Briefing for the incoming Minister

May 2017

Minister supporting Greater Christchurch Regeneration











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Foreword

Congratulations on your appointment as Minister supporting Greater Christchurch Regeneration. I look forward to working closely with you on the regeneration of Greater Christchurch, and building on your previous involvement in the portfolio as Associate Minister supporting Greater Christchurch Regeneration.

The purpose of this briefing is to provide you with contextual information about the regeneration of greater Christchurch, the structures put in place to support that, and specific information about key issues and decisions required in the coming months. You may be familiar with a range of these issues, from your previous involvement in the portfolio.

The briefing is in eight parts:

Part 1: Current State of Regeneration

Part 2: Greater Christchurch Regeneration Act 2016

Part 3: Key Areas of Focus

Part 4: Other Ministerial Responsibilities by Agency

Part 5: Ōtākaro Limited

Part 6: Regenerate Christchurch

Part 7: Decisions/Actions Requiring Your Attention in the Next 3 Months

I welcome the opportunity to provide more detailed papers on the matters in this briefing, and look forward to discussion your priorities for the Greater Christchurch Regeneration portfolio.

Kelvan Smith

Director, Greater Christchurch Group

1. Current State of Regeneration

1.1 CONTEXT

Greater Christchurch has experienced significant challenges as a result of the 2010-2011 earthquake sequence. These challenges have changed over time as the area moves from the recovery phase into the regeneration phase. While some problems have been addressed, others continue to need some degree of central government attention and others are only emerging (as is normal for the nature and scale of the natural disaster). Therefore, arrangements with varying degrees of local and central government partnership and collaboration are currently in place to lead regeneration. The role of central government has moved from leading and coordinating the overall recovery to one of supporting local institutions to get back into the "driving seat".

April 2017 marked one year into the governance and legislative arrangements in greater Christchurch established under the *Transition Recovery Plan (October 2015)*. The Plan was developed with input from the Advisory Board on Transition, the Canterbury Earthquake Recovery Authority's (CERA) strategic partners, central government agencies and the public. Key elements of these new arrangements include:

- A new legal framework, provided under the Greater Christchurch Regeneration Act 2016, to support regeneration until 30 June 2021.
- New entities Regenerate Christchurch, Ōtākaro Limited and Development Christchurch Limited – set up to consolidate the working partnership between central and local government, to drive regeneration in Christchurch City.
- Delivery of central government's residual recovery functions transferring from CERA to other central government agencies.
- The Greater Christchurch Group established within the Department of the Prime Minister and Cabinet (DPMC) to lead and coordinate central government's role and provide advice to Ministers and the Government on the regeneration of greater Christchurch.

1.2 HOW GREATER CHRISTCHURCH IS TRACKING

Six years on from the earthquakes, recovery is nearing completion and regeneration has already begun. The important recovery areas of insurance settlement and SCIRT horizontal infrastructure are almost complete, with only 2.5 per cent of first time insurance claims remaining unsettled (as at 31 December 2016) and 99 per cent of SCIRT-related horizontal infrastructure repair work complete (as at 8 March 2017).

Economic regeneration

Economic activity in greater Christchurch (measured through real GDP) remains high. As expected during this phase of rebuild and regeneration, however, growth has eased to 2.2 per cent. This is comparable to national growth of 2.5 per cent (based on December 2016 estimates).

The rebuild continues to play an important role in the local economy, with commercial rebuild activity (including the public sector rebuild) continuing to pick up momentum, while residential rebuild activity declines. Although commercial construction activity is forecast to peak during the next financial year, overall construction activity is forecast to gradually decrease. This will create opportunities for surplus

workers to move into other sectors, contributing to the diversification and sustainability of the local economy or for them to be employed in other regions of New Zealand where there is demand for residential construction workers.

Tourism numbers in greater Christchurch have improved considerably (at 87.3 per cent of pre-quake levels) and there is plenty of opportunity for further growth. Overall, the New Zealand tourism sector has grown significantly, resulting in greater Christchurch's share of New Zealand's total domestic guest nights decreasing to 7.3 per cent from 9.7 per cent (December quarter 2016 vs 2009) and international guest nights decreasing to 8.9 per cent from 13.3 percent (December quarter 2016 vs 2009).

Residential regeneration

Market indicators for residential housing also suggest that conditions have been improving. The average weekly rent in greater Christchurch continues to fall (down 3.3 per cent from December 2015 to December 2016), while Christchurch experienced the lowest house price growth of 15 selected main areas in New Zealand between March 2016 and March 2017 (2.4 per cent).

Community regeneration

Overall progress is reflected in the wellbeing of greater Christchurch residents, with the majority of indicators reported in the Canterbury Wellbeing Index showing conditions being similar to or better than national averages. In addition, the number of people reporting their quality of life as good or extremely good had a significant increase in 2016, increasing to 82 per cent from 77 per cent in 2015.

Legislative environment

The Greater Christchurch Regeneration Act is being used to support greater Christchurch's regeneration. In the first year of the new legislation, two Regeneration Plan outlines have been approved, resulting in Christchurch City Council developing the draft Cranford Regeneration Plan, and Regenerate Christchurch developing the draft Ōtākaro/Avon River Corridor Regeneration Plan. More detail on Regeneration Plans and your role with these is outlined in section 2.5, and more detail on these specific Regeneration Plans is in section 3.3.

Overall, greater Christchurch regeneration progress is encouraging and largely on track.

1.3 MINISTERIAL RESPONSIBILITIES

As the Minister supporting Greater Christchurch Regeneration you are responsible for all of the functions, duties and powers previously undertaken in the Canterbury Earthquake Recovery portfolio, including exercising any remaining residual statutory functions of the Minister for Canterbury Earthquake Recovery. All statutory responsibilities under the Greater Christchurch Regeneration Act have been assigned to you.

All non-statutory responsibilities associated with the Canterbury portfolio (with the exception of monitoring insurances settlements), have now been subsumed within other Ministerial portfolios.

1.4 INHERITING AGENCIES

Four central government agencies, one Crown-Council organisation and a Crown company undertake regeneration functions and report to you.

Greater Christchurch Group, DPMC

The Greater Christchurch Group (GCG) is the Crown's lead agency for regeneration. It is a small agile unit based in both Christchurch and Wellington and its most important task is to support the transition of leadership in greater Christchurch from central government to local institutions. GCG focuses its attention on providing strategic leadership and co-ordination across the range of agencies involved in regeneration, with a strong focus on overseeing the delivery of central government's priorities.

GCG's role includes:

- advice to Ministers on the regeneration of greater Christchurch;
- administering the Greater Christchurch Regeneration Act 2016;
- monitoring and reporting on the overall progress of regeneration; and
- part funding and joint governance of horizontal infrastructure repairs.

Once the transition to local leadership is complete, it is anticipated that GCG will be disestablished.

Other responsible agencies and a summary of their functions are listed below:

Agency	Functions
Ministry of Business, Innovation and Employment (MBIE) Chief Executive: David Smol	 Supporting the residential rebuild, including brokering solutions for emerging residential rebuild issues monitoring the pace and rate of insurance settlements; and participating in the Residential Advisory Service governance and operation delivery of services. Note that MBIE also monitor the procurement of the public sector rebuild, for which the Responsible Minister is the Minister for Economic Development.
Ministry of Health (MoH) in partnership with Canterbury District Health Board (CDHB) MoH Chief Executive: Chai Chuah CDHB Chief Executive: David Meates	 Leadership, oversight and coordination to support psychosocial recovery. Partners include a range of national and local organisations, such as the Ministries of Social Development and Education, as well as the local authorities that lead community-led recovery. Monitoring and reporting on community wellbeing. Note that the Responsible Minister for these functions is the Minister of Health.
Land Information New Zealand (LINZ) Chief Executive: Andrew Crisp	 Remaining responsibilities for demolitions and clearances of Crown-owned properties. Interim management of Crown-owned land in the Central City and residential red zones, including insurance recoveries. Administering compensation claims where required. Acquiring land, mostly for anchor projects, and disposing of Crown-owned land as needed, including land divestment as part of implementing residential red zone Recovery/Regeneration Plans.

Agency	Functions
Ōtākaro Limited Chief Executive: Albert Brantley Chair: Ross Butler	 A Crown–owned company responsible for delivering, on behalf of the Government, Crown-led anchor projects and Precincts outlined in the <i>Christchurch Central Recovery Plan</i>. Divestment of Crown-owned land not required by the Government. Note that the Minister of Finance and you are shareholding Ministers.
Regenerate Christchurch Chief Executive: Ivan Iafeta Chair: André Lovatt	 A joint Crown-Christchurch City Council entity overseeing the long-term development and enhancement of Christchurch, initially focusing on the central city, Christchurch's residential red zones and New Brighton. Developing visions, strategies and Regeneration Plans to assist in achieving regeneration. Note that the Mayor of Christchurch City and you are stakeholders.

2. Greater Christchurch Regeneration Act 2016

2.1 CONTEXT

The Greater Christchurch Regeneration Act (GCR Act) is one of three sequential pieces of legislation enacted to respond to the 2010-2011 Canterbury earthquake sequence.

The first was the Canterbury Earthquake Response and Recovery Act 2010 (the 2010 Act) which was enacted in response to the September 2010 earthquake. The 2010 Act was deemed inadequate to respond to the cumulative effects of the 4 September 2010 and 22 February 2011 earthquakes and as such was repealed and replaced the Canterbury Earthquake Recovery Act in 2011 (the 2011 Act).

The 2011 Act set the legal framework for the transition from the emergency response phase to the recovery phase. This Act was in place for five years, until 18 April 2016, after which it was allowed to expire.

At the expiry of the 2011 Act, the GCR Act was enacted to provide the legal framework for the next phase – the regeneration of greater Christchurch. In essence, the GCR Act implements the policy shift from recovery to regeneration. It continues the process of the Crown stepping back to enable local leadership to have greater involvement in the planning and decision making required for regeneration.

The GCR Act is predicated on the assumption that central government has a transitional role until 2021 when the Act is repealed, and after that the Crown and local government will re-establish normal regulatory roles and responsibilities. This will be characterised by:

- central government departments delivering any remaining recovery-related services as business-as-usual;
- Regenerate Christchurch operating as an entirely council-controlled organisation; and
- the Crown's role limited to the completion of remaining public sector projects.

2.2 MINISTERIAL STATUTORY RESPONSIBILITIES

The GCR Act does not specify which Minister may exercise the functions and powers conferred by it. Instead the GCR Act defines "the Minister" (and department) for the purposes of the Act as the Minister (and department) authorised by the Prime Minister to be responsible for administering the Act.

Currently, the Prime Minister has authorised the Minister supporting Greater Christchurch Regeneration to be the responsible Minister for the GCR Act. This means all statutory responsibilities under the Act are vested in one Ministerial portfolio to facilitate a whole of regeneration approach to Ministerial decision-making.

2.3 ADMINISTRATIVE RESPONSIBILITIES

The Prime Minister has also authorised two agencies, the Department of the Prime Minister and Cabinet and Land Information New Zealand (LINZ), to be the departments responsible for administering specific provisions of the GCR Act:

Department of the Prime Minister and Cabinet Overall administrative responsibility for Act Part 2, Subpart two - Dealing with land and other property (including surveys and works) Part 2, Subpart five - Regenerate Christchurch Part 2, Subpart three - Compensation under this Act Part 2, Subpart six - Transfers of assets, liabilities and land Part 2, Subpart seven - Miscellaneous provisions

Split departmental accountabilities are not uncommon. In practice, both departments work closely together to ensure that advice tendered to you is consistent and that any operational statutory decisions made are mindful of the wider strategic statutory decisions at play.

Some sections of the GCR Act also require both departments to work with other agencies such as the Treasury, State Services Commission, Ministry for the Environment, Regenerate Christchurch, and Ōtākaro Limited.

2.4 PURPOSE

The GCR Act supports the regeneration of greater Christchurch through the following purposes set out in section 3 of the Act:

enabling a focused and expedited regeneration process;

Schedule 5 - Provisions applying in relation to

Regenerate Christchurch

- facilitating the ongoing planning and regeneration of greater Christchurch;
- enabling community input into decisions on the exercise of powers under section 71 and the development of Regeneration Plans;
- recognising the local leadership of Canterbury Regional Council, Christchurch City Council, Regenerate Christchurch, Selwyn District Council, Te Rūnanga o Ngāi Tahu, and Waimakariri District Council and providing them with a role in decision making under the Act;
- enabling the Crown to efficiently and effectively manage, hold, and dispose of land acquired by the Crown under the Canterbury Earthquake Recovery Act 2011 or the GCR Act.

Regeneration is defined in section 3(2) of the Act as meaning restoration and enhancement, and urban renewal and development. The definition also places an emphasis on improving the medium and long term condition and resilience of communities.

2.5 KEY PROVISIONS of THE ACT

The GCR Act deals primarily with the built element of regeneration. It sets the framework for planning, land use and management in greater Christchurch. It does not deal with psychosocial recovery, which is addressed through non-legislative measures such as the Community in Mind Strategy and the related Programme of Action.

Key provisions in the GCR Act include:

- Regeneration Plans including the development of Plans and the way in which Plans can be revoked or amended (more information below)
- Building/works including empowering the Chief Executive of LINZ to carry out works (such as the construction or demolition of buildings) and the ability to restrict access, close, or stop roads
- Dealing with land including empowering the Chief Executive of LINZ or the Minister to acquire, amalgamate and dispose of land (also provisions relating to compensation claims and payments under certain circumstances)
- Role and functions of Regenerate Christchurch including its purpose and objectives, the Board's role, and duties on members.

Regeneration Plans and section 71

There are two types of planning mechanisms provided under the GCR Act – Regeneration Plans and the section 71 process.

Regeneration Plans are statutory planning instruments under the GCR Act which can set the high level direction of regeneration, and detailed matters that need to be addressed to achieve regeneration. They are able to make changes to planning and land use rules in greater Christchurch, and can amend a broad range of council, land transport, and conservation documents. The GCR Act provides for separate processes for regeneration plans, amendments or revocations, in greater Christchurch and Christchurch District (see **Attachment A**). Where the proponent in the Christchurch District is a party other than Regenerate Christchurch, Regenerate Christchurch takes on an advisory role to you as the decision maker.

Section 71 of the GCR Act gives you the power to suspend, amend, or revoke Resource Management Act 1991 planning documents, in addition to other plans, policies and strategies under various legislation. This process would generally be used where amendments are required to a discrete set of documents, or where the proposal relates to an isolated issue for which the Regeneration Plan process is not considered necessary.

Both processes require a "proponent" who either drafts a proposal to develop a Regeneration Plan (or to amend or revoke a plan) or who proposes that you exercise the section 71 power. Possible proponents are defined in section 14 of the GCR Act as a strategic partner (Canterbury Regional Council, Christchurch City Council, Selwyn District Council, Te Rūnanga o Ngāi Tahu, and Waimakariri District Council), Regenerate Christchurch, or the Chief Executive of DPMC.

Both processes also involve at least one round of public engagement, consistent with the purposes of the GCR Act.

Ministerial involvement

To reflect the transition of leadership to local institutions, the GCR Act allows a range of agencies to be the proponent for Regeneration Plans or section 71, as noted above. It also provides the strategic partners, Regenerate Christchurch and Ōtākaro Limited a role in significant Ministerial decision-making processes.

This differs from the similar processes for Recovery Plans or section 27 under the 2011 Act, which could only be directed or undertaken by the Minister.

Ministerial decision making on Regeneration Plans and the exercise of power under section 71 under the GCR Act is required in:

- approving a Regeneration Plan outline;
- deciding whether to proceed with a section 71 proposal;
- approving Regeneration Plans; and
- approving a proposal for exercise of power under section 71.

More detail on the two Regeneration Plans currently underway is in section 3.3.

3. Key Areas of Focus

While good progress has been made in the regeneration phase, there are three priority areas which require Crown attention:

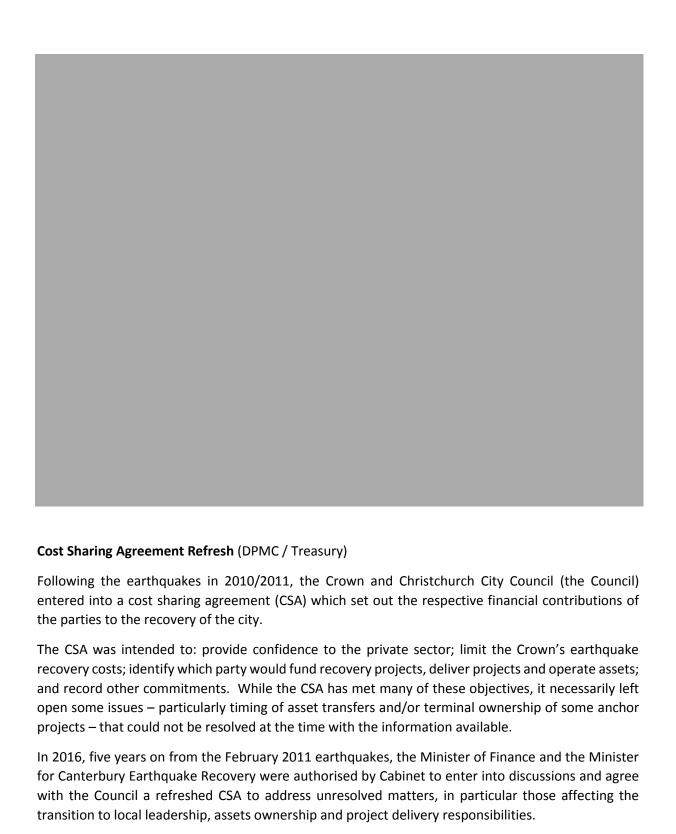
- Resolving costs across regeneration Crown responsibility for this sits with DPMC.
- Central City Crown responsibility for this sits with DPMC, Ōtākaro Limited and Regenerate
 Christchurch. This role is likely to be ongoing until the successful delivery of Crown Anchor
 Projects.
- Regeneration planning Crown responsibility for this sits with DPMC, Regenerate Christchurch and Ōtākaro Limited. This role is likely to be ongoing until 2021.

This chapter provides an overview of the key regeneration focus areas on which DPMC considers require early engagement with you. These are a mix of strategic and operational, statutory and non-statutory matters.

DPMC intends to brief you on the below matters in the coming weeks, as Ministerial involvement is required. To ensure you have a comprehensive understanding of your role in these areas, officials are happy to meet with you to discuss these matters directly, as well as your priorities for the Greater Christchurch Regeneration portfolio.

3.1 COSTS ACROSS REGENERATION

It has been clearly established that central government has an important ongoing role in the regeneration of greater Christchurch, although this is a changing role and will be progressively reduced towards 2021. The Crown is currently funding work by a number of departments and entities, like Regenerate Christchurch, outside business-as-usual arrangements in recognition that greater Christchurch has not yet fully 'recovered' and some key challenges and significant opportunities remain.



3.2 CENTRAL CITY

Since the development of the *Christchurch Central Recovery Plan,* the Government has highlighted the importance of the Central City in the recovery and regeneration of greater Christchurch. To achieve the *Christchurch Central Recovery Plan's* vision for Central Christchurch to become the thriving heart of an international city, central government involvement is still required on some key anchor projects.

An Accessible City (Ōtākaro Ltd / Christchurch City Council)

An Accessible City is the transport chapter of the Christchurch Central Recovery Plan. It was developed by CERA in partnership with the Council, Environment Canterbury and NZ Transport Agency (NZTA). Implementation of An Accessible City will take place over seven stages, with Crown involvement limited to Phase 1 (although the Council may apply for funding through NZTA for later stages).

Ōtākaro is responsible for the delivery of four projects bordering other anchor projects (such as Durham and Manchester Streets) and the Council is responsible for all other projects in Phase 1 and onwards. More information on Ōtākaro's involvement is in section 6.3. Phase 1 is funded by the Crown (through Ōtākaro), Council and NZTA.

Recently there have been a variety of concerns expressed in the media and by local businesses about *An Accessible City* and/or its implementation. As a result, on 12 April 2017, the previous Minister supporting Greater Christchurch Regeneration sought Cabinet's authorisation to "suspend or rescind Crown funding for the line items appropriated for the *An Accessible City* chapter of the Christchurch Central Recovery Plan, pending changes that better reflect community concerns over safety, emergency vehicle access and car parking" [CAB-17-MIN-0190].

On 13 April 2017, the previous Minister wrote to the Chief Executive of Ōtākaro confirming his decision to suspend direct government funding. Ōtākaro was also instructed to suspend all remaining works (apart from where safety is an issue) and not commence new works until a confirmed plan of action is in place to address Crown concerns.

DPMC was asked to take on a coordinating role with the relevant agencies (the Council, Ōtākaro and other key stakeholders) to develop this Action Plan. This work is currently in progress

DPMC will brief you on any additional Ministerial involvement, if required.

The Multi-Use Arena (Stadium) (DPMC)

This anchor project is currently on hold until the scheduling for funding is agreed with Council and a business case is produced. The majority of land earmarked for the project has been purchased by the Crown.

On 8 March 2017, the previous Minister supporting Greater Christchurch Regeneration wrote to the Mayor of Christchurch seeking her views on a proposal for the Christchurch Stadium Trust Inc. (Trust) to undertake the process of considering the feasibility of the new project. It is proposed that the Trust lead the process of developing a pre-feasibility study with Crown and Council support.

DPMC will brief you on the pre-feasibility study in the coming weeks.

Metro Sports Facility (Ōtākaro Ltd)

Early works on the Metro Sports Facility (the Facility) began in 2016 and construction is scheduled to begin in winter 2017. The Facility is designated in the Christchurch District Plan, with the designation covering the whole site including existing road reserves.

You are the requiring authority for the relevant designation, as the Minister, which means you have decision-making responsibilities in the Outline Plan process. An Outline Plan (a Resource Management Act document) replaces the resource consent process and describes the details of the site and the proposed works and activities.

Ōtākaro has submitted the Outline Plan for the Facility to the Council which is currently considering and processing the application. Following any comments from the Council and further Ōtākaro consideration, Ōtākaro will submit the final Outline Plan to you for approval in the coming weeks. Further information on Ōtākaro's involvement is in section 6.3.

The Crown is currently considering a communications strategy for publicly releasing the Outline Plan.

3.3 GCR ACT REGENERATION PLANNING

As outlined above, as the Minister supporting Greater Christchurch Regeneration, you have a statutory decision-making role in the regeneration planning tools under the GCR Act. The previous Minister approved two Regeneration Plan outlines; the resulting Regeneration Plans will come to you for approval. DPMC anticipates further use of the regeneration planning tools under the Act in the coming months.

Cranford Regeneration Plan (Christchurch City Council)

In December 2016, the previous Minister approved the Outline for a draft Cranford Regeneration Plan which is intended to enable residential development at the edges of Cranford Basin. Since then the Christchurch City Council has been developing the draft Plan, including a public engagement period which ends on Tuesday 2 May 2017. Councillors will consider an updated draft Plan in late May, and if approved will send it to Regenerate Christchurch to provide you with a recommendation in May/June.

DPMC officials will provide you with advice in June 2017 on approving the Regeneration Plan, which is the first Regeneration Plan under the GCR Act.

Ōtākaro/Avon River Corridor Regeneration Plan (Regenerate Christchurch)

In March 2017 the previous Minister approved the Outline for a draft Ōtākaro/Avon River Corridor Regeneration Plan. This draft Regeneration Plan is intended to identify the land uses for around 602 hectares of land within the Ōtākaro/Avon River Corridor residential red zone (RRZ), and some adjacent Council and Crown-owned land. Regenerate Christchurch is leading this process, which will need to strike a balance between providing certainty as soon as possible about future use of this important area while also delivering a robust Regeneration Plan. The Crown has a significant interest in this area as the majority landowner, having expended over \$1 billion through the Crown offer process in purchasing 5,442 properties.

The draft Regeneration Plan is expected to be developed by late 2017, and then four months has been allowed for confirming responsibilities for funding, delivery and governance. Following public and stakeholder engagement, the draft Regeneration Plan is expected to be submitted for your decision under the GCR Act around November 2018.

The previous Minister and the Mayor indicated in their Letter of Expectations to Regenerate Christchurch that this area is a high priority, and that the entity should assess the feasibility of an international water facility as part of identifying land use options. Regenerate Christchurch anticipates a feasibility assessment will be completed in the coming year.

Redcliffs School (Ministry of Education)

The Ministry of Education is considering the potential to use section 71 of the GCR Act (under delegation from DPMC) to undertake the necessary planning actions required (designation and land use changes) to permanently relocate Redcliffs School to Redcliffs Park.

4. Other Ministerial Responsibilities by Agency

As noted above, statutory responsibilities under the GCR Act sit with you as Minister supporting Greater Christchurch Regeneration. These involve both strategic and operational decisions and include responsibility for dealing with land, property, compensation, planning powers, and Regenerate Christchurch. These functions are undertaken by LINZ and DPMC.

This chapter summarises some of your areas of responsibility which are less urgent than the key focus areas in the previous chapter but are currently active and could require your involvement in the coming months. You will be briefed on the below matters as required.

While non-statutory responsibilities are subsumed within the traditional portfolios of responsible agencies, monitoring residential recovery and insurance settlements is an exception to this – MBIE will report to you on this matter.

4.1 LINZ

Land management

LINZ is responsible for clearing and managing the Crown-owned land and property portfolio in greater Christchurch's RRZ and the Central City. In its management of the portfolio, LINZ is ensuring that future use options for the RRZ are not limited by its land management and that it is supporting the regeneration of greater Christchurch.

LINZ is also responsible for assessing property-specific requests for accessing and using Crown-owned RRZ land (7720 properties), coordinating with DPMC and Regenerate Christchurch. Any permanent use (outside of a formal regeneration planning process, e.g. for urgent infrastructure works) requires your approval.

LINZ is working with property owners to acquire land for anchor projects in the Central City. You can

expect to make decisions on compulsory acquisitions, related compensation, and on land disposals.
Your approval is also required for the negotiated acquisition of land and related payments.

Compensation claims

LINZ is responsible for the administration of a Compensation Panel relating to land compulsorily acquired under the Canterbury Earthquake Recovery Act 2011 or the GCR Act, and overseeing the

recovery of relevant insurance claims. You are familiar with the functions of the Compensation Panel, as you were delegated the related responsibilities in your previous capacity as Associate Minister.

Financial appropriations

You are responsible for the following appropriation in Vote Lands:

Canterbury Earthquake Recovery Land Ownership and Management (M85) – Multi-Category
 Appropriation – combination of Departmental and Non-Departmental

The overarching purpose of this appropriate is to support the recovery of Canterbury through the purchase, clearance, maintenance and management of land affected by the Canterbury earthquakes.

4.2 DPMC

Residential red zones

DPMC is supporting LINZ, as the lead agency for the Crown, in implementing the Waimakariri RRZ Recovery Plan, which the previous Minister approved in December 2016. A key consideration for the Crown is how to divest the 991 Crown-owned properties to effect the land uses in the Recovery Plan.

On 12 April 2017 the Court of Appeal heard an appeal from the small group known as Quake Outcasts regarding the new Crown offers. The Crown was successful in the High Court earlier this year, and this was an appeal from that decision. The Court of Appeal has reserved its decision. We will prepare a separate legal briefing for you on this litigation.

Section 5.3 notes Regenerate Christchurch's work on the Southshore, South New Brighton, Brooklands and Port Hills red zones. The Crown has a strong interest in these areas as it has purchased, through the Crown offer process, nearly 200 red zone properties in the Southshore/South New Brighton areas, 472 red zone properties in Brooklands, and 613 red zone properties in the Port Hills.

Christ Church Cathedral

Decision-making on the future of Christ Church Cathedral has been delayed since 2012 due to protracted litigation between the property owner, Church Property Trustees (CPT), and the Great Christchurch Buildings Trust (GCBT). To address the litigation deadlock, central government facilitated further investigations and negotiations. A government-appointed facilitator (Miriam Dean QC) undertook mediation between the parties, concluding in November 2015 that either replacement or reinstatement¹ was technically possible, with indicative budgets. A Working Group with Crown, CPT and GCBT appointees was subsequently appointed in 2016 to investigate the reinstatement of the Cathedral.

On 28 November 2016 the Working Group delivered its report and recommendations to the previous Minister supporting Greater Christchurch Regeneration and the Bishop of Christchurch. This report is

¹

¹ Reinstatement is defined as a combination of repair, restoration, reconstruction/rebuild and seismic strengthening – large reinstating the Cathedral to the extent that, for most people, it would be indistinguishable from the pre-earthquake building. This differs from full replacement – which the CPT has previously wished to pursue, and which would involve significant or full demolition and replacement with a modern building. This also differs from the previous push for full restoration or repair by various campaigners and groups (including the GCBT), as it requires some demolition to stabilise the building.

due to be publicly released in the coming weeks. The recommendations include that the Cathedral is reinstated within a budget of \$100 million (excluding GST), through the CPT's insurance settlement and public fundraising with Crown and Council support.

On 20 December 2016 Cabinet agreed to a one-off Crown contribution of \$10 million for the reinstatement of Christ Church Cathedral and agreed to a limited credit facility of \$15 million that is repayable on completion of fundraising for the reinstatement project [CAB-16-Min-0706]. With the CPT's insurance funds of \$42 million, this leaves a gap of \$48 million to be funded through public fundraising. It is understood that pledges of \$13-15 million have already been secured by the GCBT.

The Crown has been in negotiations with the CPT and decision-making is pending. On 8 March 2017 the previous Minister wrote to the Bishop of Christchurch reconfirming the offer that was made in December 2016 – the Crown offer of support is made on the basis of:

- A one-off \$10 million Crown payment;
- A \$15 million interest-free credit facility repayable on completion of fundraising efforts;
- Crown assistance with consenting (possibly through legislation), and the establishment of a project management office to oversee the physical work of the Cathedral reinstatement; and
- CPT contributing its full insurance proceeds to the agreed reinstatement plans.

On 27 April 2017, the previous Minister wrote a further letter to the Bishop to confirm whether a decision has been made by CPT on accepting or declining the Crown's offer.

To date, resolution has not been reached. It is now unlikely to be possible to pursue the proposal for legislative intervention this year, due to the timing of the General Election.

Horizontal infrastructure

The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) Programme is 99 per cent complete (as at 8 March 2017), with 703 projects either finally complete or practically complete (handover of projects to Christchurch City Council). Completion of physical works is scheduled for May 2017.

As the SCIRT Programme nears completion, DPMC has commenced review / validation processes to ensure only eligible work is funded and the correct allocation of costs is or has been paid by the Crown.

DPMC is also continuing to work closely

with the other funding partners (NZTA and the Council) regarding a number of outstanding programme issues and on the 'close out' of the SCIRT Alliance.

The Waimakariri Horizontal Infrastructure Programme is currently tracking on time and on budget. It is anticipated the programme of physical works will be complete by June 2018.

DPMC will provide you with a more detailed briefing on the progress of the Greater Christchurch Horizontal Infrastructure Programme in due course.

Review of the GCR Act

Section 150 of the GCR Act requires the Minister to commission an annual review of the operation and effectiveness of the Act. On 5 April 2017, the previous Minister appointed Mr Dangerfield to undertake the 2017 Review of the Act, which is expected to commence at the end of May 2017 and be completed at the end of July 2017.

The efficiency of the provisions of the Act in respect of accountability and transparency will be examined. The use of the various expediting powers available under the Act will be discussed with relevant decision makers and stakeholders, including yourself, the Chief Executives of DPMC and LINZ and their delegates, the strategic partners, Regenerate Christchurch and Ōtākaro. Any views concerning the need for amendments to the Act will be noted and supported by evidence (i.e. examples provided).

Whole of Government Project: Lessons from the Canterbury Earthquake Recovery

As you will be aware from your previous capacity as Associate Minister, in August 2014, Cabinet directed DPMC to undertake a programme of work that would capture the lessons from the Canterbury earthquakes sequence in order to strengthen resilience for the benefit of all New Zealanders. The Whole of Government report (titled "Lessons from the government's response to the Canterbury earthquake sequence") draws on lessons from studies published, or commissioned by a government agency or research institution.

Monitoring Regeneration Outcomes

DPMC's monitoring and reporting on progress of regeneration outcomes demonstrates the Government's ongoing commitment to regeneration, and ensures that the most critical issues receive focus by the responsible agencies. Monitoring is undertaken at two levels:

- Monitoring progress against overall outcomes using regeneration indicators.
- Monitoring and reporting on specific recovery functions by responsible agencies. This will help Government and communities remain confident that agencies remain focused on, and are held accountable for, the delivery of recovery functions and programmes and are committed to supporting positive recovery outcomes. In the case where functions have been inherited from CERA, accountability measures have been agreed for inclusion in agencies' relevant accountability documents (e.g. Statements of Intent) and will be reported annually by the respective Agencies.

You can expect to receive monitoring updates from DPMC.

Christchurch Replacement District Plan

DPMC continues to lead the Crown's case on the Christchurch Replacement District Plan. All substantive decisions have been issued by the Independent Hearings Panel and most appeals are now resolved. Remaining involvement is now primarily in relation to an appeal by Equus Trust which seeks to overturn a decision of the Independent Hearing Panel which did not rezone its land 'business'.

DPMC does not anticipate further Ministerial involvement on the Replacement District Plan. This could change, however, if any further Independent Hearing Panel decisions were appealed, in which case DPMC would advise you in due course.

Inquiry into CERA Conflicts of Interest

In the course of the investigation by Michael Heron QC commissioned by the State Services Commissioner into the actions of three previous CERA staff (Murray Cleverley, Gerard Gallagher and Simon Nikoloff), further allegations were made that three other CERA staff had similar conflicts. DPMC is currently in the pre-investigation phase in relation to those three further CERA personnel where it

is determining whether any of the allegations raise sufficient concerns such that DPMC should conduct a full investigation. DPMC is being assisted by specialist investigators Beattie Varley Limited, who also assisted Michael Heron QC.

Financial appropriations

You are responsible for the following appropriations in Vote DPMC:

- Canterbury Earthquake Recovery (M85) Departmental Appropriation
 Scope: provision of services supporting the regeneration of greater Christchurch
- Regenerate Christchurch (M85) Non Departmental Multi Year Appropriation
 Scope: establishment costs and the development of strategies and planning activities, with communities, stakeholders and decision-makers, for the regeneration of areas in Christchurch.
 Expires: 30 June 2021

4.3 MBIE

Residential recovery and insurance settlements

MBIE inherited two functions from CERA specific to the regeneration of Christchurch: monitoring residential insurance settlement rates and participation in RAS; and reporting on the public sector rebuild and procurement.

In delivering these functions, MBIE undertakes monitoring, analysis and reporting on the rate of residential insurance settlements. This entails coordinating information from the Earthquake Commission (EQC), Insurance Council NZ (ICNZ) and directly from insurers and preparing quarterly reports to you. As part of an information sharing agreement, these reports are shared with ICNZ, which uses the analysis in its quarterly media statements. The next quarterly residential insurance settlement progress report will be delivered to your office in the week ending Friday 5 May 2017.

Operational aspects of the Residential Advisory Service (RAS) are delivered by MBIE and contribute to

RAS governance.			

Monitoring and reporting on procurement of the public sector rebuild

As the Government's lead agency on procurement, MBIE provides advice to other departments to support the public sector rebuild. MBIE also compiles progress reports on the public sector rebuild for inclusion in the Treasury's four-monthly *Major Projects Performance Report*. MBIE's reporting covers expenditure to date, forecast final costs, monthly drawdowns, reporting against milestones, key achievements, issues and risks. MBIE's reporting covers 11 agencies and the full rebuild programme of \$6.5 billion (approximately 40% of which has been spent). MBIE expects that Treasury will provide you its next *Major Projects Performance Report* to March 2017, in June 2017.

5. Ōtākaro Limited

5.1 ROLE AND FUNCTIONS OF ŌTĀKARO

Ōtākaro Limited is a Crown company listed on Schedule 4A of the Public Finance Act. It was established to take over specific functions of the Canterbury Earthquake Recovery Authority (CERA), and became operational in April 2016. The Company's Board uses governance best practices to make efficient and effective decisions with a commercial focus.

Ōtākaro's strategic objectives, acting in the interests of the Crown and the people of Christchurch, are to:

- Add value to Crown anchor projects by delivering the projects safely, on budget, to schedule and to the desired quality;
- Divest Crown land holdings in central Christchurch in a manner that balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives; and
- Support the Crown's exit from anchor projects and land holdings over time on favourable terms.

The overarching responsibilities of Ōtākaro include:

- Delivery of defined anchor projects by providing procurement, design management and construction management services on behalf of the Crown;
- Providing programme governance, including risk, cost and schedule management;
- Divestment of Crown owned land in central Christchurch and the RRZ (if transferred), while achieving good commercial outcomes; and
- Acting in a manner consistent with recovery plans and any regeneration plans.

Ōtākaro is responsible for the Canterbury Earthquake National Memorial, Avon River Precinct, East Frame Public Realm and Residential Project, South Frame Public Realm, An Accessible City Phase 1 (joint delivery responsibility with Christchurch City Council), Convention Centre Precinct and the Metro Sports Facility.

The company will exist until the projects it is responsible for are delivered and land is divested; based on current expectation, a period of no longer than seven years.

5.2 ROLE OF MINISTERS and GOVERNMENT DEPARTMENTS

Ōtākaro's shareholders are the Minister of Finance and you as the Minister supporting Greater Christchurch Regeneration, with each holding 50 per cent of the share capital.

The Treasury monitors Ōtākaro's commercial and financial performance, while DPMC monitors the contribution of Ōtākaro to regeneration outcomes. Key contacts in these agencies are:

Treasury – David Stanley, Principal Advisor,	
DPMC – Pratima Namasivayam, Team Leade	er Strategic Policy

Convention Centre and Balance of Precinct

Visible progress is being made on site preparation works to ready the site for construction activity when the main build contractor is appointed.

The Outline Plan was prepared during the quarter and was submitted to the Council on 7 April 2017. The Council has 20 working days to provide comments to Ōtākaro. Design work is on schedule.

The Main Works Contract is anticipated to be awarded by early July 2017.	

Preparation of a strategy for the timing for divestment of strategic land parcels on the southern (Cathedral Square side) of the Convention Centre site for private development is underway. In addition, a strategy is being prepared to support divestment of land, which could enable the development of a high quality hotel on the Colombo St/Gloucester St corner.

Metro Sports Facility

Ōtākaro continues to provide project management services to the Crown for this project. The land has yet to be transferred to Ōtākaro and is currently being managed for the Crown by LINZ. The project is awaiting the completion of the Orion/LINZ land and cost agreements (discussed in section 4.1) so works can commence on relocating the existing substations.

Decontamination works on the northern block have taken longer than anticipated due to significant amounts of additional asbestos being encountered.

The Developed Design for the project was approved on 24 March 2017 by Ōtākaro and the Council. Detailed Design commenced on 26 March 2017. As noted in Section 3.2, Ōtākaro expects that the Final Outline Plan, addressing any comments raised by the Council on the draft Outline Plan, will be submitted to you by early June 2017.

East Frame Residential Precinct

Several amendments to the Development Agreement between Ōtākaro and Fletcher Residential Living (Fletcher) have been agreed with Fletcher.

The first Super Lot development (SL4) commenced in April 2017 in the block to the south of the Christchurch Club. While this Super Lot has started later than originally planned, the properties are anticipated to be completed earlier than originally planned.

Preliminary proposals for two further Super lots (SL7 and SL11) are due in mid-May 2017. Construction on SL7 and SL11 is expected to commence in September/October 2017, as part of Stage 1 construction, which comprises 200 residences.

Commencement of Stage 2 construction is subject to 50 per cent or more of the residential units in Stage 1 being sold. There is now a focus on sales and marketing in order to reduce the risk of delays to Stage 2 construction.

Fletcher is in the process of finalising a contract with Gap Filler for temporary activation of the East Frame areas not in construction.

East Frame Public Realm

Site works commenced for the linear park (public realm) in November 2016. Significant progress has been made and the project is on schedule for completion in early 2018.

The public is now beginning to see the size and significance of the public realm and the interface that this has with the residential development and the nearby Manchester Street improvements.

Te Papa Ōtākaro / Avon River Precinct

Victoria Square works being delivered by the City Care/JFC Joint Venture commenced in January, and are advancing on schedule. The site has unique environmental and size/shape challenges, and both environmental and safety risks are being managed closely. For example, extensive coal tar found on the Colombo Street site boundary has been removed.

Ōtākaro has continued to maintain completed Avon River Precinct sites including the Margaret Mahy Family Playground. However, the Memorandum of Understanding with the Council to enable asset transfer has recently been signed, and Ōtākaro expects that transfers of assets will begin prior to the beginning of June 2017.

An Accessible City (AAC) Phase 1

Construction work has progressed on Manchester and Durham Streets over the past few months, particularly works that are required to be completed prior to winter. Following discussions with business leaders/owners and the Council, Ōtākaro has been exploring options for further accelerating the work in some sections.

Areas with active construction faces are now being concentrated on, and no new work faces are being opened up.

Canterbury Earthquake National Memorial (the Memorial)

As you will be aware, one of the major achievements since Christmas was the completion of the physical works of the Memorial, and supporting the private and public commemoration events on 21 and 22 February 2017. This was achieved in spite of last minute challenges with quality and the need to manage higher health and safety risks due to increased work activity onsite.

Work continues to transfer the asset to the Ministry for Culture and Heritage (the Ministry). Transfer of the asset is expected before the end of June 2017. In the interim, the Ministry will fund maintenance costs while Ōtākaro will manage defects remediation on behalf of the Ministry.

South Frame

All available work sites are nearing completion. However, the project will be at a point around the middle of 2017 where works are put on hold until further land is acquired by LINZ and transferred to Ōtākaro – see section 4.1.

Completed Public Realm will be transferred to the Council in accordance with the Memorandum of Understanding between Ōtākaro and the Council.

Land divestment

To date key parcels of land have been divested including the South West End of the Retail Precinct (for the Farmers Market) and the eastern end of the Justice and Emergency Services Precinct (for the Hoyts Cinema development).

Ōtākaro has released a request for Expressions of Interest in developing the building. These Expressions of Interest were due at the end of April.

Residential red zones and the GCR Act

Under section 35 of the GCR Act, Ōtākaro must provide consent before Regenerate Christchurch can submit a draft Outline, draft Regeneration Plan or an amendment to you, where the draft Plan or amendment relates to an area that includes any of the Christchurch RRZ, and does not relate to any area outside Christchurch district. Discussions with Regenerate Christchurch are continuing to determine how Ōtākaro can best assist in the preparation and review of regeneration plans for the RRZ.

Ōtākaro is also a party listed in section 29 of the GCR Act whose views are sought on draft Outlines and Regeneration Plans for Christchurch District, along with Christchurch City Council, Canterbury Regional Council, Te Rūnanga o Ngāi Tahu, Regenerate Christchurch and the chief executive of DPMC.

Other matters

The quarterly funding processes continue to work effectively between Ōtākaro and The Treasury. The Company is providing the required information on time and Treasury is ensuring that funding is available in accordance with the requests ahead of the project and operational requirements.

Engagement continues with Treasury about how Ōtākaro will be assessed for an Investor Confidence Rating. Following agreement with Treasury on the assessment criteria and weightings, the assessment process has commenced. Both Ōtākaro and Treasury are working to have all assessments completed by June 2017.

6. Regenerate Christchurch

6.1 ROLE AND FUNCTIONS OF REGENERATE CHRISTCHURCH

Regenerate Christchurch was established under the GCR Act 2016 to lead, support and coordinate regeneration activities across Christchurch. It is overseeing the long-term development and enhancement of the Central City, RRZ, New Brighton and other potential regeneration areas. Its role is to lead and contribute to regeneration outcomes for the future of Christchurch.

The functions of Regenerate Christchurch as set out in section 123 of the GCR Act, are to:

- Develop visions, strategies, and Regeneration Plans to assist in achieving regeneration
- Make recommendations and provide advice to you on the development, revocation and amendment of Regeneration Plans and the exercise of power under section 71 of the GCR Act
- Facilitate increased investment
- Provide advice to Ōtākaro Limited, Development Christchurch Limited, and others on the regeneration outcomes being sought
- Comment on regeneration outcomes and interventions, and the contribution of Ōtākaro Limited and Development Christchurch Limited
- Provide independent advice on regeneration activities to the Council and to you.

The previous Minister and the Mayor's Joint Letter of Expectations further outlines their initial priorities for Regenerate Christchurch, including evaluating progress and providing advice on what is required to increase momentum and support regeneration of the Central City; and developing a Prioritisation Framework for the Christchurch district from which to identify further Regeneration Plans. In addition, Regenerate Christchurch is expected to develop and advocate strategies for regeneration and work with the Strategic Partners to achieve this, particularly within the RRZ, Central City and New Brighton.

6.2 ROLE OF MINISTER AND CHRISTCHURCH CITY COUNCIL

Section 130 of the Act outlines your role as well as the Christchurch City Council (CCC) (the shareholders) to:

- Oversee and manage the Council's and the Crown's interests in, and relationship with, Regenerate Christchurch;
- Perform the functions and exercise the powers set out under the GCR Act, including those relating
 to engaging with Regenerate Christchurch on preparing its Statement of Intent and Statement of
 Performance Expectations and commenting on the draft and final versions of these documents
 (where amendments are needed); producing a letter of expectations; and reviewing Regenerate
 Christchurch's performance.

6.3 SUMMARY OF WORK PROGRAMME

Regenerate Christchurch has three additional strategic objectives that inform its overall work programme and complement the functions and objectives of the organisation laid out in the GCR Act:

• Unlocking opportunities for regeneration (fully utilising powers under the Act to achieve regeneration)

- Creating an attractive and sustainable urban environment (developing visions, strategies and Regeneration Plans that will transform Christchurch)
- Enhancing the capacity, capability and resilience of the community (collaborating with the community and others to drive regeneration activities and outcomes that will make a significant contribution to the future of Christchurch).

A summary of Regenerate Christchurch's long-term work programme to deliver on the strategic objectives and priorities during 2017-2021 is provided below.

Residential red zones

Ōtākaro/Avon River Corridor

Regenerate Christchurch is currently developing a draft Ōtākaro/Avon River Corridor Regeneration Plan, as discussed above in section 3.3.

Southshore and South New Brighton

Regenerate Christchurch will develop a regeneration strategy for the Southshore and South New Brighton areas over the coming year. If necessary following the Strategy, a draft Outline for a Regeneration Plan will be commenced.

Brooklands and Port Hills

Regenerate Christchurch will complete a timeframe for the development of regeneration plans and strategies for these areas, in the coming months. In the longer term, Regenerate Christchurch will lead a comprehensive community engagement process and develop regeneration strategies for both areas. If necessary, draft outlines for one or both areas will be developed.

Strategy and Regeneration Planning

Central City

Regenerate Christchurch is developing a Cathedral Square and Surrounds Regeneration Strategy which it expects will be completed by August 2017. Implementation of the Strategy is expected to occur in the year following this date, overseen by Regenerate Christchurch. The Strategy will inform the development of other initiatives that may be required to increase momentum and support regeneration of the wider Central City over the next four years.

New Brighton

Regenerate Christchurch will continue to provide advice over the next four years to Development Christchurch Limited on its implementation plan for New Brighton, and the regeneration outcomes that are sought for this area. This will include ensuring that the GCR Act is utilised to its greatest potential where necessary.

Other regeneration opportunities

Regenerate Christchurch is currently developing a prioritisation framework to assist with identifying and assessing other regeneration opportunities in greater Christchurch. Regenerate Christchurch has an ongoing role in providing advice, views and recommendations on planning instruments in the GCR Act. At present this includes the Council's draft Cranford Regeneration Plan.

Detailed information on each of these projects and work areas are provided in Regenerate Christchurch's draft 2017-21 Statement of Intent, which is currently with you and the Council for comment.

7. Decisions/Actions Requiring Your Attention in the Next 3 Months

In the coming months, you will be asked to make decisions on a range of matters, including:

7.1 STATUTORY MATTERS

26 May, and Regenerate Christchurch's 2017-21 Statement of Intent and 2017/18 Statement of

June Performance Expectations

May-June Outline Plan for Metro Sports Facility

June The draft Cranford Regeneration Plan

End July The Final Report on the Review of the Greater Christchurch Regeneration Act 2016

September DPMC Annual Report

Ongoing Land acquisitions for anchor projects, and related compensation

7.2 NON-STATUTORY MATTERS

The draft Whole of Government Project: Lessons from the Canterbury Earthquake

Recovery report

May Quarterly residential insurance settlement progress report

May-June Development of pre-feasibility study for the Multi-Use Arena

Mid-June Quarter 3 Regeneration Outcomes Monitoring Report

Unknown (subject to

(subject to negotiations)

Outcome of negotiations with the Church Property Trustees regarding Christ Church

Cathedral

7.3 ADMINISTRATIVE MATTERS

3 May Supplementary Estimate Questions

26 May Pre-hearing written questions for the Finance and Expenditure Committee