



MINISTRY OF SOCIAL
DEVELOPMENT

TE MANATŪ WHAKAHIATO ORA

- 2 MAY 2017

Dear ,

On 1 February 2017 you emailed the Ministry requesting, under the Official Information Act 1982, information regarding the relocation of the National office to 56 The Terrace for both when the decision was made and the current situation.

On 13 November 2012, Cabinet approved a solution proposed by the Government Property Group (GPG), at the time known as the Property Management Centre of Expertise, to reduce the amount and cost of accommodation occupied by the Crown in Wellington. This outlined accommodation solutions for five agencies, including the Ministry of Social Development that had participated in a collective head office accommodation business case during 2012. While 56 The Terrace was identified as a suitable site for the Ministry of Social Development, details of the lease and relocation costs were not approved until the end of 2013, following negotiations for the Development Agreement and Deed of Lease for 56 The Terrace.

The document titled '*Head Office Accommodation Final Commercial Terms Report*', dated 31 October 2013, contains the approval of the commercial terms for the National office relocation to 56 The Terrace, including details of the 18 year lease. This document is available on the Ministry website at www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/national-office-relocation/report-head-office-accommodation-final-key-commercial-terms.pdf

The provisions of the lease are considered appropriate for a lease of this length. Among these is that the Crown has rights of renewal on the lease, and the automatic right to assign its lease to another Crown organisation without the Landlord's consent. This provides flexibility for the government to meet changing requirements over time.

The lease cost of National office buildings, and the total property cost, is withheld under section 9(2)(ba)(ii) of the Act, as this information is commercially sensitive and, if released, would likely prejudice the commercial position of the person who supplied or who is the subject of the information. The greater public interest is in ensuring that the commercial position can be maintained.

The cost for the fit-out approved in 2013 was \$37.69 million. The final total project cost of \$34.58 million underspent this by \$3.1 million. The Ministry intends to update the information available on its website to reflect the final total project cost. As such your request for a breakdown of these figures is refused under section 18(d) of the Official Information Act, on the basis that the information requested will be published shortly. The project was funded from the baseline, and was built into the Ministry's Four Year Plan. No shortfall was anticipated from the Ministry's allocated baseline funding for the project. As such, no efficiency plans or savings programmes were required.

When the final commercial terms for the National office relocation project were approved in 2013, the Ministry had around 1,900 staff based at its National office. As noted in the *Head Office Accommodation Final Commercial Terms Report*, this number was expected to expand and contract according to project demands, but it was anticipated that the capacity of 56 The Terrace would still be adequate for the Ministry's need. However, the number of staff based at the National office grew beyond the initial forecast, due to new functions and initiatives being introduced as detailed in the memo titled '*National Office Accommodation: securing additional space to meet accommodation requirements*', dated 25 June 2015. This memo is available on the Ministry's website at: www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/national-office-relocation/memo-national-office-accommodation-securing-additional-space-to-meet-accommodation-requirements.pdf.

Since 2015, the number of staff has increased due to extra project requirements to support key Ministry activity, such as the establishment of the new Ministry for Vulnerable Children, Oranga Tamariki, and the implementation of improvements to Ministry systems. On 28 February 2017, the Ministry's National office staff headcount was 1,943. In addition, 319 contractors worked from the National office in February 2017.

56 The Terrace has 1,957 work stations. To accommodate the initiatives noted above, additional space at 89 The Terrace, (380 workstations) and 50 The Terrace (52 workstations), was added. An existing lease at 76 Manners Street provided a further 30 seats for national office staff, although that has been relinquished as of 31 March 2017.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted

and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response regarding the Ministry's National office relocation, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Merv Dacre', with a long horizontal stroke extending to the right.

Merv Dacre
Associate Deputy Chief Executive, Corporate Solutions