

12 October 2022



REF: OIA-10545

Dear 

Request made under the Official Information Act 1982

Thank you for your email of 15 July 2022 requesting the following information under the Official Information Act 1982 (the Act):

1. *A copy of the 'full market assessment' undertaken prior to the business case being developed for the move of NZTA's head office to 44 Bowen Street.*
2. *A copy of the business case which was completed for this office move.*
3. *A copy of the 'assessment of alternative options' for the move.*
4. *How was the contract for the fit out of the new NZTA office at 44 Bowen Street procured, was it market tested, and a copy of all internal documents regarding the procurement of the fit out of this office.*

I have enclosed the following documents that fall within the scope of your request:

- Attachment 1: Wellington Commercial Property Market Scan
- Attachment 2: Final business case for Wellington office move
- Attachment 3: Procurement plan 44 Bowen Street fit-out

Please note that the Waka Kotahi assessment of alternative options for Wellington corporate accommodation (including long list and short list of different buildings) is presented within Attachment 2.

Certain information is being withheld under the following section of the Act:

- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.
- 9(2)(g)(i) to maintain the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty.
- 9(2)(ba)(i) to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar

information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

With respect to the information that has been withheld, I do not consider there are any other factors which would render it desirable, in the public interest, to make the information available.

To respond to the first part of your question 4, I have detailed my answer below:

4. How was the contract for the fit out of the new NZTA office at 44 Bowen Street procured, was it market tested

Following the approval of the 44 Bowen Street option in the Project Business Case, Waka Kotahi developed a procurement plan for the property fit out. At the time of procurement planning, the Wellington market had significant capacity constraints due to demand for construction services and supply chain as well as COVID-19 related impacts.

When planning the procurement approach for the fit out, Waka Kotahi took into consideration the advice from the Construction Sector Accord, which informed how the COVID-19 pandemic's impact on labour and supply chains would affect construction firms' ability to deliver projects on time and budget.

To mitigate risks associated with timeframes and market conditions, a fast-track procurement, design, construction and delivery process was developed and approved as part of the overall procurement plan for property components of the Wellington Accommodation project.

It is common in construction projects of this type (fitouts within new builds) to work with the same construction vendor as the landlord, as this provides significant advantages around timeliness, logistics, and ability to integrate the sectional fitout with the base build.

The fitout was not 'market tested' as our initial engagement of LT McGuinness (LTM) involved negotiating an early contractor involvement (ECI) contract. We subsequently conducted a direct tender process with LTM. This process informed the negotiation of a Preliminary and General (P&G) and Margin contract based on the Waka Kotahi standard NZS3910 construction contract form.

As detailed designs are completed, LTM tenders the sub-trade packages of work (that form much of the forecast fitout cost) to shortlisted sub-contractors on a fully transparent basis, with the tender pricing reviewed by Waka Kotahi, TBIG (engineer to contract) and Quantity Surveyors. This type of P&G contract with fixed/ variable pricing provides Waka Kotahi with more certainty that the prices obtained represent the market, without the undue transfer of risk to the vendor.

Fitout requirements have gone through an extensive value engineering during the detailed design process, and this will continue through construction. Throughout the project, cost-conscious choices have been made, with the Quantity Surveyors, designers and project team actively seeking options that reduce upfront expenditure without driving undue future costs.

Professional Services for the property fit out have been contracted through:

- Appointment of the Landlord's engineering consultants.
- Appointment of suppliers under the All of Government Construction Consultancy Services panel.

Supply of furniture, technology other fixtures fittings and equipment, and services associated with relocation are subject to further procurement planning with the general intention of utilising suppliers on government panels, or under existing Waka Kotahi contracts.

Under section 28 of the Act, you have the right to ask the Ombudsman to review my decision to withhold certain information. The contact details for the Ombudsman can be located at www.ombudsman.parliament.nz.

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 Ministerial Services, by email to official.correspondence@nzta.govt.nz

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Jake Rance', with a stylized, cursive script.

Jake Rance
Senior Manager, Business Support