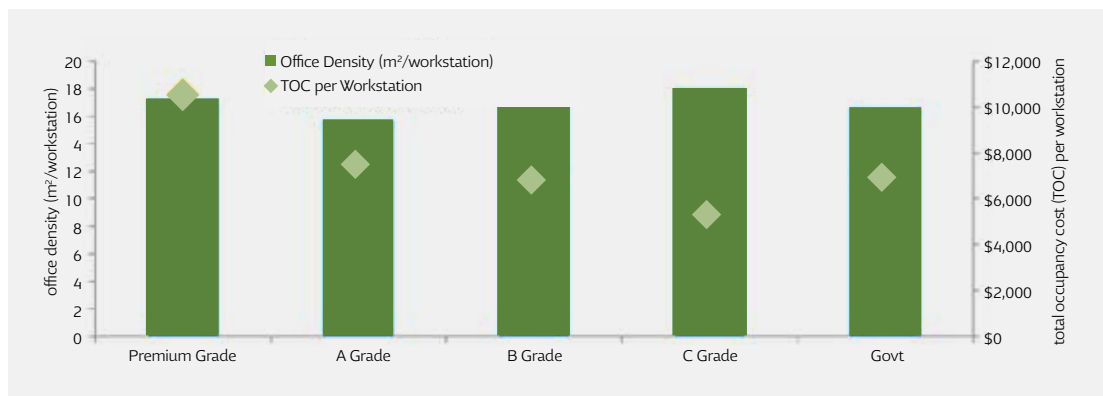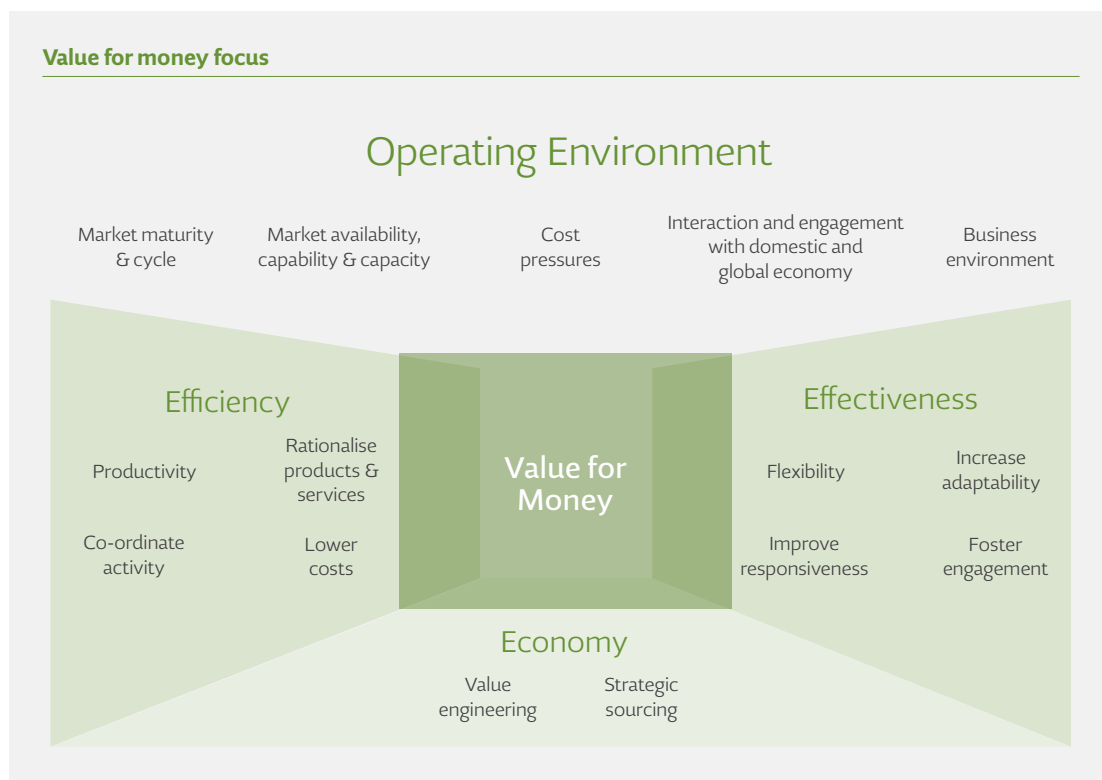

🔍 Observation

The comparison shows that the public sector has made gains in the m² per workstation with the gap closing. The occupancy cost for the public sector although higher than last year now includes office costs in the calculation, but this still shows that the public sector is relatively in line with the private sector.

3.6   Benefit realisation

The GNPS vision recognises that while property foot print and cost reductions are an outcome of portfolio optimisation they are not the only benefits. The model below highlights the range of benefits both hard and soft that flow from optimisation activities.

Value for money focus

Operating Environment

Market maturity & cycle · Market availability, capability & capacity · Cost pressures · Interaction and engagement with domestic and global economy · Business environment

Efficiency — Productivity, Rationalise products & services, Co-ordinate activity, Lower costs

Value for Money

Effectiveness — Flexibility, Increase adaptability, Improve responsiveness, Foster engagement

Economy — Value engineering, Strategic sourcing

We are conscious that our current reporting has financial and property metrics as its central focus. We are currently exploring the development of a benefits reporting model that will bring in other elements for a more complete value for money view. This will be a feature of future reports.

3.6.1 Standards and Guidelines

The PMCoE is delivering a set of standards and guidelines drawing on global best practice and adapting this research to fit the New Zealand public sector workplace environment and the goals of the GNPS. The following standards and guidelines will be submitted for ministerial approval to have them established as national policy.

- **Workplace standards and guidelines:** will support agencies to achieve maximum efficiency and effectiveness from their workplace through making the best use of space and increasing utilisation. The standards and guidelines will also assist agencies in delivering more flexible, agile and efficient spaces which will help improve business outcomes and will introduce a common language and practice around workplace, based on global best practice and benchmarking.

- **Asset management standards and guidelines:** will support the asset management principles outlined in the Government National Property Strategy. The standards and guidelines will set the quality and planning expectations and focus assets on best value for money. They will ensure that asset planning incorporates flexibility and the ability for agencies to reallocate, reuse and adapt assets maintaining an efficient whole of life view.

- **Lease and facilities management standards and guidelines:** will focus on the proactive management of lease obligations and facilities which will lead to minimising costs and maintaining a productive environment for staff.

The standards and guidelines are due to be published and made available to agencies in 2014.

3.6.2 Projects

The GNPS outlined a delivery framework that relies on a project based approach for the realisation of the strategies objectives.

A Project Team has been established as a separate group within PMCoE to provide oversight, support and in some cases management of the growing number of projects that will be established to realise the goals of the Government National Property Strategy (GNPS).

The Project Team has been established to:

- Develop a long term project programme plan to support the goals of the GNPS

- Establish consistent property project methodology, tools and templates

- Ensure agencies and PMCoE have the capability to successfully deliver property project outcomes

- Ensure projects adhere to standards and realise the project benefits

Agencies have provided their 2013 data and property strategies and plans. These are currently being analysed and collated to build a national picture of the crown property portfolio that will form the basis of the long term property projects programme.

Wellington Tranche 1 (WAP1)

Five agencies participated in the first phase of the Wellington Accommodation Project, Ministry of Social Development, Ministry of Education, Ministry of Health, the Ministry for Business, Innovation and Employment, and the Crown Law Office. The last Crown Office Estate report provided an outline of the project's objectives and expected outcomes and the co-ordinated approach to market for accommodation solutions for the agencies.

Following the agreement by Cabinet to the business case presented, negotiations commenced between each of the participating agencies and selected developers to agree the commercial terms and building performance specifications. The PMCoE supported these negotiations.

As a result of the project's work the following outcomes have been achieved:

- Crown Law Office is now co-located with the Ministry of Justice. The move has provided Crown Law with the opportunity to rationalise its accommodation foot print (reduced from 4,806 m^2 to 3,080 m^2 and moving from 24 m^2 to 16.7 m^2 per workstation) by adopting a more open, flexible office design

- The Ministry for Business, Innovation and Employment has successfully negotiated a development agreement and deed of lease for premises in Stout Street. They will occupy their new accommodation in late 2014. Key benefits identified are:
  - › 36% reduction in the head office property footprint
  - › Projected savings of $60 million over the 20-year forecast period

Wellington Tranche 2 (WAP2)

During the last quarter the PMCoE initiated a second Wellington focused cross-agency procurement and business case process for office accommodation. To be known as Wellington Accommodation Project-Tranche 2, or WAP2, its objective is to deliver a better result, both for individual agencies and collectively, than if undertaken individually. This approach will improve value for money for the contributing agencies, as well as enabling a portfolio approach to be taken to such matters as co-location; functional clustering; staging of lease expiries; and decanting for any necessary building works.

In terms of the opportunity, WAP2's focus is on those agencies with office leases expiring over the 2016 to 2018 period. This includes not only agencies facing final lease expiries within that window, but also includes agencies with an initial expiry in the window and rights of renewal; and agencies that if they exercised a right of renewal in 2014 or 2015, would come into the window. The PMCoE has identified 31 agencies with leases that met the above criteria.

The Objectives of WAP2 are:

- To provide a consolidated value for money office accommodation solution for the participating agencies

- To optimise the use of leased office space

- To enable a portfolio approach to be taken to such matters as co-location, functional clustering, staging of lease expiries, and decanting for any necessary building works

- In terms of cost avoidance, reduce the potential total operating cost pressure against the status quo

- To improve the flexibility and responsiveness of the Crown's property portfolio

- To provide and maintain safe standards and improved business continuity capability of buildings for government employees in Wellington

WAP2 will be a two phase project. Phase 1 will involve a business case and procurement process. Phase 2 will entail solution implementation. Phase 1 is likely to be completed by the end of 2014. Phase 2 will run from 2015 until at least the end of 2018.

3.6.3 Christchurch Integrated Government Accommodation (CIGA)

Following the major earthquakes in 2010 and 2011 government agencies based in Christchurch were forced to occupy temporary sites in the wider city region. The creation of the red zone in the Central Business District (CBD) also forced businesses to the city fringe so when this was lifted it was a key Government priority to revitalise this space. The Government made a commitment to restore confidence to the Christchurch CBD by committing central and local government offices to the city centre to support the city's rebuild.

Over the past 12 months the PMCoE, with the support of the participating government agencies, has been leading the CIGA project; a three year programme of work to provide an enduring office accommodation solution for government agencies in the Christchurch CBD.

The project's activities have been focussed on releasing a Registration of Interest (RoI) followed by a Request for Proposal (RFP) seeking 25,000 m^2 of space, the identification of collective property options and development of a business case for Cabinet approval.

The project outcome will see 17 participating agencies leasing office space in buildings located within Christchurch's central CBD region – 'The Core'.

A significant milestone was reached on 10th September 2013 with the Prime Minister making a formal announcement that negotiations were underway with the preferred developers to provide four buildings for the 1,700 government employees relocating to the CBD.

A feature of the options selected is the mix of agencies and private tenants within each building which will require co-ordination throughout the build and fit out stages.

At the conclusion of successful negotiations separate projects will be established for each building under construction with a lead agency being appointed to co-ordinate and manage the tenant aspects of the fit out. The PMCoE project team will maintain an oversight role for all projects.

The co-location of agencies within buildings and the close proximity of the four new buildings and Inland Revenue's existing accommodation present real opportunities to explore a number of other initiatives such as pooling of the government agency car fleet, sharing of facilities such as meeting rooms, single security systems across all buildings, shared front of house and all-of-government ICT opportunities. The project will help to co-ordinate and support this work with a view to identifying opportunities that may have application on a national basis.

3.6.4 Workplace research

Part of the work plan for the PMCoE has been research into measuring productivity in the workplace and also locational drivers of functional clustering.

Research into both of these topics has been carried by the Centre for Building Performance Research at Victoria University, Wellington. The research outlines the functions that may benefit from clustering, the potential advantages, disadvantages and qualitative and quantitative of shared amenities. The report also includes discussion around current and prospective measurements of productivity in the office workplace and how these can be applied to improving agency efficiency and effectiveness.

3.6.5 Procurement

The PMCoE is required to provide the "all-of-government" procurement function for goods and services relating to office accommodation and public interface areas. This may include the provision of any goods and services pertaining to the planning, acquisition, design, management, on-going use and any disposal required by an agency to provide, operate and maintain the built environment to operate the office and public interface space.

In order to achieve this, the PMCoE has determined a strategy which assesses requirements and risk across government, considers current and future needs and existing contractual arrangements. This will enable prioritisation of work streams, the most efficient and effective use of resources and adoption of best fit contractual arrangements including common capability contracts and syndicated arrangements.

Projects being worked upon include:

Common capability furniture

The PMCoE procurement is currently initiating a project to consider the provision of furniture to satisfy cross-government needs through the adoption of a common capability contract which is similar to an All-of-Government (AoG) arrangement. Such an arrangement would enable the adoption of common standards and quality whilst providing the maximum opportunity to explore economies of scale, improve existing service offerings in addition to exploring increased scope of service delivery, for example, by providing whole of life services (from planning through to disposal), all of which will support the adoption of the Government National Property Strategy and Workplace guidelines and principles.

To this end, the PMCoE has invited agency participation in a client advisory group (CAG) and sixteen agencies have responded offering representatives and support. These agencies will provide cross-government representation to ensure the needs of all agencies are explored, understood, clearly expressed and satisfied through the most appropriate market engagement possible.

The creation of a solution to meet agency furniture needs will take some time and the PMCoE has actively engaged with New Zealand Police which has recently concluded a syndicated agreement for furniture that will enable short term needs to be satisfied through the utilisation of a market-tested and competitive mechanism. The PMCoE and NZ Police are working closely to promote and subsequently "sign-up" agencies with immediate and short term requirements.

Construction consultancy services

The PMCoE works closely with the Department of Corrections in promoting and managing the utilisation of construction related consultancy services through the "Corrections" syndicated panel arrangement established approximately 12 months ago. It is anticipated that this purchase mechanism will be replaced by an All-of-Government arrangement which the PMCoE and the Ministry of Business, Innovation and Employment (MBIE) AoG team are jointly exploring. This piece of work will result in an arrangement or arrangements which address all consultancy requirements across all of government and, in the case of property related consultancy services, will provide more than just construction related services.

Seismic assessment services

The PMCoE assists New Zealand Police in the promotion and "on-boarding" of agencies interested in adopting the Police seismic assessment survey syndicated panel arrangement.

3.6.6 Measuring the capability of property management practices in Government

One of the key drivers for affecting change in the efficiency and effectiveness in the Government office portfolio is increasing the capability of those involved in property decisions within agencies. An increase in the capability will enable high quality decisions within the community leading to minimising costs, maximising effectiveness and minimising risks.

To assist in the increase in the capability the PMCoE has developed a Capability Maturity Model which will be used to establish a baseline of practice and any areas for improvement identified and progress monitored. Key indicators / categories of capability have been identified containing graduating levels of performance within each category. With the assistance of the PMCoE agency property practitioners will assess themselves against these criteria to determine their position and work on setting targets for improvement where necessary.

The model has been developed drawing from previous work conducted by the PMCoE, Treasury models for capability assessment in other areas of the government community, similar models for property management from overseas and consultation with selected agencies and Treasury.

The initial areas of assessment come under the headings of:

- Property planning:
  - Strategy and operational plan alignment to the Government National Property Standards
  - Level of definition of the property function within the agency
  - Business Continuity Planning involving property

- Sector participation:
  - Connection of property function to agency's relevant sector
  - Connection to government property sector initiatives
  - Procurement

- Internal practices and capability in the areas of:
  - Property management
  - Risk management
  - Performance monitoring
  - Continual improvement and staff development

Results will allow the identification of both points of strength and weakness in performance and capability, allowing weaker areas to be addressed and ensure stronger areas of capability are being utilised effectively. Improvements may be fostered by stronger teams being used in mentoring roles, targeting training and development opportunities and potentially more sharing and co-ordination of resources and expertise across the sector.

The summarised results of the categories of the initial baseline assessment will be published in the 2014 Crown Estate Report and subsequent reports will show tracking against this baseline.

3.6.7 Energy effificiency

The PMCoE has continued to play an instrumental role in the development of a building rating scheme for commercial office buildings. The Energy Efficiency and Conservation Authority (EECA) licenced the NABERS programme from the New South Wales Government and worked with industry and the PMCoE to adapt it for New Zealand conditions. In June 2013 NABERSNZ was launched and shortly afterwards the first building to be rated was the Treasury tenancy at No.1, The Terrace.

NABERSNZ examines the energy used at a premise, moderating it against occupancy hours, number of occupants, location and floor area. In this way, any commercial office anywhere in the country can be rated and benchmarked against other commercial buildings. Once rated, subsequent ratings show the level of improvement achieved.

Bill Moran, The Deputy Secretary Strategy, Change & Performance at Treasury says of their 3 star rating "Getting a NABERSNZ Certified Rating has been invaluable in helping us understand how well we're using energy and how we could be using it better. We're now firmly focused on improving the way we use energy - which will lead to higher ratings in the future and most importantly, lower energy costs."

EECA's tenancy at 44 The Terrace and the Ministry of Social Development's (MSD) Ashburton office both gained 4.5 star certified ratings shortly after the Treasury rating.

MSD Associate Deputy Chief Executive, Merv Dacre, says the 4.5 star rating is a great result for the Ashburton office, "With 9,100 staff and 196 office buildings across the country, energy is a significant cost for MSD. We are focussed on energy management, and clearly our Ashburton office has set the bar for the rest of the organisation. We'll be carrying out more NABERSNZ ratings and using them as a tool to improve. I'm sure Ashburton will inspire our teams in other centres."

The PMCoE is working with NABERSNZ to encourage other agencies to undertake certified ratings or to ask their landlord to. The PMCoE is also including minimum requirements for new tenancies to ensure government agencies moving into new premises get the best value for their energy spend, and a NABERSNZ certified rating after they move in is a credible way to confirm value for money.

Crown Law Office –
Positioned with Purpose

Crown Law's new office in the Justice Centre (Aitken Street) reflects the organisation's firm focus on connected ways of working and collegial leadership.

Previously, Unisys House was home to the Office, with the premises stretching over 4 floors (4806 m² in total) and structured around individual offices. This layout created a focused working environment, but inhibited the easy collaboration Crown Law Counsel requires.

A strategic view to accommodation needs was adopted, and the result is a modern office that enables easy staff collaboration, the use of mobile and smart technologies, substantial cost savings of circa $400,000 per annum and delivery on the Government's Benchmarking Administrative and Support Services (BASS) targets.

Employee interest in the 'look and feel' of the new office was naturally high, and during the fit-out, tours of the new premises were given and a prototype workstation displayed. Both were important for providing an impression of individual and communal work spaces and the new storage allowance for counsel files.

Due to the more boutique size of the Justice Centre office (2,851 m²), Crown Law needed to reduce its paper footprint by 50% – circa 1.2km of shelving. All employees were conscientious in meeting this ambitious target. Recognising that mobile devices would continue to support paperless, flexible ways of working in the new office, a 'mobility pilot' was conducted prior to the move allowing employees to familiarise themselves with new technology. Engagement with all projects was high and communication very reciprocal throughout. Having settled into the Justice Centre premises, Crown Law is enjoying the benefits that successful planning produced. Interruptions to client service were minimal during the move, the open plan environment is focused yet vibrant and specialised rooms support choices in effective ways of working. The new office features three Quiet Rooms, 10 telephone booths, five Project Rooms (used by teams as 'hubs' during cases), six meeting rooms and two conference rooms. Meeting spaces are designed for multi-functionality, with bi-fold partitions for easy configuration and sophisticated conferencing technology to support client meetings and e-litigation.

Aside from supporting delivery of the organisation's core legal services, Crown Law's new premises also advance sector partnerships. The Ministry of Justice holds the primary lease on the Justice Centre, with Crown Law subleasing its new office. Working in close proximity allows for easy collaboration and the organisations share an atrium space in addition to their main reception areas and shared facilities services. Parliament and the courts are also close at hand.

Positioning the office within a nexus for leadership was a purposeful choice, reflecting that the work of Crown Law is right at the heart of effective constitutional governance in New Zealand. The organisation's purpose is to serve the Crown and uphold the rule of law, and the new office allows delivery on this purpose, with optimal effect.

4. Forward Look 2014

These reports provide an annual snapshot of performance in the efficiency and effectiveness of management of our office portfolio, so that we can assess our progress against the Government's goals and expectations.

This snapshot of performance is indicative but not necessarily fully reflective of the performance during the time period covered by the report. Many of the major activities and transactions undertaken by the PMCoE and agencies during the year will not be reflected until future years. Inherent within the management of an enduring asset such as property is the acceptance that performance must be viewed over medium term, and that there are often significant lead times.

Therefore it is worth commenting on the current and upcoming projects that are not reflected in other areas in this report but nonetheless important to the effectiveness and efficiency of the Crown office estate.

In October 2012, the PMCoE received Cabinet approval to extend its functional leadership mandate to include:

- mandatory property principles and standards

- mandatory all-of-government procurement

- sign-off on tenure decisions

- sign-off on biennial property plans

- the compulsory adoption of a common information system

The implementation of this more centralised decision-making model has been a major focus of the PMCoE during the 20012/13 year. A significant part of the implementation is the establishment of frameworks, strategies and processes that enable centralised planning without adding unwarranted complexity, cost or delays.

Agencies have been generally supportive of the processes that have been established, and the GNPS has been well received. Going forward, the publishing of workplace standards, supported by common procurement of furniture will be an essential step to creating consistency across the portfolio that will enable both efficiencies in provision and flexibility to share and re-use our workplaces.

Benefits measurement and realisation remains important to functional leadership, and the modelling and reporting of this has also been refined. Going forward we expect to increase both the detail and accuracy of benefit forecasting and reporting.

Our measurement of efficiency is now well established. Going forward, we need to continue research into the effectiveness of working environments to the individual occupants and organisations overall.

Some of the research is based upon overseas or academic research and informs our strategies, principles and standards, but increasingly we need to be carefully assessing the new workplaces that are being commissioned. We need to take the opportunity to learn the impact of the change in the workplace, learn from our experience and modify our approach going forward as required.

A key function of the PMCoE has been to provide guidance and support and to foster the sharing of experience and good practice across the sector. This is critical in the area of workplace effectiveness, where arguably the largest system-wide gains are to be made from the property portfolio.

The PMCoE has direct engagement with approximately 100 property professionals and senior managers across the sector on a day by day basis that have a good level of understanding of the objectives of the GNPS and associated standards and guidelines. However, we are mindful that the portfolio is occupied on a daily basis by around 63,000 staff.

It is important that the PMCoE supports agencies to work with occupants to understand the change in work style that is anticipated over time. This change management has a number of elements including regular and structured communication with occupiers; the use of experience and pilot sites; and a pro-active approach to the capturing and sharing of experience of those agencies that are early adopters of new ways of working.

Implementation of the GNPS will be delivered by accommodation projects. While there will be a large number of smaller projects, many will be delivered centrally by the PMCoE, or via collaboration between agencies (supported centrally).

The area of project delivery is of key importance to the PMCoE, and we will continue to develop robust methodologies; standard documentation; agency capability; and a pool of experienced external advisers. This will be constantly refined by experience, taking the time to reflect on lessons learnt from projects, and ensuring that we deliver the best results for stakeholders.

Appendix 1

Agencies included at 30 June 2013

Public Service Departments

Ministry of Business, Innovation & Employment (MBIE)

Canterbury Earthquake Recovery Authority (CERA)

Department of Conservation (DOC)

Department of Corrections (DCOR)

Crown Law Office (CLAW)

Ministry for Culture and Heritage (MCH)

Ministry of Defence (MOD)

Ministry of Education (MOE)

Education Review Office (ERO)

Ministry for the Environment (MFE)

Ministry of Foreign Affairs and Trade (MFAT)

Government Communications Security Bureau (GCSB)

Ministry of Health (MOH)

Inland Revenue Department (IR)

Department of Internal Affairs (DIA)

Ministry of Justice (MOJ)

Land Information New Zealand (LINZ)

Ministry of Maori Development (Te Puni Kokiri – TPK)

New Zealand Customs Service (NZCS)

Ministry of Pacific Island Affairs (MPIA)

Ministry for Primary Industries (MPI)

Department of the Prime Minister and Cabinet (DPMC)

Serious Fraud Office (SFO)

Ministry of Social Development (MSD)

State Services Commission (SSC)

Statistics New Zealand (STATS)

Ministry of Transport (MOT)

The Treasury (TRE)

Ministry of Women's Affairs (MWA)

Non Public Service Departments

Office of the Clerk of the House of Representatives = (OCHR)

New Zealand Defence Force (NZDF)

New Zealand Police (NZP)

New Zealand Security Intelligence Service +(SIS)

Parliamentary Counsel Office (PCO)

Parliamentary Service (PARS)

Crown Agents

Accident Compensation Corporation (ACC)

Callaghan Innovation *(CI)

Careers New Zealand (CNZ)

Civil Aviation Authority of New Zealand (CAA)

Earthquake Commission (EQC)

Education New Zealand (ENZ)

Energy Efficiency and Conservation Authority (EECA)

Environmental Protection Authority (EPA)

Health Promotion Agency (HPA)

Health Quality and Safety Commission (HQSC)

Health Research Council of New Zealand (HRC)

Housing New Zealand Corporation (HNZC)

Maritime New Zealand (MTNZ)

New Zealand Antarctic Institute (NZAI)

New Zealand Blood Service (NZBS)

New Zealand Fire Service Commission (NZFS)

New Zealand Qualifications Authority (NZQA)

New Zealand Tourism Board (NZTB)

New Zealand Trade and Enterprise (NZTE)

New Zealand Transport Agency (NZTA)

New Zealand Walking Access Commission (NZWC)

Pharmaceutical Management Agency (PMA)

Sport and Recreation New Zealand (SPARC)

Tertiary Education Commission (TEC)

WorkSafe New Zealand #

Reserve Bank (RBNZ) (voluntary inclusion)

The following agencies with less than 1,000 m² are not details in this report:

Real Estate Agents Authority

Social Workers Registration Board

Notes

= Office of the Clerk of the House of Representatives data is included in Parliamentary Services

* Callaghan Innovation is a new agency, established from 1 July 2013 and will be included in the 2014 Report.

+ New Zealand Security Intelligence Service data is combined in the report with Government Communications Security Bureau.

WorkSafe New Zealand is a new agency (from 1 December 2013) their property data is included in the Ministry of Business, Innovation and Employment.

Appendix 2

Agency metrics

Below is a summary of all agency key metrics for 2013 that are used throughout this report.

Agency Name	Agency abbreviation	2013 – m² per office person	2013 – cost per office m²	2013 – m² per office workstation	2013 – cost per office person
Accident Compensation Corporation	ACC	17	295.4	15	5,212
Callaghan Innovation*	-	-	-	-	-
Civil Aviation Authority	CAA	26	363.3	24	9,466
Canterbury Earthquake Recovery Authority	CERA	10.23	582.9	10	5,963
Crown Law	CLAW	14	356.3	11	5,032
Careers New Zealand	CNZ	26	255.3	21	6,570
Department of Corrections	DCOR	21	221.1	16	4,599
Department of Internal Affairs	DIA	19	290.5	18	5,556
Department of Conservation	DOC	26	177.9	21	4,545
Department of the Prime Minister and Cabinet	DPMC	18	411.6	18	7,326
Energy Efficiency and Conservation Authority	EECA	17	325.5	14	5,671
Education New Zealand	ENZ	11	308.1	10	3,404
Environmental Protection Authority	EPA	16	378.0	14	6,170
Earthquake Commission	EQC	8	327.8	10	2,690
Education Review Office	ERO	23	325.7	20	7,488
Government Communications Security Bureau	GCSB	-	502.6	21	-
Housing New Zealand Corporation	HNZC	20	247.4	19	5,040
Health Promotion Agency	HPA	22	200.3	19	4,354
Health Quality and Safety Commission	HQSC	13	326.9	13	4,130
Health Research Council	HRC	25	314.8	18	7,888
Inland Revenue Department	IRD	17	309.7	13	5,239
Land Information New Zealand	LINZ	24	265.1	19	6,260
Ministry of Business Innovation and Employment	MBIE	18	319.4	17	5,899
Ministry for Culture & Heritage	MCH	17	223.9	14	3,891
Ministry of Foreign Affairs and Trade	MFAT	25	532.6	22	13,280
Ministry for the Environment	MFE	18	609.6	15	11,078
Ministry of Defence	MOD	20	402.0	24	8,194
Ministry of Education	MOE	18	281.9	15	5,019
Ministry of Health	MOH	21	337.4	16	7,008
Ministry of Justice	MOJ	19	187.4	17	3,535
Ministry of Transport	MOT	26	402.4	17	10,536
Ministry for Primary Industries	MPI	19	252.5	18	4,737
Ministry of Pacific Island Affairs	MPIA	27	274.9	19	7,311

Agency metrics (continued)

Agency Name	Agency abbreviation	2013 – m² per office person	2013 – cost per office m²	2013 – m² per office workstation	2013 – cost per office person
Ministry of Social Development	MSD	20	206.2	18	4,120
Maritime New Zealand	MTNZ	17	264.0	14	4,532
Ministry of Women's Affairs	MWA	32	270.7	24	8,716
New Zealand Antarctic Institute	NZAI	31	44.8	27	1,384
New Zealand Blood Service	NZBS	12	437.6	11	5,457
New Zealand Customs Service	NZCS	19	208.2	18	3,870
New Zealand Defence Force	NZDF	23	367.2	18	8,590
New Zealand Fire Service Commission	NZFS	17	338.7	16	5,681
New Zealand Police	NZP	19	154.7	23	2,925
New Zealand Qualifications Authority	NZQA	16	483.6	13	7,823
New Zealand Security Intelligence Service*	-	-	-	-	-
New Zealand Transport Agency	NZTA	21	336.9	18	6,950
New Zealand Tourism Board	NZTB	22	487.5	20	10,685
New Zealand Trade and Enterprise	NZTE	21	494.6	17	10,274
New Zealand Walking Access Commission	NZWC	31	445.3	19	13,828
Office of the Clerk of the House of Representatives*	-	-	-	-	-
Parliamentary Counsel Office	PCO	26	329.2	22	8,711
Parliamentary Service	PARS	24	417.5	28	9,918
Pharmaceutical Management Agency (Pharmac)	PMA	13	355.3	12	4,710
Reserve Bank of New Zealand	RBNZ	31	-	24	-
Serious Fraud Office	SFO	18	553.1	16	9,875
Sport and Recreation New Zealand	SPARC	23	218.9	20	5,126
State Services Commission	SSC	13	263.3	13	3,442
Statistics New Zealand	STATS	14	330.8	12	4,682
Tertiary Education Commission	TEC	23	279.4	17	6,508
Te Puni Kokiri (Ministry of Maori Development)	TPK	28	317.5	25	8,932
The Treasury	TRE	16	404.2	14	6,559

Appendix 3

Glossary

Area type

The primary use for the floor and/or area within a property as per the options below. Density means the number of people (headcount as per below explanation) in a m² area. Public interface is where an area's primary use is to service the public with few or no office functions.

The options are:

- office – low density
- office – medium density
- office – high density
- office – public interface
- office – amenities
- non-office (areas that do not fit any of the above descriptions, e.g. specialist areas like operational space including operational storage, laboratory and computer rooms)
- storage (office onsite/offsite leased not outsourced)
- carparks.

Costs

Rent, carparking and operating expenses only, unless other costs specifically mentioned i.e. Energy and facilities management, which includes cleaning, hygiene, security, repairs and maintenance, pest control building act compliance and managed facilities costs.

Headcount (person/people)

As used in this report as 'headcount', 'person' or 'people', the number of personnel whose primary places of work are workstations in 'office accommodation' (not in a 'public interface area') at the time of reporting.

For the Full time Equivalent (FTE) numbers included this is personnel weighted by the proportion of a full-time position they fill. An individual who works four days a week in a full-time role is considered to be 0.8 (4/5) of an FTE.

All personnel who use workstations in 'office accommodation' should be included, whether they are part-time, full-time, contracted or temporary staff members. Staff members on secondment or long-term leave, and unfilled positions, are excluded.

Net lettable area

The net floor space under the control of the tenant, in m², as defined by the standard methodology adopted by Property Council New Zealand.

Occupancy density ratio (ODR)

The average floor area of office space required to accommodate staff. It is calculated by dividing the 'net lettable area' (NLA) of the 'office accommodation' (see definition) by the headcount (see definition) who occupy that space for work activities. Areas not defined as 'office space' should be treated as follows:

- Amenity areas should be included in the combined area for those people serviced by those areas.

- 'Public interface areas' and the staff whose primary workstations are within a 'public interface area' are excluded from the NLA and headcount calculation for the purposes of the ODR.

Office accommodation ('office space')

Premises used primarily for the undertaking of desk-based activities and associated facilities, including meeting spaces, storage, kitchen staff facilities, circulation areas and reception facilities (excluding 'public interface areas').

Property grading

The following grades are those recognised and defined by the Property Council New Zealand:

- **Grade A:** a landmark office building located in major CBD office markets that are a pacesetter in establishing rents. It includes: ample natural lighting; good views/outlook; prestige lobby finish; on-site undercover parking; quality access to/from an attractive street setting; and premium presentation and maintenance

- **Grade B:** high-quality space including: good views/outlook; quality lobby finish; on-site undercover parking; quality access to/from an attractive street setting; and quality presentation and maintenance

- **Grade C:** good-quality space with a reasonable standard of finish and maintenance. Tenant car parking facilities should be available

Public interface areas

Areas used primarily for face-to-face interactions with clients and the public for the purposes of delivering government services. These areas generally do not include workstations. Where the public/client interactions with employees ordinarily occur at those employees' workstations, those areas should be included in the definition of 'public interface areas', and those people accommodated do not count towards the ODR.

Workstation

An area for the purpose of undertaking desk-based activities by one individual at a time, recognising that this area may be multi-purpose or may be shared over time by more than one individual.