Hon Ginny Andersen

Minister of Justice

Proactive release – Briefing: Seismic Strengthening of Ministry of Justice Courthouses

Date of issue: 4 October 2023

The following document has been proactively released in accordance with Cabinet Office Circular CO (23) 4.

Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

No.	Document	Comments
1	Seismic Strengthening of Ministry of Justice Courthouses Cabinet paper Ministry of Justice February 2023	Some information has been withheld in accordance with section: 9(2)(a) of the Official Information Act 1982, to protect the privacy of natural persons. 9(2)(j) of the Official Information Act 1982, to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	Seismic Strengthening of Ministry of Justice Courthouses Cabinet minute – SWC-23-MIN-0100 Ministry of Justice 2 August 2023	Some information has been withheld in accordance with section: 9(2)(a) of the Official Information Act 1982, to protect the privacy of natural persons. 9(2)(j) of the Official Information Act 1982, to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	P01189 Health and Safety Remediation Business Case - Auckland District Court, Hamilton District Court and Wellington High Court Business Case Ministry of Justice July 2023	9(2)(f)(iv) of the Official Information Act 1982, maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. 9(2)(j) of the Official Information Act 1982, to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Office of the Minister of Justice

Chair, Cabinet Social Wellbeing Committee

Seismic Strengthening of Ministry of Justice Courthouses

Proposal

1. This paper seeks approval of investment of \$150.413 million capital and \$31.700 million project operating from 2023/24 to 2027/28 plus associated depreciation of \$11.158 million per annum and capital charge of \$7.521 million per annum, for the seismic strengthening of Auckland District Court, Hamilton District Court and Wellington High Court, funded by the Justice Property Health and Safety Remediation Programme Tagged Contingencies plus additional funding from existing Ministry of Justice | Te Tāhū o te Ture (Ministry) balance sheet and baseline, as outlined in the single stage business case at Appendix 1 (Option C).

Background

- Government has agreed to invest in remedying critical health and safety issues and risks at some key courthouses. As part of Budget 2020 initiatives Government approved the Justice Property Health and Safety Remediation Initiative including establishing a Tagged Capital Contingency of \$163.500 million and Tagged Operating Contingency of \$15.870 million over three years plus \$21.020 million per annum ongoing from 2023/24 [CAB-20-MIN-0155.20].
- 3. A programme business case prioritising eight courthouses was subsequently approved by Cabinet on 8 July 2021 [GOV-21-MIN-0025]. The courthouses listed for remediation under the Programme were: Auckland District Court (seismic and weathertightness); Hamilton District Court (seismic); Wellington High Court (seismic); Wellington District Court (seismic); Papakura District Court (weathertightness); Waitakere District Court (safety and security of layout); Rotorua High/District Court (weathertightness and seismic); and Hutt Valley District Court (weathertightness and seismic).
- 4. The programme business case highlighted the need for analysis and investigation to be carried out on each courthouse as a first step, in order to get an in depth understanding of the condition and fitness for purpose of each building including the extent of any work required beyond health and safety remediation.
- 5. Recommendation 4 in GOV-21-MIN-0025 noted that:
 - 5.1. if more extensive refurbishments or rebuilds are the preferred option, the Ministry will need to seek additional funding or alternative sources of funding (e.g., partnerships with iwi), or deliver fewer projects, and those options and trade-offs will be presented as the individual business cases are developed."
- 6. Since the creation of the original tagged contingency funding in 2020 there have been significant structural, material, supply chain and labour changes resulting in large scale construction cost escalations across the building sector.

- A single stage business case for seismic strengthening of the first priority courthouse in the Programme, Wellington District Court, was approved on 25 November 2021 [GOV-21-MIN-0049]. This drew down \$27.871 million of Tagged Capital Contingency and \$3.939 million over 2024/25 and 2025/26 and \$3.276 million per annum ongoing from 2026/27 from Tagged Operating Contingency.
- 8. Analysis and investigation undertaken on the condition and fitness for purpose of Papakura, Rotorua, Waitakere and Hutt Valley courthouses, has revealed that they all require considerably more than health and safety remedial work, with full replacement being the most likely solution in each case. This has placed them beyond the scope, intent and funding of the Programme. The Ministry will be separately coming back to Government regarding these, in accordance with Noting Recommendation 4 of GOV-21-MIN-0025.

Next Priority in the Programme

- 9. Analysis and investigation undertaken on Auckland District Court, Hamilton District Court and Wellington High Court has established these have existing seismic ratings of 35% to 40% of the New Building Standard (NBS). Government policy requires public buildings be upgraded to at least 67% of NBS.
- 10. These three courthouses are key assets within the Ministry's portfolio and need to be kept operational. Auckland District Court is the largest courthouse in New Zealand, containing 27 courtrooms and handling on average 1,715 court events each week. Hamilton District Court is the main District Court serving the city of Hamilton and Waikato region, containing 10 courtrooms and handling on average 968 court events a week. Wellington High Court contains 10 courtrooms and handles 55 court events a week¹. I am therefore recommending that the next priority in the Programme is the seismic strengthening of Auckland District Court, Hamilton District Court and Wellington High Court.
- 11. The proposed seismic works will raise the seismic ratings at these courthouses to at least 67% of NBS.
- 12. Analysis and investigation has also revealed that Auckland District Court's building infrastructure (e.g., heating, ventilation, air conditioning, reticulation) is at end-of-life and is carrying significant risk of failure.
- 13. There have been incidents of infrastructure in this courthouse failing recently. An aged ventilation pipe burst causing damage to two judges' chambers, three offices, corridors, a law library and two courtrooms. The remediation work cost around \$200,000. There was also significant disruption to activities with all the affected rooms rendered unavailable for approximately three weeks with the room occupants temporarily relocated.
- 14. It would minimise disruption to court operations and control costs if end-of-life infrastructure at Auckland District Court was replaced concurrently.
- 15. These seismic and infrastructure investments are expected to have in-service life cycles of 12 to 15 years from commissioning in 2028/29, after which time these aging buildings are expected to be due for redevelopment or replacement.

¹ High Courts are more likely to involve jury trials and deal with the most serious cases, making each High Court event potentially more complex and time-consuming than at District Court, care should be taken when comparing the number of events occurring in High and District Courts.

- 16. These investments should be regarded as interim asset management remediations to keep key courthouses open, in line with the intent of the Programme, pending the longer-term determination of how next generation justice services should be delivered at these locations and across the regions as a whole.
- 17. A single stage business case is attached at Appendix 1 for your endorsement. The business case considered five options for addressing the health and safety risks at Auckland District Court, Hamilton District Court and Wellington High Court, namely: Option A continue with the status quo; Option B seismic remediation at Wellington High Court and Hamilton District Court; Option C seismic remediation at all three courts; Option D seismic remediation and replacement of end-of-life infrastructure at Auckland District Court; and Option E seismic remediation at all three courts and replacement of end-of-life infrastructure at Auckland District Court; and Option E seismic remediation at all three courts and replacement of end-of-life infrastructure at Auckland District Court.
- 18. The business case compared the five options in terms of cost, benefit, risk, strategic alignment and overall value for money, as per the table below.

Option	Cost	Benefit	Risk	Strategic Alignment	Overall Value for Money
	Whole of Life Cost	Ministry of Justice		Especially with Risk	
	Net Present Value (NPV)	Courthouse Services		Mitigation Expectations on	
				Agencies	
A	\$5.391 million	Nil	No seismic risk reduction	Not Aligned: does not	Negative: initial seismic
Status Quo				comply with Government's	design costs required to
				seismic guidelines for	develop proposal are
				agencies	written off
В	\$72 309 million	20 courtrooms increase	Modest seismic risk	Weak: does not address	Poor: only 20 out of 47
Seismic Remediation of		NBS ra ing from	reduction	seismic or infrastructure	courtrooms at the hree
Hamilton DC and		approximately 37% to 67%		risks at Auckland DC, the	courthouses are
Wellington HC				largest and busiest court in	addressed, and only as to
				New Zealand	seismic risk
С	\$155.675 million	47 courtrooms increase	Considerable seismic risk	Strong: addresses seismic	Good: all 47 courtrooms
Seismic Remediation of		NBS ra ing from	reduction	risk across all three	are addressed as to
Auckland DC, Hamilton		approximately 37% to 67%		courthouses	seismic risk.
DC and Wellington HC					Superior to Option B:
					115% more cost buys
					135% more benefit.
D	\$ ^{Section 9(2)(} million	27 courtrooms increase	Moderate seismic and	Strong, but Narrow:	Poor: only 27 out of 47
Seismic Remediation and		NBS ra ing from	infrastructure risk	addresses seismic and	courtrooms are
End of Life Infrastructure		approximately 37% to 67%	reduction	infrastructure risks at	addressed, and only at one
Replacement at Auckland		and concurren ly replace		Auckland DC but does not	courthouse.
DC		end of life infrastructure		address seismic risks at	Costs 11% more than
				Hamilton DC or Wellington	Option C but benefits 43%
				HC	less courtrooms.
E	§ ^{Section 9(2)(} million	47 courtrooms increase	Considerable seismic risk	Very Strong: addresses	Very Good: all 47
Seismic Remediation of		NBS ra ing from	reduction and moderate	seismic risk across all	courtrooms are addressed
Auckland DC, Hamilton		approximately 37% to 67%	infrastructure risk	three courthouses plus	as to seismic risk and 27
DC and Wellington HC and	1	and 27 of them	reduction	infrastructure risk at	of hem are concurrently
Replacement of End of		concurrently replace end		Auckland DC	addressed as to
Life Infrastructure at		of life infrastructure			infrastructure risk.
Auckland DC					Compared with Option C,
					58% more cost replaces
					end of life infrastructure for
					57% of courtrooms plus
					avoids physically
					disrupting court services at
					Auckland DC twice.

- 19. The above comparison concludes that Options C and E provide best value for money as they both seismically remediate all three courthouses. Option E concurrently would replace the end-of-life infrastructure at Auckland District Court and so has the further benefit of avoiding physically disrupting court services at this court (the busiest court in New Zealand) twice.
- 20. While Option E is preferable, the infrastructure replacement portion requires additional capital of Section 9(2)(j) . It is not covered by the Tagged Capital Contingency or the Ministry's existing balance sheet, with the latter already fully allocated to other capital projects across the property portfolio, e.g., the replacement of the

courthouses at Papakura, Rotorua, Waitakere and Hutt Valley. Reallocation of funding away from these projects is not recommended because they also have considerable urgency due to the condition of these courthouses, and it would also depend on how soon balance sheet funding could be freed up. A funding delay would extend project timelines, with all the undesirable flow-on effects including additional construction cost inflation, duplication of project costs and further physical disruption to court services.

- 21. Hence my recommended approach is to proceed with Option C to get the seismic remediations of the three courthouses under way, which can be funded (see Financial Implications below). The Ministry also notes additional capital funding of Section 9(2)(j) would be required to enable the concurrent replacement of the end-of-life infrastructure at Auckland District Court. Option C has a Risk Profile Assessment (RPA) of Medium.
- 22. The Ministry will collaborate with Rau Paenga, the Crown's infrastructure delivery agency, on delivery of the Auckland District Court project. Rau Paenga will provide professional and technical support relating to procurement management, project management, scheduling, cost control, reporting, management of Health and Safety and the measurement of benefits. The Ministry is not entering into a commercial arrangement with Rau Paenga, rather a Memorandum of Understanding will be put in place.
- 23. Rau Paenga will be responsible for developing and executing the Auckland District Court procurement plan and will be the principal to all contracts entered into during the project. This will provide the Ministry with increased capability and capacity through the delivery phase. The Hamilton District Court and Wellington High Court seismic projects will be managed and led directly by the Ministry.
- 24. The Ministry is developing options for each courthouse to minimise disruption to court services during delivery of the seismic works. Court staff will continue to be supported throughout this process.

25. Key delivery milestones are outlined below.									
Cabinet approval of single stage	June/July 2023								
business case									
Detailed designs approved	$C_{0} = 0(2)(i)$								
Main construction contracts awarded									
Completion of seismic strengthening	Quarter 3 calendar 2027 Hamilton District Court &								
and full reoccupation of courthouses	Wellington High Court								
	Quarter 1 calendar 2028 Auckland District Court								

25 IZ 1 1' '1 ((1. 1.1.1

Financial Implications

- 26. Option C: Seismic Strengthening of Auckland District Court, Hamilton District Court and Wellington High Court requires capital expenditure of \$150.413 million and project operating expenditure of \$31.700 million over 2023/24 to 2027/28. The \$150.413 million includes design work undertaken pre 2023/24 totalling \$4.824 million.
- 27. The associated depreciation is \$11.158 million per annum ongoing and capital charge is \$7.521 million per annum ongoing from 2028/29, the year of entry of the buildings back into full service. There are no ongoing maintenance or other operating costs.

28. The table below summarises the capital and operating expenditure and matching funding under Option C. The numbers include project contingency of million.

			\$	m - increas	se/(decreas	e)		
							28/29 &	
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyrs	Total
Capital Expenditure	4 824	22.578	34.916	39.214	36.590	12.291	-	150.413
Capital Funding - Balance Sheet	4.824	-	-	-	-	9.960	-	14.784
Capital Funding - Tagged Contingency	-	22.578	34.916	39.214	36.590	2.331	-	135.629
Capital Balance 30 June	-	(0.000)	0.000	0.000	0.000	0.000		
Operating Expenditure - Project	0 568	1.525	8.262	9.385	9.694	2.266	-	31.700
Operating Expenditure - Depreciation	-	-	2.895	2.895	2.895	7.730	11.158	
Operating Expenditure - Capital Charge	1.478	0.739	1.868	3.614	5.575	7.404	7.521	
Operating Funding - Baseline	2 046	0.984	0.967	0.739	0.739	0.830	0.935	
Operating Funding - Tagged Contingency	-	1.280	12.058	15.154	17.425	16.571	17.744	
Operating Surplus/(Shortfall)	-	0.000	0.000	(0.000)	0.000	0.000	(0.000)	

- 29. Of the \$150.413 million total capital expenditure, \$135.629 million will be funded from the Justice Property Health and Safety Remediation Programme Tagged Capital Contingency (drawing down and applying all of this tagged contingency) and the balance (\$14.784 million) will be funded from the Ministry's balance sheet.
- 30. The annual operating expenditure comprising project operating, depreciation and capital charge will be funded from a combination of the Justice Property Health and Safety Remediation Programme Tagged Operating Contingency (drawing down and applying all of this tagged contingency) and Ministry baseline.
- 31. There are sufficient Ministry balance sheet and baseline funds available to supplement the tagged contingencies, as outlined in the table above.
- 32. The tables below outline the tagged contingencies established by CAB-20-MIN-0155.20 post rephasing and drawdowns to date, and the final rephasing now required to match the phasing of the capital and operating expenditure of Option C and in each case draw down all of the remaining tagged contingency.

		\$m - increase/(decrease)									
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	28/29 & Outyrs	Total			
Justice Property Health & Safety											
Remediation Programme - Tagged											
Capital Contingency	-	47.470	67.815	20.344	-	-	-	135.629			
Requested Rephasing	-	(24.892)	(32.899)	18.870	36.590	2.331	-	0.000			
Requested Drawdown	-	(22.578)	(34.916)	(39.214)	(36.590)	(2.331)	-	(135.629)			
Balance	-	-	-	-	-	-	-	-			

Justice Property Health and Safety Remediation Programme Tagged Capital Contingency

Justice Property Health and Safety Remediation Programme Tagged Operating Contingency

	\$m - increase/(decrease)									
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	28/29 & Outyrs			
Justice Property Health & Safety										
Remediation Programme - Tagged	1 1									
Operating Contingency	-	3.000	9.000	15.000	17.744	17.744	17.744			
Requested Rephasing	1.01	(1.720)	3.058	0.154	(0.319)	(1.173)	-			
Requested Drawdown	25	(1.280)	(12.058)	(15.154)	(17.425)	(16.571)	(17.744)			
Balance	-	-	+	-	50000000000000000000000000000000000000					

33. The concurrent replacement of the end-of-life infrastructure at Auckland District Court requires capital and project operating expenditure of Section 9(2)(j)

Consultation

34. The Ministry has consulted with the following agencies on this 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. The Treasury have advised that they support option C.

Legislative Implications and Regulatory Impact Analysis

35. There are no regulatory or legislative implications arising from this paper.

Human Rights

36. The proposal has no direct human rights implications under the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

Gender Implications

37. There are no direct gender implications arising from this paper.

Disability Perspective

38. The Ministry's 30 Year Investment Choices Base Case takes into account the Disability Action Plan to ensure that the Ministry's facilities are fit for purpose and accessible.

Publicity and Proactive Release

39. I propose to proactively release this paper, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

40. I recommend that the Committee:

- 1. **note** that on 6 April 2020 Cabinet [CAB-20-MIN-0155.20 refers]:
 - 1.1. agreed to the Justice Property Health and Safety Remediation initiative subject to approval of a programme business case and any individual business cases as necessary;
 - 1.2. agreed to establish tagged capital and operating contingencies of up to the amounts as follows in Vote Justice to provide for the initiative described in recommendation 1.1 above:

	\$m - increase/(decrease)						
					24/25 &		
	2020/21	2021/22	2022/23	2023/24	Outyrs		
Justice Property Health and Safety Remediation							
Programme - Tagged Capital Contingency	14.000	45.500	69.000	35.000	-		
Justice Property Health and Safety Remediation							
Programme - Tagged Operating Contingency	3.500	4.580	7.790	21.020	21.020		

- 1.3. authorised the Minister of Finance, Minister of Justice and the relevant Appropriation Ministers jointly to draw down from, and adjust the profile of expenditure across, the forecast period for the Justice Property Health and Safety Remediation Tagged Capital and Operating Contingencies, subject to Cabinet's approval of a programme business case and any individual business cases as necessary;
- 2. **note** that on 8 July 2021 the Cabinet Government Administration and Expenditure Review Committee [GOV-21-MIN-0025 refers]:
 - 2.1. endorsed a programme business case prioritising eight courthouses ("the Programme");
 - 2.2. noted that analysis and investigation was to be carried out on each courthouse in the Programme and if more extensive refurbishments or rebuilds are the preferred option the Ministry of Justice will need to seek additional funding, alternative sources of funding or deliver fewer projects;
 - 2.3. agreed to the drawdown of \$8.085 million from the Justice Property Health and Safety Remediation Tagged Operating Contingency over the next three years to enable commencement of detailed project investigations and the development of individual business cases for the eight priority courthouses;
- 3. **note** a single stage business case for seismic strengthening of the first priority courthouse in the Programme, Wellington District Court, was approved on 25 November 2021 and funded by a \$27.871 million capital and a \$7.215 million operating drawdown from the respective Justice Property Health and Safety Remediation Tagged Contingencies [GOV-21-MIN-0049] in addition to \$14.100 million capital funding and \$3.305 million operating funding for the Wellington District Court from the "Shovel Ready" Infrastructure Projects Tagged Contingency [CAB-20-MIN-0341];

4. **note** that following the decisions in GOV-21-MIN-0025, GOV-21-MIN-0049, SWC-23-MIN-0005 and OGMP 23/2 the remaining balances of the Justice Property Health and Safety Remediation Tagged Contingencies are as follows:

	\$m - increase/(decrease)					
				26/27 &		
	2023/24	2024/25	2025/26	Outyrs		
Justice Property Health and Safety Remediation						
Programme - Tagged Capital Contingency	47.470	67.815	20.344	-		
Justice Property Health and Safety Remediation						
Programme - Tagged Operating Contingency	3.000	9.000	15.000	17.744		

- 5. **agree** the next priority in the Programme is the seismic strengthening of Auckland District Court, Hamilton District Court and Wellington High Court;
- 6. **note** that the attached Business Case identified the following shortlist of options based on the requisite investment objectives and success factors:
 - 6.1. Option A: Status Quo/Do Nothing;
 - 6.2. Option B: Seismic Remediation of Hamilton District Court and Wellington High Court;
 - 6.3. Option C: Seismic Remediation of Auckland District Court, Hamilton District Court and Wellington High Court;
 - 6.4. Option D: Seismic Remediation and End-of-Life Infrastructure Replacement at Auckland District Court; and
 - 6.5. Option E: Seismic Remediation of Auckland District Court, Hamilton District Court and Wellington High Court and Replacement of End-of-Life Infrastructure at Auckland District Court;
- 7. **endorse** the Single Stage Business Case attached at Appendix 1, which sets out Option C Seismic Strengthening of Auckland District Court, Hamilton District Court and Wellington High Court as the preferred option;
- 8. **note** that the preferred option requires an investment of \$150.413 million capital and \$31.700 million project operating over 2023/24 to 2027/28 plus associated depreciation of \$11.158 million per annum and capital charge of \$7.521 million per annum, to be funded by a combination of the Justice Property Health and Safety Remediation Programme Tagged Capital and Operating Contingencies and existing Ministry balance sheet and baseline funding, as follows:

			\$	im - increas	e/(decreas	e)		
							28/29 &	
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyrs	Total
Capital Expenditure	4.824	22.578	34.916	39.214	36.590	12.291	-	150.413
Capital Funding - Balance Sheet	4.824	-	-	-	-	9.960	-	14.784
Capital Funding - Tagged Contingency	-	22.578	34.916	39.214	36.590	2.331	-	135.629
Capital Balance 30 June	-	(0.000)	0.000	0.000	0.000	0.000		
Operating Expenditure - Project	0.568	1.525	8.262	9.385	9.694	2.266	-	31.700
Operating Expenditure - Depreciation	-	-	2.895	2.895	2.895	7.730	11.158	
Operating Expenditure - Capital Charge	1.478	0.739	1.868	3.614	5.575	7.404	7.521	
Operating Funding - Baseline	2.046	0.984	0.967	0.739	0.739	0.830	0.935	
Operating Funding - Tagged Contingency	-	1.280	12.058	15.154	17.425	16.571	17.744	
Operating Surplus/(Shortfall)	-	0.000	0.000	(0.000)	0.000	0.000	(0.000)	

9. **agree** the following fiscally neutral rephasing and drawdowns of the Justice Property Health and Safety Remediation Programme Tagged Capital and Operating Contingencies:

Justice Property Health and Safety Remediation Programme Tagged Capital Contingency

			\$	m - increas	e/(decreas	e)		
							28/29 &	
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyrs	Total
Justice Property Health & Safety								
Remediation Programme - Tagged								
Capital Contingency	-	47.470	67.815	20.344	-	-	-	135.629
Requested Rephasing	-	(24.892)	(32.899)	18.870	36.590	2.331	-	0.000
Requested Drawdown	-	(22.578)	(34.916)	(39.214)	(36.590)	(2.331)	-	(135.629)
Balance	-	-	-	-	-	-	-	-

Justice Property Health and Safety Remediation Programme Tagged Operating Contingency

		\$m - increase/(decrease)								
							28/29 &			
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyrs			
Justice Property Health & Safety										
Remediation Programme - Tagged										
Operating Contingency	-	3.000	9.000	15.000	17.744	17.744	17.744			
Requested Rephasing	-	(1.720)	3.058	0.154	(0.319)	(1.173)	-			
Requested Drawdown	-	(1.280)	(12.058)	(15.154)	(17.425)	(16.571)	(17.744)			
Balance	-	-	-	-	-	-	-			

10. **approve** the following changes to appropriations and capital injections to the Ministry of Justice to provide for the decision in recommendation 7 above, with a corresponding impact on the operating balance and net debt:

			\$m - in	crease/(deo	crease)		
							28/29 &
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyrs
Vote Courts							
Minister for Courts							
Multi-Category Expenses and Capital							
Expenditure:							
Courts, Tr bunals and Other Authorities							
Services, including the Collection and							
Enforcement of Fines and Civil Debts							
Services MCA							
Departmental Output Expense:							
District Court Services (funded by							
revenue Crown)	-	1.031	9.708	12.201	14.029	13.341	14.286
Senior Courts Services (funded by							
revenue Crown)	-	0.249	2.350	2.953	3.396	3.230	3.458
Vote Justice							
Minister of Justice							
Ministry of Justice:							
Capital Injection	-	22.578	34.916	39.214	36.590	2.331	-
Total Operating	-	1.280	12.058	15.154	17.425	16.571	17.744
Total Capital	-	22.578	34.916	39.214	36.590	2.331	-

11. **agree** that the proposed changes to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

- 12. **agree** that the expenses incurred under recommendation 10 above be charged respectively against the Justice Property Health and Safety Remediation Tagged Operating and Capital Contingencies described in recommendation 1 above;
- 13. note that, following the adjustments detailed in recommendation 12 above, as well as previous adjustments agreed in GOV-21-MIN-0025, GOV-21-MIN-0049, March 2022 Baseline Update, SWC-23-MIN-0005, and Joint Ministers' Rephasing of Ministry of Justice Tagged Capital and Operating Contingencies OGMP 23/2 dated 21 May 2023, the tagged operating and capital contingencies described in recommendation 1 above are now exhausted and therefore closed;
- 14. **note** that, to minimise disruption to court operations and control costs, the end-of-life infrastructure at Auckland District Court could be replaced concurrently, requiring capital and project operating expenditure of Section 9(2)(j)
- 15. note that analysis and investigation undertaken on the condition and fitness for purpose of the other courthouses in the Programme, namely Papakura, Rotorua, Waitakere and Hutt Valley, has revealed that they all require considerably more than health and safety remedial work, with full replacement being the most likely option in each case; this has placed them beyond the scope, intent and funding of the Programme; and the Ministry will be separately coming back to Government regarding these, in accordance with Noting Recommendation 4 of GOV-21-MIN-0025; and
- 16. **agree** that project contingency of Section 9(2)(j), included in the above funding drawdowns, will be held and managed by the Ministry;
- 17. **note** the Ministry of Justice will update the Ministers of Finance and Justice on the progress of the seismic strengthening of Auckland District Court, Hamilton District Court and Wellington High Court in December 2023.
- 18. **note** the Ministry of Justice will update the Ministers of Finance and Justice on the Ministry's property portfolio in August 2023.

Authorised for lodgement

Hon Ginny Andersen

Minister of Justice



Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Seismic Strengthening of Ministry of Justice Courthouses

Portfolio Justice

On 2 August 2023, the Cabinet Social Wellbeing Committee:

- 1 **noted** that in April 2020, Cabinet:
 - 1.1 agreed that the Justice Property Health and Safety Remediation initiative be set aside as a tagged capital and operating contingencies of up to the amounts as follows in Vote Justice:

	\$m - increase/(decrease)					
					24/25 &	
	2020/21	2021/22	2022/23	2023/24	Outyrs	
Justice Property Health and Safety Remediation						
Programme - Tagged Capital Contingency	14.000	45.500	69.000	35.000	-	
Justice Property Health and Safety Remediation						
Programme - Tagged Operating Contingency	3.500	4.580	7.790	21.020	21.020	

1.2 authorised the Minister of Finance, Minister of Justice and the relevant Appropriation Ministers jointly to draw down from, and adjust the profile of expenditure across, the forecast period for the Justice Property Health and Safety Remediation Tagged Capital and Operating Contingencies, subject to Cabinet's approval of a programme business case and any individual business cases as necessary;

[CAB-20-MIN-0155.20]

- 2 **noted** that in July 2021, the Cabinet Government Administration and Expenditure Review Committee:
 - 2.1 endorsed a programme business case prioritising eight courthouses ("the Programme");
 - 2.2 noted that analysis and investigation was to be carried out on each courthouse in the Programme and if more extensive refurbishments or rebuilds are the preferred option the Ministry of Justice will need to seek additional funding, alternative sources of funding or deliver fewer projects;
 - 2.3 agreed to the drawdown of \$8.085 million from the Justice Property Health and Safety Remediation Tagged Operating Contingency over the next three years to enable commencement of detailed project investigations and the development of individual business cases for the eight priority courthouses;

[GOV-21-MIN-0025]

IN CONFIDENCE

3 **noted** that:

- 3.1 in July 2020, Cabinet approved \$14.100 million capital funding and \$3.305 million operating funding for the Wellington District Court from the "Shovel Ready" Infrastructure Projects Tagged Contingency [CAB-20-MIN-0341];
- 3.2 in November 2021, the Cabinet Government Administration and Expenditure Review Committee (GOV) approved the single stage business case for seismic strengthening of the first priority courthouse in the Programme, Wellington District Court, and agreed to a drawdown of \$27.871 million capital and a \$7.215 million operating from the respective Justice Property Health and Safety Remediation Tagged Contingencies [GOV-21-MIN-0049];
- 3.3 in February 2023, the Cabinet Social Wellbeing Committee (SWC) agreed to reprioritise and drawdown the Justice Property Health and Safety Remediation Tagged Operating Contingency to fund Ministry of Justice remuneration cost pressures [SWC-23-MIN-0005];
- 4 **noted** that following the above decisions, the remaining balances of the Justice Property Health and Safety Remediation Tagged Contingencies are as follows:

	\$m - increase/(decrease)				
				26/27 &	
	2023/24	2024/25	2025/26	Outyears	
Justice Property Health and Safety Remediation					
Programme - Tagged Capital Contingency	47.470	67.815	20.344	-	
Justice Property Health and Safety Remediation					
Programme - Tagged Operating Contingency	3.000	9.000	15.000	17.744	

- 5 **agreed** that the next priority in the Programme is the seismic strengthening of Auckland District Court, Hamilton District Court and Wellington High Court;
- 6 **noted** that the Single Stage Business Case attached under SWC-23-SUB-0100 (the Business Case) identified the following shortlist of options based on the requisite investment objectives and success factors:
 - 6.1 Option A: Status Quo/Do Nothing;
 - 6.2 Option B: Seismic Remediation of Hamilton District Court and Wellington High Court;
 - 6.3 Option C: Seismic Remediation of Auckland District Court, Hamilton District Court and Wellington High Court;
 - 6.4 Option D: Seismic Remediation and End-of-Life Infrastructure Replacement at Auckland District Court;
 - 6.5 Option E: Seismic Remediation of Auckland District Court, Hamilton District Court and Wellington High Court and Replacement of End-of-Life Infrastructure at Auckland District Court;
- endorsed the Business Case, which sets out Option C: Seismic Strengthening of Auckland
 District Court, Hamilton District Court and Wellington High Court as the preferred option;

8 **noted** that the preferred option C requires an investment of \$150.413 million capital and \$31.700 million project operating over 2023/24 to 2027/28 plus associated depreciation of \$11.158 million per annum and capital charge of \$7.521 million per annum, to be funded by a combination of the Justice Property Health and Safety Remediation Programme Tagged Capital and Operating Contingencies and existing Ministry balance sheet and baseline funding, as follows:

		\$m - increase/(decrease)							
							28/29 &		
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyears	Total	
Capital Expenditure	4.824	22.578	34.916	39.214	36.590	12.291	-	150.413	
Capital Funding - Balance Sheet	4.824	-	-	-	-	9.960	-	14.784	
Capital Funding - Tagged Contingency	-	22.578	34.916	39.214	36.590	2.331	-	135.629	
Capital Balance 30 June	-	(0.000)	0.000	0.000	0.000	0.000			
Operating Expenditure - Project	0.568	1.525	8.262	9.385	9.694	2.266	-	31.700	
Operating Expenditure - Depreciation	-	-	2.895	2.895	2.895	7.730	11.158		
Operating Expenditure - Capital Charge	1.478	0.739	1.868	3.614	5.575	7.404	7.521		
Operating Funding - Baseline	2.046	0.984	0.967	0.739	0.739	0.830	0.935		
Operating Funding - Tagged Contingency	-	1.280	12.058	15.154	17.425	16.571	17.744		
Operating Surplus/(Shortfall)	-	0.000	0.000	(0.000)	0.000	0.000	(0.000)		

9 **agreed** to the following fiscally neutral rephasing and drawdowns of the Justice Property Health and Safety Remediation Programme Tagged Capital and Operating Contingencies:

Justice Property Health and Safety Remediation Programme Tagged Capital Contingency

		\$m - increase/(decrease)						
							28/29 &	
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyears	Total
Justice Property Health & Safety								
Remediation Programme - Tagged								
Capital Contingency	-	47.470	67.815	20.344	-	-	-	135.629
Requested Rephasing	-	(24.892)	(32.899)	18.870	36.590	2.331	-	0.000
Requested Drawdown	-	(22.578)	(34.916)	(39.214)	(36.590)	(2.331)	-	(135.629)
Balance	-	-	-	-	-	-	-	-

Justice Property Health and Safety Remediation Programme Tagged Operating Contingency

		\$m - increase/(decrease)						
							28/29 &	
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyears	
Justice Property Health & Safety								
Remediation Programme - Tagged								
Operating Contingency	-	3.000	9.000	15.000	17.744	17.744	17.744	
Requested Rephasing	-	(1.720)	3.058	0.154	(0.319)	(1.173)	-	
Requested Drawdown	-	(1.280)	(12.058)	(15.154)	(17.425)	(16.571)	(17.744)	
Balance	-	-	-	-	-	-	-	

SWC-23-MIN-0100

10 **approved** the following changes to appropriations and capital injections to the Ministry of Justice to provide for the decision in paragraph 7 above, with a corresponding impact on the operating balance and net debt:

			\$m -	increase/(c	decrease)		
							28/29 &
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyears
Vote Courts							
Minister for Courts							
Multi-Category Expenses and Capital							
Expenditure:							
Courts, Tribunals and Other Authorities							
Services, including the Collection and							
Enforcement of Fines and Civil Debts							
Services MCA							
Departmental Output Expense:							
District Court Services (funded by							
revenue Crown)	-	1.031	9.708	12.201	14.029	13.341	14.286
Senior Courts Services (funded by							
revenue Crown)	-	0.249	2.350	2.953	3.396	3.230	3.458
Vote Justice							
Minister of Justice							
Ministry of Justice:							
Capital Injection	-	22.578	34.916	39.214	36.590	2.331	-
Total Operating	-	1.280	12.058	15.154	17.425	16.571	17.744
Total Capital	-	22.578	34.916	39.214	36.590	2.331	-

- 11 **agreed** that the changes to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 12 **agreed** that the expenses incurred under paragraph 10 above be charged respectively against the Justice Property Health and Safety Remediation Tagged Operating and Capital Contingencies;
- 13 **noted** that, following the adjustments above, as well as previously agreed adjustments and rephasing, the Justice Property Health and Safety Remediation Tagged Operating and Capital Contingencies are now exhausted and therefore closed;
- 14 **noted** that, to minimise disruption to court operations and control costs, the end-of-life infrastructure at Auckland District Court could be replaced concurrently, Section 9(2)(j)
- 15 **noted** that:
 - 15.1 analysis and investigation undertaken on the condition and fitness for purpose of the other courthouses in the Programme, namely Papakura, Rotorua, Waitakere and Hutt Valley, has revealed that they all require considerably more than health and safety remedial work, with full replacement being the most likely option in each case;
 - 15.2 this has placed these courthouses beyond the scope, intent and funding of the Programme, and the Ministry of Justice will be separately coming back to Cabinet regarding these;

- 16 **agreed** that project contingency of Section 9(2)() million, included in the above funding drawdowns, will be held and managed by the Ministry of Justice;
- 17 **noted** that the Ministry of Justice will update the Ministers of Finance and Justice:
 - 17.1 in August 2023 on the Ministry's property portfolio;
 - 17.2 in December 2023 on the progress of the seismic strengthening of Auckland District Court, Hamilton District Court and Wellington High Court.

Rachel Clarke Committee Secretary

Present:

Rt Hon Chris Hipkins Hon Carmel Sepuloni (Chair) Hon Kelvin Davis Hon Dr Megan Woods Hon Jan Tinetti Hon Willie Jackson Hon Peeni Henare Hon Ginny Andersen Hon Barbara Edmonds Hon Willow-Jean Prime Hon Rino Tirikatene **Officials present from:** Office of the Prime Minister Office of the Chair Officials Committee for SWC



Ministry of Justice Tāhū o te Ture

P01189 Health and Safety Remediation Business Case - Auckland District Court, Hamilton District Court and Wellington High Court

Single Stage Business Case

Document Informatio	n	
Prepared by:	Ministry of Justice Property Team	
Prepared for:	Ministry of Justice	
Date:	July 2023	
Version:	V 1.0	
Status:	FINAL	

Health and Safety Remediation Business Case: Auckland DC, Hamilton DC, Wellington HC

Document Control

Document History

Version	Issue Date	Changes
0.1		Draft for internal feedback
0.2		Update draft following feedback from Jerome and current state information.
0.3		Revise Strategic case to prioritise Risks and update economic case
0.4		Incorporate feedback from Stakeholder reviews
0.9		Draft for full Ministry review
1.0		Final for Cabinet Committee

Document Review

Role	Name	Review Status	
Property Capital Projects Committee	As per terms of reference		
OSD	David Foley, Moana Llermia Heather Button		
EPMO	Input from various functional	leads	
Internal consultation	Investment Committee, HSS, Digital		

Document Sign-off

Role	Name	Sign-off date	
SRO	Tina Wakefield		

Contents

HEALTH AND SAFETY REMEDIATION BUSINESS CASE: AUCKLAND DC, HAMILTON DO WELLINGTON HC	c, 2
Document Control	2
Contents EXECUTIVE SUMMARY	3 5
Introduction and background	5
Strategic Case	6
Economic Case	12
Commercial Case	16
Financial Case	20
Management Case INTRODUCTION	21 24
Delegations	25
Compelling case for investment STRATEGIC CASE – THE CASE FOR CHANGE	25 26
Strategic Context	26
Investment Objectives	36
Existing Arrangements & Business Needs	36
Main Benefits + Living Standards Framework	37
Potential Business Scope and Key Service Requirements	40
Judiciary, iwi & hapū, and stakeholders	41
Risks	43
Key Constraints, Dependencies and Assumptions ECONOMIC CASE	45 46
Critical Success Factors	46
Long-list options	46
Short-List Options COMMERCIAL CASE	49 56
Introduction	56
In Scope Procurements	57
Professional Services Scope	59

Professional Services Procurement	61
Construction Contracting Scope	62
Construction Contracting Approach FINANCIAL CASE	63 73
Summary	73
Summary Financial Profile	74
Expenditure	74
Funding	76
Risks and Uncertainties	76
Whole of Life Cost (Net Present Value) MANAGEMENT CASE	77 78
Introduction	78
Project Methodology (PPM) Strategy and Framework	78
Project Structure	79
Project Plan	83
Risk Management	85
Benefits Management	88
Quality Management APPENDIX A: FINANCIAL ASSUMPTIONS APPENDIX B: BREAKDOWN OF EXPENDITURE	88 90 92
APPENDIX B: BREAKDOWN OF EXPENDITURE (CONT.)	93
APPENDIX C: BENEFITS MAP	94
APPENDIX D: AUCKLAND DC %NBS ASSESSMENT	95
APPENDIX E: SEVERE WEATHER EVENTS IMPACT	96
APPENDIX F: SCOPE OF WORKS AT AUCKLAND DC	98

Executive Summary

Introduction and background

This Single Stage Business Case outlines the case for the seismic strengthening of the Ministry of Justice courthouses at Auckland District Court, Hamilton District Court and Wellington High Court and the concurrent replacement of end-of-life infrastructure at Auckland District Court.

This business case recommends Cabinet approve an investment of up to \$150.413 million capital and \$31.700 million project operating over FYs 2023/24 to 2027/28 (plus \$11.158 million per annum associated depreciation and \$7.521 million per annum capital charge) for seismic upgrades of Auckland District Court (ADC), Hamilton District Court (HDC), and Wellington High Court (WHC) (referred to as "Option C"). This will be funded mainly from existing Justice Property Health and Safety Remediation Tagged Capital and Operating Contingencies with the Ministry of Justice topping up from existing balance sheet and baseline funding. The investment is expected to have an in-service life cycle of 12 - 15 years from FY 2028/29.



In the meantime, the Ministry is putting in place a range of temporary interventions to control the impact on court services in the event of any end-of-life infrastructure failure at Auckland District Court.

Seismic strengthening will increase the resilience of these courthouses from their current New Build Standard (NBS) ratings of approximately 37% NBS to at least 67% NBS. The Ministry's seismic performance decision framework requires Ministry Importance Level 3 (IL3) buildings be remediated to at least 67% NBS, in line with current Government Property Group advice.

The scope of the seismic remediation work includes a range of floor to wall bracketing, installation of tension ties and strips to deal with a range of diaphragm deficiencies, strengthening the precast stairs, retrofit of podium shear wall, and a range of other strengthening works.

To ensure success and assist with the speed of delivery of these projects, the Ministry is collaborating with the Crown Infrastructure Delivery partner, Rau Paenga, to deliver the Auckland District Court seismic upgrade. This will provide the Ministry with an increased capability and capacity through the delivery phase of that project. The Wellington High Court and Hamilton District Court seismic upgrades will be managed entirely by the Ministry.

This investment has a Risk Profile Assessment (RPA) of "Medium".

This business case has been prepared in accordance with the Justice Property Health and Safety Remediation Programme approved by Cabinet on 8 July 2021 [CAB-20-MIN-0155.20], which listed eight Ministry courthouses for health and safety remediation subject to business case, at Auckland District Court, Hamilton District Court, Wellington High Court, Wellington District Court, Papakura District Court, Rotorua District Court, Waitakere District Court and Hutt Valley District Court. Wellington District Court Seismic Strengthening Business Case has already been approved by Cabinet [GOV-21-MIN-0049] and the Ministry will be coming back to Cabinet separately regarding the courthouses at Papakura, Rotorua, Waitakere and Hutt Valley.

Strategic Case

Strategic Context

Courts are a key part of our constitutional arrangements and have a significant impact on people's lives across Aotearoa New Zealand. Strong and independent courts are fundamental to the wellbeing of society. They help ensure New Zealanders can trust each other and trust the state.

The efficiency and integrity of the court experience can have a significant impact on people's wellbeing and ability to move on with their lives. Many people coming to courts are vulnerable and seeking protection. Increasingly, courts have a role in linking people to services they need, such as drug and alcohol treatment, stopping violence programmes, and restorative justice.

The Ministry has 103 primary buildings across 96 sites. These are spread across 52 towns and cities.

The courts and tribunals resolve more than a quarter of a million cases each year. Considering that each case touches on numerous lives (victims, complainants, accused, witnesses, families, and others affected) it gives some perspective of the scale and impact of the services the Ministry delivers for New Zealanders, to help them to get on with their lives and restore their wellbeing.

Many of New Zealand District Courts, including Auckland and Hamilton District Courts and Wellington High Court, have a large number of active cases, so ensuring that Courts are open is critical both for addressing these active cases and maintaining current throughput. Auckland District Court houses 27 courtrooms which represent a third of courtrooms in the Auckland region and 10% of all courtrooms in New Zealand. Auckland District Court undertakes 1,500 court events every week. The Hamilton District Court and Wellington High Court building includes 10 Courtrooms each (representing more than seven percent of all the courtrooms in New Zealand.

The Ministry's Property Portfolio and the Justice Property Health and Safety Remediation Programme

It has become clear in recent years that the rate of investment in the Ministry's courthouses has not been sufficient to either keep on top of essential maintenance or address issues and risks regarding health and safety, and fitness for purpose. In July 2020 the Ministry's Property Capital Intentions 2020 - 2030 was presented to Cabinet [GOV-20-MIN-0029]. It demonstrated the critical state of the property portfolio and proposed remediations of priority courts across the country.

The Ministry faces a range of issues and risks with its courthouses including buildings that are below the recommended seismic standard; building infrastructure at or nearing end-of-life; buildings that do not reflect the local community; buildings that lack flexibility, have unsafe layouts and working spaces; and buildings that are outdated and impact adversely on staff wellbeing.

Government has agreed to invest in remedying critical health and safety issues and risks at some key courthouses. As part of Budget 2020 initiatives Government approved the Justice Property Health and Safety Remediation Initiative including establishing a Tagged Capital Contingency of \$163.500 million and Tagged Operating Contingency of \$15.870 million over three years plus \$21.020 million per annum ongoing from 2023/24 [CAB-20-MIN-0155.20].

A Programme Business Case prioritising eight courthouses was subsequently approved by Cabinet on 8 July 2021 [GOV-21-MIN-0025] ("the Programme"). The courthouses listed for remediation under the Programme were: Auckland District Court, Hamilton District Court, Wellington High Court, Wellington District Court, Papakura District Court, Rotorua High/District Court, Waitakere District Court and Hutt Valley District Court.

The Programme Business Case gave an initial, indicative outline of the capital works that may be required:

- Auckland District Court exploratory seismic survey
- Hamilton District Court critical seismic strengthening

- Wellington District Court contribution towards critical seismic strengthening
- Wellington High Court critical seismic strengthening
- Hutt Valley District Court critical seismic strengthening and refresh of existing building
- Rotorua High Court, District Court and Māori Land Court potential new build
- Waitakere District Court potential new build
- Papakura District Court major refresh/potential rebuild

The Programme Business Case highlighted the need for further analysis and investigation to be carried out on each courthouse as a first step, to get an in depth understanding of the condition and fitness for purpose of each building including the extent of any work required beyond health and safety remediation.

A Single Stage Business case for seismic strengthening of the first priority courthouse in the Programme, Wellington District Court, was approved on 25 November 2021 [GOV-21-MIN-0049]. This drew down \$27.871 million of Tagged Capital Contingency and \$3.939 million over 2024/25 and 2025/26 and \$3.276 million per annum ongoing from 2026/27 from Tagged Operating Contingency.

Recommendation 4 in GOV-21-MIN-0025 noted that "if more extensive refurbishments or rebuilds are the preferred option, the Ministry will need to seek additional funding or alternative sources of funding (e.g., partnerships with iwi), or deliver fewer projects, and those options and trade-offs will be presented as the individual business cases are developed."

Analysis and investigation undertaken on the condition and fitness for purpose of Papakura, Rotorua, Waitakere and Hutt Valley courthouses, has revealed that they all require considerably more than health and safety remedial work, with full replacement being the most likely solution in each case. This has placed them beyond the scope, intent and funding of the Programme. The Ministry will be separately coming back to Government regarding these, in accordance with Recommendation 4 of GOV-21-MIN-0025.

Next Priority in the Programme

Analysis and investigation undertaken on Auckland District Court, Hamilton District Court and Wellington High Court has established these have existing seismic ratings of 35% to 40% of the New Building Standard (NBS). The Ministry's seismic performance decision framework requires Ministry Importance Level 3 (IL3) buildings be remediated to at least 67% NBS, in line with current Government Property Group advice.¹

These three courthouses are key assets within the Ministry's portfolio and need to be kept operational. Auckland District Court is the largest courthouse in New Zealand, containing 27 courtrooms and handling on average 1,715 court events each week. Hamilton District Court is the main District Court serving the city of Hamilton and Waikato region, containing 10 courtrooms and handling on average 968 court events a week. Wellington High Court contains 10 courtrooms and handles 55 court events a week².

Analysis and investigation has also revealed that Auckland District Court's building infrastructure (e.g., heating, ventilation, air conditioning, reticulation) is at end of life and is carrying significant risk of failure.

Hence the next priority in the Programme is addressing the seismic resilience of Auckland District Court, Hamilton District Court and Wellington High Court, and also addressing the end-of-life infrastructure at

¹ Seismic Assessment Guidelines (the "Red Book") were released by MBIE in July 2017 to support the Building (Earthquake-Prone Buildings) Amendment Act 2016. In 2018, the chapter on concrete buildings was updated (the "Yellow Chapter") to reflect lessons from the Kaikōura Earthquake and latest research.

² Please note that, as High Courts are more likely to involve jury trials and deal with the most serious criminal and civil cases, making each High Court event potentially more complex and time-consuming than at District Court level, care should be taken when comparing the number of events occurring in High and District Courts.

Auckland District Court. These are the most urgent of the issues and risks present in these key courthouses.

The Case for Change

The proposed investment at Wellington High Court, Auckland District Court and Hamilton District Court comprises seismic strengthening works to increase the seismic ratings from approximately 37% NBS to at least 67% NBS and concurrently replacing end-of-life infrastructure (heating, ventilation, air conditioning, reticulation) at Auckland District Court.

Auckland District Court

Auckland District Court was built in 1985 and is a 28,000m², 5 level podium structure with a 9-storey tower above, with 27 courtrooms, located in downtown Auckland. The building is critical to justice service delivery as it houses 10% of all courtrooms in New Zealand and 33% of all courtrooms in Auckland City.

The 2019 seismic assessment of the building identified aspects that are below 40% NBS (IL3) that need timely strengthening.

The following table is an extract from WSP's Mechanical Systems Condition Assessment (Ref: 1-D0464 dated 12 September 2022) regarding the building infrastructure at Auckland District Court.³

³ WSP is one of the world's leading professional infrastructure services firms. WSP provides technical expertise and strategic advice to clients in the Transportation & Infrastructure, Property & Buildings, Environment, Industry, Resources (including Mining and Oil & Gas) and Energy sectors.

Plant Item	Recommended Design Life (years)	Nominal Remaining Operational Life (years)	Comment
Water Cooler Chillers (3)	20-25	8-15	Previously replaced
Cooling Towers	12-15		unknown
AHU's	20-25	0-2	Over 30 years old
FCU's	20-25	0-2	Some replaced and some very old
Supply Ductwork	15-20	0-2	Assume most is original
Exhaust Ductwork	30-35	0-4	Assume most is original
Pumps	25-35	2-4	Unknown but assumed original
Fans	15-25	0-3	Unknown
Steel Chilled Water Pipework above 50mm diameter	30-40	3-5	Wall thickness continually reducing
Steel Chilled Water Pipework 50mm diameter and smaller	20-30	0-1	Wall thickness continually reducing and pitting and leaking imminent
Insulation on steel pipework	25-35	0-1 Insulation is deformed du degassing ca condensation leaking	
Electrical Wiring to Mechanical Plant & MMSB	30-40	0-5 Unknown but assumed origin	
Controls, Sensors, Instrumentation & BMS	12-16	0-1 Age unknown b reportedly in po condition	

Wellington High Court

The historic Wellington High Court was extensively upgraded and expanded in 1989-90. The High Court complex is a five-storey reinforced concrete structure which consists of a podium structure (ground floor and below) and two seismically separate buildings above ground floor.

The seismic system for the Northern building is reinforced concrete moment-resisting frames. The seismic system for the Southern building is reinforced concrete shear walls. The floors generally consist of a 75mm thick concrete topping on precast double tee floor units. The flooring has been found to be susceptible to the larger movements in the Northern building but is adequate for the small movements in the Southern building has precast concrete façade panels. The full height façade panels have been found to be susceptible to the larger movements in the Northern building but are adequate for the small movements in the Southern building.

Interior upgrades were carried out to Courtroom 1, the Jury Assembly room and foyer (Ground floor, Northern building) in late 2018/early 2019. The opportunity was taken to install back-up supports to the double tee flooring units above these areas at this time. However, this resilience work did not change the building rating, because only some of the double tee units were addressed.

The High Court is rated at approximately 40%NBS (IL3) based on the last Detailed Seismic Assessment.

Hamilton District Court

The Hamilton District Court building at 116 Anglesea Street was designed in 1990. It is a four-storey reinforced concrete building with a footprint of approximately 46m by 36m and is approximately 16m tall (Figure 1).

The seismic system varies up the height of the building (Figure 2). For the bottom two levels, it is the stiff reinforced concrete shear walls around the perimeter of the building. For the top two levels, it is the reinforced concrete frames in each principal direction.

The floors consist of 75mm thick concrete topping on 300mm deep precast hollow core floor units. The units span in the transverse direction between supporting beams and walls. The roof consists of steel roofing on steel purlins and steel rafters. The roof is braced with steel flat plate cross braces back to the reinforced concrete columns. Above the plant room the roof rests on steel SHS columns.

Seismic resilience work occurred in 2020 and involved installation of support steelwork below the Level 5 plantroom hollow core floor units, which were the lowest rated aspect of the building in terms of %NBS. This seismic resilience work brought the building to **35%NBS**, and the Level 5 floor to 100%NBS.

Summary of NBS Status

The planned interventions in this business case will significantly reduce the risk of building failure and injury to occupants during an earthquake. Strengthening will also enhance the ability of the building to be operational post a significant seismic event. The table below summarises the existing %NBS at each courthouse:

Site	Item	Rating	Comment
	Floor seating	50%	Precast double tee flooring which proves a significant life-safety issue in an earthquake
	Floor diaphragms	50%	Diaphragm damage could contribute to floor seating failure in an earthquake.
Wellington	Stairs	>100%	
ne	Precast panels	40-70%	Possibility of concrete dislodging in an earthquake which could prove a possible life-safety issue.
	Primary structure	>100%	Reinforced concrete frames and shear walls
	Floor seating	35%	Precast hollowcore flooring which proves a significant life-safety issue in an earthquake
	Floor diaphragms	50%	Diaphragm damage could contribute to floor seating failure in an earthquake.
Hamilton	Stairs	>100%	
DC	Precast panels	-	Not applicable
	Primary structure	50%	Reinforced concrete columns would prove a moderate life-safety issue in an earthquake
	Roof bracing	70%	Low risk to occupant health and safety
	Floor seating	<40%	Precast hollowcore flooring which proves a significant life-safety issue in an earthquake
	Floor diaphragms	40-70%	Diaphragm damage could contribute to floor seating failure in an earthquake.
Auckland	Stairs	<50%	
	Precast panels	>100%	
	Primary structure	55%	Reinforced concrete shear walls - podium

Figure 1: Existing buildings %NBS Summary WSP Memorandum 5-C4279.00 and 5-C4280.00 Seismic Resilience review – ADC, HDC, WHC

Investment Objectives

The following investment objectives are central to this proposal. The investment in seismic strengthening will address these objectives, providing a clear justification for investment. As detailed in the table above, structural elements within the buildings are rated as:

Auckland District Court <40%NBS

- Wellington High Court 40% NBS
- Hamilton District Court 35% NBS

All buildings have a %NBS well below the 67% recommended for long term occupancy. Should a seismic event occur, structural failure is at an increased risk, presenting a medium risk to life. Buildings that comply with recommended 67% or greater reduce risks to life and improve operational resilience related to structural deficits.

Investment Objective (IO)	Description			
IO1: Improved safety and security of the operational environment	Focus on safety and security of all who interact with the property we manage			
IO2: Compliant with the current New Zealand building standards	Upgrading our building – accessibility, weathertightness, seismic risks and other hazards			
IO3: Our buildings are maintained and available	Sufficient maintenance and asset renewals to ensure facilities are available for use			
IO4: Maximise impact across the Health & Safety Remediation programme	Have the widest ranging impact across the Health & Safety programme with the funding available			
IO5: Minimise seismic risk across the Health & Safety Remediation programme	Increase the seismic resilience of critical Courthouses identified in the Health & Safety programme, with the available funding			

Table 1: Investment Objectives

Details of the existing arrangements and business needs can be found in the Strategic Case.

Economic Case

The preferred way forward is to carry out seismic strengthening at Auckland District Court, Hamilton District Court and Wellington High Court (Option C), plus concurrently replace end-of-life infrastructure at Auckland District Court.

Options development and evaluation

A facilitated options analysis workshop was held with a range of stakeholders at which time the Investment Objectives and Critical Success Factors were confirmed.

The Ministry considered a wide range of long list scenarios from which the shortlist was determined. The do-nothing option was taken forward to provide the baseline. Details of the Long List and scenarios discounted through the assessment can be found in the Economic Case.

Option name	Description			
Option A: Do Nothing	Maintains the current court presences at Auckland DC, Hamilton DC and Wellington HC. Seismic risk and occupant safety risks are unaddressed.			
Option B: Seismic only at 2 sites: WHC, HDC (excl. ADC)	 What: 1.2 Seismic remediation at two sites (WHC & HDC) How: 2.2 Move some – some court functions are moved out to other locations, decant floor by floor, and relocate non-custodial hearings Who: 3.1 Projects are led by the Ministry When: 4.1 On approval of Business Case (June 2023) Funding: 5.1 H&S Tagged contingency (Budget 2020) 			
Option C: Seismic only at ADC, HDC, WHC	 What: 1.3 Seismic remediation at ADC, HDC and WHC, How: 2.1 Construction during offset hours, decant floor by floor Who: 3.1 & 3.2 Ministry led (HDC & WHC) and Rau Paenga (Crown Infrastructure Delivery Agency) led (ADC) When: 4.1 On approval of Business Case (June 2023) Funding: 5.1 Tagged H&S contingency & 5.2 balance sheet 			
Option D: ADC Seismic + Entire building EOL Renewal (excl. WHC, HDC)	 What: 1.5 ADC Seismic remediation and end of life services remediation across the entire building. Excludes any work at HDC and WHC How: 2.2 Move some – some court functions are moved out to other locations, decant floor by floor, and relocate non-custodial hearings Who: 3.2 Rau Paenga (Crown Infrastructure Delivery Agency) led When: 4.1 On approval of Business Case (June 2023) Funding: 5.3 Tagged funding & Balance Sheet Funding Section 9(2)(f)(iv) 			
Option E: Seismic at ADC, HDC & WHC plus ADC entire building EOL Renewal	 What: 1.6 Seismic remediation at ADC, HDC, WHC & replacement of end-of-life services at ADC How: 2.2 Move some – some court functions are moved out to other locations, decant floor by floor, and relocate non-custodial hearings Who: 3.1 & 3.2 Ministry led (HDC & WHC) and Rau Paenga (Crown Infrastructure Delivery Agency) led (ADC) When: 4.1 On approval of Business Case (June 2023) Funding: 5.3 Tagged H&S contingency & Balance Sheet Funding Section 9(2)(f)(iv) 			

Short List Options Summary:

Table 2: Options Summary

The table below provides a summary of the Shortlisted options and their respective rankings.

	S	hort-List Optio	ns	-	
Summary Assessment	A. Status Quo	B. Seismic only at 2 sites: WHC, HDC (excl. ADC)	C. Seismic only at ADC, HDC, WHC	D. ADC Seismic + Entire building EOL (excl. WHC, HDC)	E. ADC, HDC & WHC Seismic & ADC entire building EOL Renewal
# Courtrooms	o	18	45	27	45
Undiscounted Capex & Project Opex \$m, Nominals	\$5.391	\$82.416	\$182.113	Sectior	ו 9(2)(j)
WOLC (\$ millions, discounted and expressed as a Net Present Value)	\$5.391	\$72.309	\$155.675		-
Investment Objectives					
IO1. Improved safety and security of the operational environment	No	Partial	Partial	Partial	Yes
IO2. Compliant with the current New Zealand building standards	No	Partial	Yes	Partial	Yes
103. Our buildings are maintained and available	No	Partial	Partial	Partial	Yes
lo4. Maximise impact across the Health & Safety Remediation programme	No	Partial	Yes	Partial	Yes
105. Minimise seismic risk across the Health & Safety Remediation programme	No	Partial	Yes	Partial	Partial
Critical Success Factors					
Strategic fit and organisational needs	No	Partial	Partial	No	Partial
Potential value for money	No	Partial	Yes	No	Partial
Provider capacity and capability	Yes	Yes	Yes	Yes	Yes
Potential affordability	Partial	Yes	Yes	Partial	Partial
Potential achievability	Yes	Yes	Yes	Yes	Yes
Benefits Score	0	7	11	7	15
Conclusion	Not preferred	Not preferred	Preferred	Not preferred	Not preferred

Table 3: Short-list options assessment: Overall Summary

Option A: Do Nothing (Status Quo) does not address the seismic risk at the three courthouses, failing all investment objectives and critical success factors.

Option B: Seismic Strengthening at Hamilton District Court and Wellington High Court partially meets the investment objectives and critical success factors by addressing seismic risk at two of the courthouses.

Option C: Seismic Strengthening at Auckland District Court, Hamilton District Court and Wellington High Court meets or partially meets the investment objectives and critical success factors by addressing seismic risk at the three courthouses.

Option D: Seismic Strengthening and Replacement of End-of-Life Infrastructure at Auckland District Court partially meets the investment objectives and critical success factors by addressing seismic risk at one of the courthouses and concurrently addressing the end-of-life infrastructure risk at that courthouse.

Option E: Seismic Strengthening at Auckland District Court, Hamilton District Court and Wellington High Court and Concurrent Replacement of End-of-Life Infrastructure at Auckland District Court meets or partially meets the investment objectives and critical success factors by addressing seismic risk at the three courthouses and concurrently addressing the end-of-life infrastructure risk at Auckland District Court.

The five options are further compared in terms of cost, benefit, risk, strategic alignment and overall value for money in the table below.

Option	Cost	Benefit	Risk	Strategic Alignment	Overall Value for Money
	Whole of Life Cost	Ministry of Justice		Especially with Risk	-
	Net Present Value (NPV)	Courthouse Services		Mitigation Expectations on	
				Agencies	
A	\$5 391 million	Nil	No seismic risk reduction	Not Aligned: does not	Negative: initial seismic
Status Quo				comply with Government's	design costs required to
				seismic guidelines for	develop proposal are
				agencies	written off
В	\$72.309 million	20 courtrooms increase	Modest seismic risk	Weak: does not address	Poor: only 20 out of 47
Seismic Remediation of		NBS rating from	reduction	seismic or infrastructure	courtrooms at the three
Hamilton DC and		approximately 37% to 67%		risks at Auckland DC, the	courthouses are
Wellington HC				largest and busiest court in	addressed, and only as to
				New Zealand	seismic risk
С	\$155.675 million	47 courtrooms increase	Considerable seismic risk	Strong: addresses seismic	Good: all 47 courtrooms
Seismic Remediation of		NBS rating from	reduction	risk across all three	are addressed as to
Auckland DC, Hamilton		approximately 37% to 67%		courthouses	seismic risk.
DC and Wellington HC					Superior to Option B:
					115% more cost buys
					135% more benefit.
D	(^{Section 9(2)} million	27 courtrooms increase	Moderate seismic and	Strong, but Narrow:	Poor: only 27 out of 47
Seismic Remediation and		NBS rating from	infrastructure risk	addresses seismic and	courtrooms are
End of Life Infrastructure		approximately 37% to 67%	reduction	infrastructure risks at	addressed, and only at one
Replacement at Auckland		and concurrently replace		Auckland DC but does not	courthouse.
DC		end of life infrastructure		address seismic risks at	Costs 11% more than
				Hamilton DC or Wellington	Option C but benefits 43%
				HC	less courtrooms.
E	§ ^{Section 9(2)} million	47 courtrooms increase	Considerable seismic risk	Very Strong: addresses	Very Good: all 47
Seismic Remediation of		NBS rating from	reduction and moderate	seismic risk across all	courtrooms are addressed
Auckland DC, Hamilton		approximately 37% to 67%	infrastructure risk	three courthouses plus	as to seismic risk and 27
DC and Wellington HC and		and 27 of them	reduction	infrastructure risk at	of them are concurrently
Replacement of End of		concurrently replace end		Auckland DC	addressed as to
Life Infrastructure at		of life infrastructure			infrastructure risk.
Auckland DC					Compared with Option C,
					58% more cost replaces
					end of life infrastructure for
		1			57% of courtrooms plus
		1			avoids physically
					disrupting court services at
					Auckland DC twice.

Auckland District Court27 courtroomsHamilton District Court10 courtroomsWellington High Court10 courtroomsAll three courts47 courtrooms

The above comparison concludes that Options C and E provide best value for money as they both seismically remediate all three courthouses. Option E concurrently would replace the end-of-life

infrastructure at Auckland District Court and so has the further benefit of avoiding physically disrupting court services at this court (the busiest court in New Zealand) twice.

While Option E is preferable, the infrastructure replacement portion requires additional capital of **Section 9(2)(j)**. It is not covered by the Tagged Capital Contingency or the Ministry's existing balance sheet, with the latter already fully allocated to other capital projects across the property portfolio, e.g., the replacement of the courthouses at Papakura, Rotorua, Waitakere and Hutt Valley. Reallocation of funding away from these projects is not recommended because they also have considerable urgency due to the condition of these courthouses, and it would also depend on how soon balance sheet funding could be freed up. A funding delay would extend project timelines, with all the undesirable flow-on effects including additional construction cost inflation, duplication of project costs and further physical disruption to court services.

Hence the preferred way forward is to proceed with Option C to get the seismic remediations of the three courthouses under way, which can be funded as outlined in the Financial Case, Section 9(2)(f)(iv)

Commercial Case

The Ministry has undertaken an assessment process to determine the preferred procurement model to be applied for each project.

The Ministry will collaborate with Rau Paenga, the Crown's infrastructure delivery agency, on delivery of the ADC project, including procurement. The ADC is a significant project requiring the co-ordinated design and delivery of seismic works with other planned and potential future upgrade and refurbishment projects within the building.

The Ministry is not entering into a commercial arrangement with Rau Paenga, but rather will be working in collaboration with them through an agreed MOU. Rau Paenga will be responsible for developing and executing the ADC Procurement Plan and will be the Principal to all contracts entered into during the ADC project.

For the WHC and HDC projects, the Ministry will directly manage both procurement and delivery, and will leverage the infrastructure delivery knowledge, processes, and systems, gained from the collaboration with Rau Paenga on the ADC project.

Given the size and complexity of the projects, the required delivery times and criticality of the projects' success, the number of key party engagements should be kept to a minimum and with contractors selected and engaged for the projects under a collective 'best for project' decision making approach being led by the Ministry/Rau Paenga. In addition, specific attention will be around:

- Restricting Respondents to companies with proven track record in refurbishment works in a live, operational, and secure environment.
- Being open to discussion on terms and conditions that will reduce risk and cost to the contractor, but at the same time benefit outcomes to the Ministry/Rau Paenga.
- Agreeing a delivery method that is most likely to succeed noting that the Ministry/Rau Paenga will be responsible for design and a separate entity responsible for construction.

In summary, signalling to tenderers that the Ministry/Rau Paenga wishes to engage in a collaborative relationship to navigate this difficult environment.

The key procurement objectives of these projects are to:

- Select a team of consultants to complete the design and oversee the construction phase of the projects.
- For the ADC and WHC projects, select main contractors who will provide early advice into the buildability, optimisation of the design, and construction scheduling, and, subject to them achieving the deliverables of a Preconstruction Services Agreement (PCSA) phase, have the opportunity to bid directly for delivery of the construction contract.
- For the HDC project, select a main contractor that can construct the designed works in an
 efficient and cost-effective manner.

In Scope Procurements

The table below lists the range of services that are in scope for this project and considered in the Commercial Case.

#	Resource	Procurement Approach	Delivery & Contract Model
1.	Seismic, and associated architectural design	Section 9(2)(j)	Section 9(2)(j)

⁴ WSP have previously been engaged by the Ministry to prepare seismic upgrade design.



⁵ Whites Associates and Rider Levett Bucknall were previously engaged by the Ministry to prepare cost estimates the projects.



8.	Furniture, Fixtures,	The Ministry has a range of existing arrangements in place for these services.
	Equipment	The assumption at this stage is that these will be used to provide any furniture,
		fixtures, or equipment requirements. However, it is possible that other
		alternatives are explored closer to the time.

Table 4: In Scope Procurements

7.

Professional Services Procurement

The indicative key dates for these procurement processes are:

Activity	Date
Direct source provides agreements finalised (Seismic & associated architecture, QS)	July 2023
Section 9(2)(j)	Section 9(2)(j)
Section 9(2)(j)	

Table 5: Professional Services Procurement Timeline

Construction Services Procurement - Section 9(2)(j)

These projects will utilise an early contractor involvement (ECI) delivery model for the construction contractor with a view to:

- Maximise opportunities to influence positive design outputs earlier, particularly in relation to the services design.
- Minimise the potential need to accommodate design changes during construction by improving design coordination and optimisation (reducing design clashes) across both disciplines prior to the construction price being submitted.
- Enable design decisions and coordinated interdisciplinary efforts to be agreed much sooner than in a traditional design process.
- Increase the level of design certainty, construction cost accuracy and interparty design coordination.

- Enhance construction management planning for the delivery phase (build); and
- Potentially shorten the construction period.
- At the end of the process, enter into a contract for the construction works with increased programme, quality, and price certainty.

The proposed timeline for Construction Procurement for ADC and WHC is:

Activity	Date
ROI issued to market	Section 9(2)(j)
ROI evaluation report and recommendation approved	Section 9(2)(j)
RFP documents issued to market	Section 9(2)(j)
ECI Provider awarded	Section 9(2)(j)
Construction Contract awarded	Section 9(2)(j)

Table 6: Construction Procurement Timeline

Construction Services Procurement – HDC

Section 9(2)(j)			

Financial Case

This Financial Case outlines the investment required under Option C, which requires up to \$150.413 million capital and \$31.700 million project operating funding over Fys 2023/24 to 2027/28 (plus \$11.158 million per annum associated depreciation and \$7.521 million per annum capital charge) for the seismic upgrades of Auckland District Court, Hamilton District Court and Wellington High Court. This will be funded mainly from the Justice Property Health and Safety Remediation Tagged Capital and Operating Contingencies plus additional funding from the Ministry of Justice's balance sheet and baseline. The investment is expected to have an in-service life cycle of 12 to 15 years from FY 2028/29.

This Financial Case (Appendix B, second table) also provides a breakdown of the additional Section 9(2)(i)

required to concurrently replace the end-of-life infrastructure at Auckland District Court.

This Financial Case confirms that the capital and operating expenditure required under Option C can be funded from a combination of the Justice Property Health and Safety Remediation Programme Tagged Capital and Operating Contingencies, and the Ministry's existing balance sheet and baseline funding. The Tagged Contingencies will need to be rephased to match the phasing of the capital and operating expenditure of Option C.

The capital expenditure comprises \$150.413 million over the project period (FY 2023/24 to 2027/28) including \$4.824 million for initial work (pre-FY 2023/24), mostly detailed design.

The operating expenditure comprises project operating expenditure of \$31.700 million over the project period plus depreciation and capital charge of \$11.158 million and \$7.521 million per annum respectively from FY 2028/29 (the year of entry back into full service).

Both capital and project operating costs include decanting cost, i.e., the cost of moving into and using temporary premises while the seismic works are conducted, and then moving back again. This includes the cost of leasing and fitting out the temporary premises to make it suitable for delivering court services.

The Tagged Capital Contingency will be rephased to fund \$135.629 million of the capital expenditure. The Tagged Operating Contingency will be rephased to fund most of the project operating, depreciation and capital charge. Both Tagged Contingencies will be fully drawn down.

Ministry balance sheet capital of \$14.784 million has funded the initial capital work and will fund most of the final year of the project. The baseline operating funding required to top up the Tagged Operating Contingency funding is relatively modest, including existing capital charge funding of \$0.739 million per annum, existing depreciation funding of \$0.196 million per annum from FY 2028/29, and existing project operating funding of \$0.245 million, \$0.227 million and \$0.090 million in Fys 2023/24, 2024/25 and 2027/28 respectively.

There are sufficient Ministry balance sheet and baseline funds available to provide these required top ups of the Tagged Contingencies.

Section 9(2)(j)

Applying these contingency rates across Option C's capital and project operating costs across the project period results in a required contingency of $\frac{\text{Section 9(2)(j)}}{\text{Section 9(2)(j)}}$. This amount is included in the costs and funding outlined above.

The Whole of Life Cost (WOLC) of Option C has been calculated at \$155.675 million in net present value terms.

The service life of investment from project close and entry into service to asset disposal has been assessed at 12 years for the Auckland District Court and Hamilton District Court seismic works, and 15 years for the Wellington High Court seismic works.
Management Case

The Ministry will collaborate with Rau Paenga to deliver the ADC project. Rau Paenga will provide professional and technical support relating to procurement management, project management, scheduling, cost control, reporting, management of Health and Safety and the measurement of benefits realisation.

The Ministry will directly manage delivery of the WHC and HDC projects, and will leverage the infrastructure delivery knowledge, processes, and systems, gained from the collaboration with Rau Paenga on the ADC project.

Collaborating with Rau Paenga on delivery of the ADC Project means that the resources needed to lead delivery of this significant project are already in place, enabling the Ministry to focus on establishing and managing the WHC and HDC Projects. Rau Paenga, under an agreed Letter of Intent with the Ministry of Justice, has begun project establishment and procurement preparation for the ADC Project, so that the ECI PCSA (refer Commercial Case) can be entered into as soon as possible if this Business Case is approved.

Project Structure

The governance arrangements for the projects have been developed in accordance with Te Waihanga New Zealand Infrastructure Commission Major Infrastructure Project Governance Guidance, 2019. The arrangements are:



Figure 2: Project Management, Governance and Engagement

Project plan

The key deliverables and milestones across the three projects are:

Key Project Milestones

Planned Timeframes

Tender, Evaluation & Post-Evaluation (Consultants)

Section 9(2)(j)

Design

Intrusive Investigations Complete

Concept Design Complete

Preliminary Design Complete

Developed Design Complete

Detailed Design Complete

March/April 2024

February 2024

August 2023

September 2023

November 2023

Tender, Evaluation & Post-Evaluation (Main Contractor)

Section 9(2)(j)

Construction (Main Contractor)

Section 9(2)(j)

Table 7: High-level project schedule

Key decision points

The table below summarises key decision points.

Decision point	Description
Concept Design	Each Design Stage will include review by the Project Control Group (PCG) and the Building User Group prior to SBO approval to proceed to the pext phase
Developed Design	Fach Design Stage will also include an update on workload demand and
Detailed Design	forecasts, as well as any revised estimates relating to costs and project timeframes.
Staging Strategy	Prior to commencement of construction, the project will gain agreement on the Staging Approach, including and decanting requirements, temporary

	relocations, construction scheduling to minimise impact on users and business operations.
Commencement of Construction	Prior to approval to commence the Construction phase, the project will provide a formal update to the SRO on alignment back to this Business Case. This provides the opportunity to ensure assumptions, scope, requirements, and costs remain fit for purpose – and specifically that the preferred option remains valid. In the event there are significant variations from this Business Case, an Implementation Business Case may be developed.
Commencement of Occupation	Prior to approval to commence the Occupation phase, the project will provide a formal update to the SRO that includes consideration of other operational changes (e.g., other Ministry programmes, and development of the Te Ao Mārama operating model in particular), other developments on the site and any operational constraints (e.g., cases in progress).

Table 8: Key decision points

This project will apply the Ministry's/Rau Paenga's proven approaches and frameworks for Risk Management, Dependencies, Change Management and Benefits Management.

Next Steps

This Single Stage Business Case seeks formal approval from the Cabinet to progress with the implementation of the preferred option. This will include completing procurement processes. One of the immediate next steps will be an internal announcement of the project, and communications to stakeholders.

Introduction

This Single Stage Business Case outlines the case for the seismic strengthening of the Ministry of Justice courthouses at Auckland District Court, Hamilton District Court and Wellington High Court and the concurrent replacement of end-of-life infrastructure at Auckland District Court.

This business case recommends Cabinet **approve** an investment of up to \$150.413 million capital and \$31.700 million project operating funding over FYs 2023/24 to 2027/28 (plus \$11.158 million per annum associated depreciation and \$7.521 million per annum capital charge) for seismic upgrades of Auckland District Court (ADC), Hamilton District Court (HDC), and Wellington High Court (WHC) (referred to as "Option C"). This will be funded mainly from existing Justice Property Health and Safety Remediation Tagged Capital and Operating Contingencies with the Ministry of Justice topping up from existing balance sheet and baseline funding. The investment is expected to have an in-service life cycle of 12 to 15 years from FY 2028/29.



In the meantime, the Ministry is putting in place a range of temporary interventions to control the impact on court services in the event of any end-of-life infrastructure failure at Auckland District Court.

Seismic strengthening will increase the resilience of these courthouses from their current New Build Standard (NBS) ratings of approximately 37% NBS to at least 67% NBS. The Ministry's seismic performance decision framework requires Ministry Importance Level 3 (IL3) buildings be remediated to at least 67% NBS, in line with current Government Property Group advice.

The scope of the seismic remediation work includes a range of floor to wall bracketing, installation of tension ties and strips to deal with a range of diaphragm deficiencies, strengthening the precast stairs, retrofit of podium shear wall, and a range of other strengthening works.

To ensure success and assist with the speed of delivery of these projects, the Ministry is collaborating with the Crown Infrastructure Delivery partner, Rau Paenga, to deliver the Auckland District Court seismic upgrade. This will provide the Ministry with an increased capability and capacity through the delivery phase of that project. The Wellington High Court and Hamilton District Court seismic upgrades will be managed entirely by the Ministry.

This investment has a Risk Profile Assessment (RPA) of "Medium".

This business case has been prepared in accordance with the Justice Property Health and Safety Remediation Programme approved by Cabinet on 8 July 2021 [CAB-20-MIN-0155.20], which listed eight Ministry courthouses for health and safety remediation subject to business case, at Auckland District Court, Hamilton District Court, Wellington High Court, Wellington District Court, Papakura District Court, Rotorua District Court, Waitakere District Court and Hutt Valley District Court. Wellington District Court Seismic Strengthening Business Case has already been approved by Cabinet [GOV-21-MIN-0049] and the Ministry will be coming back to Cabinet separately regarding the courthouses at Papakura, Rotorua, Waitakere and Hutt Valley.

The investment proposed in this business case has five objectives.

- IO1: Improved safety and security of the operational environment
- IO2: Compliance with the current New Zealand building standards
- IO3: Our buildings are maintained and available
- IO4: Maximise impact of the Justice Property Health & Safety Remediation Programme
- IO5: Minimise seismic risk across the Justice Property Health & Safety Remediation Programme

This Business Case has applied the Five Case structure of the Better Business Cases Framework. The Single Stage Business Case process being adopted here is in line with its Risk Profile Assessment (RPA) of "Medium".

Delegations

Cabinet approval is sought for this investment, in line with the financial delegations set out in CO 19 6.

Compelling case for investment

The remainder of this document presents a compelling case for the proposed investment, demonstrating that:

- There is a strong case for change, and strong strategic fit.
- The investment provides public value.
- The investment is commercially viable.
- The investment is affordable.
- Delivery of the investment and benefits sought is achievable.

Strategic Case – the case for change

Court infrastructure should support the integrity of courts and tribunals

Strategic Context

Commitment and responsibility

Government has made a commitment to law-and-order reform focused on wellbeing, and it is the Ministry's responsibility to ensure every New Zealander has the right to access justice in a safe, secure, and fit for purpose environment. The Ministry is responsible for protecting its workers, the judiciary, its partners in the justice sector, stakeholders, participants in the courts process, contractors, and anyone else who visits its properties, against the hazards they may encounter.

The Ministry of Justice is the lead agency in the justice sector. The Ministry works towards a safe and just New Zealand. To do this it:

- Supports an integrated justice sector through strong sector knowledge and governance.
- Shares goals and identifies solutions to improve justice sector outcomes.
- Supports the independent judiciary and the courts.
- Administers the legal aid system and the Public Defence Service.
- Collects and enforces fines and civil debts.

The role of courts and the justice system in Aotearoa New Zealand

Courts are a key part of our constitutional arrangements and have a significant impact on people's lives across Aotearoa New Zealand. Strong and independent courts are fundamental to the wellbeing of society. They help ensure New Zealanders can trust each other and trust the state.

The efficiency and integrity of the court experience can have a significant impact on people's wellbeing and ability to move on with their lives. Many people coming to courts are vulnerable and seeking protection. Increasingly, courts have a role in linking people to services they need, such as drug and alcohol treatment, stopping violence programmes, and restorative justice.

The Ministry has 103 primary buildings across 96 sites. These are spread across 52 towns and cities.

The courts and tribunals resolve more than a quarter of a million cases each year. Considering that each case touches on numerous lives (victims, complainants, accused, witnesses, families, and others affected) it gives some perspective of the scale and impact of the services the Ministry delivers for New Zealanders, to help them to get on with their lives and restore their wellbeing.

Justice sector collaboration and Hāpaitia te Oranga Tangata

The justice sector supports the operation of the courts. Across the justice sector, especially within the criminal justice system, a range of agencies work closely together at an operational, policy and strategic level. Individual agencies have their own reporting and accountability lines. However, the construction of the justice system and the nature of the agencies' business means effective outcomes can only be achieved through close cooperation.

The need for cross-sector collaboration has been identified in Hāpaitia te Oranga Tangata. This crosssector initiative is helping guide the transformation of the criminal justice system and create a safer Aotearoa New Zealand. The aim of Hāpaitia te Oranga Tangata is to develop long term solutions to keep communities safe, address pathways to offending enabling better response to criminal behaviour and deliver better outcomes for everyone who experiences the justice system.

Te Ao Mārama

While Hāpaitia te Oranga Tangata is a cross-sector strategy, Te Ao Mārama is a new model for the District Court, which responds to calls for transformative change. Te Ao Mārama, set by Chief District

Court Judge Heemi Taumaunu means the 'world of light' or the 'enlightened world.' It seeks to incorporate best practices developed in the District Court's solution focused specialist courts into its mainstream jurisdiction. This is to realise the shared vision for the District Court to be a place where all people can come to seek justice, no matter what their means or abilities, regardless of their culture or ethnicity, who they are or where they are from. It aims to improve access to justice as well as enhance procedural and substantive fairness, for all people who are affected by the business of the court, including defendants, victims, witnesses, whānau and parties to proceedings.

Contribution to Ministry Strategies

The Ministry of Justice's strategy comprises two threads that bind together five strategic priorities, as seen in the strategic diagram below.



Figure 3: Te Tāhū o te Ture | Our Strategy 2023-2027

Carrying out essential seismic remediation work at three locations, including New Zealand's largest Court, supports the Ministry's purpose, to strengthen peoples trust in the law of Aotearoa New Zealand by maintaining the physical court presence at each location and in doing so mitigating safety risks related to severe seismic events. The investment also contributes to several of the ministry's strategic priorities, as described below.

Bring the strength of communities into courts and tribunals

It is essential that the communities serviced by Auckland DC, Hamilton DC and Wellington HC, can continue to engage with the Ministry, to strengthen relationships and partnerships, if justice related community outcomes are to be achieved. If the Ministry fails to maintain the operational presence at these locations, its services and those accessing them will become displaced and participants will be disadvantaged by being unable to draw on the strength of their whānau and community around them.

Reduce the harm experienced by victims and their Whānau

The on-going presence of Auckland District Court ensures that New Zealand's largest court continues to process current throughput and does not contribute to event delays which cause further harm to victims. There is a saying, "Justice delayed is justice denied." The proposed investment in Auckland Hamilton and Wellington Courts, adds resilience into the justice system, through the provision of seismically resilient buildings.

Improve access and experiences for participants in courts and tribunals

People access the justice system in different ways and have different needs. The Ministry wants to ensure that everyone has access to justice and receives the support they need, regardless of the diversity of their needs. The Ministry wants participants to be able to access its services in ways that suit their circumstances, which means accessing a Court where the services have been designed based on an understanding of the needs of the community it serves. The Ministry's aim is to reduce the number of active cases by ensuring that participants will only need to attend court for meaningful events. Without a sustained presence at Auckland DC, Hamilton DC and Wellington HC, it is certain that actives cases will increase.

Build a Ministry where all our people thrive

The Ministry is obligated to provide safe and healthy buildings to ensure the continued access to the justice system, and a suitable working environment for all who use the court buildings.

Providing a fit for purpose physical environment, not only demonstrates that safety is prioritised in the workplace and supports people to do their best job and to thrive, as they are not distracted or impacted by Health and Safety related concerns. The built environment can also play a role in easing the anxiety of those working and visiting while also connecting the delivery of justice to the local community.

The Ministry's Property Portfolio and the Justice Property Health and Safety Remediation Programme

It has become clear in recent years that the rate of investment in the Ministry's courthouses has not been sufficient to either keep on top of essential maintenance or address issues and risks regarding health and safety and fitness for purpose. In July 2020 the Ministry's Property Capital Intentions 2020 - 2030 was presented to Cabinet [GOV-20-MIN-0029]. It demonstrated the critical state of the property portfolio and proposed remediations of priority courts across the country.

The Ministry faces a range of issues and risks with its courthouses including buildings that are below the recommended seismic standard; building infrastructure at or nearing end-of-life; buildings that do not reflect the local community; buildings that lack flexibility, have unsafe layouts and working spaces; and buildings that are outdated and impact adversely on staff wellbeing.

Cabinet Government has agreed to invest in remedying critical health and safety issues and risks at some key courthouses. As part of Budget 2020 initiatives Government approved the Justice Property Health and Safety Remediation Initiative including establishing a Tagged Capital Contingency of \$163.500 million and Tagged Operating Contingency of \$15.870 million over three years plus \$21.020 million per annum ongoing from 2023/24 [CAB-20-MIN-0155.20].

A Programme Business Case prioritising eight courthouses was subsequently approved by Cabinet on 8 July 2021 [GOV-21-MIN-0025] ("the Programme"). The courthouses listed for remediation under the Programme were: Auckland District Court, Hamilton District Court, Wellington High Court, Wellington District Court, Papakura District Court, Rotorua High/District Court, Waitakere District Court and Hutt Valley District Court.

Below is the initial Red/Amber/Green profile of these courthouses (except for Wellington District Court, where the priority issue is seismic resilience) that was included in the Programme Business Case.

	Structural		Health and Saf	ety
	Weather- Selsmic tightness Integrity	Single entrance security	Access safe Custody & pathways sallyport	Courtrooms Public wolting
Woltekere District Court				
R Rotorvo Courts				
HULT Valley District Court				
Popolare District Court				
Weilbryden High Court				
Auchland District Coart				
Homilton Deleter Court				

The Programme Business Case gave an initial, indicative outline of the capital works that may be required:

- Auckland District Court exploratory seismic survey
- Hamilton District Court critical seismic strengthening
- Wellington District Court contribution towards critical seismic strengthening
- Wellington High Court critical seismic strengthening
- Hutt Valley District Court critical seismic strengthening and refresh of existing building
- Rotorua High Court and District Court and Māori Land Court potential new build
- Waitakere District Court potential new build
- Papakura District Court major refresh/potential rebuild

The Programme Business Case highlighted the need for further analysis and investigation to be carried out on each courthouse as a first step, in order to get an in depth understanding of the condition and fitness for purpose of each building including the extent of any work required beyond health and safety remediation.

A Single Stage Business case for seismic strengthening of the first priority courthouse in the Programme, Wellington District Court, was approved on 25 November 2021 [GOV-21-MIN-0049]. This drew down \$27.871 million of Tagged Capital Contingency and \$3.939 million over 2024/25 and 2025/26 and \$3.276 million per annum ongoing from 2026/27 from Tagged Operating Contingency.

Recommendation 4 in GOV-21-MIN-0025 noted that "if more extensive refurbishments or rebuilds are the preferred option, the Ministry will need to seek additional funding or alternative sources of funding (e.g., partnerships with iwi), or deliver fewer projects, and those options and trade-offs will be presented as the individual business cases are developed."

Analysis and investigation undertaken on the condition and fitness for purpose of Papakura, Rotorua, Waitakere and Hutt Valley courthouses, has revealed that they all require considerably more than health and safety remedial work, with full replacement being the most likely solution in each case. This has placed them beyond the scope, intent and funding of the Programme. The Ministry will be

separately coming back to Government regarding these, in accordance with Recommendation 4 of GOV-21-MIN-0025.

Next Priority in the Programme

Analysis and investigation undertaken on Auckland District Court, Hamilton District Court and Wellington High Court has established these have existing seismic ratings of 35% to 40% of the New Building Standard (NBS). The Ministry's seismic performance decision framework requires Ministry Importance Level 3 (IL3) buildings be remediated to at least 67% NBS, in line with current Government Property Group advice.⁶

These three courthouses are key assets within the Ministry's portfolio and need to be kept operational. Auckland District Court is the largest courthouse in New Zealand, containing 27 courtrooms and handling on average 1,715 court events each week. Hamilton District Court is the main District Court serving the city of Hamilton and Waikato region, containing 10 courtrooms and handling on average 968 court events a week. Wellington High Court contains 10 courtrooms and handles 55 court events a week⁷.

Analysis and investigation has also revealed that Auckland District Court's building infrastructure (e.g., heating, ventilation, air conditioning, reticulation) is at end of life and is carrying significant risk of failure.

Hence the next priority in the Programme is addressing the seismic resilience of Auckland District Court, Hamilton District Court and Wellington High Court, and also addressing the end-of-life infrastructure at Auckland District Court. These are the most urgent of the issues and risks present in these key courthouses.

The Case for Change

Courts are important long-term assets and a vital component of delivering justice services

The proposed investment at Wellington High Court, Auckland District Court and Hamilton District Court comprises seismic strengthening works to increase the seismic ratings from approximately 37% NBS to at least 67% NBS and concurrently replacing end-of-life infrastructure (heating, ventilation, air conditioning, reticulation) at Auckland District Court.

Background

Auckland District Court was built in 1985 and is a 28,000m², 5-level podium structure with a 9-storey tower above, with 27 courtrooms, located in downtown Auckland. The building is critical to justice service delivery as it houses 10% of all courtrooms in New Zealand and 33% of all courtrooms in Auckland City.

After years of under investment in infrastructure the asset condition and Health and Safety at Auckland District Court is now rated amongst the lowest in the property portfolio. Asset condition,

⁶ Seismic Assessment Guidelines (the "Red Book") were released by MBIE in July 2017 to support the Building (Earthquake-Prone Buildings) Amendment Act 2016. In 2018, the chapter on concrete buildings was updated (the "Yellow Chapter") to reflect lessons from the Kaikõura Earthquake and latest research.

⁷ Please note that, as High Courts are more likely to involve jury trials and deal with the most serious criminal and civil cases, making each High Court event potentially more complex and time-consuming than at District Court level, care should be taken when comparing the number of events occurring in High and District Courts.

building related Health & Safety risks, seismic resistance and other asset measures are key drivers for the proposed investment.

The 2019 seismic assessment of the building identified aspects that are below 40% NBS (IL3) that will need strengthening. The proposed investment at ADC, represents seismic strengthening work to increase the building rating to at least 67% NBS.

The following table is an extract from WSP's Mechanical Systems Condition Assessment (Ref: 1-D0464 dated 12 September 2022) regarding the building infrastructure at Auckland District Court.⁸

Plant Item	Recommended Design Life (years)	Nominal Remaining Operational Life (years)	Comment
Water Cooler Chillers (3)	20-25	8-15	Previously replaced
Cooling Towers	12-15		unknown
AHU's	20-25	0-2	Over 30 years old
FCU's	20-25	0-2	Some replaced and some very old
Supply Ductwork	15-20	0-2	Assume most is original
Exhaust Ductwork	30-35	0-4	Assume most is original
Pumps	25-35	2-4	Unknown but assumed original
Fans	15-25	0-3	Unknown
Steel Chilled Water Pipework above 50mm diameter	30-40	3-5	Wall thickness continually reducing
Steel Chilled Water Pipework 50mm diameter and smaller	20-30	0-1	Wall thickness continually reducing and pitting and leaking imminent
Insulation on steel pipework	25-35	0-1	Insulation is deformed due to degassing causing condensation and leaking
Electrical Wiring to Mechanical Plant & MMSB	30-40	0-5	Unknown but assumed original
Controls, Sensors, Instrumentation & BMS	12-16	0-1	Age unknown but reportedly in poor condition

⁸ WSP is one of the world's leading professional infrastructure services firms. WSP provides technical expertise and strategic advice to clients in the Transportation & Infrastructure, Property & Buildings, Environment, Industry, Resources (including Mining and Oil & Gas) and Energy sectors.

Wellington High Court complex was designed in 1989-90. The High Court complex is a five-storey reinforced concrete structure which consists of a podium structure (ground floor and below) and two seismically separate buildings above ground floor.

The seismic system for the Northern building is reinforced concrete moment-resisting frames. The seismic system for the Southern building is reinforced concrete shear walls. The floors generally consist of a 75mm thick concrete topping on precast double tee floor units. The flooring has been found to be susceptible to the larger movements in the Northern building but is adequate for the small movements in the Southern building. The building has precast concrete façade panels. The full height façade panels have been found to be susceptible to the larger movements in the Northern building but are adequate for the small movements in the Southern building.

Interior upgrades were carried out to Courtroom 1, the Jury Assembly room and foyer (Ground floor, Northern building) in late 2018/early 2019. The opportunity was taken to install back-up supports to the double tee flooring units above these areas at this time. These works did not change the building rating, because only some of the double tee units were addressed.

The High Court is rated approximately **40% NBS** based on the last Detailed Seismic Assessment.

Hamilton District Court

The Hamilton District Court building was designed in 1990. It is a four-storey reinforced concrete building with a footprint of approximately 46m by 36m and is approximately 16m tall.

The seismic system varies up the height of the building. For the bottom two levels, it is the stiff reinforced concrete shear walls around the perimeter of the building. For the top two levels, it is the reinforced concrete frames in each principal direction.

The floors consist of 75mm thick concrete topping on 300mm deep precast hollow core floor units. The units span in the transverse direction between supporting beams and walls. The roof consists of steel roofing on steel purlins and steel rafters. The roof is braced with steel flat plate cross braces back to the reinforced concrete columns. Above the plant room the roof rests on steel SHS columns.

The stage 1 seismic resilience work occurred in 2020 and involved installation of support steelwork below the Level 5 plantroom hollow core floor units, which were the lowest rated aspect of the building in terms of %NBS. The stage 1 resilience work brought the building to an overall 35%NBS.

Site	Item	Rating	Comment
	Floor seating	50%	Precast double tee flooring which proves a significant life-safety issue in an earthquake
	Floor diaphragms	50%	Diaphragm damage could contribute to floor seating failure in an earthquake.
Wellington Stairs		>100%	
ne	Precast panels	40-70%	Possibility of concrete dislodging in an earthquake which could prove a possible life-safety issue.
	Primary structure	>100%	Reinforced concrete frames and shear walls
	Floor seating	35%	Precast hollowcore flooring which proves a significant life-safety issue in an earthquake
	Floor diaphragms	50%	Diaphragm damage could contribute to floor seating failure in an earthquake.
Hamilton	Stairs	>100%	
DC	Precast panels	-	Not applicable
	Primary structure	50%	Reinforced concrete columns would prove a moderate life-safety issue in an earthquake
	Roof bracing	70%	Low risk to occupant health and safety
	Floor seating	<40%	Precast hollowcore flooring which proves a significant life-safety issue in an earthquake
	Floor diaphragms	40-70%	Diaphragm damage could contribute to floor seating failure in an earthquake.
Auckland	Stairs	<50%	
00	Precast panels	>100%	
	Primary structure	55%	Reinforced concrete shear walls - podium

The table below summarises the existing % NBS at each of the target locations.

Figure 4: Existing buildings %NBS Summary WSP Memorandum 5-C4279.00 and 5-C4280.00 Seismic Resilience review – ADC, HDC, WHC

What does the law say?

The Building Act 2004 (the Act) contains the requirements for territorial authorities to identify buildings or parts of buildings that are potentially earthquake-prone and to request engineering assessments for them from building owners. There are two main purposes, to:

- identify buildings that pose a higher seismic risk and disclose this to building users and the public.
- require the seismic strengthening of the lowest performing buildings over a period of time.

The Act includes statutory timelines for remediating earthquake-prone buildings (from 7.5 to 35 years) and does not preclude continuing to use and occupy them.

An earthquake-prone or seismically vulnerable building is not considered a dangerous building and is specifically excluded from the definition of a dangerous building in the Act. A Dangerous building means that the building poses immediate danger to the people in or around the building in the ordinary course of events and action to protect people must be taken immediately.

When thinking about occupancy of seismically vulnerable buildings, the Health and Safety at Work Act 2015 (HSWA) must also be considered. Building owners and employers must protect the health and safety of workers as far as is reasonably practicable. The consideration of reasonably practicable (HSWA, section 22) includes a balanced consideration of five factors: the likelihood of the hazard, the degree of harm that might result, knowledge of the risk, ability to eliminate or minimise the risk, and (after all other matters have been considered) the cost of mitigation relative to the risk.

The HSWA does not have specific provisions that relate to seismically vulnerable buildings. However, in its June 2018 policy guidance⁹, WorkSafe indicates that if building owners and tenants are meeting the Building Act 2004 requirements, they will not enforce to a higher standard under HSWA. This allows for the possibility that occupants might remain in the building while remediation is taking place within the time frames set out in the Building Act.

Understanding what a low % NBS means

If a building is calculated as less than 34%NBS using the Red Book assessment guidelines, it may be classified as 'Earthquake-prone' under the Building Act 2004. This means the building is more likely to sustain damage following a moderate earthquake and, in the event of an earthquake, there is a higher risk to users than there is in a new building. Over time, the law requires this risk for earthquake prone buildings to be reduced.

If your building is greater than 34% but less than 100%NBS, this also indicates your building poses a somewhat higher risk to users than a new building does. There is no requirement for you to do anything under the Building Act, but over time you may want to improve the building's seismic resilience.

In general, a low %NBS rating is no need for alarm or immediate action. The life safety risk is still very low.¹⁰

In 2021 the Ministry of Justice developed a building seismic performance decision framework (the Framework) to ensure consistency of decisions in relation to buildings that could be deemed a risk to life or deemed earthquake prone. A standard performance target of 67% was adopted for Ministry buildings (IL2 and IL3).

When a seismic assessment is performed by a structural engineer, this will result in an NBS rating being given to an existing building. The assessment calculates the percentage NBS achieved. Significantly NBS is measured at the **lowest** defective point in a building, so if there is a particular

⁹ 3678WSNZ-3059-Earthquake-Prone-Buildings-v1-1-FA-LR.pdf

¹⁰ MBIE Seismic risk guidance for buildings ISSN 978-1-99-104122-7 First published July 2022

weakness which is rated 40%, for example, the whole building will be rated 40% until the defect is addressed.

A building with a rating of less than 67% NBS is deemed to be an "earthquake risk". A rating less than 34% NBS means the building is "earthquake prone".

Location	%NBS Rating	Details	Source
Auckland DC	<40%	WSP report dated 16 October 2019. This review revealed that the main structural elements of the Auckland District Court had similar ratings to the 2014 draft report of between 50-100% NBS at IL3. However, there were some secondary structural elements identified as potentially having a rating lower than 50% NBS at IL3 i.e. hollow core seating, the stair seating, and local parts of the floor diaphragm of the tower. Additionally, some aspects of the building were considered to have lower than <40% NBS	ADC Seismic Resilience report 16102019
Hamilton DC	35% NBS	The Stage 1 seismic resilience work occurred in 2020 and involved installation of support steelwork below the Level 5 plantroom hollow core floor units, which were the lowest rated aspect of the building in terms of %NBS. The stage 1 resilience work brought the building to 35%NBS (IL3), and the Level 5 floor to 100%NBS (IL3).	WSP Hamilton District Court Seismic Resilience Programme Stage 2. Design Features Report. 29 October 2021
Wellington HC	50% NBS	Interior upgrades were carried out to Courtroom 1, the Jury Assembly room and foyer (Ground floor, Northern building) in late 2018/early 2019. The opportunity was taken to install back-up supports to the double tee flooring units above these areas at this time. The stage 1 resilience work did not change the building rating, because only some of the double tee units were addressed. The High Court is rated approximately 50%NBS (IL3) based on the last Detailed Seismic	WSP Wellington High Court Seismic Resilience Programme Stage 2. Design Features Report. 5 November 2021
Information only Auckland DC - end of life	X	Auckland District Court building has not been refurbished in 20 years. Many critical services are at or reaching end-of-life and present a risk of failure and vulnerability to natural disasters, resulting in building closure. Issues include:	Ministry of Justice property team with assessments completed by technical specialists.
infrastructure		 Insufficient fresh air demand control for variable occupancy areas results in poor and reduced air quality from CO² levels. Increasing potential for mould to develop, caused by water ingress from leaks and condensation from the pipework. Reduced air quality relative to the amount of mould spores circulating. This has led to room closures to reduce the risk of exposure to the mould. Failing chiller pipes are impacting air quality. Low Air Supply from Tower Air Handling Unit, Podium Air Handlers are at End of Life and Inefficient 	

- The 1986 VAV air handlers serving the podium levels are at end of life.

Table 9: %NBS ratings at Auckland DC, Hamilton DC and Wellington HC and infrastructure issues at Auckland DC.

Investment Objectives

The investment objectives for this proposal were confirmed in 2023. These have provided a common understanding of the business needs and identified the likely benefits expected from the investment. Each option will be assessed for their relative contribution to each of the agreed investment objectives.

#	Investment Objectives
101	Improved safety and security of the operational environment

Description: Focus on safety and security of all who interact with the property we manage

102 Compliant with the current New Zealand building standards

Description: Upgrading our building - accessibility, weathertightness, seismic risks and other hazards

103 Our buildings are maintained and available.

Description: Sufficient maintenance and asset renewals to ensure facilities are available for use

104 Maximise impact across the Health & Safety Remediation programme

Description: Have the widest ranging impact across the Health & Safety programme with the funding available

105 Minimise seismic risk across the Health & Safety Remediation programme

Description: Increase the seismic resilience of critical courthouses identified in the Health & Safety programme, with the available funding.

Table 10: Investment Objectives

Each investment objective is considered through the lenses of existing arrangements and business needs through the next section.

Investment Objective	Description	Existing Arrangements	Business Needs
IO1: Improved safety and security of the operational environment	IO1: Focus on safety and security of all who interact with the property we succeed	 Auckland DC is rated <40%NBS,below the recommended 67% for long 	
IO2: Compliant with the current New Zealand building Code standards	IO2: Upgrading our building – accessibility, weathertightness, seismic risks and other hazards	 term occupancy Wellington HC is rated approximately 50%NBS 	 Building that meets the Ministry's target of 67% NBS and complies with
IO3: Our buildings are maintained and available	IO3: Sufficient maintenance and asset renewals to ensure facilities are available for use	 Hamilton DC Stage 1 resilience work brought the building to 35%NBS & Level 5 floor to 100%NBS 	current building standards.

Existing Arrangements & Business Needs

Investment Objective	Description	Existing Arrangements	Business Needs
IO5: Minimise seismic risk across the Health & Safety Remediation programme	IO5: Address the maximum amount of seismic risk across the Health & Safety programme with available funding	 Vulnerability to natural disasters – (earthquakes) 	 Improve the safety of our courts for all who use it.
IO4: Maximise impact across the Health & Safety Remediation programme	IO4: Have the widest ranging impact across the Health & Safety programme with the funding available	In Budget 2020, the Ministry received tagged contingency funding of CAPEX \$163.5m OPEX \$36.89 for Health & Safety remediation of eight Justice properties. Auckland District Court (\$4m) exploratory seismic works to inform and support a detailed Budget bid	Four courthouses have estimated costs of remediation at more than 80% of the new build cost, due to their poor condition and lack of fitness for purpose: Waitakere DC, Rotorua Courthouses, Papakura DC Hutt Valley DC
		Hamilton District Court (\$8m) critical seismic strengthening Wellington District Court (\$6m) contribution towards critical	Section 9(2)(f)(iv)
		seismic strengthening. Wellington High Court (\$5.5m) critical seismic strengthening Hutt Valley District Court (\$35.0m) critical seismic strengthening and refresh of existing building	Wellington District Court seismic strengthening work is underway, funded from H&S tagged contingency with further funding from the shovel- ready fund and Ministry
		Rotorua Dual Court and MLC (\$52.0m) new build costs with funding for new land from Ministry baselines	The remaining H&S tagged contingency is being prioritised across the remaining three sites.
		Waitakere District Court (\$42.0m) new build costs with funding for new land from Ministry baselines Papakura District Court (\$11.0m) major refresh/rebuild of existing building	These are, Wellington High Court, Hamilton District Court, and Auckland District Court.

Table 11: Existing Arrangements & Business Needs

Main Benefits + Living Standards Framework

The significant benefits being sought from the proposed investment relate to: Increased health and safety, improved structural integrity and seismic resilience, avoidance of costs and Improved employee wellbeing.

The following benefits have been identified for this project.

- Avoid unbudgeted costs associated with project cost increases/inflation
- Compliance with legislation

- Reduce the risk of disruption to services and integrity of ministry and tribunals.
- Improved engagement and wellbeing

See Appendix C for the Benefits Map

Benefit Type and Description	Benefit & Investment Objectives	Investment KPI	Baseline Measure	Target
Effectiveness Doing things better or to a higher standard. Meet legislative and	Benefit 1: Comply with legislation and keep New Zealanders safe.	KPI 1: Increase New Building Standard (NBS) rating.	KPI 1: >35% NBS and <=67% NBS	KPI 1: Receive structural engineer producer statement stating buildings have NBS > 67% within a year of project
regulatory requirements.	safety and security of the operational environment	KPI 2: % Justice property buildings		completion.
	IO2 – Compliance with the current New Zealand building standards environment.	WITH NB3 207%.		
Reduce Risk Reducing the	IO4: Maximise			
likelihood or severity	impact across the			
happening	Remediation programme			
	IO5: Minimise seismic risk across the Health & Safety Remediation programme			
Economic • Cost avoidance (not budgeted) Actions keeping current cost at existing levels (for same or comparable volume of work)	Benefit 2 : Avoid, additional costs associated with building material and labour cost inflation.	KPI 3: Deliver projects within current estimates.	KPI 3: \$150.4m ADC, HDC, WHC.	KPI 3: Seismic remediation projects at ADC, HDC, WHC are delivered within current estimate of \$150.4m
	Benefit 3 : Reduce the risk of disruption to services and maintain the integrity of courts and tribunals.	KPI 4: Avoid unplanned relocation costs	KPI 4: Fitout alternative location \$33-40m Leasing costs: \$2- 3m per/annum x	KPI 4: Avoid costs associated with unplanned relocation following completion of the project
	Related Investment Objective: 103 Our buildings are maintained and available.		muniple years	

Baselines and KPI measures will be refined and confirmed in the Benefits Realisation Plan.

Table 12: Main Benefits

A focus on wellbeing

The Living Standards Framework will be used to guide investment priorities. While there are sound operational reasons for changing and redeveloping the existing buildings, the costs, and benefits of doing so must be carefully considered. In particular, the benefits of large-scale investment in the courts needs to be assessed across the full range of factors included in the Living Standards Framework, which allow for a holistic assessment of the impacts of the investment across a range of dimensions.

The Living Standards Framework is applied to this proposal as part of the cost-benefit assessment at these locations. Where possible, the various benefit dimensions are compared in equivalent dollar terms to enable comparisons and trade-offs to be made. The foundations for wellbeing come through kaitiakitanga (stewardship of all our resources), manaakitanga (care for others), ōhanga (prosperity) and whanaungatanga (the connections between us).

These foundations support the development of the four capital stocks: financial and physical capital; human capital; social capital; and natural capital. Wellbeing depends on the sustainable growth and distribution of these four capitals, which together represent the comprehensive wealth of New Zealand.



Figure 5: Living Standards Framework 2021 version

This investment in the seismic remediation of Auckland District Court, Hamilton DC and Wellington HC, will contribute benefits towards three of the twelve wellbeing domains:

Domain	Benefit		
Jobs and Earnings	Avoided lost work and productivity: The criminal jurisdiction is at significant risk of periods of unavailability due to building failures. Investment will significantly reduce this risk by providing fit for purposes and safe infrastructure.		
Safety and Security	Accident incident rate: The reduction of the potential for work related injury or harm to the judiciary, staff, the public, sector partners and court participants.		
Civil engagement and Governance	System integrity: Trust and confidence is enhanced through the provision of an effective justice system that provides timely access to justice and maintains the integrity of Courts and Tribunals. This investment will provide better access to Justice by remediating the Courts to mitigate against the risk of closure.		

Table 13: Contribution to wellbeing domains

Potential Business Scope and Key Service Requirements

The focus of this Business Case is one of essential remediation, with a focus on structural strengthening to achieve greater seismic resilience. The scope of work to replace end of life infrastructure and assets at Auckland District Court is not part of this scope; however, balance sheet funding will be required to complete urgent remediation to extend the life of the building.

The table below shows the complete scope of works at each location that are within the scope of this business case. The scope of work excludes the programme of work to use the space, resourcing, change management communications and Stakeholder Engagement.

Service Requirements	Potential Scope Assessment			
	Status Quo Scope	Scope Requirements		
Auckland DC Seismic Resilience <40% NBS	WSP report dated 16 October 2019. Review undertaken by WSP revealed that the main structural elements of the Auckland District Court had similar ratings to the 2014 draft report of between 50-100% NBS at IL3. However, there were some secondary structural elements identified as potentially having a rating lower than 50% NBS at IL3 i.e., hollow core seating, the stair seating, and local parts of the floor diaphragm of the tower. Additionally, some aspects of the building were considered to have lower than <40% NBS	 Remedy the main and secondary structural elements through to construction status and improve the rating of the building to at least 67%NBS. Install steel strong backs throughout floors 1-13. range of floor to wall bracketing, installation of tension ties and strips to deal with a range of diaphragm deficiencies; strengthening the precast stairs; retrofit of podium shear wall and a range of other strengthening interventions. Decant Strategy to be produced in parallel with design development 		

Service Requirements	Potential Scope Assessment								
	Status Quo Scope	Scope Requirements							
Hamilton DC Seismic Resilience 35% NBS	The Stage 1 seismic resilience work occurred in 2020 and involved installation of support steelwork below the Level 5 plantroom hollow core floor units, which were the lowest rated aspect of the building in terms of %NBS. The stage 1 resilience work brought the building overall to 35%NBS.	 Pre-cast concrete floor seating at levels 3 (underside of level 4 slab) and 4 (top of level 4 slab) Pre-cast concrete floor diaphragm strengthening at levels 2 (underside of level 3 slab) and (underside of level 4 slab) Circular reinforced concrete columns around the building perimeter from levels 3 (3 to 4) and 4 (4 to 5) Roof bracing, accessed from level 4 Decant Strategy to be produced in parallel with design development 							
Wellington HC Seismic Resilience 40% NBS	Interior upgrades were carried out to Courtroom 1, the Jury Assembly room and foyer (Ground floor, Northern building) in late 2018/early 2019. The opportunity was taken to install back-up supports to the double tee flooring units above these areas at this time. The stage 1 resilience work did not change the building rating, because only some of the double tee units were addressed.	 Double tee support retrofits, completing the installation of steel supports like those installed in Stage 1 to the remainder of the building and floors that require this. Tie beams are proposed in selected locations to improve the floor diaphragm load transfer. Precast panel retrofit, involves removing welds from the base connectors and installing a new restraint system to allow the panels to move freely in an earthquake. Decant Strategy to be produced in parallel with 							
	A the High Court is rated approximately 40%NBS (IL3) based on the last Detailed Seismic Assessment.	design development							

Table 14: Key service requirements and potential scope

Judiciary, iwi & hapū, and stakeholders

Judiciary

The judiciary are a separate arm of government, constitutionally separate from the Ministry (which is a part of the Executive). Court operations would not work without both parties performing their respective roles and interacting as required to achieve this. The Courts Strategic Partnership Group was established in 2019 to support engagement between the judiciary and the Ministry on matters of strategic importance. The Courts Strategic Partnership Group terms of reference state, "this Group is constituted on the basis of understanding that working in partnership and solving issues together is critically important to each meeting their responsibilities for the Courts in New Zealand."¹¹

lwi & hapū

The Ministry is committed to engaging with and partnering with Māori in a way that reflects Te Tiriti o Waitangi partnership and improves outcomes for whānau Māori. As the focus of this proposal is one of remediation only, we do not anticipate any design consultation with iwi representation. Other projects that have more of a change and redesign focus will respect the principles of proactive and deliberate engagement with iwi and hapū and draw on Te Ao Marama values.

¹¹ Courts Strategic Partnership Group, Terms of Reference, 2021

Stakeholders

In addition to the roles of the judiciary, iwi and hapū, stakeholder engagement is a key aspect of the project at all levels, from governance to participation in design and change management. The following Stakeholders have been identified and will be used to inform the development of a Stakeholder Map and Communication Plan.

Ministry of Justice Minister of Justice Minister for Courts Court staff Agencies Department of Corrections New Zealand Police Oranga Tamariki Oranga Tamariki Ministry of Social Development Ministry of Business, Innovation and Employment Ministry of Business, Innovation and Employment Ministry of Business, Innovation and Employment Ministry of Success National bodies and interest groups • New Zealand Law Society • Public Service Association • Victim Support • Infracom (Infrastructure Commission) Local Stakeholders • Participant reference group/ groups • Victims and survivors • Rangatahi • Other Justice Service users Service Providers – Legal profession • Crown prosecutor Lawyers Service Providers – other service providers • Service provider reference group • Victim and Survivor Support • Rangatahi • Other Justice • Mental Health • Youth and Rangatahi Support • Restorative Justice • Mental Health • Youth and Rangatahi Support • Family Harm Support • Family Harm Support • Health • Whänau Ora • Disability Support • Adult literacy and numeracy • Alcohol and Drug Treatment Local Government Agencies • Local District Health Boards, City Councils Regional bodies and • New Zealand and Auckland Law Society • New Zealand and Auckland Law Society	National Stakeholders						
 Minister for Courts Court staff Court staff Agencies Department of Corrections New Zealand Police Oranga Tamariki Ministry of Social Development Ministry of Business, Innovation and Employment Ministry of Health Forensics National bodies and New Zealand Law Society Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers - Crown prosecutor Lawyers Service Providers - Kestorative Justice Mental Health Youth and Rangatahi Support Restorative Justice Mental Health Youth and Rangatahi Support Family Harm Support Health Wohanau Ora Disability Support Acohol and Drug Treatment Local District Health Boards, City Councils Regional bodies and New Zealand Auckland Law Society Public Service Asociation organiser and delegates 	Ministry of Justice	•	Minister of Justice				
Court staff Agencies Department of Corrections New Zealand Police Oranga Tamariki Ministry of Social Development Ministry of Health Ministry of Health Ministry of Health Ninistry of Health Forensics National bodies and New Zealand Law Society Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers - Legal profession Lawyers Service Providers - Victim and Survivor Support New Zealand Law Society Victim and Survivors Restorative Lustice Mental Health Youth and Rangatahi Support Health Youth and Rangatahi Support Health Whänau Ora Disability Support Housing and Homelessness Support Housing and Homelessness Support Alcohol and Drug Treatment Local Government Actional bodies and New Zealand Auckland Law Society		•	Minister for Courts				
Agencies • Department of Corrections • New Zealand Police • Oraga Tamariki • Ministry of Social Development • Ministry of Health • Ministry of Health • Ministry of Health • Ministry of Health • Ministry of Health • Ministry of Health Forensics National bodies and interest groups • New Zealand Law Society • Public Service Association • Victim Support • Infracom (Infrastructure Commission) Local Stakeholders Participants • Participant reference group/ groups • Victims and survivors • Rangatahi • Other Justice Service users Service Providers – • Ervice provider reference group • Other Justice Service users Service Providers – • Crown prosecutor Leagl profession • Lawyers Service Providers – • Service provider reference group • Victim and Survivor Support • Restorative Justice • Mental Health • Youth and Rangatahi Support • Family Harm Support • Health • Whänau Ora D		•	Court staff				
 New Zealand Police Oranga Tamariki Ministry of Social Development Ministry of Health Ministry of Health Forensics National bodies and New Zealand Law Society Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participants reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers – Crown prosecutor Lawyers Service Providers – Victim and Survivor Support Lawyers Service Providers – Service Providers – Crown prosecutor Legal profession Lawyers Service Providers – Victim and Survivor Support Restorative Justice Mental Health Youth and Ragatahi Support Health Whānau Ora Disability Support Housing and Homelessness Support Alcohol and Drug Treatment Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 	Agencies	٠	Department of Corrections				
 Oranga Tamariki Ministry of Social Development Ministry of Business, Innovation and Employment Ministry of Health Forensics National bodies and New Zealand Law Society Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers – Crown prosecutor Lawyers Service Providers – Crown prosecutor Lawyers Service Providers – Service provider reference group Victim and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Health Woth and Bangatahi Support Health Woth and Cra Disability Support Health Whianau Ora Disability Support Housing and Homelessness Support Aluch literacy and numeracy Alcohol and Drug Treatment 		•	New Zealand Police				
 Ministry of Social Development Ministry of Social Development Ministry of Business, Innovation and Employment Ministry of Health Forensics National bodies and interest groups New Zealand Law Society Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers – Crown prosecutor Lawyers Service Providers – Kettin and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Restorative Justice Mental Health Whainau Ora Disability Support Health Moning and Homelessness Support Adult literacy and numeracy Alcohal and Drug Treatment Local Government Local District Health Boards, Agencies City Councils 			Oranga Tamariki				
Iministry of Health Ministry of Health Ministry of Health Forensics National bodies and interest groups Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participants Victims and survivors Rangatahi Other Justice Service users Service Providers – Legal profession Estrice Providers – Legal profession Service Providers – Action and Survivor Support Partial Health Youth and Rangatahi Support Family Harm Support Health Whänau Ora Disability Support Health Wublic Ibercy and numeracy Alcohol and Drug Treatment Local Government Agencies City Councils Regional bodies and interest groups Public Service Association organiser and delegates		•	Ministry of Social Development				
• Ministry of Business, innovation and Employment Interest groups • • Public Service Association • Victim Support • Infracom (Infrastructure Commission) Local Stakeholders Participants • • Participant reference group/ groups • Victims and survivors • Rangatahi • Other Justice Service users Service Providers - • • Crown prosecutor Legal profession • • Service provider reference group • Victim and Survivor Support • Restorative Justice • Mental Health • Youth and Rangatahi Support • Family Harm Support • Health • Youth and Rangatahi Support • Family Harm Support • Health		•	Ministry of Health				
National bodies and interest groups • New Zealand Law Society Public Service Association • Victim Support • Infracom (Infrastructure Commission) Local Stakeholders Participants • Participant reference group/ groups • Victims and survivors • Rangatahi • Other Justice Service users Service Providers – Legal profession • Crown prosecutor • Lawyers Service Providers – ervice Providers – Victim and Survivor Support • Uictim and Survivor Support • Lawyers Service Providers – • Service provider reference group • Other service • Wictim and Survivor Support • Lawyers Service Providers – • Other Justice • Mental Health • Youth and Rangatahi Support • Family Harm Support • Family Harm Support • Housing and Homelessness Support • Addut literacy and numeracy • Alcohol and Drug Treatment Local Government Agencies • Local District Health Boards, City Councils Regional bodies and interest groups • New Zealand and Auckland Law Society • Public Service Association organiser and delegates			Ministry of Business, Innovation and Employment				
National bodies and interest groups New Zealand Law Society Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participants reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers – Legal profession Crown prosecutor Lawyers Service Providers – Crown prosecutor Lawyers Service Providers – Legal profession Service provider reference group Victim and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Family Harm Support Family Harm Support Health Whānau Ora Disability Support Housing and Homelessness Support Alduki literacy and numeracy Alcohol and Drug Treatment Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates			Ministry of Health Forensics				
interest groups Public Service Association Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers – Legal profession Crown prosecutor Lawyers Service Providers – Legal profession Service provider reference group Other Justice Victim and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Family Harm Support Health Whānau Ora Disability Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Agencies New Zealand and Auckland Law Society Public Service Association organiser and delegates 	National bodies and	•	New Zealand Law Society				
 Victim Support Infracom (Infrastructure Commission) Local Stakeholders Participants Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers – Crown prosecutor Legal profession Lawyers Service Providers – Orber Justice Service users Service Providers – Crown prosecutor Lawyers Service Providers – Victim and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Family Harm Support Health Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Acohol and Auckland Law Society Public Service Association organiser and delegates 	interest groups	•	Public Service Association				
Intracom (Intrastructure Commission) Local Stakeholders Participants Participants Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers - Legal profession Crown prosecutor Legal profession Crown prosecutor Victim and Survivor Support Victim and Survivor Support Restorative Justice Nental Health Youth and Rangatahi Support Family Harm Support Family Harm Support Health Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates		٠	Victim Support				
Local Stakeholders Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Other Justice Service users Service Providers – • Legal profession • Service Providers – • Other service • Service Providers – • Victim and Survivor Support • Restorative Justice • Mental Health • • Youth and Rangatahi Support • Family Harm Support Health • <		•	Infracom (Infrastructure Commission)				
Participants Participant reference group/ groups Victims and survivors Rangatahi Other Justice Service users Service Providers – Crown prosecutor Lawyers Service Providers – Crown prosecutor Lawyers Service Providers – Service provider reference group Victim and Survivor Support Victim and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Family Harm Support Health Whānau Ora Disability Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates	Local Stakeholders						
 Victims and survivors Rangatahi Other Justice Service users Service Providers - Legal profession Lawyers Service Providers - Crown prosecutor Lawyers Service Providers - Service providers - Service provider reference group Victim and Survivor Support	Participants	•	Participant reference group/ groups				
 Rangatahi Other Justice Service users Service Providers – Crown prosecutor Lawyers Service Providers – Service provider reference group Victim and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Family Harm Support Health Whānau Ora Disability Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government		•	Victims and survivors				
Other Justice Service users Service Providers - Legal profession Crown prosecutor Lawyers Service Providers - Victim and Survivor Support Victim and Survivor Support Restorative Justice Mental Health Youth and Rangatahi Support Family Harm Support Family Harm Support Hauth Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Agencies New Zealand and Auckland Law Society Public Service Association organiser and delegates		•	Rangatahi				
Service Providers – Legal profession • Crown prosecutor Lawyers Service Providers – other service providers • Service provider reference group Victim and Survivor Support Bestorative Justice • Nental Health Youth and Rangatahi Support • Family Harm Support • Family Harm Support • • Disability Support • • Disability Support • • Adult literacy and numeracy • • Alcohol and Drug Treatment • Local Government Agencies • Local District Health Boards, City Councils Regional bodies and interest groups • New Zealand and Auckland Law Society Public Service Association organiser and delegates		•	Other Justice Service users				
Legal profession • Lawyers Service Providers – other service providers • Service provider reference group • Victim and Survivor Support providers • Restorative Justice • Mental Health • Youth and Rangatahi Support • • Family Harm Support • Family Harm Support • • Bealth • Whānau Ora • Disability Support • Obisability Support • Housing and Homelessness Support • Adult literacy and numeracy • Local Government Agencies • Local District Health Boards, • City Councils Regional bodies and interest groups • New Zealand and Auckland Law Society • •	Service Providers -	•	Crown prosecutor				
Service Providers – • Service provider reference group other service • Victim and Survivor Support providers • Restorative Justice • Mental Health • • Youth and Rangatahi Support • • Family Harm Support • • Health • • Whānau Ora • • Disability Support • • Housing and Homelessness Support • • Adult literacy and numeracy • • Alcohol and Drug Treatment • Local Government • Local District Health Boards, Agencies • New Zealand and Auckland Law Society interest groups • New Zealand and Auckland Law Society	Legal profession	•	Lawyers				
other service providers • Victim and Survivor Support Providers • Restorative Justice • Mental Health • Youth and Rangatahi Support • Family Harm Support • Family Harm Support • Health • Whānau Ora • Disability Support • Housing and Homelessness Support • Adult literacy and numeracy • Alcohol and Drug Treatment Local Government Agencies • Local District Health Boards, • City Councils Regional bodies and interest groups • New Zealand and Auckland Law Society • Public Service Association organiser and delegates	Service Providers -	•	Service provider reference group				
providers • Restorative Justice • Mental Health • Youth and Rangatahi Support • Family Harm Support • Family Harm Support • Health • Whānau Ora • Disability Support • Housing and Homelessness Support • Adult literacy and numeracy • Alcohol and Drug Treatment Local Government Agencies • Local District Health Boards, • City Councils • New Zealand and Auckland Law Society • Public Service Association organiser and delegates	other service	•	Victim and Survivor Support				
 Mental Health Youth and Rangatahi Support Family Harm Support Health Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 	providers	•	Restorative Justice				
 Youth and Rangatahi Support Family Harm Support Health Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 		•	Mental Health				
 Family Harm Support Health Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 		۲	Youth and Rangatahi Support				
 Health Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 		•	Family Harm Support				
 Whānau Ora Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local Government Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 		•	Health				
 Disability Support Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 		٠	Whānau Ora				
 Housing and Homelessness Support Adult literacy and numeracy Alcohol and Drug Treatment Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 		•	Disability Support				
 Adult literacy and numeracy Alcohol and Drug Treatment Local Government Local District Health Boards, City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates 			Housing and Homelessness Support				
Aiconol and Drug Treatment Aiconol and Drug Treatment Local Government Agencies City Councils Regional bodies and New Zealand and Auckland Law Society Public Service Association organiser and delegates			Adult literacy and numeracy				
Local Government • Local District Health Boards, Agencies • City Councils Regional bodies and • New Zealand and Auckland Law Society Interest groups • Public Service Association organiser and delegates			Alconol and Drug Treatment				
Agencies City Councils Regional bodies and interest groups New Zealand and Auckland Law Society Public Service Association organiser and delegates	Local Government	•	Local District Health Boards,				
Regional bodies and • New Zealand and Auckland Law Society Interest groups • Public Service Association organiser and delegates	Agencies	•	City Councils				
Interest groups • Public Service Association organiser and delegates	Regional bodies and	•	New Zealand and Auckland Law Society				
	interest groups	•	Public Service Association organiser and delegates				

Table 15: Stakeholders

Risks

The closure of a court for only a few hours can affect numerous cases and rescheduling these cases results in delays of several months. This can have significant implications not only for the victims, witnesses, and specialists involved in the case, but also for all defendants.

There are significant risks to the justice sector in not proceeding with the remediation of the Courts. The key risks relate to the:

- Risk of not keeping New Zealanders safe.
- Risk of building failure, resulting in building closure and massive loss of productivity.

Completing the seismic strengthening work to achieve greater seismic resilience is critical to ensures, that should a seismic event occur, the risk to human life has been mitigated as far as is within the control of the Ministry. It ensures that, at a structural level, our buildings are safe and provides the foundation for further 'improvements' be that Infrastructure, weather tightness, facilitates renewal, fit for purpose spaces, security upgrades etc.

Building failure could lead to a potential Court closure. Closure would cause disruption and delay to the delivery of justice services and apply additional pressure on other Courts to facilitate transferred court events, many of which are already facing large numbers of active cases.

The closure of a court for only a few hours can affect numerous cases and rescheduling these cases results in delays of several months. This can have significant implications not only for the victims, witnesses, and specialists involved in the case, but also for all defendants.

There is already pressure across the system. The impacts on people's lives from delays in obtaining justice are significant, so it is incumbent on the Government to ensure further adverse impacts do not occur due to poor building condition. The COVID-19 lockdown forced judges to reschedule an estimated 60,000 hearings. Whilst jury trials resumed, after being suspended in March, lawyers say defendants are still waiting longer for their day in court.

Defence Lawyers Association co-chair Elizabeth Hall said the jury trial hiatus just worsened an alreadybacklogged justice system. "The delays were already reasonably crushing for jury trials or judge-alone trials; many months, if not years, to get to trial. And almost invariably the COVID-19 lockdown period has meant it's an extra six months to one-year delay before your case will get heard. She said the worst-affected defendants are those awaiting trial in custody, known as remand prisoners, who make up nearly 40% of the prison population.

Criminal Bar Association president Len Anderson said lawyers are particularly concerned about those being held in custody, who will go on to be acquitted. "They can serve sometimes the whole of their sentence, if not a good part of it, before the trial is determined. And of course, for someone who is found not guilty, they've spent a long time in custody for an offence that hasn't been proved." He said huge delays may also tempt some defendants to consider pleading guilty to criminal offences so they can be released from prison. "It's a difficult issue somebody faces in choosing between pleading guilty and being released immediately, particularly those who face a sentence of less than two years." ¹²

Other risks associated with this business case, will be managed in accordance with the Ministry's standard risk methodology. Assurance and oversight functions are noted in the Management Case.

The table below discusses the most significant risks that might prevent, degrade, or delay the achievement of the investment objectives or otherwise undermine the outcomes sought through this investment. Note the Management Case includes discussion of project management and delivery risks and a Risk Management Strategy, and Risks and Issues Registers, have been developed and will be regularly and progressively updated as more detailed analysis is undertaken.

¹² Sourced from Radio New Zealand 6 July 2020

Key Risks

#	Main Risks	Consequence (H/M/L)	Likelihood (H/M/L)	Comments and Risk Management Strategies
1	Building failure at Auckland	м	H	Recommendation – accept this risk.
	DC before seismic remediation work begins			Covered in Business Continuity Planning (including local solutions framework)
2	A Seismic Event	Н	Ľ	Recommendation – accept this risk.
				Covered in Business Continuity Planning. (Including local solutions framework)



6	Progressing with Seismic work at ADC, without the Auckland Network Plan outcome could lead to non- recoverable investment.	L	L	Recommendation – accept this risk. Investment Committee will make a call on whether to accept this risk.
7	Unforeseen issues during works cause major outages or loss of services resulting in building closure and disruption.	Н	М	Detailed risk assessment and mitigation planning to be undertaken by contractor as part of the Ministry's standard project delivery practice.
8	A lack of appropriate engagement with the judiciary and other building users before and during the project planning phase could result in friction and disruption to service.	Н	L	The judiciary and other building users will be actively engaged throughout the project to help ensure needs, requirements and expected changes are aligned. The Property Planning Sub- committee of the Courts Strategic Partnership Group has been established to facilitate the full and active involvement of the judiciary in property decisions, and to ensure the property programme can proceed in a timely and efficient way. The project also includes a Judicial Reference Group to provide advice and input.

Table 16: High level risk analysis

Key Constraints, Dependencies and Assumptions

The proposal is subject to the following constraints and dependencies. The Management Case outlines how these will be managed and monitored throughout the project. As part of its project management processes, the Ministry maintains registers for constraints, dependencies, and assumptions.

Constraints No		lotes						
C1	Budget	The project is funded from H&S tagged contingency funding from Budget 2020, which means staying within project budget is important in terms of the affordability of other investment proposals. While there are avenues to seek additional funding, staying within the amounts allocated will significantly enhance the overall portfolio affordability.						
C2	Schedule	The schedule will be constrained by the availability of the resources and materials that are required.						
C3	Schedule	The schedule will be constrained by the agreed judicial timetable with a prespecified number of courts "offline" at any one time.						
		Business continuity – the affected courts need to continue operating during the remedial work, if this is the preferred option, as access to justice must continue and will result in increased construction and programme timelines.						
C4	Schedule	The schedule will be constrained by the ability to decant Ministry staff and judicial services staff to other areas of the buildings or alternative locations per individual decant strategies.						
C5	5 Compliance Development at all sites must be done within the constraints of the Resource Management Act 1991, Building Act and Health and Safety at Work Act 2015.							
Dep	endencies	Notes & Management strategies						
D1	Judicial and Stakeholder supp	See risk 8. The Property Planning Sub-committee of the Courts Strategic fort Partnership Group has been established to facilitate the full and active involvement of the judiciary in property decisions, and to ensure the property programme can proceed in a timely and efficient way. The project also includes a Judicial Reference Group to provide advice and input.						
D2	Contractor availability	Availability of appropriately qualified contractors to undertake and deliver the work, with the capacity to do so within the required timeframes.						
Assu	umptions	Notes & Management strategies						
cov	ID-19	Assumption that there will be no further COVID-19 lockdowns, however resource absences are anticipated which could impact delivery, albeit not to the extent of a lockdown.						
Material Costs		Building material costs increase at a sustainable level and the budgeted contingency is sufficient to cover any increases.						
Scop	e	The proposed works will not inadvertently trigger the need for further, unforeseen, work.						
	100 HO							

Table 17: Key constraints, dependencies, and assumptions

Economic Case

This Economic Case summarises the range of investment options that have been considered, how these have been evaluated, and what the preferred way forward is.

The preferred way forward is to carry out seismic strengthening at Auckland District Court, Hamilton District Court and Wellington High Court (Option C), plus concurrently replace end-oflife infrastructure at Auckland District Court.

Critical Success Factors

CSF	Better Business Case Description	Ministry Property Description			
Strategic fit & organisational needs	Meets the agreed investment objectives, related business needs and service requirements, integrates with other strategies, programmes, and projects.	Contributes to a sustainable portfolio that is enduringly agile. Fit for purpose, improves operational efficiency, and improves equitable access to Justice Services.			
Potential value for money	Provides value to the business and public for the funds being spent.	 Optimises value for money and enables greater effectiveness in delivering justice services. 			
Provider capacity and capability	Matches the ability of potential suppliers to deliver the required services and is likely to result in a sustainable arrangement that optimises value for money.	Service provider(s) can meet the technical and cultural needs and Service provider(s) have the capacity to deliver the required outcomes.			
Affordability (current and future)	Can be met from likely available funding and matches other funding constraints.	Affordability must match ambition and funding constraints.			
Achievability	Is likely to be delivered given the organisation's ability to respond to changes required, and matches the available skills required for successful delivery.	Internal and external skills exist and are available for successful delivery.			

The table below summarises the critical success factors for this project.

Table 18: Critical success factors (CSFs)

Long-list options

The Ministry has considered a range of possible scenarios. The table below details the five dimensions, and scenarios within, that have been considered.

Dimension	Scenarios				
1. Scope	1.1 Do Nothing (Status Quo)				
What remediation options	1.2 Seismic only at 2 sites: WHC, HDC (excl. ADC)				
do we have?	1.3 Seismic only at ADC, HDC, WHC				
	1.4 ADC Seismic & Part infrastructure EOL, HDC & WHC Seismic only				
	1.5 ADC Seismic + Entire infrastructure EOL (excl. WHC, HDC)				
	1.6 ADC Seismic & Entire infrastructure EOL, HDC & WHC Seismic only				
	1.7 HDC & WHC Seismic & ADC Relocate or Rebuild				
2. Implementation	2.1 Stay - Courts continuing operating in existing building as work is completed				
How will it be delivered?	out of hours				

Property Healthy and Safety Seismic Remediation Business Case | 46

	2.2 Move some - some court functions are moved out to other locations, decant floor by floor, and relocate non-custodial hearings2.3 Move all - all functions are moved to an alternative location until work is completed
3. Delivery	3.1 Ministry of Justice led
Who will lead the work?	3.2 Rau Paenga (Crown Infrastructure Delivery Agency) led.
4. Timing	4.1 On approval of Business Case (June/July 2023)
When should work start?	4.2 Wait for Auckland Network Plan to be finalised (2025+)
5. Funding	5.1 H&S Tagged Contingency (Budget 2020)
How will it be funded?	5.2 H&S Tagged Contingency (Budget 2020) & Baseline Funding (minor capital / asset renewal)
	5.3 H&S Tagged Contingency (Budget 2020) & Baseline Funding

Table 19: Five dimensions for long-list options

Assessment

Table 22 on the following page summarises the long-list options assessments against the dimensions above, noting that, the long-list assessment is at a high level only to provide a shortlist for further evaluation. It uses the Critical Success Factors, as well as the Investment Objectives from the Strategic Case.

The high-level assessment uses "yes" to indicate strong alignment and ability to meet a criterion, "No" where an option element does not meet a criterion, and "partial" where an option element somewhat meets the criterion.

A Long List Workshop was held on the 2 May when the Investment Objectives and Critical Success Factors were also confirmed.

Dimensions			1.	Scope (what	at)	_		2. Imp	lementatio	n (how)	3. Delive	ery (who)	4. Timii	ng (when)		5. Fundir	ng
Dimension Option #	1.1	1.2	1.3	1.4	1.5	1.6	1.7	2.1	2.2	2.3	3.1	3.2	4.1	4.2	5.1	5.2	5.3
Dimension Options	Do Nothing New	Seismic only at 2 sites: WHC, HDC (excl. ADC)	Seismic only at ADC, HDC, WHC	ADC Seismic & Part infrastructure, HDC & WHC Seismic only	ADC Seismic + Entire infrastructure (excl. WHC, HDC)	ADC Seismic & Entire infrastructure EOL, HDC & WHC Seismic	HDC & WHC Seismic & ADC Relocate/ Rebuild	Stay - Continue operating in building. work is completed out of hrs	Move some - decant floor by floor, relocate non- custodial hearings	Move all - all functions are moved to an alternative location until work is completed	Ministry of Justice led	Rau Paenga (CCID) led	On approval of Business Case (June 2023)	Wait for Auckland Network Plan to be finalised (2025+)	H&S Tagged Contingency Budget 2020	H&S Tagged Contingency (Budget 2020) & Baseline Funding	H&S Tagged contingency + Baseline + Capital Injection
Investment Objectives				-									-				
IO1. Improved safety and security of the operational environment	No	Partial	Partial	Partial	Partial	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Yes	Partial	Partial	Partial	Yes
IO2. Compliant with the current New Zealand building standards	No	Yes	Yes	Partial	Partial	Yes	Yes	Partial	Partial	Yes	Yes	Yes	Yes	Partial	Yes	Yes	Yes
IO3. Our buildings are maintained and available	No	Partial	Partial	Partial	Partial	Yes	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Partial	Partial	Partial	Yes
lo4. Maximise impact across the Health and Safety Remediation programme	No	Partial	Partial	Partial	Partial	Partial	No	Partial	Partial	Partial	Yes	Yes	Yes	Partial	Partial	Partial	Yes
IO5. Minimise seismic risk across the Health & Safety Remediation programme	No	Yes	Yes	Partial	No	Yes	Yes	Partial	Partial	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Critical Success Factors																	
Strategic fit and organisational needs (Strategic)	No	Partial	Partial	Partial	Partial	Yes	Partial	No	Partial	Yes	Yes	Yes	Yes	Partial	Partial	Partial	Yes
Potential value for money (Economic)	Partial	Partial	Yes	No	Partial	Partial	No	Partial	Yes	No	Yes	Yes	Yes	Partial	Partial	Partial	Partial
Provider capacity and capability (Commercial)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Partial	Partial	Yes	Partial	Yes	Yes	Yes	Yes	Yes
Potential affordability (Financial)	Yes	Yes	Yes	Yes	Partial	Partial	No	Yes	Yes	No	Yes	Partial	Yes	Partial	Yes	Partial	Partial
Potential achievability (Management)	Yes	Yes	Yes	Yes	Yes	Yes	Partial	No	Yes	Partial	Partial	Yes	Yes	Yes	Yes	Yes	Partial
Conclusion	Disc	Poss	Pref	Disc	Disc	Poss	Disc	Disc	Pref	Disc	Poss	Poss	Pref	Disc	Pref	Poss	Poss

Table 20: Long List Workshop results

The longlist assessment process identified seven scenarios that will be discounted and therefore not taken forward to the shortlist except for scope item 1.1 which will be taken forward to provide the baseline.

Dimension	Scenario	Discount Rationale
Scope (what)	1.1 Do Nothing	Meets none of the investment objectives and critical success factors (provides the baseline).
Scope (what)	1.4 ADC Seismic & Part infrastructure EOL, HDC & WHC Seismic only	Unaffordable within current funding constraints and insufficient remediation scope to meet the business needs at ADC.
Scope (what)	1.5 ADC Seismic + Entire infrastructure EOL (excl. WHC, HDC)	Creates affordability issues for other locations. Does not maximise impact or minimise seismic risk across the Health & Safety programme.
Scope (what)	1.7 HDC & WHC Seismic & ADC Relocate/ Rebuild	Does not fit within affordability and funding constraints. May not meet future business requirements at ADC, and a relocate/rebuild option is not required at HDC or WHC.
Implementation (how)	2.1 Stay - courts continuing operating in existing building as work is carried out	Fails all relevant investment objectives and most critical success factors.
Implementation (how)	2.3 Move all - all functions are moved to an alternative location until work is completed	Fails value for money and affordability critical success factors as well as being the most disruptive option.
Timing (when)	4.2 Wait for Auckland Network Plan to be finalised (2025+)	Seismic risk is unaddressed at Auckland DC, New Zealand's largest Court. Auckland Network review timelines are not yet defined.

Table 21: Discounted Scenarios

Short-List Options

The long list assessment process resulted in five options being taken forward to the short list for more detailed evaluation, including the Do-Nothing option. These are summarised in the table below, noting the specific scenarios that combine to create each option.

The Do-Nothing option has been included for completeness and to provide a point of comparison. It is not aligned with the Ministry's strategy or considered a viable option.

Option name	Description
Option A: Do Nothing	Maintains the current court presences at Auckland DC, Hamilton DC and Wellington HC. Seismic risk and occupant safety risks are unaddressed.
Option B: Seismic only at 2 sites: WHC, HDC (excl. ADC)	Delivers essential seismic strengthening work at two key locations, achieving >67% NBS. A floor-by-floor
What: 1.2 Seismic remediation at two sites (WHC & HDC)	approach to works will be taken following a strict decant plan and undertaking construction during offset hours to minimise disruption impacts. The work

 How: 2.2 Move some - some court functions are moved out to other locations, decant floor by floor, and relocate non-custodial hearings Who: 3.1 Projects are led by the Ministry When: 4.1 On approval of Business Case (June 2023) Funding: 5.1 H&S Tagged contingency (Budget 2020) 	will be led by the Ministry and delivered using preferred AoG suppliers. Planning of the work would commence on acceptance of the single stage business case and will be funded through H&S tagged contingency from Budget 2020.				
Option C: Seismic only at ADC, HDC, WHC	Delivers critical seismic strengthening work at three				
 What: 1.3 Seismic remediation at ADC, HDC and WHC, How: 2.1 Construction during offset hours, decant floor by floor Who: 3.1 & 3.2 Ministry led (HDC & WHC) and Rau Paenga (Crown Infrastructure Delivery Agency) led (ADC) When: 4.1 On approval of Business Case (June 2023) Funding: 5.1 Tagged H&S contingency & 5.2 balance sheet 	ADC by carrying out minimum EOL remediation. A floor-by-floor approach to works will be taken following a strict decant plan and undertaking construction during offset hours to minimise disruption impacts. The HDC and WHC projects will be led by the Ministry and delivered using preferred AoG suppliers. The ADC project will be led by Rau Paenga, in line with Government direction on delivery of major infrastructure projects. Planning of the work would commence on acceptance of the single stage business case. The seismic work will be funded from H&S tagged contingency from Budget 2020 and the EOL remediation for the balance sheet.				
Option D: ADC Seismic + Entire building EOL (excl. WHC, HDC)	Delivers critical seismic strengthening work at Auckland DC, across all floors and upgrades or replaces				
What: 1.5 ADC Seismic remediation and end of life services remediation across the entire building. Excludes any work at HDC and WHC. How: 2.2 Move some - some court functions are moved out to other locations, decant floor by floor, and relocate non-custodial hearings Who: 3.2 Rau Paenga (Crown Infrastructure Delivery Agency) led When: 4.1 On approval of Business Case (June 2023) Funding: 5.3 Tagged funding & Balance Sheet Funding Section 9(2)(f)(iv)	end of life services including air conditioning, chiller pipes, insulation, ceiling tiles. A floor-by-floor approach to works will be taken following a strict decant plan and undertaking construction during offset hours to minimise disruption impacts. The work will be delivered using preferred AoG suppliers, with project oversight provided by Rau Paenga, (CID) in line with Government direction on delivery of major infrastructure projects. Planning of the work would commence on acceptance of the single stage business case and be funded through a combination of H&S tagged contingency, balance sheet and 2024				
Option E: ADC, HDC & WHC Seismic & ADC Entire building EOL Renewal	Delivers critical seismic strengthening work at Auckland DC, across all floors and upgrades or replaces end of life services including air conditioning.				
What 16 Coismic remodiation at ADC UDC WUC 9	chiller nines insulation coiling tiles Delivered				

replacement of end-of-life services at ADC. **How**: 2.2 Move some - some court functions are moved out to other locations, decant floor by floor, and relocate non-custodial hearings

Who: 3.1 & 3.2 Ministry led (HDC & WHC) and Rau Paenga (Crown Infrastructure Delivery Agency) led (ADC)

When: 4.1 On approval of Business Case (June 2023) Funding: 5.3 Tagged H&S contingency & Balance Sheet Funding Section 9(2)(f)(iv) Delivers critical seismic strengthening work at Auckland DC, across all floors and upgrades or replaces end of life services including air conditioning, chiller pipes, insulation, ceiling tiles. Delivered essential seismic strengthening work at WHC and HDC. A floor-by-floor approach to works will be taken following a strict decant plan and undertaking construction during offset hours to minimise disruption impacts. The work will be delivered using preferred AoG suppliers, with project oversight provided by Rau Paenga, (CID) in line with Government direction on delivery of major infrastructure projects. Planning of the work would commence on acceptance of the single stage business case and be funded through a combination of H&S tagged contingency, balance sheet Section 9(2)(f)(iv)

Option Evaluation

This section provides a comprehensive assessment of the short-list options and identifies the preferred option. It uses the Critical Success Factors above, as well as the investment objectives from the Strategic Case.

Non-financial benefits

A high-level assessment of the non-financial benefits has been included as part of the public value considerations. While elements of the benefits sought will be quantified as part of benefits realisation for this project (refer Management Case below), the option evaluation uses qualitative assessments as part of multi-criteria decision analysis. The non-monetary benefits are:

- Reduce the risk of disruption to services.
- Comply with legislation and meet Ministry property performance objectives
- Improved the safety and wellbeing of all Court users
- Mitigate Building Safety risks

Each of the options is rated for its perceived contribution to the benefits using a rating scale of 0-4.

- 0 = Nil contribution to the benefit
- 1 = Minimum contribution to the benefit
- 2 = Some contribution to the benefit
- 3 = More contribution to the benefit
- 4 = Maximum contribution to the benefit

Option evaluation results

The tables and sub-sections below provide the assessments for each criterion with discussion for the rationale. This is then followed by a conclusion and a summary table that identifies the preferred option.

Assessment of Strategic Alignment, Affordability and Achievability

As with the long-list assessment above, this assessment uses "Yes" to indicate strong alignment and ability to meet a criterion, "No" where an option does not meet a criterion, and "partial" where an option somewhat meets the criterion.

	S				
Summary Assessment	A. Status Quo	B. Seismic only at 2 sites: WHC, HDC (excl. ADC)	C. Seismic only at ADC, HDC, WHC	D. ADC Seismic + Entire building EOL (excl. WHC, HDC)	E. ADC Seismic & Entire building EOL, HDC & WHC Seismic only
# Courtrooms impacted o		18	45	27	45
Undiscounted Capex & Project Opex \$m, Nominals	\$5.391	\$82.416	\$182.113	Section	n 9(2)(j)
WOLC (\$ millions, discounted and expressed as a Net Present Value)	\$5.391	\$72.309	\$155.675		
Investment Objectives					
IO1. Improved safety and security of the operational environment	No	Partial	Partial	Partial	Yes
IO2. Compliant with the current New Zealand building standards	Compliant with the nt New Zealand No ng standards		Yes	Partial	Yes
IO3. Our buildings are maintained and available	No	Partial	Partial	Partial	Yes
lo4. Maximise impact across the Health & Safety No Remediation programme		Partial	Yes	Partial	Yes
IO5. Minimise seismic risk across the Health & Safety No Remediation programme		Partial	Yes	Partial	Partial
Critical Success Factors					
Strategic fit and No No		Partial	Partial	No	Partial
Potential value for money	No	Partial	Yes	No	Partial
Provider capacity and capability	Yes	Yes	Yes	Yes	Yes
Potential affordability	Partial	Yes	Yes	Partial	Partial
Potential achievability	Yes	Yes	Yes	Yes	Yes

Table 23: Short-list options assessment

Assessment of Benefits

		Options				
Benefits Assessment		A. Status Quo	B. Seismic only at 2 sites: WHC, HDC (excl. ADC)	C. Seismic only at ADC, HDC, WHC	D. ADC Seismic + Entire building EOL (excl. WHC, HDC)	E. ADC Seismic & Entire building EOL, HDC & WHC Seismic only
1.	Reduce the risk of disruption to services	0	1	2	3	4
2.	Cost Avoidance	0	2	3	2	4
3.	Comply with Policy & Legislation	0	2	3	1	4
4.	Mitigate Building safety Risk	0	2	3	1	3
-	Total Benefits Score	0	7	11	7	15

Each benefit area has been scored on a scale from 0-4 as described above.

Table 24: Assessment of Benefit contribution

Overall Assessment

The table below provides a summary view of the above assessments.

	Short-List Options					
Summary Assessment	A. Status Quo	B. Seismic only at 2 sites: WHC, HDC (excl. ADC)	C. Seismic only at ADC, HDC, WHC	D. ADC Seismic + Entire building EOL (excl. WHC, HDC)	E. ADC Seismic & Entire building EOL, HDC & WHC Seismic only	
# Courtrooms impacted	o	18	45	27	45	
Undiscounted Capex & Project Opex \$m, Nominals	\$5.391	\$82.4 <mark>1</mark> 6	\$182.113	Section 9(2)(j		
WOLC (\$ millions, discounted and expressed as a Net Present Value)	\$5.391	\$72.309	\$155.675			
Investment Objectives						
IO1. Improved safety and security of the operational environment	No	Partial	Partial	Partial	Yes	
IO2. Compliant with the current New Zealand building standards	No	Partial	Yes	Partial	Yes	
IO3. Our buildings are maintained and available	No	Partial	Partial	Partial	Yes	

lo4. Maximise impact across the Health & Safety Remediation programme	No	Partial	Yes	Partial	Yes
IO5. Minimise seismic risk across the Health & Safety Remediation programme	No	Partial	Yes	Partial	Partial
Critical Success Factors					
Strategic fit and organisational needs	No	Partial	Partial	No	Partial
Potential value for money	No	Partial	Yes	No	Partial
Provider capacity and capability	Yes	Yes	Yes	Yes	Yes
Potential affordability	Partial	Yes	Yes	Partial	Partial
Potential achievability	Yes	Yes	Yes	Yes	Yes
Benefits Score	0	7	11	7	15
Conclusion	Not preferred	Not preferred	Preferred	Not preferred	Not preferred

Table 25: Short-list options assessment: Overall Summary

Option A: Do Nothing (Status Quo) does not address the seismic risk at the three courthouses, failing all investment objectives and critical success factors.

Option B: Seismic Strengthening at Hamilton District Court and Wellington High Court partially meets the investment objectives and critical success factors by addressing seismic risk at two of the courthouses.

Option C: Seismic Strengthening at Auckland District Court, Hamilton District Court and Wellington High Court meets or partially meets the investment objectives and critical success factors by addressing seismic risk at the three courthouses.

Option D: Seismic Strengthening and Replacement of End-of-Life Infrastructure at Auckland District Court partially meets the investment objectives and critical success factors by addressing seismic risk at one of the courthouses and concurrently addressing the end-of-life infrastructure risk at that courthouse.

Option E: Seismic Strengthening at Auckland District Court, Hamilton District Court and Wellington High Court and Concurrent Replacement of End-of-Life Infrastructure at Auckland District Court meets or partially meets the investment objectives and critical success factors by addressing seismic risk at the three courthouses and concurrently addressing the end-of-life infrastructure risk at Auckland District Court.

The five options are further compared in terms of cost, benefit, risk, strategic alignment and overall value for money in the table below.

Options Analysis

option	Cost	Benefit	Risk	Strategic Alignment	Overall Value for Money
	Whole of Life Cost	Ministry of Justice		Especially with Risk	
	Net Present Value (NPV)	Courthouse Services		Mitigation Expectations on	
				Agencies	
A	\$5.391 million	Nil	No seismic risk reduction	Not Aligned: does not	Negative: initial seismic
Status Quo				comply with Government's	design costs required to
				seismic guidelines for	develop proposal are
				agencies	written off
B	\$72.309 million	20 courtrooms increase	Modest seismic risk	Weak: does not address	Poor: only 20 out of 47
Seismic Remediation of		NBS rating from	reduction	seismic or infrastructure	courtrooms at the three
Hamilton DC and		approximately 37% to 67%		risks at Auckland DC, the	courthouses are
Wellington HC				largest and busiest court in	addressed, and only as to
				New Zealand	seismic risk
С	\$155 675 million	47 courtrooms increase	Considerable seismic risk	Strong: addresses seismic	Good: all 47 courtrooms
Seismic Remediation of		NBS rating from	reduction	risk across all three	are addressed as to
Auckland DC, Hamilton		approximately 37% to 67%		courthouses	seismic risk.
DC and Wellington HC					Superior to Option B:
					115% more cost buys
					135% more benefit.
D	Section 9(2)(million	27 courtrooms increase	Moderate seismic and	Strong, but Narrow:	Poor: only 27 out of 47
Seismic Remediation and		NBS rating from	infrastructure risk	addresses seismic and	courtrooms are
End of Life Infrastructure		approximately 37% to 67%	reduction	infrastructure risks at	addressed, and only at one
Replacement at Auckland		and concurrently replace		Auckland DC but does not	courthouse.
DC		end of life infrastructure		address seismic risks at	Costs 11% more than
				Hamilton DC or Wellington	Option C but benefits 43%
				HC	less courtrooms.
E	\$ ^{Section 9(2)(} million	47 courtrooms increase	Considerable seismic risk	Very Strong: addresses	Very Good: all 47
Seismic Remediation of		NBS rating from	reduction and moderate	seismic risk across all	courtrooms are addressed
Auckland DC, Hamilton		approximately 37% to 67%	infrastructure risk	three courthouses plus	as to seismic risk and 27
DC and Wellington HC and		and 27 of them	reduction	infrastructure risk at	of them are concurrently
Replacement of End of		concurrently replace end		Auckland DC	addressed as to
Life Infrastructure at		of life infrastructure			infrastructure risk.
Auckland DC					Compared with Option C,
					58% more cost replaces
					end of life infrastructure for
					57% of courtrooms plus
					avoids physically
					disrupting court services at
1					Auckland DC twice.

Auckland District Court Hamilton District Court Wellington High Court All three courts

27 courtrooms 10 courtrooms 10 courtrooms 47 courtrooms

The above comparison concludes that Options C and E provide best value for money as they both seismically remediate all three courthouses. Option E concurrently would replace the end-of-life infrastructure at Auckland District Court and so has the further benefit of avoiding physically disrupting court services at this court (the busiest court in New Zealand) twice.

While Option E is preferable, the infrastructure replacement portion requires additional capital of **Section 9(2)(j)**. It is not covered by the Tagged Capital Contingency or the Ministry's existing balance sheet, with the latter already fully allocated to other capital projects across the property portfolio, e.g., the replacement of the courthouses at Papakura, Rotorua, Waitakere and Hutt Valley. Reallocation of funding away from these projects is not recommended because they also have considerable urgency due to the condition of these courthouses, and it would also depend on how soon balance sheet funding could be freed up. A funding delay would extend project timelines, with all the undesirable flow-on effects including additional construction cost inflation, duplication of project costs and further physical disruption to court services.

Hence the preferred way forward is to proceed with Option C to get the seismic remediations of the three courthouses under way, which can be funded as outlined in the Financial Case, Section 9(2)(f)(iv)

Commercial Case

This Case summarises the commercial approach to designing, developing, and implementing the preferred option identified in the Economic Case above, being seismic upgrade of the Auckland District Court (ADC), Wellington High Court (WHC) and Hamilton District Court (HDC). Due to the similarities of the projects, this Commercial Case incorporates common approaches for all three projects, and specifies where the approaches vary depending on the characteristics of each project.

The Ministry will collaborate with Rau Paenga, the Crown's infrastructure delivery agency, on delivery of the ADC project, including procurement. The ADC project is a significant project requiring the co-ordinated design and delivery of seismic works with other planned and potential future upgrade and refurbishment projects within the building.

For the WHC and HDC projects, the Ministry will directly manage both procurement and delivery, and will leverage the infrastructure delivery knowledge, processes, and systems, gained from the collaboration with Rau Paenga on the ADC project.

Introduction

The Ministry has undertaken an assessment process to determine the preferred procurement model to be applied on the preferred option as identified in the Economic Case for each project.

The key procurement objectives of these projects are to:

- Section 9(2)(j)
- Section 9(2)(j)
- Section 9(2)(j)

Utilisation of Rau Paenga

The Ministry will work with Rau Paenga to deliver the ADC project (encompassing design, delivery, and recommissioning phases). Rau Paenga will provide professional and technical support relating to procurement management, project management, scheduling, cost control, reporting, management of Health and Safety and the measurement of benefits realisation.

The Ministry is not entering into a commercial arrangement with Rau Paenga but rather will be working in collaboration with them through an agreed MOU. Rau Paenga will be responsible for developing and executing the ADC Procurement Plan and will be the principal to all contracts entered into during the ADC project. They will utilise current All of Government (AoG) arrangements and panels and other collaborative contracts where practical for the services required.

Rau Paenga will apply and comply with the Government Procurement Principles and Rules for all the procurements. Use of AoG panels is aligned with these Government Procurement Rules as well as the Ministry's own procurement policies, which expect agencies to utilise AoG arrangement wherever possible.

Rau Paenga will ensure that the procurement process demonstrates the Government's continued commitment to the Construction Sector Accord (CSA or the Accord) to support transformation of the construction sector. Using the CSA principles, the project intends to proactively engage with the
construction industry to input early buildability advice into the design to achieve time, cost, quality, and scope benefits that may subsequently be realised during construction phase of the project.

The CSA is a joint commitment from government and industry to work together to create a thriving, fair and sustainable construction sector for a better Aotearoa New Zealand. The Accord has become a platform to meet some of the key challenges facing the sector, including skills and labour shortages, climate change, unclear regulations, a lack of coordinated leadership, an uncertain pipeline of work and a culture of shifting risk. Through the Accord, industry and government have formed a partnership to work together to lift the performance of the construction sector.

In Scope Procurements

The table below lists the range of services that are in scope for these projects and considered in this Commercial Case.



- ¹³Section 9(2)(j)
- ¹⁴Section 9(2)(j)

4.	Independent	Commissioning	Age	
----	-------------	---------------	-----	--

Engineer to Contract

5.

6.



7.	Maintenance	The Ministry has an existing contract with Downer as its Asset Management and Facilities Management services provider. The assumption at this stage is that Downer will therefore provide maintenance and facilities management after construction completion.
8.	Furniture, Fixtures, Equipment	The Ministry has a range of existing arrangements in place for these services. The assumption at this stage is that these will be used to provide any furniture, fixtures, or equipment requirements. However, it is possible that other alternatives are explored closer to the time.

Table 26: In Scope Procurements

For the ADC project, the professional services and ECI contractor will be engaged prior to approval of the business case, but the main contractor works will not be entered into unless the business case approval is achieved.

Supplementary Services

The following supplementary services will be required to support the delivery of the procurement phase:

Independent probity advisor may be required for competitive procurement processes for all projects

- Financial due diligence of Respondents to the ECI and main works opportunity
- Legal support to review contracts
- Technical advisory services as may be required from time to time.

Procurement Assumptions

The procurement approach has been developed based on the following key assumptions:

- Business Case Option C or similar is endorsed by Cabinet.
- The project will support the principles and outcomes defined by the Construction Accord.
- The categorisation of this project (using the Supplier Positioning Matrix) for the Ministry is 'Strategic Critical' (high cost, high supply risk).
- Adherence to the NZ Construction Industry Council (NZCIC) Guidelines' ultimate aim for 'all involved in designing and constructing all aspects of a building should be to enhance the quality of our built environment.'
- A collaborative procurement process will be the default methodology for the engagement of consultants and contractors.
- Collaboration, inclusiveness and sharing of knowledge and lessons learned between the Ministry, Rau Paenga, consultants and contractor resources during design and construction phases is an integral deliverable and as such will be embedded into all service contracts.
- Consultant and contractor resource selections will be based on demonstrated capability, experience, and expertise in delivering refurbishment works in a complex, live, secure, and operational environment.
- Rau Paenga will provide professional and technical support relating to procurement management, project management, cost control, reporting, management of Health and Safety and the measurement of benefits realisation for the ADC project.

Professional Services Scope

Seismic, and associated architectural design

The professional services provider selected to undertake the design will be responsible for fully documenting a design that will attain greater seismic resilience through earthquake strengthening and complying with national building standards, specifically:

will attain greater seismic resilience through earthquake strengthening and complying with national building standards, specifically:

• Remedying the main and secondary structural elements to achieve building rating greater than 67% NBS.

WSP engagement – All projects

Rau Paenga and the Ministry has determined that due to the level of coordination required across the design disciplines, it would be appropriate to engage a single professional services provider to deliver the design for all three projects. Section 9(2)(j)

Section 9(2)(j)

Subject to additional business cases being completed and funding approved, the ADC Seismic Remediation project may be extended to also include upgrades or replacement for end-of-life services within the building.

The agreements will need to allow for:

- engagement during the PCSA phase with the contractor (and any subsequent design updates)
- further design coordination that will be required between the design disciplines
- construction monitoring

Section 9(2)(j)

Project management and design management



Project management

The consultant will provide project management services through to the final completion of the projects. This shall include general project management services and administration of the PCSA phase (including any associated investigative works), and construction phase. Key responsibilities will be detailed further in the tender documentation and agreement.

Design management

The consultant will provide design management services through to the issue of 'for construction' documentation for the projects. Key outputs from this engagement will include design consultant management and delivery of a complete and coordinated design with input from the appointed PCSA contractor. Key responsibilities will be detailed further in the tender documentation and agreement.

Engagement to date

The Ministry engaged RDT Pacific to undertake some limited project management and scheduling services in relation to the coordination that will be required to accommodate staff during the ADC project's works. However, this does not cover the full scope of project management and design management that will be required for the refurbishment works.

Quantity surveying

The quantity surveyor (**QS**) will be responsible for providing expert advice on construction costs. They will assist during the design phases to ensure that the projects remain affordable and offer good value for money, helping the Ministry, Rau Paenga, and design teams assess and compare different options. During procurement of the ECI contractor and subsequent main works contractor appointment, the QS will prepare the relevant pricing schedules and participate in the assessment of tenders. During the delivery of the main works, the QS will track variations, ensuring that costs remain well managed as the projects progress.



Section 9(2)(j)

Independent Commissioning Agent

Each project will require an Independent Commissioning Agent (ICA) that will be responsible for ensuring that the works (particularly re-instated existing building services) function as intended. The ICA scope of works will include:

- Reviewing the basis of the design and the design intent, confirming that systems have adequate provisions to be fully commissioned and maintained.
- Providing de-commissioning and re-commissioning advice to the project teams.
- Developing and directing the commissioning process, including the creating of a Commissioning Plans for the works.
- Setting target requirements in contract documents, ensuring implementation of commissioning measures.
- Coordinating with the Ministry, Rau Paenga, design teams and contractors throughout the commissioning, testing and adjustment process.
- Observing, reviewing, and approving results of all testing undertaken by the contractor.
- Monitoring and verifying the commissioning of all systems.
- Preparing the final Commissioning Reports, including recommendations to the Ministry on the performance of the commissioned building systems.

Engineer to Contract

Engineering NZ defined the role of the Engineer to Contract (**EtC**) as set out in the NZS 3910:2013 conditions of contract for building and civil engineering construction. The EtC will be engaged to act as the Principal's agent and an independent certifier, moderating the interests of the Contractor and Principal during the construction phase of the projects in accordance with the construction contracts. Where necessary, the EtC will also act as an adjudicator for any disputes.

Professional Services Procurement

All the professional services sought for the project are available via the All-of-Government (AoG) Construction Consultancy Services Panel (CCS) of which the Ministry and Rau Paenga are signatories.



The Ministry and Rau Paenga (for the ADC project) will undertake an assessment of the CCS panel membership in relation to each discipline that needs to be procured.

Timeline for Professional Services Procurement



Table 27: Professional Services Procurement Timeline

Professional Services RFP/RFQ Evaluation Model

Proposals will be evaluated on their merits according to the evaluation criteria using a weighted attribute model. The RFP responses will be evaluated by a Tender Evaluation Committee consisting of Rau Paenga staff (for the ADC project) and of Ministry staff (for all projects).

Construction Contracting Scope

ADC and WHC

Due to the complexity of both projects, ADC and WHC projects will utilise an early contractor involvement (ECI) delivery model with the selection of a contractor who will provide early advice during the design phase in relation to the following:

- the buildability and optimisation of the design
- early resolution of operational issues associated with undertaking construction works in a secure, operational environment
- how the construction methodology can inform elements of the design to ensure a more efficient build period and vice versa,

and have the opportunity to bid directly for the delivery of the construction contract.

Early Contractor/Supplier Involvement (ECI/ESI) is a project delivery model that approaches contracting through the implementation of a two-stage process. In the construction sector, this means the Client firstly engages a main works contractor to act as its 'construction consultant' during the design stage under a Preconstruction Services Agreement (PCSA). The intent is that the PCSA phase of the project is used to gain early advice and involvement from a contractor (with the option to include their key subcontractors if required) into the buildability and optimisation of design, while in parallel that design is being documented and completed by the design team.

Under a PSCA, the successful Respondent will generally be given the opportunity to bid directly for the construction contract (in accordance with the design delivered by the design team), provided they have met all other deliverables described under the PCSA. This is a collaborative contracting model and generally removes the ability to competitively tender the construction phase work (unless the deliverables of the PCSA are not met).

To realise the anticipated benefits (e.g., entering into a contact with a degree of cost certainty) and balance the loss of competitive tension, a collaborative mindset from the Ministry/Rau Paenga, the Construction Consultant/Main Works Contractor, and its delivery team will be required.

Under the PCSA, the Construction Consultant will provide their buildability and optimisation interactions with the design team, including:

- Informing the design process through on-going buildability reviews
- Interrogating the design to mitigate the risks for design variations during delivery.

- Developing the construction programme
- Inputting into the value management of the design's resultant construction estimate

Subject to all other PCSA deliverables being met, the appointment of the Main Contractor will be undertaken as part of the final stages of the ECI process.

Advantages of Early Contractor Involvement

The advantages and outcomes that ECI generally aims to achieve over traditional procurement are:

- **Overall reduction in project timeline and cost**: Since the design does not need to be fully complete prior to undertaking the construction related procurement, ECI allows for the overall project timeline to potentially be reduced. In a high-pressure industry and market, this can also reduce the demand on scarce resource by removing the need for a full tender process once the design is complete.
- **Collaboration**: Collaboration between Client, Construction Consultant and design team (Project Team) can help to build positive relationships, improve communications, increase staff retention, and create a collaborative team culture prior to the commencement of the construction phase.
- **Earlier consideration of industry feedback:** The project can benefit from earlier identification of innovative options during the design phase and from involving all parties earlier on. This means decisions can be made more effectively and quickly rather than as a change or variation, which can cause delays and additional cost during construction. This may also allow the early procurement of key materials that have long lead times.
- **Shorter delivery times:** Work can commence on stages (e.g., early site works) while the design and documentation for later trade packages is developed.
- **Better integration of construction methods**: The collaboration between all parties provides for the integration of construction methods into the design. This may also assist with the achievement of Broader Outcomes and reduction of waste and emissions created through the construction phase.
- **Reduced risk of uncertainty**: Risks can be reduced through improved communication and understanding of the project requirements and costs by all parties. This may lead to a reduced number of cost variations during the construction phase. Furthermore, remaining risks will be well understood by all parties. In turn this provides more certainty around the construction price, which is likely to be realistic and without excessive contingency. Ensuring the price is realistic may also ensure the Main Contractor is not focus on pursuing variations throughout the project due to the need to submit a low tender price to win the work.
- **Improved market interest:** MBIE's Construction Procurement Guidelines state that an ECI model is attractive to contractors, due to the embedded relationship principles and overall collaborative approach.

HDC

The Hamilton District Court Project is less complex due to the space and capacity within the existing shell providing the ability to effectively decant within the building. Therefore, a decant strategy has already been planned and this project does not need to utilise an ECI approach. Instead, construction services will be sought via a single main contractor, accountable for the quality and timeframes for the building and immediate site works overall. The contract will be for a build only solution.

Construction Contracting Approach

The services sought through these opportunities are **not** available via any All-of-Government (AoG) or collaborative contract. Section 9(2)(j)

Section 9(2)(j) Section 9(2)(j)

Considering this, the Project Governance Board has determined that the form of agreement for the construction phase of these projects will be the NZS 3910:2013 – conditions of contract for building and engineering construction (Construction Contract).

ADC and WHC projects: Two-phased approach

A two-phased approach will be taken to award the main works for the ADC and WHC projects:

- **Phase 1 (preconstruction)**: performing early contractor involvement (ECI) services under the PCSA; and if required:
 - early design services (buildability and design optimisation responsibilities) for key trade or sub-contractor packages; and
 - engaging with the sub-contractor market to price those work packages.
- **Phase 2 (build-only contract delivery)**: this phase involves the Main Contractor delivering the contract works for the project on a build-only basis (NZS 3910:2013) (construction contract).

The Ministry/Rau Paenga is adopting a two-stage process for receiving comments on the draft forms of agreement. The initial drafts for both the PCSA and construction contracts will be prepared by MinterEllisionRuddWatts and released during the ROI phase so that these are informed by market feedback and the Ministry/Rau Paenga requirements, cognisant of Construction Accord principles. This process allows Respondents to identify any key concerns they have with the proposed forms of contract (including risk allocation and liability settings) during the earlier stage of the procurement process. Acceptable feedback from short-listed respondents will be incorporated into the final draft PCSA and construction contract for release with the PCSA RFP.

The Ministry/Rau Paenga expectation is that this process will allow Respondents to reduce the number of tags, qualifications and comments that are included in their RFP Response, and thus streamline the process of contract negotiations and award. Respondents will still be evaluated on any residual tags, qualifications and comments on the agreements that are received in accordance with the RFP.

The construction contract for the ADC project will include an agreed form of novation deed as a schedule to the contract, however the decision of whether to execute the novation deed will sit with Rau Paenga and the Ministry.

During the PCSA phase, the parties will negotiate and develop the full construction contract as part of the stage gate processes. While clear positions on key elements impacting the novation process (e.g., liability, insurance, maintenance, other) will be considered further during this phase, it does not provide an opportunity for the Main Contractor to re-litigate the contract.

The Ministry/Rau Paenga will monitor and manage both the Construction Consultant and Main Contractor using a structured Supplier Relationship and Contract Management Plan.

ECI Scope of Services

ECI Scope of Services

The ECI Contractor will be engaged as described above, firstly employing the contractor during the design stage, and then entering into a contract for construction if the commercial proposal is accepted. The selected contractor will appoint an ECI project manager that should transition onto the construction phase. The ECI contractor is to co-ordinate and engage with the design team as required to deliver the best for project outcome.

In the market documentation for the ADC project, Rau Paenga will reserve the right to include additional ECI input to coordinate the seismic designs and planning of the seismic installation to accommodate designs prepared for future replacement of end-of-life building services. The

installation of any replacement of end-of-life building services under a construction contract will be subject to a separate funding approval process.

Rau Paenga intends to assess Respondents to the ECI contract opportunity on their ability to provide the services in relation to both seismic strengthening and potential future building services replacement to ensure that if the additional building services design coordination scope is added to the project at a later date, the ECI process can continue as smoothly as possible.

During the design phases, the ECI Contractor will be responsible for:

- Developing a construction programme, including logistical planning and project staging. Informing programme forward planning with respect to likely project resources, traffic management.
- Providing design buildability analysis, including site logistics and temporary works, investigating building composition and evaluating interfaces between building elements.
- Identifying and embedding key subcontractors, where required, into the ECI phase to ensure that the buildability and constructability analysis of the design is undertaken at a detailed work stream level.
- Assessing and investigating treatment of construction risks in conjunction with the design team.
- Inputting and verifying the suitability of the BIM model for use as the 'as for construction drawings.'
- Value management input, including exploring alternative systems and materials for structure, envelope and interiors and presenting options to the design team.
- Contribute to the project construction budget information.

The delivery phase of the project will revolve around the execution of the construction management plans, that are required by the construction contract and informed by the Ministry/Rau Paenga's version of the NZCIC. These plans will be drafted, monitored, and managed by the named Construction Manager. All these construction management plans will be drafted and finalised during the PCSA.

ECI Procurement Steps

A two-stage procurement process with market engagement will be applied for this project. The rationale for this is as follows:

- Respondents that have the required capability, capacity and supply chain reach that can deliver the PCSA and building works can be quickly identified.
- Respondents are not required to expend significant time and resources to respond to the ROI opportunity.
- Excessive interaction with the subcontractor market that would directly impact on their other activities is minimised through the two-stage process.

It is anticipated that a market engagement with interested organisations will be undertaken to assess market appetite for the project and to seek feedback on the delivery approach, timeline and market conditions. This will be completed using the Government Electronic Tender Service (GETS) to openly invite parties of the appropriate nature to attend.

Following any feedback and its incorporation into the final documentation, the ROI will be released using GETS with a view to:

- notify the market of the opportunity and the intended delivery approach
- encourage market engagement
- develop the shortlist of Respondents for the next stage.

Individual contractor workshops with the design team will be offered to the shortlisted Respondents only, to provide clarity to the opportunity (if required). Respondents will also be invited and encouraged to provide non-binding comments on the PCSA and construction contract. Section 9(2)(j)

The Ministry/Rau Paenga will consider any non-binding comments received from Respondents and

may decide to update the PCSA and construction contract to accommodate these. If it chooses to do so, the Ministry/Rau Paenga will release the updated 'for Response' versions to all shortlisted Respondents with the RFP.

The closed Request for Proposals (RFP) will be released to the shortlisted Respondents only using GETS.

Interactive sessions will be made available to Respondents prior to the RFP close date. These sessions will be for Respondents to test the proposed methodologies and functional attributes being used in their response (if required).

At the point of submission of their RFP response, Respondents will be required to provide their formal position on the final draft contracts for evaluation.

During the tender evaluation, the shortlisted Respondents will present their response to the evaluation panel. Following that presentation, the evaluation panel will complete the evaluation process and will recommend a preferred Respondent for the Ministry (for the WHC project) and Rau Paenga (for the ADC project) to enter contract negotiations with.

This procurement process will comply with the Ministry's and Rau Paenga's Procurement Policies and the Government Procurement Rules.

Timeline for Construction Procurement for ADC and WHC projects



Table 28: Construction procurement timeline for ADC and WHC projects

HDC project: Approach

Hamilton District Court will utilise a traditional two stage approach to main contractor procurement.

Stage One – ROI: The ROI stage will be used to shortlist respondents to move onto the Request for Proposal (RFP) phase. The ROI phase will primarily consist of organisational information, rather than project specific criteria.

Stage Two - RFP: The RFP Stage will be used to select a single respondent.

The detailed timeline for this procurement will be completed by the Ministry in early 2024. Procurement activities will begin near the end of the Developed Design phase, with the contract awarded in Q3, 2024.

Section 9(2)(j)

Section 9(2)(j)

MBIE has forecast that national, non-residential construction activity will peak in 2023. It is anticipated that this will be followed by a 'modest fall' in activity through to the end of 2027. This may mean that firms in the industry become 'hungrier' to obtain new work and therefore offer more competitive pricing. The Ministry's/Rau Paenga's role as a client will be to ensure that this does not lead to further unsustainable margins for contractors as has been seen in recent years. Furthermore, approximately 40% of all building work in New Zealand is currently undertaken in Auckland, which will continue to make it an attractive market for construction firms. While growth is expected to slow somewhat over the next few years, infrastructure spend is forecast to increase meaning that government as a Client may become more important to a wider range of firms.



The New Zealand subtrade market has also been impacted by critical under investment in skilled people and ongoing training, due to margins being squeezed in traditional price orientated tender processes driven by Client and Main Contractor behaviours. New Zealand's subcontractor market is dominated by small to medium family run businesses that tend to operate on a more relational basis with limited desire (or ability) to expand or even quote on major infrastructure projects that are perceived to have a higher degree of risk for lower margins. Ensuring this project provides opportunities for skills development in the construction sector provides an opportunity for the project to contribute to Broader Outcomes.

Risk acceptance and management





Market Engagement

An Advance Procurement Notice will be issued on GETS to invite interested parties to attend an open market briefing for all project in accordance with the timelines outlined above. The Ministry/Rau Paenga will include an option for parties to request individual engagement sessions. Section 9(2)(j)

ROI and RFP Approach

ROI

The ROI's key objective is to select a shortlist of Respondents that can proceed to the second step in the process, the RFP. The Ministry/Rau Paenga can continue to develop the tender documents during and as a result of the ROI process.

Following the ROI shortlisting decision, The Ministry/Rau Paenga may provide more informed project information to the shortlisted Respondents through additional briefings or individual workshops to better communicate the project outputs.

Proposals will be evaluated on their merits according to the evaluation criteria outlined below, using a weighted attribute model:

Respondents must comply with the following to be considered:

- Health and Safety Compliance Details
- Financial capacity

The responses obtained from the open market will be evaluated against weighted criteria.

RFP

In the second step, only the shortlisted Respondents would be invited to submit a detailed priced proposal in response to an RFP.

Respondents will be asked to confirm any changes to the Health and Safety information provided during the ROI stage of the procurement process. If a Respondent no longer meets the pre-conditions because of this change, they will not be considered further.

Evaluation Panel & Decision Making





The Ministry will also need additional funding to what has already been committed for the major work needed for Papakura, Waitakere and Rotorua Courthouses.

Contract Management

For the ADC project, the Rau Paenga Contract Manager will be advised (Rau Paenga Project Director). For the WHC and HDC projects, the Ministry's Contract Manager will be advised (Project Manager).

A Contract Management Plan will be developed and that will include:

- Kick-off meeting
- Regular reporting, milestones, and project meetings
- Performance management monitoring
- Visibility to future work effort required
- A project close-out meeting

Potential for risk sharing

ADC project

The table below summarises the approach to a range of general, design & procurement risks.



Section 9(2)(g)(i)

WHC & HDC projects

The table below summarises the approach to a range of general, design & procurement risks for the WHC project.

Type of Risk

Ministry Construction Notes Contractor

General Risks

Section 9(2)(g)(i)



Financial Case

This Financial Case outlines the investment required under Option C, which requires up to \$150.413 million capital and \$31.700 million project operating funding over FYs 2023/24 to 2027/28 (plus \$11.158 million per annum associated depreciation and \$7.521 million per annum capital charge) for the seismic upgrades of Auckland District Court, Hamilton District Court and Wellington High Court. This will be funded mainly from the Justice Property Health and Safety Remediation Tagged Capital and Operating Contingencies plus additional funding from the Ministry of Justice's balance sheet and baseline. The investment is expected to have an in-service life cycle of 12 to 15 years from FY 2028/29.

This Financial Case (Appendix B, second table) also provides a breakdown of the additional Section 9(2)(j)

required to concurrently replace the end-of-life infrastructure at Auckland District Court.

Summary

This Financial Case confirms that the capital and operating expenditure required under Option C can be funded from a combination of the Justice Property Health and Safety Remediation Programme Tagged Capital and Operating Contingencies and the Ministry's existing balance sheet and baseline funding. The Tagged Contingencies will need to be rephased to match the phasing of the capital and operating expenditure of Option C.

The capital expenditure comprises \$150.413 million over the project period (FY 2023/24 to 2027/28) including \$4.824 million for initial work (pre-FY 2023/24), mostly detailed design.

The operating expenditure comprises project operating expenditure of \$31.700 million over the project period plus depreciation and capital charge of \$11.158 million and \$7.521 million per annum respectively from FY 2028/29 (the year of entry back into full service).

Both capital and project operating costs include decanting cost, i.e., the cost of moving into and using temporary premises while the seismic works are conducted, and then moving back again. This includes the cost of leasing and fitting out the temporary premises to make it suitable for delivering court services.

The Tagged Capital Contingency will be rephased to fund \$135.629 million of the capital expenditure. The Tagged Operating Contingency will be rephased to fund most of the project operating, depreciation and capital charge. Both Tagged Contingencies will be fully drawn down.

Ministry balance sheet capital of \$14.784 million has funded the initial capital work and will fund most of the final year of the project. The baseline operating funding required to top up the Tagged Operating Contingency funding is relatively modest, including existing capital charge funding of \$0.739 million per annum, existing depreciation funding of \$0.196 million per annum from FY 2028/29, and existing project operating funding of \$0.245 million, \$0.227 million and \$0.090 million in FYs 2023/24, 2024/25 and 2027/28 respectively.

There are sufficient Ministry balance sheet and baseline funds available to provide these required top ups of the Tagged Contingencies.

Section 9(2)(j)

Applying these contingency rates across Option C's capital and project operating costs across the project period results in a required contingency of $\frac{\text{Section 9(2)(j)}}{\text{Section 9(2)(j)}}$. This amount is included in the costs and funding outlined above.

The Whole of Life Cost (WOLC) of Option C has been calculated at \$155.675 million in net present value terms.

The service life of investment from project close and entry into service to asset disposal has been assessed at 12 years for the Auckland District Court and Hamilton District Court seismic works, and 15 years for the Wellington High Court seismic works.

Summary Financial Profile

Table 31 outlines the capital expenditure and matching funding and the operating expenditure and matching funding required under Option C. The funding sources will be a combination of the Justice Property Health and Safety Remediation Tagged Capital and Operating Contingencies and the Ministry's existing balance sheet and baseline funding.

Table 31 Summary Financial Profile	\$m - increase/(decrease)								
							28/29 &		
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyrs	Total	
Capital Expenditure	4.824	22.578	34.916	39.214	36.590	12.291	-	150.413	
Capital Funding - Balance Sheet	4.824	-	-	-	-	9.960	-	14.784	
Capital Funding - Tagged Contingency	-	22.578	34.916	39.214	36.590	2.331	-	135.629	
Capital Balance 30 June	-	(0.000)	0.000	0.000	0.000	0.000			
Operating Expanditure Project	0.569	1 525	8 262	0.295	0.604	2 266		21 700	
	0.506	1.525	0.202	9.365	9.094	2.200		31.700	
Operating Expenditure - Depreciation	-	-	2.895	2.895	2.895	7.730	11.158		
Operating Expenditure - Capital Charge	1.478	0.739	1.868	3.614	5.575	7.404	7.521		
Operating Funding - Baseline	2.046	0.984	0.967	0.739	0.739	0.830	0.935		
Operating Funding - Tagged Contingency		1.280	12.058	15.154	17.425	16.571	17.744		
Operating Surplus/(Shortfall)	-	0.000	0.000	(0.000)	0.000	0.000	(0.000)		

Expenditure

Tables 32 and 33 below provide a breakdown of the capital and operating expenditure.



The capital expenditure outlined in Tables 31 and 32 comprises \$150.412 million over the project period (FY 2023/24 to 2027/28) including \$4.824 million for initial work (pre-FY 2023/24), mostly

2.264

13.025

15.893

18.164

17.401

18.679

2.046

Total

detailed design.

The operating expenditure outlined in Tables 31 and 33 comprises project operating expenditure of \$31.700 million over the project period plus depreciation and capital charge of \$11.158 million per annum and \$7.521 million per annum respectively from FY 2028/29 (the year of entry back into full service).

Both capital and project operating costs include decanting cost, i.e., the cost of moving into and using temporary premises while the seismic works are conducted, and then moving back again. This includes the cost of leasing and fitting out the temporary premises to make it suitable for delivering court services.

There is no ongoing cash operating expenditure. Once the seismic structures have been installed there are no ongoing maintenance or other costs.

All costs include inflation, i.e., are in Nominal terms. See Appendix A for a detailed list of assumptions and Appendix B for a further breakdown of expenditure.

Funding

On 6 April 2020 Cabinet approved Tagged Capital and Operating Contingencies for funding the Justice Property Health and Safety Remediation Programme including the seismic works for Auckland District Court, Hamilton District Court and Wellington High Court that now comprise Option C [CAB-20-MIN-0155.20].

The funding remaining in these two Tagged Contingencies is included in the Table 31 Summary Financial Profile and shown in Tables 34 and 35 below.

Table 34 Tagged Capital Contingency	\$m - increase/(decrease)							
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	28/29 & Outvrs	Total
Justice Property Health & Safety	110 20/21	2020/21	202 1/20	2020/20	2020/21	2021/20	o utyl o	Total
Remediation Programme - Tagged Capital								
Contingency	-	47.470	67.815	20.344	-	-	-	135.629
Requested Rephasing	-	(24.892)	(32.899)	18.870	36.590	2.331	-	0.000
Requested Drawdown	-	(22.578)	(34.916)	(39.214)	(36.590)	(2.331)	-	(135.629)
Balance	-	-	-	-	-	-	-	-

Table 35 Tagged Operating Contingency	\$m - increase/(decrease)							
							28/29 &	
	Pre 23/24	2023/24	2024/25	2025/26	2026/27	2027/28	Outyrs	
Justice Property Health & Safety								
Remediation Programme - Tagged								
Operating Contingency	-	3.000	9.000	15.000	17.744	17.744	17.744	
Requested Rephasing	-	(1.720)	3.058	0.154	(0.319)	(1.173)	-	
Requested Drawdown	-	(1.280)	(12.058)	(15.154)	(17.425)	(16.571)	(17.744)	
Balance	-	-	-	-	-	-	-	

These tables show the existing Tagged Contingencies, rephasing and drawdowns now required to fund most of the expenditure under Option C.

The Tagged Capital Contingency will be rephased to fund \$135.629 million of the capital expenditure. The Tagged Operating Contingency will be rephased to fund most of the project operating, depreciation and capital charge. Both Tagged Contingencies will be fully drawn down.

Ministry balance sheet capital of \$14.784 million has funded the initial capital work and will fund most of the final year of the project: see Table 31. The baseline operating funding required to top up the Tagged Operating Contingency funding is relatively modest, including existing capital charge funding of \$0.739 million per annum, existing depreciation funding of \$0.196 million per annum from FY 2028/29, and existing project operating funding of \$0.245 million, \$0.227 million and \$0.090 million in FYs 2023/24, 2024/25 and 2027/28 respectively.

There are sufficient Ministry balance sheet and baseline funds available to provide these required top ups of the Tagged Contingencies.

Risks and Uncertainties

The Risk Profile Assessment on Option C has been assessed at Medium.

On this basis, a stochastic Quantified Risk Assessment was not required.

Section 9(2)(j)

Applying these contingency rates across Option C's capital and project operating costs across the project period results in a required contingency of Section 9(2)(j).

This amount is included in the costs and funding outlined in Tables 31 to 35 above.

Whole of Life Cost (Net Present Value)

The Whole of Life Cost (WOLC) of Option C, including the capital and cash operating costs outlined in Tables 32 and 33 above (excluding depreciation and capital charge), has been calculated at \$155.675 million in net present value terms.

The service life of investment from project close and entry into service to asset disposal has been assessed at 12 years for the Auckland District Court and Hamilton District Court seismic works, and 15 years for the Wellington High Court seismic works. These assessments reflect estimated remaining overall life of each building including not only remaining physical life but also how much longer they will be fit for purpose and meet the needs of the business, i.e., remaining operational life.

This WOLC feeds into the Economic Case for Option C where it is compared with the WOLCs of the other short-listed options.

It also confirms that this investment requires Cabinet approval, in accordance with the delegations set out in CO (19) 6.

Management Case

This Management Case demonstrates the achievability of implementing the preferred Option C - Seismic strengthening upgrades at ADC, HDC and WHC and summarises the arrangements for successful delivery.

The Ministry will collaborate with Rau Paenga to deliver the ADC project. Rau Paenga will provide professional and technical support relating to procurement management, project management, scheduling, cost control, reporting, management of Health and Safety and the measurement of benefits realisation.

The Ministry will directly manage delivery of the WHC and HDC projects, and will leverage the infrastructure delivery knowledge, processes, and systems, gained from the collaboration with Rau Paenga on the ADC project.

Introduction

This Management Case outlines the project management, risk management, cost and benefit tracking systems that will help ensure successful delivery of the ADC, WHC and HDC Projects (the Projects). Much of this information will be determined in more detail in Project Management Plans, which will be prepared for each Project if the preferred option of this Business Case is approved.

The three Projects will be delivered within the same Governance Framework and using the same overarching project methodology. The WHC and HDC Projects will be delivered directly by the Ministry of Justice. The ADC Project, however, will be delivered by Rau Paenga (the Crown's infrastructure delivery agency), on the Ministry of Justice's behalf.

The purpose of Rau Paenga is to support Crown Project Owners, such as the Ministry of Justice, to deliver significant infrastructure projects. Rau Paenga provides a central 'one-stop-shop' of capability and capacity that Crown Project Owners can engage on a project-by-project or programme basis. The benefits of this are:

- The Crown holds a centre of expertise in complex and vertical infrastructure delivery that can be called on when required.
- The significant risks associated with infrastructure delivery can be managed by an agency specifically tasked with managing delivery/construction risk.
- The Crown has an agency with mature project delivery systems, delegations, and cash-flow arrangements specifically established to enable efficient project delivery.

Collaborating with Rau Paenga on delivery of the ADC Project means that the resources needed to lead delivery of this significant project are already in place, enabling the Ministry of Justice to focus on establishing and managing the WHC and HDC Projects. Rau Paenga, under an agreed Letter of Intent with the Ministry of Justice, has begun project establishment and procurement preparation for the ADC Project, so that the ECI PCSA (refer Commercial Case) can be entered into as soon as possible if this Business Case is approved.

Project Methodology (PPM) Strategy and Framework

Delivery of the Projects will be considered successful if they are completed on time, within budget, and meeting the required scope, quality, and benefits identified in this Business Case. The successful delivery of the Projects will be enabled through implementation of a Project Methodology (PPM) based on PRINCE2 principles. PRINCE2 is a proven PPM methodology for guiding investments through a controlled, well manged, and visible set of activities to achieve the desired project outcomes and benefits. The key principles of PRINCE2 PPM that will be applied in the management of the Projects are that the Projects will:

- Be driven by this Business Case
- Have a clear client, being the Ministry of Justice, and Senior Responsible Owner.
- Have clearly defined outcomes, roles, and responsibilities, established at the outset of each Project.

PRINCE2 PPM is built around a set of processes which provide a framework of steps to manage the Projects in a strong yet flexible, powerful without being bureaucratic, manner.

Project Structure

Governance, reporting and engagement.

The governance arrangements for the projects have been developed in accordance with Te Waihanga New Zealand Infrastructure Commission **Major Infrastructure Project Governance Guidance, 2019.** The arrangements are:



Figure 6: Project Management, Governance and Engagement

Property Capital Projects Committee

The Projects will operate under the leadership and guidance of the **Property Capital Projects Committee**. The Committee is chaired by Tina Wakefield (Deputy Secretary, Corporate and Digital Services) and provides project level governance for all capital projects. The Committee will be accountable for success of the projects. The Committee will approve all Plans and authorise any major deviation from agreed scope, budget, or schedule¹⁵. It will be the authority that approves the completion of project deliverables, and will be responsible for:

- Assuring that the Project Management Plans.
- Confirming project scope, budget, schedule, and tolerances.
- Approving changes to scope, budget, or schedule as per agreed tolerances.
- Providing guidance and direction to the project.
- Reviewing project deliverables and approving progression between delivery stages.
- Monitoring risk to the project and ensuring action to mitigate risks.
- Approval of the Project Completion Report.
- Notifying completion of the Project to the appropriate authorities.

The Committee is ultimately responsible for assurance that the project remains on course to deliver the desired outcomes/benefits to meet the Business Case objectives. The roles and responsibilities of the Board and its membership will be described in further detail in Property Capital Projects Committee Terms of Reference, which will be prepared by the Ministry of Justice following approval of this Business Case.

Title	Role/Focus	Committee Role
Deputy Secretary, Corporate and Digital Services	Senior Responsible Officer	Chair
Group Manager Courts and Tribunals	Regional Service Delivery	Deputy Chair
Manager Commercial Services	Procurement	Member
Director Māori Strategy	Te Ao Māori advisor	Member
GM Property	Property	Member
Manager Strategic Finance	Finance	Member
Chief Digital Officer	Senior Supplier: ICT/AV	Member – as required
Regional Manager Southern, Courts and Tribunals	Operational and Service Delivery	Member
Rau Paenga - Director of Programme Delivery	Representative from Rau Paenga	Member (for ADC)

The Property Capital Projects Committee consists of:

Table 31: Property Capital Projects Committee

Investment Committee

The Investment Committee governs the performance of the Ministry's investment portfolio (inclusive of all capital investment), the resulting benefits and the contribution to strategic outcome achievement. The Committee provides enterprise level investment governance oversight and decision making in relation to all approved projects, programmes and sub-portfolios identified in the Ministry's multiyear investment plan.

¹⁵ Will be defined in an agreed Delegations of Authority document between the Ministry and Rau Paenga for ADC.

Project Control Group

Project Control Groups (PCGs) will be established for each Project and will be chaired by the relevant Project Directors/Managers, and include representatives from the Ministry, key consultants, and Main Contractor. The PCG membership will change as the project requires/progresses, but in general each Project Control Group will consist of the following:

The Project Control Group will consist of:

 Director of the Project, responsible for de accountable to the Property Capital Projet Project management and design management 	elivery, and ects Committee.
Project management and design manage	mont convices
	ment services.
Engineer to Contract for Construction Co	ntract
Cost estimation and control	
Engineering, services and architectural d coordination.	esign and
Construction works	
Project Management advise & internal re	elationship liaison
Ministry impacts	
	 Engineer to Contract for Construction Co Cost estimation and control Engineering, services and architectural d coordination. Construction works Project Management advise & internal re Ministry impacts

Table 32: Project Control Group roles & responsibilities

Building User Group

Building User Groups will also be established for the projects. These Groups will:

- Be an information sharing and discussion forum.
- Provide guidance and advice to the Project Delivery Teams on the Business and Building User interface and impacts.
- Ensure recommendations presented to the Property Capital Projects Committee have been tested and examined by the Business and Building Users first.

The members of the Building User Groups will be agreed on approval of this Business Case.

Judicial Reference Group

Judicial Reference Groups will be established for each project. They will include District or High Court representatives as appointed by Heads of Bench, as well as any local judges the Chief District Court Judge determines should be on the Groups. They will provide advice and the perspective of the constitutionally independent judiciary, which shares responsibility with the Ministry for delivering justice through the courts.

The members of the Judicial Reference Groups will be agreed on approval of this Business Case.

Both the Building User Advisory Group and the Judicial Reference Group will be established, managed, and secretariats supported, by the Ministry of Justice.

Project Delivery Team

The Project Delivery Teams will be led by Project Directors/Senior Project Managers, who will report through the Property Capital Projects Committee to the SRO. The general Project Delivery Team structure is set out below. The form of the team may change as each Project progresses through the delivery process.

Role	Responsibility
Project Director/Senior	 Delivery of the Project within scope, budget and timeframes set by the Project Board
Project Manager	Leading the Project Delivery Team
	• Reporting to the Project Control Group and ensuring implementation of directions from this group.
	 Liaison with the relevant Building User Advisory Group and Judiciary Advisory Groups
	 Relationships with contractor(s) and Engineer to Contract
	 Risk management (including development of any contingency plans) and resolution of issues that affect critical path.
	 Maintaining project finance and associated processes
	Change control processes.
	Contract management
	 Ensuring Management Plans, including Health and Safety Management Plan, in place and adhered to.
Procurement Lead	Delivery and management of procurement activities.
Design and Planning Lead	Ensuring design meets functional brief.
	 Managing design review and approval processes, including liaison with Business and Building User Advisory Group
	Maintaining design issue register
	 Obtaining all necessary consents and regulatory approvals.
Project Controls and	Managing the Schedule
Support Lead	 Tracking critical path and changes impacting critical path
	 Analysing and providing advice on impact of delays
	Programme reporting
	 Managing budget, cost, change control processes.
	Risk Register processes and Quantitative Risk Assessment
	Production of reports.
	Benefits tracking
Health and Safety Lead	Preparation of Health and Safety Management Plan
	QA of Health and Safety activities
	Support identification and resolution of Health and Safety risks and issues.
Engagement and Communication Lead	Liaison with Ministry of Justice engagement and communications lead(s).
Project Coordinator	Coordinating change control, variation, contract instruction, and issue resolution

processes

- Managing Health and Safety processes
- Running approval processes
- Support the Project Delivery Team as required.
- Establishing and maintaining project files
- Meeting minutes and action registers.

Table 33: Expected Project Delivery Team

Other specialists

It is anticipated that most of the resources required for managing delivery of the Projects will be resourced internally at Rau Paenga (for ADC Project) and the Ministry (for WHC and HDC Projects). There will, however, be some specialist resource that Rau Paenga and the Ministry will engage to support the relevant Project Delivery Teams (as stated in the Commercial Case), including:

- . Quantity surveying expertise
- BIM delivery and management expertise •
- Independent building commissioning expertise
- **Engineer to Contract** .
- External Project Manager
- External Design Manager
- External Multi-discipline Engineering
- External Architect
- External Legal Services
- **External Probity Advisor**

Project Plan

The key deliverables and milestones are:

Key Project Milestones

Planned Timeframes

Tender, Evaluation & Post-Evaluation (Consultants)



Preliminary Design Complete

Developed Design Complete

February 2024

Detailed Design Complete	March/April 2024		
Tender, Evaluation & Post-Evaluation (Main Contractor)			
Section 9(2)(j)			
Construction (Main Contractor)			
Practical Completion – Main Works	Q3 2027 – HDC, WHC		
	Q1 2028 – ADC		

Table 34: Key Milestones

The project milestones reflect the current status of each Project, but are subject to approval of this Business Case, outcomes of procurement and contracting processes, and for the ADC and WHC Projects, will also be subject to the buildability and scheduling advice of the ECI Contractors.

Some areas of the indicative schedules are understood to be tight. However, as this Business Case outlines, the urgency of the projects requires ambitious schedules. Once the Business Case is approved, each Project Delivery Team will work on a detailed Baseline Schedule for each Project, for approval by the SRO and Property Capital Projects Committee. The Baseline Schedules will be monitored as each Project progresses.

Key decision points

Decision point	Description				
Concept Design Developed Design Detailed Design	Each Design Stage will include review by the Project Control Group (PCG) and the Building User Group prior to SRO approval to proceed to the next phase. Each Design Stage will also include an update on workload demand and				
	forecasts, as well as any revised estimates relating to costs and project timeframes.				
Staging Strategy	Prior to commencement of construction, the project will gain agreement on the Staging Approach, including and decanting requirements, temporary relocations, construction scheduling to minimise impact on users and business operations.				
Commencement of Construction	Prior to approval to commence the Construction phase, the project will provide a formal update to the SRO on alignment back to this Business Case. This provides the opportunity to ensure assumptions, scope, requirements, and costs remain fit for purpose – and specifically that the preferred option remains valid. In the event there are significant variations from this Business Case, an Implementation Business Case may be developed.				
Commencement of Occupation	Prior to approval to commence the Occupation phase, the project will provide a formal update to the SRO that includes consideration of other operational changes (e.g., other Ministry programmes, and development of the Te Ao Mārama operating model in particular), other developments on the site and any operational constraints (e.g., cases in progress).				

The table below summarises key decision points.

Table 35: Key decision points

Project Change Control

In any project, particularly ones with levels of logistical complexity such as these, there are likely to be changes made to budget, scope and/or schedule during delivery. Rau Paenga has established Change Control processes that will be utilised in delivery of the ADC project. Similar Change Control processes will be adopted by the Ministry in delivery of the WHC and HDC Projects. Change Control Plan(s) will set out:

- When change control processes will be used in delivery of the projects
- The steps involved in approving a change
- The approval levels that are required for each change.

The process will implement best-practise, including:

- Oversight of the change process via a central change register
- Clear responsibility on the Project Director/Senior Project Manager for ensuring that agreed change is implemented.
- Regular reporting of changes at governance meetings.

Dependencies

There are no other specific project management dependencies other than those identified in the Strategic Case.

The project will use a Dependencies Register to identify, track, and manage all key dependencies. This will include a formal working session and review at least once every quarter, with reporting up to the Property Capital Projects Committee.

Regular engagement through the PCG will provide a channel for testing assumptions and site-related dependencies as these arise.

Business / building user change management

Change Management focuses on the change that affects business processes and people for the three projects during, and because of, delivery of the Project.

Delivery of the project will impact the culture, systems, processes, and people working within the ADC, WHC and HDC buildings, both during the project works, and after project completion. In general, the Ministry will pursue a change management and project delivery approach that seeks to minimise as much as possible disruption to business and building users.

Change will need to be managed and embraced by individuals working within and on the building, and a **Business Change Management Strategy** will be prepared and owned by the Ministry of Justice. This Business Change Management Strategy will assess the potential impact of the project works on the culture, systems, processes, and people working within the building and will set out in full the Ministry's change management strategy, together with underpinning communication and any training strategies needed.

A Staging and Decant Strategy will be developed for each Project, which will look to reduce, as much as possible, the impacts on staff. This will be formally approved by the Building User Group and Property Capital Projects Committee (see Figure 6) prior to construction.

Risk Management

Risk management strategy

Risks to successful delivery of the project will be managed proactively and in a structured manner in accordance with best-practise risk management techniques:

- Possible risks will be identified in advance and mechanisms put in place to minimise the likelihood the of the risk materialising.
- Risks will be monitored, and a risk register will be kept up to date.
- Risk monitoring will be reported to the Property Capital Projects Committee.

Risk management framework

Risks for the ADC project will be rated in accordance with the defined impact and likelihood criteria established in Rau Paenga's Risk Management Plan which has been endorsed by Rau Paenga's Risk and Assurance Committee. Likewise, risks for HDC and WHC projects will be identified and analysed in line with the Ministry's Risk Management Policy, guidance and principles. The Project Delivery Teams will hold monthly risk management workshops to review and update the Project Risks Registers, including the risk likelihood, consequence, and ensure the appropriate mitigations, measures and actions are in place.

Risk register

#

Key risks to successful delivery of the project are outlined below. A full and detailed Project Risk Register will be maintained by each project.

Risk Description

Risk Mitigation Plan

Pre-Construction Services Agreement (PCSA) Phase Risks



not delivered

ECI Outputs are The expected collaboration, cooperation and relationships models may not be developed as intended. This may result in the relationship, collaboration, and cooperative behaviour and the ECI benefits not being realised.

The agreement will set out KPIs designed to ensure the delivery of ECI benefits. These KPIs will be monitored as per the contract management plan (see Contract Management below).

Section 9(2)(j) and 9(2)(g)(i)

Section 9(2)(j)

Key roles and

The scope/requirements, key roles, and responsibilities responsibilities of all the parties may not be appropriately described or well understood. This may result in the ECI benefits not being realised.

The contract contains the description the roles/responsibilities and scope of services which are reviewed and agreed with the contractor as part of the RFP process.

Construction Phase Risks





Table 41 36: Key Delivery Risks

Benefits Management

The Benefits Map is provided in Appendix C.

The Ministry's EPMO has formal processes in place to record all project benefits, measures, baselines, and targets as well as ongoing reporting. Rau Paenga will utilise their experience in this area to ensure their established Benefits Management Framework, tailored to comply with the Ministry requirements, can be readily applied to delivery of the ADC Project. This will ensure the agreed benefits are managed in a standardised manner that enables the SRO and Property Capital Projects Committee to critically compare risks, costs, and benefits of decisions.

Quality Management

Project Assurance

Project assurance provides independent and impartial assessment that the project's objectives can be delivered successfully and improves the prospects of achieving intended outcomes and benefits. Rau Paenga has an established Quality and Assurance Management Plan which will be adhered to in delivery of the ADC Project. The HDC and WHC projects will follow the Ministry's Project Assurance Framework and the Ministry's portfolio and project risk management practices.

Court Design Standards

The Court Design Standards Committee will not be required to approve the designs, but the projects will ensure all designs are consistent with the Court Design Standards and may seek feedback from the Judicial Advisory Group. Where required, design challenges may be tested with the Court Design Committee.

Post Project Evaluation

After completion of the project, the Ministry of Justice will monitor operation and performance of the completed works, and 12 months post Practical Completion, will prepare a Project Completion Report covering both project implementation After completion of each Project, the Ministry will monitor operation and performance of the completed works, and 12 months post Practical Completion, will prepare a Project Completion Report covering both project implementation Report covering both project implementation and performance of the completed works, and 12 months post Practical Completion, will prepare a Project Completion Report covering both project implementation and post evaluation reviews. The purpose of post-project evaluations will be twofold:

- To improve project delivery through lessons learnt during the project delivery phase ("project implementation review")
- To appraise whether the project has delivered its anticipated outcomes and benefits ("post evaluation review").

The Project Completion Reports will detail:

- An appraisal of the final deliverables against the anticipated outcomes and benefits of the Business Case.
- Lessons learnt.
- What management and quality processes went well, badly, or were lacking.
- A description of any abnormal events causing deviations
- An assessment of technical methods and tools used.
- An analysis of Project Issues and their results
- Recommendations for future enhancement or modification of the project management method.

Next Steps

This Single Stage Business Case seeks formal approval from Cabinet to progress the implementation of the preferred option. One of the immediate next steps will be an announcement of the project, which will provide a platform for stakeholder engagement through the remainder of the design phase.

Appendix A: Financial Assumptions

N.	Assumption
1.	Construction period Auckland District Court April 2024 to March 2028; Hamilton District Court and Wellington High Court July 2024 to September 2027.
2.	Source of seismic remediation costings for Auckland District Court: White & Associates Estimate 3 May 2023; Hamilton District Court and Wellington High Court: Rider Levett Bucknall (RLB) Estimates 1 May 2023.
3.	Additional capital allowances for Auckland District Court: Fire Systems: \$2 million; IT and Audio Visual Systems: \$1.5 million; Furniture, Fixtures and Office Equipment: \$1 million; Wellington High Court: Fire Systems: \$1 million; IT and Audio Visual Systems: \$0.500 million.
4.	Additional operating allowances for Decanting General and Management for Auckland District Court: \$6 million; Hamilton District Court: \$1 million; Wellington High Court: \$1 million.
5.	Service life of investment from project close and entry into service to asset disposal: Auckland District Court and Hamilton District Court: 12 years; Wellington High Court: 15 years. These lives are used to calculate depreciation.
6.	Other lives used for calculating depreciation: IT and Audio Visual Systems: 10 years; Furniture, Fixtures and Office Equipment: 10 years.
7.	Phasing of capital and project operating expenditure over the construction period is as advised by Ministry Property.
8.	Decanting Leasehold Fitout or Works is undertaken in the temporary leased premises prior to the decant, and the cost is treated as capital expenditure and depreciated over the period of the lease, in this case FY 2023/24 to 2027/28.
9.	There is no material impact or accelerated depreciation in respect of existing interior fitout, due to the invasiveness of the seismic works being limited to relatively small surface areas that will be restored after the works.
10.	The costings allow for a mix of removal and re-instalment and some replacement where required of equipment and fixtures.
11.	There is no ongoing cash operating expenditure. Once the seismic structures have been installed there are no ongoing maintenance or other costs.
12.	Project operating expenditure includes concept design, business case development, Decanting General including Management and Decanting Lease costs.
13.	Capital expenditure includes preliminary design, detailed design, developed design and Decanting Leasehold Fitout or Works.
14.	Section 9(2)(j)
15.	Inflation rate per annum: 8.4% (FY 24), 6.7% (FY 25), 5.0% (FY 26), 3.3% (FY 27), 3.0% (FY 28). This projection is based on Statistics New Zealand Capital Goods Price Index for Non-Residential Buildings (S61102) Actual for Year Ended December 2022 (FY 23 mid-point) of 10.1% less 1.7% per annum mean rate of decrease as calculated in Quantified Risk Assessment workshop for Tauranga Innovative Courthouse Financial Case with Broadleaf Capital International NZ Limited.
16.	Contingency is applied to capital and project operating and totals Section 9(2)(j).
17.	Section 9(2)(j)

18.	Existing Ministry cash in balance sheet for top up of Tagged Capital Contingency: \$14.784 million.
19.	Capital Charge rate: 5% per annum.
20.	Discount Rate for calculating Whole of Life Cost net present value: Public Sector Discount Rate: Specialist Buildings: 7.1% Nominal.
21.	Revaluations: Funding for impacts of revaluations on depreciation will be separately sought as part of external Budget and Justice Cluster process for revaluation impacts across all Ministry buildings.
22.	Ministry Staff: Nil change.
23.	GST: All costs are GST exclusive.

Appendix B: Breakdown of Expenditure

Breakdown of Expenditure	Туре	QS Costing	Phased \$	Total	Incl Inflation	Total	Incl Cont.	Total												
Auckland DC		\$2023	FY 24	FY 25	FY 26	FY 27	FY 28	FY 24-28	FY 24	FY 25	FY 26	FY 27	FY 28	FY 24-28	FY 24	FY 25	FY 26	FY 27	FY 28	FY 24-28
OS Design & Management	Capax														_		_		_	
Compliance & Consorting	Сарех																			
Early Contractor Involvement	Сарех																			
Early Contractor Involvement	Capex										_									
MOJ Resource & Other Internal	Capex																		// -	
Decanting General Incl Management	Project Opex		-																	
Decanting Leasehold Fitout or Works	Capex																			
Decanting Lease	Project Opex																			
Insurance, Legal, Audit, Security	Capex																			
Preliminaries & General	Capex																			
Out of Hours	Capex																			
Main Contractor's Margin	Capex																			
Demolition, Deconstruction & Reinstatement	Capex																			
Seismic Strengthening	Capex																			
Fire Systems	Capex																			
IT & AV Systems	Capex																			
Furniture, Fixtures & Office Equipment	Capex																			
Hamilton DC																				
QS Design & Management	Capex																			
Compliance & Consenting	Capex																			
Early Contractor Involvement	Capex																			
MOJ Resource & Other Internal	Capex																			
Decanting General incl Management	Project Opex																			
Decanting Leasehold Fitout or Works	Caney																			
Decanting Lease	Project Oney																			
Incurance Legal Audit Security	Capox																			
Proliminarios & Conoral	Сарех																			
Out of Hours	Сарех																			
Main Contractor's Margin	Сарех																			
Nam Contractor s Margin	Сарех																			
Demolition, Deconstruction & Reinstatement	Capex																			
Seismic Strengtnening	Capex																			
Fire Systems	Capex																			
11 & AV Systems	Capex																			
Furniture, Fixtures & Office Equipment	Capex																			
Wellington HC																				
QS Design & Management	Capex																			
Compliance & Consenting	Capex																			
Early Contractor Involvement	Capex																			
MOJ Resource & Other Internal	Capex																			
Decanting General incl Management	Project Opex																			
Decanting Leasehold Fitout or Works	Capex																			
Decanting Lease	Project Opex																			
Insurance, Legal, Audit, Security	Capex																			
Preliminaries & General	Capex																			
Out of Hours	Capex																			
Main Contractor's Margin	Capex																			
Demolition, Deconstruction & Reinstatement	Capex																			
Seismic Strengthening	Capex																			
Fire Systems	Capex																			
IT & AV Systems	Capex																			
Furniture, Fixtures & Office Equipment	Capex																			
Total																				

This table outlines project costs of \$176.721 million from 2023/24 to 2027/28. This excludes initial pre 2023/24 capital and project operating expenditure of \$4.824 million and \$0.568 million respectively, which bring the total to \$182.113 million. In the Financial Case this is broken down into total capital expenditure of \$150.413 million and total project operating expenditure of \$31.700 million.
Appendix B: Breakdown of Expenditure (cont.)

Breakdown of Expenditure	Quantity	Contingency to	Including	
Auckland District Court	Surveyor	the Mean	Contingency to	
Infrastructure & Seismic Remediation	Base Estimate	(from QRA) (\$2023)	the Mean (\$2023)	
	(\$2023)	(\$2023)	(\$2023)	
	Cooti	$\sim \sim C$	(0)/(3)	
Infrastructure	Secu	0 \sim)(/)(]	
Chiller Pines			/ (— / (J	
Chiller Unit				
Fan Coil Unit				
Air Handling Unit				
Switchboard				
Heating, Ventilation & Air Conditioning Ducting				
Boilers				
Seismic Ceiling Bracing				
Lighting				
Carpet				
Internal Wall Painting				
Passive Fire				
Site Factors (Mainly Out of Hours Work)				
Sub l'otal				
Seismic				
Demolition				
Seismic Solution				
Keinstatement Site Feetere (Meinly Out of Hours Merth)				
Site Factors (Mainly Out of Hours Work)				
Sub Total				
Other Asset				
Europitume Eithinge & Environment				
Furniture, Fittings & Equipment				
IT Fitout - Removal & Reinstatement				
AV Fitout - Removal & Reinstatement				
Sub Total				
General				
Destination & Connect				
Out of Hours Supervision				
Estimating & Design Development				
Contractor's Margin				
Design & Professional Fees				
Insurance				
Legal Fees				
Health & Safety Auditor				
Site Security				
Consents				
Remove & Reinstate Artwork				
Ministry of Justice Internal Costs				
Temporary Location Works				
Decanting				
Sub Total				
Total Reals (\$2023)				
Inflation (Construction Cost Escalation Over Project Period)				
Total Nominals (Future Dollars)				
Contingency: Mean to 85th Percentile				
Total Nominals & Contingency to 85th Percentile				
Capex & Project Opex Pre 2023/24				
Total Auckland District Court Infrastructure & Seismic				
Plus Hamilton District Court & Wellington High Court Seismic (from previous table)				
Equals Auckland, Hamilton & Wellington Seismic & Auckland Infrastructure				
Less Auckland, Hamilton & Wellington Seismic (Option C) (Capex & Project Ope (from previous table)				
Equals Top Up of Option C to add Auckland Infrastructure				
Associated depreciation per annum				
Associated capital charge per annum				

Appendix C: Benefits Map



Figure 7: Benefits Map

Appendix D: Auckland DC %NBS assessment

2014 Detailed Assessment		C5 (Yellow Book) Review		
%NBS Score	Critical Issues/Remarks	%NBS Score	Critical Issues/Remarks	
	Precast Floori	ng		
N/A	The Original Drawings show 50mm seating which was qualitatively assessed as adequate.	90 - 100 <40 (low seating)	The score is governed by loss of seating of units on blockwork and RC walls. Site investigation found that some units seating serve as low as 30mm. Note: Very few units have this secting.	
100		<50	Governed by nadequate detailing on the connections.	
	Concrete Fran	ne		
>100		70	load / shear limitation	
>100		>100		
>100		19400		
	Diaphragms	5	and the second	
50	mine	70	Revised assessment methodology increases the rating	
100	° C0,	100		
90	This considers local redistribution of forces within diaphragm non- ductile mesh.	60	C5 Yellow Book does not allow the contribution of non-ductile mesh for the diaphragm calculation.	
2 70	This considers local redistribution of forces within diaphragm non- ductile mesh.	40	C5 Yellow Book does not allow the contribution of non-ductile mesh for the diaphragm calculation.	
	Shear Walls			
50	Governed by shear capacity on Grid A	55	Governed by shear capacity on Grid A and openings.	
>100		>100		
	Blockwork			
80		90		
	Foundation			
	2014 %NBS Score N/A 100 >100 >100 >100 50 100 50 100 50 100 50 100	2014 Uetailed Assessment %NBS Critical Issues/Remarks Precast Flooring N/A The Original Drawings show 50mm seating which was qualitatively assessed as adequate. 100 Concrete France >100 Diaphragma >100 Diaphragma 50 This considers local Peristribution of forces within diaphragm non- ductile mesh. 50 This considers local Peristribution of forces within diaphragm non- ductile mesh. 50 This considers local redistribution of forces within diaphragm non- ductile mesh. 50 Governed by shear capacity on Crid A. 50 Governed by shear capacity on Crid A. 50 Governed by shear capacity on Crid A. 50 Shear Walls 50 Shear Walls 50 Governed by shear capacity on Crid A. 50 Shear Walls	2014 Uetailed AssessmentC5%NBS ScoreCritical Issues/Remarks%NBS Score%NBS ScoreScore%NBS ScorePrecast Floor100N/AThe Original Drawings show 50mm seating which was qualitatively assessed as adequate.90 - 100 100100Concrete Frame100Concrete Frame>1002100>1002100>1002100>10070 (low) seating)10070 (low) seating)10070 (low) seating)10070 (low) (low)10070 (low) (low)5070 (low) (low) seating)50The onsiders local redistribution of forces within diaphragm non- ductile mesh.50This considers local redistribution of forces within diaphragm non- ductile mesh.50Coverned by shear capacity on Crid A.50So coverned by shear capacity on Crid A.5100So coverned by shear capacity on	

Figure 8: Auckland DC %NBS ratings

Appendix E: Severe weather events impact

During the development of this Business Case there have been two incidents of building closure in Auckland, one at Auckland High Court and one at Auckland District Court. These issues highlight the reality of the threat of infrastructure failure related building closure. A high-level summary of each event is provided below.

Event 1 - Flood at Auckland High Court - 9th January 2023

On Monday 9 January 2023 Auckland high Court experienced a flood resulting from a fan coil unit pipe bursting due to age. This is a crucial part of the building HVAC system. The affected areas, which were submerged in water, included two Judges chambers and three Associates offices and the corridors, Law Library and two Courtrooms.

The damage caused by the flooding included ruined carpets, extensive ceiling tile damage, power disrupted and HVAC having to be turned off while repairs took place.

The remediation, at a direct cost of circa \$200,000 included:

- removal of all furniture, equipment, and books etc
- carpet replacement
- ceiling tile replacement
- electrical repairs wiring, lighting, ICT cabling and wireless nodes
- room and ceiling drying fans on for 24/7
- targeted pipe replacement

There was significant disruption to activities with all the affected rooms unavailable for approximately three weeks and room occupants temporarily relocated. It is fortunate that this event happened during the quietest month of the year, as the majority of courts and facilities were at low use. Should the flood have happened in any other month of the year, the impact and delays on justice services would have been far more severe.

Event 2 - Extreme Weather event at Auckland District Court - 27-29 January 2023

The 27-29 January 2023 extreme-weather event resulted in a large volume of rain falling on the fourth-floor roof, which has a large, flat atrium area. From this area, a narrower tower rises, housing an additional 9 floors. The volume of water overwhelmed the building's drainage capacity, with water entering levels one to four. Across the four levels the water flowed down lift shafts and various service channels, soaking ceiling tiles, walls, and carpet. The leaks had a major impact on mechanical and electrical services, IT, and communications equipment within courtrooms. The problem was caused by inadequate drainage.

As a result, the entire building was unavailable for a week and all court rooms unavailable for a period of 2-3 weeks. The four courtrooms most impacted will be unavailable for up to 3 months as they require a full refurbishment, all of which will have a significant impact on access to justice services. Building services (e.g., lifts, lights, ICT) are vulnerable to increased failure due to the ongoing impact of having been immersed in water.

Remediation Facts

- 8000L of water removed from Level 4 immediately following the flood.
- 527 sheets of GIB used on Levels 1 & 3 alone.
- Estimated to have removed 1740m² of carpet.
- Estimated people hours to remediate circa 3000 4000 hours.

- Approximately 10 large skip bins used.
- Key ICT equipment replaced across the four levels.

Costs

 Circa \$2m of direct remediation costs and an additional circa \$6m required for atrium roof permanent fix and refurbishment of four courtrooms (3,5,8,9).

In 2022 a total of 115.5 court sitting days were unavailable due to courtroom maintenance and a total of 234.5 court sitting days have been allocated to courtroom maintenance so far in 2023. The table below shows a breakdown of lost sitting days by month.

Year	Date	Court sitting day
2022	Jan	1
	Feb	3
	Mar	2.5
	Apr	11
	May	1
	Jun	13.25
	Jul	33.75
	Aug	24
	Sep	24
	Oct	1
	Nov	1
2022 Total		115.5
2023	Jan	7
	Feb	130.5
	Mar	93.75
	Apr	3
2023 Total		234.25
Grand Total		349.75

Table 37: Lost Court sitting days by month.

In the Auckland District court there are an average of 1,500 events completed, over a week, 6,000 completed events over 4 weeks, and 36,000 completed events over 6 months. During the Auckland flooding period (30/01/2023 to 12/02/2023) Auckland District court was only able to complete around 20% of their normal events. The stats below show the potential impact on events if the Court was to operate at 20% completion.

Duration	Impact
1 week	1,200 less events would be completed
1 month	4,000 less events would be completed
6 months	28,800 less events would be completed

Table 43 38: Impact on Court events at ADC, operating at 20% completion

Appendix F: Scope of works at Auckland DC

The following works are out of scope of this Business Case but help to provide the full picture in terms of the total remediation effort required. Where necessary, the works will be coordinated to minimise operational disruption.

REF #	Priority	Project Code	FMIS Project Name	Project Detail	
UR004	32	1294	Auckland District Court Sexual Violence Rooms	Repurposing space on ground level for additional victim waiting space / secure witness room	
UR027	25	1297	Auckland District Court Level 7 Refurbishment	Reconfiguration of staff area	
UR056	38	1326	Auckland District Court Security Facilities Upgrade	Security Facilities Upgrade	
UR080	36	1388	Auckland District Court Family Courtroom Upgrade	Courtroom upgrade	
UR087	29	1381	Auckland District Court Security Staff Facility	Facility upgrade	
UR104	36	1377	Auckland District Court Additional Coroner Chambers	Review the footprint capacity on Level 7 to determine if the two new coroner's chambers can be accommodated on this level, alongside the six existing coroner's chambers already on this level	
UR134	твс		L9 Office Space	More desks for new staff (investigation stage only –	
AM/FM	N/A	1182	Auckland District Court Search Station Upgrade	Engage consultants to prepare concepts for approval, costings for revamping entrance layout to achieve a fit-for-purpose search station.	
Pre UR	N/A	1234 Urgent Façade Repairs		Undertake urgent repairs to the exterior façade to mitigate the Health & Safety risks from loose and falling tiles and debris.	
N/A	N/A	N/A	Emergency Repairs related to the severe weather event on January 27 th	Atrium roof permanent fix and refurbishment of four Courtrooms 3, 5, 8, & 9, Jury Retiring Room 7, and Staff Kitchen Area.	
AM/FM	N/A	01194	 Emergency Lighting 	Emergency lighting improvements required before Building warrant of fitness can be obtained.	
AM/FM	N/A	01125	- Other Works	 Sprinkler pipe works. 	
AM/FM	N/A	01137	-	BMS Upgrade Custodial L1 Air Con Replacement	
AM/FM	N/A	01342		custorial ET All con replacement	

Table 39: Scope of works at Auckland DC