



Background

MBIE was established in 2012, bringing together the Department of Building and Housing, the Ministry of Economic Development, the Department of Labour and the Ministry of Science and Innovation. The purpose was to strengthen Government's leadership of the New Zealand economy.

The relocation programme

The Stout Street building was allocated to MBIE by the Government's Property Management Centre of Expertise (PMCoE) Wellington Government Accommodation project. The Government's property project is designed to achieve savings and efficiencies for all of government. Moving people from five offices into a fit for purpose national office was seen as a logical solution.

MBIE has successfully completed a multi-million dollar relocation programme for a fit-for-purpose building that came in under budget and which will deliver significant taxpayer savings, \$40-\$50 million, over the next 20 years.

In late 2014, 2,000 people moved from five buildings in the Wellington CBD, to a head office in 15 Stout Street and a smaller office in 110 Featherston Street.

The programme was completed under budget by more than \$2 million. In the context of a large programme there was tough negotiation on thousands of items between MBIE as the tenant, and the landlord/ developers and other suppliers.

Fit out requirements and costs

The original owner of 15 Stout Street had a strong desire to carry out a quality heritage restoration and to achieve a 5 Star Green environmental rating for the building. As tenants we benefit from the multi-million dollar redevelopment of the building.

We recognised that providing 1,800 desks in 20,709 square metres of the Stout Street building would be a tight fit. The PMCoE standards include guidance to work towards an occupancy density of about 12-16 square metres per full-time employee. The commercial average or best practice for space per employee is 12 square metres. Our occupancy density works out at 11.51 square metres per person. This includes access to communal activity areas, collaborative spaces on the eight floors, staff access to a small outside roof deck and an informal meeting space with a cafe in the reception area on the ground floor, open to both the public and our staff.

The collaboration spaces and furniture used in all the informal spaces significantly reduces the need for offices. This frees up more space for collaboration that encourages mobility in the workplace. Staff have the flexibility and choice to select a work setting that best suits their needs for any particular tasks. The use of collaboration furniture also safeguards against the cost of changes later to any offices or spaces that are built as psychical rooms or offices. Over time this reduces the cost of changes required to the office space as furniture is easy to move versus alteration of office partitions.



Questions and Answers

How much did the relocation to 15 Stout Street and 110 Featherston Street cost?

The budget for capital expenditure (Capex) was \$18,194,000. The actual amount spent was \$15,965,644 (12% underspend).

The budget for operational expenditure (Opex) was \$650,000. The actual amount spent was \$688,978 (this includes credit from proceeds from sales of used furniture \$130,000). The 6% overspend was due to the multiple relocations required into Unisys House and Bowen Street due to the late delivery of the 110 Featherston St site.

[See appendix A – Project Closure Report](#)

How much did MBIE spend on the sign in front of 15 Stout Street?

MBIE spent \$67,339.21 on the sign. This includes the supply and installation, construction and installation costs of the foundation base including lining and cladding, lighting, and resource consents.

For a detailed invoice see: <http://www.mbie.govt.nz/news-and-media/news-from-around-mbie/mbie-releases-supplementary-information>

How much did MBIE spend on the public space and reception area in 15 Stout Street?

The public space and café on the ground floor is used by a diverse range of people, businesses and community groups. In May we had over 3,000 registered visitors to 15 Stout Street (this does not take into account people who used the café).

MBIE spent \$259,227.49 on the reception area.

This includes costs for furniture for the waiting area, the public information screen above the reception, the meeting room flight board providing visitors information about meetings and the reception counters, under counter secure storage and a frosted glass security gate.

[See appendix B – high level costings reception](#)

What is the purpose of the public information screen above the reception?

The public information screen is used to promote new products or services or to support public campaigns, announce funding opportunities and law/regulatory changes that affect the public, promote events that MBIE employees and/or public can attend, post reminder messages for staff about security and safety.



In May we had over 3,000 registered visitors to 15 Stout Street (this does not take into account people who used the café).

How much did MBIE spend on the café and café kitchen?

The café is a multi-use business space as well as a café for the public and MBIE staff. The café and kitchen fit out cost \$277,975.45. A request for proposal was followed to select the current operator. The operator pays MBIE annual rent.

See appendix C – high level costings café and café kitchen [REDACTED]

How much did MBIE spend on the level 7 deck?

Our occupancy density works out at 11.51 square metres per person. This includes access to communal activity areas and collaborative spaces on the eight floors. In addition staff have access to a small outside roof deck and an informal meeting space with a cafe in the reception area on the ground floor, open to both the public and our staff.

We spent \$258,495.17 on the construction of the deck. We had an agreement with the property owner that we would pay these capital costs upfront and incur no ongoing rental charges as part of our 21 year lease (initial lease is for 12 years with a right of renewal out to 21 years).

See appendix D – high level costings level 7 deck

How much did MBIE spend on the doors on the ground level

There are 17 leafs of pivot door face panelling for the three rooms on the ground floor. In keeping with the vision of a green building, the wood used for these doors was recycled from elsewhere in the building. This reuse of the wood was consistent with the historical character of the building.

Please note that this pricing also included the cupboards that the moveable walls within the meeting rooms are stored in when not in use as well as some other timber panelling in the area.

The three doors incorporating the 17 leafs and joinery cost: \$70,248.00.

See appendix E- high level costings for ground floor doors

Overall how much did MBIE spend on hard fit out costs?

MBIE spent \$5,881,718.99 on hard fit costs. The last progress claim paid to Argosy detailing all variation costs associated with the project is in **appendix F**. Note, Argosy is the building owner and the contractor (McKee Fehl) would bill Argosy who would then bill us.

See appendix F – last progress claim paid to Argosy



How much did MBIE spend on soft fit out for 15 Stout Street and 110 Featherston Street?

The total cost for our soft fit (includes furniture) at 15 Stout Street and for our new location at 110 Featherston Street was \$5.6 million. This includes furniture costs for Featherston Street of \$360,000.

The soft fit out includes:

- About 2,000 work stations allocated to staff
- 132 meeting rooms
- 14 quiet rooms
- Collaboration work spaces on all working floors
- Kitchens – all furniture, furnishings, white ware etc.
- Open area on level 7 and outdoor deck
- Storage

[See appendix G - high level costings of furniture](#)

What procurement process did MBIE follow for the furniture?

MBIE followed government procurement rules of sourcing and used the NZ Police Syndicated contract for furniture. MBIE released an RFP to five suppliers and negotiated significant discounts given the bulk purchases being made.

Did MBIE use an art consultant for the relocation programme?

An art consultant was used to conduct an audit on art pieces in five of the buildings and to determine what was relocated to the Stout Street head office. The cost of the art consultant used for the relocation to 15 Stout Street was \$5,480.00. No art consultant was used for the Featherston Street premises.

How have you calculated the public sector savings of \$40-50 million over 20 years?

These cost savings were achieved via a 31% reduction of the Ministry's Wellington property footprint and associated operational costs. This resulted in a significant saving in annual rental payments for MBIE compared with remaining in our previous buildings.

What other cost benefits have there been?

Other cost savings have been made from:

- Consolidation of building facilities and management functions have led to productivity gains with tasks like stocking of stationery and kitchen consumables centralised and no longer done by administrator roles within each business group.



- The move to the new building has driven contractual savings from consolidation of contracts for services like cleaning, catering and maintenance and in facilities and administration areas as these support services have been consolidated for one building.
- The new building is delivering further productivity gains as staff are no longer required to travel between buildings in the CBD to attend meetings with team members and colleagues.
- Savings are being made by having the large conference room available to conference up to 250 people at any time. Previously the Ministry has had to rent external conference venues for meetings with large attendee numbers.
- If the Ministry had stayed in the five offices we moved from, refurbishment was required and rental costs would have risen accordingly (eg Unisys and Bowen Street are being refurbished). The previous buildings were old and we would have faced considerable costs to refurbish them to support high density occupancy.

Are MBIE people still located in other Wellington offices apart from 15 Stout Street? If so, how many people and where are they located?

As result of the national office move to 15 Stout Street and 110 Featherston Street, MBIE vacated five sites. Stout Street is not a front line service centre. Other operational functions remain in other premises. About 500 MBIE people are located at the following Wellington sites; note MBIE occupies only part of the following buildings:

- Kordia House, 109-125 Willis Street – Immigration visa staff
- Greenock House, 39 The Terrace – Immigration project staff
- Eagle Technology House Victoria Street – Immigration staff
- Tower Building, 50 Customhouse Quay – Employment relations staff
- Wellington Airport, Rongotai – Immigration staff
- 1 Walton Leigh Ave, Porirua – Contact Centre staff
- 205 - 207 Victoria Street, Te Aro – Market Services staff
- Morrison Kent House, 105 The Terrace – Remuneration Authority staff
- 14 Hartham Place, Porirua – Immigration and Compliance staff

Why did 200 staff move into 110 Featherston Street? Was the cost of this move included in the overall Stout Street Relocation programme costs?

About 200 MBIE people were relocated to 110 Featherston Street right next door to 15 Stout Street in December 2014 recognising that these staff hold national office functions but were unable to be accommodated in the main Stout Street building. The Featherston office houses people who work on a variety of projects, including ICT. The cost of this move was included in the overall costs quoted for the Stout Street Relocation programme.

How much does it cost per occupancy per person per annum?

MBIE cost per occupancy is \$5,324 per person per annum. The average across the whole Govt portfolio is \$6,668.



APPENDIX A: PROJECT CLOSURE REPORT

Appendix A on the MBIE website



APPENDIX B: RECEPTION – HIGH LEVEL COSTS

| Reception Costs | | |
|--|-------------|---------------------|
| Waiting area soft furnishings and coffee table | | \$16,553.00 |
| Supply and install of public information screen | | \$140,747.66 |
| Joinery for reception area | | |
| Part of Variation 20 - Joinery - see line 24 Ground floor reception counter/desk unit | \$74,833.00 | |
| Variation 134 - locks and penetrations to reception desk | \$881.71 | |
| Variation 135 - changes to reception joinery | \$940.12 | |
| Variation 105 - reception half-height doors | \$1,213.06 | \$77,867.89 |
| Meeting room flight board | | \$23,039.00 |
| Monitor arms and mobile units | | \$1,020.00 |
| Reception computers, reception kiosks and reception desk chairs | | Nil |
| | | \$259,227.55 |



APPENDIX C: CAFÉ – HIGH LEVEL COSTS

| Café/Kitchen costs | | |
|---|-----------|---------------------|
| VA020 Joinery | | \$81,377.00 |
| Variation 022 – Stainless steel | | \$69,120.94 |
| Deneefe Signage | | \$12,341.00 |
| Extra signage | | \$1,870.00 |
| BCE catering - crockery | | \$8,022.85 |
| VA 127 additional penetrations to café counter | | \$235.87 |
| VA132 power to coffee machines | | \$322.97 |
| VA145 relocate data outlets in café kitchen | | \$440.29 |
| VA166 additional shelving | | \$808.70 |
| VA004 - Frozen layout | | |
| line 45 - 48 associated services for café kitchen | 60,921.78 | |
| line 51-51 associated service for café joinery | 8,707.90 | |
| line 68 raised podium across atrium - raised floor and steps | 71,702.55 | \$141,332.23 |
| VA149 install extract hood and move shelving | | \$12,103.57 |
| | | \$327,975.42 |
| Less contribution by landlord to ground floor kitchen joinery | | -\$50,000.00 |
| | | \$277,975.42 |
| | | |

The café is a multi-use space for use for business purposes alongside traditional café usage.



APPENDIX D: LEVEL 7 DECK-HIGH LEVEL COSTS

| Level 7 Deck costs | | |
|--|-------------|---------------------|
| Variation Adjustment #53 rev 2 | | \$159,091.17 |
| Variation 4 - Frozen layouts | | |
| line 103 Demolition/Removals | \$1,260.00 | |
| line 104 Concrete formwork & resteel | \$10,335.00 | |
| line 105 Roofing - membrane roofing and metal flashing | \$30,982.00 | |
| line 106 stone masonry - make good cladding to doorway | \$3,000.00 | |
| line 108 paving | \$31,632.00 | \$77,209.00 |
| VA 106 Alt to brass windows/door to access deck | | \$24,589.09 |
| | | |
| | | \$260,889.26 |

There was an agreement made where we would pay the capital costs of the deck upfront and incur no ongoing rental Opex charges as part of our 21 year lease.



APPENDIX E: GROUND FLOOR HIGH LEVEL COST OF DOORS

Appendix E on the MBIE website



APPENDIX F: HARD FIT OUT LAST PROGRESS CLAIM

This details the last progress claim paid to Argosy detailing all variation costs associated with the project.

Appendix F on the MBIE website



APPENDIX G: FURNITURE HIGH LEVEL COSTS

Featherston and Stout Street

| Item | Quantity | Cost |
|---|----------|-----------------------|
| Belite Chairs (meeting room chairs) | 437 | \$146,415.00 |
| Be Chairs (office chairs) | 1864 | \$810,840.00 |
| Beside Chairs (meeting room/kitchen chairs) | 692 | \$158,620.00 |
| Daylight Chairs (conference room chairs) | 300 | \$90,000.00 |
| Stools (includes bar stools/apple stools/wire stools etc) | 688 | \$183,148.00 |
| Tables (includes all types - meeting room/café/coffee/leaners) | 480 | \$279,198.00 |
| Desk Accessories (includes monitor arms/nametags/laptop trays/cpu holders/storage shelves) | 7350 | \$423,638.00 |
| Workstation (includes desks, cable management, screens, mobile units) | 2059 | \$1,666,799.00 |
| Tambours (cabinets, closing cupboards etc) | 321 | \$466,145.00 |
| Miscellaneous (eg installation, single bed for sick bay, lectern, level 7 roof top furniture. softwiring of cables, assortment of chairs) | | \$109,873.00 |
| Mixture of collaboration hub furniture (10 seaters, 6 seaters, 3 seaters and associated technology) | | \$403,861.00 |
| Credenzas and Shelvings | | \$30,470.00 |
| TOTAL | | \$4,769,007.00 |