

21 September 2023

Section 9(2)(a)

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Ref: OIA 105941

Tēnā koe Section 9(2)(a)

Official Information Act request: Property Capital Plan

Thank you for your email of 11 July 2023, to the Ministry of Justice (the Ministry), requesting under the Official Information Act 1982 (the Act) information regarding the Ministry's Property Capital Plan. Specifically, you requested:

1. *A copy of CAB-20-MIN-0155.20*
2. *A copy of Ministry of Justice's Property Capital Plan 2020-2030*
3. *A copy of the latest of any overall update on where the property portfolio is at*
4. *A copy of any review of any project triggered by problems, since 2020*
5. *A copy of the latest two briefings to any minister about this*
6. *A copy of the latest two briefings/advisories or like the chief executive or executive leadership team about this*
7. *An update on the following copied from the above document:*
 - *Two courthouses require contractors to assess black mould and test air quality monthly. How many since then, assessed? How many closed? How many fixed?*
 - *31 % of the portfolio was assessed to be in poor or very poor condition. What is the % now? What is the type of property by % that is poor/very poor (e.g., courthouse)*
 - *Several buildings with seismic concerns. How many totals as of now?*
 - *Re 'health and safety' risks, have there been ANY notifications to Worksafe or any other agency, re such risks related to the portfolio since the 2020 report?*
8. *A copy of the latest assessments both condition of, and the projects underway – including original budget v current forecast cost, and original completion date v current forecast timeline, and details of any redesign, and where the project is at (business case, design, delivery, post-build, redesign etc) at the following:*
 - *Auckland District Court building*
 - *Rotorua 'where the conditions have been reported to hinder and delay justice'*
 - *Tauranga 'where the conditions have been reported to hinder and delay justice'*
 - *Māori Land Court*
 - *Waitakere District Court*
 - *Hutt Valley District Court*
 - *Papakura District Court*

- *Any other major (pls use MOJ's own definition of major) capital project to upgrade properties*
9. *The health sector/Te Whatu Ora has been having problems with deficient business cases for major projects, as seen in 'deep dive' report on MHIP. Pls could MOJ address if that is also its experience, or not.*
 - *Pls detail all and any business cases under the 10yr plan that have had to undergo significant revision*
 - *Any business cases that had been expected to be done by now, but have not been and the reason why not*
 10. *In 2020 MOJ had \$40m a year baseline for property works. Pls details any changes to that, and how any total is being split as per asset renewal/minor works v major upgrades. Pls detail any winning budget bids that have added to this since 2020*
 11. *Pls detail the current cost expectations around implementing Te Au Reka seeing as this could be expected to compete for scarce funds, but also to offer savings in removing such big need for buildings perhaps*

On 1 August, you were contacted by the Ministry to notify you that more time was required to make a decision on your request, and a response would be sent to you by 21 September.

As you will be able to see from the material provided, the Ministry has an ambitious plan to improve the condition of our courthouses. Despite a challenging environment for construction since 2020, a large programme of work is ongoing. However, the nature of large construction projects means that it will take time, and a significant investment to fully address the condition of our property portfolio.

Questions 1-3: Ministry of Justice's Property Capital Plan

In response to questions 1 and 2, please refer to our Media Team's email to you on 18 July in which you were provided with links to the published copies of these documents.

In response to question 3, please refer to the attached document 1, named 'Property Briefing June 2023'. This document is released to you in full.

Questions 4, 5 and 6: Tauranga Moana Courthouse Project

In response to question 4, 5 and 6, there have been no formal reviews of any project triggered by problems since 2020. However, you may be interested in information about the Tauranga Moana Courthouse, which is attached as document 2. Some information has been withheld under section's 9(2)(j) and 9(2)(g)(i) of the Act.

We do not consider that the reason for withholding information from the attached documents is outweighed by other consideration which would make it desirable in the public interest to make the information available.

The Tauranga Moana Courthouse project has experienced increased costs due to a decision to build the courthouse on a new site rather than rebuild on an existing site. Like many large complex construction projects, the Tauranga Moana Courthouse project also experienced increased costs due to delays because of COVID-19 and the recent high levels of

construction cost inflation. Following the cost increases, the Ministry reviewed its approach to delivering the project.

The Ministry now plans to construct a new building to house custodial courtrooms on the new site, along with an upgrade to the existing non-custodial facilities in McLean House. This differs from the previous plan to construct a new building which would allow the Tauranga Moana Courts to be accommodated in a single building. This new approach provides a good value-for-money outcome for taxpayers, and allows for future choice and flexibility. It allows the Ministry to deliver the same facilities as intended in the plan for a single building. It also allows for further development of the new site, subject to additional funding being available in future.

More information about the changes can be found in a recent Cabinet paper and attached detailed business case, which has been proactively released on the Ministry website at: justice.govt.nz/assets/Documents/Publications/Tauranga-Moana-Courthouse-Cabinet-paper_FINAL.pdf

Also attached, as document 3 and 4, are copies of the most recent briefing and aide memoire to the Minister of Justice about the project and updates to the Secretary for Justice.

Question 7: Air quality testing, seismic upgrades and health and safety notifications

In response to question 7, the Ministry carries out air quality testing for a number of reasons. This includes testing to ensure buildings are still safe to occupy if mould has been identified, and precautionary testing due to weathertightness issues, plumbing leaks, or flooding.

We have also undertaken testing if there are concerns about air quality due to a nearby fire or if construction and maintenance works may be causing air quality issues.

The air quality testing may be required in individual rooms, a specific floor, or across an entire site. The frequency and duration of air quality testing will depend on the reason testing is being undertaken. The fact that air quality testing is being done does not itself indicate the presence of black mould.

Eleven Ministry-owned sites have had regular air quality testing due to concerns there could be mould since June 2020. Please refer to Table 1 for further information about Ministry-owned sites.

Two leased sites (Gisborne Māori Land Court and Waitakere District Court) have suffered from weathertightness issues. The Ministry is working with the landlords at each site to address these issues.

North Shore District Court was undergoing regular air quality testing and was temporarily closed. The building was closed while it was undergoing construction work after heavy rain got through a building wrap. It was not closed because of the air quality testing.

We most recently assessed the overall condition of the Ministry's property portfolio in 2019. At that time 31% of our property portfolio was assessed to be in poor or very poor condition.

We are currently reassessing the condition of our property portfolio to make sure that we can prioritise our funding to where it can be most effective.

The 2020-30 Capital Plan listed four courts which need seismic strengthening. They are the Hamilton Dual Court, Auckland District Court, Wellington District Court and Wellington High Court. There has since been no change to the number of courts needing seismic strengthening.

In November 2021, Cabinet approved a \$28 million drawdown for the seismic strengthening upgrade for Wellington District Court. Work is progressing well, with the early contractor involvement and construction works expected to begin at the end of 2023.

On 7 August 2023, Cabinet approved a detailed business case for around \$150 million to be spent on the seismic strengthening of Hamilton Dual Court, Auckland District Court, and Wellington High Court. The Minister's press release can be found at beehive.govt.nz/release/government-acts-key-court-upgrades.

A copy of the Cabinet paper and detailed business case will be proactively released on the Ministry's website shortly.

I can advise that there was one notification in May 2022 to Worksafe.

Question 8: Costs and completion dates of projects

In response to question 8, please refer to Table 2 at the end of this document. The original budget and completion dates have been taken from the Ministry of Justice Property Capital Plan 2020-2030. These budgets should be considered indicative only and were estimated prior to detailed costings and timings could or had been undertaken. They were developed for the purposes of long-term planning, not to provide detailed costings. Care should also be taken with comparing the initial budget and the current estimate of costs because the scope of the projects may have changed significantly. There has also been significant inflationary pressure to the construction industry.

There are nine Māori Land Court sites across the country. More information about the location of the courts can be found at xn--morilandcourt-wqb.govt.nz/en/contact-us/draft-regional-map-page/. If you can be more specific about which Māori Land Court site you are interested in, we can provide further information.

Question 9: Mental Health Infrastructure Programme Review

In response to question 9, I can advise that some of the challenges identified in the Mental Health Infrastructure Programme (MHIP) Review have also impacted on Ministry projects.

For example, the initial budget for the new Tauranga Moana Courthouse project was developed prior to COVID-19. As mentioned in the MHIP Review, cost escalation for projects prepared prior to COVID-19 “could not have been estimated in line with what has been observed during and post COVID”.

However, not all the challenges identified in the MHIP Review reflect the Ministry’s experience. For example, the issues identified in the MHIP Review where projects initiated under the previous District Health Board model had multiple procurement models, scope of services, contract forms, and contract conditions do not apply to the Ministry’s property programme.

The Ministry may prepare more than one business case for each project at key points in the project timeline. For example, the Ministry may prepare an indicative business case at the start of a project; followed by a detailed business case once a project has been more fully scoped, and an implementation business case just prior to construction starting.

The Ministry uses the Treasury’s Better Business Cases model and templates when developing its property business cases.

More detail about the changes in timelines and budgets can be found in Table 2.

Question 10: Ministry of Justice’s property funding

In response to question 10 on funding for the Ministry of Justice’s property programme, please refer to Table 3 and 4 at the end of this document.

Te Au Reka funding

In response to question 11 on Te Au Reka Funding, Budget 2022 forecasted funding of \$169 million over four years. The Ministry is taking a staged approach to funding drawdowns. In August 2023, joint Ministers approved the Ministry to commence the Phase 1 Scope and Define stage, due for completion in June 2024. This stage will provide greater certainty of both the implementation timeframe and costs before we seek Ministerial approval to draw down funding for Phase 1 implementation, the first substantive stage of development.

If you require any further information, please contact Media & Social Media Manager Joe Locke at media@justice.govt.nz.

Please note that this response, with your personal details removed, may be published on the Ministry website at: justice.govt.nz/about/official-information-act-requests/oia-responses/.

If you are not satisfied with this response, you have the right to make a complaint to the Office of the Ombudsman under section 28(3) of the Act. The Office of the Ombudsman may be contacted by email to info@ombudsman.parliament.nz or by phone on 0800 802 602.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'E. Padgett', with a stylized flourish at the end.

Eve Padgett
(Acting) Deputy Secretary, Corporate and Digital Services

Table 1 – air quality testing at Ministry owned sites since June 2020

Site	Reason for testing	Solution
Pukekohe District Court	Weathertightness issues with the roof	The roof has been replaced
Hawera District Court	Weathertightness issues	There has been remediation of the affected areas in mid-2022.
Papakura District Court	Weathertightness issues	The building has been wrapped and affected parts of the building have had repairs. The Ministry is investigating interim solutions for the site while options to replace or refurbish the courthouse are investigated
Rotorua District Court	Weathertightness issues	Repairs have been made to the building's roof. The Ministry is also investigating options to replace or refurbish the courthouse.
Tauranga District Court	Weathertightness issues	A new courthouse is being built and one of the existing buildings is being refurbished.
Auckland District Court	Flooding due to an adverse weather event earlier this year and failure of a pipe carrying water for the heating, ventilation, and air conditioning system.	Repairs to the court are progressing
Gisborne District Court	Weathertightness issues with the building's roof	The roof is currently being replaced. All the carpets, wall cladding, and ceilings were replaced in areas affected by leaks. Currently there is a project to replace the roof in two phases. Phase 1 was completed late last year and phase 2 is in progress.
Northshore District Court	Weathertightness issues	A weathertightness remediation project is expected to be completed in October 2023
Hastings District Court	This Court has a history of leaking roof and blocked gutters due to the birds roosting on the roof	A large amount of work has gone into resolving these leaks. There was no mould detected in the cladding / ceiling spaces.
Hutt Valley District Court	Weathertightness issues	External contractors have been employed to undertake weathertightness reports.
Manukau District Court	There are weathertightness issues with the roof	We are investigating the need for further roof repairs

Table 2 – budget plan, estimated costs and due dates for current major capital projects

Location	Project	Project Stage	Budget from Capital Plan	Current estimated cost	Original completion date	Current completion date	Comments
Auckland District Court building	Seismic remediation	Design	\$51-\$65 million	\$83 million	26/27	27/28	More detail about this project can be found in the Seismic Strengthening of Ministry of Justice Courthouses Cabinet paper from August 2023 which have been proactively released on the Ministry's website.
Rotorua	New build	Pre-business case	\$50-\$60 million	N/A	23/24	N/A	The Ministry of Justice has been looking for a suitable site to purchase in Rotorua. We recently purchased a new site and will begin the business planning process shortly. The future costs of the project and completion date will be assessed as part of the business planning process.
Tauranga	Major rebuild	Design	\$90-\$120 million	\$208 million	24/25	26/27	The cost and delays for the Tauranga project include the impact of the COVID-19 pandemic, the increased cost of construction materials, changes to regulatory requirements and changes to the scope of the project. Details of the redesign for the project can be found in the Cabinet paper and business case published on the Ministry's website.
Waitakere District Court	Major new build	Pre-business case	\$40-\$50 million	N/A	23/24	N/A	The Ministry of Justice has been looking for a suitable site to purchase in Waitakere. We recently purchased a new site and will begin the business planning process shortly. The future costs of the project and completion date will be assessed as part of the business planning process.
Hutt Valley District Court	New build	On-hold	\$30-\$40 million	N/A	23/24	N/A	Interim measures are being undertaken so that Hutt Valley District Court can continue to operate while Ministry funds and resources are prioritised on higher priority projects.
Papakura District Court	Major rebuild	Pre-business case	\$10-15 million	N/A	23/24	N/A	The Ministry of Justice has been looking for a suitable site to purchase in Papakura. We recently purchased a new site and will begin the business planning process shortly. The future costs of the project and completion date will be assessed as part of the business planning process.
Hamilton District Court	Seismic remediation	Design	\$5-\$10 million	\$37 million	21/22	27/28	The original budget and completion dates were indicative only and were estimated prior to detailed costings and timings could or had been undertaken. More detail about this project can be found in the Seismic Strengthening of Ministry of Justice Courthouses Cabinet paper from August 2023 which has been proactively released on the Ministry's website.
Wellington High Court	Seismic remediation	Initiation	\$5-\$10 million	\$30 million	21/22	27/28	The original budget and completion dates were indicative only and were estimated prior to detailed costings and timings could or had been undertaken. More detail about this project can be found in the Seismic Strengthening of Ministry of Justice Courthouses Cabinet paper from August 2023 which will be proactively released on the Ministry of Justice's website.
Auckland District Court	Cladding stage 2	Procurement for main contractor	\$5-10 million	\$10 million	20/21	24/25	
Whanganui District/High Court	New build	Design	\$30-45 million	\$90 million	23/24	26/27	The delays for the Whanganui project include the impact of the COVID-19 pandemic, the increased cost of construction materials and changes to regulatory requirements.
Wellington District Court	Seismic remediation	Design	\$25-35 million	\$53 million	23/24	25/26	The delays for the Wellington District Court project include the impact of the COVID-19 pandemic and the increased cost of construction materials.
Manukau District Court	Level 2 fitout	Design	\$5-10 million	\$34 million	21/22	24/25	The project is currently being reviewed and this may lead to changes to the completion dates and costs in this table
North Shore District Court (Albany)	Waterproofing	Delivery	\$10-15 million	\$18 million	21/22	23/24	This project was delayed due to the discovery of additional structural elements were required.

* The original budget and completion dates have been taken from the *Ministry of Justice Property Capital Plan 2020-2030*. These budgets should be considered indicative only and were estimated prior to detailed costings and timings could or had been undertaken. They were developed for the purposes of long-term planning not to provide detailed costings. Care should also be taken with comparing the initial budget and the current estimate of costs because the scope of the projects may have changed significantly.

Table 3 – property capital expenditure and funding profile

Ministry of Justice

Property Capital Expenditure &
Funding Profile
Base Case
13 August 2023

Property Major Projects

Property Minor, Renewals & Relocations Programmes

Property Security Systems, Furniture & Vehicles Programmes

Total

Yr -2 FY 20/21 Property Capital Expenditure Actual	Yr -1 FY 21/22 Property Capital Expenditure Actual	Yr 0 FY 22/23 Property Capital Expenditure Actual	Yr 1 FY 23/24 Property Capital Expenditure Forecast	Yr 2 FY 24/25 Property Capital Expenditure Forecast	Yr 3 FY 25/26 Property Capital Expenditure Forecast	Yr 4 FY 26/27 Property Capital Expenditure Forecast
19,111,556	23,676,335	38,892,610	120,321,146	167,825,985	165,083,443	111,968,075
11,770,268	20,404,809	36,115,612	28,700,000	31,891,200	32,037,773	39,779,503
8,384,483	2,859,785	10,236,651	6,800,000	7,038,000	7,178,760	7,322,335
39,266,307	47,967,126	85,244,873	155,821,146	206,755,185	204,299,976	159,069,914

Justice Property Health & Safety Tagged Capital Contingency Funding

Justice Property Health & Safety Tagged Operating (Depreciation Component) Contingency Funding

Tauranga New Courthouse Tagged Capital Contingency Funding

Tauranga New Courthouse Tagged Operating (Depreciation Component) Contingency Funding

Shovel Ready Capital Funding

Shovel Ready Depreciation Funding

Sub Total

Ministry Balance Sheet, Baseline & Revaluation Depreciation Funding

Total

Yr -2 FY 20/21 Property Capital Funding	Yr -1 FY 21/22 Property Capital Funding	Yr 0 FY 22/23 Property Capital Funding	Yr 1 FY 23/24 Property Capital Funding	Yr 2 FY 24/25 Property Capital Funding	Yr 3 FY 25/26 Property Capital Funding	Yr 4 FY 26/27 Property Capital Funding
-	-	-	29,717,000	51,140,000	43,722,000	36,590,000
-	-	-	-	3,386,755	4,592,755	4,664,755
-	11,600,000	3,300,000	1,055,321	29,935,504	43,722,878	386,297
-	-	-	-	-	-	-
2,000,000	-	-	12,100,000	-	-	-
-	-	-	-	-	-	-
2,000,000	11,600,000	3,300,000	42,872,321	84,462,259	92,037,633	41,641,052
37,266,307	36,367,126	81,944,873	112,948,825	122,292,927	112,262,344	117,428,862
39,266,307	47,967,126	85,244,873	155,821,146	206,755,185	204,299,976	159,069,914

Notes: The Ministry has had two successful Budget bids since 2020 in relation to the Justice Property Health and Safety Remediation Programme and the Tauranga Innovative Courthouse. The Funding from these approved bids is included in the above funding table.

Maximising the value from the Ministry of Justice's Property Portfolio



STRATEGY

To strengthen people's trust in the law of Aotearoa New Zealand

Te Tāhū o te Ture | Our Strategy 2023-2027

Our purpose

To strengthen people's trust in the law of Aotearoa New Zealand

Our priorities



Our values

RISE
TOGETHER

Whakamana **Toka Tū** **Ākina** **Eke Panuku**
Respect **Integrity** **Service** **Excellence**



Our relationship with the judiciary

The Ministry is responsible for providing premises and administrative services to support judges who decide each case according to the law.

The Ministry supports the courts of general jurisdiction (eg the High Court and the District Court), Supreme Court, Court of Appeal, as well as specialist courts and tribunals – like the Employment Court.



Our relationship is governed by the Principles observed by the Judiciary and Ministry of Justice in the Administration of the Courts.

The judiciary is responsible for the work of the courts, but is supported by the Ministry of Justice, a department of the Executive government. The Secretary for Justice is accountable for the expenditure of the public funds needed to administer justice in the courts. The judiciary and the Ministry of Justice therefore share responsibility for delivering justice through the courts. The relationship is a partnership.

The judiciary's responsibilities include the use to be made of courts and their precincts, while the Ministry's responsibilities include the provision, maintenance and operation of technology and buildings and ensuring security and safety in court buildings.

Therefore, while the Ministry is accountable for managing the property portfolio, the judiciary has an active and direct interest in management of the portfolio and the development of new courthouses.

WE DELIVER EVERYDAY

People and infrastructure are the foundation upon which we deliver our services to New Zealanders

The Courts and tribunals resolve more than a quarter of a million cases each year.

Over 4,000 staff are at the centre of supporting the judiciary to deliver these events but staff from several other agencies and community providers are also involved

OVER

100 BUILDINGS IN THE PROPERTY PORTFOLIO

ACTIVE IN

ACROSS

71

52

96

COURT BUILDINGS

TOWNS & CITIES

SITES

42

DISTRICT COURTS / HEARING CENTRES

16

DUAL COURTS

3

HIGH COURTS

2

COURT OF APPEAL

1

SUPREME COURT

Our mahi



We deliver change to achieve Ministry objectives which involves commissioning, designing and improving our services.



We host the Joint Venture Business Unit and are part of the Joint Venture, Family Violence Sexual Violence.



We supported 43,407 victims in 2021/22.



We contract with over 2,400 individual providers (lawyers and employment advocates) to provide legal aid services to support people moving through the justice system.



We support the judiciary to deliver court services for the Supreme Court, Court of Appeal, High Court, District Court and Specialist Courts. We also provide support to 27 tribunals in New Zealand.



We monitor the performance of seven Crown Entities.



We carry out criminal conviction history checks. We processed 443,794 requests in 2021/22.



We administer legal aid - helping people who can't afford a lawyer to get legal advice and representation.



We develop justice policy - advising on legislation and supporting our Ministers.



We collect fines, reparations, infringements, and civil and legal aid debt. We collected over \$165.5M in fines in 2021/22.



We support and manage the Public Defence Service (PDS) - New Zealand's largest criminal law practice.



We publish the New Zealand Crime and Victims Survey and other justice sector data.

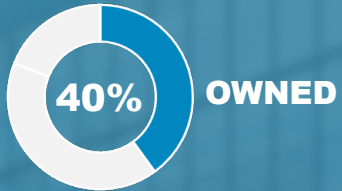
APPROXIMATELY

200,000

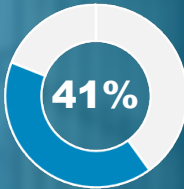
SQUARE METRES OF LAND

296,000

SQUARE METRES OF BUILDING AREA



BUILDINGS OWNED, LAND LEASED



Land value
\$236 Million

Improvement value
\$966 Million

Replacement value
\$5 Billion

Fair value
\$1.2 Billion

Annual capital spend
c\$65 Million

Annual operating budget
c\$36 Million

CHALLENGING PROPERTY PORTFOLIO

71 court sites across 52 locations, more than 4,000 people work in our buildings. Annual maintenance spend is only 0.5% of the portfolio value – chronic underspend, with no additional new investment over many years has led to a portfolio in critical condition

We are experiencing the impacts of underinvestment now. eg temporary closure of six Auckland District Court courtrooms due to flood damage – the country’s busiest court, ongoing health and safety issues more generally, impacting court staff and participants.



- 0.5% of portfolio value spend on infrastructure for good stewardship this should be 4%
- constant underspend = continuous deterioration in condition

- move from a reactive to a proactive state – proactively managing the quality and condition of our buildings
- build essential capability in property, implementing KPMG recommendations from grow to maturity

- 43% of buildings in poor or very poor condition – based on 2019 data. We expect this to deteriorated even further as we refresh our condition assessments

NZ INFRASTRUCTURE STRATEGY ALIGNMENT

Our property management function is maturing



Capability build

KMPG review of the property function in late 2022 rating “improving” – key areas of ongoing improvement include: processes, capacity, capability, funding and systems, property improvement programme underway to deliver sustainable property infrastructure.



Considering our funding and financing options

Feasibility study to consider how we can fund three new builds partnering with private sector, to repay over 25 years – lease to own model



Supporting the move to a circular economy

Green Star certification, establishing clear policies around use of recycled materials in our building programme, etc.



Health and safety, essential infrastructure

Victims, court participants, court staff and the judiciary must be kept safe. Courts are an essential service and critical infrastructure.



Strengthening partnerships with and opportunities for Māori

Property are working closely with hapū in Tauranga, and iwi in Whanganui to design buildings that meet the needs of Māori. We are also engaging with appropriate hapū and iwi to inform the vision and briefs for future property needs of the Māori Land Court. Internally, Atea-a-Rangi is working to strengthen the Ministry’s iwi partnerships across Aotearoa to improve justice outcomes for Māori.



Acceleration of technology use

Te Au Reka, impact on property, planning for future AVL use / flexible spaces, digital strategy, the future of AI. The Digital Strategy for Courts and Tribunals sets out the judiciary’s objectives and guiding principles for use of technology in the courts. It outlines how the judiciary, supported by the Ministry of Justice, will strive to capture the benefits of technology, without compromising the human quality of our justice system. A judicially led Artificial Intelligence Advisory Group has been established to guide the use of AI technology from a Court and judicial perspective.



Strengthening resilience to shocks and stresses

Recent flood events demonstrated our need to improve resilience of our portfolio. We are planning seismic strengthening of three key buildings and upgrade of our most vulnerable buildings, including Auckland District Court, which makes up 10% of our business.



Increasing our standardisation

Refresh of our current design standards, seeking to reuse our new build design as much as possible eg reusing Whanganui and Tauranga in Papakura and Rotorua (respectively).



Partners and stakeholder relationship building and participation capability

Strong relationships with our justice sector partners.



Improving our long term infrastructure planning

Condition refresh to support long term maintenance planning and prioritisation for better long term decision making.

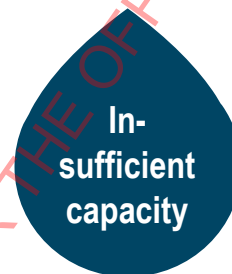
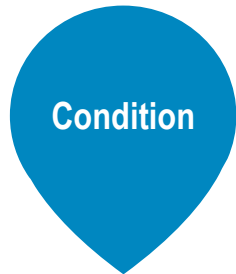
IMMEDIATE ISSUES

Increasing operational failure leading to court closures

A number of buildings require strengthening to meet our policy of 67% NBS

Most courts have backlogs and cases are taking longer, increasing short-term demand

13 courthouses in very poor condition. These are generally the busiest courts so their failure will cause the most disruption

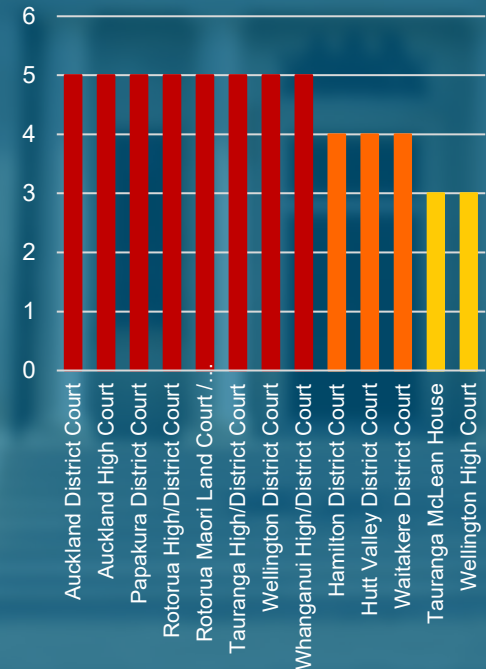


43 of 96 sites have a fair to very poor rating and many courthouses no longer meet the business needs.

Several buildings are leaky; some are being addressed through minor building works

The property team is maturing its management and delivery capabilities

Priority short list



RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

WE ARE ACTIVELY MANAGING OUR ISSUES

In depth view of the issues we are facing and plans underway to address these



Key projects

- Need for a new courthouse in Tauranga – c\$200M funded via balance sheet and tagged contingency (\$90M)
- Need for a new Whānganui Courthouse – c\$90-100M funded via balance sheet
- Wellington District Court – seismic upgrade - \$44M funded shovel ready \$15M, H&S tagged contingency \$28M, and balance sheet
- Manukau expansion – \$33M funded via balance sheet
- North Shore weathertightness fix – c\$17M funded via balance sheet
- Auckland District Court – c\$10-15M of various health and safety upgrades and investigations into end of life services replacement c\$120M (not yet funded)
- Hutt Valley Courthouse– c\$5M weathertightness repairs, but investigating roof replacement to keep the lights on
- 3 Seismic projects in planning – Auckland, Hamilton District Courts and Wellington High Court – c\$160M



Initiatives

- Feasibility study in conjunction with KPMG to consider long-term lease to own funding for three new of our worst courthouses – considering value for money of working with a cons
- Responding to extreme weather events – recent Auckland flooding.
- Significant number of reactive works underway
- Over 100 minor works projects underway
- EV charger installation programme nearing completion (50 EV charger installed throughout the country)
- Dock upgrade programme – keeping everyone safe – installing upgrades to 30 docks across the country. 17 complete.
- Strengthening partnerships with and opportunities for Māori through our work with iwi and hapū
- Partnering with Rau Paenga to support our delivery capability and capacity in Auckland DC.
- Property improvement programme – a trusted property delivery function
- Condition assessment refresh underway, also assessing health of courthouses

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1992

LONGER TERM CHALLENGES

More than 50% of our assets are failing

Majority of buildings are not fit for purpose and do not match up to 21st century courthouses or court house for the future

Future demand

Impact of changing population, trends and demographics

Fit for purpose

Resilience

Seismic strengthening of our buildings to 67% NBS, review of low lying properties or those prone to flooding

Assessing the impact of greater AVL use and AI technology – digital strategy

Advances in tech

Aging portfolio

Old portfolio suffering from sustained underinvestment in buildings

A level of flexibility is required in our buildings to respond to changing justice service needs

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Improvement initiatives already underway

Developing 30 year infrastructure renewal plan to lay down the foundations for delivery of healthy courts – holistic portfolio view, getting ahead of the issues proactively

Considering alternative funding approaches – feasibility study underway

Replacement value of the estate \$5bn

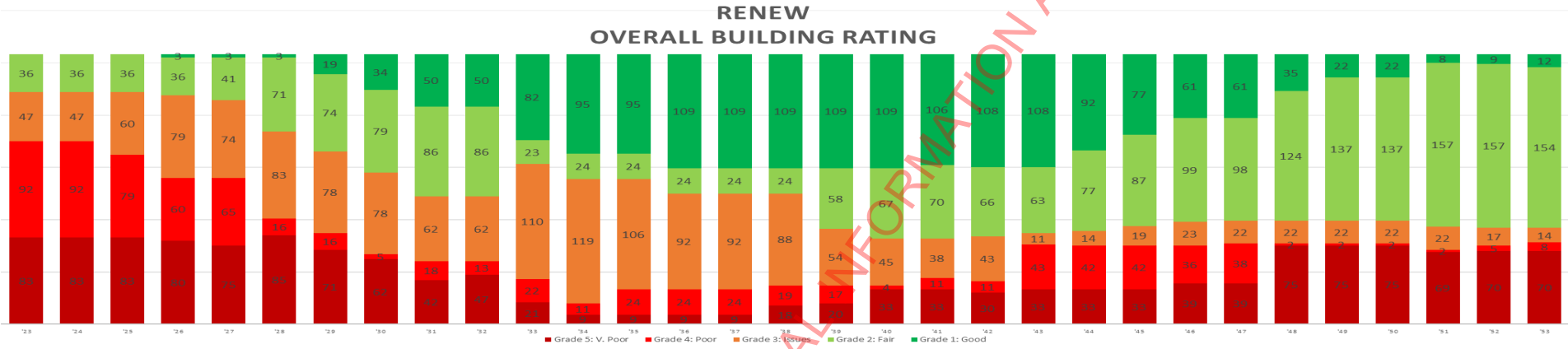
OUR RESPONSE - 30 YEAR INFRASTRUCTURE RENEWAL PLAN

\$1bn capital injection required over the next 10 years to raise the overall condition of the portfolio

- Modelling what happens to the fitness for purpose and condition of the Ministry's property portfolio under different investment scenarios, including no new money
- Combined with our improved property management maturity, only a relatively modest additional investment is required to provide a portfolio well placed to support current and future justice service needs.

RENEW CASE – \$2BN INJECTION OVER 30 YEARS

The Renew Case demonstrates how modest investment can make a significant difference



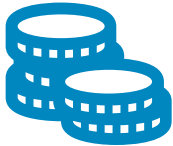
Sites Rated NAMS 3 FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44	FY 45	FY 46	FY 47	FY 48	FY 49	FY 50	FY 51	FY 52	FY 53
Kaikohe District Court	Issues	Issues	Issues	Issues	Issues	Issues	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor
Whangarei High/District Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
North Shore District Court	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor
Auckland High Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Poor	Poor	Poor	Poor	Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair
Auckland District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Poor	Fair	Fair	Fair	Fair	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair
Waikare District Court	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Papakura District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Pukekohe District Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Huntly District Court, Periodic Detention Centre and Probation Off	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Morrinsville District Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Hamilton High Court	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Hamilton District Court	Poor	Poor	Poor	Issues	Issues	Issues	Issues	Issues	Issues	Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair
Hamilton Old District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Tokoroa District Court	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Tauranga High/District Court Criminal Registry	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Tauranga High/District Court Family and Civil Registries and	Issues	Issues	Issues	Issues	Issues	Issues	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Whakatane District Court	Poor	Poor	Poor	Poor	Poor	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Opotiki District Court (Hearing Court)	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Rotorua High/District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair
Rotorua Maori Land Court, Coroner's Court and National Tra	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair	Fair
Gisborne High/District Court and Family Court	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Gisborne Maori Land Court	Poor	Poor	Poor	Poor	Poor	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
New Plymouth Family Court and Law Society	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Hawera District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Good	Good	Good	Good	Good	Good	Good	Good	Good
Ohakune District Court (Hearing Court)	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Napier High/District Court	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Hastings District Court and Coroner's Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Taihape District Court	Poor	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Whanganui High/District Court	V. Poor	V. Poor	V. Poor	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Marton District Court (Hearing Court)	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Palmerston North High/District Court	Poor	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Chatham Islands District Court (Hearing Court)	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Porirua District Court	Issues	Issues	Issues	Issues	Issues	V. Poor	V. Poor	V. Poor	V. Poor	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Hutt Valley District Court	Poor	Poor	Poor	Issues	Issues	Issues	Issues	Issues	Issues	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Fair	Fair	Fair	Fair	Fair
Wellington High Court	Issues	Issues	Issues	Issues	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Wellington District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Nelson High/District Court	Poor	Poor	Poor	Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Blenheim High/District Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Greymouth High/District Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Ashburton District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues
Dunedin High/District Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Gore District Court	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor	V. Poor
Invercargill High/District Court	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues
Other Sites NAMS 1, 2 (54)	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues	Issues

WHERE TO FROM HERE?

Resolving our challenges and building a high performing delivery agency



- We are seeking support from you to deliver our 30 year infrastructure renewal, including:
 - delivering innovative solutions to our challenges (eg alternative funding approaches)
 - ensuring we are making good investment decisions that align with government priorities
 - setting the priorities for infrastructure investment
 - detailing the baseline and new funding needs
 - providing and maintaining the assets needed to deliver quality justice services



- We are seeking your support to becoming a trusted delivery agency, that 'gets stuff done', centred around our current priorities:
 - new courthouses in Papakura, Rotorua and Waitakere
 - developing a high performing property capability with the associated tools and systems
 - strengthening the connections with key agency partners, suppliers and property industry expertise
 - improving our deliver and funding mechanisms - partnership with Rau Paenga, Lease to Own



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Memorandum

Title	New Tauranga Courthouse Detailed Business Case – Commence External Consultation
To	Business Committee
From	Jerome Sheppard, General Manager Property
Via	Tina Wakefield, Deputy Secretary Corporate and Digital Services
Date of memo	6/04/2023
Action required by	17/04/2023
Appendix	Appendix 1 – P01153 Tauranga Moana Courthouse Detailed Business Case Appendix 2 – Tauranga Courthouse Project Detailed Business Case Presentation
Security Classification	SENSITIVE
Request:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Note

Executive Summary:

- 1.1 This Detailed Business Case builds on the Indicative Business Case endorsed by Cabinet in September 2021. The Indicative Business Case identified Option 4 Wellbeing First as the Preferred Option to develop a new courthouse in Tauranga that addresses the legacy deficits present in the current building and supports the Te Ao Mārama vision for the operation of the District Courts.
- 1.2 The Preferred Option taken forward though this Detailed Business Case continues with Option 4 Wellbeing First, but through a staged approach. This revised option, 4a, delivers investment in a new building for custodial courtrooms first, with minor remediation at McLean House, until a later stage delivers non-custodial infrastructure at the new CBD site under a separate decision. This staged approach responds to the enhanced understanding of the project requirements and acknowledges the significant shifts in both the economic and fiscal environment in the intervening time since the IBC.
- 1.3 Over the project period, the project will require investment of ^{s9(2)(j)} indicative capital expenditure excluding contingency (FY2021 to FY2027) and \$9.2 million in operating expenditure.
- 1.4 This business case has applied the five-case structure of the Better Business Cases Framework. The Detailed Business Case process being applied for this project is in line with the ^{s9(2)(g)(i)} categorisation through the Risk Profile Assessment, agreed with Central Agencies.
- 1.5 Gateway Review 0-2 Strategic Assessment / Delivery Strategy – Detailed Business Case was completed 24 March 2023 **Section 9(2)(g)(i)**

Recommendations:

It is proposed that Business Committee:

- | | |
|---|-------------|
| 2.1 AGREE that, of the s9(2)(j) capital expenditure, Section 9(2)(j) will be funded from the Tauranga Moana Courthouse Tagged Capital Contingency and the remainder Section 9(2)(j) funded from the Ministry's balance sheet | Yes /
No |
| 2.2 AGREE that Option 4a from the business case is the preferred option to recommend to Cabinet | Yes /
No |
| 2.3 AGREE that, immediately following incorporation of feedback on the detailed business case from committee members, external consultation of the business case can commence | Yes /
No |
| 2.4 NOTE the intention that Cabinet committee considers the appended business case on 29 June 2023. | |

Purpose and Scope

- 3 To seek Committee agreement to prioritising remediation investment at the New Tauranga Moana Courthouse, to the preferred option that would see a new building for custodial courtrooms on the newly acquired site, with minor remediations at McLean House (Option 4a) and agreement to commence external consultation of the business case.

Background

- 4 In December 2019, Cabinet approved \$4.088 million for preliminary work and agreed to establish \$96.606 million in tagged contingency for building and implementation of the Tauranga Moana innovative courthouse [SWC-19-MIN-0197]. Subsequently an additional \$11.400 million per annum of tagged operating contingency from 2022/23 was approved through Budget 20 [CAB-20-MIN-0155.09].
- 5 On 23 September 2021 Cabinet committee [GOV-21-MIN-0031] considered an indicative business case and agreed to progress option 4 which would provide a new courthouse on a new site for Tauranga. \$14.900 million of capital was appropriated to move to the next stage of the project with the intention of returning to Cabinet with a detailed business case in mid-2022.
- 6 Following indicative business case approval, the Ministry settled contracts, acquiring a new site to build on across the road from the current courthouse buildings. A design team was engaged, and more detailed scoping was conducted before moving into concept then preliminary design phases. Note that no substantive design had been undertaken to inform costs in the indicative business case.
- 7 By June 2022, costing of the preliminary design made it clear that the requirements and design generated through a co-design approach would lead to a building significantly more expensive than what was signalled in the indicative business case. Project governance directed the project team to undertake a value engineering exercise and when that did not generate sufficient savings options,

an alternative design approach was commissioned. In October 2022 \$1.200 million was drawn down from the tagged operating contingency to help fund this work.

- 8 This alternative approach (labelled Option 4A in the appended detailed business case) is now the preferred option to be recommended for Cabinet committee (GOV) consideration on 29 June 2023.
- 9 A Gateway review occurred over the week 20-24 March **Section 9(2)(g)(i)**. The findings were largely accepted by the Senior Responsible Officer and where changes were recommended to the detailed business case, they have been incorporated in the version appended.

The investment proposal

- 10 The Tauranga District Court is split over two buildings being Cameron House which accommodates custodial courtrooms, and McLean House which accommodates non-custodial courtrooms. Cameron House is a leaky building with extensive water damage, decay, and mould growth. McLean House underwent refurbishment ten years ago, and therefore the building condition is better compared to Cameron House.



Figure 1: Current site of the Tauranga District Court

- 11 The case for change is driven by the physical environment compromising the Ministry's obligation to provide a safe environment, the design precluding effective community engagement and the design impeding how we intend to operate into the future. Demand forecasting shows the current buildings do not provide the number of courtrooms forecast as required and this is evident now with criminal events that should take place in Tauranga being resolved at other locations. There is no functionality at present for High Court function.
- 12 The strategic case makes a compelling case for investment and that the investment recommended is aligned to the Ministry's strategy and business plans.
- 13 The economic case remains largely aligned with the analysis presented in the indicative business case. The Wellbeing First option is the preferred option however as a variation labelled 4a. Option 4a developed out of fiscal affordability concerns that arose from option 4 in mid-2022 when the preliminary design for option 4 was costed.
- 14 Option 4a represents best value for money when a Price Quality method of evaluation is applied. That said, several interested parties would like to see one of the higher cost options progressed. The trade-offs that come with option 4a will need to be carefully managed and well communicated should this option be agreed by Cabinet.

- 15 The key point of the commercial case is to confirm that the proposed procurements are commercially viable. While the construction sector is currently experiencing heavy demand, the work proposed is viable and very attractive to the market. The project has been well signalled in the media and within the Tauranga CBD Blueprint 2022-2030¹.
- 16 The financial case demonstrates Option 4a is affordable within the context of the 30-year capital planning the Ministry has undertaken, taking into account the remaining Tauranga tagged contingency. However, this planning also makes it clear that from a total portfolio perspective, condition will continue to deteriorate without future capital injections.
- 17 The management case is consistent with the indicative business case other than to note the previous project board that was established is replaced by a new Property Capital Projects Committee which has a wider mandate than just the new courthouse projects.

s9(2)(g)(i)

Consultation

3. The DBC has been consulted within Corporate and Digital Services, with parts of Operations and Service Delivery, with Finance and with the EPMO.

¹ [Tauranga CBD Blueprint - Priority One](#)

Next Steps

4. Should the committee agree to progress to external consultation, the proposed timeline below will apply:

Action	Date
Finalise DBC	18-24 April
Undertake External Agency consultation	26 April – 12 May (Advance copy to Minister's office)
Minister's Review	18 May – 1 June
Ministerial Consultation	5 -16 June
Submission to Cabinet Office	22 June 2023
Cabinet Committee (GOV)	29 June 2023

5. The Cabinet paper that covers the DBC is being drafted. The intention is that the Deputy Secretary Corporate and Digital Services (as SRO) signs out the Cabinet paper following consultation of the paper with the Chief Executive's office.

Hon Kiri Allan, Minister of Justice

Tauranga Moana Courthouse Cabinet Paper – staged approach

Date	31 May 2023	File reference	104431
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Action sought

Timeframe

Agree to consult with your Ministerial colleagues on the Detailed Business Case and Cabinet paper <i>New Tauranga Moana Courthouse</i>	9 June 23
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Contacts for telephone discussion (if required)

Name	Position	Telephone		First contact
		(work)	(a/h)	
Tina Wakefield	Deputy Secretary, Corporate and Digital Services	s9(2)(a)		<input type="checkbox"/>
Jerome Sheppard	General Manager, Property	s9(2)(a)		<input checked="" type="checkbox"/>
Angela Hawkings	Associate General Manager, Property	s9(2)(a)		<input type="checkbox"/>

Minister's office to complete

<input type="checkbox"/> Noted	<input type="checkbox"/> Approved	<input type="checkbox"/> Overtaken by events
<input type="checkbox"/> Referred to: _____		
<input type="checkbox"/> Seen	<input type="checkbox"/> Withdrawn	<input type="checkbox"/> Not seen by Minister
Minister's office's comments		

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Purpose

1. This paper seeks your feedback and recommends that you commence Ministerial consultation on the attached updated *New Tauranga Moana Courthouse* Cabinet paper. We have also attached a copy of the *Tauranga Courthouse Project Detailed Business Case*. The paper has been updated following your initial feedback on 22 May.

The current Tauranga Moana Courthouse is no longer fit for purpose

2. The existing Tauranga Moana Courthouse is too small for the growing population of Tauranga and High Court cases for Tauranga need to be heard in Rotorua. Cameron House suffers from significant weathertightness issues and is becoming increasingly unsafe and unhealthy.

The Ministry recommends a phased approach to building the new courthouse

3. In December 2019, Hon Andrew Little (then Minister of Justice) announced a new courthouse in Tauranga. Cabinet approved an indicative business case for a new building on a new site. Following this, a new site was acquired, and a design team was appointed. Unfortunately, the project has experienced delays due to Covid, incorrect initial floor area assumptions and changes to regulatory requirements which resulted in the preliminary design being significantly more costly than the project budget.
4. The Ministry of Justice | Te Tāhū o te Ture (the Ministry) undertook several value engineering exercises to reduce the cost. However, the cost savings were insufficient to ensure the project could be completed within the original budget. Subsequently, the Ministry reviewed its approach to delivering the project and is proposing a staged delivery to deliver more than two thirds of the original new build. It provides a new custodial building on the new site and an upgrade to McLean House (the existing courthouse) for non-custodial events, thereby reducing the footprint required for the new build and a lower initial project cost. This approach allows for a second stage to be delivered to consolidate all court services. Court users and key stakeholders have remarked that McLean House as a building “works well”. Keeping this building operational in the short term allows us to ‘sweat’ the asset and provide better value for money for taxpayers.
5. This option can be funded from a combination of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies, the Ministry’s existing balance sheet and baseline funding. No new funding is required.

The Ministry consulted extensively with government agencies, local iwi, judiciary, and court users on the design of the new courthouse

6. The Ministry has consulted with the following agencies on the detailed business case and SWC Cabinet paper: The Department of the Prime Minister and Cabinet, New Zealand Police, Ara Poutama Aotearoa – the Department of Corrections, Oranga Tamariki, the Public Service Commission, the New Zealand Infrastructure Commission and The Treasury New Zealand.

7. In March, a Treasury Gateway Review was held, our key partners and stakeholders were interviewed as part of that process. s9(2)(g)(i) Key recommendations have been incorporated into the detailed business case and project delivery plans.
8. The Ministry will also continue extensive local consultation with local iwi, judiciary, and court users on the design of the new courthouse.

Next steps

9. Once your further feedback has been incorporated, we recommend commencing consultation on the Cabinet paper and attached detailed business case with your Ministerial colleagues.
10. An indicative timeline is provided below which indicates steps required for the paper to be considered at SWC on 28 June 2023.

Activity	Who	By when (2023)
Briefing with DBC and draft Cabinet paper to Minister (for Ministerial consultation)	Ministry	Wed 31 May
Ministerial Consultation	Minister's Office	Mon 5 June - Fri 9 June
SWC considers	Minister's Office	Weds 28 June
Cabinet approval	Minister's Office	Mon 3 July

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Recommendations

11. It is recommended that you:

- a) **Agree** to consult with your Ministerial colleagues on the New Tauranga Moana Courthouse Cabinet paper and Detailed Business Case. YES / NO

OR

- b) **Indicate** your feedback with changes required to the attached draft Cabinet paper and detailed business case. YES / NO



Tina Wakefield
Deputy Secretary, Corporate and Digital Services

Date 31 / 05 / 2023

APPROVED SEEN NOT AGREED

Hon Kiri Allan
Minister of Justice

Date / /

Kiri Allan, Minister of Justice

23 June 2023

Purpose

1. This paper provides you with talking points for discussion on the *New Tauranga Moana Courthouse* paper at the Cabinet Social Wellbeing Committee meeting on 28 June.

Talking points for investing \$208 million in the Tauranga Moana Innovative Courthouse

The Tauranga Moana Courthouse is no longer fit-for purpose

- The existing Tauranga Moana Courthouse is too small for the growing Bay of Plenty population. The High Court criminal function for Tauranga is currently served out of Rotorua due to insufficient facilities placing a disproportionate burden on the Rotorua pool of jurors, causing difficulties for victims and defendants and the local legal profession and their families.
- The current courthouse is served by two linked buildings. One of the buildings, Cameron House is suffering from severe weathertightness issues and would be very expensive to remediate. Replacing this building provides a better value for money outcome.
- Investing in a new courthouse in Tauranga will replace the end-of-life Cameron House courthouse, provide for seven courtrooms – three more than currently available, High Court functionality, multi-defendant (up to 10 defendants) capacity and provide a safe and healthy environment for court users.
- The existing Maclean House Courthouse will remain and be refurbished
- The final design will result in thirteen courtrooms (currently there are only 10 in Tauranga) will reflect forecast demand and includes seven custodial courtrooms and six non-custodial courtrooms.

The cost of building a new courthouse has increased

- In December 2019, Hon Andrew Little (then Minister of Justice) announced a new courthouse in Tauranga. The project has experienced delays due to Covid, incorrect initial floor area assumptions, cost inflation and changes to regulatory requirements (for example the need to have a Green Star rating of 5) which resulted in the preliminary design being significantly more costly than the project budget.
- The Ministry of Justice (Ministry) undertook value engineering exercises. However, the cost savings were insufficient. Therefore, I am proposing a staged delivery. Stage 1 will deliver more than two thirds of the original design.

File number:
Funding

- No new funding is required for this investment. I am recommending investment of up to \$207.816 million in capital expenditure through a combination of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies, and the Ministry's existing balance sheet for Stage 1 of a new Tauranga Moana Courthouse.
- Subject to additional funding, Stage 2 would allow for the Tauranga Moana Courthouse to be accommodated in a single building.
- The increased cost associated with Tauranga has been modelled in our 30 year infrastructure renewal plan. Our data shows that the current Tauranga custodial courthouse has significant weathertightness issues and is at the end of its useful life. It is one of our highest renewal priorities. While the increased cost will mean that some other projects of a lower priority will need to be slightly delayed, we will have sufficient funding to keep them operational in the short term until future funding becomes available.
- The Ministry will continue significant local consultation about the design and build of the new courthouse with representatives from local hapu and iwi, the local judiciary, legal profession, community service providers including organisations who work with victims and whānau.
- Construction is anticipated to begin in July 2024.

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