



Australian Government  
Department of Finance



# Commonwealth Leasing

Additional information provided in support of Assistant Minister briefing

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## Increasing space efficiency of offices through flexible and activity based working (ABW)

### Space efficiency in office use

For most businesses, the costs associated with office accommodation (rent, fit-out, outgoings) are the second highest expense after employee salaries. Therefore, it is important to ensure that space use is efficient.

One way of measuring the space efficiency of a lease is by measuring the density of its occupation. This is calculated by dividing the square metres of usable office space by the number of work-points that are occupied. This calculation includes both desk space and other areas such as meeting rooms.

The density is therefore effected by the design of the fit out and the number of staff using the area.

### Workpoint underutilisation

In the traditional model of an office-based organisation, a fit-out would allocate a work point (desk) to each employee. This is based on the assumption that employees work primarily in the office, and occupy their “own” desks throughout the day.

However, this may not be an efficient use of space, as even in the most traditional workplaces, there will be a portion of desks that are unused at any one time, due to staff leave, illness, offsite work or meetings.

Workpoint underutilisation is exacerbated in the modern workplace, with organisations increasingly implementing flexible working policies. These policies support staff and managers to consider alternate options as to when, where, and how work is performed, as well as role structure (supporting part time work or job sharing, and working from different locations including off-site).

Breaking the mindset of allocating a single desk to a specific employee allows the entity to reduce the number of desks in their lease to reflect how many are needed, rather than how many staff they employ.

### What is ABW?

ABW is a workplace that is designed to support the more consistent utilisation of space. It is based on analysis of how work is conducted in an organisation. Space is allocated according to activity. Quiet and private areas are defined and apportioned to intense and focused work, whereas collaboration spaces are created for group work and meetings.

Employees are asked move to the environment that best suits their requirements, and this movement may happen several times throughout the day to reflect different tasks. Due to the desk not necessarily being the primary place for work to occur, desks may not be allocated to a specific employee (flexi desking).

ABW is different from other flexi desking implementations, as the removal of a specified desk is offset by the implementation of a variety of different work areas. However, it does share many of the same advantages and disadvantages as flexi desking which are outlined below.

## Spatial benefits of ABW

On average, ABW workplaces generally have less space allocated for individual work (4.3m<sup>2</sup> compared to 7.3m<sup>2</sup> per work point in a traditional fit out). However, users found that this was compensated by a substantial increase in the amount of space for break-out areas (67 per cent more than the traditional fit out group) and meeting areas (22 per cent more in ABW workplaces).

There are a number of Australian Public Service entities that have recognised this and have, or are, reducing the number of desks in their leases. These include the Australian National Audit Office and the Australian Bureau of Statistics. For both of these entities, the implementation of ABW combined with flexible working have allowed them to significantly reduce their leased space.

## Collaboration and movement benefits of ABW

When properly designed, the ABW layout generally affords more space for interaction and collaboration between co-workers, especially where they are required to share spaces with workers from across the organisation.

The opportunity to meet and discuss ideas across workgroups that may not otherwise have visibility of each other's work can assist in breaking down silos of information. Finance is seeing this requirement for greater collaboration as a significant driver for ABW fit-outs in the Commonwealth.

With greater recognition of the cost to health of a sedentary work place, research has also pointed to increased physical movement of staff in an ABW office as a significant benefit of this fit-out style.

## Disadvantages of flexi desking and ABW

Potential disadvantages of removing allocated desks from the workplace include:

- a loss of personal space where employees can display their individuality, and permanently store their work equipment close to their working environment. Studies have found that a limited ability to personalise a workspace can contribute to a low level of perceived privacy, which in turn can affect employees' emotional resilience;
- lack of close physical team environment which may affect: the ability to have ad hoc team meetings; mentoring of staff; and informal information sharing;
- productivity loss due to the time required to find and set up a workstation, and packing-up at the end of use. Productivity may also be impacted while searching for relevant staff across a tenancy; and
- potential health concerns related to sharing furniture, keyboard, and phones among multiple individuals.

## Measurement of the changes to productivity in an ABW environment

The Minister asked whether we are able to measure the changes to productivity in an ABW environment. There have not been a lot of studies completed that measure the changes to worker productivity in an ABW environment.

A group of Australian academics have undertaken studies that show that staff working in an ABW fit out are more comfortable (reportedly more satisfied with air quality, thermal comfort and acoustics for example), than fixed-desk co-workers<sup>1</sup>. However, when provided with the opportunity to give a

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<sup>1</sup> Jungsoo Kim, Christhina Candido, LeenaThomas, Richard de Dear (2016). Desk ownership in the workplace: The effect of non-territorial working on employee workplace satisfaction, perceived productivity and health. *Building and Environment*, pp. 203-214; and

narrative response, these respondents indicated that the ABW-style of working is still not universally supported in the workplace. What is clear is that for ABW-style working to be a success it needs to be driven from the top of an organisation and workplace processes and norms need to evolve to support its implementation.

## Increasing the benefits of ABW with flexible working

Although it is not a requirement to implement both flexible working and ABW together, due to the effect of a flexible workplace on space utilisation, it is often jointly considered.

Flexible working is widely implemented in Australia. Approximately 64 per cent of workers are already taking advantage of some sort of flexible working arrangement that allow them to work from a remote location, usually at home, an average of 1.1 days a week. One study found that 83 per cent of people either “liked” or “loved” the ability to do this.

The productivity benefits of flexible working are widely accepted. Flexible workers have been found to be generally significantly more productive than their 9-to-5 peers. Studies have found that they:

- achieved more;
- were off sick less often; and
- worked longer hours.

Flexible work is endorsed by the Department of Employment, Skills, Small and Family Business, which advise small to medium businesses that flexible work arrangements can assist them to attract a diverse workforce and gain a competitive edge, especially while supporting carers to return to work. Other entities have found flexible workers are more agile and responsive to the needs of their clients.

## Key learnings for in the implementation of ABW

The successful implementation of a flexible workplace and ABW requires a strong policy structure to address the ‘people’ aspects, including staff management and oversight. Where there is not strong change management, unions may raise concerns about changed working conditions, as happened in 2017 in the Australian Tax Office implementation of flexi desking in Gosford.

ABW and flexible work also require support through modern connectivity and collaboration technologies (including portable devices and ICT infrastructure). Fit-outs require desks and chairs that can be easily and quickly adjusted to suit the different workers moving in these spaces. Further, a thorough cleaning protocol is required, to decrease prevalence of occupants’ health complaints when using communal equipment.

Despite its advantages, flexible working is unlikely to result in the end of the traditional office environment. Deloitte and CoreNet Global have undertaken recent research into the workplace experience. They found that despite the ubiquity of collaboration tools and the general acceptance of remote work, typically employees will still visit offices four, as often five days per week, in order to connect with colleagues and be visible to their leadership.

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Christhina Candido, Leena Thomas, Shamila Haddad, Fan Zhang, Martin Mackey & Wei Ye (2019). Designing activity-based workspaces: satisfaction, productivity and physical activity. Building Research and Information, 47(3), pp. 275-289.

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