

13 July 2023

██████████  
██████████  
Stuff

██████████@stuff.co.nz

REF: OIA-12939

Dear ██████████

### Request made under the Official Information Act 1982

Thank you for your email of 20 June 2023 requesting the following information under the Official Information Act 1982 (the Act):

*...an itemised cost breakdown for the refit of the new offices at Bowen St, mentioned here:  
[https://www.parliament.nz/en/pb/order-paper-questions/written-questions/document/WQ\\_16223\\_2023/16223-2023-simeon-brown-to-the-acting-minister-of-transport](https://www.parliament.nz/en/pb/order-paper-questions/written-questions/document/WQ_16223_2023/16223-2023-simeon-brown-to-the-acting-minister-of-transport)*

By way of background, Waka Kotahi NZ Transport Agency reviewed its Wellington accommodation ahead of the lease expiry of its Chews Lane office in January 2024. Seismic issues with the Chews Lane office mean that significant, costly and disruptive remediation work would have been required as part of a lease renewal.

Prior to selecting 44 Bowen Street as the new Waka Kotahi office for our 1,100 Wellington-based staff, a full market assessment was completed in February 2021 to identify suitable candidate properties for Wellington office. A long list of 14 properties was considered, which was then shortened down to three final properties within the business case for the move. The business case is publicly available here: <https://www.nzta.govt.nz/assets/About-us/docs/oia2-2022/oia-10545-attachment-2.pdf>

Waka Kotahi worked with the Government Property Group to ensure that the site selection, commercial terms and fitout of the new office are consistent with the principles, standards and guidelines for Government office accommodation.

It is important to note that the new Waka Kotahi office at 44 Bowen Street involves the fitout and lease of floors in a newly constructed building, not a refit of a pre-existing space. Therefore, the costs involved are not comparable to a refresh or refurbishment of an existing space. The table appended to this letter sets out the breakdown of the costs associated with the fitout for the six levels of the new Bowen Street office.

The budget for this project has targeted a balanced (or mid-range) approach and has been carefully weighed against the need for fiscal responsibility. Waka Kotahi has previously reported its original capital budget for the project of \$24.8 million. Following proactive financial management, an additional \$2.5 million in capital was approved in late August 2022.

This additional funding responded to the 30 percent inflation in costs in the construction sector since the project budget was first defined. This increase also took into account significant effort to manage costs within the project (removing \$6 million of potential costs in furnishings, technology, and materials), while still delivering a fitout that was of sufficient quality to last for the 12-year lifecycle of this office.

Waka Kotahi sought advice from our property advisory partners on the range of costs likely to be experienced for a new fitout in 2023, and we were advised of a range of \$2,500 to \$4,000 per square meter, depending on the scale, quality, and design approach. The new Bowen Street office has a footprint of approximately 8,860m<sup>2</sup>. This means, a complete fitout for Bowen Street office (hard fitout, soft fitout, technology and professional fees) costs \$2,943 per square meter – which is in line with our approach for delivering a ‘mid-range’ fitout.

For the fitout, Waka Kotahi opted to provision joinery (built-in) items instead of some large standalone furniture. This has increased the hard fitout costs but resulted in lower soft fitout (furnishing) costs. With little to no requirement to replace or renew items over time, this approach reduces future costs for maintenance and therefore delivers the highest value for Waka Kotahi.

Fitout requirements have also gone through an extensive value engineering during the detailed design and construction process. Cost-conscious choices have been made at all stages of the project, with the Quantity Surveyors, designers and project team actively seeking options that reduce upfront expenditure without driving undue future costs.

In late 2022, a financial review of the project also identified that the \$1.56 million of project resourcing and subject matter expertise support should be capitalised, rather than managed as an operational cost. This has resulted in an overall capital budget of \$28.86 million, of which \$0.33 million is being held in contingency, resulting in the \$28.53 million total project costs reported.

In line with Waka Kotahi policy, this response will soon be published on our website, with personal information removed.

If you would like to discuss this reply with Waka Kotahi, please contact Felix Marwick, Media Manager, by email to [felix.marwick@nzta.govt.nz](mailto:felix.marwick@nzta.govt.nz).

Yours sincerely



**Jake Rance**

Corporate Services Manager

## Appendix

<b>Cost Category</b>	<b>Description</b>	<b>Total Forecasted Cost (\$m)</b>
<b>Hard Fitout</b>	Includes: <ul style="list-style-type: none"><li>- Main Contractor Hard Fitout (MCHF)</li><li>- Tenant Hard Fitout, which covers physical designations of space within the floor into meeting rooms, kitchenettes etc.</li><li>- Joinery items – custom built-ins</li></ul>	19.71
<b>Soft Fitout</b>	Furniture, fixtures, and equipment, purchased new for Bowen St.	2.69
<b>Technology</b>	New technology equipment and professional services fees for the installation of new and relocated items for Bowen St.	1.21
<b>Professional Services</b>	Fees for the design, fitout and build of Bowen St, including seismic and other engineering services to ensure a safe working space.	2.47
<b>Project Team</b>	Project resourcing costs for Bowen St, including change management, relocation management, and specialist support across the three years the project has been running.	1.56
<b>Relocation and Other</b>	Costs associated with relocating from Chews Lane and Majestic Centre, security, consents and legal fees, and other miscellaneous costs.	0.89
<b>Total Forecasted Cost (\$m)</b>		<b>28.53</b>