

## PROCUREMENT PLAN

44 Bowen Street, Wellington Fitout/Workplace Project

Contract Number: 5368

Business Lead: Out of Scope

Procurement Lead: Out of Scope

### Endorsements

#### Procurement Comments:

Procurement Endorsement		
Name and title of signatories	Signature	Date
Out of Scope Senior Manager Procurement		

#### Comments:

Other Endorsements		
Name and title of signatories	Signature	Date
Out of Scope General Manager People Group	Out of Scope	6/10/2021
Out of Scope General Manager Corporate Support	Out of Scope	6/10/21

### Delegation Approval

It is recommended that as the delegated financial authority (in accordance with the relevant [business rule](#)) you **endorse** the procurement plan, which involves:

#### Approving:

- The procurement approach set out in this plan involving directly sourced or selected/closed party RFP process for professional services consultants (from existing suppliers); directly sourced appointment of the construction contractor (with the contractor tendering key subtrades) and selected party RFP process for furniture suppliers (primarily from existing suppliers) to deliver Waka Kotahi NZTA's fitout/workplace project at 44 Bowen Street

- The costs of the fitout/workplace project will be met out of the appropriate cost centre code being s 9(2)(b)(ii)
- The evaluation method and criteria (listed on page 17 are fit-for-purpose and will support Best Value to be achieved by Waka Kotahi NZTA

#### Noting:

- The timeframes in the Agreement to Lease (for 44 Bowen Street) for handover of the respective floors for fitout require the design, procurement, construction and delivery of the fitout and related workstreams to be fast-tracked to meet the programme and lease exit opportunities.
- The Wellington commercial construction market currently has capacity constraints due to the current demand for construction services and supply chain and C-19 related impacts; resulting in potential capacity and price escalation risks
- The procurement strategy has been adapted to meet these timeframes and market conditions, while effectively mitigating risk and complying with Waka Kotahi NZTA's procurement requirements and the Government Procurement Rules.

#### Delegation Comments:

Delegated Financial Authority		
Name and title of signatories	Signature	Date
Out of Scope Senior Manager, Corporate Property	Out of Scope	23/09/2021

#### Key information

Background & business case	<p>Waka Kotahi NZTA's head office, based at 50 Victoria Street (Chews Lane) Wellington, had a lease renewal due 31 January 2023. When contemplating exercising this renewal, Waka Kotahi NZTA also considered the seismic strengthening works required to the building s 9(2)(b)(ii). In addition to this, the condition of the fitout of the premises is tired and requires refreshment to better suit new ways of working (aside from Level 3 that was refurbished in 2018). There is also a desire from the ELT and Board for our Wellington based people to be located together in one site (as opposed to being split across Chews Lane and the Majestic Centre). Minimal disruption to Waka Kotahi people was also considered a priority.</p> <p>The Board approved the Business Case in April 2021 recommending the leasing of 44 Bowen Street from 1 July 2023. 44 Bowen Street will provide 8,660m<sup>2</sup> of space over six of the eight levels (ground floor to level 5 inclusive) of the building, which is currently under construction. It is envisaged that this will provide an opportunity to embrace new ways of working in neighbourhoods, a</p>
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	<p>more collaborative environment and changes to the workspace following Covid-19.</p> <p>There is approximately 1,000 people currently based within Waka Kotahi Wellington CBD offices (Chews and Majestic sites) and it is anticipated this will increase to circa 1,300 by late-2023.</p> <p>Post Covid-19, a significant number of our people now work from home at least one day per week. It is estimated 8 workpoints to every 10 people (a 0.8:1 ratio) will be required, together with better workplace technology, more collaboration areas, a number of adaptable spaces and significantly more small meeting rooms than currently provided. This approach is in line with how other government agencies and departments are provisioning their workplaces and adopting new ways of working.</p>
<b>Procurement Objectives</b>	<p>The fitout and establishment of the new workplace involves several workstreams:</p> <ul style="list-style-type: none"> <li>• <b>Hard Fitout</b> specification, design, procurement, construction and commissioning</li> <li>• <b>Soft Fitout</b>, furniture and fixtures, fittings and equipment (FF&amp;E) specification, procurement and installation</li> <li>• <b>Workplace Technology</b> specification, design, procurement, installation and commissioning</li> <li>• <b>Relocation Management</b> of existing furniture, technology, equipment, taonga and fixtures and fittings</li> <li>• <b>Workplace Change Management &amp; Communications</b> to ensure staff are prepared for the new workplace</li> <li>• <b>Base Building Variations</b> that are needed to adjust the building for Waka Kotahi's specialist needs (e.g. additional end of trip facilities, bathroom modifications etc)</li> </ul> <p>Specialist professional services advice and the appointment of agreed suppliers is needed for each workstream, as set out below.</p> <p>The objective of this procurement activity is to enter into Best Value contractual arrangements with:</p> <ul style="list-style-type: none"> <li>• Professional, competent and well-resourced technical/professional services consultants for the respective disciplines</li> <li>• A well respected and well-resourced construction contractor, with a strong subcontractor network for the fitout construction works</li> <li>• Existing selected suppliers for the supply of furniture and fixtures, fitting and equipment needed</li> </ul>
<b>What are we buying and why (in scope)</b>	<p>The Procurement Plan is focused on appointments for <b>Hard Fitout, Soft Fitout and Base Building Variations</b> only. The procurement needed for the other workstreams will be managed separately.</p>



### Hard Fitout

This workstream involves the specification, design, procurement, construction and commissioning of the hard fitout works required to “subdivide” the premises into the functional elements needed including meeting rooms, kitchens, utility areas, reception and similar amenities.

This workstream requires the appointment of a professional services consultant team to brief, design, manage and deliver the solution:

- **Design Strategy** to complete briefing and engagement with Waka Kotahi to inform the fitout design (to follow)
- **Architectural Design** to lead the hard fitout (and soft fitout) design, specification, consenting and quality control
- **Project Management** to manage the overall procurement, programme and cost management of the project
- **Quantity Surveying** to provide cost management advice and oversight during the design and construction stages, reporting against the approved budget
- **Engineering Services** (primarily mechanical, fire, electrical, hydraulics, acoustics and structural) to lead the design, specification and modifications of the base building to suit the fitout design

This workstream also requires the appointment of a **Construction Contractor**, and sub-contractors, to build, install and commission the Hard Fitout.

### Soft Fitout

This workstream involves the specification, design, procurement and installation of all workstations, meeting room and other ancillary furniture, and all fixtures, fittings and equipment (FF&E) needed to operate the new workplace.

The Architectural Design appointee will lead the specification and design of the Soft Fitout workstream including completing an audit of existing furniture to determine opportunities for re-use.

### Base Building Variations

Waka Kotahi has already (outside this Procurement Plan) initiated the installation of an internal stair, as a base building variation, using the Landlord’s consultant team, as is required under the Agreement to Lease.

The same approach would apply for any further variations to the building such as additional end of trip facilities or bathroom changes. These will be procured on an open book basis through the Landlord, Precinct Properties.

### What is out of scope

The following workstreams will be procured separately:



	<ul style="list-style-type: none"> <li>• <b>Workplace Technology</b> specification, design, procurement, installation and commissioning</li> <li>• <b>Relocation Management</b> of existing furniture, technology, equipment, taonga and fixtures and fittings</li> <li>• <b>Workplace Change Management &amp; Communications</b> to ensure staff are prepared for the new workplace</li> </ul>
<b>What are the critical success factors</b>	<ul style="list-style-type: none"> <li>• Creating an optimal workspace that supports Waka Kotahi NZTA's people, align to the Workplace Strategy principles as part of this procurement scope</li> <li>• Delivering the programme of work within the timeframes required under Agreement to Lease to ensure the contractual obligations under the Agreement are met and enabling Waka Kotahi NZTA to maximise early lease exit opportunities of existing premises</li> <li>• Delivering the project within the approved project budget and achieving Best Value</li> </ul>
<b>Total whole of life cost (including any variations, renewals or extensions)</b>	<p><b>\$22.0 million (tbc)</b> including:</p> <ul style="list-style-type: none"> <li>• <b>Hard Fitout \$15.3m</b></li> <li>• <b>Soft Fitout \$2.5m</b></li> <li>• <b>Workplace Technology</b> (outside this procurement activity) \$2.8m</li> <li>• <b>Relocation Management</b> (outside this procurement activity) \$0.25m</li> <li>• <b>Workplace Change Management &amp; Communications (internal resource)</b> (outside this procurement activity)</li> <li>• <b>Base Building Variations</b> currently limited to internal stairs (under separate contract estimated at \$1.25m) but may extend to other elements</li> <li>• Professional fees \$2.7M including ECI fees (see below)</li> </ul>
	Non-NLTP
<b>Contract term</b>	Expected commencement date: October 2021
	Initial term: 1 year 9 months
	Rights of renewal: N/A
	Total contact term: 1 year 9 months excluding defects liability period
	The contract may be extended due to unforeseen circumstances preventing completion time or if additional scope is added
<b>Contract type</b>	<p>The type of contracts that will be used are:</p> <ul style="list-style-type: none"> <li>• NZS3910 for construction contractor appointment modified for ECI and P&amp;G and Margin tender</li> <li>• ACENZ or similar short form consultancy agreement for appointment of professional services consultants</li> </ul>

	<ul style="list-style-type: none"> <li>Specific commercial contracts for the procurement of furniture and fixtures, fittings and equipment</li> </ul>
Cost centre code	s 9(2)(b)(ii)

## Key internal/external stakeholders

Project Structure	Attached as <b>Appendix 1</b> is an indicative Project Structure to be further developed, showing the proposed team and reporting arrangements.
Steering Group	<p>A Steering Group will be established to govern the project. This group will consist of:</p> <div style="background-color: #cccccc; text-align: center; padding: 20px; font-size: 2em; color: red;">Out of Scope</div> <p>A Terms of Reference will be developed setting out the purpose, role and responsibilities of this group.</p> <p>The Internal Project Director (to be appointed) will report to the Steering Group together with the workstreams leads as needed.</p>
Internal Project Director	An internal/Waka Kotahi NZTA Project Director will be appointed or seconded to lead this project, given the scale and criticality. This person will oversee all of the workstreams and be responsible for developing an integrated project plan, risk management and reporting.
Stakeholders	Set out in the table below is a summary of the key stakeholders involved in this procurement.

Role	Stakeholders	Actions/Communication
<b>Responsible</b> - The person or people responsible for undertaking the procurement.  <b>Accountable</b> - The person or people that have authority to make decisions and are accountable for the outcomes.  <b>Supportive</b> The person or people that do the real work.	Out of Scope	<p>Overall responsibility for Waka Kotahi NZTA 44 Bowen Street project outcomes</p> <p>Provide project direction and day-to-day approval within budget</p> <p>Manage consultants, contractor and other suppliers e.g. Furniture.</p>

	Project Manager (tbc)	Coordinate with stakeholders onsite to manage construction on site to minimise day-to-day disruption.
<b>Consulted</b> - The person or people who needs to be consulted to add value or get 'buy-in.	<b>Out of Scope</b>	Provide feedback on proposed design at the appropriate milestones
<b>Informed</b> - The person, people or group(s) (i.e. business unit(s) that need to be kept informed of key actions and results, but are not involved in decision-making or delivery.	Engagement and Partnerships Team (including Communications) H, S & E Procurement Insurance Finance Legal	Follow directions prior to and during construction and adapt to new workplace design.

## Market & situational analysis

<b>Agreement to Lease &amp; Key Milestones</b>	<p>The timeframes in the Agreement to Lease for the handover of the respective floors for construction of the Hard Fitout and the other workstreams now condense the time available for design, procurement, construction and delivery to meet this programme, and the forecast lease commencement date of 1 July 2023.</p> <p>The construction of 44 Bowen is also well advanced, with the first fix of building services planned to be completed before the end of 2021.</p> <p>As a result, there is a risk insufficient time is available to:</p> <ul style="list-style-type: none"> <li>Complete the procurement activities using open competitive tendering for all of professional services disciplines, main contractor and suppliers needed for the project</li> </ul>
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	<ul style="list-style-type: none"> <li>• Complete a thorough briefing and design process to inform the final workplace solution</li> <li>• Take advantage of any opportunities for design and construction integration between the Base Building Works (being undertaken by Precinct through their base building contractor, LT McGuinness) and the Hard Fitout workstream (principally the Tenant Fitout Services Works workstream as described in the Agreement to Lease), meaning time and cost savings are lost</li> </ul> <p>In order to mitigate this risk, a fast-track procurement, design, construction and delivery process is needed.</p>
<b>Project Programme</b>	<p>Attached as <b>Appendix 2</b> is a draft <b>Project Programme</b> showing the key activities and milestones.</p> <p>The draft programme includes critical dates provided by LT McGuinness for early procurement items and integration opportunities. Even through a fast-tracked procurement, briefing and design process as planned some of the dates will be difficult to meet. Further discussions will be needed with Precinct and LT McGuinness to consider how these dates can be delayed or met in part.</p>
<b>Market Conditions</b>	<p>In addition, the Wellington market (and property/construction markets generally) currently have capacity constraints due to the current demand for professional and construction services and supply chain and Covid-19 related impacts. This is resulting in:</p> <ul style="list-style-type: none"> <li>• Many professional services practices in the building/construction sector being at full capacity, constraining the potential availability of practices with sufficient scale and experience to service a project of this scale (~8,000m<sup>2</sup>) in the timeframes available, generally with the larger practices across the core disciplines having adequate resourcing depth across multiple offices to be able to service larger projects</li> <li>• Resourcing, skilled labour and sub-trade/contractor capacity constraints across many key construction trades, with the large main construction contractors having in-house carpentry and trade teams and well-developed existing relationships with preferred subtrade contractors, both of which increase delivery confidence</li> <li>• Supply chain delays for several construction materials (eg steel, timber, fibre cement) and specialist plant (eg lifts) especially for offshore content</li> <li>• Price escalation and increased difficulty obtaining fixed price construction contracts without significant tags or exclusions,</li> </ul> <p>Set out below and under the Procurement Approach (page 9) is how the recommended approach will help mitigate these issues.</p> <p>Also attached as <b>Appendix 3</b> is recent advice from the <b>Construction Sector Accord</b> (between government and industry) confirming the current market challenges.</p>

<b>Appointment of Professional Services (Building &amp; Construction)</b>	<p>Given the market conditions, the appointment of professional services consultants for the key disciplines (not provided by the Landlord's consultants) requires increased confidence of delivery capacity and key resourcing availability.</p> <p>As noted, the larger practices across the core disciplines typically have surge capacity to cope with projects of this scale and specific "sprint" periods requiring focused effort. Increasing this confidence, is working with existing or panel appointed suppliers when Waka Kotahi NZTA can validate past performance firsthand.</p>
<b>Appointment of Landlord Consultants</b>	<p>Similarly, negotiating suitable contracts directly with the landlord's consultant team for the remaining professional services disciplines, will also provide the most cost effective and timely solution for these services and enhance the opportunities for integration with the base building works (speeding up programme and avoiding abortive costs) and preserve the base building guarantees and warranties provided in the Agreement to Lease. This applies primarily to building services engineering (mechanical, lighting, electrical, hydraulics, acoustics, emergency lighting), fire engineering and structural engineering.</p>
<b>Appointment of Construction Contractors</b>	<p>The appointment of construction contractors increasingly involves engagement on an early contractor involvement (ECI) basis where the contractor is engaged in a consultancy capacity to work alongside the principal and consultant team to provide advice on programme, pricing and delivery strategies, before entering into a construction contract. This engagement involves additional fees outside the preliminary and general (P&amp;G) and margin contract.</p> <p>An ECI engagement increasingly leads to a negotiated preliminary and general (P&amp;G) and margin contract with the contractor, with the P&amp;G and margin verified by the project's quantity surveyor as fair and market related.</p> <p>This allows the contractor to subsequently tender the subtrade components and provide a lump sum fixed price contract (LSFP), ideally without exclusions. The subtrades typically account for the majority of construction cost.</p>
<b>Appointment of Furniture &amp; Other Suppliers</b>	<p>The appointment of furniture and other similar suppliers of fixtures, fittings and equipment equally requires increased confidence of delivery capacity and local manufacturing capability. Using existing suppliers increases the confidence in delivery based on previous experience and track record.</p>
<b>Price &amp; Escalation Risk</b>	<p>As noted, in the current market environment, obtaining LSFP contracts is increasingly challenging. Often proposals contain several exclusions including price escalations beyond the date of the submission, as this is too volatile for some trades. This is creating challenges across the market. Preliminary guidance from the Infrastructure Commission (who are looking at the impact of these issues across a wide range of projects and sectors) is that generally the client is best placed to manage this risk rather than the main contractor. As a result, some increased costs and price</p>

risk could fall to Waka Kotahi if a clean LSFP contract is not able to be obtained.

In addition to ECI engagement with construction contractors for example, increasingly principles are being required to commit to letting early works packages (even for fitout components) to improve the pricing and delivery certainty for some key sub trades that have long lead and delivery times. This often means financial commitments need to be made ahead of having full certainty on the final contract price. This is a new dynamic in the current market, partly Covid-19 related and partly capacity related.

## Procurement approach

### Strategic Assessment

As a result of these specific and market-related challenges, an **exemption** to the standard procurement rules and Government Procurement Rules is needed to ensure delivery confidence, while still maintaining probity and competitive tension for the primary cost components of the project; as explained below.

### Market Engagement

Engagement will be limited to those parties/suppliers who have been identified through the market analysis process. As a result, the contract opportunity will not be advertised on GETS. It is also noted that this contract opportunity was not published in the agency's annual procurement plan dated 1 Oct 2020 as this plan pre-dated this known requirement.

### Procurement approach utilised

The approach is a hybrid solution involving:

- Direct sourcing and appointment of selected parties, as existing suppliers, AOG panel suppliers or landlord appointed consultants and contractors
- Selected Closed RFP, evaluation and appointment of remaining professional services and furniture and related suppliers, again as existing suppliers or AOG panel suppliers
- Market or selected tendered sub-trade components as part of the construction contract being let, as part of the main construction contractors LSFP contract

The specific rationale, approach and market-risk mitigation strategies are set out below under each procurement package. As outlined below these engagements need to be completed by early October 2021 to integrate with the Agreement to Lease and base building milestones/programme.

- **Strategic Briefing/Change:** We have appointed property adviser, **TwentyTwo**, to undertake a fast-tracked Strategic Design Brief to inform the architectural fitout design process and to commence the workplace change process through initial engagement, specific to this project and outside the scope of a wider Workplace Strategy across the agency. This work will involve quickly linking up the project workstreams, internal change programmes (where relevant)



and developing a roadmap that can be further refined by the Project Director and change team in due course. TwentyTwo are providing support to Waka Kotahi NZTA in establishing the project structure and resourcing and are an approved supplier of Workplace Strategy & Workplace Change Management under MBIE's Government Property Group's Property Consultancy Panel. Direct sourcing is approved for engagements less than \$100,000.

**Architectural Design:** Direct appointment of one of the two existing suppliers (s 9(2)(b)(ii) and DGSE) subject to availability, capacity and pricing. This follows preliminary engagement with these parties and advice from another existing provider, s 9(2)(b)(ii) that they were not interested in a design only appointment. Both practices have worked with Waka Kotahi NZTA and are panel suppliers on the AoG CCS panel. Warren & Mahoney have been separately engaged to design the internal stair element for the project, given the early lead times involved. The successful provider will be engaged under an All of Government Consultancy Services Order (CSO) and specific NZIA or similar contract.

- **Project Management:** Direct appointment of one of our existing project management providers, **The Building Intelligence Group (TBIG)**, for project management services for the project, subject to undertaking further due diligence on their nominated personnel, availability and capacity to meet the requirements of this project. TBIG are one of the largest and most respected project management practices in NZ and have worked with Waka Kotahi NZTA on several projects, including the current Gisborne office, and previously Tauranga and Majestic refreshes. TBIG are also a panel supplier on the AoG CCS panel.
- **Quantity Surveying:** Direct appointment of one of the following suppliers; s 9(2)(b)(ii) subject to further due diligence on their availability and capacity, noting Waka Kotahi NZTA's current providers, s 9(2)(b)(ii) are conflicted as they are acting for the landlord and an independent provider is needed, particularly given the procurement approach. Any party selected will be current suppliers on the AoG CCS panel.
- **Engineering Services:** Direct appointment of **NDY, and Dunning Thornton** (both onsite providers) for engineering services needed to modify the base building to suit the fitout, subject to confirming their capacity. These parties have existing contracts in place with the landlord, Precinct Properties. They will be a direct appointment by Waka Kotahi. This approach, as noted, will help fast track design and integration decisions.
- **Construction Contractor:** Negotiating an early contractor involvement (ECI) and P&G and Margin contract with the base building main contractor **LT McGuinness**, based on Waka Kotahi NZTA's standard NZS3910 construction

contract form, modified for ECI and this project as needed, to take advantage of the likely time and cost efficiencies the base building contractor will provide, given their appointment by the landlord and the other tenant within the building, KPMG. The agreed P&G and Margin contract will be negotiated by the appointed Project Manager, with support from the appointed Quantity Surveyor, and benchmarked to similar market-related contracts. Once appointed and once the fitout design is progressed (through the various NZCIC design milestones), LT McGuinness will tender the sub-trade packages of work (that will form the majority of the forecast fitout cost) to shortlisted sub-contractors on a full transparent basis, with the tender pricing being reviewed by the Project Manager and Quantity Surveyor. The resulting pricing, together with the agreed P&G, Margin and any provisional sums or other tags, will form the basis for a Lump Sum Fixed Price contract for the construction delivery by LT McGuinness; noting that it is increasingly challenging to obtain LSFP contracts without Detailed Design completed and some escalation allowance being excluded in some cases. Opportunities to mitigate these risks will be considered by the appointed Project Manager including potentially the letting of early works packages if this helps improve pricing and delivery certainty.

- **Furniture, FF&E and Equipment:** Negotiating specific commercial contracts with existing furniture and FF&E providers s 9(2)(b)(ii) and other specific suppliers for the additional soft fitout (workstations, meeting room and other ancillary furniture, and all fixtures, fittings and equipment (FF&E)) needed to operate the new workplace. The design and specification of the Soft Fitout will be developed by the Architectural Design appointee, allowing either Waka Kotahi or the TBIG to manage the tender, pricing and contract negotiation with the preferred parties, depending on the items being selected.

#### Proposed timeline

Set out below is the indicative procurement programme. Given the fast tracked process needed this timeframe will be adapted as needed, with the intent to mobilise the project team as soon as practical.

Action	Indicative date
<b>Pre-procurement</b>	
Procurement plan approved	28 September 2021
Confidentiality and conflict of interest declarations signed/confirmed	24 September 2021
<b>Engagement</b>	
Discussions with preferred suppliers	Post 28 September 2021
Suppliers submit high level proposal	Early October 2021

<b>Evaluation</b>	
Evaluation of supplier proposals	Mid/Late October 2021
Evaluation recommendation report approval (Evaluation panel, Sponsor, Business owners(s) and DFA)	Late October 2021
<b>Post-evaluation</b>	
Suppliers advised of outcome	Late October 2021
Due diligence and contract negotiation	Can take up to 8 weeks depending on complexity
Debrief unsuccessful suppliers	November 2021
Contract start date	November 2021

## Risk

The following risk framework has been utilised to assess the level of risk to Waka Kotahi of known and perceived risk to the procurement. Waka Kotahi [Risk management reference guide](#) provides useful information to assist with determining the appropriate risk rating.

	INSIGNIFICANT	MINOR	MODERATE	SEVERE	EXTREME
ALMOST CERTAIN	Low	Medium	High	Critical	Critical
LIKELY	Low	Medium	High	Critical	Critical
POSSIBLE	Low	Medium	Medium	High	Critical
UNLIKELY	Low	Low	Medium	Medium	High
RARE	Low	Low	Low	Low	High

Category	Risk	Status (Low, Medium, High, Critical)	Mitigation
Confirming agreement on procurement approach	There is a delay in timeframes which pushes out the other dates	Medium	Timeframes have been condensed as part of mobilisation/procurement phase of the project to allow for sufficient time at the back end of the programme.  Options will also be explored with the Landlord and base building contractor to



			renegotiate the sectional completion/handover dates for each floor (as defined in the Agreement to Lease) to increase the design period where possible
Delays caused and as a result of Covid-19	Uncertainty caused by NZ Alert Level changes, potential delays in supply of materials	Medium	<p>Project and construction programme to be communicated to relevant stakeholders</p> <p>Project to allow sufficient contingency to allow for additional costs related to extended programme</p> <p>Programme to be monitored to ensure tenure at Chews Lane and Majestic Centre are in place</p>
Availability of consultants/contractors	Price and timing of project	Medium	Pre-vetting of preferred suppliers to confirm availability/capacity
Works Cause unacceptable disruption to Waka Kotahi NZTA operations	Delays due to programme and/or requirement for a staged move if the programme is deferred	Low	Methodology to be continued to be reviewed as project established and workstreams scope and advanced
Scope change	Waka Kotahi NZTA change to design	Medium	Scope to be socialised with end users and agreed by WK NZTA Senior Manager

## Evaluation

<b>Evaluation Method</b>	Weighted attributes		
<b>Scoring of quality evaluation criteria</b>	Each of the quality evaluation criteria will be scored using the following scoring methodology.		
	<b>Score</b>	<b>Rating</b>	<b>Detail</b>

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	<p>9-10 <b>EXCELLENT</b> significantly exceeds the criterion</p> <p>7-8 <b>GOOD</b> exceeds the criterion in some aspects</p> <p>5-6 <b>ACCEPTABLE</b> meets the criterion in full, but at a minimal level</p> <p>3-4 <b>MINOR RESERVATIONS</b> marginally deficient</p> <p>1-2 <b>SERIOUS RESERVATIONS</b> significant issues that need to be addressed</p>	<p>Exceeds the criterion. Exceptional demonstration by the supplier of the relevant ability, understanding, experience, skills, and resource &amp; quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with evidence to support this</p> <p>Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource &amp; quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with evidence to support this</p> <p>Satisfies the criterion. Demonstration by the supplier of the relevant ability, understanding, experience, skills, and resource &amp; quality measures required to meet the criterion, with evidence to support this</p> <p>Satisfies the criterion with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, and resource &amp; quality measures required to provide the criterion, with little or no evidence to support this</p> <p>Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding, experience, skills, and resource &amp; quality measures required to meet the criterion with little or no evidence to support this</p>
<p><b>Minimum acceptable quality evaluation score</b></p>	<p>0 <b>UNACCEPTABLE</b> significant issues not capable of being resolved</p>	<p>Does not meet the criterion. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource &amp; quality measures required to meet the criterion with little or no evidence to support this</p>
	<p>The minimum acceptable quality evaluation score for this procurement based on the above scale is 1-2.</p> <p>Where a supplier is scored below the minimum acceptable quality evaluation score of 1-2, the proposal will be considered as non-conforming in relation to that quality evaluation criteria.</p>	

Where this occurs, process as outlined in clause 12.5.5 of SM021 Part B will be followed.

**Quality evaluation criteria**

Criterion	Weighting
<b>Pre-conditions</b>	<b>Pass / Fail</b>
<i>Health and Safety</i>	<i>Pass / Fail</i>
Company Health and Safety Policy and Procedures	
Company systems for tracking Health and Safety performance including near misses, accidents and lost time incidents	
All staff have industry recognised Health and Safety qualification e.g. Site safe passport	
<i>Example Site Specific Safety Plan from another similar project</i>	
<i>Insurance Cover</i>	<i>Pass / Fail</i>
Public Liability of not less than \$10,000,000	
Motor Vehicle Third Party of not less than \$1,000,000	
<i>Professional Indemnity of not less than \$200,000 for any one claim and for an amount in the aggregate of \$2,000,000</i>	
Contract Works Insurance (if applicable)	
<i>Confirmation of ability to comply with Landlord's tenancy fitout guide</i>	<i>Pass / Fail</i>
<b>Capability of the supplier to deliver</b>	<b>60%</b>
Company Track Record to deliver similar projects (recent) including:	30%
<ul style="list-style-type: none"> <li>Evidence of delivery to required quality</li> <li>Evidence of delivery to agreed programme</li> <li>Evidence of delivery within budget</li> <li>Evidence of incorporating and achieving AoG Broader Outcomes</li> <li>Evidence of ability to find innovative solutions to minimise variations</li> </ul>	
<i>Experience and Track Record of Relevant Personnel on projects of similar size, quality and scope including two referees for similar projects</i>	20%
<i>Methodology</i>	10%
<ul style="list-style-type: none"> <li>Programme including how the project will be delivered to tight timeframes and how workstreams with multiple dependencies will be taken off the critical path as far as possible</li> </ul>	



<ul style="list-style-type: none"> <li>Disruption to WK NZTA and other tenants Minimised</li> </ul>	
<b>Innovation/Future thinking</b>	<b>10%</b>
<i>New or innovative ways to deliver against the specifications.</i>	10%
<b>Price</b>	<b>30%</b>
Total weightings	100%

#### Evaluation Model Template

The [Evaluation Model template](#) will be used.

#### Value for money

Negotiating suitable contracts directly with the landlord's consultant team for the remaining professional services disciplines, provides the most cost effective and timely solution for these services and enhance the opportunities for integration with the base building works (speeding up programme and avoiding abortive costs) and preserve the base building guarantees and warranties provided in the Agreement to Lease.

#### Evaluation Panel Members

A cross-functional team will be involved in the evaluation of proposals and recommending the preferred supplier.

Non-voting members:	Name & Organisation
Evaluation panel chair:	<b>Out of Scope</b> Manager Procurement Strategy & Methods
Administrative support:	Corporate Property Coordinator
<b>If required –</b> Legal advisor: <i>If any contract changes are proposed.</i>	<b>Out of Scope</b> Solicitor
Voting members:	Name & Organisation
Business group/owner:	<b>Out of Scope</b> Senior Manager, Corporate Property
User group/beneficiary:	<b>Out of Scope</b> Manager, Corporate Property
Subject matter expert:	TwentyTwo Independent Property Advisers, Property

#### Due Diligence

Due diligence tasks that may be undertaken by the Business Lead and/or the Procurement Lead are as follows:

*Interviews, referee checks / security clearance / financial due diligence*

## Evaluation Approach

Stage	Description
1	The Evaluation panel members will complete <a href="#">Conflict of interest and confidentiality agreements</a> prior to proposals being received.
2	The Procurement lead/project manager will complete checks of the response forms provided against the Waka Kotahi pre-conditions and any relevant conformance standards.
3	Each member of the Evaluation panel will independently evaluate and score the proposal according to the methodology outlined in this Procurement Plan
4	The Procurement lead/project manager will collate the price information. If necessary, an independent pricing assessment may be conducted by internal or external resources to support the evaluation.
5	<p>The Evaluation panel will meet at the moderation meeting to discuss and moderate the final quality evaluation criteria scores resulting in a moderated score for each response.</p> <p>The moderated scores allow the Evaluation panel to rank the suppliers according to their ability to meet the requirements.</p>
6	<p>The price information will be presented to the Evaluation panel, after the quality evaluation is completed.</p> <p>The Evaluation panel will establish and agree the best overall value for money (<i>if price is not a weighted criterion</i>).</p>

## Other considerations

<b>Transition to a new supplier</b>	<p>In the event that this procurement results in the selection of a new supplier a transition plan will be developed to actively manage the changeover.</p> <p>Transition arrangements will also be addressed during the negotiations with the new supplier.</p> <p>The transition will have a <i>moderate</i> impact on ongoing service delivery.</p>
<b>Health &amp; Safety</b>	<p><input type="checkbox"/> Please confirm that you've read the following statement:</p> <ul style="list-style-type: none"> <li>Waka Kotahi has an active health and safety policy that requires all contractors to comply with the provisions of the Health and Safety at Work Act 2015 and regulations relating to that Act. Contractors working on Waka Kotahi premises are required to sign a document confirming they agree with, and will comply with, Waka Kotahi health and safety and Zero Harm requirements</li> </ul>
<b>Additional Health &amp; Safety requirements</b>	<ul style="list-style-type: none"> <li>The appointed consultants will be required to submit an acceptable Site Specific Safety Plan addressing relevant risks to WK NZTA staff and other building occupants as well as workers on site</li> </ul>

	<ul style="list-style-type: none"> <li>Health &amp; Safety Risk Level: Medium – due to an increased risk due to Covid-19</li> </ul>
Information Security	<ul style="list-style-type: none"> <li>N/A</li> <li>Information Security Risk Level: <i>Low</i></li> </ul>
Information systems impacts	<ul style="list-style-type: none"> <li>All activities that have an IS component must have IS input and documentation must be reviewed by the CIO.</li> <li>Is there an IS component to this project? <i>No</i> – Waka Kotahi NZTA will procure this directly and separately to this project             <ul style="list-style-type: none"> <li>Does the procurement include any new or additional structured data e.g. such as that included in a relational database, or data warehouse? <i>N/A</i></li> </ul> </li> <li>Is there a Data Management component to this project? <i>No</i></li> </ul>
Insurance	<ul style="list-style-type: none"> <li>Is there an Insurance component to this project? <i>Yes</i></li> <li>If yes or unsure, contact <a href="#">Risk and Assurance</a> for further guidance</li> </ul>

## Contract Management

Contract manager	<ul style="list-style-type: none"> <li>The designated contract manager is: <b>Out of Scope</b> <i>Senior Manager, Corporate Property</i></li> <li>In the event the designated contract manager changes, a new contract manager will be appointed and recorded in the contract register.</li> </ul>
Contract variations	<ul style="list-style-type: none"> <li>All contract variations will be in writing and signed by both parties.</li> <li>Variations involving an increase in price must only be made within the limit of the delegated financial authority and in accordance with the contract. Where practical Legal will provide advice.</li> <li>All variations must be input into the <a href="#">Contract register</a> for reporting purposes.</li> </ul>
Contract review	<ul style="list-style-type: none"> <li>At the culmination of this contract a review will be undertaken in order to: A lesson learned session of the contract, the relationship, and the outcome(s) achieved</li> </ul>



## Appendix 1: Draft Project Structure

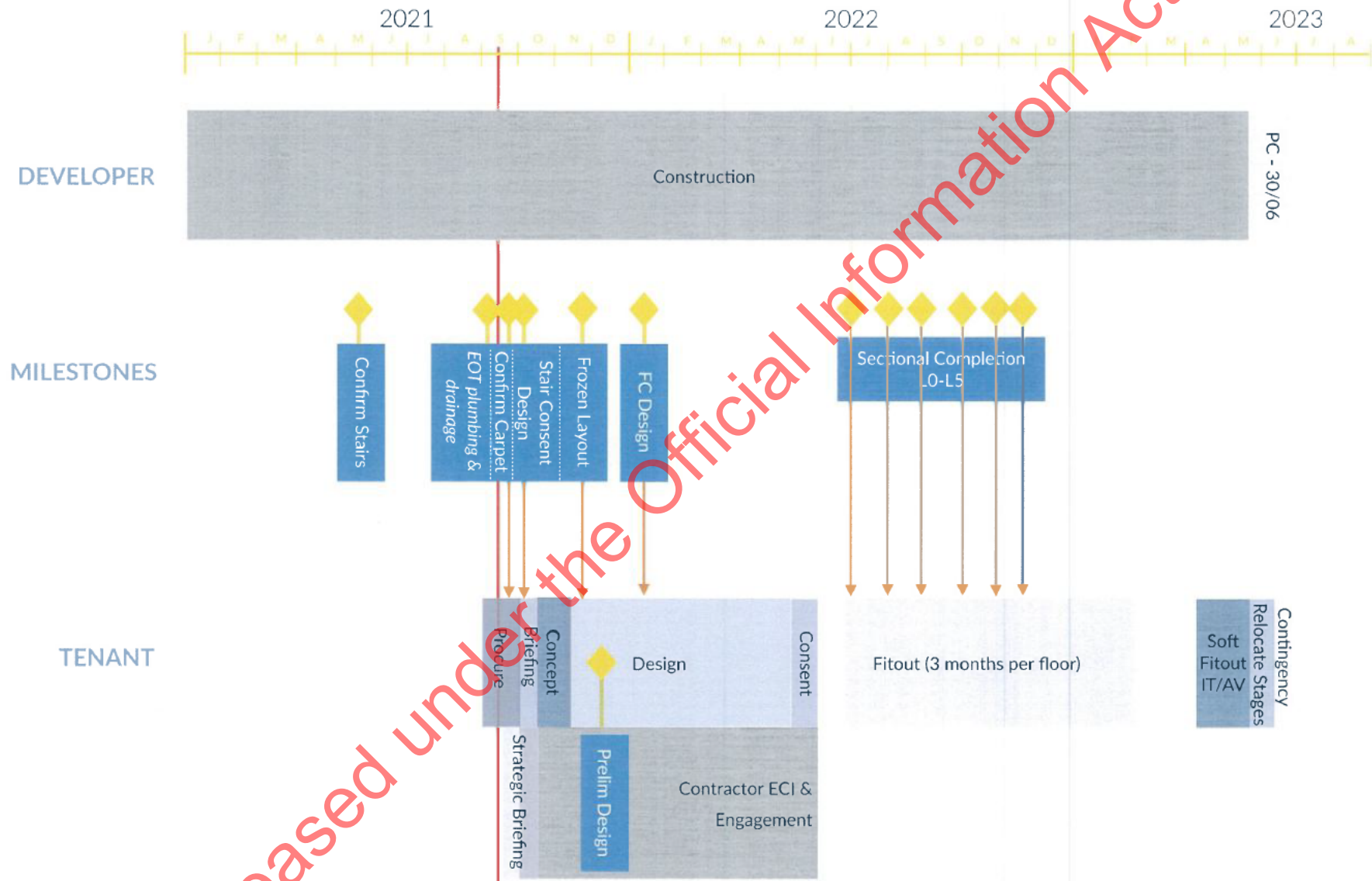
Released under the Official Information Act 1982

## PROJECT STRUCTURE

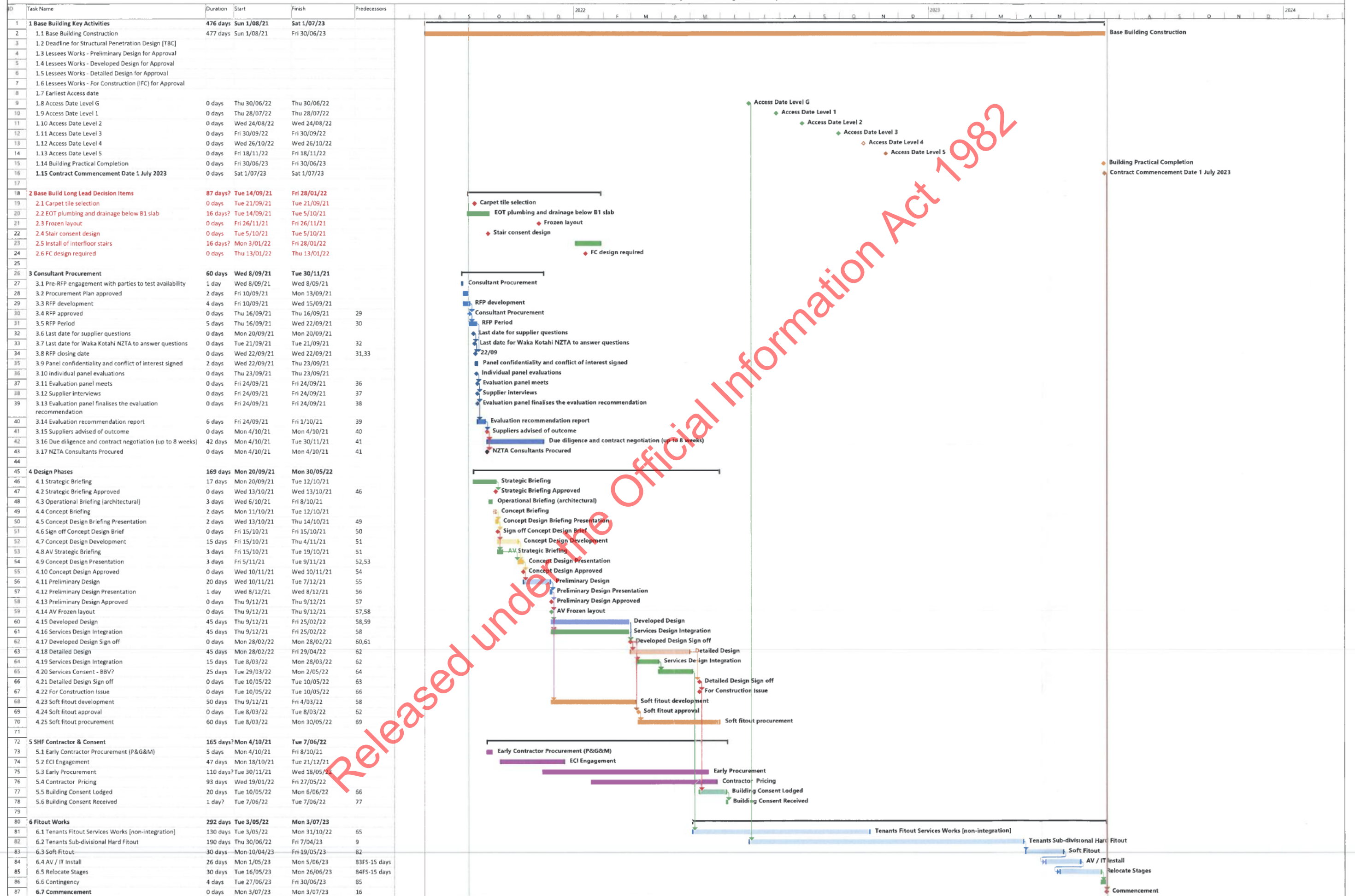


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## PROGRAMME







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### Appendix 3: Construction Sector Accord Advice (June 2021)

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# CONSTRUCTION SECTOR ACCORD

30 June 2021

Hon. Poto Williams  
Minister for Building and Construction

Hon. Dr Megan Woods  
Minister of Housing

## **RE: Construction Sector Accord insights and recommendations on supply chain issues impacting the construction sector**

Tēnā korua,

Thank you for the opportunity to provide our insights and recommendations to address the supply chain issues the construction sector is currently facing.

To understand the constraints facing our industry, the Accord Steering Group (ASG) commissioned a survey to canvas feedback on current and future supply chain issues. Research New Zealand surveyed just over 600 construction firms including suppliers and the final report is attached. A follow-up survey is planned for September to assess any changes in sentiment.

At least two-thirds<sup>1</sup> of construction businesses surveyed identified three issues affecting their ability to 'deliver on time and to budget': price increases, supply shortages and workforce shortages. A recent meeting held with suppliers and merchants echoed these sentiments.

Supply chain challenges experienced by the sector reflect the global demand and manufacturing challenges caused by COVID-19. Pre-COVID-19, domestic producers did not have capacity to grow their business at pace. Predictions of a post-COVID-19 slump led suppliers to reduce production, inventory stock and staff however this did not eventuate. Production of goods and materials has not kept pace as domestic and global demand bounced back.

In addition, global shipping constraints have meant New Zealand has been unable to retain connectivity with its traditional trade partners, causing uncertainty and disruption at domestic ports. High commodity prices for logs, steel and resin combined with local cost pressures are leading to price increases across all domestic and imported products and increasing already high construction costs.

Productivity at domestic ports has been impacted by a lack of qualified personnel in key roles such as crane and straddle drivers, slowing activity at key operations such as Ports of Auckland. Vessel schedules to all New Zealand ports continue to be disrupted by local and global congestion including at critical overseas ports such as Yantian (China) and Seattle (United States), and highly changeable vessel arrival times makes planning difficult. The Ministry of Transport is leading discussions on transport pathways with an inter-agency group and the Accord Transformation Unit is engaged with this group and providing insights relating to the construction sector.

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<sup>1</sup> The supply chain survey was conducted across 600 construction firms; two-thirds equates to approximately 400 of those respondents.

Discussions with the industry and agencies suggests there are no quick fixes to the current challenges. Whilst efforts are being made to increase domestic production, the global demand for materials means challenges across New Zealand supply chains are expected to remain for the coming year.

To alleviate the impacts for the sector, there is an opportunity for the sector to show leadership by being more co-ordinated in planning, procuring, and better use of skills to support the governments' priorities in construction and infrastructure.

The three key issues as well as potential options for response is outlined below.

## **1. Shortages of materials and supplies**

Structural wood and non-structural wood products were most frequently identified by survey respondents as being in short supply. More detail from suppliers and merchants by product type is attached. The supply issues are widespread, each sub-sector is experiencing different supply pressures. For example New Zealand Transport Agency indicated that infrastructure projects are experiencing constraints with bitumen and steel.

### *Causes and impacts*

Supply shortages were mainly attributed to worldwide shipping issues, delays at New Zealand ports and delays in manufacturing by survey respondents. Merchant and suppliers attributed much of the delay to domestic production capacity. More than half of survey respondents identified behaviours such as stockpiling and suppliers withholding materials. There is no quantifiable evidence to indicate the extent to which this is occurring.

While domestic suppliers are slowly increasing their production, efforts to supplement with imported timber products are unlikely to help given the non-tariff barriers relating to biosecurity requirements under the Biosecurity Act 1993 and Import Health Standards and timber species required by the Building Code that could restrict access to imported timber products. With the current high global demand and increased prices for imported timber products, it is unlikely that addressing any import barriers in the short term would change the situation in New Zealand.

A number of factors will contribute to ongoing high demand for timber products, including use of structural flooring and timber 'wides' in medium density housing and the Carbon Neutral Government Programme is also attempting to transition government construction projects towards sustainable materials such as timber, especially engineered timber in cases where it can serve as a possible substitute for steel and concrete.

Timber shortages are also triggering some to consider alternative products such as fibre cement cladding, causing flow on shortages in these alternative products. Feedback from industry is that being able to innovate and introduce new products to alleviate the timber shortage is difficult as the CodeMark and BRANZ appraisal process is slow and costly.

Suppliers have indicated they have a number of measures underway to increase domestic production including:

Carter Holt Harvey and RedStag are increasing production of structural timber over the next 6 months, reducing exports and moving stock from South Island to North Island (where demand is higher).

Carter Holt Harvey Futurebuild, Nelson Pine and RedStag are increasing production for engineered timber, with smaller production increases occurring for timber cladding and outdoor timber products.

### *Recommended actions for discussion*

1. Smoothing the demand for construction projects: Greater prioritisation and potential deferral of projects across the project pipeline could assist with better planning and smoothing of demand for products and skills across the sector. This work could focus on particular regions with acute supply and labour shortages such as the Hawke's Bay. Alternatively, government agencies could engage in a co-ordinated discussion across the project pipeline. This would build on the Infrastructure Commission national pipeline of significant projects in the public and private sectors.
2. Reduce over-reliance on supply constrained products by providing awareness of substitute products that will change single product reliance and stockpiling behaviours. The Accord can work with the Ministry of Business, Innovation and Employment Building System Performance team to develop targeted educational material on alternative products that meet the Building Code with a particular focus on sub-contractors and residential builders to support awareness on product choice and selection.
3. Encourage better forward planning by publishing key product lead-in times to the sector to inform product decisions and planning. The Accord can develop the cross sector dataset and reporting alongside industry merchants and suppliers.

## 2. Price increases

Price increases were identified by respondents across all domestic and imported products.

### *Causes and impacts*

Price increases are mainly due to the rapid increase in global commodity prices including logs, steel and resin affecting both domestic and imported products. Local cost pressures are the result of flow-on from rapid increases in the price of imported products. New Zealand's low purchase volumes make us a lower priority for overseas suppliers resulting in longer lead-in times and higher costs. Global freight constraints have also substantially increased the cost of importing products and these factors are forecast to significantly increase prices.

The uncertainty around pricing is starting to impact Accord agencies, who have noted an inability and/or unwillingness by contractors to hold prices for the 90 day tender validity period. They are also receiving requests for pre-payment to cover longer lead-in times for supplies. This poses financial risks for agencies if materials don't arrive. Agencies have reported that project costs typically increase by 5% each year, but developments over the last year have added a premium of 15%, resulting in an approximate overall cost increase of 20%.

### *Recommended actions for discussion*

1. Bulk purchasing of imported products to reduce lead-in times and pricing. There is potential to investigate the efficiencies of bulk buying agreements to import products. Consolidating the purchasing of particular products into larger bulk arrangements could improve pricing and lead-in times and reduce shipping costs. The Ministry of Transport is leading work in this area and the Accord Transformation Unit is engaged to identify opportunities for the construction sector.
2. Support fair allocation of risk between parties: The Accord can supplement existing risk management guidance to place a particular focus on managing price increases and encouraging open discussions between contractors, sub-contractors and clients. This could also include support for dealing with fixed-price contracts and price variation clauses, to ensure that that risks are appropriately shared and that businesses remain resilient.

## 3. Skills shortages

Survey respondents identified labour shortages as one of the factors impacting their ability to deliver projects on time and to cost. Suppliers also said employee shortages were constraining their ability to



increase production and low unemployment is making it difficult to recruit New Zealanders to fill vacancies. As a result, some in the industry are calling for increased flexibility in the immigration system to enable workers with in-demand skills to be supplemented from overseas.

*Recommended actions for discussion*

1. Improve understanding of skills shortages. The Accord is working with industry associations Registered Master Builders Association, Civil Contractors New Zealand, Association of Consulting and Engineering New Zealand and New Zealand Institute of Architects to survey their members to further understand the type of roles that are in high demand and can't be filled.
2. Support Forestry and Wood Processing Workforce Action Plan. The Accord can work with Ministry for Primary Industries (MPI) to support their workforce initiatives to recruit and develop people into the wood processing sector. This could be a collaborative initiative between the Construction and Agritech Industry Transformation Plans.

We welcome the opportunity to discuss our recommendations directly with you to confirm the course of action for how the Accord can support the sector.

Ngā mihi nui,

Out of Scope

Out of Scope

Co-chair, Construction Sector Accord Steering Group  
Deputy Chief Executive, MBIE

Out of Scope

Out of Scope

Co-chair, Construction Sector Accord Steering Group  
Chief Executive, Fletcher Construction

## ADDITIONAL JUSTIFICATION

Request for exemption from open advertising

### KEY INFORMATION

Request by: **Out of Scope** Senior Manager Corporate Property

Manager name: **Out of Scope** GM corporate support

Contract register number: Insert contract register number

Supplier name: As per procurement plan and exemption - Wellington Accommodation Project

### ADDITIONAL JUSTIFICATION

As per section 12. Government Procurement Rules 14.9 exemption, rules;

14.9.d - Additional goods, services or works: Goods, services or works additional to the original requirements that are necessary for complete delivery. This rule applies where all three of the following conditions are met: i. the original contract was openly advertised, and ii. a change of supplier cannot be made for economic or technical reasons, and iii. a change of supplier would cause significant inconvenience or substantial duplication of costs for the agency

14.9.g - Exceptionally advantageous conditions: For purchases made in exceptionally advantageous conditions that only arise in the very short term. This exemption does not cover routine purchases from regular suppliers.