



31 AUG 2017

Mr Andrew Crow
fyi-request-5960-2c84488f@requests.fyi.org.nz

Dear Mr Crow

On 2 June 2017 you emailed the Ministry requesting, under the Official Information Act 1982, information regarding the Ministry's National office. I would like to extend my apologies for the delay in responding to your request. Your questions are answered in turn.

- *Any documents that relate to why head office needs to be spread across 6 buildings.*
- *Any information about why MSD can't fix all staff in the one building as described in 2015 OIA response.*

You will appreciate that staff numbers, and therefore accommodation requirements, are not static, and respond to the changing organisation. Since the approval of the Government Property Group's accommodation solution for the Ministry in 2012, the Ministry and the work it undertakes has changed, with the establishment of the Ministry for Vulnerable Children, Oranga Tamariki, and the addition of new functions such as Social Housing.

The functions and initiatives undertaken by the Ministry and the Ministry for Vulnerable Children, Oranga Tamariki currently require more staff than 56 The Terrace has capacity for, but as organisational changes occur the Ministry will reappraise the requirements. As at 21 August 2017, the Ministries' National offices are accommodated across six buildings.

The Ministry's growth and need for additional accommodation is outlined below. Documents regarding the lease of 56 The Terrace and 89 The Terrace are available online at:

<http://www.msd.govt.nz/about-msd-and-our-work/newsroom/2016/decision-making-on-msds-national-office-relocation.html>

The document '*Head Office Accommodation Final Commercial Terms Report*', dated 31 October 2013, which the Ministry provided to you on 19 October 2015, contains the approval of the commercial terms for the National office relocation to 56 The Terrace, including details of the 18 year lease.

When the final commercial terms for the National office relocation project were approved in 2013, the Ministry had around 1,900 staff based at its National office. As noted in the '*Head Office Accommodation Final Commercial Terms Report*', this number was expected to expand and contract according to project demands, but it was anticipated that the capacity of 56 The Terrace would still be adequate for the Ministry's need. However, the number of staff based at the National office grew beyond the initial forecast, due to new functions and initiatives being introduced as detailed in the memo titled '*National Office Accommodation: securing additional*

space to meet accommodation requirements', dated 25 June 2015. This memo is available on the Ministry's website on the page linked to above. As a result of this need, the Ministry leased levels 2 to 7 at 89 The Terrace so that all staff were able to be accommodated when the National Office moved from Bowen Street in August 2016.

The acquisition of additional space beyond these two buildings is detailed in the following attached documents:

Date	Title
15 September 2016	New Lease as L3, 50 The Terrace, Wellington
21 March 2017	Accommodating new organisational designs for Oranga Tamariki and MSD National Office
22 March 2017	Email: RE: LT – actions and decisions from today
28 March 2017	Accommodating Oranga Tamariki and MSD National Offices
7 April 2017	New Lease as L1, 44 The Terrace, Wellington
26 June 2017	New Lease at L6, 110 Featherston Street, Wellington
9 July 2017	New Lease as part L1 and L5, 85 The Terrace Wellington

In September 2016, additional space in 50 The Terrace was approved to accommodate growing team project space requirements. This is detailed in the memo titled '*New Lease as L3, 50 The Terrace, Wellington*', dated 15 September 2016.

In March 2017, a seating peak capacity shortfall was recognised and additional solutions were proposed. The initial preferred option is detailed in the memo titled '*Accommodating new organisational designs for Oranga Tamariki and MSD National Office*', dated 21 March 2017, and was agreed upon as detailed in the email: '*RE: LT – actions and decisions from today*', dated 22 March 2017. When this was recognised as no longer viable, additional options were proposed in the memo titled '*Accommodating Oranga Tamariki and MSD National Offices*', dated 28 March 2017. As a result, a lease for level 1 of 44 The Terrace was negotiated, as detailed in the memo '*New Lease as L1, 44 The Terrace, Wellington*', dated 7 April 2017.

In July 2017, a three month lease with right of renewal was negotiated for parts of levels 1 and 5 of 85 The Terrace, to accommodate the Privacy and Official Information (POI) Taskforce, a temporary team aiding the POI team, and overflow from HR. Level 6 of 110 Featherston Street is now leased to accommodate the Ministry for Vulnerable Children, Oranga Tamariki POI team, which has grown to accommodate increased workloads. Details of these two leases are included in the documents '*New Lease as part L1 and L5, 85 The Terrace Wellington*', dated 9 July 2017, and '*New Lease at L6, 110 Featherston Street, Wellington*', dated 26 June 2017.

The Ministry is currently negotiating an additional partial tenancy in Wellington. As this negotiation is ongoing, information regarding this property is withheld under section 9(2)(i) of the Act to enable the Ministry to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). The greater public interest is in ensuring that government agencies can continue negotiate without prejudice.

You will note that some names are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

Additionally, information regarding where business units sit within 56 and 89 The Terrace, and information regarding accessing the National office buildings are withheld under sections 9(2)(g)(ii) and 6(d) of the Act, as this information could be used to threaten or harm specific members of Ministry staff. The need to protect Ministry staff outweighs any public interest in this information.

- *Any emails from staff to the CE or the relevant DCE where staff have given negative feedback about the situation of 6 buildings.*

The Ministry has searched for emails from staff to the Chief Executive or any Deputy Chief Executive providing negative feedback about the National office consisting of multiple buildings. No such correspondence was found; as such, your request for this information is refused under section 18(e) of the Official Information Act.

- *Any other documents you feel help the public better understand the cause of needing staff mixed across 6 buildings, and the lost productivity of this.*
- *Any information about the lost productivity of staff walking between 6 buildings.*

Your request for this information is refused under section 18(e) of the Official Information Act as this information does not exist.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response regarding the Ministry's National office with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely



Merv Dacre
Deputy Chief Executive, Corporate Solutions



memo

To: Merv Dacre – Associate DCE, People Capability and Resources
9(2)(a) - Privacy of another

From: [redacted] Manager, Property Operations *Vaughan Crouch*
Vaughan Crouch – General Manager, Property and Facilities

Date: 15 September 2016

Security level: IN CONFIDENCE

New Lease at L3, 50 The Terrace, Wellington

Action: For Approval

Purpose

1. This paper seeks your approval to a new location in L3, 50 The Terrace, Wellington for the following items:
 - i) committing MSD to a new 2 year lease from 1 October 2016 at a gross rental of 9(2)(ba)(ii) - Commercially Sensitive per annum including bike park/shower excluding GST and utilities, and
 - ii) operating expenditure of approximately \$150,000 plus GST (including furniture of \$51,000) being the total building hard and soft fit-out cost.

Background

2. The new accommodation at 56 and 89 The Terrace is not able to accommodate growing term project space requirements, such as the Housing and the new Childrens Cluster project teams.
3. We had previously investigated both L2 and L3 of this building as an early option for 56TT overflow space but 89TT was selected. More recently L3 was considered as an option for Social Investigation Unit but they are likely to commit to other space. We are aware of what is available in the market and recommend this accommodation as it is close to 56TT and appropriate for project type space.
4. The space is expected to be set up as a dynamic project environment with full activity based working. Refer attached floor plan.

Proposed New Lease

5. Negotiations have recently been completed for a new lease as per following table:

	L3, 50 The Terrace, Wellington
Floor area	840.6 m ²

Desk numbers (average footprint)	62 (13.6 m ² /person) – maximum occupancy is 78
Gross floor rent	9(2)(b)(ii) - Commercially Sensitive
Basement bike park/shower rental	
Lease term	2 years from 1 October 2016
Rent reviews	9(2)(b)(ii)
Rights of renewal	3 x 1 years, giving a final expiry date of 30 September 2021
Form of lease	Auckland District Law Society lease modified to gross format
Tenant works	Recycle carpet tile from Bowen State Building, paint, furniture (mostly recycled from Bowen) and IT connection. Some existing partitions will be removed.

6. The rental is extremely reasonable for air-conditioned space in close proximity to the balance of our national office accommodation. By contrast, The Bowen campus was at 9(2)(b)(ii) gross average for un-airconditioned space. No valuation advice has been requested due to time constraints, the short term lease; and the Property team's confidence that the proposed rental is favourable in relation to other rentals we are aware of.

Consultation


7. GPG has been consulted and their approval has been granted.

Recommendation

8. This paper recommends that you:

- i) approve committing MSD to a new 2 year lease from 1 October 2016 at a gross rental of 9(2)(b)(ii) per annum excluding GST and utilities, and
- ii) approve the operating expenditure of approximately \$150,000 plus GST (including furniture of \$51,000) being the total building hard and soft fit-out cost.

Approvals



 Merv Dacre
 Associate DCE, People Capability and Resources

16-9-2016
 Date



catalyst

catalyst consulting ltd

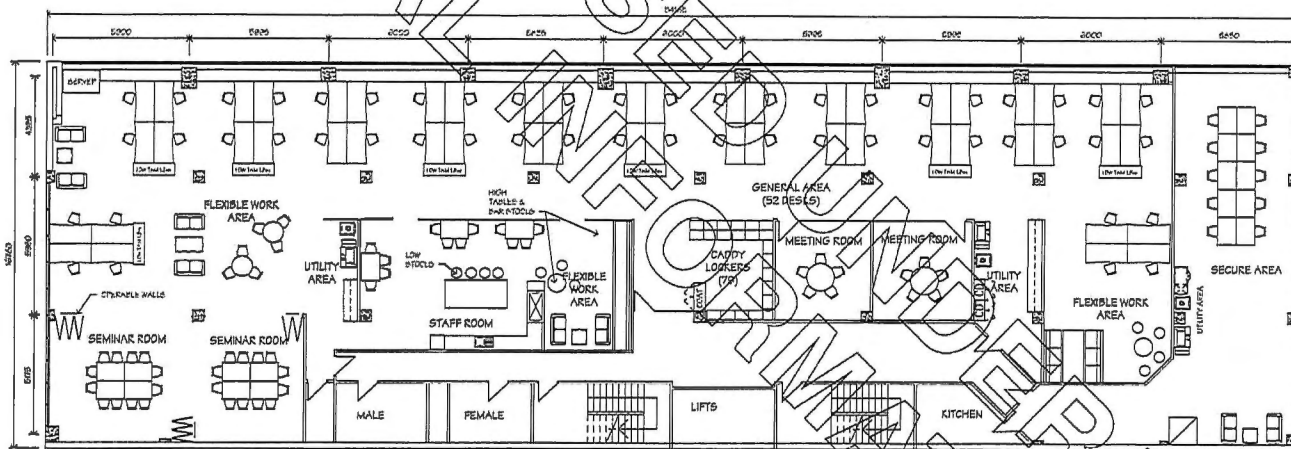
level 03a,
22-28 wellington street,
po box 371 wellington
phone 04 499 1322
fax 04 499 1324
www.catalystconsulting.co.nz

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CONFIRM ALL DIMENSIONS ON SITE PRIOR TO COMMENCEMENT OF WORK. DO NOT SCALE FROM DRAWINGS.

ALL CONSTRUCTION TO BE IN ACCORDANCE WITH THE NEW ZEALAND BUILDING CODE (BCR) AND ALL RELEVANT LOCAL STATUTES.

ISSUED FOR INFORMATION



1 PROPOSED FLOOR PLAN
SCALE 1:150

FLOOR OCCUPANCY
75 STAFF

C. SITES (FOR APPROVAL)	NA
E. EXITS (FOR APPROVAL)	NA
A. FINISH (FOR APPROVAL)	NA

CLIENT:
MINISTRY OF SOCIAL DEVELOPMENT
By Ministry Development Officer

PROJECT:
SPACE PLANNING

ADDRESS:
50 THE TERRACE
WELLINGTON

DRAWING TITLE:
PROPOSED FLOOR
PLAN

DRAWN:	CHECKED:	PM:	DATE:
NR	05/09/2016
JOB NO:	SHEET SIZE:	SCALE:	
MSD16.035_A2	A2	1:150	
DWG NO:	REVISION:		
P3-01	C		



Memo

To: Leadership Team
From: Vaughan Crouch, GM Property & Facilities
Date: 21 March 2017
Security level: IN CONFIDENCE

Accommodating new organisational designs for Oranga Tamariki and MSD National Office

Purpose

This memo provides an update on the urgent work on national office adjacency planning to accommodate the respective Ministry structure and resourcing changes. It includes a reconciliation of the changes in staff numbers and recommendations on accommodating the resultant changes/shortfall in capacity.

Recommendations:

- 1 **Note** updated numbers from business groups show a potential peak of 2,622 staff, which equates shortfall of capacity of 225 workstations (8.4%)
- 2 **Note** however there are considerable timing variations in planned recruitment along with project and permanent downsizing (189 staff) within these numbers
- 3 **Note** there are two main options to address this short-term shortfall, each with their own further variations:
 - i. Adopting more agile management of existing capacity;
 - ii. Leasing further space for a short-term;
- 4 **Approve** option 1, adopting more agile management of existing capacity and:
 - a. Allocating the shortfall proportionally (8.4%) across all groups initially; to be reviewed as changes in groups materialise.
 - b. Establishing a dynamic management capability of workspace allocation to flex as business groups change, including the release of further space to Oranga Tamariki as MSD contracts.
- 5 **Note** the net increased steady state numbers means there is reduced project flex capacity and large new projects will require new accommodation to be sourced.

- 6 Note** the recommendations of this paper have yet to be discussed with the Oranga Tamariki Executive. At this point, the Executive have significant concerns about the potential impact of the shortfall of capacity and possible agile ways of working will have on the set-up and development of the new Ministry.

Staff Number Reconciliation

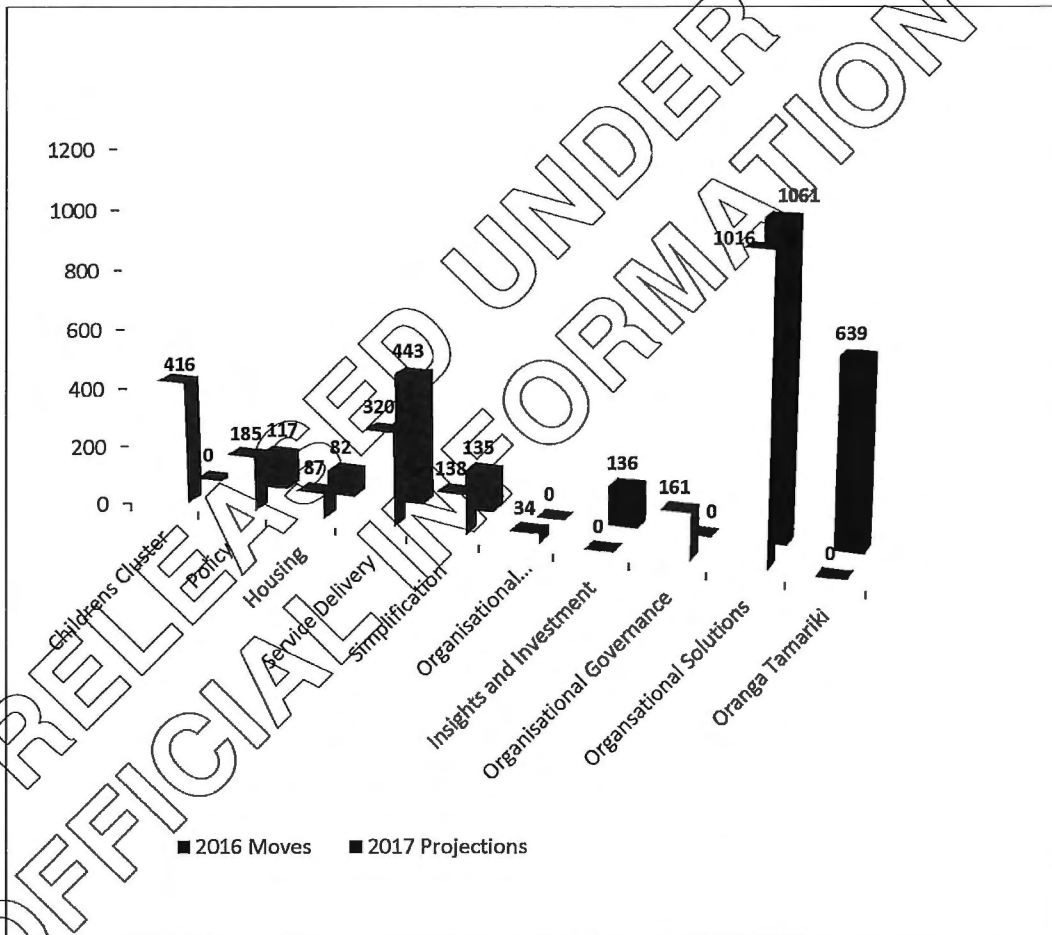
1. Property and Facilities have been working with business group delegates across both Ministries to understand staffing requirements and adjacency preferences. The tables summarise the information provided and reflect that there is a seating peak capacity shortfall of 225 across our three buildings capacity (50, 56 and 89 The Terrace) of 2,450 seats. The summary of projected requirements is:

Agency	Forecast Staff Numbers
Oranga Tamariki	639
MSD	2035
Total	2674

MSD Business Group	Forecast Staff Numbers
MSD Chief Executive Office	9
Service Delivery (incl Simplifications Project)	443
Policy	117
Housing	82
Insights & Investment	136
Corporate Solutions	1061
Simplification Project	135
POI Taskforce 11	34
Social Sector Strategy	18
Total	2035

Buildings	Workstation Capacity
56TT (incl Neighbourhood Working)	2020
89TT	380
50TT	50
	2450
Incl 60 seats at 117 Manners St (from 1/7/17)	2510

2. A reconciliation of this to the numbers in business groups at the time of our moves to the Terrace buildings in August last year is set out in the graph below, recognising those groups that will be created, reconstructed or reduced. The peak increase from August 2016 is projected to be 256.



3. The changes by business group are detailed in Appendix 1. The summary above disguises a number of changes or timing variations.
 - a. There has been growth in Organisational Governance, Organisational Solutions and Service Delivery of 42 staff (less than 3%) since the moves.
 - b. Organisational Solutions has a further 46 temporary staff in its HR team.
 - c. The Housing comparison is actually a greater net increase than indicated above as 45 of the staff numbers included at the date of the move are incorporated in Service Delivery's increased 2017 projection. The balance of Housing's 2017 number is increases since the moves and the projected new establishment numbers.
 - d. The Simplification Project is expected to reduce numbers by the end of July and be completed by 30 September. Of the 135 staff included within the Simplification number staff, 79 are contractors who are expected to finish. The balance will be absorbed back into MSD numbers.
 - e. In addition to the existing permanent POI, Oranga Tamariki are planning to recruit another 30 POI, subject to budget approval. On this basis, 65 staff are incorporated in numbers for Oranga Tamariki. In addition to this, an additional MSD POI taskforce is to be recruited for concentrated work through to 30 June on the work backlog.
 - f. Oranga Tamariki have significant recruitment underway and further is planned, with the majority of staff expected to be commencing by 1 July 2017. It is therefore expected that these staff will be on board well before the reductions anticipated for MSD are seen.

Managing the Short-term Shortfall

4. The net MSD position following the changes noted above, and assuming no other changes, is projected to be a reduction of 189 seats required. This along with the Oranga Tamariki increases would see a steady state seating requirement of 2,485 towards the end of the year.
5. On this basis, the peak shortfall of 225 will reduce and, when the 60 seats at the Manners St site becomes available, there would be an estimated 25 seats spare however this almost completely absorbs the 5% float provided when we moved to the Terrace Buildings. This 5% float allowed for small incremental movements to be more easily managed within and across teams.
6. Options to manage this projected capacity shortfall, and which could be adopted singularly or as a combination, are:
 - a. Adopting more agile management of existing capacity:
 - i. Dynamic central management of workspace allocation to flex as business groups change.
 - ii. Further adoption of neighbourhood working (unallocated seating) which can add 20% seating capacity for the groups involved
 - iii. Allocating the shortfall proportionally (8.4%) across all groups initially; to be reviewed as changes in groups materialise.

- b.** Leasing further space for a short-term; possibilities available in the short term that have been identified are:
- i.** Surplus DIA space in Featherston St available for 6-7 months.
 - ii.** Extending the lease at temporary Contact Centre site in Petone to create "hub" capacity for Hutt/Wairarapa based national office staff.
7. Option a, in any variation requires quite a change to how we currently manage space. Both Property and Facilities and business groups would need to actively manage workspace allocations for the best outcomes for both organisations, as regular adjustments to locations of teams/groups will be required.
 8. We would need to make this an accepted part of how we operate going forward, supported by mandate, process and tools.
 9. Within the more agile working of option a, the extension of Neighbourhood working could add up to 20% capacity to either Ministry or business group. Oranga Tamariki have noted that this is not an option for them at this stage, given the organisational start-up in front of them.
 10. MSD has adopted Neighbourhood working across two large floors on a trial basis. The evaluation of this has yet to be published. Given the scale of change underway for MSD, any extension of Neighbourhood working will be challenging and is not recommended at this stage.
 11. The option b. alternatives to this dynamic management would require taking extra space to provide capacity to meet the projected peak short-fall. Extra space would reduce the need to make constant adjustments, creating less disruption across both organisations as new team structures are formed.
 12. The counter to the reduced continued disruptions it is the larger disruption to teams that need to move to a new site and the potential loss of connection to the home unit and/or manager.
 13. The indicative cost to set up and operate either of the possible sites identified for eight months is \$300,000.
 14. In discussions with Business Group representatives there was some individual personal interest expressed in the prospect of being able to operate from Lower Hutt or Petone, but on the whole, this was not favoured by any group.
 15. For this reason, if the extra space option were preferred, the DIA site is likely to better meet business group's interests.

Appendix 1- Business Group Changes

Service Delivery	
Terrace Move Numbers (excluding Simplifications Project)	322
Recruitment since Move	15
Actuaries to Insights & Investment	-8
From Housing	45
From Community Investment	53
MYD from Childrens Cluster	16
Total (excluding Simplifications)	443
Simplifications Project	135
Total - New Structure	578

Corporate Solutions	
Terrace Move Numbers	970
Organisational Governance	111
HR Temporary Recruitment	46
Group Recruitment (since September move)	11
Approvals	18
iMSD to Insights & Investment	-95
Total - New Structure	1061

Insights & Investment	
Terrace Move	0
DCE & EA	2
Strategy & Governance (ex Organisational Governance)	17
OCRA (ex Policy)	11
iMSD	95
Actuaries	11
Total - New Structure	136

Housing		
Terrace Move Numbers		87
Move to Service Delivery	-45	
Recruitment since Move	20	
Projected Recruitment	20	
Total - New Structure		82

Policy		
Terrace Move Numbers		185
OCPA to Insights & Investment	-11	
Social Sector Strategy	-18	
Move to Oranga Tamariki	-36	
Total - New Structure		120
Interim Social Sector Strategy alignment	18	138

Organisational Governance		
Terrace Move Numbers		161
Recruitment Since Move		16
Comms	25	
Risk & Assurance	12	
MaES (excluding ROI)	22	
Claims Resolution	23	
EPMO	6	
Complaints & Insights	7	
Org Governance Growth	16	
Move to Corporate Solutions		-111
Strategy & Governance		-23
POI - move to Oranga Tamariki		-34
DCE Office		-2
Move to CE Office		-7
Total - New Structure		0

9(2)(a)

From: Vaughan Crouch
Sent: Wednesday, 22 March 2017 1:34 p.m.
To: 9(2)(a) Marc Warner
Cc: Nadine Kilmister; 9(2)(a)
Subject: RE: LT - actions and decisions from today

Hi, just slight adjustment below to the reference to Manners St – I noted that as a possibility – several other planets have to align in terms of lease arrangements before we can confirm that

I'm happy that the APs are with me. Marc did note and I know if following up that he did want to lead a couple of conversation in this space.

Cheers

From: 9(2)(a)
Sent: Tuesday, 21 March 2017 4:53 p.m.
To: Vaughan Crouch; Marc Warner
Cc: Nadine Kilmister; Anita West
Subject: LT - actions and decisions from today

Hi

The draft decisions I have from LT today are

The Leadership Team

- **agreed** to lease the surplus DIA space in Featherston Street, Wellington, for 6-7 months to accommodate additional staff for MSD and Oranga Tamariki
- **acknowledged** that the lease of the MSD offices at Manners Street, Wellington, may not be extended once the Featherston Street, Wellington, office space is confirmed
- **agreed in principle** to the creation of a campus committee, with further information to come back to LT with the scope of the committee
- **directed** that the GM Property & Facilities report back to LT with further information regarding the proposed designs for accommodating MSD National Office staff and Oranga Tamariki National Office staff

The actions are

- The GM Property & Facilities to report back to LT with further information regarding the proposed designs for accommodating MSD National Office and Oranga Tamariki National Office staff
- The GM Property & Facilities to report back to LT with further information on the Campus Committee

Please let me know if you have any changes to the decisions or actions from today's meeting.

Regards

9(2)(a)

Acting Lead Advisor Governance | Organisational Governance
Ministry of Social Development, 56 The Terrace, Wellington

9(2)(a)

9(2)(a)

MSD Purpose:

We help New Zealanders help themselves to be safe, strong and independent
Kā tā mātua he whakamana tangata kia tū haumarū, kia tū kaha, kia tū mātuhake.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



Memo

To: Leadership Team
From: Vaughan Crouch, GM Property & Facilities
Date: 28 March 2017
Security level: IN CONFIDENCE

Accommodating Oranga Tamariki and MSD National Offices

Following successive updates on the staff number projections and options to address the shortfall; this paper asks LT to agree to space assignments for the two Ministries.

Options

Beyond the 2,400 seats in 56 and 89 The Terrace, we are seeking to accommodate around 200 staff (based on current projections) for up to six months. Our preferred option to achieve this in one location at 109 Featherston is no longer viable.

We do have several other possibilities in the CBD and access to capacity in the Hutt. In the CBD, issues will be set up time and lease expectations of landlords. Operating from the Hutt has obvious change and efficiency implications although there are indications that a number of staff would take up the opportunity if offered. The best means to utilise the Hutt capacity, if required, would need to be agreed with Service Delivery.

We are confident of securing the additional space required. In order to move forward with adjacency options for the main buildings to support the organisational changes under way, we are asking the leadership teams of both Ministries **to approve:**

1. Assignment of Levels 14 (part) through to 18 for Oranga Tamariki.
2. The following business groups are asked to temporarily house the following numbers of staff in alternative accommodation:
 - a. Oranga Tamariki POI Team – 65
 - b. MSD Service Delivery – 40
 - c. Corporate Solutions -100
3. Property and Facilities to work with the teams in 2. above to secure and manage alternative accommodation in order to create the capacity for moves within 56TT.
4. Property and Facilities to work with the Working Group to develop the MSD adjacency plans and to present recommendations to LT for approval.
5. Property and Facilities to develop the process and tools to enable business groups to self-manage seating assignments and to maintain a more consistent picture across the ministries of space utilisation

9(2)(g)(ii) protection of officers and employees from improper pressure or harrassment, 6(d) ensuring the safety of individuals

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



memo

To: Merv Dacre – Associate DCE, Corporate Solutions
 From: 9(2)(a) - Privacy of another – Manager, Property Operations
 Vaughan Crouch – General Manager, Property and Facilities
 Date: 7 April 2017
 Security level: IN CONFIDENCE

New Lease at L1, 44 The Terrace, Wellington

Action: For Approval

Purpose

1. This paper seeks your approval to a new lease of L1, 44 The Terrace, Wellington for the following items:
 - i) committing MSD to a new 2 year lease from 1 May 2017 at a gross rental of 9(2)(b)(ii) - Commercially Sensitive per annum excluding GST and utilities, and
 - ii) operating expenditure of approximately \$350,000 plus GST (about 80% is furniture cost which can be redeployed) being the total building soft fit-out cost.

Background

2. The accommodation at 50, 56 and 89 The Terrace is not able to accommodate the short term requirements for the Oranga Tamariki project team. A replacement is needed for 50 TT project space in the next year. A search for space nearby identified the space which is ideally located.
3. The space is expected to be set up as a dynamic project environment with full activity based working. Refer attached concept floor plan (subject to final agreement).

Proposed New Lease

4. Negotiations have recently been conditionally completed for a new lease as per the following table:

	L1, 44 The Terrace, Wellington
Floor area	739.32 m ²
Desk numbers (average footprint)	80 (9.2 m ² /person) – maximum occupancy is 100
Gross floor rent	9(2)(b)(ii)

Lease term	2 years from 1 May 2017
Rent reviews	9(2)(b)(ii)
Rights of renewal	2 x 3 years, giving a final expiry date of 30 April 2025
Early access for fitout	As soon as Heads of Agreement is signed (aiming mid-April)
Form of lease	Government Property Group format (as used by other Crown tenants in the building)
Seismic strength	85% of New Building Standard
Lease exit obligations	Reinstatement if we don't exercise both RORs (given no plans for hard fitout, this is not an issue). If we vacate at the end of the initial 2 year term then the cost of the kitchen installation of \$12,500 + GST will be payable.
Tenant works	Blinds, furniture (desks mostly recycled from Manners St and ex storage) and IT connection.

5. The landlord is Kiwi Property Group, our landlord for 56TT. 9(2)(g)(ii), 6(d)
 The rental is a little lower than the rest of the building. It is full and this is a reflection of the tight market conditions following the Kaikoura earthquake. No valuation advice has been requested due to time constraints and the short term lease. The building is adjacent to 56TT so staff housed in this building can use the facilities next door, thus saving hard fitout costs and improving space efficiency.

Consultation

6. GPG has been consulted and their approval has been granted.

Recommendation

7. This paper recommends that you:

- i) approve committing MSD to a new 2 year lease from 1 May 2017 at a gross rental of [redacted] per annum excluding GST and utilities, and 9(2)(b)(ii)
- ii) operating expenditure of approximately \$70,000 plus GST being the building fit-out cost that can't be re-used.
- iii) Capital expenditure of approximately \$280,000 plus GST being furniture and soft fit-out that can be reused at other sites when either lease expires.

Approvals



Merv Dacre
 Associate DCE, Corporate Solutions

11-4-2017
 Date



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

memo

To: Merv Dacre – DCE, Corporate Solutions
 From: 9(2)(a) - Privacy of another Manager, Property Operations
 Vaughan Crouch – General Manager, Property and Facilities
 Date: 26 June 2017
 Security level: IN CONFIDENCE

New Lease at L6, 110 Featherston Street, Wellington

Action: For Approval

Purpose

1. This paper seeks your approval to a new location in L6, 110 Featherston Street, Wellington for the following items:
 - i) committing MSD to a new 5 year and 4 month lease from 1 August 2017 at a gross rental of [redacted] per annum excluding GST and utilities, and 9(2)(b)(ii) - Commercially Sensitive
 - ii) operating expenditure of approximately \$450,000 plus GST (about 70% is furniture cost which can be redeployed) being the total building hard and soft fit-out cost. Cost savings of \$150,000 if existing furniture is used.
 - iii) operating expenditure of approximately \$330,000 plus GST being the desk top IT equipment (100% of this cost can be redeployed).

Background

2. The new accommodation at 44, 50, 56, 85 (3 month lease), and 89 The Terrace is not able to accommodate the space requirements following the creation of MVCOT.
3. The space will mainly be used for the MVCOT POI team. Refer attached floor plan.

Proposed New Lease

4. Negotiations have recently been completed for a new lease as per following table:

	L6, 110 Featherston Street, Wellington
Floor area	1,076.93 m ²
Desk numbers (average footprint)	65 initially (16.6 m ² /person) but will be set up for 100 – about maximum occupancy
Gross floor rent	9(2)(b)(ii)

Lease term	5 years and 4 months from 1 August 2017, expiring on 30 November 2022 (to tie in with the L7 government lease)
Break Clause	At 3 years on 31 July 2020, to be exercised with 6 months-notice no later than 31 January 2020
Rent reviews	9(2)(b)(ii)
Rights of renewal	1 x 4 years and 7 days, giving a final expiry date of 7 December 2026 (to tie in with the L7 government lease).
Form of lease	Government Standard Lease (as per Inland Revenue lease for 5 floors in this building)
Seismic NBS	89% but awaiting seismic report to confirm this
Condition	Above average with new fitout - suspended ceiling, lighting, kitchen (and white ware), toilets, carpet, and 2 meeting rooms. Swipe card perimeter and lift access.
Tenant works	IT data cabling. Site access from 10 July 2017 for our works, subject to Deed of Lease being executed. All furniture to be purchased new, but initial 65 desks will be re-used from Lower Hutt at a cost saving of \$150,000 if new desks are not purchased.

5. The rental is 11% above our valuation report of 9(2)(b)(ii). This is symptomatic of the current market conditions (lack of office space supply resulting from the Kaikoura earthquake) and securing space near National Office that will be ready for our occupancy by 31 July 2017. We have attempted to protect the government position but the initial rental and it not setting a precedent, were not acceptable to the owner.

Consultation

6. GPG has been consulted and their approval has been granted.

Recommendation

This paper recommends that you:

- i) approve committing MSD to a new 5 year and 4 month lease from 1 August 2017 at a gross rental of [redacted] per annum excluding GST and utilities, and 9(2)(b)(ii)
- ii) approve the operating expenditure of approximately \$450,000 plus GST (about 70% is furniture cost which can be redeployed) being the total building hard and soft fit-out cost. Cost savings of \$150,000 if existing furniture is used.
- iii) operating expenditure of approximately \$330,000 plus GST being the desk top IT equipment (100% of this cost can be redeployed)






Approvals

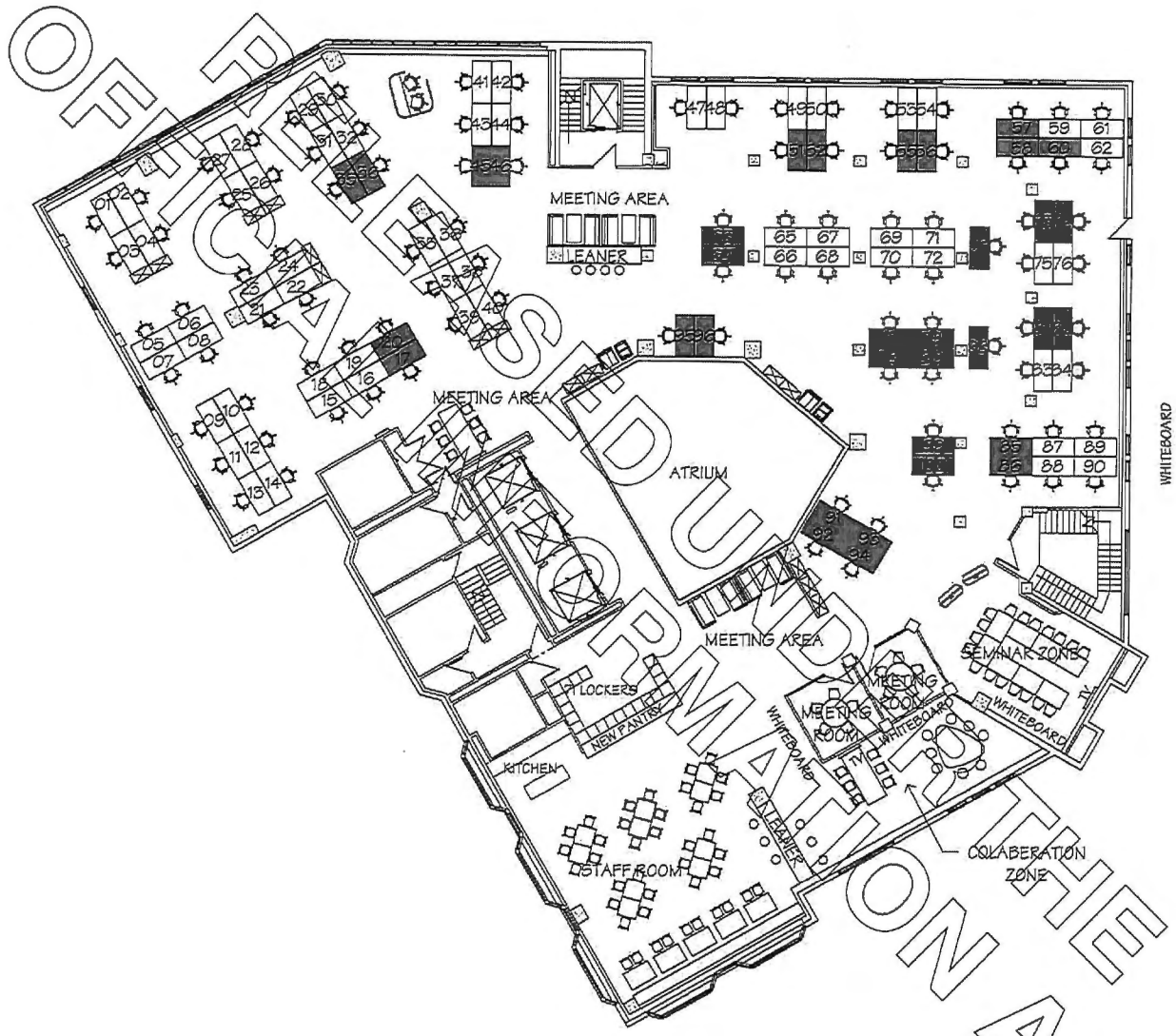


 Merv Dacre
 DCE, Corporate Solutions

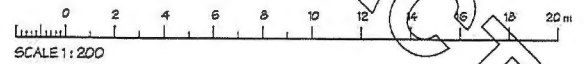
26-6-2017

 Date

- LEGEND**
-  EXISTING WALL & PARTITIONS TO REMAIN
 -  NEW WALL / PARTITIONS
 -  EXISTING GLAZED PARTITIONS TO REMAIN
 -  EXISTING DOOR TO REMAIN
 -  FUTURE DESK GROWTH



1 LEVEL 6 PROPOSED FLOOR PLAN
P102-6 1:200



catalyst
 catalyst consulting ltd
 level nine,
 22-26 wilson street
 po box 371 wellington
 phone 04 499 1322
 fax 04 499 1324
 www.catalystconsulting.co.nz

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CONFIRM ALL DIMENSIONS ON SITE PRIOR TO COMMENCEMENT OF WORK. DO NOT SCALE OFF DRAWINGS. ALL CONSTRUCTION WORK SHALL CONFORM TO ALL RELEVANT CLAUSES OF THE NEW ZEALAND BUILDING CODE (NZBC) AND NZSAS STANDARDS.

NO	REVISION	DESCRIPTION	DATE

STATUS:
FOR INFORMATION

CLIENT:

 MINISTRY OF SOCIAL DEVELOPMENT
 Te Atahua Whakahiato Ora

PROJECT:
INTERIOR FITOUT

ADDRESS:
**110 FEATHERSTON STREET
 WELLINGTON**

DRAWING TITLE:
LEVEL 6 PROPOSED FLOOR PLAN

DRAWN: P102-6	CHECKED: PM	DATE: 26/06/17
JOB NO: MSD17.079	SHEET SIZE: A3	SCALE: As indicated
DWG NO: P102-6	REVISION: B	



memo

To: Merv Dacre – Associate DCE, People Capability and Resources
 From: 9(2)(a) - Privacy of another - Manager, Property Operations
 Vaughan Crouch – General Manager, Property and Facilities
 Date: 9 July 2017
 Security level: IN CONFIDENCE

New Lease at part L1 and L5, 85 The Terrace, Wellington

Action: For Approval

Purpose

1. This paper seeks your approval to a new location in part L1 and part L5, 85 The Terrace, Wellington for the following items:
 - i) committing MSD to a new 3 month lease from 1 July 2017 at a total rental cost of 9(2)(b)(ii) - Commercially Sensitive excluding GST and utilities, and
 - ii) operating expenditure of approximately \$100,000 plus GST (including furniture) being the total building hard and soft fit-out cost.

Background

2. The new accommodation at 44, 50, 56, and 89 The Terrace is not able to accommodate short term project space requirements following the creation of MVCOT.
3. The space will mainly be used for the POI Taskforce. Refer attached floor plan.

Proposed New Lease

4. Negotiations have recently been completed for a new lease as per following table:

	Part L1 and part L5, 85 The Terrace, Wellington
Floor area	484.77 m ² (L1 316.00 m ² , L5 168.77.00 m ²)
Desk numbers (average footprint)	42 (11.5 m ² /person) – about maximum occupancy
Gross floor rent	9(2)(b)(ii) the rent rate is not precedent setting
Lease term	3 months from 1 July 2017

Rent reviews	9(2)(b)(ii)
Rights of renewal	3 months, giving a final expiry date of 31 December 2017 with a first right of renewal for tenure beyond that date.
Form of lease	Public Sector Standard Lease
Seismic NBS	74%
Tenant works	Recycle carpet tile from Lower Hutt, paint, furniture (mostly recycled) and IT connection. Some existing partitions may be removed. Approximately 50% of the operating cost can be salvaged at the end of lease occupancy. Site access from 12 June 2017 for our works.

5. The rental is reasonable for air-conditioned space in close proximity to the balance of our national office accommodation, and the short term nature of the lease. No valuation advice has been requested due to time constraints; the very short term lease; and the lack of office space supply resulting from the Kaikoura earthquake.

Consultation


6. GPG has not been consulted due to the short term lease.

Recommendation

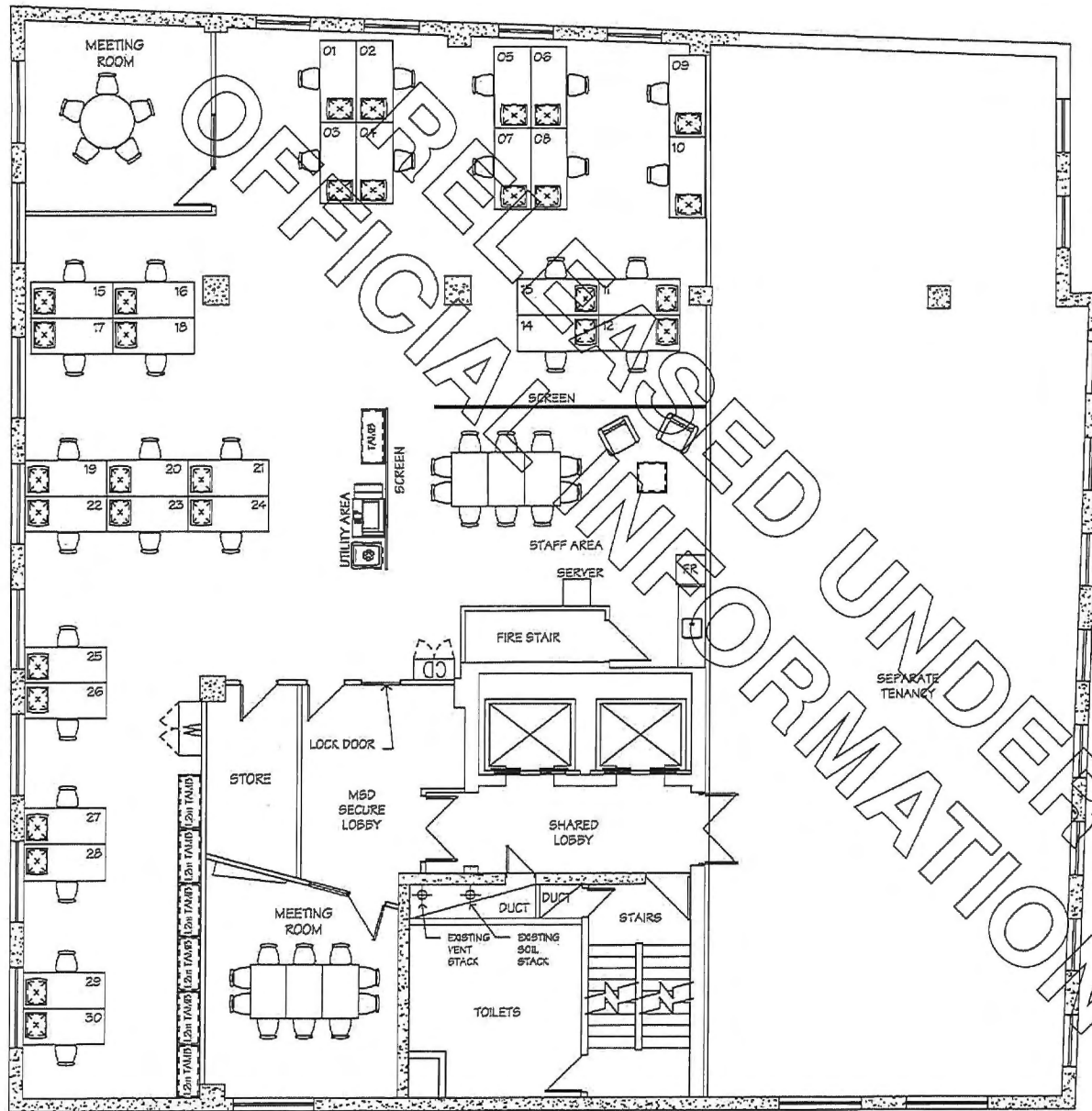
7. This paper recommends that you:

- i) approve committing MSD to a new 3 month lease from 1 July 2017 at a total rental cost of 9(2)(b)(ii) excluding GST and utilities, and
- ii) approve the operating expenditure of approximately \$100,000 plus GST (including furniture) being the total building hard and soft fit-out cost.

Approvals


 Mery Dacre
 Associate DCE, People Capability and Resources

9.6.2017
 Date



catalyst

catalyst consulting ltd
 level 7, 154 featherston street,
 po box 371 wellington
 phone 04 498 1322

level 10, 151 queen street,
 po box 2354 shortland street auckland
 phone 09 379 5333

level 1, 1 show place,
 po box 42 074 christchurch
 phone 03 377 0094
 www.catalystconsult.co.nz

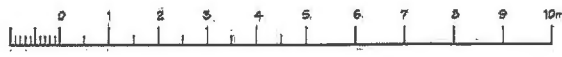
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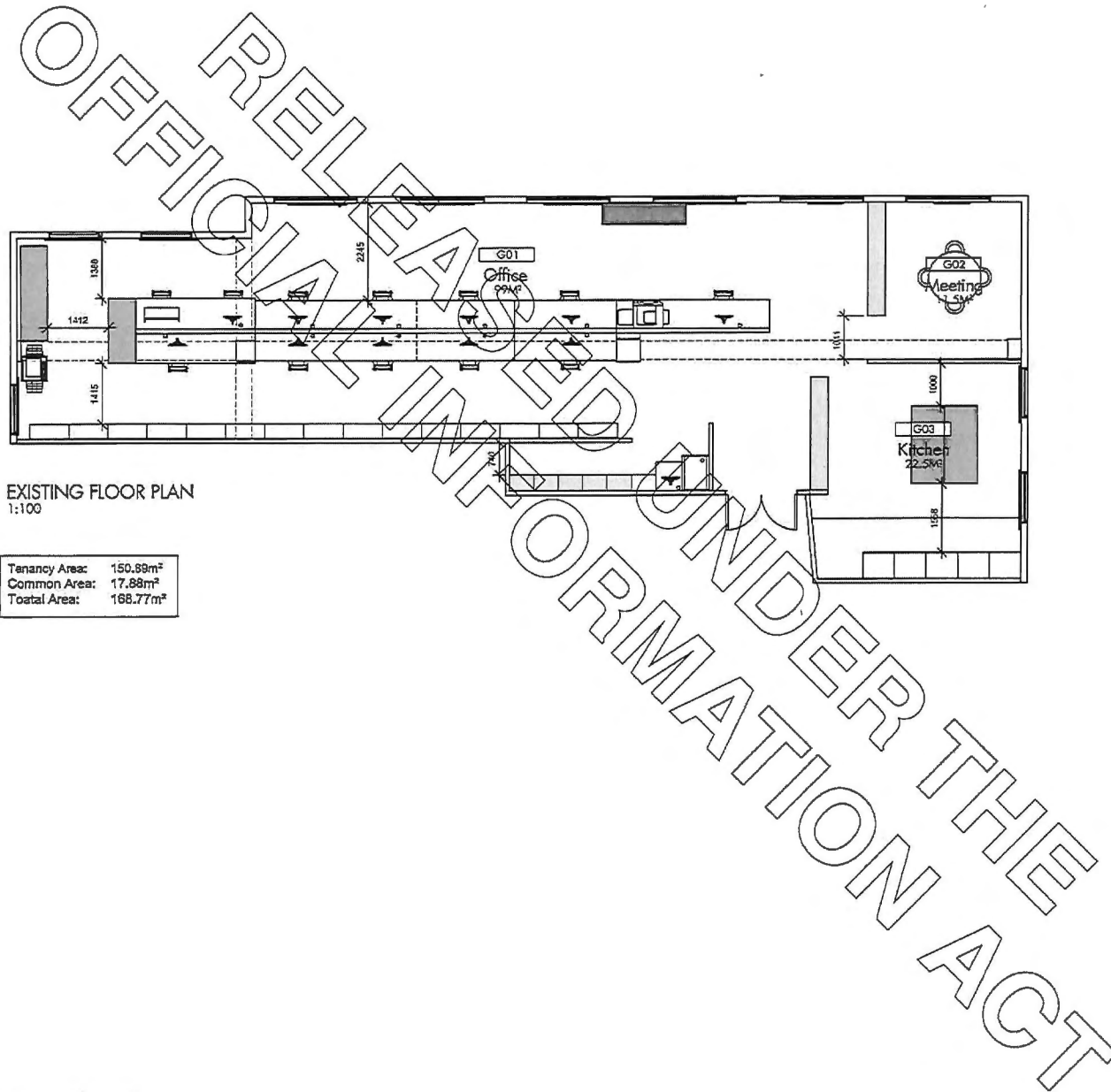
CONFIRM ALL DIMENSIONS ON SITE PRIOR TO COMMENCEMENT OF WORK, DO NOT SCALE FROM DRAWINGS.

ALL CONSTRUCTION TO BE IN ACCORDANCE WITH THE NEW ZEALAND BUILDING CODE (NEBC) AND ALL RELEVANT NZAS STANDARDS.

A	FOR INFORMATION	XX
ISSUED FOR: INFORMATION		
CLIENT: MINISTRY OF SOCIAL DEVELOPMENT Te Manatū Whakaitia Rau		
PROJECT: SPACE PLANNING		
ADDRESS: 85 THE TERRACE WELLINGTON		
DRAWING TITLE: FIRST FLOOR PROPOSED FLOOR PLAN		
DRAWN: ..	CHECKED: ..	PM: .. DATE: 07/08/2017
JOB NO: MSD17,077	SHEET SIZE: A3	SCALE: 1:100
DWG NO: A102-1	REVISION: A	

1 PROPOSED FLOOR PLAN
SCALE: 1:100





EXISTING FLOOR PLAN
 1:100

Tenancy Area:	150.89m ²
Common Area:	17.88m ²
Total Area:	168.77m ²