

COMMERCIAL IN CONFIDENCE

In Confidence

Office of the Minister supporting Greater Christchurch Regeneration

Chair, Cabinet Economic Growth and Infrastructure Committee

CHRISTCHURCH CATHEDRAL: CROWN RESPONSE TO THE WORKING GROUP REPORT

Proposal

1. This paper seeks high-level agreement to an approach to the reinstatement of the ChristChurch Cathedral (the Cathedral), through seeking:
 - 1.1. Agreement to negotiation parameters with the Church Property Trustees (CPT); and
 - 1.2. Agreement for power to act for joint Ministers, being the Prime Minister, the Minister of Finance and the Minister supporting Greater Christchurch Regeneration.

Executive Summary

2. The Cathedral remains significantly damaged since the Canterbury earthquakes, without a clear pathway to a solution. There is now a real risk that the intended benefits of the Government's intervention in the central city will not be fully realised if the future of the Cathedral remains uncertain. On 28 November 2016, the Working Group to Investigate the Reinstatement of the ChristChurch Cathedral (the Working Group) recommended that the Government support the CPT in the reinstatement of Cathedral.
3. On this basis, I consider negotiations with the CPT are required in the immediate future to establish next steps for the reinstatement. I therefore seek your agreement to negotiating parameters for the next phase as follows:
 - 3.1. Crown capital contribution of \$10 million, provided over 5 years or as progress is made;
 - 3.2. A limited credit support facility of \$15 million. This is not expected to be called on, but is designed as surety for the fundraising process to proceed; and
 - 3.3. Authorising joint Ministers to make other decisions on further decisions that are required prior to Cabinet meetings scheduled in 2017.

Background

4. The Cathedral remains significantly damaged, without a clear pathway to a solution. Litigation between the Church Property Trust and the Greater Christchurch Buildings Trust has delayed decision-making. Concern at the lack of progress led to my appointment of a Working Group to Investigate the Reinstatement of the ChristChurch Cathedral (the Working Group).

COMMERCIAL IN CONFIDENCE

5. On 7 June 2016 Cabinet noted my appointment of the Working Group, including appointees for the Government, the CPT and the Great Christchurch Buildings Trust [CAB-16-MIN-0254 refers].
6. The Working Group Report executive summary and recommendations are included in full at **Attachment A**. In summary the Working Group recommends that the Government should:
 - 6.1. **Enter into a partnership** with the CPT to procure and deliver a sequenced reinstatement of the Cathedral;
 - 6.2. **Consider a capital contribution** for the project, along with a **limited credit support facility** to smooth project cash flow; and
 - 6.3. **Enact legislation** to establish an independent Fundraising Trust and enable consents and approvals so the project can start without delay.

Comment

7. There is a real risk that the intended benefits of the Government's intervention in the recovery and regeneration of greater Christchurch will not be fully realised if the future of the Cathedral remains uncertain. Its disrepair is actively impeding public and business confidence in the immediate area. Its reinstatement must be expedited in order to realise value from the Government's investment in the central city and in wider regeneration.
8. I consider it is therefore now appropriate and essential for Government to intervene to kick start and facilitate the timely reinstatement of the Cathedral, in order to:
 - 8.1. provide certainty and confidence to the public, businesses and investors about the future of the Cathedral;
 - 8.2. ensure an appropriate regulatory framework is in place to allow for expedited reinstatement without barriers;
 - 8.3. maintain recovery and regeneration momentum by unlocking development of Cathedral Square and the surrounding area; and
 - 8.4. protect the Crown's considerable investment in nearby anchor projects and in the recovery and regeneration of the central city as a whole.
9. The Working Group has recommended a capped project budget of \$100 million. Crown involvement is dependent on the CPT confirming their commitment to contribute the full insurance proceeds for the Cathedral, which is currently \$42.5 million (and is expected to be up to \$45 million including insurance and interest expected to be accrued).
10. On this basis, I consider negotiations with the CPT are required in the immediate future to establish next steps for the reinstatement. I therefore seek your agreement to negotiating parameters for the next phase:
 - 10.1. A capital contribution of \$10 million from the Crown, to be provided over five years or as progress is made.
 - 10.2. A limited credit support facility of \$15 million to smooth project cashflow. It is not expected this would be called upon, but would be available as a surety

COMMERCIAL IN CONFIDENCE

to enable the fundraising process to proceed and give confidence CPT of the Crown's commitment to this project.

11. Subject to Cabinet agreement to a Crown contribution of \$10 million, this leaves a fundraising gap of \$40 – \$45 million. It is anticipated that this gap will be filled through the fundraising process, led by the independent fundraising trust to be established. The Greater Christchurch Building Trust has indicated that pledges of approximately \$15 million have previously been indicated by potential donors ahead of any joint reinstatement plan. I expect the fundraising target will cover the proposed insurance/maintenance capital fund.
12. Further, I propose that enabling legislation will be developed. This legislation could enable, as required and appropriate:
 - 12.1. Establishment of the independent fundraising trust;
 - 12.2. Definition of relationships between the different entities;
 - 12.3. Any amendments to the existing planning and consenting regimes; and
 - 12.4. Any amendments to other existing legislation (such as the Anglican [Diocese of Christchurch] Church Property Trust Act 2003).
13. It is therefore intended that cross-party engagement on the legislation proposed above will begin shortly.
14. I propose that authority is delegated to the Prime Minister, the Minister of Finance and the Minister supporting Greater Christchurch Regeneration to:
 - 14.1. Jointly approve the establishment of any new appropriations required to give effect to Cabinet funding decisions above, and the model and conditions for releasing any funding in the new appropriation/s; and
 - 14.2. Make any other interim decisions that are required prior to Cabinet meetings scheduled in 2017.

Consultation

15. The Treasury, the State Services Commission, the Ministry for Business, Innovation and Employment, the Ministry for the Environment, and the Ministry of Justice have been consulted on an earlier draft of this proposal and have been informed of this final proposal. The Ministry for Culture and Heritage and the Department of Internal Affairs have also been informed.

Financial Implications

16. DPMC will work with Treasury on establishing terms, conditions and mechanisms for operation of the proposed credit facility over multiple financial years.
17. 

Legislative Implications

18. There may be legislative implications arising in future. If a bill is required to implement the proposals, it will be submitted for inclusion in the 2017 legislative programme.

Regulatory Impact Analysis

19. A Regulatory Impact Statement is not required at this point.

Human Rights, Gender Implications and Disability Perspective

20. There are no human rights or gender implications or issues requiring consideration of a disability perspective in this paper.

Timing and publicity

21. It is expected that public announcements will be made once negotiations have progressed.

Recommendations

22. I recommend that the Cabinet Economic Growth and Infrastructure Committee:
1. **note** that the Working Group to Investigate the Reinstatement of the ChristChurch Cathedral (the Working Group) has recommended that the Church Property Trustees and the Government proceed with a reinstatement option for ChristChurch Cathedral;
 2. **note** that, in summary, the Working Group recommends the Government should:
 - 2.1 Enter into a partnership with the Church Property Trust to procure and deliver a sequenced reinstatement of ChristChurch Cathedral;
 - 2.2 Consider a capital contribution for the project, along with a limited credit support facility to smooth project cash flow; and
 - 2.3 Enact legislation to establish an independent Fundraising Trust and enable consents and approvals so the project can start without delay;
 3. **note** that parameters for negotiation are required to enable the Minister supporting Greater Christchurch Regeneration to enter into negotiations with the Church Property Trust;
 4. **agree** to a one-off Crown contribution of \$10 million for the reinstatement of ChristChurch Cathedral to assist with commencing the reinstatement project, addressing the funding gap and to incentivise wider philanthropic and public fundraising;
 5. **agree** to a limited credit facility of \$15 million that is repayable on completion of fundraising for the reinstatement project, subject to finalisation of terms;
 6. **authorise** the Prime Minister, Minister of Finance and the Minister supporting Greater Christchurch Regeneration to jointly approve the establishment of any new appropriations required to give effect to recommendations 4 to 5 above;

COMMERCIAL IN CONFIDENCE

7. **authorise** the Prime Minister, Minister of Finance and the Minister supporting Greater Christchurch Regeneration to jointly approve the model and conditions for releasing any funding in the new appropriation;
8. **note** that I intend to begin cross-party engagement on the approach to proposed legislation; and
9. **authorise** the Prime Minister, the Minister of Finance, and the Minister supporting Greater Christchurch Regeneration to be delegated authority to make any other interim decisions that are required prior to Cabinet meetings scheduled in 2017.

Hon Gerry Brownlee
Minister supporting Greater Christchurch Regeneration

Date:

Attachment A: Cathedral Working Group Report: Executive Summary and Recommendations

Released by the Minister supporting Greater Christchurch Regeneration