

Government
Property Group

Crown Office Estate **Report 2017**



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

New Zealand Government





Contents

From the Chief Executive	1
At a glance	2
Progress towards our goals.....	3
Crown office and public interface areas.....	4
About this report.....	5
Supporting graphs	6
Agency metrics	14

ISSN: 2324-5247 (Online)

Published July 2018



From the Chief Executive



During the 2017 financial year, the Government Property Group led government agencies to continue to reduce the amount of office space occupied resulting in approximately \$275 million in costs avoided since 2011.

This year's Crown Office Estate Report reports a further reduction in the Crown's footprint and property costs per person across the core 62 government agencies, demonstrating the value in a centre-led approach to government property. Savings on property costs means government can redirect this money to other essential services for New Zealanders.

While efficiency is one of our goals, there are even more gains to be made by using property to enable collaboration between agencies and drive a more effective public service. Co-locations are one way where agencies can share resources, work more closely together and support the delivery of more cohesive public services.

One city where this has happened is in Christchurch, where this year four modern New Zealand Government buildings were opened, three of which have several agencies co-locating in them. These modern buildings were pilots for how government agencies can share facilities with the wider benefits of helping reinvigorate the central city and providing seamless services to the public.

We are now beginning to see agencies working flexibly across different locations,

without any loss of productivity or service. This is a foreshadowing of changes to come as the government property portfolio adapts to be more agile and responds to changing demographics and a more mobile workforce.

The centre-led approach that comes with being property functional lead means agency needs are considered together for the benefit of the wider public service. Working in collaboration with agencies, the Government Property Group has led us to achieve more efficient use of our office accommodation portfolio in the 2017 financial year.

This report is an interesting snapshot of how far we have come with government property and provides a projection of further gains to come as our property portfolio modernises and adapts for the future.

A handwritten signature in black ink that reads 'Carolyn Tremain'.

Carolyn Tremain
Chief Executive
Ministry of Business,
Innovation and Employment



At a Glance

A summary of the Crown Office Estate Report for the year ended 30 June 2017.



1,496,824m²↓

Total office area footprint 2017



17m²↓

Average area
per office person



207,121m²↓

Total office footprint
reduction since 2011



27,700m²↓

Total office footprint
reduction since 2016



\$6,343↓

Average cost per office
person including rent
and facilities management



\$5,066

Average rental cost per
office person compared to
private sector of \$7,328¹



\$275* million

Accumulative cost avoidance
and hard savings since 2011

*In an earlier version of this report this figure
was listed as \$221 million in error.



\$48.6 million

Facilities management cost
avoidance and hard savings
since 2013 approximately

¹Colliers NZ Workplace Report 2016 – Workplace and Occupational Trends.

Progress Towards Our Goals

Highlights from 2017

The 2017 Crown Office Estate figures highlight increased efficiency in government's office accommodation.

Since 2011, \$275* million in rental and facilities management costs have been avoided by reducing the size of the Crown's estate by 207,121m². Of this 27,700m² was reduced in 2017.

Total office costs per person continue to decrease, with the average annual cost per person now \$6,343, compared to \$6,617 in 2016.

The government's 2017 rental costs were marginally lower than the previous year, however energy and facilities management costs continue to increase year on year and the total costs per office square meter is rising.

There has been a further move towards the government's office space density target, with the average space per person down to 17 square meters, a reduction of 5 per cent from the previous year. This is getting close to our target density of 12–16m² and is on par with the private sector.¹

The information below shows the key property management performance measures as an average across the office estate for 2017, and compares it with the 2016 figures.

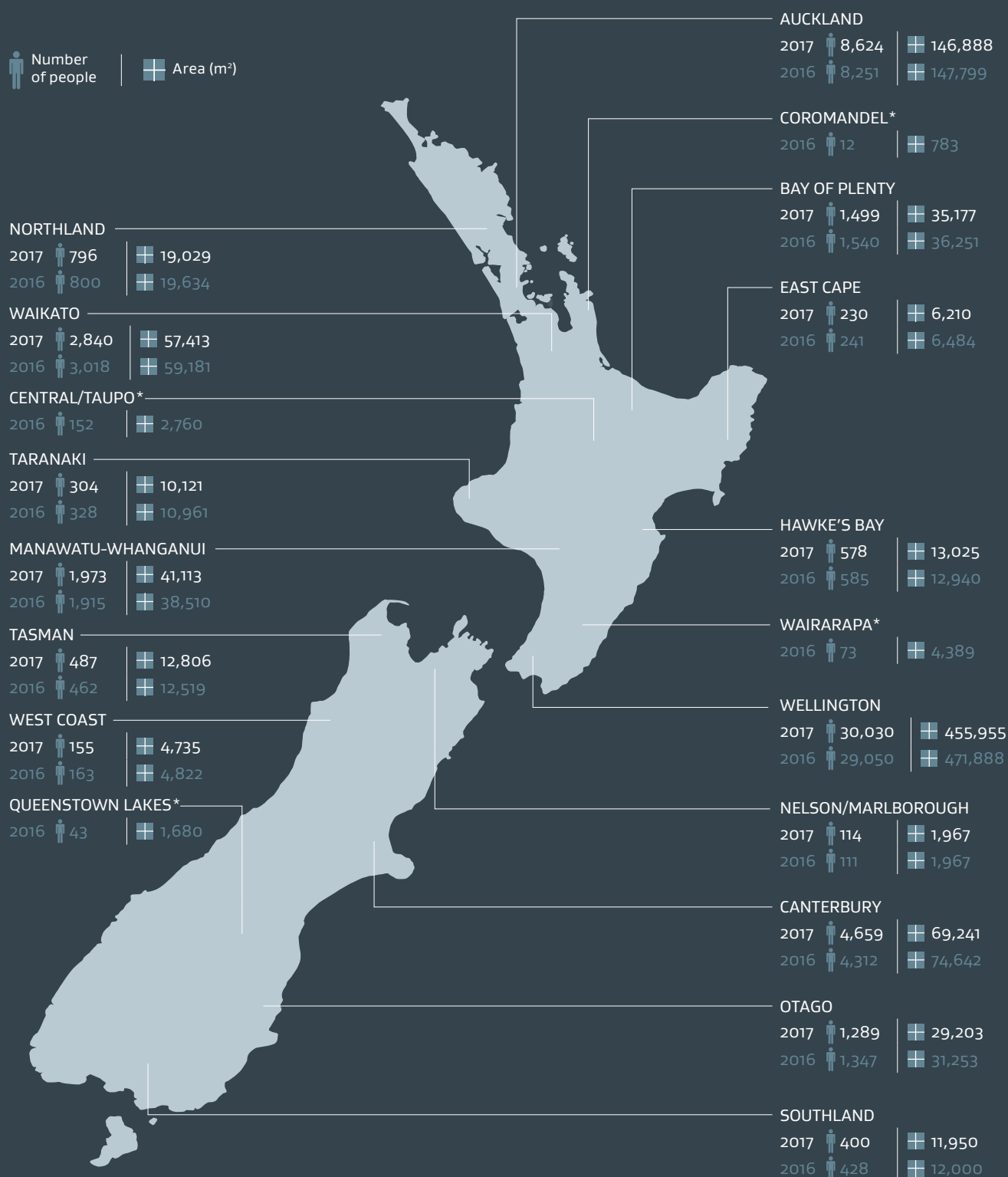
Key property management performance measures

Costs						Overall efficiency	
	2016	2017		2016	2017		
Net rent per sqm	\$308.10	\$306.80	Cost per office sqm	\$372.4	\$373.9	Total cost per office person	
Energy costs per sqm	\$18.40	\$19.90	Total space efficiency			2016	\$6,617
Facilities management costs per sqm	\$45.90	\$47.20				2017	\$6,343
			Sqm per office person	17.8	17.0		

*In an earlier version of this report this figure was listed as \$221 million in error.

¹Colliers NZ Workplace Report 2016 – Workplace and Occupational Trends

Crown Office & Public Interface Areas



* 2017 figures for Central/Taupo are included in Waikato
 * 2017 figures for Queenstown Lakes are included in Otago

* 2017 figures for the Coromandel are included in Waikato
 * 2017 figures for Wairarapa are included in Wellington



About This Report

This annual report assesses the progress being made towards improving the efficiency and effectiveness of the Crown’s property portfolio. It covers the time period from 1 July 2016 to 30 June 2017.

Government Property Group (GPG) collects data from agencies within its scope each year through the Government Property Portal (GPP) property management system, and analyses it to create this report.

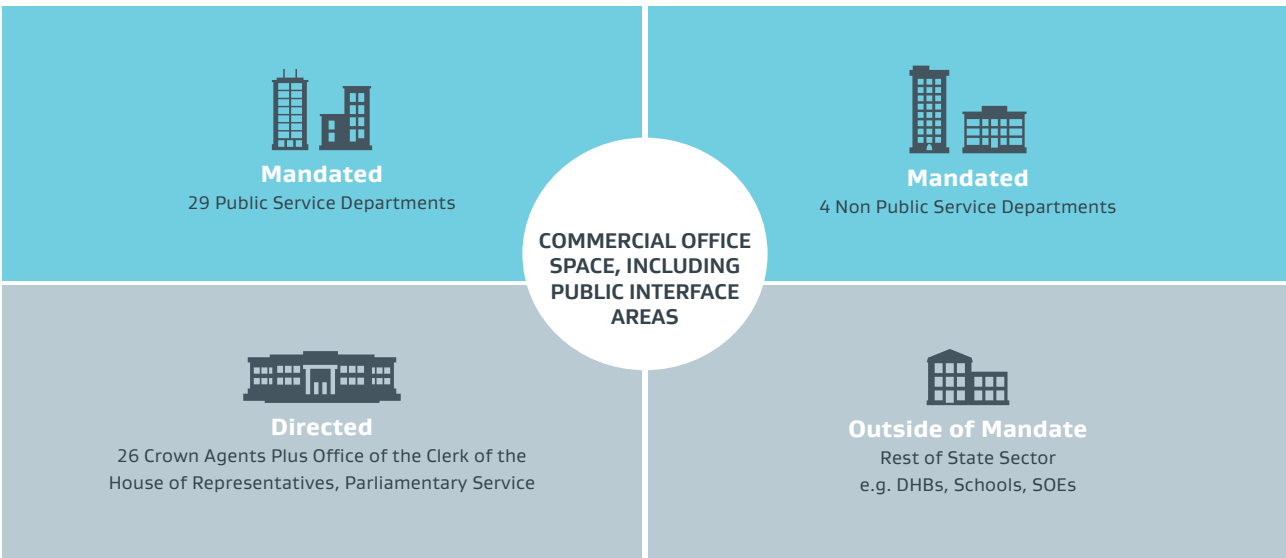
Who we are

Government Property Group’s role is to support the Chief Executive of the Ministry of Business, Innovation and Employment as the Functional Leader for Government Property.

Our work covers property owned or leased by 62 government agencies (core departments and Crown agencies). It includes all office accommodation and public facing areas but excludes sites with a specific purpose, like hospitals, schools and residential property.

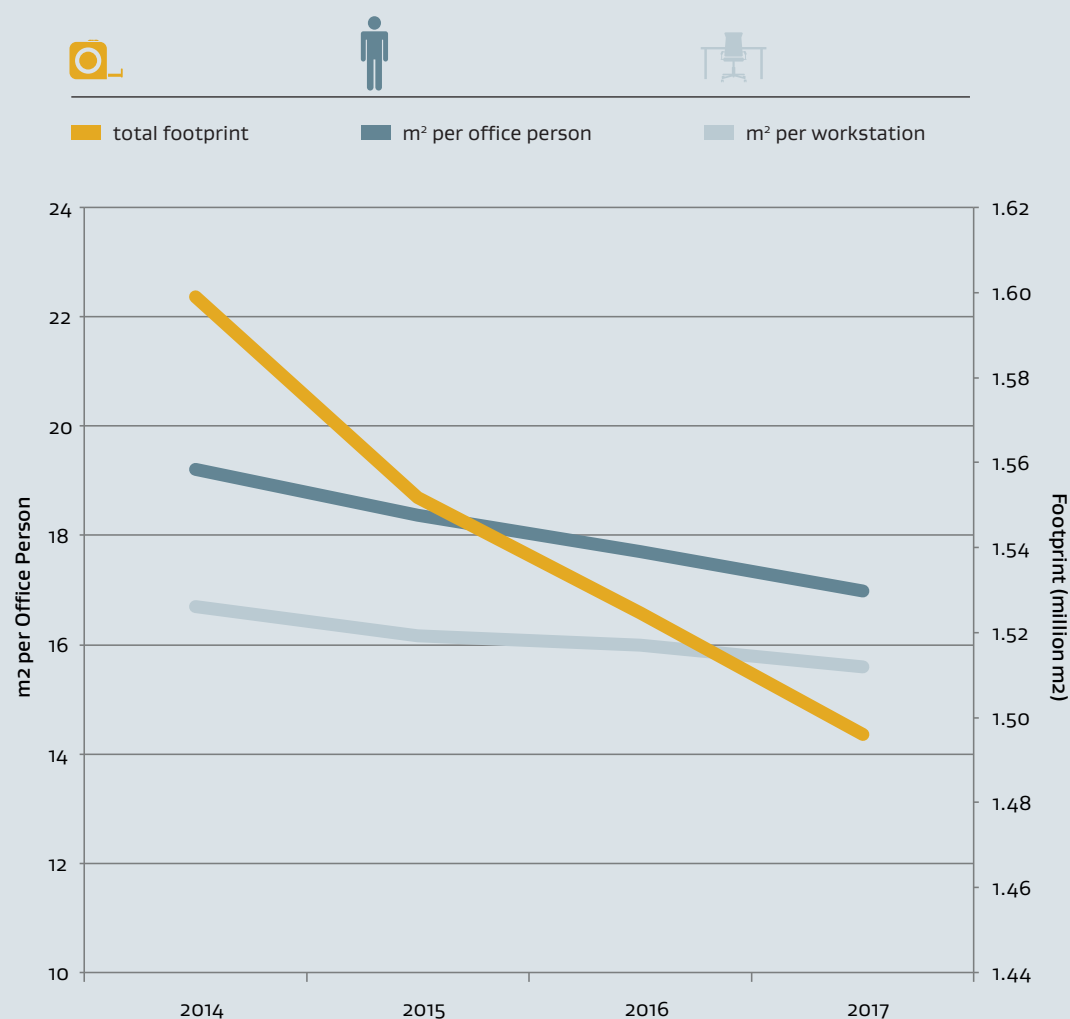
[Read more about the Government Property Group’s role](#)

Agencies and space with GPG’s scope



National Overview

The graph below provides an overview of some of the key performance indicators for the Estate since the inaugural report in 2011. These trends demonstrate the amount of effort put in by agencies and GPG to work on the efficiency and effectiveness of the Crown portfolio.

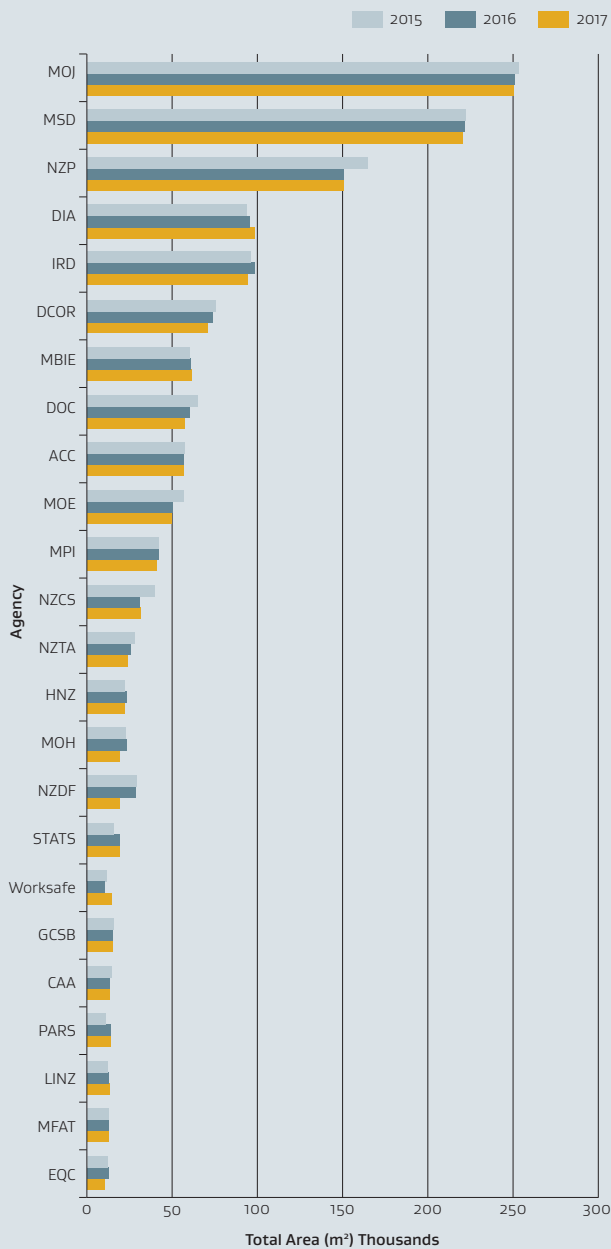


Agency Footprint

The next four graphs provide a view of selected agencies' office accommodation footprint and the cost of provisioning this space. The graphs detail the performance of agencies with portfolios over 10,000sqm in relation to the overall Crown key performance indicators. A full list of all agency metrics is available on page 14.

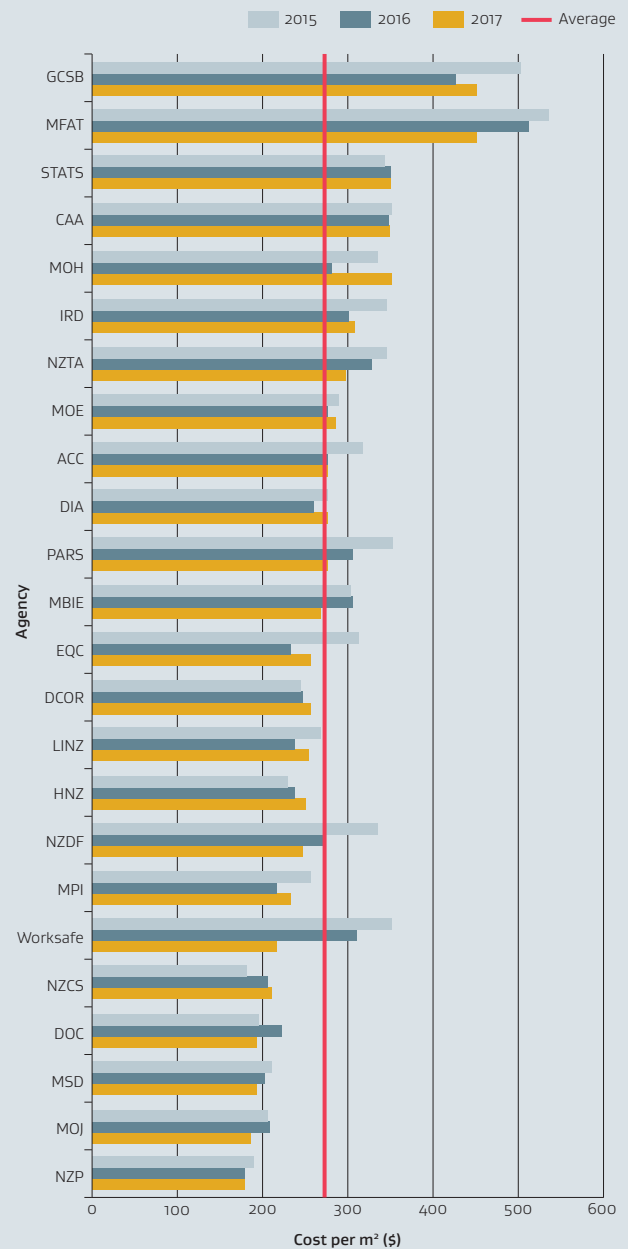
Total area by agency

This graph details the total agency area including office, public interface and operational space (where the operational space is part of the office and public interface property).



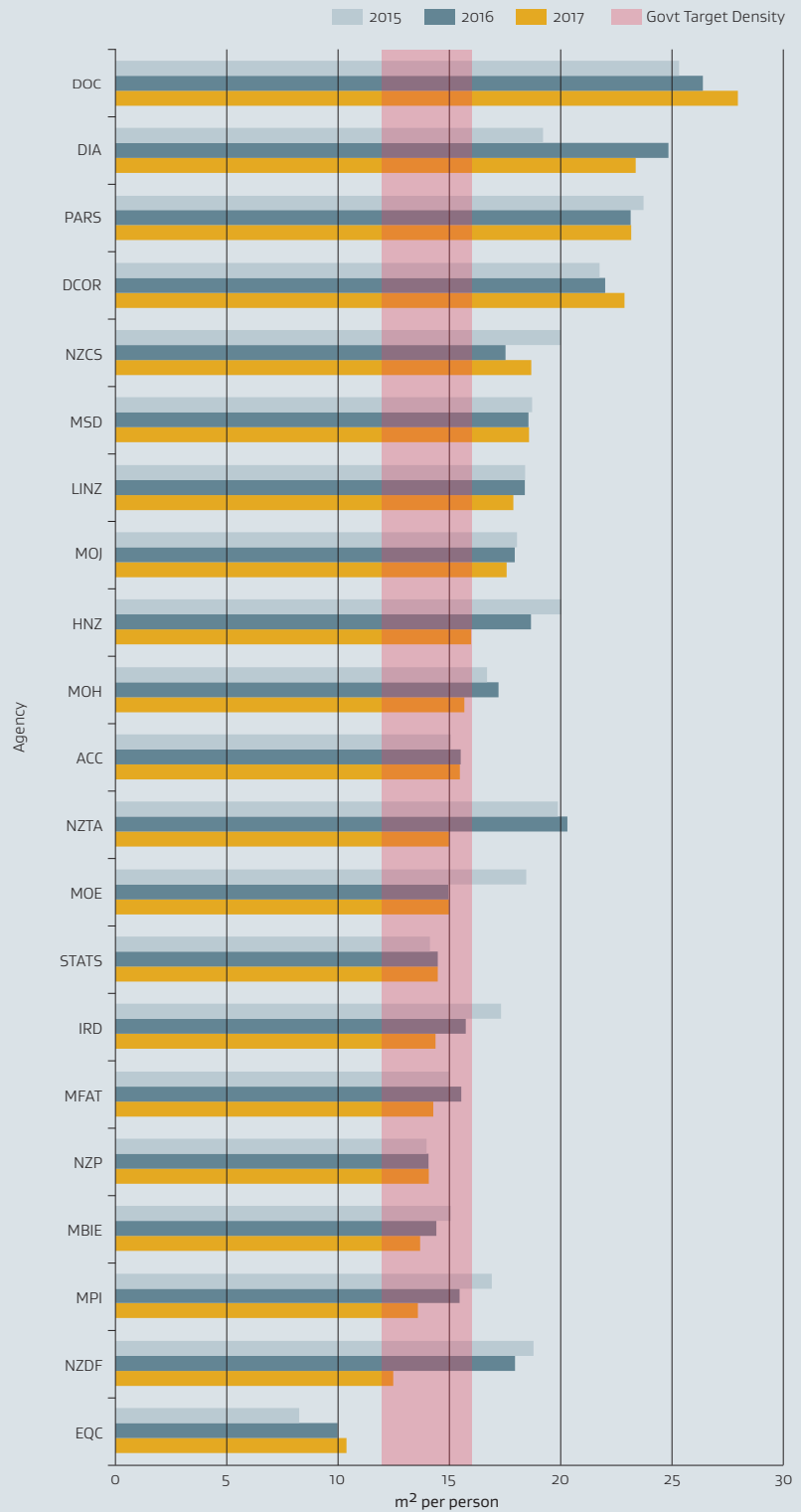
Cost per m² by agency

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



Agency Density Progress

Area per person is one of the key principle measures of how efficiently space is being utilised. This graph details for each agency their progress over the past three years towards achieving the Government's goal density range of 12–16m² per person.



Agency Facilities Management Costs

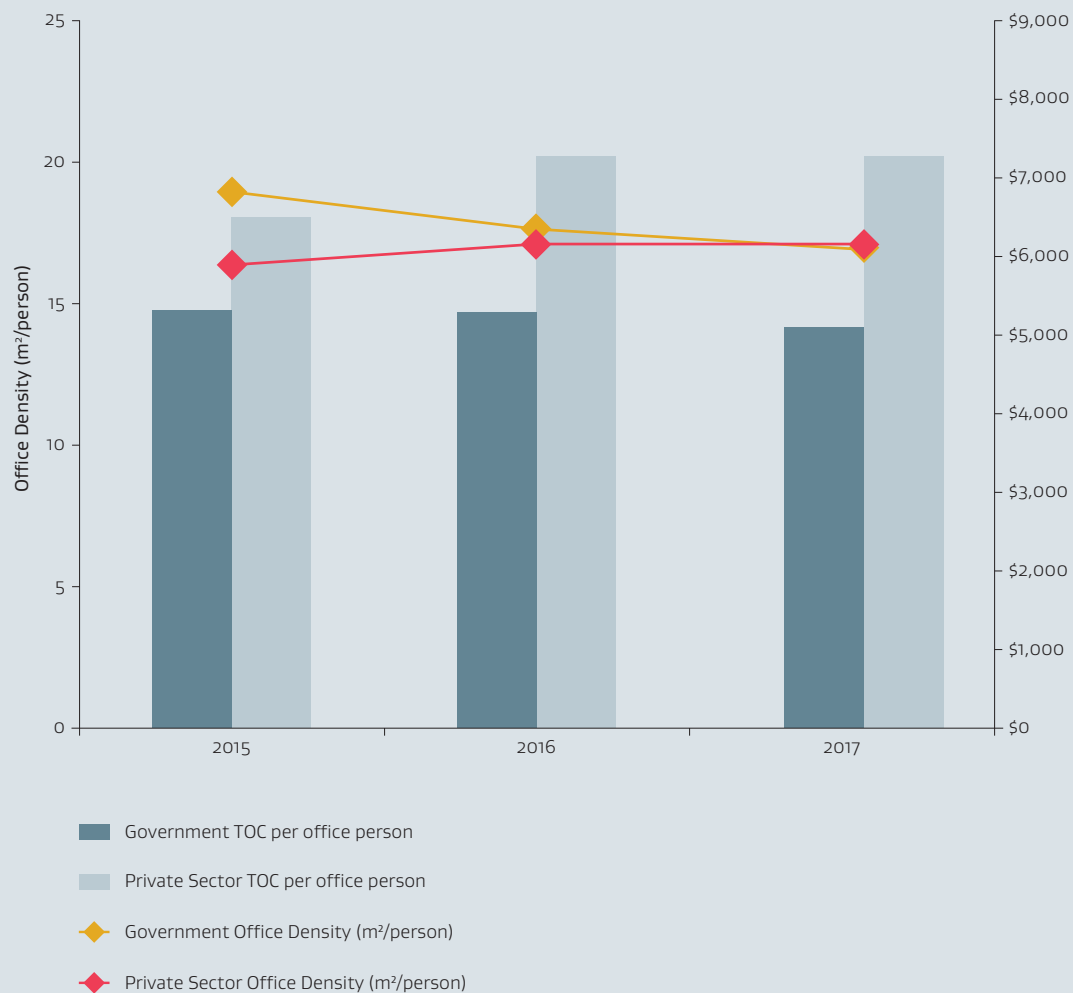
This graph details for each agency the average cost per m² for facilities management over the last three years. Procurement work is continuing on the delivery of an all-of-government contract for facilities management services which will help agencies to contain costs to run the estate.



Private Sector Benchmarking

Each year, GPG looks to the private sector as a benchmark to measure our performance, using the following key measurements:

- Total occupancy cost (TOC) per office person
- m² per office person



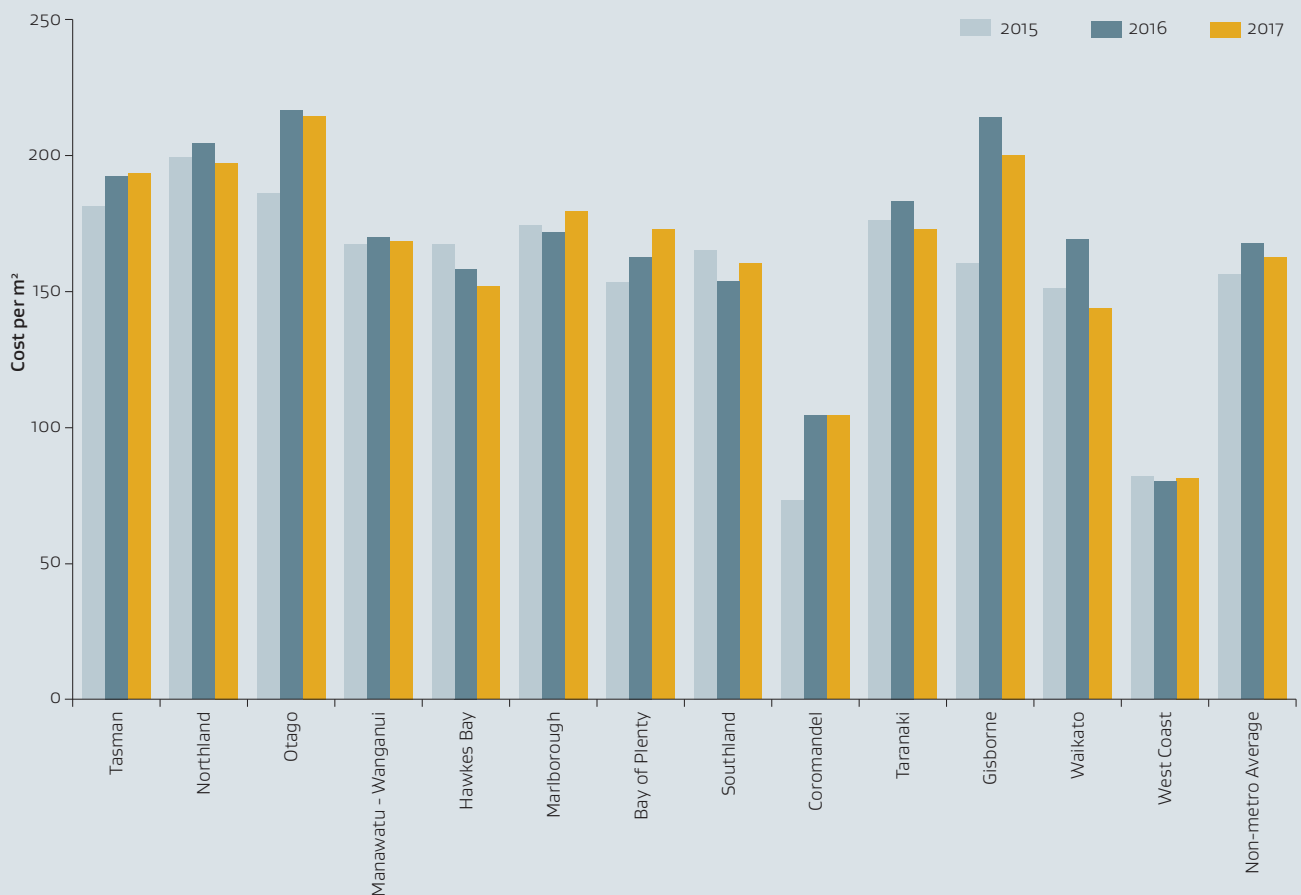
* Colliers NZ Workplace Report 2016 – Workplace and Occupational Trends is produced every two years.

Property Costs Per Location

Metropolitan Locations – Cost per m²

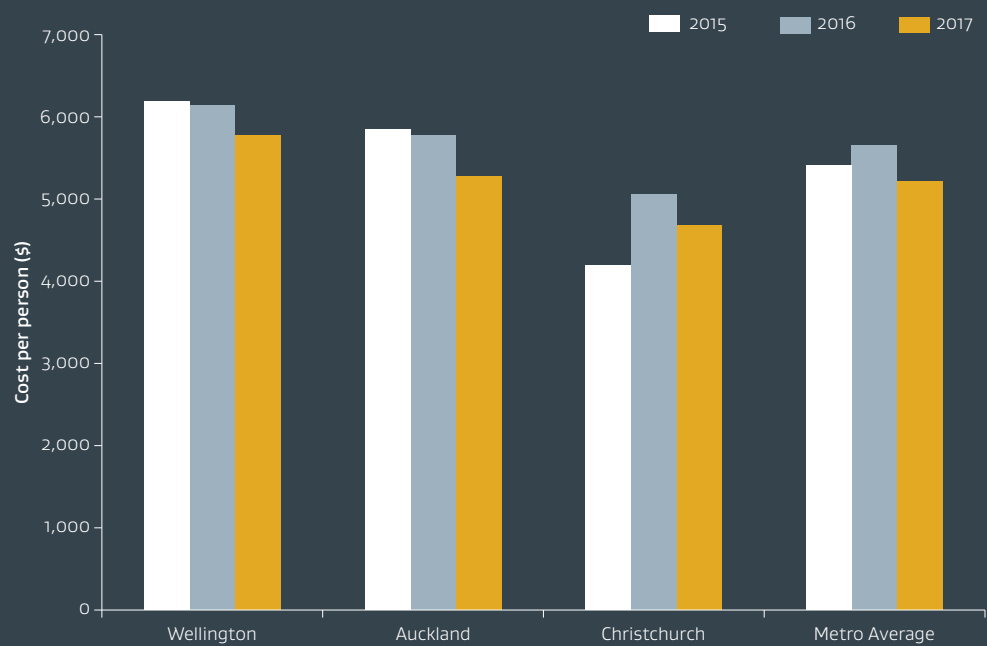


Non-Metropolitan Locations – Cost per m²



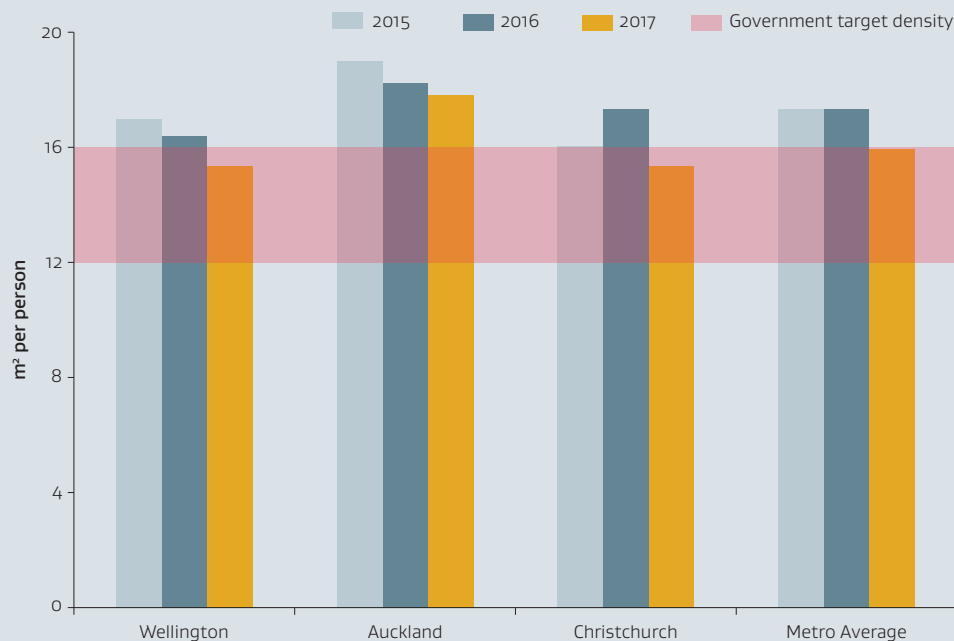
Property Costs In Our Main Cities

Metropolitan Locations – Cost per office person



Office Target Density Per Location

Metropolitan Locations – Area (m²) per office person



Non-Metropolitan Locations – Area (m²) per office person



Agency Metrics 2017

Agency Name	Agency Abbreviation	m ² per Office Person	Cost per Office m ²	m ² per Workstation	Cost per Office Person
Accident Compensation Corporation	ACC	16	279	14	4,378
Callaghan Innovation	CALL	16	564	15	9,195
Canterbury Earthquake Recovery Authority	CERA	11	350	10	3,685
Careers New Zealand	CNZ	21	282	18	5,939
Civil Aviation Authority	CAA	17	350	16	9,979
Crown Law	CLAW	14	360	11	4,945
Department of Conservation	DOC	28	198	26	4,743
Department of Corrections	DCOR	23	258	17	6,305
Department of Internal Affairs	DIA	23	277	15	6,625
Department of the Prime Minister and Cabinet	DPMC	15	378	14	5,622
Earthquake Commission	EQC	10	258	10	2,675
Education New Zealand	ENZ	12	391	11	4,794
Education Review Office	ERO	24	282	21	6,754
Energy Efficiency and Conservation Authority	EECA	16	396	15	6,174
Environmental Protection Authority	EPA	16	379	13	5,987
Government Communications Security Bureau	GCSB	–	439	22	–
Health Promotion Agency	HPA	17	635	14	10,495
Health Quality and Safety Commission	HQSC	20	300	16	5,912
Health Research Council	HRC	14	338	13	4,719
Housing New Zealand	HNZ	16	254	15	4,044
Inland Revenue Department	IRD	14	315	12	4,428
Land Information New Zealand	LINZ	18	257	15	4,587
Maritime New Zealand	MTNZ	13	314	13	3,580
Ministry for Culture & Heritage	MCH	16	421	14	6,807
Ministry for Primary Industries	MPI	14	233	14	3,161
Ministry for the Environment	MFE	13	399	12	5,411
Ministry of Business Innovation and Employment	MBIE	14	270	14	3,756
Ministry of Defence	MOD	21	324	16	6,694
Ministry of Education	MOE	15	290	15	4,390
Ministry of Foreign Affairs and Trade	MFAT	14	447	14	6,384
Ministry of Health	MOH	16	328	13	5,162
Ministry of Justice	MOJ	18	188	16	4,571

Agency Metrics 2017

Agency Name	Agency Abbreviation	m ² per Office Person	Cost per Office m ²	m ² per Workstation	Cost per Office Person
Ministry of Pacific Peoples	MPP	19	254	19	5,264
Ministry of Social Development	MSD	19	198	19	3,663
Ministry of Transport	MOT	26	395	17	10,383
Ministry of Women's Affairs	MWA	17	308	15	5,315
New Zealand Antarctic Institute	NZAI	30	328	20	9,723
New Zealand Blood Service	NZBS	16	297	14	4,728
New Zealand Customs Service	NZCS	19	211	16	5,480
New Zealand Defence Force	NZDF	13	248	12	3,136
New Zealand Fire Service	NZFS	13	393	12	5,114
New Zealand Police	NZP	14	181	27	4,044
New Zealand Qualifications Authority	NZQA	16	342	13	5,343
New Zealand Tourism Board	NZTB	17	382	15	6,368
New Zealand Trade and Enterprise	NZTE	20	362	16	7,120
New Zealand Transport Agency	NZTA	15	298	20	4,560
New Zealand Walking Access Commission	NZWC	15	413	15	6,200
Parliamentary Counsel Office	PCO	20	352	18	7,156
Parliamentary Services	PARS	23	275	22	6,288
Pharmaceutical Management Agency (Pharmac)	PMA	15	352	13	5,091
Real Estate Agents Authority	REAA	17	388	16	6,690
Reserve Bank of New Zealand	RBNZ	28	–	23	–
Security Intelligence Service	SIS	–	–	–	–
Serious Fraud Office	SFO	15	342	16	5,208
Social Workers Registration Board	SWRB	22	392	20	8,410
Sport New Zealand	SPORT NZ	26	195	22	5,410
State Services Commission	SSC	15	298	13	4,464
Statistics New Zealand	STATS	15	352	13	5,144
Te Puni Kokiri (Ministry of Maori Development)	TPK	18	495	16	9,021
Tertiary Education Commission	TEC	12	401	12	4,819
The Treasury	TRE	13	340	12	4,293
Worksafe New Zealand	Worksafe	39	216	37	8,386

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

New Zealand Security Intelligence Service data is included with Government Communications Security Bureau.

NB: Metrics rounded to the nearest whole number.

Reserve Bank of New Zealand is not mandated but voluntarily provide information.



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

New Zealand Government