



**AUDITOR GENERAL
FOR WESTERN AUSTRALIA**

Serving the Public Interest

SUMMARY OF THE PERFORMANCE EXAMINATION

**ROOM TO MOVE:
IMPROVING THE COST EFFICIENCY OF
GOVERNMENT OFFICE SPACE**

Report 11, November 2006

Background

Government occupies over 600 000m² of office space at an estimated cost of over \$140 million annually. Around 90 per cent of Government office space is in the Perth metropolitan area. The cost of Government office space is likely to increase substantially over the course of the next 18 months. Leases for approximately 80 000m² of Government office space are due to expire in 2007, with a likely cost increase of \$10 million mainly due to higher rents caused by a tightening of the market for office space.

The examination assessed the cost efficiency of office space provision on a whole of government basis, with a particular focus on the Perth metropolitan area. We analysed data on floor area, rent and outgoings and the number of staff accommodated to enable comparative analysis of cost efficiency across government. The examination reviewed the management model and strategic planning process for the provision of office space.

What the examination found...

We found that the impact of office accommodation policies is not effectively monitored and that decision-making is based on limited strategic planning. Our key findings were:

- Most Government office space does not meet space efficiency standards, with average space per person of 21m², 40 per cent over the policy standard of 15m² per person.
- Meeting the standard offers indicative savings of around \$20 million per year, a reduction in office space holdings of approximately 80 000m² (a floor area equivalent to almost four buildings the size of Dumas House).

- Existing policies provide a sound basis for achieving efficiencies, but the absence of regular monitoring of performance and policy compliance hampers the realisation of cost efficiencies.
- The Department of Housing and Works (DHW) has begun to implement a strategic planning process, although the scope of cross-Government strategic planning for office space remains limited.
- Adoption of open plan office space is a core policy for improving efficiency, and can enable more effective service delivery. However, the extent of adoption of open plan space in Government is unclear.

What the examination recommended...

- DHW should gather and analyse reliable and comprehensive information on accommodation cost efficiency and, at regular intervals assess the impact of policy to identify and target opportunities for efficiency improvements.
- DHW, supported by agencies, should seek to ensure that Government office space more consistently achieves the mandatory occupancy density ratio of 15m² per person. This would achieve efficiencies and offset rising rent costs.
- DHW should ensure its strategic planning includes:
 - a comprehensive, bottom-up, longer term, definition of cross-Government requirements
 - all Government office space assets
 - explicit coverage of the balance of leased and owned space
 - identification and management of risks.
- DHW should better communicate the potential effectiveness as well as the efficiency benefits of moving to open plan layouts and provide advice on key strategies to achieve this policy objective.

A copy of the report can be accessed at www.audit.wa.gov.au/
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