



Cabinet Committee on State Sector Reform and Expenditure Control

SEC Min (12) 21/2

Copy No: 32

Minute of Decision




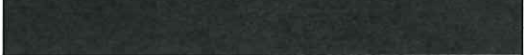



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Wellington Office Accommodation Strategy: Single Stage Business Case

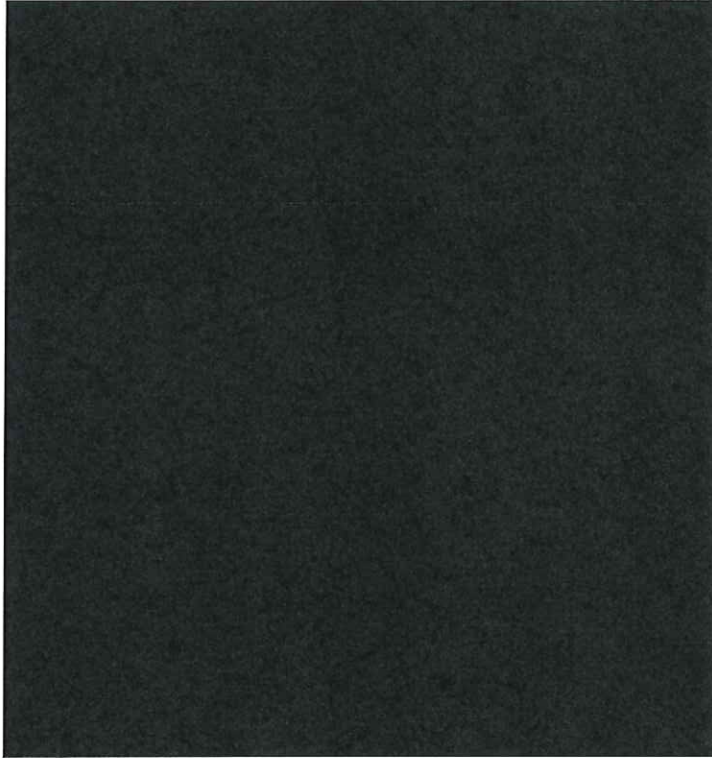
Portfolio: State Services

On 13 November 2012, the Cabinet Committee on State Sector Reform and Expenditure Control, having been authorised by Cabinet to have Power to Act [CAB Min (12) 40/22]:

- 1 noted that the Property Management Centre of Expertise (PMCoE) and the participating agencies have identified a preferred head office accommodation solution, following a joint procurement and business case process;
- 2 approved:
 - 2.1 the Single Stage Business Case Wellington Office Accommodation Strategy attached to the submission under SEC (12) 99;
 - 2.2 the preferred accommodation solutions for [REDACTED]; the Ministry of Education (MoE); [REDACTED]; [REDACTED];
- 3 authorised Joint Ministers (the Minister of Finance and responsible agency Minister) to agree to the final investment decision for each agency's accommodation, [REDACTED]; [REDACTED];
- 4 noted that Cabinet authority is required for investment decisions with a whole-of-life cost over \$25 million, as per Cabinet Office Circular CO (10) 2;
- 5 directed the Chief Executive of MSD:
 - 5.1 in consultation with MoE, [REDACTED], to negotiate development agreements for the preferred buildings and report to those Ministers delegated in paragraph 3 above for approval;
 - 14 NOV 2012 5.2 to negotiate a development agreement with alternate short-listed suppliers from the PMCoE-led request for proposal process, in the event that an agreement cannot be reached with a preferred supplier;

- 6 **invited** the Minister of State Services to release media statements in relation to this co-ordinated procurement and business case process within the context of functional leadership;
- 7 **noted** that despite projected increases for property-related costs across the 20 year appraisal period, the preferred solution:
- 7.1 does not require additional Crown funding;
 - 7.2 
 - 7.3 achieves cost avoidance of \$339.860 million compared to the projected status quo;
 - 7.4 realises baseline savings:
 - 7.4.1 
 - 7.4.2 
 - 7.4.3 ;
- 8 **noted** that:
- 8.1 in addition to the benefits in paragraph 7 above, it is also estimated that agencies have collectively saved the equivalent of approximately \$1,000 million in reduced procurement and business case processes;
 - 8.2 building owners have also benefited from the streamlined process to respond to multiple government agencies;
- 9 
- 10 
- 11 
- 12 **noted** that the preferred accommodation solution offers buildings with greater levels of safety and standards than those already occupied by the participating agencies, improving staff safety and reducing the risk to business continuity;

- 13 noted that collectively the participating agencies have had a reduction of 30 per cent in their property footprint (124,447m² to 87,522m²), and will occupy the following space as part of the preferred solution:



13.5 MoE:

13.5.1 current footprint: 21,179m²;

13.5.2 preferred option footprint: 13,179m²;

14




Sam Gleisner
Committee Secretary

Reference: SEC (12) 99

Distribution: (see over)

Present:

Hon Bill English (Chair)
Hon Steven Joyce
Hon Tony Ryall
Hon Hekia Parata
Hon Dr Jonathan Coleman
Hon Craig Foss
Hon Amy Adams
Hon Chris Tremain

Officials present from:

Office of the Prime Minister
Officials committee for SEC
Ministry of Education
Ministry of Social Development

Distribution:

Cabinet Committee on State Sector Reform and Expenditure Control
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Chief Executive, DPMC
Director, PAG, DPMC
PAG Subject Advisor, DPMC
Simon MacPherson, PAG, DPMC
Secretary to the Treasury
Richard Forgan, Treasury
Chief Executive, MBIE (Economic Development)
Secretary for Justice
Brook Barrington, Justice
Director-General of Health
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Attorney-General
Solicitor-General
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Peter Brown, SSC