

4 September 2018

Ministry of Education - Capital Works Programme Update

This Notice of Intent (Notice) provides the market with:

- an overview of the Ministry of Education's school capital works programme
- a forward view of upcoming projects to enable suppliers to prepare and mobilise their resources ahead of the release of tenders
- an opportunity to provide feedback on the Ministry's procurement approach.

1. Background

The Ministry of Education (the Ministry) has responsibility for the planning, design, construction and property management of around 2,100 primary and secondary schools and more than 10,000 school buildings.

Education Infrastructure Services (EIS) (a business unit within the Ministry of Education) has responsibility for all key aspects of education infrastructure. EIS manages a \$30 billion school property estate including ICT infrastructure, school transport for around 100,000 students and payroll services for 90,000 teaching and non-teaching staff.

Approximately 70% of school property projects are managed by the Ministry where the Ministry is the client and buyer of services. The remaining projects are led by schools, where services are engaged by a Board of Trustees and managed by an external Project Manager appointed by the school.

2. Capital Works

For Ministry-led and funded construction projects, the Capital Works teams are supported by procurement and delivery teams covering four regions:

- Northern (Auckland and Northland)
- Central (Hamilton, Rotorua, Napier, Wellington, Lower Hutt and Wanganui)
- Southern (Nelson, Dunedin and Invercargill)
- Christchurch Schools Rebuild programme

Capital Works projects include:

- New schools
- Rebuilds of existing schools
- Redevelopments
- Building Improvements
- Remediating weathertightness issues
- Earthquake strengthening
- Roll growth
- Christchurch Schools Rebuild (CSR) Programme

3. Pipeline of Works

The Capital Works programme has a significant volume of major construction projects at various stages of planning, design and construction. As at August 2018, this included approximately \$1.6 billion in active projects, with the following indicative total construction values:

- \$600 million in pre-planning/feasibility/business case
- \$618 million in various stages of design
- \$418 million in construction

The aggregate project value by region is:

- \$796 million Northern
- \$525 million Central
- \$318 million Southern

The numbers above exclude the Christchurch Schools Rebuild programme which totals a further \$680 million of projects in planning, design or construction. This programme has contractor and consultant panels established to deliver projects at 115 schools.

In response to market feedback, the Ministry is now sharing its capital works pipeline to provide a forward 'line of sight' of Ministry projects. The information is indicative and will be updated on a quarterly basis as projects progress through their development phase.

View the current Construction Project Pipeline [here](#)

4. Service types

The types of construction services that the Ministry typically procures includes:

- Project Management
- Lead Design responsible for providing:
 - master planning
 - architecture
 - landscape architecture
 - engineering including geotechnical, structural, civil, environmental, mechanical, fire, hydraulics, electrical and acoustics
 - surveying (titles and topographical)
 - consents
- Quantity Survey
- Construction Services including:
 - demolition
 - temporary accommodation and transportation
 - minor repair works
 - major repairs and rebuild works
 - new school construction

5. Capital Works Supplier Panels

The Ministry has established a range supplier panels to make the tender process faster and easier, and to reward high performing suppliers with more opportunities.

- **Project Management (PM) Panel (established June 2016)**
 - A national PM panel with suppliers covering regions and value bands (major and minor projects)
 - All PM tenders are directed to suppliers on this panel.
 - This panel is reviewed annually to assess its effectiveness and ongoing needs of PM services.
 - View the Project Management Panel [here](#)
- **Construction Directory (established Aug 2018)**
 - A national panel of pre-qualified suppliers by region, value band, project type and delivery method.
 - All capital works construction projects over \$500,000 will be tendered through this Directory.
 - The Directory is operational from 1 September 2018 and will be opened to new entrants annually.
 - View the Construction Directory [here](#)
- **Christchurch Schools Rebuild Panels**
 - **CSR Contractor Panel (established Sept 2014)**
This panel has two tiers of suppliers who tender for CSR projects over/under \$8 million
 - **UC/MOE Professional Services Panel (established Sept 2014)**
A joint panel established by the University of Canterbury and the Ministry of Education to deliver consultancy services to both partners.

6. Construction Delivery models

The engagement of construction services is determined by the type of construction, ranging from minor work and major remediation to new buildings and new schools. A single procurement model will not suit all purposes, therefore one or more of the following delivery models may be used:

- Traditional Lump Sum
- Design and Build
- Early Contractor Involvement (ECI)

As an indication, approximately 75% of the Ministry's individual major works contracts are delivered under a Traditional Lump Sum arrangement.

7. Project bundling

The Ministry is increasingly considering alternative methods for procurement and delivery of major and minor projects, including bundling projects, where greater benefits for the Ministry, schools and suppliers can be gained. Bundling may be used for:

- programme alignment, either horizontally (consecutive) or vertically (concurrent))
- proximity of location
- nature/type of work
- increasing the scale and appeal of the tendered opportunity

8. Contract type/form

The Ministry traditionally uses one or more of the following contract templates for engagements of this nature:

- IPENZ Short Form Agreement For Consultant Engagement
- IPENZ/ACENZ Conditions of Contract for Consultancy Services (CCCS) with Ministry standard conditions
- NZS 3910/3916 Standard Conditions of Contract for Building and Civil Engineering Construction with Ministry standard conditions.
- Ministry of Education Medium Works Contract
- Ministry of Education Minor Works Contract

Over the last 18 months, the Ministry has sought feedback from the construction market to ensure there is a fair balance of risk represented in its contracts. This includes during the tender stage of the recently established Construction Directory, where applicants were asked to provide feedback on the Ministry's special conditions of the 3910/3916 contracts. This feedback was considered and resulted in some changes to the Ministry's contracts.

It is not the Ministry's intent to alter the standard Terms and Conditions of the 3910/3916 contracts for future capital works projects. This means that contractors and consultants should allow for contractual risk when bidding for future projects, as contractual tags are unlikely to be accepted. We intend to regularly (indicatively every 6-12 months) review these contracts, with a view to further refining the terms and conditions, as appropriate, in consultation with the construction industry.

View the Ministry's [contracts for construction and professional services](#)

9. Regional Market Briefings

The Ministry's Capital Works procurement team will be visiting each region before the end of the year to meet with suppliers and industry groups to discuss your feedback on the new Directory, the Pipeline and our procurement practices in general. Further announcements regarding this engagement will be posted on GETS in the coming weeks. We encourage anyone who has an interest in Ministry construction projects to register their interest once this is announced.

10. Your feedback

Further information for suppliers will be provided via the Government Electronic Tenders Service (GETS). For quarterly updates to the Ministry's Capital Works pipeline, visit www.education.govt.nz/propertysuppliers

The Ministry welcomes industry feedback on this Notice to EIS.Procurement@education.govt.nz

We look forward to your interest in the Ministry's future tender opportunities.

Nicholas Dye
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