

Hon Ginny Andersen
Minister of Justice

Proactive release – New Tauranga Moana Courthouse Cabinet Paper

Date of issue: 5 September 2023

The following documents have been proactively released in accordance with Cabinet Office Circular CO (23) 04.

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	New Tauranga Moana Courthouse <i>Cabinet paper</i> Ministry of Justice 28 June 2023	Released in part. Information withheld under sections: <ul style="list-style-type: none">• 9(2)(c) to avoid prejudice to measures protecting the health or safety of members of the public• 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions; and• 9(2)(j) to enable the Ministry of Justice to carry on, without prejudice or disadvantage, negotiations No public interest considerations have been identified that would outweigh the reasons for withholding it.
2.	Tauranga Courthouse Project Detailed Business Case Detailed Business Case Ministry of Justice 28 June 2023	Released in part Information withheld under sections: <ul style="list-style-type: none">• 9(2)(c) avoid prejudice to measures protecting the health or safety of members of the public• 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions; and• 9(2)(j) to enable the Ministry of Justice to carry on, without prejudice or disadvantage, negotiations. No public interest considerations have been identified that would outweigh the reasons for withholding it.
3.	New Tauranga Moana Courthouse <i>Cabinet Social Wellbeing Committee Minute</i> [SWC-23-MIN-0081] Cabinet Office 28 June 2023	Released in part. Information withheld under section 9(2)(j) to enable the Ministry of Justice to carry on, without prejudice or disadvantage, negotiations. No public interest considerations have been identified that would outweigh the reasons for withholding it.

Cabinet In Confidence

Office of the Minister of Justice

Chair, Cabinet Social Wellbeing Committee

New Tauranga Moana Courthouse

Proposal

1. This paper seeks approval of a detailed business case for investment of up to \$207.816 million in capital expenditure for a new Tauranga Moana Courthouse. No new funding is required for this investment. The business case proposes funding the courthouse through a combination of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies, and the Ministry's existing balance sheet and baseline funding.

Relation to Government Priorities

2. The Government has made a commitment to justice reform focused on wellbeing, and it is the Ministry's responsibility to ensure New Zealanders can access justice in a safe, secure, and fit for purpose environment.

The current Tauranga Moana Courthouse is no longer fit for purpose

3. The existing courthouse is split over two adjacent, linked buildings, Cameron House (custodial courtrooms) and McLean House (non-custodial courtrooms). The current courthouse buildings have just ten courtrooms in total and only four of these are custodial with no High Court facilities. Forecasts show seven custodial courtrooms are required to meet the short to medium term demand for justice services in the Bay of Plenty area.
4. Investing in a new courthouse in Tauranga will replace existing court facilities that are too small for the growing population, provide for High Court facilities, multi-defendant (up to 10 defendants) capacity and provide a safe and healthy environment for court users.
5. The High Court criminal function for Tauranga is currently served out of Rotorua due to insufficient facilities in the Tauranga Moana Courthouse. Victims and defendants need to travel to Rotorua, creating a barrier to access to justice for the community due to the additional travel time, affordability issues, and the pressure placed on individuals' family commitments. This also places a disproportionate burden on the Rotorua pool of jurors, which is approximately half the size of Tauranga's.
6. Both buildings are no longer fit for purpose and present security risks with court staff, defendants and victims forced to cross paths due to the layout and size of the courthouse. This leads to unwanted interaction between defendants and victims.

There is a lack of appropriate space for staff to work including meeting rooms and private areas, Section 9(2)(c) [REDACTED]. Court staff also feel unsafe, especially when they are near alleged offenders. Section 9(2)(c) [REDACTED]
[REDACTED]
[REDACTED]

7. The existing courthouse does not reflect the Tauranga community nor facilitate the Te Ao Mārama approach to the operation of District Courts including more flexible spaces to enable therapeutic courts, consideration of the needs of victims and collaborative spaces to accommodate other agencies and services.
8. Cameron House also suffers from Section 9(2)(c), Section 9 (2)(g)(i) [REDACTED]
[REDACTED]. The current site does not allow for any meaningful expansion.

In late 2019, the then Minister of Justice announced a new courthouse in Tauranga

9. On 4 December 2019, the Cabinet Social Wellbeing Committee agreed that work be undertaken to establish a new, innovative courthouse in Tauranga and established a Tagged Capital Contingency of \$90.000 million, appropriation of \$2.044 million per annum operating from 2020/21 to 2021/22 and Tagged Operating Contingency of \$2.202 million per annum from 2022/23 to 2024/25 to provide for the building and implementation phase [SWC-19-MIN-0197]. On 6 April 2020, Cabinet approved a further Tagged Operating Contingency of \$11.400 million per annum for the ongoing operating costs of the new building [CAB-20-MIN-0155.09].
10. Cabinet endorsed the indicative business case for a new Tauranga Moana Courthouse on a new site in September 2021 [GOV-21-MIN-0031]. Cabinet agreed that the preferred way forward for the Tauranga Moana Courthouse is to provide a new building on a new site that would allow the courts to be accommodated in a single building (*Option 4 Wellbeing First* in the indicative business case).
11. Since endorsement of the indicative business case, the Ministry has acquired a new site in the Tauranga central business district, cleared the site, engaged a design team, and completed concept and preliminary design for the new courthouse. This has enabled the Ministry to undertake more detailed scoping to inform costs as set out in the attached detailed business case.
12. Unfortunately, the initial preliminary design was significantly more costly than the project budget due to Covid, incorrect initial floor area assumptions, significant inflationary pressure and increased costs as a result of regulatory changes or government policy (for example the need to have a Green Star rating of 5).
13. The Ministry undertook a value engineering exercise to reduce the cost. However, the cost savings were insufficient to ensure the project could be completed within

the original budget (including an inflationary uplift). Subsequently, the Ministry reviewed its approach to delivering the project and is proposing a staged delivery which provides a new custodial building on the new site and an upgrade to the existing non-custodial courthouse McLean House thereby delivering more than two thirds of the original new building, and a lower initial project cost.

14. I am recommending a two stage, more affordable version of *Option 4 Wellbeing First* which was endorsed by Cabinet through the indicative business case. The option is referred to in the attached detailed business case as *Option 4A Wellbeing First* and comprises stage 1. This option provides a good value for money outcome for taxpayers and allows for future choice and flexibility in delivering stage 2. Stage 2 is not being committed to at this time.
15. The option I am recommending requires capital expenditure for stage 1 of **Section (9) (2) (j)** (total of up to \$207.816 million) over the project period of 2020/21 to 2027/28.¹ Just under half of the capital funding (\$90.000 million) will come from the Tauranga Innovative Courthouse Tagged Capital Contingency approved by Cabinet on 4 December 2019 [SWC-19-MIN-0197]. The remaining \$117.816 million will be funded from the Ministry's balance sheet.
16. This option will still allow for further development of the new site, subject to additional funding being available, for stage 2. Stage 2 would allow for the Tauranga Moana Courthouse to be accommodated in a single building. We consider stage 1 represents at least two thirds of the total floor area being delivered with the remaining third being delivered in stage 2.

New Tauranga Moana Courthouse – detailed business case

17. The detailed business case outlines how the investment in the new Tauranga Moana Courthouse facilities will result in improved access to justice, especially regarding High Court facilities and a safe and secure physical environment that helps maintain the integrity of the courts and tribunals. The design will provide flexible infrastructure to ensure the new courthouse will be fit for purpose for future needs. The new facilities will also reflect the local Tauranga community.
18. The proposed option for the new Courthouse *Option 4A: Wellbeing First* places the needs of victims, defendants, and supporters at the centre, through the development of a new building that prioritises flexible space. The thirteen courtrooms under this option (currently there are only 10 in Tauranga) will reflect forecast demand and includes:

¹ From financial years 2020/21 to 2022/23 the Ministry carried out initial preparatory work including land acquisition and demolition at a total capital cost over these years of \$23.457 million (included in the total capital of \$207.816 million).

- seven custodial courtrooms four of which are jury-capable (currently Tauranga has only four custodial courtrooms two of which are jury capable)
- six non-custodial courtrooms
- High Court criminal function (currently delivered in Rotorua)
- dedicated space for victims and families
- space for wrap-around services

19. The proposed option will also address the size of non-custodial courtrooms through the upgrade of McLean House. The final layouts of the custodial courtrooms are still being finalised, but the two largest courtrooms, circa 220m², will accommodate multi-defendant trials involving at least 12 defendants.

20. The Ministry has calculated the Whole of Life Cost (WOLC) (net present value terms) of the options of maintaining the status quo (Option 1) and three versions of Wellbeing First options making the full investment in the new courthouse up front (Option 4), investing in stage 1 only at this time (Option 4A), and investing in Stage 1 now and Stage 2 later (Option 4B).

Whole of Life Cost (WOLC)

Sub-Options	1. Status Quo	4. Wellbeing First (Single stage)	4A. Wellbeing First (Stage 1 only)	4B. Wellbeing First (Stages 1 and 2)
WOLC (Net Present Value)	\$178m	\$303m	\$239m	\$371m

21. Option 4A is the minimum viable option within affordability constraints and requires less investment than other short-listed options except for remaining with the status quo. Option 4A represents the best value for money of the short-listed options based on a comprehensive assessment of costs, benefits and net value,² and is the Ministry's preferred option.

22. The management case confirms the achievability of the Tauranga Moana Courthouse project. The Ministry has the necessary project resources to complete the project and achieve the benefits. The Ministry has plans in place to ensure change management, quality management, risk management and assurance that the project is delivered effectively.

23. A Treasury Gateway review was completed in March 2023 and the project received an amber rating meaning successful delivery is feasible. Key findings and recommendations from the Gateway review have been implemented. These mainly centred around cost and budget pressures due to the current market uncertainty and ensuring our stakeholders and partners are well engaged.

Financial Implications

² The Ministry used the Price Quality Method developed by Waka Kotahi to assess different options. The method considers the qualitative net-value score against cost to provide an indicative benefit-cost assessment.

24. Option 4A requires capital expenditure of **Section (9) (2) (j)** (total of up to \$207.816 million) from 2020/21 to 2027/28. In 2020/21 to 2022/23 the Ministry carried out initial preparatory work including land acquisition and demolition at a total capital cost of \$23.457 million (this is included in the total capital of \$207.816 million).
25. The table below outlines the capital and operating expenditure and matching funding over the project period and first full year in service.
26. The capital expenditure outlined in the table below excludes the contingency amount of **Section (9) (2) (j)**. I recommend that the decision to use **Section (9) (2) (j)** is delegated to the Ministers of Finance and Justice **Section (9) (2) (j)** **Section (9) (2) (j)**, if required, will be funded from the Ministry's balance sheet).

Tauranga Innovative Courthouse – Capital and Operating Expenditure and Funding

	\$m - increase/(decrease)							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Capital Expenditure	5.307	14.637	3.512	Section (9) (2) (j)				
Capital Funding - Balance Sheet	5.307	11.222	-					
Capital Funding - Tagged Contingency	-	3.415	11.485					
Capital Balance 30 June	-	-	7.973	-	(0.000)	-	-	-
Operating Expenditure	9.366	10.250	11.733	8.714	8.904	10.439	12.761	19.947
Operating Funding - Baseline	7.322	8.206	10.533	7.669	7.646	7.616	7.605	7.606
Operating Funding - Appropriation	2.044	2.044	-	-	-	-	-	-
Operating Funding - Tagged Contingency	-	-	1.200	1.045	1.258	2.823	5.156	12.341
Operating Surplus/(Shortfall)	-	-	-	(0.000)	0.000	(0.000)	(0.000)	(0.000)

	\$m - increase/(decrease)						Total
	2028/29	2029/30	2030/31	2031/32	2032/33	33/34 & Outyrs	
Capital Expenditure	-	-	-	-	-	-	Section (9) (2) (j)
Capital Funding - Balance Sheet	-	-	-	-	-	-	
Capital Funding - Tagged Contingency	-	-	-	-	-	-	
Capital Balance 30 June	-	-	-	-	-	-	-
Operating Expenditure	19.725	19.820	19.918	20.019	20.123	20.230	211.950
Operating Funding - Baseline	7.604	7.604	7.604	7.536	8.205	8.830	111.587
Operating Funding - Appropriation	-	-	-	-	-	-	4.088
Operating Funding - Tagged Contingency	12.121	12.216	12.314	12.483	11.918	11.400	96.275
Operating Surplus/(Shortfall)	0.000	-	(0.000)	-	-	-	(0.000)

27. Of the **Section (9) (2) (j)**, \$106.285 million will be funded from the Ministry's balance sheet and \$90.000 million will be funded from the Tauranga Innovative Courthouse Tagged Capital Contingency. Of this \$90.000 million, \$14.900 million has already been drawn down in 2021/22 and 2022/23 for funding the initial land acquisition and demolition works, leaving \$75.100 million remaining in Tagged Capital Contingency.
28. The annual operating expenditure includes project operating during the project period, and ongoing operating, maintenance, depreciation and capital charge. This will be funded from a combination of the Tauranga Innovative Courthouse

Tagged Operating Contingency and the Ministry's existing balance sheet and baseline funding.

29. The tables below outline the remaining Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies established by SWC-19-MIN-0197 and CAB-20-MIN-0155.09 (post rephasing and drawdowns to date) and the final rephasing now required so they match the phasing of the capital and operating expenditure of Option 4A.

Tauranga Innovative Courthouse – Tagged Capital Contingency

	\$m - increase/(decrease)			
	2023/24	2024/25	2025/26	2026/27
Tagged Capital Contingency	2.299	29.788	42.812	0.201
Rephasing	(1.244)	0.148	0.911	0.185
Rephased Balance	1.055	29.936	43.723	0.386

Tauranga Innovative Courthouse – Tagged Operating Contingency

	\$m - increase/(decrease)										33/34 & Outyrs
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Tagged Operating Contingency	3.819	3.819	3.819	3.818	11.400	11.400	11.400	11.400	11.400	11.400	11.400
Rephasing	(2.774)	(2.561)	(0.996)	1.338	0.941	0.721	0.816	0.914	1.083	0.518	-
Rephased Balance	1.045	1.258	2.823	5.156	12.341	12.121	12.216	12.314	12.483	11.918	11.400

Consultation

30. The Ministry of Justice | Te Tāhū o te Ture (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. Feedback received has been incorporated.

Local Consultation

31. The Ministry will continue to undertake significant local consultation including with representatives from local hapu and iwi, the local judiciary, legal profession, community service providers including organisations who work with victims and whānau, and the Ministry's operational teams including court staff, court security and victims' advisors.
32. The judiciary and the local legal profession continue to be concerned about the number and size of courtrooms and the operational impacts and potential security issues of having to move between two buildings. The Ministry considers the number and large size of the courtrooms in the new and upgraded courthouses will be sufficient, and they align with the decision made at the time the indicative business case was approved by Cabinet in 2021. The Ministry will ensure a suitable option is in place to connect the new building with the existing McLean House courthouse. To help mitigate security concerns, there has been recent investment to increase operational capacity of court security.

33. The representatives of local hapu and iwi want to ensure the integrity of their cultural narrative is maintained as part of the staged approach. Their priorities include spaces for whānau, kaumātua and other iwi and hapū representatives. The Ministry will continue to work closely with hapū and iwi so their priorities are considered.

Legislative Implications and Regulatory Impact Analysis

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

Human Rights

35. The proposal has no direct human rights implications under the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993. The Ministry's approach is consistent with the Treaty of Waitangi and demonstrates a commitment to improving Māori Crown relations and working together to create spaces and a building which can enable new ways of working.

Gender Implications

36. There are no direct gender implications arising from this paper. However, acknowledging that women experience family violence and sexual violence at higher rates, there will be gender implications to be considered when designing facilities that will meet the needs of victims. This is a core requirement for new courthouses.

Disability Perspective

37. The Ministry's Property Capital Intentions 2020-2030 commits to aligning with the Disability Action Plan to ensure that justice facilities are fit-for-purpose and are accessible for all New Zealanders.

Publicity and Proactive Release

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

Recommendations

I recommend the Committee:

1. **note** that no new funding is required for this investment;
2. **note** that on 4 December 2019 the Cabinet Social Wellbeing Committee agreed that work be undertaken to establish a new courthouse in Tauranga and agreed an initial appropriation of \$2.044 million per annum operating from 2020/21 to 2021/22 and established the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies of \$90.000 million capital and \$2.202 million per annum operating from 2022/23 to 2024/25 [SWC-19-MIN-0197];
3. **note** that on 6 April 2020 Cabinet agreed to establish a further Tagged Operating Contingency of \$11.400 million per annum ongoing operating from 2022/23 [CAB-20-MIN-0155.09];

4. **note** that on 23 September 2021 the Cabinet Government Administration and Expenditure Review Committee endorsed the indicative business case Option 4 Wellbeing First as the preferred option for the development of a new Tauranga Moana Courthouse site [GOV-21-MIN-0031];
5. **note** that the Ministry has subsequently developed a detailed business case for a preferred Option 4A, a staged and more affordable version of Option 4;
6. **note** the preferred Option 4A provides a new Tauranga Moana Courthouse and upgrade of McLean House for a total of 13 courtrooms; and provides master planning to enable a future addition to this new courthouse to replace McLean House;
7. **endorse** the detailed business case attached as Appendix A;
8. **agree** that the Ministry of Justice proceed with the implementation of Option 4A upon approval of an implementation business case being a new Tauranga Moana Courthouse on a new site containing seven custodial courtrooms and the upgrade of the existing McLean House building and its six non-custodial courtrooms;
9. **agree** that Option 4A will be delivered by the Ministry at a capital cost of **Section (9) (2) (j)** (total of up to \$207.816 million) and associated operating cost to be funded from a combination of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies and the Ministry's existing balance sheet and baseline funding as follows;

	\$m - increase/(decrease)							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Capital Expenditure	5.307	14.637	3.512	Section (9) (2) (j)				
Capital Funding - Balance Sheet	5.307	11.222	-					
Capital Funding - Tagged Contingency	-	3.415	11.485					
Capital Balance 30 June	-	-	7.973	-	(0.000)	-	-	-
Operating Expenditure	9.366	10.250	11.733	8.714	8.904	10.439	12.761	19.947
Operating Funding - Baseline	7.322	8.206	10.533	7.669	7.646	7.616	7.605	7.606
Operating Funding - Appropriation	2.044	2.044	-	-	-	-	-	-
Operating Funding - Tagged Contingency	-	-	1.200	1.045	1.258	2.823	5.156	12.341
Operating Surplus/(Shortfall)	-	-	-	(0.000)	0.000	(0.000)	(0.000)	(0.000)

	\$m - increase/(decrease)						
	2028/29	2029/30	2030/31	2031/32	2032/33	33/34 & Outyrs	Total
Capital Expenditure	Section (9) (2) (j)						
Capital Funding - Balance Sheet							
Capital Funding - Tagged Contingency							
Capital Balance 30 June	-	-	-	-	-	-	-
Operating Expenditure	19.725	19.820	19.918	20.019	20.123	20.230	211.950
Operating Funding - Baseline	7.604	7.604	7.604	7.536	8.205	8.830	111.587
Operating Funding - Appropriation	-	-	-	-	-	-	4.088
Operating Funding - Tagged Contingency	12.121	12.216	12.314	12.483	11.918	11.400	96.275
Operating Surplus/(Shortfall)	0.000	-	(0.000)	-	-	-	(0.000)

10. **agree** the following fiscally neutral rephasing of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies:

Tauranga Innovative Courthouse – Tagged Capital Contingency

	\$m - increase/(decrease)			
	2023/24	2024/25	2025/26	2026/27
Tagged Capital Contingency	2.299	29.788	42.812	0.201
Rephasing	(1.244)	0.148	0.911	0.185
Rephased Balance	1.055	29.936	43.723	0.386

Tauranga Innovative Courthouse – Tagged Operating Contingency

	\$m - increase/(decrease)										33/34 & Outyrs
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Tagged Operating Contingency	3.819	3.819	3.819	3.818	11.400	11.400	11.400	11.400	11.400	11.400	11.400
Rephasing	(2.774)	(2.561)	(0.996)	1.338	0.941	0.721	0.816	0.914	1.083	0.518	-
Rephased Balance	1.045	1.258	2.823	5.156	12.341	12.121	12.216	12.314	12.483	11.918	11.400

11. **authorise** the Ministers of Finance and Justice to jointly approve drawdown of the above tagged capital and operating contingencies upon approval of an Implementation Business Case and to jointly approve the use of the Section (9) (2) (j) [REDACTED];
12. **authorise** the Secretary for Justice to enter into all contractual arrangements to deliver the courthouse project as per the implementation business case; and
13. **note** the Ministry of Justice will update the Ministers of Finance and Justice on progress on the new Tauranga Moana Courthouse in December 2023.

Authorised for lodgement

Hon Kiritapu Allan
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.

New Tauranga Moana Courthouse

Portfolio

Justice

On 28 June 2023, the Cabinet Social Wellbeing Committee (SWC):

- 1 **noted** that no new funding is required for the new Tauranga Moana Courthouse investment;
- 2 **noted** that in December 2019, SWC agreed that work be undertaken to establish a new courthouse in Tauranga, agreed an initial appropriation of \$2.044 million per annum operating from 2020/21 to 2021/22, and established the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies of \$90.000 million capital and \$2.202 million per annum operating from 2022/23 to 2024/25 [SWC-19-MIN-0197];
- 3 **noted** that in April 2020, Cabinet agreed to establish a further Tagged Operating Contingency of \$11.400 million per annum ongoing operating from 2022/23 [CAB- 20-MIN-0155.09];
- 4 **noted** that in September 2021, the Cabinet Government Administration and Expenditure Review Committee endorsed the indicative business case, with Option 4 Wellbeing First as the preferred option for the development of a new Tauranga Moana Courthouse site [GOV-21-MIN-0031];
- 5 **noted** that the Ministry of Justice has subsequently developed a detailed business case for a preferred Option 4A - a staged and more affordable version of Option 4;
- 6 **noted** the preferred Option 4A provides a new Tauranga Moana Courthouse and upgrade of McLean House for a total of 13 courtrooms; and provides master planning to enable a future addition to this new courthouse to replace McLean House;
- 7 **endorsed** the detailed business case attached as Appendix A under SWC-23-SUB-0081;
- 8 **agreed** that the Ministry of Justice proceed with the implementation of Option 4A upon approval of an implementation business case being a new Tauranga Moana Courthouse on a new site containing seven custodial courtrooms and the upgrade of the existing McLean House building and its six non-custodial courtrooms;

9

agreed that Option 4A will be delivered by the Ministry of Justice at a capital cost of **Section (9)(2)(j)** (total of up to \$207.816 million) and associated operating cost will be funded from a combination of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies and the Ministry's existing balance sheet and baseline funding as follows;

	\$m increase/(decrease)						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
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Operating Surplus/(Shortfall)	0,000		(0,000)				(0,000)	

10 **agreed** to the following fiscally neutral rephasing of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies:

Tauranga Innovative Courthouse – Tagged Capital Contingency

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Tagged Operating Contingency	3.819	3.819	3.819	3.818	11.400	11.400	11.400	11.400	11.400
Rephasing	(2.774)	(2.561)	(0.996)	1.338	0.941	0.721	0.816	0.914	-
Rephased Balance	1.045	1.258	2.823	5.156	12.341	12.121	12.216	12.314	11.400

- 11 **authorised** the Minister of Finance and Minister of Justice (joint Ministers) to approve drawdown of the above tagged capital and operating contingencies upon approval of an Implementation Business Case and to jointly approve the use of the Section (9) (2) (j) [REDACTED];
- 12 **authorised** the Secretary for Justice to enter into all contractual arrangements to deliver the courthouse project as per the implementation business case;
- 13 **noted** that the Ministry of Justice will update joint Ministers on progress on the new Tauranga Moana Courthouse in December 2023.

Rachel Clarke
Committee Secretary

Present:

Hon Carmel Sepuloni (Chair)
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Jan Tinetti
Hon Kiri Allan
Hon Priyanca Radhakrishnan
Hon Barbara Edmonds
Hon Willow-Jean Prime
Hon Rino Tirikatene

Officials present from:

Office of the Prime Minister
Officials Committee for SWC

In-Confidence



Ministry of Justice Tāhū o te Ture

Tauranga Courthouse Project

Detailed Business Case (DBC)

Document Information

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Ministry of Justice Tauranga Courthouse Detailed Business Case

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Executive Summary

Introduction

1. This Detailed Business Case builds on the Indicative Business Case endorsed by Cabinet in September 2021. The Indicative Business Case identified Option 4 Wellbeing First as the Preferred Option to develop a new courthouse in Tauranga that addresses the legacy deficits present in the current building, and supports the Te Ao Mārama vision for the operation of the District Courts.
2. Option 4 Wellbeing First remains the preferred option, however, the Ministry proposes to deliver the project through a staged approach.
3. The two stages are:
 - Stage 1: Custodial infrastructure will be moved to the new CBD site, retaining McLean House for non-custodial infrastructure and undertaking a refurbishment of the existing facility, followed by the demolition of Cameron House
 - Stage 2: Transfer non-custodial infrastructure to the new CBD site at a later date, consolidating all court services on the new CBD site
4. This staged approach provides the best value for money, responds to the enhanced understanding of the project requirements, provides future flexibility to accommodate future changes to operations and acknowledges the significant shifts in both the economic and fiscal environment in the intervening time.
5. Over the project period (FY21 to FY28), the required investment is Section (9)(2)(i) million indicative capital expenditure excluding contingency of Section (9)(2) million (up to a total of 207.8 million) and \$9.2 million in operating expenditure.
6. This business case has applied the five-case structure of the Better Business Cases Framework.

Context and case for change

7. The need for cross-sector collaboration has been identified in 'Hāpaitia te Oranga Tangata'. This cross-sector initiative is helping to 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 a better response to criminal behaviour and to deliver better outcomes for everyone who experiences the justice system.
8. 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, means the 'world of light' or the 'enlightened world.' It seeks to incorporate best practice developed in the District Court's solution-focused specialist courts into its mainstream criminal jurisdiction. The shared vision for the District Court is to be a place where all people can come to seek justice, no matter their means or abilities, their culture or ethnicity, or 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.
9. The existing court buildings do not adequately support and enable these strategies and models for change to be realised. The way justice is being delivered is changing; the Tauranga Court design

impedes the ability to deliver justice in new and innovative ways. Furthermore, the physical building constraints compromise the Ministry's obligation to provide a safe environment, which results in potential for harm to occur. In particular:

- I. facilities for victims, defendants, and other users, across both buildings, do not reflect users' needs. For example, there is limited access to wrap-around services which support, restore and rehabilitate through partnership
- II. victims and their whānau often feel unsafe, anxious and unwelcome throughout the process of arriving, waiting and participating. More needs to be done to design spaces which reduce anxiety and address cultural and psychological safety, alongside the prevention of any physical harm., especially when waiting and moving around the court building. This includes addressing the layout of the building to reduce the risk of victims crossing paths with alleged offenders and their whānau/support and increasing the size of the courtrooms to support the wellbeing of victims who report feeling unsafe because of the close proximity to alleged offenders.
- III. **Section 9(2)(c)**
[REDACTED]. Providing safe and appropriate space for court staff to support their wellbeing and safety, supporting and enabling improvement in the quality of their workplace and reducing the risk of contamination or confidential information breach.
- IV. The High Court criminal function for Tauranga is currently run from Rotorua due to insufficient facilities in the Tauranga courthouse. The lack of a High Court criminal function in Tauranga creates a barrier to improving access to justice for the community, with difficulties in travel time, affordability, and pressure on individuals' family commitments, such as childcare. This also places a disproportionate burden on Rotorua's pool of potential jurors, which is significantly smaller than Tauranga's pool.

10. The current Tauranga Court is split over two sites, shown in Figure 3, comprising of Cameron House which accommodates custodial courtrooms, and McLean House which accommodates non-custodial courtrooms.

Figure 1: Tauranga Court – Cameron House and McLean House



11. **Section (9)(2)(f)(iv)** **[REDACTED]** McLean House underwent refurbishment ten years ago, and therefore the building condition is better than Cameron House. The weathertightness issues in Cameron House are significant **Section 9(2)(c)** **[REDACTED]** This building is at the end of its useful life and is now

uneconomic to repair. There is a significant risk of operational failure of this building which impacts on the utilisation of the courts.

Investment Objectives

12. The investment objectives are:

- I. **To enable local access to justice** - Availability of physical courtrooms should not unduly constrain fair and timely access to justice. The design and layout of the courtrooms should enable local access to justice and cater for those with specific accessibility needs such as those with disabilities and impairments. Infrastructure should enable people to be seen, heard, and understood
- II. **To provide a physical environment that helps maintain the integrity of the courts and tribunals** - The physical environment of the Tauranga Court should support the separation of parties. The design should minimise contamination risks that could lead to an event needing to be rescheduled. Separation of parties should contribute to the perception of independence as judges will not cross paths with any other parties. Adequate space should be provided for the Judiciary and Ministry staff to work efficiently.
- III. **To meet current Health, Safety and Security requirements** - The physical environment of the courthouse should be healthy, promote mental and physical wellbeing and safety in design principles should be applied in the design of any new facilities.
- IV. **Provide flexible infrastructure that enables different service delivery models and can meet changing levels of demand (in calendar year 2027)** - The courthouse should be designed in a way that supports resilience for the future in terms of demand, the use of technology, and changing work practices. The design will prioritise opportunities and spaces to provide flexibility for new and enhanced ways of working to deliver better justice outcomes.
- V. **To provide a physical environment that is reflective of the Tauranga Community** - Courthouses are tied to the place and people they serve. They should embody community identity and values. Honouring the whakapapa and mauri of a courthouse environment is necessary to fulfil their civil purpose. In doing so, the delivery of justice is connected with the ongoing project of a thriving community.

The economic case

13. The economic case sets out a range of realistic options and assesses how well they meet the investment objectives set out above to determine the preferred option that delivers best public value to society including wider social and environmental effects.

The Ministry reviewed and reassessed short-list options from the Indicative Business Case (IBC). Option 4: Wellbeing First was confirmed as the preferred option. This option places the needs of victims, defendants and supporters at the centre, through developing a new building that prioritises flexibility, fit for purpose space that meets the forecast demand.

14. This business case assessed three sub options for delivery:

- I. **Option 4: Wellbeing First (Single Stage):** This implements Option 4: Wellbeing First as a single stage, and as per the scope and scale set out above.

- II. **Option 4A: Wellbeing First (Stage 1 only):** This implements the first Stage of Option 4: Wellbeing First only, with the potential to develop a new business case for Stage 2 at a later date. It includes master planning for the potential implementation of a later Stage 2 to preserve that option. At the conclusion of investing in this Option 4A, the Ministry will operate across both the new CBD site and the refurbished McLean House. As such, this represents the minimum viable option for investment.
 - III. **Option 4B: Wellbeing First (Stages 1 and 2):** This implements both Stages of Option 4: Wellbeing First. Unlike Option 4, it does so over two separate stages, and unlike Option 4A it provides an investment decision and commitment now to move onto Stage 2 after Stage 1 has been completed. At the conclusion of investing in this Option 4B, the Ministry will operate on the new CBD site only, with decommissioning and exist of McLean House.
15. This Ministry evaluated each sub-option against investment objectives, benefits and risks equally, to generate a numerical score. Option 4A was assessed as the preferred option as it provides the best value for money, responds to the enhanced understanding of the project requirements, provides future flexibility to accommodate future changes to operations and acknowledges the significant shifts in both the economic and fiscal environment in the intervening time.
16. Option 4A delivers investment in a new courthouse to accommodate:
- i. all custodial functions, including seven courtrooms (increasing capacity by three). Four will be jury capable courtrooms. Of these four, two will be large multi-defendant courtrooms and will be some of the largest courtrooms in the country
 - ii. provision of all High Court functions
 - iii. New, dedicated, fit for purpose space for victims
 - iv. all registry functions for all jurisdictions
 - v. sufficient storage for all records, noting that the design will accommodate future changes in records management
 - vi. sufficient judicial chambers and space for judicial support staff for all jurisdictions
 - vii. new, dedicated space for all NGO's and community service providers
 - viii. new innovative spaces for whānau, kaumātua, and other iwi and hapū representatives
- II. upgrade to McLean House to ensure the courtrooms and associated spaces are fit for purpose for non-custodial services
17. Stage two delivers the new non-custodial courtrooms on the new site, but will be subject to a separate future investment decision. The new site has been planned to accommodate stage two to seamlessly link into the new building delivered in stage one.

Commercial Case

18. The commercial case sets out the key commercial principles and outlines the procurement strategy to best achieve these principles. It also sets out the market engagement process undertaken to date and intended to be undertaken prior to commencing procurement.
19. The Ministry has developed a commercial strategy that demonstrates the preferred option will result in a viable procurement and a well-structured deal between the public sector and its service providers.

20. The commercial strategy seeks to ensure that:

- The Ministry project team have a clear understanding of the requirements of providers of the project – including who the potential providers are, what services they need to deliver, how the Ministry and service provider teams will engage, and when the procurement and services are required.
- The Ministry intends to reach broadly and early across the market. This provides opportunities for the market to optimise its responses, including time to prepare and considering partnering approaches that bring the best of multiple providers.
- Evaluation approaches will be focused on key attributes of personnel with experience in the specific technical professional skills sought, but also the ability to constructively participate in co-design activities.

21. The diagram below sets out our procurement strategy.

Procurements for design, and planning-related services have all been completed. Therefore, the procurement for construction services is the focus of this Commercial Case.

Services that Need to be Procured:

The Ministry has established suppliers for a range of services required for this project.

Construction procurement:

- For the construction procurement, the Ministry is seeking to appoint a main contractor, with **Early Contractor Involvement (ECI)**.
- This Commercial Case assumes that the Ministry selects a **single main contractor for both the new development and the refurbishment** of McLean House. This assumption will be tested via market engagement.

Procurement Plan:

The project Procurement Plan details the following procurement approach:

- **Stage One – ROI:**
 - The ROI stage will shortlist respondents to move onto the Request for Tender phase.
- **Stage Two – RFT and Pre-Construction Services Agreement:**
 - The RFT stage will select a single respondent to move into ECI. The EC Respondent will be offered a Pre-construction Service Agreement, which will outline their expected participation in design.
- Following detailed design, the **ECI Respondent may be offered the opportunity** to enter negotiation under a New Zealand industry standard construction contract.

Key Considerations:

The Ministry will seek to generate interest among the largest NZ based construction companies, and will include the following considerations in its procurement approach:

- Significant and early **market engagement activities**
- Clearly communicating the project's role as part of a **significant long-term capital plan**
- A ROI stage will enable the Ministry to better understand the nature of the market
- **Early Contractor Involvement** with a Pre-Construction Services Agreement to gain early advice
- Consider awarding **early works package**

Financial Case Summary – no new funding required

22. The Financial Case confirms that the capital and operating expenditure required under Option 4A can be funded from a combination of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies and the Ministry's existing balance sheet and baseline funding. No new funding is required. The tagged contingencies will need to be rephased to match the phasing of the capital and operating expenditure of Option 4A.
23. Option 4A requires capital expenditure of **\$207.816 million** and a contingency of **\$207.816 million** (total of up to \$207.816 million) over a project period of FY 2020/21 to FY 2027/28 and has a Whole of Life Cost (net present value of capital and cash operating expenditure over an estimated life of investment

of 65 years) of \$238.520 million. From FYs 2020/21 to 2022/23 the Ministry carried out initial preparatory work including land acquisition and demolition at a total capital cost over these years of \$23.457 million (included in the total capital of \$207.816 million).

24. The \$207.816 million capital comprises the Quantity Surveyor Base Estimate of Section (9)(2)(j) million plus two contingency amounts calculated in the Quantitative Risk Assessment, namely, contingency from base estimate to the mean of \$4.729 million (bringing the total capital to Section (9)(2)(j) million) and contingency Section (9)(2)(j) million (bringing the total capital to \$207.816 million).
25. The Quantitative Risk Assessment (QRA) has calculated that the dominant uncertainty is the rate of inflation/construction cost escalation, followed by uncertainties regarding the cost of the link to McLean House, project duration, McLean House refurbishment cost, Unmeasured Sundries, and Preliminaries and General (P&G) costs.

Management Case Summary

26. The Ministry has undertaken work to ensure the achievability and deliverability of the project. To date, this involves a comprehensive 'Discovery' phase to inform design and progression of the design, with support from competitively tendered architecture services, quantity surveyors and engineering services. Ministry has also made use of the NZ Construction Industry Council guidelines as the basis for all subsequent design phases. An external Project Manager has been procured to manage delivery of subsequent design and construction phases.
27. The Property Capital Projects Committee (CPC) exists to support the Senior Responsible Officer (SRO) in the oversight of Property capital projects proposed, planned, and underway, maintaining responsibility for governing all major property capital investments and subsequent projects and programmes in the property portfolio. A full Terms of Reference for the CPC has been developed and shared with Central Agencies.
28. The Senior Project Manager is responsible for managing the project overall, reporting through to the Manager Capital Delivery, General Manager Property Corporate and Digital Services and the SRO. The Senior Project Manager is supported by a project coordinator, and functional support from other parts of the Ministry in specialist areas (e.g. Communications, Finance, Risk, and Change Management).
29. A Hapū and Iwi reference group has been established to enable local iwi and hapū the means to ensure the design reflects the needs of the local community, and cultural elements.
30. The Ministry have put in place a plan to ensure a successful transition from DBC to implementation business case (ImBC), and through construction. The key steps required from DBC to ImBC include completion of design and procurement of construction.
31. The participative design approach for the Tauranga Courthouse has laid a strong foundation for change management in Tauranga. Those who will be significantly impacted have been involved early, generating a high level of awareness, goodwill and involvement.
32. The approach to change implementation and planning is cyclical. As the programme moves through high-level (and detailed) phases, the stakeholder impact assessment should be revisited and updated. The approach to assessing readiness for change will be developed in mid-2023 and the transition activities in the immediate lead-in to go-live, and the three months post go-live will be developed from 2023 to 2024, as more detail becomes available.

33. The approach to Quality Management follows the Ministry's Project Assurance Framework and the Ministry's portfolio and project risk management practices. The Ministry will receive specialist advice from Architects and Engineers about the quality of the design and construction. This includes the completion of design peer reviews conducted by external consultants through design delivery, and internal engagement with the Courthouse Design Committee and Subject Matter Experts to support design reviews at key milestones.
34. Gateway reviews will occur throughout the development of the Tauranga Courthouse Business Cases.

Strategic Case

Strategic Context

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

35. 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. A loss of confidence in the justice system could affect how society behaves, and how disputes might be resolved and the public protected.
36. The efficiency and integrity of the court experience influences 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, violence prevention programmes, and restorative justice.
37. 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 co-operation.
38. The need for cross-sector collaboration has been identified in 'Hāpaitia te Oranga Tangata'. This cross-sector initiative is helping to 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 a better response to criminal behaviour and to deliver better outcomes for everyone who experiences the justice system.

Te Ao Mārama

39. 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 criminal jurisdiction. The shared vision for the District Court is to be a place where all people can come to seek justice, no matter their means or abilities, their culture or ethnicity, or 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.

Organisational overview – the Ministry of Justice

40. The Ministry of Justice is the lead agency in the justice sector. The Ministry works towards a safe and just New Zealand by:
 - Supporting an integrated justice sector through strong sector knowledge and governance
 - Sharing goals and identifying solutions to improve justice sector outcomes

- Supporting the independent judiciary and the courts
- Administering the legal aid system and the Public Defence Service
- Collecting and enforcing fines and civil debts

Tāhū o te ture – the existing strategic environment

41. The Ministry's strategy comprises seven strategic components that uphold the Ministry's purpose to strengthen people's trust in the law of Aotearoa New Zealand. The Tauranga Courthouse fits within this strategic intent, as outlined below:

Figure 2: Ministry of Justice Strategic Priorities 2023-2027



Improve Justice Outcomes for Māori

42. On 12 December 2019 Hon Andrew Little released 'Turuki! Turuki!' from 'Te Uepū Hāpai I te Ora', and 'Te Tangi o te Manawanui: Recommendations for Reform' from the Chief Victims Advisor.
43. 'Turuki! Turuki!' proposes a set of principles to assist in system transformation including empowering and supporting people who are harmed, that justice services are designed and delivered in partnership with Māori, justice responses consider the whole person and all needs, and services are coordinated and accessible.
44. 'Te Tangi o te Manawanui: Recommendations for Reform' highlights how fundamentally different the historic British approach to justice is to the principles and values of tikanga Māori. In particular, "victims generally have complained about their lack of voice in the current criminal justice system and Māori in particular are highly dissatisfied with the imposed common law model of justice."
45. While it is reasonably well understood that Māori are disproportionately represented in offender statistics, it is less well recognised that Māori are also disproportionately represented as victims.
46. Part of the Government's response to these two reports were commitments to:

Work with Māori on decision-making to improve outcomes across the justice system: Undertake comprehensive system change over time that treats victims with respect and dignity, treats offenders more effectively in order to reduce offending, and makes the system more responsive to community expectations of accountability and harm prevention. The Tauranga Courthouse supports this strategic priority by enabling community and victim / whānau voice through improved design and as a key input into Te Ao Marama.

Bring the Strength of Communities into Courts and Tribunals

47. Communities are meaningful partners to the Ministry. The Ministry seeks to embed community engagement into the core of its operations, listening to and engaging with community groups as trusted partners that will hold the Ministry to account. The proposed investment specifically includes community engagement to help provide a physical environment that is reflective of the Tauranga Community.

Build a Ministry Where All Our People Thrive

48. The Ministry aims to be a place where people can be healthy and safe, and where Ministry staff are able to do their best job because they have the tools and physical environment they need. Many Ministry staff work in challenging, often stressful situations. The current infrastructure does not support a great working environment for all staff.

Reduce the Harm Experienced by Victims and Their Whānau

49. Victims and their whānau must feel empowered and respected when using the justice system. The Ministry seeks to ensure that all victims, no matter their background or circumstance, are safe, supported, and informed when accessing services and facilities. The proposed investment places the needs of victims, defendants and supporters at the centre in designing new and flexible spaces.

Improve Access and Experiences for Participants in Courts and Tribunals

50. People access the justice system in different ways and have different needs. The Ministry's goal is to ensure everyone has access to justice and receives the support they need, regardless of the diversity of their needs. The proposed investment brings the High Court function currently provided in Rotorua back to the local Tauranga community, and creates spatial capacity needed to continue to meet demand for access.

Playing a Leading Role to Deliver an Integrated Sector-Wide Response

51. A well-functioning court system is of fundamental constitutional and societal importance. The court system is currently experiencing significant operational pressure due to insufficient capacity and infrastructure issues, which has resulted in delays.¹ The Ministry will be held to account for the outcomes delivered to communities and will develop shared sector-wide aspirations to drive prioritisation of resources and shape decision making.

Infrastructure uplift and the role of a Participative Approach Court in Tauranga

52. There are significant challenges with Tauranga's court infrastructure that need to be addressed. People need the right tools and infrastructure to succeed. Court staff have highlighted a need for

¹ Vote Courts 2020 Briefing for the Incoming Minister, 2020

workspaces and facilities that support their different roles, especially when they are working directly with victims and defendants.

53. Following the previous Minister's announcement for a new courthouse for Tauranga in late 2019, which would serve as a model for future courthouse design, the IBC was prepared and subsequently the Cabinet Committee agreed to progress Option 4: Wellbeing First on 23 September 2021.

The Case for Change – Why must investment occur in Tauranga, now?

54. The High Court criminal function for Tauranga is currently run from Rotorua due to insufficient facilities in the Tauranga courthouse. The lack of a High Court criminal function in Tauranga creates a barrier to improving access to justice for the community, with difficulties in travel time, affordability, and pressure on individuals' family commitments, such as childcare. This also places a disproportionate burden on Rotorua's pool of potential jurors, which is significantly smaller than Tauranga's pool.
55. The Tauranga Courthouse project seeks to address infrastructure issues such as air quality and weather tightness within Cameron House. **Section (9)(2)(f)(iv)**
This has made this building one of the top priorities for funding and replacement in the Ministry's 30 Year Investment Choices work.
56. The facilities for victims, defendants and participants in other processes are outdated and do not reflect the needs of users. There is limited access to wrap-around services which support, restore and rehabilitate through partnership. Investment in new facilities will enable modern fit-for-purpose facilities that enable safety, reduce contamination and enable co-location of wrap around support services.
57. Victims and their whānau often feel unsafe, especially when waiting and moving around the court building. This is driven by the layout of the courthouse where victims may cross paths with defendants and their whānau/support. The small size of the Tauranga court means victims also feel unsafe in the courtroom where they are in close proximity to defendants.
58. Participants and their whānau often feel anxious and unwelcome throughout the process of arriving, waiting and participating. More needs to be done to design spaces which reduce anxiety and address cultural and psychological safety, alongside the prevention of any physical harm.
59. Tauranga court staff report feeling unsafe due to contamination² issues, where court staff and defendants are forced to cross paths, and a lack of appropriate space for staff to do work and have breaks in.³
60. **Section 9(2)(c)**

² In this context contamination means a situation where parties to an event come into physical proximity in a way that does or could be perceived to impact the conduct of the event. This also applies to the movement of court information such as files.

³ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

Section 9(2)(c)

61. Three out of four courtrooms within Cameron House are too small, and do not comply with Courthouse Design Standard requirements, creating utilisation issues and leading to delays and an increasing number of active cases. While courtrooms in McLean House are suitable for most civil cases, the Environment Court has been required to rent external facilities in Tauranga, as current facilities have not met needs.
62. The Tauranga Courthouse project is a model for future courthouse design in New Zealand. Linking back to the 12 December 2019 announcement, the courthouse:
- Design is being developed in conjunction with iwi, the local community, the judiciary, the legal profession, and court staff.
 - Draws on Te Ao Māori values.
 - Directly addresses victims' safety needs.
63. Māori are disproportionally represented in Aotearoa New Zealand's criminal justice system. The approach to developing the Tauranga court recognises this, aiming to reflect Te Tiriti o Waitangi partnership and improve outcomes for whānau Māori. This strategic priority is fundamental to the development of the Tauranga Courthouse.
64. The current Tauranga Court is split over two sites, shown in Figure 3, comprising of Cameron House which accommodates custodial courtrooms, and McLean House which accommodates non-custodial courtrooms. Section 9(2)(c)
- McLean House underwent refurbishment ten years ago, and therefore the building condition is better than Cameron House.

Figure 3: Tauranga Court – Cameron House and McLean House



Problem Statements

65. The problems the proposed investment will need to address are:

Section 9(2)(c)

- Physical building constraints compromise the Ministry’s obligation to provide a safe environment, which results in potential for harm to occur.
- The monocultural design of the building precludes effective community engagement and is detrimental to the ability to deliver people-centred social and justice outcomes.
- The way justice is being delivered is changing; the Tauranga Court design impedes the ability to deliver justice in new and innovative ways.

66. These problem statements are explored further in the existing arrangements under each investment objective.

Investment Objectives

67. The facilitated Investment Logic Mapping (ILM) workshops included development of the project investment objectives.

Table 1: Investment Objectives agreed by key stakeholders

Investment Objectives
1 To enable local access to justice.
2 To provide a physical environment that helps maintain the integrity of the courts and tribunals.
3 To meet current Health, Safety and Security requirements.
4 Provide flexible infrastructure that enables different service delivery models and can meet changing levels of demand (in calendar year 2027).
5 To provide a physical environment reflective of the Tauranga Community.

68. Each investment objective is considered through the lenses of existing arrangements and business needs in the next section, grounding the existing arrangements in court user experiences.

Existing Arrangements & Business Needs

Investment Objective One: To enable local access to justice

Existing Arrangements

High Court

69. There is no permanent High Court in Tauranga, with cases instead being sent to Rotorua. Tauranga is New Zealand’s fifth-largest city; not providing a High Court criminal function hinders access to justice for Tauranga’s large population. Victims and defendants involved in the High Court may be required to travel for multiple court events, which creates an access barrier.

Courtroom size

70. Three out of four courtrooms within Cameron House are too small, and do not comply with Courthouse Design Standard requirements. These courtrooms are not suitable for all court events,

creating utilisation issues and leading to delays and an increasing number of active cases. Courtroom 1 in Cameron House is the only courtroom that complies with Courthouse Design Standards, as a result it is well-utilised compared to other courtrooms.

Table 2: Cameron House courtroom size and utilisation

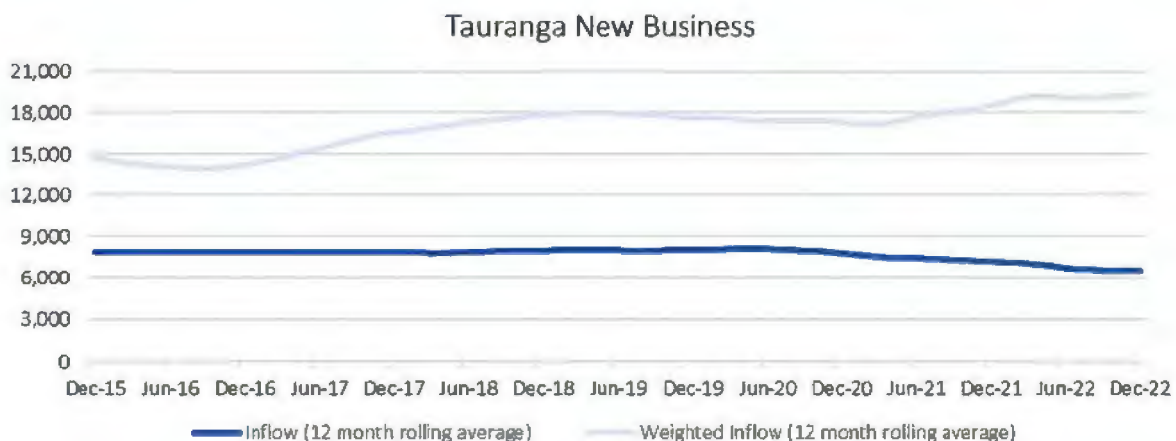
Location	Courtroom	Tier ⁵	Required size	Actual size	Compliant with Courthouse Design Standards?	Utilisation
Cameron House	Courtroom 2	1	180 - 360 sqm	121 sqm	✗	62.0%
Cameron House	Courtroom 3	1	180 - 360 sqm	122 sqm	✗	87.2%
Cameron House	Courtroom 1	2	130 - 150 sqm	131 sqm	✓	93.6%
Cameron House	Courtroom 4	2	130 - 150 sqm	84 sqm	✗	43.2%

The six courtrooms in McLean House, each measuring 64 square meters, do not meet courthouse design standards. While they are suitable for most civil cases, some civil jurisdictions require a larger courtroom size. For example, the Environment Court has been required to rent external facilities in Tauranga, as current facilities have not met needs.

Cases and events

71. Over the seven calendar years from 2015 to 2022, cases received at the Tauranga courthouse have been relatively flat, although the associated workload⁶ seen through weighted inflow has increased.

Figure 4: Tauranga actual and weighted new business (12 month rolling average)

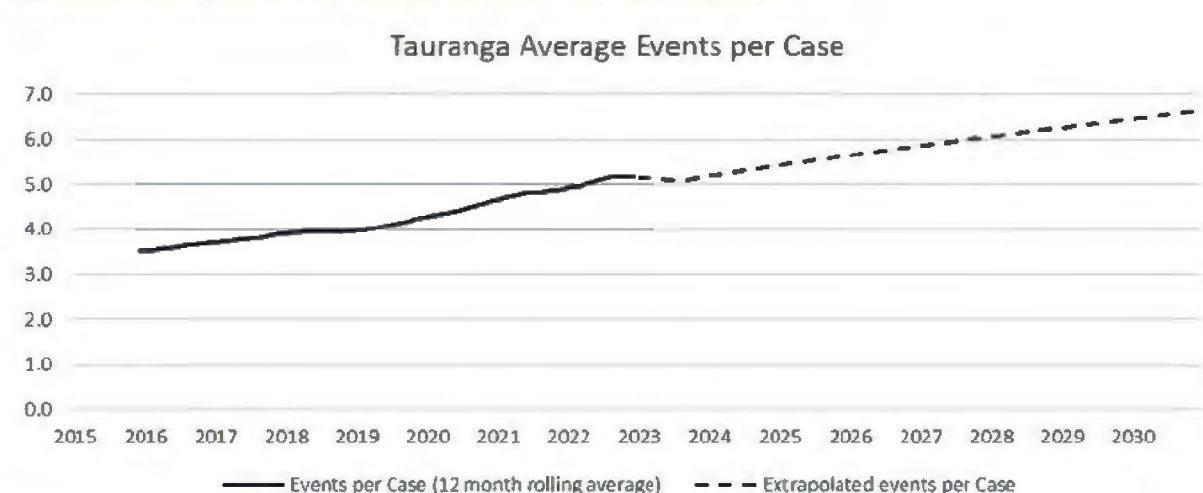


72. The increase in workload is largely due to an ongoing trend of more events, on average, per case. Ministry analysis shows this is primarily being driven by later guilty pleas in the court process and an increase in jury trial election rates.

⁵ Refer to Appendix B for courtroom tier definitions

⁶ Weighted inflow is a derived metric the Ministry uses for its case scheduling and resourcing requirements. Refer to Appendix A for more information.

Figure 5: Tauranga increase in average events per case by calendar year



Courtroom Demand

73. While the current capacity of 10 courtrooms has been sufficient to date, demand modelling shows that this will not be sufficient capacity in the near term.
74. The Ministry carried out demand modelling as part of developing the IBC, and has updated demand modelling to confirm requirements for this DBC. The table below summarises the results:

Table 3: Demand modelling summary

	IBC Demand Modelling	Updated Demand Modelling
Jury and Custodial Courtrooms	Demand likely to exceed current capacity of <u>four</u> courtrooms within 5-10 years, with <u>seven</u> courtrooms needed.	Demand likely to exceed current capacity of four courtrooms within 5 years. See para 77 below.
Non-Custodial Courtrooms	Demand likely to remain within current capacity of <u>six</u> courtrooms.	Demand likely to remain within current capacity of <u>six</u> courtrooms.

75. The updated courtroom demand modelling suggests greater urgency and potentially greater capacity requirements for jury-capable and custodial courtrooms, and confirms that demand for other courtrooms is not expected to exceed current capacity within the forecast period (to 2030). This capacity deficit is presently mitigated through use of a jury courtroom in Rotorua.
76. Note the period between the IBC and DBC has been highly unusual in terms of courtroom demand (due to the impacts of the COVID-19 pandemic) and demand modelling does not take into account other interventions.
77. Modelling of future demand is based on current trends in the justice system. There is a range of operational and policy changes currently under investigation or in the initial stages of delivery that are not incorporated in the projections. For example, it is expected that the Ministry's Criminal Process Improvement Programme, Te Ao Mārama, and other efficiency and policy initiatives, including Te Au Reka, will reduce demand for physical courtroom space over time.

78. The Ministry has considered the updated demand modelling and concluded the capacity scope established in the IBC remains appropriate, helping to ensure the Crown does not invest in a level of capacity that may not be required. The staged approach now being adopted for this investment also supports retaining the capacity scope from the IBC, as a second stage (if needed) could be used to respond to further demand pressure.

Impact on victims and defendants

79. The current process of overbooking courts in the expectation not all cases will end up at trial can be problematic. Adjournments place an additional burden on victims regarding stress, mental and emotional preparation, and practical costs such as leave, travel, and childcare. Some victims even feel forced to withdraw from the process due to emotional exhaustion and despair, just wanting to continue with their lives. There can also be personal cost to the victims, who often have to take annual leave in order to attend court hearings and when court is cancelled or runs only part of the day, are not paid a court allowance attendance.⁷
80. When some cases are being measured in years between the alleged offence and the trial, this does not represent just outcomes. Delays have a significant impact on victims in particular. Many feel their lives are on hold and they have to remember details of their evidence sometimes for years.⁸

Accessibility

81. Courthouse users feel their ability to participate is compromised by the physical environment.⁹ Several specific issues relate to long periods of waiting in poorly designed spaces and a lack of adequate amenities. This is amplified by:
- Inadequate accessibility.
 - Lack of child-friendly spaces including breastfeeding and baby/toddler care areas.
 - Access to spaces to speak privately with lawyers, staff or other service providers.
 - The prevalence of a range of brain and behaviour differences, disorders and injuries in both youth and adult justice populations.
82. People find it challenging to navigate the courthouse buildings and to be informed about the process they are participating in. This can be an issue across people's courthouse experience. There is a confusing layout and signage when people arrive. Having two Tauranga buildings adjacent to one another (Cameron House and McLean House) makes this issue more prevalent. There is uncertainty for who court visitors should speak to if they require help. Limited information is provided to court visitors in advance, and not knowing where to go or what may happen contributes to feelings of anxiety.¹⁰
83. Engagement with courthouse users discussed access challenges. In particular:

"We see it all the time when people appear for the first time. They know to come to the court but they don't know anything."

– Government Agency Staff Member¹¹

⁷ Te Tangi o te Manawanui Recommendations for Reform, 2019

⁸ Te Tangi o te Manawanui Recommendations for Reform, 2019

⁹ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

¹⁰ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

¹¹ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

[Spaces need to] “Have a mana; open spaces, easy to navigate floor plan, good signage, warm and welcoming. Service should be easy to access, visible and proactive.”

—Government Agency Staff Member¹²

“I came from the cell into the dock and it feels like you have to be brainy or something to understand what is going on here. Who are they all? You don’t know who is who or what is going on. You just sit there.”

— Rangatahi¹³

Business Needs

84. Availability of physical courtrooms should not unduly constrain fair and timely access to justice. The design and layout of the courtrooms should enable local access to justice and cater for those with specific accessibility needs such as those with disabilities and impairments. Infrastructure should enable people to be seen, heard, and understood.

Investment Objective Two: To provide a physical environment that helps maintain the integrity of the courts and tribunals

Existing Arrangements

85. The current courthouse has insufficient space for all necessary court functions. Section 9(2)(c)

“I lined up three or four back [from the counter] and there’s some quite private stuff being discussed over the front desk and I thought I really shouldn’t be hearing some of this. You know, someone’s pain and a marriage break up, stuff like that.”

— Service Provider¹⁵

86. Section 9(2)(c)

¹² Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

¹³ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

Section 9(2)(c)

¹⁵ Innovative Courts Discovery Phase Update – Co-design: Staff Journal Outputs, 2021

87. The lack of space for courthouse staff has a flow-on effect of creating contamination issues as not all pathways are able to be utilised for separate routes. The need to provide separated routes for the various participants in courtroom proceedings is driven by two key drivers – security and transparency. Separate secure routes are required to ensure all participants, including judges and court staff are able to undertake their roles without impacts of crossing into or through routes used to escort participants in custody into courtrooms.
88. To maintain transparency in courtroom proceedings, cross-over of routes into courtrooms for victims, witnesses, jurors and judges should be avoided. Separation of these routes prevents or minimises any potential compromise of these individuals, whether real or perceived.
89. While there are specific management practices on-site to reduce the security and contamination risks, these cannot mitigate risks entirely. Even where people understand their roles and the need to avoid contact, the fact the routes interact at any point could potentially result in a mistrial or an aborted trial. These instances would impact victims, witnesses, defendants and the disposal of a matter at the earliest possible event and could result in Bill of Rights issues being raised.
90. Without separate pathways the jury, victims, defendants, courthouse staff, and judges may cross paths, hindering the perception of independence. Contamination issues have an impact on all court participants.

"We need work facilities for lawyers, so we can come to court and be separate from Crown prosecution, to have somewhere to work from on our laptops. Sometimes we need to quickly prepare documents or print something out. We don't have a quiet private dedicated space to do that."

– Duty lawyer workshop¹⁷

91. Section 9(2)(c)

Section 9(2)(c)

Business Needs

92. The physical environment of the Tauranga Courthouse should support the separation of parties. The design should minimise contamination risks that could lead to an event needing to be rescheduled. Separation of parties should contribute to the perception of independence as judges will not cross paths with any other parties. Adequate space should be provided for the judiciary and Ministry staff to work efficiently.

Investment Objective Three: To meet current Health, Safety and Security requirements

Existing Arrangements

Infrastructure

93. Section 9(2)(c)
In order to fix this issue a full building recladding is required at a conservative 2016 estimate of \$4.5 million. Section 9(2)(c)
94. In addition, the small size and the layout of the courtrooms is not practical and places witnesses and victims in very close proximity to defendants. This puts significant stress on victims and witnesses and can cause escalating safety issues.²²

²² Prendos Wall Cladding Weathertightness Assessment, 2016

"Change the layout of the courtroom so the victims don't have to keep coming into contact with offenders."

– Victim²³

Section 9(2)(c)

95. Victims and their whānau often feel unsafe, especially when waiting and moving around the court building. This is particularly an issue where victims and their whānau and supporters are physically proximate to defendants and their whānau and/or supporters. This can include waiting areas and access to public bathrooms. The sense of vulnerability can be reinforced in courtrooms by layouts requiring victims and defendants to sit near each other or pass nearby.²⁵

[There needs to be] "a separate waiting area for victims that leads directly into the court so they don't have to face offenders and their families in a public waiting area"

– Service Provider²⁶

96. Separation of parties is crucial to maintaining the integrity of court processes, however the contamination issues in Tauranga do not allow for this. **Section 9(2)(c)**

Section 9(2)(c)

Business Needs

97. The physical environment of the courthouse should be healthy, and safety in design principles should be applied in the design of any new facilities.

²³ He Waka Roimata Transforming Our Criminal Justice System, 2019
Section 9(2)(c)

²⁵ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

²⁶ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

Section 9(2)(c)

Investment Objective Four: Provide flexible infrastructure that enables different service delivery models and can meet changing levels of demand (in calendar year 2027)

Existing Arrangements

98. The McLean House courtroom size is limited to 64 square metres due to internal column constraints, and a requirement for line of sight for the judge. 64 square metres is approximately half the size a modern non-custodial courtroom should be built to, per the Courtroom Design Standards. While the 64 square metre courtroom size can accommodate most civil cases, the needs of all civil court jurisdictions are not met.
99. In Cameron House, courtroom utilisation is low due to the mix of courtroom types not aligning with usage needs. Three of four of the courtrooms are sized below requirements, and therefore do not meet Courthouse Design Standards.

"We don't have enough courtrooms to run trials. We have the judges, but we don't have the courtrooms"

– Court staff²⁹

100. Courthouse staff are concerned spaces should adjust to meet future demand and needs e.g. multi defendant jury courtrooms. They were aware of the benefits of new ways of working such as therapeutic courts and spaces to accommodate other agencies and service providers.³⁰

"This building and the services need to be designed to still be efficient in 20-30 years. It needs to be future-proof and flexible."

– Court staff³¹

Business Needs

101. Courthouse design should be flexible, and able to adapt to future demand, work practices, and technology. The design will prioritise opportunities and spaces to provide flexibility for new and enhanced ways of working to deliver better justice outcomes.

Investment Objective Five: To provide a physical environment reflective of the Tauranga Community

Existing Arrangements

Reflection of local community

102. The current colonial-style facility does not reflect the Tauranga community. Courthouses currently reflect justice, but they do not communicate what justice means in a uniquely New Zealand context.

"As New Zealand cities start booming, you see the emergence of the grand, stand-alone courthouse. They were built to make a statement about British power and prestige."

²⁹ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021.

³⁰ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021.

³¹ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021.

– Historian³²

103. Participants and their whānau often feel anxious and unwelcome throughout the process of arriving, waiting and participating. This is due in part to the unwelcoming and intimidating design.³³
104. Engagement with Tauranga courthouse users identified discomfort with the courthouse, in particular the lack of cultural reflection:

“[The court] needs to be more culturally appropriate. I mean there is nothing culturally appropriate about the courthouse now, is there? Nothing that welcomes or that makes people feel included? It’s almost like you are kind of set up to fail right from the minute you walk through the door.”

– Service Provider³⁴

“I just felt that [the court] was very cold. I just felt that the āhua and wairua was wrong. There was no aroha.” - Te Taniwha I Te Ao Ture-ā-Whānau report³⁵

Anxiety of those interacting with the court

105. There is a tension between environments that are safe and secure, and a desire for an environment that supports wellbeing and eases anxiety. Currently people’s primary experience of safety is via security infrastructure. The infrastructure approaches for criminal cases are applied to all court users.
106. The courtroom can be an intimidating environment, with the potential to contribute to increased anxiety and re-traumatise. During qualitative stakeholder interviews undertaken as part of the Discovery Phase, a range of court users highlighted the courtroom as being intimidating, sometimes feeling unsafe and leading to a feeling of isolation and anxiety. A contributing factor to these feelings was the layout, for example; participants discuss the isolating feeling of being in the witness box or dock away from their whānau or support people located in the gallery at the back of courtroom. Participants and judicial officers in various tribunal hearings often feel unsafe and ‘tucked away’ where security cannot quickly assist.³⁶

“I guess for some it’s nice to know that [the support person is] there but you still feel alone. That’s the one person I’m not allowed to look at. I can look at the judge, I can look at the jury, I can look at the defence lawyer, the prosecution lawyer. I can look at the defendant who is the one who [...] assaulted me, but I’m not allowed to look at the one person that’s there to get me through this.”

– Victim of sexual violence³⁷

“Three of us were in there, in a tiny room. We were in there for three days...and there was nothing about that room that was warm or comfortable.”

– Service provider, supporting a victim at a sexual abuse trial³⁸

³² Unispace Report: Courthouse presence in our communities - future thinking, 2020

³³ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

³⁴ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

³⁵ Te Taniwha I Te Ao Ture-ā-Whānau report, 2020

³⁶ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

³⁷ Te Tangi o te Manawanui Recommendations for Reform, 2019

³⁸ Tauranga Innovative Courts Discovery Phase – Themes and Insights, 2021

Business Needs

107. Courthouses are tied to the place and people they serve. They should embody community identity and values. Honouring the whakapapa and mauri of a courthouse environment is necessary to fulfil their civil purpose. In doing so, the delivery of justice is connected with the ongoing project of a thriving community.³⁹ The Tauranga Courthouse needs to reflect not only the people of Tauranga, but also its unique physical environment such as the Tauranga harbour. This need was underscored in workshops with staff, service providers and rangatahi.
108. The design needs to move away from traditional (colonial) approaches to courthouse design and practices. The incorporation of a Māori world view through reflection of integral values and concepts in the design and function of the courthouse is essential. Mana whenua hapū should play a significant role in the development of the cultural narrative as part of the design process. In order to reduce anxiety of those interacting with the court, dedicated areas should be provided for families of victims and defendants. This provides a safe and separate space for the duration of court events.

Main Benefits

Alignment to the Living Standards Framework

Table 4: Living Standards Framework benefits

Domain	Benefit
Income, consumption and wealth	Avoid lost work and productivity: The size limitations and condition of Cameron House results in the risk of disruption to the criminal jurisdiction due to water ingress and other building failures. Investment will significantly reduce this risk by providing fit for purpose infrastructure.
Cultural capability and belonging	Māori and Pacific cultural needs are recognised: The building is designed in partnership, drawing on Te Ao Māori values, having mana whenua input as well as a diverse range of community stakeholders.
Our institutions and governance	System integrity: Trust and confidence is enhanced through the provision of an effective, timely justice system that maintains the integrity of Courts and Tribunals. This investment will provide better local access to justice by allowing High Court events to be conducted in Tauranga and provide capacity so infrastructural shortfalls are not significantly constraining the scheduling of court/tribunal events.

³⁹ Unispace Report: Courthouse presence in our communities - future thinking, 2020

Potential Business Scope and Key Service Requirements

109. The scope of this business case is focused solely on the physical infrastructure of the Tauranga court. It excludes design and implementation of a new operating model, as well as any operational and staff transition or change requirements.
110. Table 5 identifies the potential scope for the Tauranga Courthouse project. The requirements for the scope assessment are as follows:

Status Quo

111. Service requirements assessed at status quo exist in the current Tauranga courthouse.

Minimum Scope

112. The minimum scope category includes the base level requirements for the Tauranga Courthouse project.

Intermediate Scope

113. Intermediate scope includes some requirements included at minimum scope, but with additional enhancing requirements.

Maximum Scope

114. Maximum scope includes requirements from both minimum and intermediate scope, but also includes aspirational service requirements.

Out of Scope

115. Service requirements that are out of scope may exist currently but are not a scoping consideration for the purposes of the Tauranga Courthouse project.

Table 5: Potential business scope and key service requirements

Service Requirements		Scope Assessment				
		Status Quo	Minimum Scope	Intermediate Scope	Maximum Scope	Out of Scope
Secure Judicial Areas and Courtrooms	Provide sufficient capacity across Jury Capable, Custodial and Family / other types of cases		●	●	●	
	Provide suitable meeting and ancillary spaces for courtroom users		●	●	●	
	Provide technology and audio-visual infrastructure to enable digital/remote work		●	●	●	
	Provide separate access, accommodation and facilities for judiciary members and their staff		●	●	●	
	Provide High Court Criminal function			●	●	
	Māori land court					●

Service Requirements		Scope Assessment				
		Status Quo	Minimum Scope	Intermediate Scope	Maximum Scope	Out of Scope
	Coronial services					●
Ministry Functional Areas	Meet Courthouse Design Standards for new build		●	●	●	
	Exceed or enhance Courthouse Design Standards				●	
	Provide separate spaces and facilities for Jury members		●	●	●	
	Provide separate facilities for Ministry staff		●	●	●	
	Provide Registry function space with appropriate proximate flow to courtrooms			●	●	
	Provide separate spaces for victims			●	●	
	Resilience to accommodate for future demand				●	
Public Spaces	Provide security screening		●	●	●	
	Provide appropriate separation and flow for distinct roles of public users: victims & supporters, supporters of defendants, legal professionals, general public		●	●	●	
	Provide general information and court services access		●	●	●	
	Separate space for defendant's family				●	
Custodial	Holding cells and at-risk cell with associated facilities	●	●	●	●	
	Facilities for PECCS and other agency staff	●	●	●	●	
	Lobby and working areas	●	●	●	●	
	Sally port	●	●	●	●	
Other spaces	Flexible work space for wrap-around services			●	●	
	Flexible meeting spaces for wrap-around services			●	●	
	Increased parking					●
Cultural narrative	Reflects mana whenua and Tauranga community			●	●	

Service Requirements		Scope Assessment				
		Status Quo	Minimum Scope	Intermediate Scope	Maximum Scope	Out of Scope
Resilience	Building Importance Level 3 (IL3)	●	●	●	●	
	Back-up generator and power	●	●	●	●	
	Emergency storage	●	●	●	●	
Other external requirements	Pathways and signage to enhance appropriate flow for different roles and court users, with accessibility needs met			●	●	

Judiciary, iwi & hapū, and stakeholders

Judiciary

116. The judiciary is an arm of government, constitutionally separate from the Ministry (which is a part of the Executive). Courthouse 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”.⁴⁰ This is a critical Group that supports dialogue and strategic planning of court systems and operations.

Iwi & hapū

117. The Ministry has actively engaged with iwi and hapū during the early phases of this project. Initially the focus was on iwi relationships and working with Post Settlement Governance Entities. The iwi of Ngāi Te Rangi, Ngāti Ranginui and Ngāti Pūkenga all indicated that it was more appropriate to work with hapū closely associated with the location. These being Ngāti Tapū, Ngāti Tūkairangi, Ngāti Hē, Ngāti Tamarāwaho, Ngāti Te Ahi, and Ngāti Ruahine who have come together to work with the Ministry as Te Kāhui Hapū o Te Papa. The collaborative approach taken to developing the Tauranga Courthouse and the Relationship Agreement between the Ministry and Te Kāhui Hapū o Te Papa, demonstrates a commitment to improving Māori Crown relations and working together to create spaces and a building which can enable new ways of working and the best possible chance of a justice system that works for Māori.
118. The key principles of this approach are:
- Proactive and deliberate engagement with iwi and hapū.
 - Draw on Te Ao Māori values.

⁴⁰ Courts Strategic Partnership Group, Terms of Reference, 2021

Stakeholders

119. 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. To achieve the aim of a truly innovative courthouse, a wide range of voices need to be considered.

Table 6: Stakeholders

National Stakeholders	
Ministry of Justice	<ul style="list-style-type: none"> • Secretary for Justice • Court staff
Agencies	<ul style="list-style-type: none"> • Department of Corrections • New Zealand Police • Oranga Tamariki • Ministry of Social Development • Ministry of Health • Ministry of Business, Innovation and Employment
National bodies and interest groups	<ul style="list-style-type: none"> • New Zealand Law Society • Public Service Association • Victim Support
Local Stakeholders	
Participants	<ul style="list-style-type: none"> • Participant reference group/ groups • Victims and survivors • Rangatahi
Service Providers – Legal profession	<ul style="list-style-type: none"> • Crown Prosecutor • Civil practitioners • Defence lawyers • Family practitioners
Service Providers – other service providers	<ul style="list-style-type: none"> • Service provider reference group • Victim and Survivor Support • Restorative Justice • Mental Health • Youth and Rangatahi Support • Family Harm Support • Health providers • Whānau Ora • Disability Support • Housing and Homelessness Support • Adult literacy and numeracy • Alcohol and Drug Treatment
Local Government Agencies	<ul style="list-style-type: none"> • Bay of Plenty District Health Board • Tauranga City Council

	<ul style="list-style-type: none"> Bay of Plenty Regional Council
Regional bodies and interest groups	<ul style="list-style-type: none"> Waikato Bay of Plenty Law Society Public Service Association organiser and delegates

Risks

120. The most significant strategic risks that might prevent, degrade or delay the achievement of the Investment Objectives are identified and analysed below. All risks will be monitored, managed and updated as the project progresses.

Table 7: Strategic Risk Analysis

#	Main Risks	Consequence (H/M/L)	Likelihood (H/M/L)	Comments and Risk Management Strategies
1	If there is an early closure of the building due to a health and safety event this may impact the ability to deliver justice to the Tauranga community	H	M	Due to health and safety issues with Cameron House, there are frequent tests of the building's air quality. If a negative result is returned, the building will need to close. Decanting will be used as a mitigation if Cameron House is required to close.
2	Budget pressure may cause innovative elements to be unaffordable	H	M	Innovative elements can be provided in multiple ways, the Ministry will continue to work with all stakeholders to implement the innovative elements through this project, depending on budget, we may have to work with our partners to prioritise these elements to maximise the cost vs benefits
3	If this project fails to deliver or meet expectations, then it may impact the delivery of other Ministry projects and programmes and may taint stakeholder perceptions of the Ministry's ability to deliver.	H	M	<p>The Ministry are conscious of the position of the project in the courts Portfolio and are mitigating this risk through:</p> <ul style="list-style-type: none"> Early and ongoing engagement with stakeholders Ensuring plans and timelines are realistic Using commercial approaches that consider the broader portfolio
4	If the project costs exceed money set aside, then this could make other projects in the portfolio unaffordable	H	M	The Ministry is aware of current market cost pressures and has developed a 30-year funding strategy to ensure our worst buildings are prioritised. The current Tauranga custodial court is ranked highly in the prioritisation. If the project costs exceed money set aside, the

#	Main Risks	Consequence (H/M/L)	Likelihood (H/M/L)	Comments and Risk Management Strategies
				Ministry will descope or shift other projects in the portfolio to a later date.
5	The staged transition of non-custodial courtrooms to the new facility is not prioritised against other projects.	H	M	McLean House will be retained in the short term for non-custodial court services, as the project adopts a phased approach. These facilities will have minimal refurbishments, to support the services. The longer-term plans include moving non-custodial services to the new court site, and a new building. The Ministry will continue to confirm the priority of this project within the Property Portfolio.

Key Constraints, Dependencies and Assumptions

121. The proposal is subject to the following constraints, dependencies, and assumptions. Management strategies and registers have been developed to record and manage these and they will be regularly monitored and managed during the project.

Table 8: Key constraints, dependencies and assumptions

Constraints	Notes
Budget	The project was announced with a \$100 million budget (\$10 million operating and \$90 million capital) without a business case having been prepared and based on a high-level concept to redevelop the existing site completed in 2017. Since then, it has become clear that a new development is required. Significant shifts in the economic and fiscal environment have increasingly placed pressures on public sector spending decisions. In recognition of these budget pressures, the Ministry developed a staged approach to delivering the Preferred Option, and further developed a 30-year funding strategy to ensure projects, including the Tauranga Courthouse, are appropriately prioritised.
Schedule	Ministerial announcement in December 2019 stated that the new Tauranga courthouse was expected to be ready by mid-2025. Since then, COVID-19 has had a significant impact on realistic timeframes in the construction sector. A set, publicly announced schedule to complete the project creates a timeframe constraint. The current estimate for the timeframe to deliver is mid-2027 which will be validated by the market through the tender process.

Dependencies	Notes and Management Strategies
Te Ao Mārama	The length of time it takes to develop Te Ao Mārama may slow down the development of the Tauranga courthouse. Construction may proceed with some uncertainty about how the design will respond to evolving requirements. To

manage this, service and operational requirements have been defined as far as possible prior to design. Additionally, the innovative approach to courthouse design allows for flexibility in courthouse design, resulting in the ability to adapt to future ways of working and operating models.

Initiatives to mitigate demand growth

As described in the demand modelling section above, if current trends continue and there are no effective business initiatives to mitigate the growing need for physical courtroom space, then demand may exceed the capacity scope for this investment.

The Ministry is working on operational and policy changes initiatives such as the Criminal Process Improvement Programme and Te Ao Mārama that are expected to reduce demand, and there are also broader justice sector initiatives that may have a positive impact.

The Ministry will establish and monitor clear opportunities and targets for its relevant efficiency initiatives, so that these can be included and considered as part of ongoing refinements to demand modelling. This will provide early visibility of progress and enable contingency planning if required.

The Ministry is also developing the Master Plan for the new site, which could accommodate further demand growth, if this were to eventuate, through a second stage of investment.

Pre-settlement with local iwi

The Crown has a commitment to Ngāi Te Rangi for the sale and lease back (land only) of the current Tauranga courthouse site, for titles associated with both McLean House and Cameron House. The associated bill has not had a second reading. However, this commitment will need to be worked through as both the settlement and the Tauranga Courthouse project progress.

Economic Case

122. The Economic Case summarises the options for the Tauranga Courthouse and reconfirms the Preferred Option amongst the short list of options.
123. Cabinet endorsed the Indicative Business Case (IBC) and the Preferred Option in September 2021. Since the approval of the business case, there have been significant shifts in both the economic and fiscal environment, nationally, and internationally. This is increasingly placing pressures on public sector spending decisions, particularly in an environment of unprecedented cost escalation and supply chain disruption. In between the IBC approval and DBC development, the Ministry developed a staged approach to delivering the Preferred Option in recognition of these cost pressures for the project. The option delivers investment in a new building for custodial courtrooms first, with minor remediation at McLean House, until a later stage delivers non-custodial infrastructure at the new CBD site.
124. In the IBC, a long list of options was developed, explored, and assessed against the Investment Objectives set out in the Strategic Case and the project's Critical Success Factors, in order to produce the short-list options. A net-value assessment of the short-list options was completed to arrive at a Preferred Option. In this Economic Case, the short-list options are reconfirmed and reassessed with updated costs, and a Preferred Option is recommended.
125. *The Preferred Option is Option 4A: Wellbeing First (Stage 1 Only).*

This provides a new Tauranga courthouse for jury and custodial courtrooms, with the potential to develop the site further (through a second stage and separate investment decision) to accommodate non-custodial courtrooms. This option will provide sufficient space for court operations – including a High Court Criminal function in Tauranga – as well as ancillary and wrap-around services, spaces to meet the needs of victims, all judicial chambers, all registry requirements, all records storage. In addition, McLean House will be remodel to improve the courtroom spaces, making them fit for purpose.

Short-List Options

126. The IBC presented four short-list options developed by the Ministry, plus the Status Quo option, as detailed below:

Table 9: Overview of short-list options

Option name	Description
Option 1: Status Quo	<p>This option is carried forward as a baseline only. Total floor space is around 4,748 m².</p> <p>The option involves minimum investments in the current courthouse to mitigate some of the issues with the building, including weathertightness and contamination challenges. While the Ministry has not yet made a detailed assessment, it is expected this could defer the need for investment by 3-6 years, although it increases operational risks from a health and safety perspective, and in terms of having sufficient workload capacity. The Ministry is compiling a list of outstanding assessments and reports that will inform the detailed assessment.</p>
Option 4: Wellbeing First	<p>Option 4 places the needs of victims, defendants and supporters at the centre, through developing a new building that prioritises flexible space. The number of courtrooms will reflect forecast demand:</p> <ul style="list-style-type: none"> • 13 courtrooms (4 jury-capable, 3 custodial, 6 non-custodial – note that currently Tauranga has 2 jury-capable, 2 custodial, 6 non-custodial) • A High Court Criminal Function (currently delivered in Rotorua) • Dedicated space for victims and families • Space for wrap-around services • Total floor space of around 13,039m² <p>In order to provide sufficient flexible space, the new courthouse will be developed on an alternative CBD site.</p> <p>The project will commence delivery immediately.</p>
Option 5: Wellbeing plus Resilience	<p>In addition to the scope of Option 4, Wellbeing plus Resilience will develop a new building that provides scope for growth. This means flexible spaces will be prioritised within the building footprint to accommodate potential future growth, additional complementary services, different operating models, and the ability to respond to service disruption. To enable this, additional footprint of 1,305m² has been allowed over and above the scale of Option 4:</p> <ul style="list-style-type: none"> • 11 courtrooms (4 jury-capable, 3 custodial, 4 non-custodial) • A High Court Criminal Function • Dedicated space for victims and families • Space for wrap-around services • Scope to cater for additional workload • Total floor space would be around 14,344 m² <p>In line with prioritising courthouse resilience, this option sees project delivery begin immediately.</p>

Option name	Description
Option 7: Adaptive Innovation	<p>This option would develop a new building, with a focus on driving operating mode innovation by delivering a range of services via a hub and spoke model. This option includes the development of flexible spaces, but saves space by delivering services virtually (where appropriate).</p> <ul style="list-style-type: none"> • 10 courtrooms (3 jury-capable, 3 custodial, 4 non-custodial) • A High Court Criminal Function • Dedicated space for victims and families • Space for wrap-around services • Scope to cater for additional workload • Total floor space would be around 13,217 m² <p>Given this option is a significant shift away from the status quo, additional time may be required to understand corresponding operational changes, particularly at the Ministry's operating level.</p>
Option 8: Aspirational future-proofed Court	<p>This option would develop a new building which aims to maximise the scope of services by driving innovation. As a result, Option 8 would increase the number of courtrooms and associated support spaces.</p> <ul style="list-style-type: none"> • 13 courtrooms (5 jury-capable, 4 custodial, 4 non-custodial) • A High Court Criminal Function • Dedicated space for victims and families • Space for wrap-around services • Scope to cater for additional workload • Total floor space would be around 15,640 m² <p>Additional time may be required to confirm areas of uncertainty, given this option represents a significant increase in scope.</p>

127. Since the IBC approval, the Ministry has further understood project assumptions and requirements from users, the community and internal prioritisation. Following affordability considerations, the Ministry has developed a staged approach to implementing Option 4: Wellbeing First.

128. The two stages are:

- Stage 1: Custodial infrastructure will be moved to the new CBD site, retaining McLean House for non-custodial infrastructure and undertaking a refurbishment of the existing facility, followed by the demolition of Cameron House
- Stage 2: Transfer non-custodial infrastructure to the new CBD site at a later date, consolidating all court services on the new CBD site

129. This essentially provides three sub-options for the Ministry, which have been considered in this business case:

Table 10: Overview of sub-options for Wellbeing First

Sub-option	Description
Option 4: Wellbeing First (Single Stage)	This implements Option 4: Wellbeing First as a single stage, and as per the scope and scale set out above.
Option 4A: Wellbeing First (Stage 1 only)	This implements the first Stage of Option 4: Wellbeing First only, with the potential to develop a new business case for Stage 2 at a later date. It includes master planning for the potential implementation of a later Stage 2 to preserve that option. At the conclusion of investing in this Option 4A, the Ministry will operate across both the new CBD site and the refurbished McLean House. As such, this represents the minimum viable option for investment.
Option 4B: Wellbeing First (Stages 1 and 2)	This implements both Stages of Option 4: Wellbeing First. Unlike Option 4, it does so over two separate stages, and unlike Option 4A it provides an investment decision and commitment <u>now</u> to move onto Stage 2 after Stage 1 has been completed. At the conclusion of investing in this Option 4B, the Ministry will operate on the new CBD site only, with decommissioning and exit of McLean House.

Option evaluation process

130. The short-list options identified were reassessed to confirm the Preferred Option⁴¹. The results of the evaluation to reconfirm Option 4 (from the DBC shortlist), including sensitivity analysis, are provided in Appendix C: Shortlist Options Assessment.
131. The sections and discussion below focus on assessing the sub-options for Option 4 to provide a Preferred Option for this DBC. Each sub-option has been assessed against its ability to meet investment objectives, realise non-financial benefits and mitigate risks. They were then assessed against whole-of-life costs (WOLC) and value for money. This assessment has taken the same approach as the evaluation of the shortlist, and details of the approach and evaluation elements are provided in Appendix C: Shortlist Options Assessment.

Evaluation Results

132. This section provides an overview of the evaluation results to confirm the Preferred Option. Table 11 shows the net-value assessment of the short-list options, against investment objectives, benefits and risks. The ratings for the Option 1: Status Quo and Option 4: Wellbeing First (Single Stage) are as per in Appendix C: Shortlist Options Assessment, and this is contrasted for sub-options 4A and 4B.

Table 11: Net-Value Assessment

Assessment criteria		1. Status Quo	4. Wellbeing First (Single Stage)	4A. Wellbeing First (Stage 1 Only)	4B. Wellbeing First (Stages 1 and 2)
Investment objectives	Enable local access to justice	Partially meets	Meets Provides dedicated space for victims and families, security and circulation space in line with Courthouse Design Standards, and modern work environment standards.	Meets Each of the sub-options provides for the same access and capacity to deal with demand, including a High Court function in Tauranga.	Meets Each of the sub-options provides for the same access and capacity to deal with demand, including a High Court function in Tauranga.
	Provide an environment that maintains the integrity of courts and tribunals	Partially meets	Meets Provides space for wrap-around services, and development of a new site that could be extended for further capacity in the future (if required).	Meets Each of the sub-options provides an environment that maintains the integrity of courts and tribunals.	Meets Each of the sub-options provides an environment that maintains the integrity of courts and tribunals.

⁴¹ Economic Case Preferred Option Workshop with key stakeholders on 19 January 2023

Assessment criteria		1. Status Quo	4. Wellbeing First (Single Stage)	4A. Wellbeing First (Stage 1 Only)	4B. Wellbeing First (Stages 1 and 2)
	Meet Health, Safety and Security requirements	Partially meets	Meets Provides dedicated space for victims and families, security and circulation space in line with Courthouse Design Standards, and modern work environment standards.	Meets Each of the sub-options addresses improvements needed to meet appropriate Health, Safety and Security requirements.	Meets Each of the sub-options addresses improvements needed to meet appropriate Health, Safety and Security requirements.
	Provide flexible infrastructure that enables different delivery models and can meet changing levels of demand (in calendar year 2027)	Does not meet	Meets Provides space for wrap-around services, and development of a new site that could be extended for further capacity in the future (if required).	Meets Retention of McLean House may provide additional flexibility (e.g. for decanting etc) but operating across two buildings may also slightly reduce operational flexibility. However, sub-options are not considered materially different for this criterion.	Meets Retention of McLean House may provide additional flexibility over the course of the two Stages. However, sub-options are not considered materially different for this criterion.
	Provide a physical environment that is reflective of the Tauranga community	Does not meet	Meets to the greatest extent Involves collaboration with mana whenua to develop the cultural narrative of the new building as part of the design process.	Meets With one new building for custodial services and the refurbished McLean House for non-custodial services the physical environment transformation will be somewhat less than for the other sub-options.	Meets to the greatest extent The end-state is as per Option 4: Wellbeing First (Single Stage) and therefore the rating is the same, although this sub-option will take somewhat longer for full delivery across two Stages.
Benefits	Improved safety	Nil	Some All current health & safety issues resolved, with better security features and designated spaces for different court-user roles to enhance safety overall.	Minimum Retention of McLean House may limit safety improvements, including potential constraints and impacts for staff operating across two buildings. This sub-option is considered the minimum viable option for achieving benefits.	Some The end-state is as per Option 4: Wellbeing First (Single Stage) and therefore the rating is the same, although this sub-option will take somewhat longer for full delivery across two Stages.
	Improved experience	Nil	Some Provides a physical environment that is reflective of the community and helps reduce anxiety of those interacting with	Minimum Retention of McLean House may limit improvements in experience, including potential constraints and impacts for court users operating across two buildings. This	Some The end-state is as per Option 4: Wellbeing First (Single Stage) and therefore the rating is the same, although this sub-option will take somewhat longer for full delivery across two Stages.

Assessment criteria		1. Status Quo	4. Wellbeing First (Single Stage)	4A. Wellbeing First (Stage 1 Only)	4B. Wellbeing First (Stages 1 and 2)
			the court, and dedicated areas for families of victims and defendants.	sub-option is considered the minimum viable option for achieving benefits.	
	Improved resilience	Nil	Minimum This option provides the minimum level of capacity requirement established through the IBC, including a High Court function in Tauranga. Note the other shortlist options from the IBC considered establishing a greater level of capacity, hence the minimum rating for all these sub-options.	Minimum Each of the sub-options provides for the same capacity to deal with demand, including a High Court function in Tauranga. Note the other shortlist options from the IBC considered establishing a greater level of capacity, hence the minimum rating for all these sub-options.	Minimum Each of the sub-options provides for the same capacity to deal with demand, including a High Court function in Tauranga. Note the other shortlist options from the IBC considered establishing a greater level of capacity, hence the minimum rating for all these sub-options.
Risks	Disruption	Most increase	Some decrease With a new build on a separate site, this option decreases the risk of disruption to current operations.	No increase or decrease Compared to a single-stage construction approach on a new site, the Staged approach has somewhat higher risk of disruption, e.g. to non-custodial services during the refurbishment of McLean House.	Some increase As for 4a, but with the second Stage creating additional risk of disruption because it involves construction on a site that is also being used for service delivery.
	Design	Most increase	Some decrease Meets Courthouse Design Standards, and single-stage construction approach for scale of building is within normal design risk parameters for industry.	Some decrease Design complexity and risk are similar to the single-stage approach, though for a smaller-scale building, which is somewhat offset by the need for master planning that contemplates a potential Stage 2.	Some increase The second Stage involves somewhat greater design complexity – including the physical infrastructure design as well as project approach and potential decanting requirements.
	Delivery	Most increase	Some increase Scale of delivery project is within Ministry's experience, and scale of construction is within normal parameters for industry.	Some increase Delivery complexity and risk are similar to the single-stage approach.	Some increase Delivery complexity and risk are similar to the single-stage approach.

Assessment criteria	1. Status Quo	4. Wellbeing First (Single Stage)	4A. Wellbeing First (Stage 1 Only)	4B. Wellbeing First (Stages 1 and 2)
Procurement	Most increase	No increase or decrease Procurement approach, complexity and risks are similar to previous Ministry experience, though noting there are additional impacts and risks since the COVID-19 pandemic that have been considered in procurement planning, timeframes and approach.	No increase or decrease Procurement approach, complexity and risks are similar to the single-stage approach.	Some increase Procurement approach, complexity and risks are somewhat greater, as the investment would need to consider whether to carry out separate procurements for Stages, with construction over a longer period than the single-stage approach.
Volume	Most increase	Some increase Compared to other shortlist options from the IBC, this provides less capacity to quickly absorb additional, unanticipated demand growth. However, the site could enable capacity expansion at a later point, if required.	Some increase Each of the sub-options provides for the same capacity to deal with demand. Note some of the shortlist options from the IBC considered establishing a greater level of capacity. The staged approach may provide better ability for the Ministry to respond to volume risk, though it could take longer to do so.	Some increase Each of the sub-options provides for the same capacity to deal with demand. Note some of the shortlist options from the IBC considered establishing a greater level of capacity. The staged approach may provide better ability for the Ministry to respond to volume risk, though it could take longer to do so.
Environmental	No increase or decrease	Some increase As with most new developments on a new site, there is some risk members of the local community object to the location.	Some increase Operating across two buildings may be seen as somewhat more positive or negative by the community adjacent to the buildings, but this is not expected to be significant.	Some increase Operating across two buildings, before then commencing a second Stage of construction, may be seen as somewhat more positive or negative by the community adjacent to the buildings, but this is not expected to be significant.

Commercial in Confidence

133. The above Net-Value Assessment was used to calculate a Net-Value Score, as set out in Appendix C: Shortlist Options Assessment. The Net-Value Score for each sub-option is shown in the table below.

Table 12: Net-Value Score

Contribution to overall Net-Value Score	1. Status Quo	4. Wellbeing First (Single Stage)	4A. Wellbeing First (Stage 1 Only)	4B. Wellbeing First (Stages 1 and 2)
Investment Objectives	8	28	25	28
Benefits	0	23	13	23
Risks	3	15	15	7
Overall score	11	66	53	58
Ranking	4	1	3	2

134. From a value perspective, Option 4: Wellbeing First (Single Stage) delivers the highest overall scores, with Option 4A: Wellbeing First (Stage 1 Only) lower. This is predominantly due to Stage 1 delivering fewer benefits than a full Option 4 implementation would. However, the option does preserve the Ministry's ability to achieve those fuller benefits through a second Stage at a later date (e.g. as for the scorings of Option 4B: Wellbeing First (Stages 1 and 2).
135. The Net-Value assessment shows a trade-off between the sub-options, where Option 4B (Stages 1 and 2) can ultimately achieve the same degree of alignment with investment objectives and level of benefits as the single-stage sub-option, but would do so with greater degree of risk. Conversely, committing to Option 4A (Stage 1 Only) carries the same degree of risk as the single-stage approach, but delivers less against the investment objectives and benefits.
136. Beyond net-value, value for money (i.e. inclusion of costs) is a critical consideration in determining the Preferred Option. The Ministry has estimated the WOLC and capital expenditure required for each sub-option, as shown in Table 13 below.

Table 13: Indicative option cost estimates

Sub-Options	1. Status Quo	4. Wellbeing First (Single Stage)	4A. Wellbeing First (Stage 1 Only)	4B. Wellbeing First (Stages 1 and 2)
WOLC (Net Present Value)	\$178m	\$303m	\$239m	\$371m
Whole of Life Cost Ranking	1	3	2	4

137. Option 4A has been specifically developed as the minimum viable option, in line with affordability constraints, and requires less investment than the other two sub-options. Option 4B requires more investment than a single-stage approach, including shorter-term remediations at McLean House and Stage 2 of construction.
138. The assessment of value for money was based on Waka Kotahi's Price Quality Method. This considers each option's qualitative net-value score against cost, providing an indicative benefit-cost assessment. The assessment adopts equal weightings for benefits and costs. More detail on the methodology is provided in Appendix D: Net-value to Cost Assessment Methodology.

Table 14: Price Quality Methodology Results

Sub-Options	1. Status Quo	4. Wellbeing First (Single Stage)	4A. Wellbeing First (Stage 1 Only)	4B. Wellbeing First (Stages 1 and 2)
Price Quality Score Ranking	3	2	1	4

139. These results are based on a 50:50 weighting of Net Value and WOLC, and reflect the significantly lower level of investment required for Option 4A. In terms of sensitivity to weightings, the single-stage sub-option would be ranked first with weightings of 66:34 (Net Value : WOLC) or higher. This reflects that the original Option 4 from the IBC does provide better alignment with investment objectives and contribution to benefits, but would require significantly more investment and funding.
140. Option 4A (Stage 1 Only) provides the best price quality score ranking, and is the best approach that can be implemented within existing funding sources. It is recommended as the Preferred Option as it optimises value for money, meets all investment objectives and delivers on each benefit, at the lowest cost.

The Preferred Option

141. In addition to the quantitative process discussed above to confirm the Preferred Option, qualitative assessment further supported the options evaluation. Option 4A: Wellbeing First strives to respond to the needs of victims, support people and whānau, witnesses, other services interactive with the courthouse and defendants. The collaborative process to deliver this project is envisaged to deliver a space that reflects the community identity and values, while maintaining the whakapapa and mauri necessary of a courthouse environment. This option puts the needs of victims, defendants and supporters at the centre, prioritising a building design that enables flexible spaces, wraparound services, and a dedicated space for victims and families. While this option supports the vision of Te Ao Mārama, it does not attempt to alter other ways of working for the Ministry or court users, for example via technology interventions (which may be implemented through other change initiatives).
142. More broadly, an infrastructure intervention of the nature explored via the Preferred Option will support the Ministry to deliver more nuanced, appropriate and targeted services to court users. This supports the changing nature and delivery of Justice sector services, and provides more time to observe the impact of changes and evolution of requirements before any stage 2 investment may need to be considered.
143. Managing this affordability constraint is important as the design progresses, and design consultants can identify ways to minimise costs while maintaining key features of the courthouse that drive achievement of benefits.

Risk assessment for preferred option

144. Material risks, beyond those normally experienced from a design, procurement and construction perspective, include:

Table 15: Preferred Option Risks

Risks	Description	Mitigation
Disruption from refurbishments and transition	Refurbishment of McLean House, and the transition to the new facility may result in impacts to the users of existing non-custodial courtrooms. There may also be teething issues relating to operating across the new and old buildings, e.g. adapting schedules across jurisdictions for a new mix of courtrooms, and the inclusion of the High Court function.	This will be mostly mitigated through robust change management planning and internal training. Disruption within McLean House will be mitigated through logistical planning of operations, and the use of the facility's second floor for additional space.
Volume demand increasing beyond planned capacity	There is the risk that the average number of events rises at a greater rate than expected or demand (cases) is higher than anticipated, meaning the Preferred Option may face capacity constraints earlier than expected.	Demand modelling has been completed to better understand the size and mix of courtrooms that would best meet future needs. Master-planning to a design that allows for future growth will enable this risk to be offset through an additional investment in future. The staged approach to delivering non-custodial infrastructure through the Preferred Option will enable a review of demand modelling versus actuals at a later time, providing the opportunity to address any capacity constraints through a Stage 2 (should that be required).
Consenting	A Notice of Requirement (NOR) was lodged by the Minister of Justice seeking a designation for the Tauranga Courthouse, under the Covid-19 Recovery (Fast-track Consenting) Act 2020. The NOR was confirmed conditionally. An inability to meet NOR conditions may result in delay to construction commencement and the overall programme.	The design consultant has carried out a detailed review of NOR conditions to ensure compliance.

Commercial Case

Introduction

145. This Commercial Case outlines the commercial approach for the investment. Procurements for design and planning-related services have all been completed, and therefore the procurement for construction services is the focus for this Commercial Case.
146. The procurement for the main construction contractor, and the potential second procurement for the McLean House refurbishment contractor, will include a focus on broader outcomes within the context of Public Value.

Commercial Strategy

147. The Ministry developed a Commercial Strategy to outline the approach to managing the commercials for courthouse delivery projects. This includes recognition of the importance of stakeholder involvement in design, so courthouses reflect local communities. The Commercial Strategy is a foundational document for this Commercial Case and the Procurement Plan that will be developed in detail for this project. An overview of the Commercial Strategy is provided in Appendix E.
148. This approach requires a participatory and human-centred design process up front, and means the design phase of new buildings will receive more emphasis than a traditional process. The commercial approach has been developed within this context.
149. The Ministry has and will continue to apply and comply with the Principles of Government Procurement and Government Procurement Rules for all procurements completed to date and will continue to do so for remaining procurements.

General procurement approach

150. Procurement is fundamental to ensuring that the right providers are aware of the project, that they submit quality offers and that the Ministry sets out a position that enables selection of the best providers, who can work collaboratively together with stakeholders.
151. To enable this approach, the Ministry will seek to ensure that:
 - The Ministry project team have a clear understanding of the requirements of providers of the project – including who the potential providers are, what services they need to deliver, how the Ministry and service provider teams will engage, and when the procurement and services are required.
 - The Ministry intends to reach broadly and early across the market. This provides opportunities for the market to optimise its responses, including time to prepare and considering partnering approaches that bring the best of multiple providers.
 - Evaluation approaches will be focused on key attributes of personnel with experience in the specific technical professional skills sought, but also the ability to constructively participate in co-design activities.
152. The Ministry will select a single main contractor for both the new development and the refurbishment of McLean House.

153. For the construction procurement, the Ministry is seeking to appoint a main contractor, with Early Contractor Involvement (ECI). Key considerations identified in the Indicative Business Case and reconfirmed in this Detailed Business Case for this approach included:

- The Ministry has a strong preference to manage the design outcome for the project.
- The design development process has the potential to take longer than a standard building project would, as it includes discussions prior to finalisation of design to ensure stakeholders are heard, and key design aspects are agreed.
- Timely completion is important, given the current issues with Cameron House in particular.
- ECI is suitable for large, complex projects because it affords an integrated team time to gain an early understanding of requirements, which enables robust risk management, innovation, and optimal public value.

Suppliers already in place

154. The Ministry has established suppliers for a range of services required for this project. The table below lists the range of lead services that are in scope for this project and current status.

Table 16: In Scope Services

#	Services to be procured	Status
1	Architecture	GHD Woodhouse Ltd
2	Quantity Surveyor	Maltby Ltd
3	Engineering Consultants and Design Services	WSP Ltd
4	Peer Review – Fire	FireHQ – to be sole sourced
5	Peer Review – Geotechnical	Section 9(2)(j)
6	Maintenance	Existing arrangements in place
7	Furniture, fixtures and equipment	Existing arrangements in place
8	Legal	In house/ Minter Ellison
9	Financial/ Commercial advisors	In house/ external provider as needed
10	Procurement	In house/ external provider as needed
11	Planning (RMA)	Under contract
12	External Project Management Team including Engineer to the Contract	RCP
13	ICT	In-house

#	Services to be procured	Status
14	Co-design	Under contract
15	Business Case / QRA	Deloitte / Broadleaf
16	External probity auditor	To be procured

155. The Ministry has in place a Relationship Agreement with Hapū (Te Kahui Hapū) who have a relationship to the area where the new Courthouse will be built. This agreement allows the selection of an experienced Te Kahui Hapū Cultural Design Pukenga (professional expert artist), who will oversee local resources in design work and artifact creation (carvings and other).

Construction Procurement

Market overview and considerations

156. Competition in the construction sector is primarily based on price, delivery time, track record and quality. The ability to consistently hold and provide quality people is also a trait which is becoming key to competitiveness. The scale and complexity of this project are suited to the large commercial ("Tier 1") market for main contractors, **Section (9)(2)(j)**.
157. There has been significant flux in the market, preceding COVID-19 (e.g. financial sustainability issues) and exacerbated by COVID-19 and the potential for wider impacts from the situation in Ukraine. **Section (9)(2)(j)**
158. The Ministry will seek to generate interest among Tier 1 construction companies to help ensure the right skills and expertise are brought to the development of this project. Taking into account current risks and issues, the Ministry will include the following in its procurement approach:
- Significant and early market engagement activities, locally and nationally, to encourage companies to participate in the process, ensure they understand the opportunity and requirements, and provide sufficient time so that potential providers can sufficiently resource-up for tender processes, and set out partnership or sub-contracting relationships.
 - Clearly communicating the project's role as part of a significant long-term capital plan. Service providers engaged on this project may be able to better demonstrate their qualifications for subsequent project procurements.
 - A Registration of Interest (ROI) stage, which will enable the Ministry to better understand the nature of the market without placing a significant burden on the market to respond.
 - **Section (9)(2)(j)**
 - ECI with a Pre-Construction Services Agreement (PCSA) to gain early advice and involvement into the buildability and optimisation of designs.

- The Ministry may direct source consumables or specific items considered high-risk from a supply chain, or with known long lead times, or may utilise the PCSA for this.
- The Ministry may also seek to award an early works package for limited substructure works under the PCSA as well.

Procurement approach

159. The Ministry wishes to obtain the best public value over the whole-of-life of the contract(s). Public value means getting the best possible result from your procurement considering the total costs and benefits of a procurement (total cost of ownership).
160. To achieve this, a multi-stage approach to market will be undertaken. This procurement approach is in line with the Government Procurement Rules.
161. Stage One – ROI: The ROI stage will be used to shortlist respondents to move onto the Request for Tender (RFT) phase. The ROI phase will primarily consist of organisational information, rather than project specific criteria.

162. Stage Two – Section (9)(2)(j) [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Services required

165. The Ministry will seek a main contractor that can enter into construction industry standard contract(s), through an ECI approach, to deliver:
- A new building, either single package approach, or two stage approach where stage 1 would be substructure works and stage 2 would be superstructure works
 - Section (9)(2)(j) [REDACTED]
 - Section (9)(2)(j) [REDACTED]
 - Section (9)(2)(j) [REDACTED]
 - Section (9)(2)(j) [REDACTED]
166. More specific requirements will be developed through the design process that is currently underway and included in the Procurement Plan.

Risk allocation

167. The table below summarises the approach to a range of commercial risks. The Ministry will use early market engagement to understand the market's perspective on risk allocation and sharing, so that this can be incorporated into the detailed Procurement Plan.

Section (9)(2)(j)

Section (9)(2)(j)

Contracting considerations

Section (9)(2)(j)

Section (9)(2)(j)

Evaluation approach

Section (9)(2)(j)

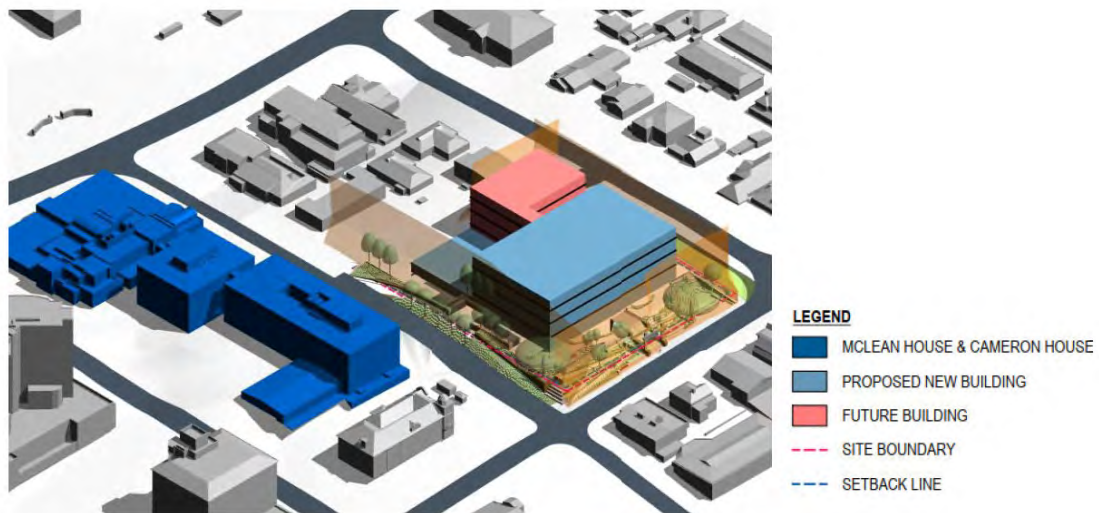
Section (9)(2)(j)

Land purchase

181. The Secretary of Justice approved the commencement of negotiations to acquire a site in the Tauranga CBD on 20 November 2020 to ensure a new site option would remain a viable option in the business case.
182. Following discussions with the Treasury, it was confirmed the Secretary for Justice could acquire residential properties using funding from the Ministry's balance sheet. Following an execution of the conditional agreement by LINZ.

183. The due diligence and settling of contracts on the target sites were undertaken in April 2021. In June 2022, work was completed to create one new land title. The full Courthouse site is now surveyed as one parcel of land (Lot 1 DP 576674). The title shows the land is now held by the Crown for Community wellbeing and justice purposes.
184. A Notice of Requirement (NOR) lodged by the Minister of Justice seeking a designation for the Tauranga Courthouse, under the Covid-19 Recovery (Fast-track Consenting) Act 2020 was conditionally confirmed on 19 January 2023.

Figure 8: Site Location



Future of the existing site

185. The Crown has a commitment to Ngāi Te Rangi for the sale and lease back (land only) of the current Tauranga courthouse site, for titles associated with both McLean House and Cameron House. The associated bill has not had a second reading. However, this commitment will need to be worked through as both the settlement and the Tauranga Courthouse project progress to Phase 2 (transfer of non-custodial services to the new CBD site).

Financial Case

186. This Financial Case outlines the estimated expenditure, funding and affordability of the Preferred Option (Option 4A) identified in the Economic Case.

Summary

187. This Financial Case confirms that the capital and operating expenditure required under Option 4A can be funded from a combination of the Tauranga Innovative Courthouse 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 4A.
188. Option 4A requires capital expenditure of Section (9)(2)(i) million and a contingency of Section (9)(2)(i) million (total of up to \$207.816 million) over a project period of FY 2020/21 to FY 2027/28 and has a Whole of Life Cost (net present value of capital and cash operating expenditure over an estimated life of investment of 65 years) of \$238.520 million. From FYs 2020/21 to 2022/23 the Ministry carried out initial preparatory work including land acquisition and demolition at a total capital cost over these years of \$23.457 million (included in the total capital of \$207.816 million).
189. The \$207.816 million capital comprises the Quantity Surveyor Base Estimate of Section (9)(2)(i) million plus two contingency amounts calculated in the Quantitative Risk Assessment, namely, contingency from base estimate to the mean of Section (9)(2)(j) bringing the total capital to \$207.816 million).
190. The Quantitative Risk Assessment (QRA) has calculated that the dominant uncertainty is the rate of inflation/construction cost escalation, followed by uncertainties regarding the cost of the link to McLean House, project duration, McLean House refurbishment cost, Unmeasured Sundries, and Preliminaries and General (P&G) costs.

Main Assumptions

191. The Economic Case concluded that Option 4A: Wellbeing First, provided best value for money of the short-listed options and was the Preferred Option.
192. The costs reflect the construction of a new High/District Court Criminal Registry building at the newly acquired site at 28, 30 and 32 Monmouth Street. Upon completion of the new building, the Criminal Registry services will transfer to Monmouth Street from the existing building at 46 Cameron Road, after which the Cameron Road site will be disposed of.
193. Civil and Family Court services will continue to be provided from the existing building at 23 McLean Street, which will however undergo a refit to make it fit for purpose for continued use. The costings include an option for a pedestrian link between the existing building at 23 McLean Street and the new building at Monmouth Street.
194. The Monmouth Street site has sufficient space for construction of an adjacent new Civil and Family Court building at some future time should that be required. That would be a separate, subsequent investment that may or may not be required in the long term, hence no costs for such have been built into this Financial Case.

- 195. Amounts already funded and spent in the two previous financial years (FYs 2020/21 and 2021/22) are shown, so the full financial impacts are visible and the remaining funding going forward is correctly calculated.
- 196. All figures in this Financial Case are in nominal terms (all costs include inflation and construction cost escalation). A detailed list of assumptions is provided in Appendix F.

Summary Financial Profile

- 197. **Error! Not a valid bookmark self-reference.** outlines the capital expenditure and matching funding and the operating expenditure and matching funding, over the project period (FYs 2020/21 to 2027/28) and the first two years in service (FYs 2027/28 and 2028/29). The funding sources will be a combination of the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies and the Ministry’s existing balance sheet and baseline funding.
- 198. The capital outlined in the table below is up to the mean level ofSection (9)(2)(j)

Table 18: Summary financial profile

	\$m - increase/(decrease)							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Capital Expenditure	5.307	14.637	3.512	Section (9)(2)(j)				
Capital Funding - Balance Sheet	5.307	11.222	-					
Capital Funding - Tagged Contingency	-	3.415	11.485					
Capital Balance 30 June	-	-	7.973					
Operating Expenditure	9.366	10.250	11.733	8.714	8.904	10.439	12.761	19.947
Operating Funding - Baseline	7.322	8.206	10.533	7.669	7.646	7.616	7.605	7.606
Operating Funding - Appropriation	2.044	2.044	-	-	-	-	-	-
Operating Funding - Tagged Contingency	-	-	1.200	1.045	1.258	2.823	5.156	12.341
Operating Surplus/(Shortfall)	-	-	-	(0.000)	0.000	(0.000)	(0.000)	(0.000)

	\$m - increase/(decrease)						
	2028/29	2029/30	2030/31	2031/32	2032/33	33/34 & Outyrs	Total
Capital Expenditure	Section (9)(2)(j)						
Capital Funding - Balance Sheet							
Capital Funding - Tagged Contingency							
Capital Balance 30 June							
Operating Expenditure	19.725	19.820	19.918	20.019	20.123	20.230	211.950
Operating Funding - Baseline	7.604	7.604	7.604	7.536	8.205	8.830	111.587
Operating Funding - Appropriation	-	-	-	-	-	-	4.088
Operating Funding - Tagged Contingency	12.121	12.216	12.314	12.483	11.918	11.400	96.275
Operating Surplus/(Shortfall)	0.000	-	(0.000)	-	-	-	(0.000)

Expenditure

199. Table 22 provides a breakdown of the capital and operating expenditure.

Table 22

Breakdown of Capital and Operating Expenditure

Tauranga Innovative Courthouse	2020/21	2021/22	2022/23	2023/24
Breakdown of Expenditure	Cultural	Cultural	Cultural	De
Capital & Operating	Engagement	Engagement	Engagement	De
\$M	& Land	& Land	Concept &	De
	Purchase	Purchase	Preliminary	Bu
			Design	Co
				Pr
				me
Capital Expenditure				
Land	5.307	14.627	0.028	
L NZ Consultancy	-	-	0.820	
L NZ & CERES Demolition	-	0.010	1.215	
Siteworks & Landscaping	-	-	-	
GHD Architecture Design & Monitoring	-	-	0.507	
WSP Engineering Design & Monitoring	-	-	0.407	
Maltby's QS Design & Monitoring	-	-	0.001	
Peer Reviews Fire HQ, Potus, Stratum	-	-	-	
External Assurance	-	-	-	
Resource Consent	-	-	0.323	
External PM	-	-	0.048	
Internal Property Team	-	-	0.036	
Internal Digital Team	-	-	-	
Internal MoJ Other	-	-	0.021	
Other Consultant Costs	-	-	0.108	
TA Compliance Building Consent/Dev Levies	-	-	-	
Contract Works Insurance	-	-	-	
On-Cost	-	-	-	
Structure	-	-	-	
Envelope	-	-	-	
Services	-	-	-	
Fitout	-	-	-	
Fitout & Link 23 McLean Street	-	-	-	
Fitout IT & AV	-	-	-	
Fitout Cultural Iwi Delivery	-	-	-	
Furniture, Fixtures & Office Equipment	-	-	-	
	5.307	14.637	3.512	
Operating Expenditure				
Project Operating	1.721	2.289	3.841	
Ongoing Operating & Maintenance	0.913	1.200	1.200	
Depreciation	0.694	0.722	0.481	
Capital Charge	6.039	6.039	6.210	
	9.366	10.250	11.733	

Section (9)(2)(j)

200. The capital expenditure over the project period of Section (9)(2)(j) million comprises the cost of construction of the new Criminal Registry building at Monmouth Street and the refit and linkage of the Civil and Family Court building at McLean Street.
201. The annual operating expenditure comprises project operating during the project period, and ongoing operating, maintenance, depreciation and capital charge.
202. Project operating expenditure over the project period totals \$9.151 million. This includes initial project costs before preliminary design including cultural engagement, concept design and business case development. Included in the final project year are the costs of staff relocation from Cameron Road to Monmouth Street and disposal of the Cameron Road site.
203. Ongoing operating and maintenance expenditure over the project comprises the costs of continuing to use the Cameron Road and McLean Street buildings while the new Monmouth Street building is under construction. Upon project completion in FY 2027/28 the Cameron Road ongoing costs are replaced by the Monmouth Street ongoing costs while the McLean Street ongoing costs continue as before. In the first year of the Monmouth/McLean Streets solution (FY 2027/28) the cash operating and maintenance cost is \$3.077 million, which then rises each subsequent year with inflation.

- 204. Depreciation reflects capitalisation and commissioning of the new Monmouth Street building and the McLean Street refit and link upon project completion in FY 2027/28. It also reflects accelerated depreciation over the project period of the remaining assets at Cameron Road, plus the ongoing depreciation of the existing assets at McLean Street.
- 205. Capital Charge comprises charge on existing assets including existing fixed assets at Cameron Road and McLean Street plus cash allocated to the project in the Ministry’s balance sheet, plus charge on new, additional capital funds as they are drawn down into the Ministry from the Tauranga Tagged Capital Contingency (see Funding section below).

Funding

- 206. On 4 December 2019 the Cabinet Social Wellbeing Committee agreed that work be undertaken to establish a new courthouse in Tauranga and agreed an initial appropriation of \$2.044 million per annum operating from 2020/21 to 2021/22 and the Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies of \$90.000 million capital and \$2.202 million per annum operating from 2022/23 to 2024/25 [SWC-19-MIN-0197] with a further Tagged Operating Contingency of \$11.400 million per annum ongoing operating from 2022/23 agreed by Cabinet on 6 April 2020 [CAB-20-MIN-0155.09].
- 207. As outlined in Table 21, of the Section (9)(2)(j) million total capital expenditure Section (9)(2)(j) Section (9)(2)(j) \$106.285 million will be funded from the Ministry’s balance sheet and \$90.000 million will be funded from the Tauranga Innovative Courthouse Tagged Capital Contingency. Of this \$90.000 million, \$14.900 million has already been drawn down in FYs 2021/22 and 2022/23 for funding the initial land acquisition and demolition works, leaving \$75.100 million remaining in this Tagged Contingency.
- 208. Section (9)(2)(j) if required, will also be funded from the Ministry’s balance sheet.
- 209. Table 21 also outlines the combination of baseline and Tagged Operating Contingency sources that will fund the operating expenditure. In the first year in service (FY 2027/28) Ministry baseline funds \$7.606 million and Tagged Operating Contingency funds \$12.341 million.
- 210. Tables 23 and 24 below outline the remaining Tauranga Innovative Courthouse Tagged Capital and Operating Contingencies established by SWC-19-MIN-0197 and CAB-20-MIN-0155.09 (post rephasing and drawdowns to date) and the final rephasing now required so they match the phasing of the capital and operating expenditure of Option 4A outlined in Table 21.

Table 23

Tauranga Innovative Courthouse – Tagged Capital Contingency

	\$m - increase/(decrease)			
	2023/24	2024/25	2025/26	2026/27
Tagged Capital Contingency	2.299	29.788	42.812	0.201
Rephasing	(1.244)	0.148	0.911	0.185
Rephased Balance	1.055	29.936	43.723	0.386

Table 24

Tauranga Innovative Courthouse – Tagged Operating Contingency

	\$m - increase/(decrease)										
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	33/34 & Outyrs
Tagged Operating Contingency	3.819	3.819	3.819	3.818	11.400	11.400	11.400	11.400	11.400	11.400	11.400
Rephasing	(2.774)	(2.561)	(0.996)	1.338	0.941	0.721	0.816	0.914	1.083	0.518	-
Rephased Balance	1.045	1.258	2.823	5.156	12.341	12.121	12.216	12.314	12.483	11.918	11.400

Quantitative Risk Assessment and Contingency

211. A Quantitative Risk Assessment (QRA) was carried out by QRA consultants Broadleaf Capital International NZ Limited on the Financial Model for Option 4A.
212. The dominant uncertainty is the rate of inflation/construction cost escalation, followed by uncertainties regarding the cost of the link to McLean House, project duration, McLean House refurbishment cost, Unmeasured Sundries, and Preliminaries and General (P&G) costs.
213. The Quantity Surveyor base estimate of capital expenditure, and the mean and 85th percentile calculated in the QRA, and the resulting contingency amounts, are set out in Table 25.

Table 25

Quantitative Risk Assessment and Contingency

Tauranga Innovative Courthouse Contingency From Quantitative Risk Assessment (QRA) \$M	Capital Expenditure excluding Initial Land Acquisition	Capital Expenditure including Initial Land Acquisition
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Section (9)(2)(j)

Equals	187.871	207.816
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214. The \$207.816 million capital comprises the Quantity Surveyor Base Estimate of **Section (9)(2)(j)**

Whole of Life Cost (Net Present Value)

215. The Whole of Life Cost (Net Present Value) (WOLC) of the preferred option (Option 4A) has been calculated over the project period (FY 2020/21 to FY 2027/28) plus the in-service period (FY 2027/28 to FY 2091/92) and comes to \$238.520 million.
216. The in-service period is the life cycle of the main asset, which is the new building to be constructed at Monmouth Street, which is estimated at 65 years. Beyond this timeframe the building is likely to require significant upgrades. Such upgrades have been treated as separate, subsequent investments

which may or may not be required in the long term, hence they are not included in this WOLC calculation.

217. Within the in-service period (65 years) the WOLC calculation includes amounts for sub-asset life cycle replacements, e.g., replacement of fitout or replacement of roof, which both have a life cycle of 25 years.
218. This WOLC feeds into the Economic Case for Option 4A where it is compared with the WOLCs for the other short-listed options.
219. It also confirms that this investment requires Cabinet approval, in accordance with the delegations set out in CO (19) 6.

Management Case

Introduction

220. This Management Case demonstrates the achievability of implementing the Preferred Option and summarises the arrangements for successful delivery. The investment will be delivered as a standalone capital project.

Project Management and Method

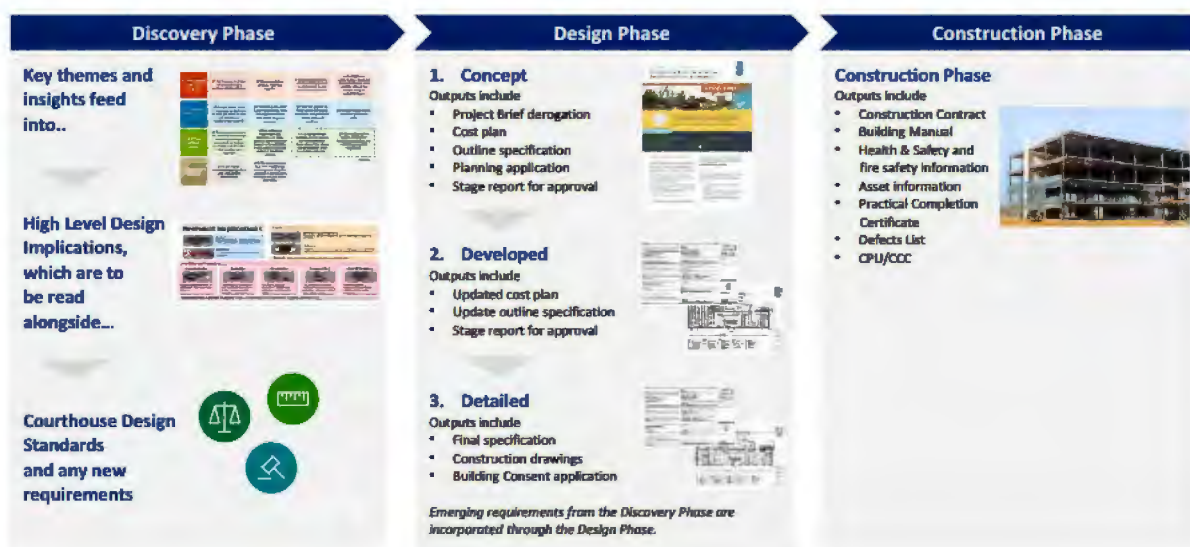
Capacity and Capability

221. This investment requires a level of planning, change management, and delivery. The Ministry's project management strategy, frameworks, and plans will be material and relevant across all investment.
222. The Ministry has undertaken work to ensure the achievability and deliverability of the project. To date, this involves a comprehensive 'Discovery' phase to inform design and progression of the design, with support from competitively tendered Architecture Services, Quantity Surveyors and Engineering Services. The Ministry has also made use of the NZ Construction Industry Council guidelines as the basis for all subsequent design phases. An external Project Manager has been procured to manage delivery of subsequent design and construction phases.
223. **Section 9 (2)(g)(i)**
[REDACTED].
224. The scale and scope of the construction required is within the Ministry's experience, and this Management Case reflects that, for the most part, the Ministry's normal project management approaches and disciplines will be sufficient to complete the project and achieve the benefits sought. This Management Case also reflects the Ministry's project management learnings through taking a participative approach to delivery of this project to date, including the relationships developed through engagement between the Ministry and iwi. It also includes engaging with bodies outside the Ministry's own governance structure to help ensure the judiciary, and internal and external stakeholders, are appropriately involved throughout the design and development process.

Delivery Method

225. Figure 9 summarises the delivery method being used to develop an Innovative Courthouse. This delivery method aims to ensure the new Tauranga court is based on a design that prioritises engagement with iwi, reflects an understanding of different user experiences, and meets the needs of a broad range of users.

Figure 9: Delivery Method



Project Structure

Governance, reporting and engagement

226. The current governance structure and the reporting arrangements for the project follow the Ministry's Project Delivery Framework and are outlined below.

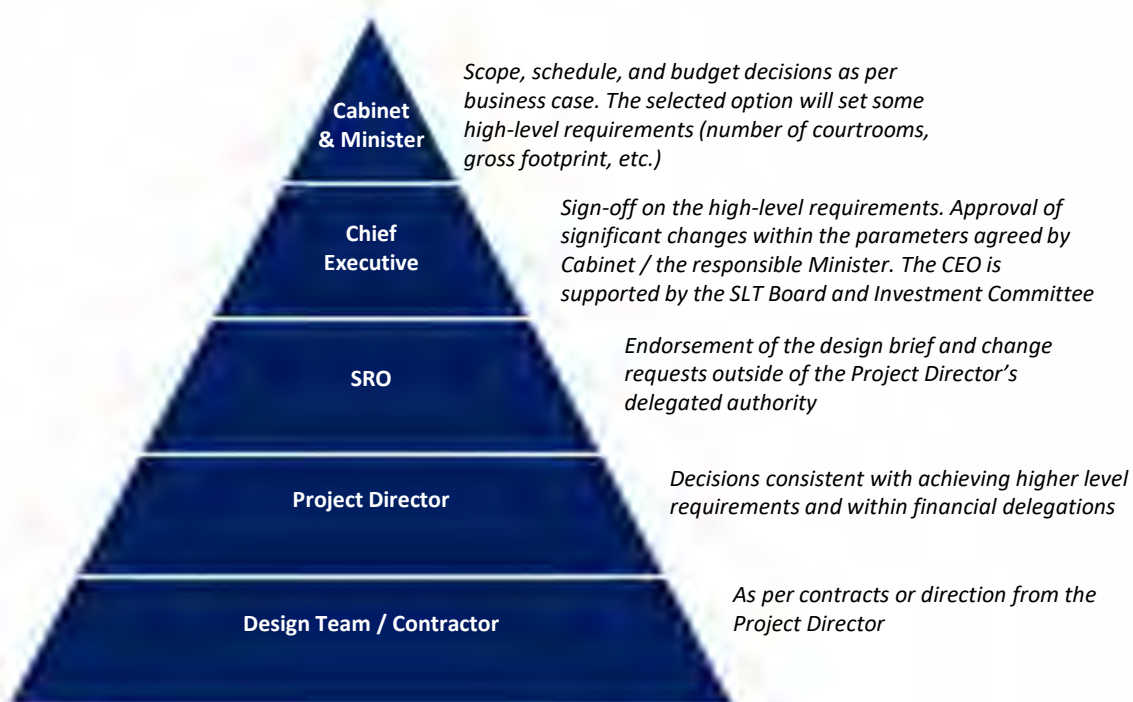
Property Capital Projects Committee

227. The Property Capital Projects Committee (CPC) exists to support the Senior Responsible Officer (SRO) in the oversight of Property capital projects proposed, planned, and underway, maintaining responsibility for governing all major property capital investments and subsequent projects and programmes in the property portfolio. The Investment Committee is responsible for assessing investment decisions over SRO delegation. In the previously endorsed IBC, the Innovative Courthouse Portfolio Board (ICPB) existed to provide a portfolio-wide view on Innovative Courthouse matters, however the CPC has since replaced the ICPB and provides an equivalent governance role.
228. While the SRO is accountable, the Property Capital Projects Committee supports the SRO in:
- Ensuring robust investment decisions are proposed to the Investment Committee which align to Ministry's capital intentions, vision and strategy
 - Governing the successful delivery of each approved project line with approved investment parameters

- Providing strategic direction, monitoring the project and making key decisions and/or recommendations to the SRO and responsible Ministers in accordance with the overall governance framework
- Supporting the SRO accountabilities associated with that role if required
- Approving or endorsing a range of project documentation
- Helping ensure the property group make effective use of its resources
- Ensuring multiple voices and viewpoints remain heard through the recommendations for capital investment, establishment, and delivery of projects.

229. To support governance arrangements, the Project Requirements Hierarchy shown in Figure 10 has been put in place as a guideline to understand decision rights:

Figure 10: Project Requirements Hierarchy



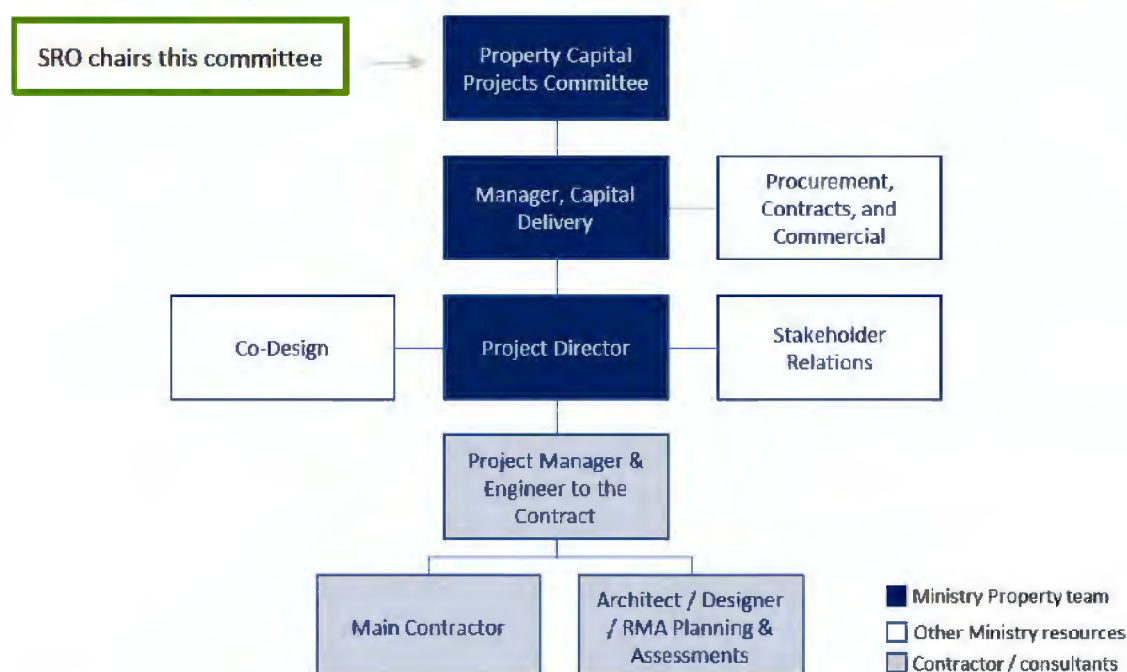
230. Alongside the above hierarchy, the Property Infrastructure Board provides assurance that the Property services and functions are performing to expectations and are appropriately managed. This Board includes external members.

While it does not directly provide project level governance (the role of the Property Capital Projects Committee), the Board does monitor the Property Work Programme including key activities and initiatives to continuously improve the property function.

Project roles and responsibilities

231. The SRO has accountability for the successful delivery of the project and maintaining the project's organisational alignment.
232. The Project Director is responsible for managing the project overall, reporting through to the Manager Capital Delivery and the SRO. The Project Director is supported by a project coordinator, and functional support from other parts of the Ministry in specialist areas (e.g. Communications, Finance, Risk, and Change Management).
233. Key skills required for the project include business case writing, project management, procurement, co-design, and stakeholder engagement expertise. Team members with these skill sets are in place.

Figure 11: Project Team Structure



234. A **Project Advisory Group (PAG)** has been established to provide advice to the project team. The initial focus has been on design. Further into the project the PAG members will lead the workstreams required to make the building operational, noting that the design and implementation of the new courthouse operating model is outside of the scope of this project.
235. The **Judicial Reference Group** includes High Court and District Court representatives as appointed by Heads of Bench, as well as any local judges the Chief District Court Judge determines should be on the reference group. It will provide advice and perspectives of the constitutionally independent judiciary as the Ministry's court services delivery partner.
236. **Hapū and Iwi reference group:** the Ministry has in place a Relationship Agreement with local hapū as a means to ensure the design reflects the needs of the local community, and cultural elements in order to meet the Investment Objective "To provide a physical environment that is reflective of the Tauranga community".
237. The **Courthouse Design Committee** currently under the chair of Hon Justice Kós, provides oversight and review of all courthouse designs and standards.

Project Plan

Table of milestones

238. The Ministry have put in place a plan to ensure a successful transition from DBC to implementation business case, and through to construction. The key steps required from IBC to DBC have been completed; these include engaging the full design team, significantly progressing the design, which has included rework to the concept design initially completed in 2021, and in parallel mitigating the significant consenting risk. A conditionally confirmed decision was received in response to the Notice of Requirement lodged through the Covid-19 Fast Track process, which significantly de-risks the project.
239. Phase One activities to enable land acquisition are complete. The key milestones for Phases Two and Three are tabulated below.

Table 19: Project milestones

Project Milestone	Date	Comment
Phase 1: Discovery/ Initiation		
Key Decision Point: IBC approved by Cabinet	September 21	Complete
Full design team engaged	August 21	Complete
Site title	June 22	Complete
Phase 2: Design, Consenting & Tendering for Construction		
Updated concept design (based on previous design but splitting for stage one)	January 23 - May 23	In progress
Key Decision Point: DBC Approved by Cabinet	June 23	

Section (9)(2)(j)

Project Milestone	Date	Comment
Section (9)(2)(j)		
Indicative Construction period	August 24 – February 27	

Off-ramp and review points

240. Between the IBC and DBC the Ministry continued further investigation into demand modelling to gain more information and ensure the number of courtrooms accurately meets projections.
241. The Ministry has continued to engage with Treasury and Te Waihangā New Zealand Infrastructure Commission throughout the process from IBC approval to development and approval of the DBC.
242. The project will prepare an Implementation Business Case. If evidence arises making progress unsuitable, such as consenting or site issues or tender costs in excess of project budget, the Implementation Business Case will provide the final off-ramp if required.

Key decision points

243. The investment decision pathway for Cabinet and Ministers was agreed in a BBC Start-up clinic and the subsequent 16 September 2020 scoping document. The upcoming key decisions are:
 - Cabinet decision on this DBC in June 2023.
 - Approval of the Implementation Business Case in August 2024 by the responsible Minister. In the instance there are unexcepted financial implications, approval of the Implementation Business Case will be sought at a Cabinet level.

Change Management

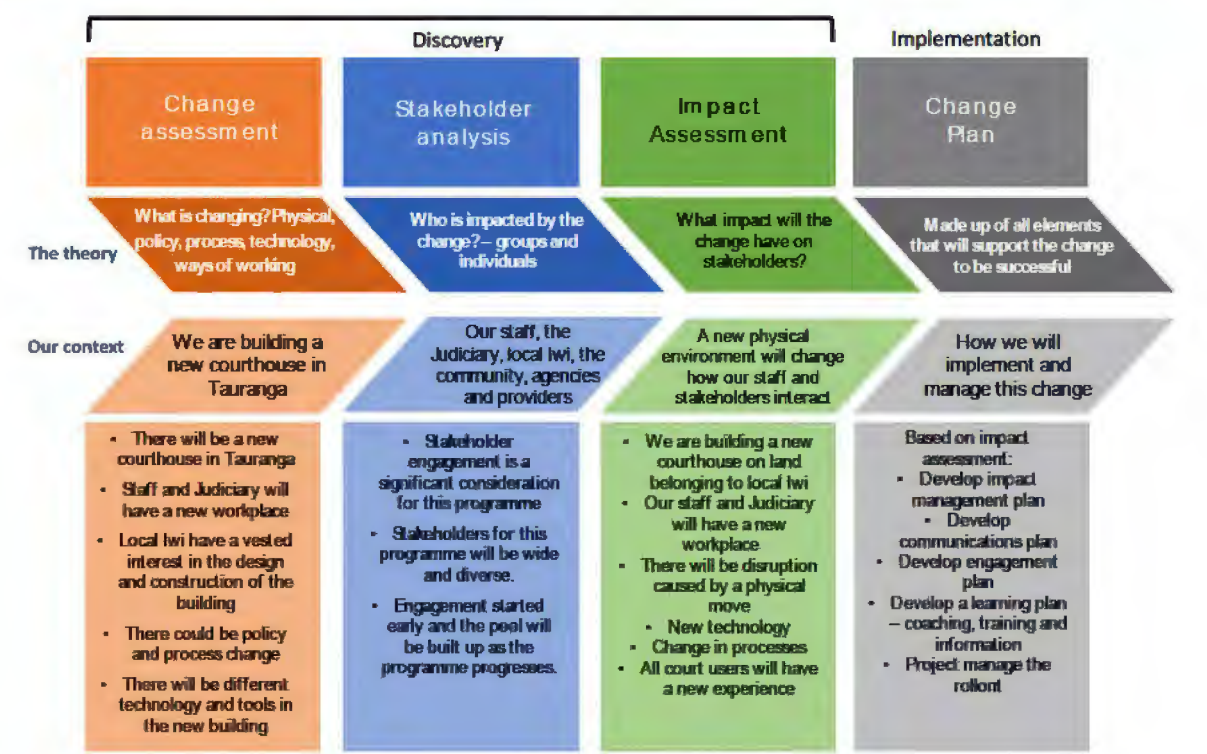
244. The participative design approach for the Tauranga Courthouse has laid a strong foundation for change management in Tauranga. Those who will be significantly impacted have been involved early, generating a high level of awareness, goodwill and involvement. A stakeholder engagement matrix has been completed and is provided in Appendix G: Tauranga Court Stakeholder Matrix.
245. The proposed approach is to create a locality-based change window covering a period from nine months before the in-service date, to three months after the in-service date. The Change Manager will provide a fully integrated change implementation plan for Tauranga over this one-year period.
246. The approach to change implementation and planning is cyclical. As the programme moves through high-level (and detailed) phases, the stakeholder impact assessment should be revisited and updated. The approach to assessing readiness for change will be developed in mid-2023 and the transition activities in the immediate lead-in to go-live, and the three months post go-live will be developed from 2023 to 2024, as more detail becomes available.

247. Aspects of the new courthouse (new technology, new security systems) will cause or enable change to day-to-day processes and practices, particularly for those working in the new courthouse. The scope of change management for this project includes only those changes relating to the new physical environment, and it is not expected that complex change management requirements will be needed.
248. The local members of the PAG are expected to play a role in supporting change management for the Tauranga Courthouse. Their role will be “change champions” supporting the transition to the new design.

Change Management Strategy, Framework, and Plans

249. The Change Management approach will follow the strategy, framework and planning outlined in the Ministry’s Change Management Toolkit. The Change Management Toolkit provides proven Ministry appropriate tools and techniques for effectively managing the people side of change, that align with the Ministry’s Enterprise Change Management Framework. The Ministry’s Change Management plan is included in Figure 12.
250. The Tauranga Courthouse Change Manager will adhere to the Ministry’s Change Management framework and toolkit, ensuring all steps outlined from ‘Discovery’ to ‘Implement’ are followed.

Figure 12: MoJ Change Management Plan



Risk Management

251. The strategy, framework, and plan for managing risk are set out in the following:

- The Ministry's Risk Management Policy.
- The Ministry's Risk Management guidance.
- The Ministry's key risk management principles.

Risk Register

252. The register lists all risks identified for the project, and information on risks is included in regular status reports. The risk register is continuously monitored and updated.

Section 9 (2)(g)(i)

Benefits Management

253. The Ministry's Benefits Management Frameworks provides guidance on identifying and analysing project benefits, and planning and reporting on benefit realisation, aligned to the Justice Project Delivery Framework (JPDF).
254. Benefits and corresponding measures are included below. A detailed view of the Tauranga Courthouse Benefits Map and Benefits Realisation Plan are included in Appendix H: Benefits and Appendix I: Benefits Realisation .

Table 21: Benefits measurement

Benefit	Measure name	Measure description
To provide a physical environment that is reflective of the Tauranga community	User satisfaction survey: Increase very safe "feeling of safety" response from 72% to at least 90% in the court user survey within one year of the new courthouse opening.	Courthouses should embody community identity and values. Honouring the whakapapa and mauri of a courthouse environment is necessary to fulfil their civil purpose. In doing so, the delivery of justice is connected with a thriving community.
Improve access to justice	All physical courtrooms meet accessibility standards: Increase facilities rating from 66% to 90% in the court user survey within a year of the new courthouse opening. There will be no unavailability due to building condition or issues in the next 10 years.	Availability of physical courtrooms should not unduly constrain fair and timely access to justice. The design and layout of the courtrooms should enable local access to justice and cater for victims and those with specific accessibility needs such as those with disabilities and impairments. Infrastructure should enable people to be seen, heard, and understood.
To provide a physical environment that enables the integrity of the courts and tribunals	Increase courthouse design standard compliance to 100% for the new facility.	The physical environment of the Tauranga Court should support the separation of parties. The design should minimise contamination risks that could lead to an event needing to be rescheduled. Adequate space should be provided for the Judiciary and Ministry staff and sector partners to work efficiently.
Health, Safety and Security standards are met.	All health and safety standards are met. Increase the SRA from 78% to at least 90% within 3 months of the new courthouse opening. 100% NBS for new builds, 67% NBS for redevelopments	The courthouse provides a healthy and safe environment.
Provide flexible infrastructure that enables	Buildings are designed to enable and support future changes in service provision and initiatives. e.g. Te Ao	The courthouse is designed in a way that supports resilience for the future in terms of demand, the use of technology, and changing

Benefit	Measure name	Measure description
different service delivery models and can meet changing levels of demand	<p>Mārama, CPIP can be achieved – evidence through relevant design approvals.</p> <p>This will be explored through a qualitative review which will include capturing the voice of court users and will look at issues such as facility utilisation patterns within 18 months and then again 36 months of the new courthouse opening.</p>	work practices. The design will prioritise opportunities and spaces to provide flexibility for new and enhanced ways of working to deliver better justice outcomes.

Quality Management

Strategy and Framework

255. The approach to Quality Management follows the Ministry's Project Assurance Framework and the Ministry's portfolio and project risk management practices.

Plan

256. A post implementation review is needed to confirm technical compliance with specifications and gather user feedback to apply to future projects. The required timeframe is within 6 months after the in-service date for the Court facility. Based on the current overall project schedule this will likely be around November 2027.
257. Project evaluation reviews will be carried out to identify divergences from the Business Case baselines, how they were approved, and the subsequent impact on project objectives costs and benefits. The plan for the project evaluation reviews will be reviewed in the later stage of the Construction phase as an input to the Gateway Review 4 planned for May 2027.
258. The Ministry will include an observation and quality assurance role through a clerk of works. The clerk of works will represent the Ministry's interest in regard to ensuring that the quality of materials and workmanship are in accordance with the design information and relevant standards (including the Courthouse Design Standards).

Design and Construction

259. The Ministry will receive specialist advice from Architects and Engineers about the quality of the design and construction. This includes the completion of design peer reviews conducted by external consultants through design delivery, and internal engagement with the Courthouse Design Committee and Subject Matter Experts to support design reviews at key milestones.

Cultural requirements

260. The establishment of a hapū and iwi reference group is intended to ensure the needs of local community and cultural elements are incorporated and accurately reflected in the design.

IQA

261. Engagement with Treasury indicated that IQA for this DBC is not required. A range of other quality management features for the project (e.g. including Gateway) mean IQA will not be required.

Gateway review

262. Gateway reviews will occur throughout the development of the Tauranga Courthouse Business Cases.

Table 22: Gateway Review dates

Gateway Review	Date
Gateway Combined Gate 0/1 review before Cabinet consideration of the IBC	May/ June 2021
Gateway Gate 2 review before Cabinet consideration of the DBC	March 2023

Section (9)(2)(j)

Appendix A: Workload Modelling

263. The Ministry has developed a workload modelling tool for courts as part of its management of operational resource requirements. This model tracks actual scheduled cases (inflow and outflow) and associated events; and uses weightings for different types of events to calculate workload.
264. The workload metric derived by the model is artificial; it does not directly represent or convert to “number of hours” or some other common unit. However, it provides for a consistent workload metric across courts.
265. The model includes forecasts of future cases and workload, based on historic trends. There are two main scenarios for forecast workload expectations:
- Scenario A (optimistic): the growth in events per case stabilises.
 - Scenario B (pessimistic): the growth in events per case continues.
266. Caveats about results of courtroom demand modelling:
- The demand ‘trend’ should be used rather than trying to estimate actual demand.
 - The modelling results are indicative and should be used as such.
 - It is a decision-support tool rather than a decision-making tool.
 - Demand modelling alone cannot determine how many courtrooms are needed.
 - Local knowledge should be integrated with the results to determine requirements for the number and type of courtrooms.

Appendix B: Courtroom Types from the Courthouse Design Standards

Table 23: Courtroom types

Tier	Type	Description
Tier 1	Jury Capable	All Tier 2 and 3 events could be scheduled here
Tier 2	Custodial	Tier 3 events could be scheduled here if space allows
Tier 3	Other	No events requiring a Jury or custody can be scheduled here

Appendix C: Shortlist Options Assessment

267. This appendix provides reassessment of the four options shortlisted in the IBC (and the Status Quo) to confirm the Preferred Option. Note assessment of the sub-options is included in the Economic Case above.
268. Each short-list option from the IBC has been reassessed against its ability to meet investment objectives, realise non-financial benefits and mitigate risks. Short-list options were also reassessed against whole-of-life costs (WOLC) and value for money.
269. The assessment weights investment objectives, benefits and risks equally, to generate a numerical score. Options were ranked according to this score, before sensitivity testing was undertaken to confirm any impact on options ranking.
270. The benefits outlined in the Strategic Case and reassessed in the Economic Case are non-financial. Accordingly, no financial benefits have been included in the analysis. While modest financial benefits may arise (for example, from reduced staff absenteeism, or churn as a result of a better work environment) these are not expected to be material, nor are they considered a key driver for investment.
271. The short-listed options were tested against three non-monetary benefits identified in the Strategic Case. Each option was reassessed as to how well it provided a benefit or dis-benefit compared to the Status Quo.

Table 24: Non-monetary benefits

Living Standards Framework ⁴²	#	Benefit	Description
Health Safety	1	Improved safety for all participants (including the public, Judiciary, and staff)	A courthouse that ensures health and safety obligations are met and improves the sector's ability to meet duty of care.
Engagement & voice Cultural capability & belonging Environmental amenity	2	Improved experience (for all court users)	A courthouse which provides an improved experience through the creation of spaces that connect spaces with place and help support their well-being.
Our institutions and governance	3	Improved resilience	A courthouse that improves access to justice and associated services and seeks to meet future demand and support alternative future delivery models.

272. The Ministry re-estimated the whole of life cost (WOLC) for each short-list option. The WOLC is the discounted cash costs of the investment over its useful life, including:
- One-off operating and capital expenditure

⁴² <https://www.treasury.govt.nz/sites/default/files/2021-10/tp-living-standards-framework-2021.pdf>

- On-going cash operating expenditure
- Ongoing allowance for capital expenditure for refurbishment/replacements
- A nominal discount rate of 7.1% (Special Purpose Buildings rate) to calculate WOLC in present value terms⁴³
- A 65-year in-service period

Short-List Evaluation Results

273. This section provides an overview of the assessment undertaken to confirm the Preferred Option. Table 31 shows the net-value assessment of the short-list options, against investment objectives, benefits and risks.

Table 25: Net-Value Assessment

Assessment criteria		1. Status Quo	4. Wellbeing First	5. Wellbeing Plus Resilience	7. Adaptive Innovation	8. Aspirational Future-proofed Innovative Court
Investment objectives	Enable local access to justice	Partially meets	Meets	Meets to a greater extent	Meets to a greater extent	Meets to the greatest extent
	Provide an environment that maintains the integrity of courts and tribunals	Partially meets	Meets	Meets	Meets	Meets to the greatest extent
	Meet Health, Safety and Security requirements	Partially meets	Meets	Meets	Meets	Meets to the greatest extent
	Provide flexible infrastructure that enables different delivery models and can meet changing levels of demand (in calendar year 2027)	Does not meet	Meets	Meets to a greater extent	Meets	Meets to the greatest extent
	Provide a physical environment that is reflective of the Tauranga community	Does not meet	Meets to the greatest extent	Meets to the greatest extent	Meets to the greatest extent	Meets to the greatest extent
Benefits	Improved safety	Nil	Some	Some	Some	Max
	Improved experience	Nil	Some	Some	Some	Max
	Improved resilience	Nil	Minimum	More	Some	Max
Risks	Disruption	Most increase	Some decrease	Some increase	Some increase	Some decrease
	Design	Most increase	Some decrease	No increase or decrease	Some decrease	Most decrease

⁴³ [Discount Rates \(treasury.govt.nz\)](#)

Assessment criteria	1. Status Quo	4. Wellbeing First	5. Wellbeing Plus Resilience	7. Adaptive Innovation	8. Aspirational Future-proofed Innovative Court
Delivery	Most increase	Some increase	Some increase	Some increase	Most increase
Procurement	Most increase	No increase or decrease	No increase or decrease	Some increase	Some increase
Volume	Most increase	Some increase	No increase or decrease	Most increase	Most decrease
Environmental	No increase or decrease	Some increase	Some increase	Some increase	Some increase
Net Value Ranking	5	3	2	4	1

274. The above Net-Value Assessment was used to calculate a Net-Value Score. Short-list options were reassessed against their ability to:

- Meet investment objectives on a scale of score of 0 to 4, where zero means an option does not meet investment objectives and four means the option meets investment objectives to the greatest extent.

0	1	2	3	4
Does not meet	Partially meets	Meets	Meets to a greater extent	Meets to the greatest extent

- Realise benefits on a scale of 0 to 4, where zero represents no contribution to the benefit, and four represents maximum contribution to the benefit.

0	1	2	3	4
Nil benefit	Minimum benefit	Some benefit	More benefit	Maximum benefit

- Mitigate risks, where -2 suggests the most increase in risk, and two suggests the most decrease in risk.

-2	-1	0	1	2
Most increase	Some increase	No increase or decrease	Some decrease	Most decrease

275. The Net-Value Score for each option is shown in the table below.

Table 26: Net-Value Score

Contribution to overall Net-Value Score	1. Status Quo	4. Wellbeing First	5. Wellbeing Plus Resilience	7. Adaptive Innovation	8. Aspirational Future-proofed Innovative Court
Investment Objectives	8	28	30	29	33
Benefits	0	23	28	27	33

Risks	3	15	15	10	18
Overall score	11	66	73	66	84
Ranking	5	3	2	4	1

276. From a value perspective, Options 8 and 5 deliver the highest and second highest overall scores, respectively, reflecting a wide scope of site services, an increase in courtroom capacity, and prioritisation of flexible space. Options 4 and 7 have almost identical ratings, while the Status Quo option performs poorly in comparison, which is not unexpected given the current building conditions, especially at Cameron House.
277. Beyond net-value, value for money is a critical consideration in determining the Preferred Option. The Ministry has estimated the WOLC and capital expenditure required for each option, as shown the table below.

Table 27: Indicative option cost estimates

Options	1. Status Quo	4. Wellbeing First	5. Wellbeing Plus Resilience	7. Adaptive Innovation	8. Aspirational Future-proofed Innovative Court
WOLC (discounted and expressed as a Present Value \$2023)	\$177m	\$303m	\$328m	\$306m	\$353m
Whole of Life Cost Ranking	1	2	4	3	5

278. The size of the investment is a key driver in the cost, including the number of courtrooms. Therefore, it is unsurprising Option 8 is the costliest option, followed by Option 5. The WOLC of Options 5 and 8 are relatively similar, but Options 4 and 7 have a lower WOLC.
279. The assessment of value for money was based on Waka Kotahi's Price Quality Method. This considers each option's qualitative net-value score against cost, providing an indicative benefit-cost assessment. The assessment adopts equal weightings for benefits and costs. More detail on the methodology is provided in Appendix D: Net-value to Cost Assessment Methodology.

Table 28: Price Quality Methodology Results

Options	1. Status Quo	4. Wellbeing First	5. Wellbeing Plus Resilience	7. Adaptive Innovation	8. Aspirational Future-proofed Innovative Court
Price Quality Score Ranking	5	1	3	4	2

280. Option 4 represents the best value for money based on delivering investment objectives, and maximising project benefits while minimising risks, versus delivering a cost-effective courthouse.

Sensitivity Analysis

281. The sensitivity analysis tests the circumstances when the Preferred Option and other option rankings may change (or not). The sensitivities include changes in weightings to the net-value assessment, and changes to the price quality ratio. Option 4 emerges as the top-ranking option under an even weighting of cost to net-value (50:50). While sensitivity analysis shows several of the options may have merit under lower weightings for cost, the current affordability constraints mean the Ministry is confident that Option 4 is the best basis for moving forwards.

Sensitivity and Ranking	1. Status Quo	4. Wellbeing First	5. Wellbeing Plus Resilience	7. Adaptive Innovation	8. Aspirational Future-proofed Innovative Court
Default: 50% Weighting for Net-Value, 50% Weighting for Cost	5	1	3	4	2
40% Weighting for Net-Value, 60% Weighting for Cost	1	2	4	3	5
60% Weighting for Net-Value, 40% Weighting for Cost	5	3	2	4	1
50% Weighting Investment Objectives, (0% Weighting Benefits & Risks), 50% Weighting for Cost	5	2	4	1	3

282. Note the sub-option assessment in the Economic Case above provides a lower cost version of Option 4.

Appendix D: Net-value to Cost Assessment Methodology

Net-value scoring process

The following steps were adopted to develop a net-value score for the shortlist options, prior to overlaying a cost or value for money lens.

1	Workshop Assessment	2	Recalibrate scoring	3	Weight equally	4	Generate score	5	Rank options	6	Weighting scenarios
	During the workshop participants assessed each Short List option against investment objectives, benefits, and risks.		Additional granularity was required in scoring to support option differentiation. To provide comparable analysis across options, all ratings scales were converted to a 2.5 point scale for overall scoring calculation purposes.		Investment objectives, benefits, and risks are all weighted equally in terms of their contribution to the overall score.		This approach generates an overall score for each option between 0 – 1, with 1 being the best possible result and 0 the worst.		Using the 0 – 1 overall score, options can be ranked.		Calibration has been completed to understand the point when the individual scores change to modify ranking e.g. increasing the weight that risks contribute to the overall score.
Workshop Assessment											
Assessed Short List Options against their ability to meet investment objectives			Assessed Short List options against their ability to realise benefits			Assessed Short List options against their ability to mitigate risks					
Assessment Scale: 0 = Does not meet investment objectives 1 = Partially meets investment objectives 2 = Meets investment objectives 3 = Meets investment objectives to a greater extent 4 = Meets investment objectives to the greatest extent			Assessment Scale: 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			Assessment Scale: -2 = Most increase in risk -1 = Some increase in risk 0 = No increase or decrease to risk 1 = Some decrease in risk 2 = Most decrease in risk					

Shortlist option ranking process

Following the development of net-value scores, a Price Quality Method (PQM) approach was adopted to adjust the net-value scores taking cost (WOLC) into account. This provided a value for money lens to the assessment of the options.

Based on the NZTA PQM methodology:

1. Determine the Weighted Sum Margin (WSM), for each option, as an input for calculating the Benefit Premium Assessment (BPA)

The WSM is the “premium” of benefits for each option, expressed as a percentage, multiplied by the weighting of benefits (vs weighting of costs). The formula is:

$$\text{WSM} = (\text{Benefit Score of option} - \text{Benefit Score of Lowest Scoring option}) / 100 \times (1 - \text{Cost Weighting})$$

For this assessment, the Cost Weighting was 50% and the Benefits Weighting was 50%.

2. Calculate the BPA for each option

The BPA for each option is its WSM multiplied by the expected cost of the solution overall, and divided by the Cost Weighting. The formula is:

$$\text{BPA} = \text{WSM} \times \text{Cost Estimate} / \text{Cost Weighting}$$

The Cost Estimate used for this assessment was the mean of the six options.

3. Subtract the BPA for each option from its Net Present Cost to calculate the Benefit Adjusted Cost (BAC).

The BAC is the NPC less the BPA. The formula is:

$$\text{BAC} = \text{NPC} - \text{BPA}$$

Appendix E: Commercial Strategy Overview

Draft Commercial Strategy Overview



Project vision statements

Create welcoming courthouses which facilitate timely, equitable and enduring access to justice services.

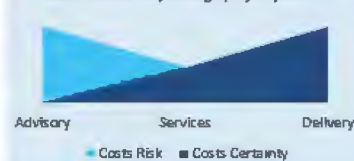
To provide safe spaces which enable and support people to find resolution or solutions, for themselves, their whānau and their community

"Co-design will be core to the success of the Innovative Courthouse Programme"
Innovative Courthouses Mandate

Market Engagement

- Broad market testing to enable boutique specialist and large providers to be involved
- Overall approach to meet with potential providers from panels first, invite responses
- Engagement workshops to introduce key project team and demonstrate expected participatory engagement approach

Risk and certainty through project phases



Key Contract Obligations

- Clear expectations for behaviours
- Key personnel regimes
- Transparent and fair fee arrangements
- Contract and relationship management plans
- Mol licence and ownership of Intellectual Property
- Discretionary and default based termination and service scope provisions

Commercial Principles and Objectives

- Supporting and enabling delivery of innovative courthouses
- Ensuring public value and flexibility are aligned in the context of co-design activities
- Managing rather than avoiding risk through proactive contract management and stakeholder engagement
- Ensuring the right people are working on the projects who are aligned to co-design activities and participatory engagements (from organisations or partnerships able to scale to support the different project phases)
- Utilise panel agreements where possible

Project Phases

Advisory

Project establishment
Initial stages of co-design
Requirements for the Project are developed and defined.

Services

Design development
Concept design
Detailed Design
Construction provider appointed

Delivery

Delivery of the project according to the chosen contract model

Professional Services -

Full Market Sounding/ROI/RFP

Main Contractor
Standard approach ROI/RFP
Business Case/IQA
Architecture and Design
Probity and Legal Services

Depending on scale RFP or direct source

Quantity Surveyor
Planning/RMA services
Engineering Services (incl building services and structural)
Perhaps separate
- Geo technical advisory
- Fire services
- Acoustic engineer

Risk Management	Raw Risk Rating	Proposed Mitigations	Residual Risk Rating
1. Costs of early engagement Due to the stage of the project when the providers are being engaged and the unknown time impacts the co-design approach, costs for early engagement may be significant.		Fees approaches included in procurement due to some services not able to be defined Specific contract management and financial review provisions to enable as much scrutiny of fees and costs as possible	
2. Provider personnel 'fit' If the provider personnel do not relate well with stakeholders, there is a risk that Mol's stakeholder relationships will be undermined and impact project progress.		Procurement approach focussed on appointing the right people Contract structures that enable proactive contract management, performance measurement and termination for convenience provisions Shortlisted providers can also be engaged if necessary.	

Commercial Case

Identifies and defines the services to be procured.

Procurements for design, and planning-related services have all been completed. Therefore, the procurement for construction services is the focus of this Commercial Case.

Services that Need to be Procured

The Ministry has established suppliers for a range of services required for this project.

Construction procurement:

- For the construction procurement, the Ministry is seeking to appoint a main contractor, with Early Contractor Involvement (ECI).
- This Commercial Case assumes that the Ministry selects a single main contractor for both the new development and the refurbishment of McLean House. This assumption will be tested via market engagement.

Procurement Plan

The project Procurement Plan details the following procurement approach:

- Stage One – RFI:**
 - The RFI stage will shorten respondents to move onto the Request for Tender phase.
- Stage Two – RFT and Pre-Construction Services Agreement:**
 - The RFT stage will select a single respondent to move into EC. The EC Respondent will be offered a Pre-construction Services Agreement, which will outline their expected participation in design.
- Following detailed design, the EC Respondent may be offered the opportunity to enter negotiation under a New Zealand Industry standard construction contract.

Key Considerations

The Ministry will seek to generate interest among the largest NZ based construction companies, and will include the following considerations in its procurement approach:

- Significant and early market engagement activities
- Clearly communicating the project's role as part of a significant long-term capital plan
- A RFI stage will enable the Ministry to better understand the nature of the market
- Early Contractor involvement with a Pre-Construction Services Agreement to gain early advice
- Consider awarding early works package

Appendix F: Financial Assumptions

- Cultural engagement, land purchase and business case development: FYs 21 to 23.
- Concept and preliminary design: FY 23.
- Developed and detailed design, building consent and procurement: FY 24.
- Construction: FYs 25 to 28.
- Entry into service/commissioning: FY 28.
- Main asset life cycle: 65 years.
- Sub asset life cycles: Envelope (Roof, Cladding): 25 years; Services (Plant & Equipment): 20 years; Fitout: 25 years; Fitout IT and Audio-Visual Equipment: 10 years; Fitout Cultural Iwi Delivery (Artworks): not depreciated or replaced; Furniture, Fixtures and Office Equipment: 10 years.
- Current operating and maintenance cost 46 Cameron Road building: \$555,695 per annum (\$2023) plus inflation.
- Current operating and maintenance cost 23 McLean Street building: \$594,485 per annum (\$2023) plus inflation.
- Current depreciation on 46 Cameron Road and 23 McLean Street buildings: \$427,156 per annum (\$2023).
- Current depreciation from Minor Capital Work in Progress on 46 Cameron Road and 23 McLean Street buildings: \$54,300 per annum.
- Existing fixed asset value at 46 Cameron Road and 23 McLean Street subject to capital charge: \$14,494,443.
- Existing current asset (cash) held in Ministry balance sheet subject to capital charge: \$117,800,000.
- Accounting treatment: project opex includes cultural engagement, concept design, business case development, staff relocation from Cameron Road to Monmouth Street buildings, disposal of Cameron Road site; capex includes preliminary design, developed design, detailed design, demolition of existing structures on new Monmouth Street site as part of site preparation.
- Outgoings (maintenance, rates, etc) on Monmouth Street site during the project period: \$50,000 per annum (\$2023) plus inflation.
- Operating and maintenance cost new Monmouth Street building: \$2,310,084 per annum (\$2028) plus inflation thereafter.
- Footprint of new Monmouth Street building: 7,365 m².
- Accelerated depreciation period applicable to 46 Cameron Road assets: FYs 24 to 27 (majority of construction period).
- Inflation rate per annum (mean values): 8.4% (FY 24), 6.7% (FY 25), 5.0% (FY 26), 3.2% (FY 27), 3.0% (FY 28 and outyears).
- Capital Charge rate per annum: 5%.
- Discount Rate: Public Sector Discount Rate: Specialist Buildings: 7.1% Nominal.
- 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.
- Ministry Operational Staff: Nil change.
- GST: All costs are GST exclusive.

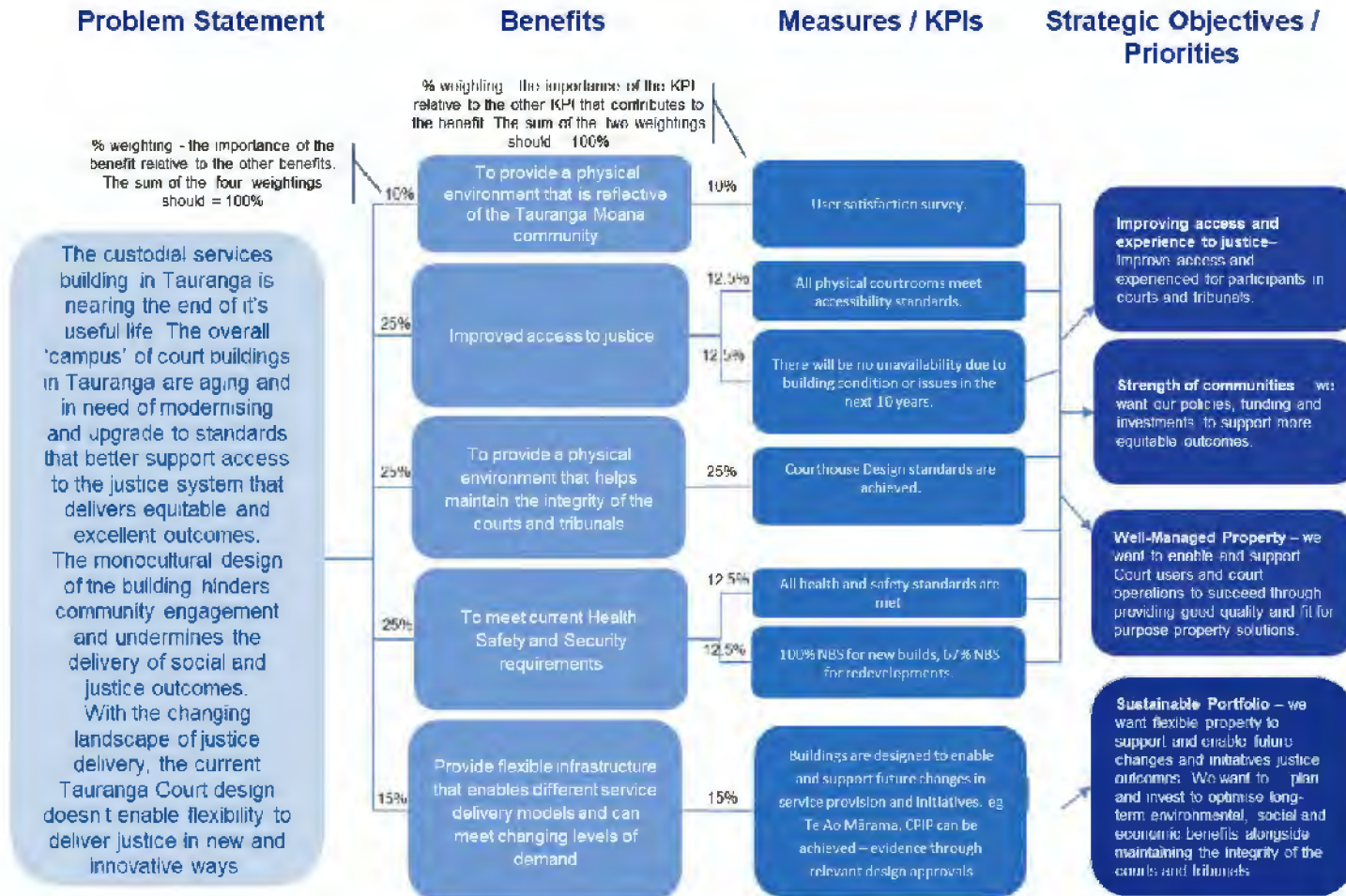
Appendix G: Tauranga Court Stakeholder Matrix



Appendix H: Benefits Map

Tauranga Moana Courthouse- Benefits Map - Value Proposition

Helps to clarify the strategic context and value proposition of the investment in simple illustrative terms



Appendix I: Benefits Realisation Plan

BENEFIT 1: To provide a physical environment that is reflective of the Tauranga Moana community										
Description	Weight	Benefit Owner	Owner Area	Status Commentary						RAYG
Courthouses should embody community identity and values. Honouring the whakapapa and mauri of a courthouse environment is necessary to fulfil their civil purpose. In doing so, the delivery of justice is connected with a thriving community.	10%	Jacquelyn Shannon Richard Williams	Deputy CE, Group Manager, Courts and Tribunals							
	KPI type	Weight	KPI Baseline Value	KPI Target Value	Realisation	25% Realised	50% Realised	75% Realised	100% Realised	
KPI 1					Target Date	Jun-28				
User satisfaction survey: Increase very safe "feeling of safety" response from 72% to at least 90% in the court user survey within one year of the new courthouse opening		10%			Actual % Realised					
BENEFIT 2: Improve access to justice										
Description	Weight	Benefit Owner	Owner Area	Status Commentary						RAYG
Availability of physical courtrooms should not unduly constrain fair and timely access to justice. The design and layout of the courtrooms should enable local access to justice and cater for victims and those with specific accessibility needs such as those with disabilities and impairments. Infrastructure should enable people to be seen, heard, and understood	25%	Jacquelyn Shannon Richard Williams	Deputy CE, Group Manager, Courts and Tribunals							
	KPI type	Weight	KPI Baseline Value	KPI Target Value	Realisation	25% Realised	50% Realised	75% Realised	100% Realised	
KPI 1					Target Date	Jun-28				
All physical courtrooms meet accessibility standards: Increase facilities rating from 66% to 90% in the court user survey within a year of the new courthouse opening		12.5%			Actual % Realised					
KPI 2					Target Date					
There will be no unavailability due to building condition or issues in the next 10 years.		12.5%			Actual % Realised					

BENEFIT 4: Health, Safety and Security standards are met.										
Description	Weight	Benefit Owner	Owner Area	Status Commentary						RAYG
The courthouse provides a healthy and safe environment.	25%	Jacquelyn Shannon Richard Williams	Deputy CE, Group Manager, Courts and Tribunals							
	KPI type	Weight	KPI Baseline Value	KPI Target Value	Realisation	25% Realised	50% Realised	75% Realised	100% Realised	
KPI 1					Target Date				Sep-28	
All health and safety standards are met. Increase the SRA from 78% to at least 90% within 3 months of the new courthouse opening.		12.5%			Actual % Realised					
KPI 2					Target Date					
100% NBS for new builds, 67% NBS for redevelopments		12.5%			Actual % Realised					
BENEFIT 5: Provide flexible infrastructure that enables different service delivery models and can meet changing levels of demand										
Description	Weight	Benefit Owner	Owner Area	Status Commentary						RAYG
The courthouse is designed in a way that supports resilience for the future in terms of demand, the use of technology, and changing work practices. The design will prioritise opportunities and spaces to provide flexibility for new and enhanced ways of working to deliver better justice outcomes.	20%	Jacquelyn Shannon Richard Williams	Deputy CE, Group Manager, Courts and Tribunals							
	KPI type	Weight	KPI Baseline Value	KPI Target Value	Realisation	25% Realised	50% Realised	75% Realised	100% Realised	
KPI 1					Target Date	May-23	Aug-23	Nov-23	Apr-24	
Buildings are designed to enable and support future changes in service provision and initiatives. e.g. Te Ao Mārama, CIP can be achieved – evidence through relevant design approvals. This will be explored through a qualitative review which will include capturing the voice of court users and will look at issues such as facility utilisation patterns within 18 months and then again 36 months of the new courthouse opening.		20%			Actual % Realised					

Appendix J: Chief Executive's Letter

[TBC] June 2023

Hon Kiritapu Allan
Minister of Justice

Ministry of Justice Tauranga Courthouse Detailed Business Case

This Detailed Business Case is a significant deliverable of a strategic project to confirm value for money options to meet the Ministry's future court infrastructure requirements in Tauranga.

I confirm that:

- *I have been actively involved in the development of the attached investment proposal through its various stages*
- *I accept the strategic aims and investment objectives of the investment proposal, its functional content, size and services*
- *the indicative cost and benefit estimates of the proposal are sound and based on best available information*
- *the financial costs of the proposal can be contained within the agreed and available budget based on the operating to capital swaps proposed in the indicative business case.* ``
- *the organisation has the ability to pay for the services at the specified price level, and*
- *suitable contingency arrangements are in place to address any current or unforeseen affordability pressures.*

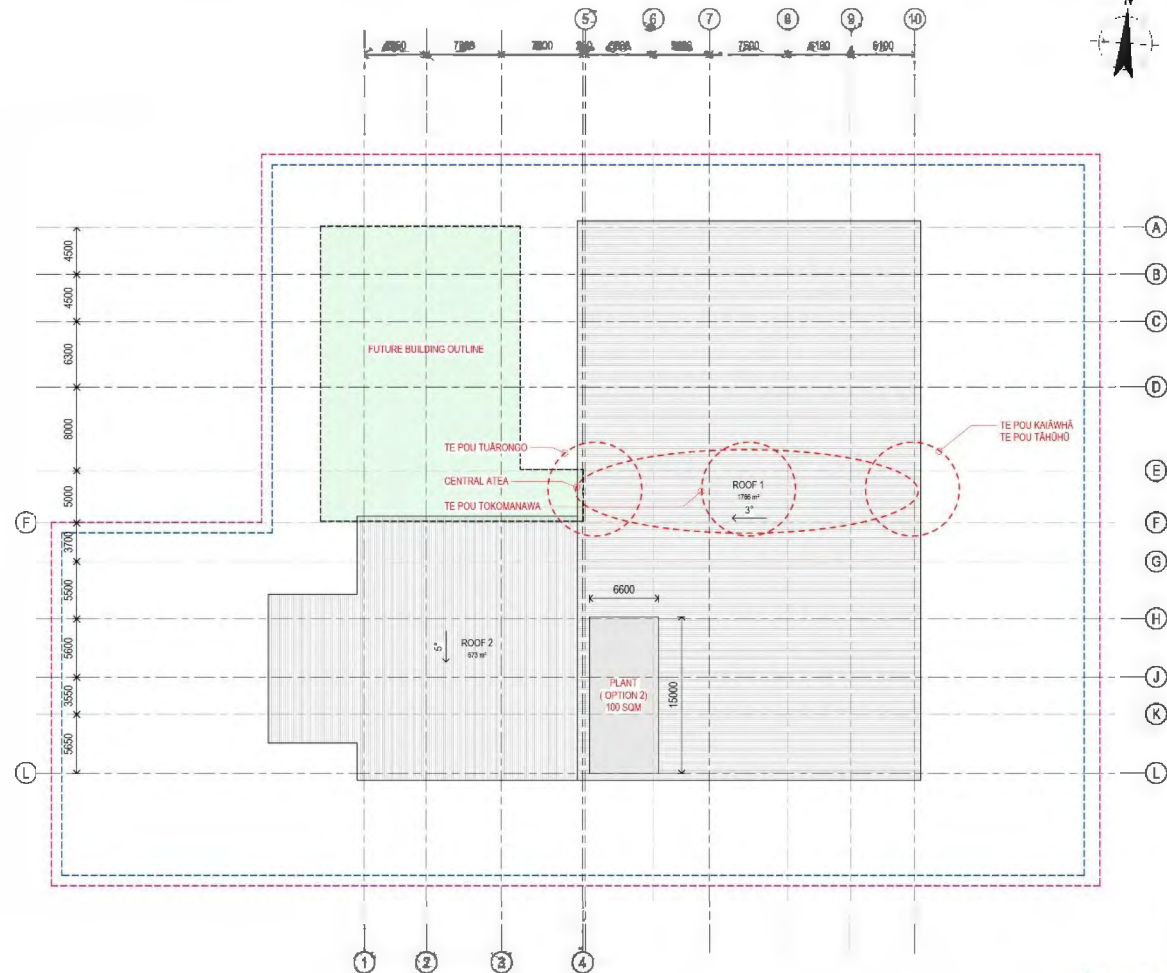
This letter fulfils the requirements of the current Better Business Cases guidance. Should either these requirements or the key assumptions on which this case is based change significantly, I will seek your direction on the way forward.

Should at any time the whole of life cost forecast materially exceed the estimates provided in this Business Case, I will discuss the need with you to brief Cabinet on the project and any related decisions that may be required.

Yours sincerely

Andrew Kibblewhite
Secretary for Justice
Ministry of Justice

ROOF AREA EXTRACTS				
NAME	TYPE	AREA	OP ROOF	NO. OF ROOF
ROOF 1		1796 m ²	1796 (2004P 1.025%)	5
ROOF 2		873 m ²	873 (2004P 1.025%)	2



0 200 400 600 800 1000mm
SCALE: 1:300 AT ORIGINAL SIZE

Rev	Description	Checked	Approval	Date
0	UPDATED WP CONCEPT (SHIRI CONFIDENTIAL)	GHG	GHG	08.03.23
1	UPDATED WP CONCEPT (SHIRI)	GHG	GHG	08.03.23
2	WP CONCEPT (SHIRI CONFIDENTIAL)	GHG	GHG	07.03.23
3	UPDATED WP CONCEPT (SHIRI)	GHG	GHG	02.03.23
4	UPDATED WP CONCEPT (SHIRI)	GHG	GHG	29.02.23
5	WP CONCEPT (SHIRI CONFIDENTIAL)	GHG	GHG	14.02.23



Client: MINISTRY OF JUSTICE
Address: 27 MCLEAN STREET, TAURANGA 3110
Project: TAURANGA MOANA COURTHOUSE
Title: CONCEPT
Scale: S3

Drawing Title: GENERAL ARRANGEMENT PLAN - ROOF
Drawing No: 12549965-A1206
Rev: G



1 SOUTH-EAST 3D VIEW (HIRB) OPTION 4
REV: 13/06/23



2 NORTH-EAST 3D VIEW (HIRB) OPTION 4
REV: 13/06/23



3 NORTH-WEST 3D VIEW (27m HB) OPTION 4
REV: 13/06/23



4 SOUTH-WEST 3D VIEW (27m HB) OPTION 4
REV: 13/06/23

- LEGEND**
- MCLEAN HOUSE & CAMERON HOUSE
 - PROPOSED NEW BUILDING
 - FUTURE BUILDING
 - SITE BOUNDARY
 - SETBACK LINE

OPTION 4 - 27m HB	
LEVEL	AREA (m²)
EXISTING BUILDING	
GROUND	CUSTOMER
LEVEL 1	LEVEL 1
LEVEL 2	LEVEL 2
LEVEL 3	LEVEL 3
FUTURE BUILDING	
GROUND	FUTURE BUILDING
LEVEL 1	LEVEL 1
LEVEL 2	LEVEL 2
LEVEL 3	LEVEL 3
TOTAL	
GROUND TO AL	1000 m²

- OPTION 4:**
- KEY PUBLIC CIRCULATION AND COURTHOUSE AREAS OF THE BUILDING HAVE GUARANTEED OPTIMUM MAXIMUM DAYLIGHT AND STRONGER VISUAL CONNECTION TO IMPORTANT PLACEMAKING LANDMARKS—WAIKATO AND WAIKATO BAY—AND NOT IMPACTED BY LATER DEVELOPMENTS.
 - MAINTAINS AREA AT GROUND LEVEL AND CAN BE TRANSLATED INTO FUTURE BUILDING ALONG CURRENT AXES
 - KEEPS THE WILLOW STREET FRONTAGE, RECOMMENDED BY 1 ALPHACON IN NOVA: COURTHOUSE—URBAN DESIGN ASSESSMENT (AUGUST 2021)
 - GRADE CARPARKING UNTIL FUTURE BUILDING BUILT
 - SQUARE BUILDING WITH LESS SURFACE AREA
 - CUSTOMER 1 FUTURE CAN BE ON GRADE

- DISADVANTAGES:**
- FUTURE 1 FUTURE BUILDING TO BUILD FUTURE BUILDING OVER IT, IE CONSIDERATION TO STRUCTURAL GRID
 - POTENTIAL CROSSINGS OF CUSTOMER PATHS CAUSING MISSTRAVEL, CAN BE AVOIDED VIA A UNDERGROUND PATH CONNECTING CUSTOMER AREAS
 - SHARED MOVEMENT PATHWAYS BETWEEN JURY, JUDGES, STAFF—AS PER WAIKATO
 - SECURITY AND FUTURE ARE COMPACT, OUTDOOR CANOPIES PROVIDING COVER WILL BE REQUIRED
 - COURTHOUSE FRONT MEET IF COURTHOUSE OUTLINE SIZES—AS PER WAIKATO
 - CONSIDER 1 FUTURE BUILDING FOR 2 FUTURE COURTS AND 2 FUTURE COURTS, PLUS CUSTOMER CIRCULATION

FOR REVIEW

GHDWOODHEAD
creativespaces
GUYMER BAILEY architects

Boffa Miskell
BMA

Client: MINISTRY OF JUSTICE
Project: TAURANGA MOANA COURTHOUSE
Drawing: OPTION 4 B&L
Scale: 1:100 @ A1



Project No.: 12549865
Date: 14.03.23
Stage-Drawing: RC0013
Rev: 1

RC0013

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