

Reference: 20170112

26 April 2017



Thank you for your Official Information Act request, received on 23 March 2017. You requested:

- “1. A copy of any reports, briefings and advice Treasury has prepared regarding cost overruns and/or delays relating to the anchor projects in Christchurch, since 1 August 2016;*
- 2. A copy of any reports, briefings and advice Treasury has prepared that include discussion about Fletcher Construction’s involvement in anchor projects in Christchurch, since 1 August 2016.*

Where information is withheld, I request you provide the title and date of the communication/document withheld, the reason for refusal and the grounds in support of that reason as required by section 19(a)(i) and (ii) of the Official Information Act.”

Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	1 September 2016	Treasury Report: Final Major Project Performance Report June 2016	Release in part
2.	5 September 2016	Cabinet Committee Paper: Major Projects Performance Report July 2016	Release in part
3.	21 November 2016	Cabinet Committee Paper: Interim Major Projects Performance Report – November 2016	Release in part

4.	22 November 2016	Treasury Report: Otakaro Statement of Performance Expectations and East Frame Residential	Release in part
5.	22 November 2016	Treasury Report: Interim Major Project Performance Report	Release in part

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including deceased people,
- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- commercially sensitive information, under section 9(2)(b)(ii) – to protect the commercial position of the person who supplied the information, or who is the subject of the information, and
- under section 9(2)(k) – to prevent the disclosure of official information for improper gain or improper advantage

Some information has been deleted because it is not covered by the scope of your request. This is because the documents include matters outside your specific request.

Please note, we have redacted the direct dial phone numbers of staff members under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's own website.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Angela Graham
Manager, Commercial Advice

Information for Release

1.	<u>Final Major Project Performance Report June 2016</u>	1
2.	<u>Major Projects Performance Report July 2016 Cabinet Paper DRAFT</u>	6
3.	<u>Interim Major Projects Performance Report November 2016 Cabinet Paper</u>	12
4.	<u>Otakaro Statement of Performance Expectations and East Frame Residential</u>	17
5.	<u>Interim Major Project Performance Report November 2016</u>	23

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Treasury Report: Final Major Project Performance Report June 2016

Date:	1 September 2016	Report No:	T2016/1613
		File Number:	ST-4-8-2-3-19-5

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	<p>Note you have previously agreed to lodge the Major Project Performance Report for consideration by the State Sector Reform and Expenditure Committee on 14 September 2016 (TR2016/1489 refers).</p> <p>Note the only change made to the draft of the <i>Major Project Performance Report</i> and Cabinet paper is the deferral of information on the Canterbury Public Sector Quarterly Rebuild.</p> <p>Note the attached final <i>Major Project Performance Report July 2016</i> and Cabinet paper for lodgement by 8 September.</p> <p>Note the attached redacted <i>Major Project Performance Report July 2016</i> for public release.</p> <p>Agree to publicly release the redacted version of the Report once considered by Cabinet.</p> <p>Note that to aid interpretation the Treasury intends to publicly release the attached questions and answers alongside the redacted <i>Major Project Performance Report July 2016</i>.</p> <p>Refer a copy of this report to all Ministers with a major project in the <i>Major Projects Performance Report July 2016</i>.</p>	8 September 2016

<p>Associate Minister of Finance (Hon Steven Joyce)</p>	<p>Note the updated Cabinet paper for the <i>Major Project Performance Report July 2016</i>.</p> <p>Note the attached final <i>Major Project Performance Report July 2016</i></p> <p>Note the attached redacted <i>Major Project Performance Report July 2016</i> for public release.</p> <p>Note that to aid interpretation the Treasury intends to publicly release the attached questions and answers alongside the redacted <i>Major Project Performance Report July 2016</i>.</p>	<p>None</p>
<p>Associate Minister of Finance (Hon Paula Bennett)</p>	<p>Note the updated Cabinet paper for the <i>Major Project Performance Report July 2016</i>.</p> <p>Note the attached final <i>Major Project Performance Report July 2016</i></p> <p>Note the attached redacted <i>Major Project Performance Report July 2016</i> for public release.</p> <p>Note that to aid interpretation the Treasury intends to publicly release the attached questions and answers alongside the redacted <i>Major Project Performance Report July 2016</i>.</p>	<p>None</p>
<p>Minister of Internal Affairs (Hon Peter Dunne)</p>	<p>Note the updated Cabinet paper for the <i>Major Project Performance Report July 2016</i>.</p> <p>Note the attached final <i>Major Project Performance Report July 2016</i></p> <p>Note the attached redacted <i>Major Project Performance Report July 2016</i> for public release.</p> <p>Note that to aid interpretation the Treasury intends to publicly release the attached questions and answers alongside the redacted <i>Major Project Performance Report July 2016</i>.</p>	<p>None</p>

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
s9(2)(g)(i)	Analyst	s9(2)(g)(i) N/A (mob)	✓
Ricky Utting	Manager	s9(2)(k) s9(2)(a) (mob)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Lodge the attached Cabinet Paper by 8 September.

Refer to all Ministers with a major project (listed in annex five).

Note any feedback on the quality of the report

Enclosure: Yes – attached

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Treasury Report: Final Major Projects Performance Report June 2016

Recommended Action

We recommend that you:

- a. **note** you have previously agreed to lodge the Major Project Performance Report for consideration by the State Sector Reform and Expenditure Committee on 14 September 2016 (TR2016/1489 refers).
- b. **note** the only change made to the draft of the *Major Project Performance Report* and Cabinet paper is the deferral of information on the Canterbury Public Sector Quarterly Rebuild.
- c. **note** the attached final *Major Project Performance Report July 2016* and Cabinet paper for lodgement by 8 September.
- d. **note** the attached redacted final *Major Project Performance Report July 2016*.
- e. **agree** to publicly release the redacted version of the Report once considered by Cabinet.

Agree / Disagree
Minister of Finance

- f. **note** that to aid interpretation the Treasury intends to publicly release the attached questions and answers alongside the redacted *Major Project Performance Report July 2016*.
- g. **refer** to all Ministers with responsibility for a major project in the *Major Projects Performance Report July 2016*.

Refer / not referred
Minister of Finance

Ricky Utting
Manager, Investment Management and Asset Performance

Hon Bill English
Minister of Finance

Hon Steven Joyce
Associate Minister of Finance

Hon Paula Bennett
Associate Minister of Finance

Hon Peter Dunne
Minister of Internal Affairs

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Treasury Report: Final Major Project Performance Report June 2016

Purpose of Report

1. The purpose of this report is to provide a final version of the Major Project Performance Report and accompanying Cabinet paper for lodgement on 8 September and for consideration by the State Sector Reform and Expenditure Committee on 14 November.

Analysis

The previous TR provided a draft report and cabinet paper while final consultation was being completed.

2. The Treasury Report from 18 August (TR2016/1489 refers) sought your agreement to lodge a Cabinet paper and agreement to changes to the Major Project Reporting process.
3. While the report was largely finalised there was some Canterbury Public Sector Quarterly Rebuild Report content which required further consultation.
4. To ensure the Report can be released in a timely manner we have deferred the inclusion of this content, and we will work with MBIE and other stakeholders to have this ready for the next report.
5. The final Cabinet paper (annex one) and Major Project Performance Report July 2016 (annex two) are attached for your reference.

Next Steps

6. We recommend you lodge the updated Report and cabinet paper with the Cabinet Office by 8 September.
7. We also recommend that once this report has been through Cabinet, you agree to publically release the redacted version of the report (annex three) and the accompanying questions and answers (annex four). These redactions have been made in consultation with agencies.

Commercial: Sensitive

Office of the Minister of Finance

Chair
Cabinet Committee on State Sector Reform and Expenditure Control

MAJOR PROJECTS PERFORMANCE REPORT JULY 2016

Purpose

1. The purpose of this paper is to present the *Major Projects Performance Report July 2016* (the Report).

Executive Summary

2. The *Major Projects Performance Report* (the Report) provides information to Ministers and the public on how government's most complex, high-value investments are going.
3. The July 2016 Report covers 55 major projects, being delivered across 33 agencies, with a whole-of-life cost of \$36b.
4. This Report introduces a number of changes as part of continuous improvement, including:
 - a) Introducing high-level interim reporting, and producing a full report only once each year
 - b) Introducing a pipeline view for investments that do not yet have approved funding
 - c) Improving the timeliness of the public release of the Report
 - d) Introducing projects monitored by the Ministry of Health and the Ministry of Transport.
5. In this reporting period, eight projects have exited monitoring – largely because they are on track to achieve as intended. There are 18 new projects, more than usual, largely driven by the inclusion of more Health and Transport projects.

6. The major projects portfolio continues to perform well. In the previous period, 84% of projects received monitoring delivery confidence assessments that were Amber or better. This period, this has increased to 90%. While individual project assessments improve and decline, the distribution of projects across the monitoring delivery confidence scale has remained fairly consistent.

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8. The Report will be proactively released on the Treasury's website following consideration by the Cabinet in September 2016.
9. In future, information from the *Canterbury Public Sector Quarterly Rebuild Report* produced by the Ministry of Business, Innovation, and Employment will be included in *Major Project Performance Reports*.

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Reporting on the Canterbury rebuild

23. The Canterbury Earthquake Recovery Authority (CERA) has wound down and its functions have transferred to other organisations. The Treasury has advised that reporting on the key individual projects previously in this programme will provide the best indication of their performance and risk.
24. To effect this, the Christchurch Central Delivery Programme has been removed from the Report and is replaced with four Ōtākaro-led projects:
 - a) Christchurch Convention Centre
 - b) Metro Sports Facility
 - c) Avon River Precinct
 - d) East Frame Residential Development
25. Cabinet previously agreed that centralised coordination, and performance monitoring and reporting, be applied across the government rebuild programme (CAB MIN (14) 16/4 refers). The Ministry of Business, Innovation and Employment (MBIE) has implemented this Cabinet direction; this has included producing the *Canterbury Public Sector Quarterly Rebuild Report*.
26. MBIE will continue to undertake co-ordination and performance monitoring appropriate to this stage of the rebuild. To reduce duplication for agencies and Ministers, the *Canterbury Public Sector Quarterly Rebuild Report* will be discontinued, and key information will be provided with the *Major Projects Performance Report*. This will take effect with the next interim report.

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Projects that have been exited this period

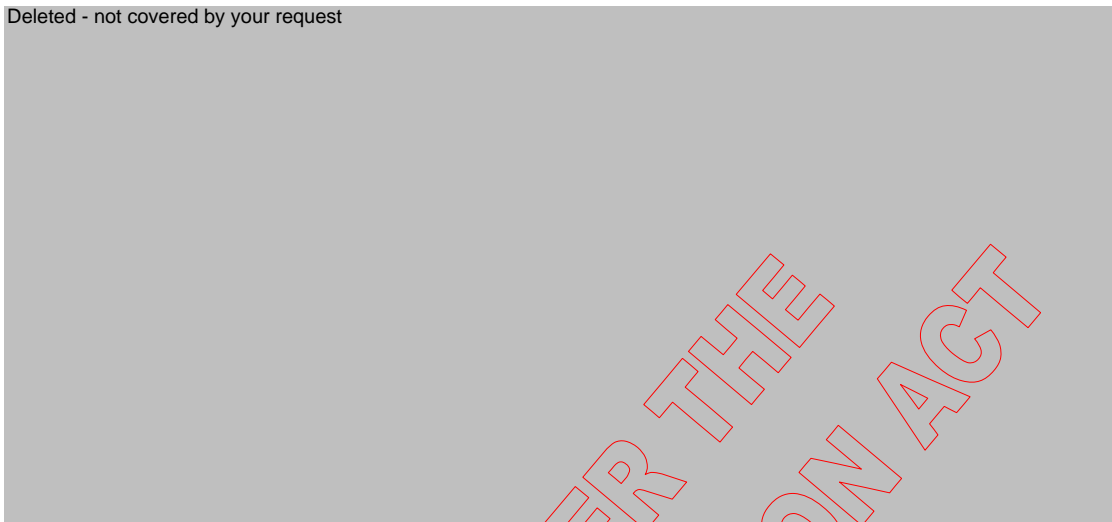
29. The Treasury reviews its major projects portfolio periodically and exits projects that are performing consistently well. The following projects have been exited from monitoring since the last Report in February 2016:

- a) Department of the Prime Minister and Cabinet – Residential Red Zone Future Use, as this is not considered a major project relative to the rest of the portfolio;
- b) Land Information New Zealand – Residential Red Zone Acquisitions and Management, as acquisitions are substantially complete and the Treasury considers that monitoring is no longer required;
- c) CERA – Horizontal Infrastructure Programme, now led by the Department of the Prime Minister and Cabinet, as this has performed consistently well over an extended period of monitoring;

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Lead agency	Project Name	Initial Monitoring Delivery Confidence
Deleted - not covered by your request		
Ōtākaro Ltd	Avon River Precinct Project	Amber
Ōtākaro Ltd	Convention Centre Precinct Project	Amber
Ōtākaro Ltd	Metro Sports Facility Project	Amber
Ōtākaro Ltd	East Frame Residential Project	Amber/Green
Deleted - not covered by your request		


Deleted - not covered by your request



Recommendations

53. The Minister of Finance recommends that the Cabinet Committee on State Sector Reform and Expenditure Control:
- 1 **note** that Cabinet previously agreed that centralised coordination and performance monitoring and reporting be applied across the government rebuild programme (CAB MIN (14) 16/4 refers).
 - 2 **note** that the Ministry of Business, Innovation, and Employment has implemented this Cabinet direction, including producing the *Canterbury Public Sector Quarterly Rebuild Report*.
 - 3 **note** that the Ministry will continue to undertake coordination and performance monitoring appropriate to this stage of the rebuild.
 - 4 **note** that reporting will continue, and information previously included in the *Canterbury Public Sector Quarterly Rebuild Report* will be included in future Major Project Performance Reports to enhance information on Canterbury and reduce duplication for officials and Ministers.

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Hon Bill English
Minister of Finance

Date:

Commercial: Sensitive

Office of the Minister of Finance

Chair, Cabinet Committee on State Sector Reform and Expenditure Control

INTERIM MAJOR PROJECTS PERFORMANCE REPORT – NOVEMBER 2016

Purpose

1. The purpose of this paper is to present the *Interim Major Projects Performance Report – November 2016* (the Interim Report).

Executive Summary

2. Cabinet considered a full *Major Projects Performance Report* in September 2016 (CAB-16-MIN-0482 refers).
3. This is the first *Interim Major Projects Performance Report*. It provides high-level information to Ministers and the public on the performance of the government's most complex, high-value investments. Investment Ministers agreed to introduce an interim report twice per year to reduce the reporting burden for agencies while continuing to give confidence to Ministers. The Treasury will continue to produce a full report at the end of each financial year.
4. Information that previously informed the *Canterbury Public Sector Quarterly Rebuild Report*, produced by the Ministry of Business, Innovation and Employment (MBIE), is now included in major projects performance reporting, reducing information duplication.
5. The Interim Report covers 54 major projects, being delivered across 33 agencies, with a whole-of-life cost of \$37 billion.
6. In this reporting period:
 - a) two projects have exited monitoring, as they are progressing well
 - b) two projects have improved to Amber (from Amber/Red and Red), as a result of active management by departments, and
 - c) seven projects are rated Red or Amber/Red.
7. Common themes among Red and Amber/Red projects in this period were: a lack of early focus on benefits definition, and complex interrelationships with other programmes and organisations.

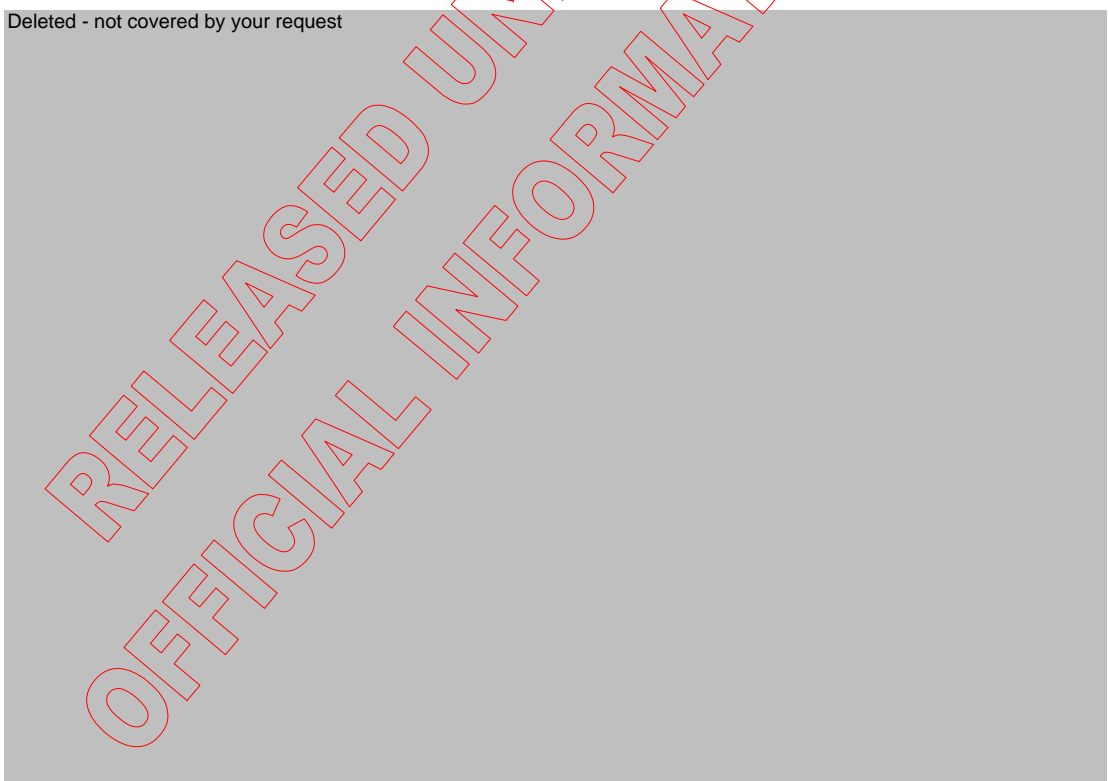
8. Major projects are high-risk by nature, and need more support through their lifecycle than other investments. The Corporate Centre and other monitoring entities work with the agencies delivering these projects to support successful delivery.
9. The Report will be publicly released on the Treasury's website following consideration by the Cabinet.

Background

10. The New Zealand government is investing billions of dollars to construct hospitals, schools, roads and courts; to provide equipment for our armed forces; and to transform public services. These investments will have a big impact on New Zealanders' lives and it is important that they are delivered well.
11. Major projects monitoring maintains a view of those projects that are the most complex, to help agencies apply good investment management practices so they can deliver expected benefits. These expectations were set by the Cabinet in the circular *Investment Management and Asset Performance in the State Services* (CAB Min (15) 11/7A refers).
12. The *Interim Major Projects Performance Report* provides Ministers and the public with visibility of major projects, presenting information from the lead agency, monitoring entities and the corporate centre.
13. The Interim Report also provides a monitoring delivery confidence assessment to highlight which projects are facing particular challenges and may require support to realise expected benefits. These assessments are not about the value proposition of individual projects, but whether planning (for pre-investment projects) or implementation (for post-investment projects) is going well.
14. The assessment considers aspects relevant to the phase of each project:
 - a) For projects still in business case development, the assessment focuses on areas like governance, stakeholder engagement, benefits realisation plans and strategic alignment.
 - b) For projects in delivery, focus moves to areas like schedule and cost management, scope and quality, and benefits delivery.

15. In September 2015, Cabinet agreed that the Major Projects Performance Reports would be publicly released as a matter of course (SEC-15-MIN-0015 refers). The objectives of this are to:
 - a) increase public awareness of the Government's most complex investments
 - b) track the progress of projects where significant public funds are being invested
 - c) support the Government's focus on transparency, delivery of public value, and good government.
16. The Interim Report is distributed to responsible Ministers prior to release so that they can review the progress of their projects relative to that of other major projects.

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Reporting on the Canterbury rebuild

19. Cabinet previously agreed that centralised coordination, and performance monitoring and reporting, be applied across the government rebuild programme (CAB MIN (14) 16/4 refers). As a part of implementing this, the Ministry of Business, Innovation and Employment (MBIE) produced the *Canterbury Public Sector Quarterly Rebuild Report*.

20. MBIE continues to undertake co-ordination and performance monitoring appropriate to this stage of the rebuild. To reduce duplication for agencies and Ministers, the *Canterbury Public Sector Quarterly Rebuild Report* has been discontinued, and key information has been included in the *November Interim Major Projects Performance Report*. This can be seen on pages 22 - 23.

Projects that have been exited this period

21. The Treasury reviews the major projects portfolio periodically and exits projects that are performing consistently well. The following projects have been exited from monitoring since the last Report in July 2016:
- a. Burwood Hospital – this has been successfully operationalised with the first patients arriving on 10 June. Handover of the facility from the Ministry of Health to the Canterbury District Health Board (DHB) occurred in August 2016. The Canterbury DHB is well placed to finalise project closure activities and report on benefits realisation to the Ministry of Health.
 - b. Christchurch Schools Rebuild Programme – the programme has continued to perform well over a number of periods. Work is on schedule, and benefits are already being realised in those schools that have been opened. The programme will continue to meet regularly with New Zealand Government Procurement within MBIE to discuss progress.

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Recommendations

38. The Minister of Finance recommends that the Cabinet Committee on State Sector Reform and Expenditure Control:
- 1 **note** that the Ministry of Business, Innovation and Employment's *Canterbury Public Sector Quarterly Rebuild Report* has been incorporated in the *Interim Major Projects Monitoring Report November 2016*.
 - 2 **note** the *Interim Major Projects Performance Report – November 2016*, attached to this paper.
 - 3 **note** the attached redacted *Interim Major Projects Performance Report – November 2016*, which will be publically released on the Treasury's website.

Hon Bill English
Minister of Finance

Date:

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Treasury Report: Otakaro Statement of Performance Expectations and East Frame Residential

Date:	22 November 2016	Report No:	T2016/2258
		File Number:	CM-1-3-118

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	<p>Note Ōtakaro's planned approach to the East Frame residential project</p> <p>Note the changes to Ōtakaro's draft SPE</p> <p>Agree that the Minister supporting Greater Christchurch Regeneration should sign the attached letter to the Chair of Ōtakaro</p>	Tuesday, 29 November 2016
Minister supporting Greater Christchurch Regeneration (Hon Gerry Brownlee)	<p>Note Ōtakaro's planned approach to the East Frame residential project</p> <p>Note the changes to Ōtakaro's draft SPE</p> <p>Sign the attached letter to the Chair providing feedback on the draft SPE</p>	Tuesday, 29 November 2016

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
David Stanley	Principal Advisor	s9(2)(k)	s9(2)(a)	✓
Juston Anderson	Acting Manager – Commercial Advice	s9(2)(k)	s9(2)(a)	

Actions for the Minister's Office Staff (if required)

Once signed, send the attached letter to the Chair of Ōtakaro

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

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Treasury Report: Otakaro Statement of Performance Expectations and East Frame Residential

Purpose of Report

1. Ōtākaro Limited (Ōtākaro) has provided Ministers with a revised draft of its Statement of Performance Expectations (SPE) for the year ending 30 June 2017. There is one material change, being an amendment to the 2016/17 milestones for the East Frame Residential Precinct to reflect recent re-baselining work regarding the East Frame Residential Precinct. Ōtākaro is consulting with shareholding Ministers on this material change to its draft SPE as required under section 149I of the Crown Entities Act.
2. This report also provides shareholding Ministers with an update on the East Frame residential project.

Analysis – changes to the Statement of Performance Expectations

3. Ōtākaro proposes to amend the performance targets relating to the East Frame residential precinct on page 3 of the SPE to reflect recent re-baselining work with Fletcher Residential Living (Fletcher Residential), the counterparty to the East Frame Residential Development Agreement.

Figure 1: Comparison of previous and current draft milestones for East Frame Residential

	Jul 16 – Sep 16	Oct 16 – Dec 16	Jan 17 – Mar 17	Apr 17 – Jun 17
s9(2)(b)(ii)				
Current draft			Super Lot 4 commence works	



6. Ōtākaro has also made the following immaterial changes to the SPE previously approved by shareholding Ministers (T2016/1961 refers):
 - changing the heading of “Reportable Outputs” to “Performance Targets”

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- inserting key milestones for the 2015/16 year and two retrospective targets
- correcting a typographical error to show that the 2016/17 milestone for the Avon River Precinct Design completion occurs prior to the Main Works commencement
- inserting key accounting policies, and
- replacing the forecast financial statements for the period ending 30 June 2016 with the now audited position for the same period.

Analysis – East Frame Residential

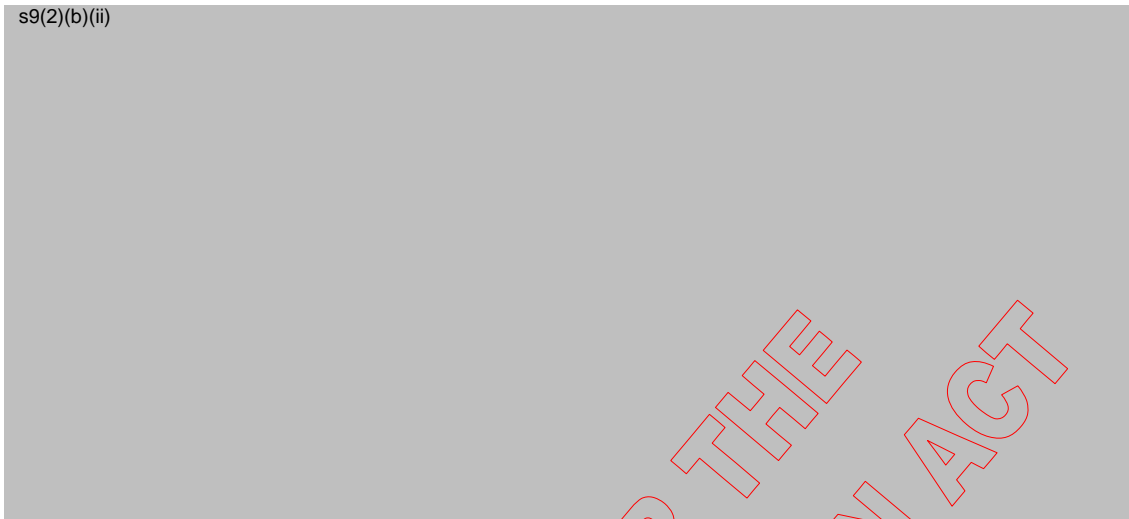
7. Fletcher Residential became the Crown's preferred partner for the East Frame residential precinct project in July 2015 ahead of a formal development agreement being signed in December 2015. At that time Fletcher Residential indicated that it expected to begin works on site mid-way through 2016 but the company is significantly behind the programme outlined in the original development agreement. Ōtākaro's predecessor Canterbury Earthquake Recovery Authority (CERA) does not appear to have had a robust monitoring arrangement in place.
8. The East Frame assets and existing contractual arrangements were transferred to Ōtākaro on 15 April 2016 along with other assets and responsibilities. Ōtākaro has since undertaken a re-baselining exercise – a comprehensive reassessment of all projects under its control including works schedules, key milestones, overall timeframes, costings and risks.

s9(2)(b)(ii)



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s9(2)(b)(ii)



Next Steps

s9(2)(b)(ii)



16. We note that Ōtākaro has not proceeded with any lot transfers to Fletcher Residential despite that company's requests for these to occur. Consequently, Ōtākaro has maintained the Crown's position with regard to the land and its value. One of the questions Ōtākaro is now working through is the best way to protect the Crown's interest in any surplus value which could arise through the sale of developed properties.

Conclusion

17. Re: draft Statement of Performance Expectations

We consider that the revised draft SPE meets the requirements of the Crown Entities Act. In our opinion the SPE is suitable for tabling in the House of Representatives. We request that you both review and the Minister supporting Greater Christchurch Regeneration signs the attached letter to the Chair of Ōtākaro providing feedback on the draft SPE (as required under the Act).

18. Re: East Frame Residential project

We consider that the current adjustment process being undertaken is evidence of the merits of having the anchor projects led by a Crown company which is governed by an independent board and managed by experienced commercially oriented executives.

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We concur with Ōtākaro’s view that the best immediate course of action is to work with Fletcher Residential as the existing counterparty s9(2)(b)(ii) s9(2)(b)(ii). If this does occur then the Crown, through Ōtākaro, can expect to have both greater confidence and more oversight and control relating to the delivery of the Fletcher Residential-led project.

Given the most recent developments and the relatively short time until the traditionally slow Christmas period, we consider that alternative paths should only be contemplated s9(2)(b)(ii)

Recommended Action

We recommend that you:

- a **note** that Ōtākaro Limited (Ōtākaro) has delivered a revised draft of its first Statement of Performance Expectations (SPE) to reflect recent re-baselining work with Fletcher Residential Living, the counterparty to the East Frame Residential Development Agreement
- b **note** that the SPE also contains some minor, immaterial changes to the draft previously approved by shareholding Ministers (T2016/1961 refers) to minimise potential risks of the SPE not complying with the Crown Entities Act
- c s9(2)(b)(ii)
- d **note** that the Department of the Prime Minister and Cabinet has been consulted in the preparation of this report
- e **agree** that the Minister supporting Greater Christchurch Regeneration should sign the attached letter to the Chair of Ōtākaro on behalf of shareholding Ministers.

Agree/disagree
Minister of Finance

Agree/disagree
Minister supporting Greater
Christchurch Regeneration

Juston Anderson
Acting Manager – Commercial Advice

Hon Bill English
Minister of Finance

Hon Gerry Brownlee
**Minister supporting Greater
Christchurch Regeneration**

Ross Butler
Chair
Otakaro Limited
Private Bag 4999
CHRISTCHURCH 8140

Dear Mr Butler

OTAKARO LIMITED STATEMENT OF PERFORMANCE EXPECTATIONS

I write on behalf of shareholding Ministers to thank you for providing copies of Otakaro's draft Statement of Performance Expectations (SPE) for the year to 30 June 2017.

I appreciate that developments regarding the East Frame Residential project prompted your revision of related milestones. We have reviewed your updated draft SPE which we consider suitable for tabling in the House of Representatives. I remind you that the company is also required to publish the final SOI and SPE on your website.

We understand that Otakaro expects to complete its review of Fletcher Residential Living's Rectification Plan by the middle of December 2016. The Crown remains committed to the prompt delivery of a high quality residential project in the East Frame. We look forward to your recommended approach to ensure the realisation of this objective.

Yours sincerely

Hon Gerry Brownlee
Minister supporting Greater Christchurch Regeneration
On behalf of shareholding Ministers

cc: Albert Brantley, Chief Executive, Otakaro Limited

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Treasury Report: Interim Major Project Performance Report
November 2016

THE TREASURY
Kaitohutohu Kaupapa Rawa

Date:	22 November 2016	Report No:	T2016/2268
		File Number:	ST-4-8-2-3-20-4

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	<p>Note the attached <i>Interim Major Projects Performance Report – November 2016</i>, and Cabinet paper Deleted - not covered by your request</p>	24 November 2016
Associate Minister of Finance (Hon Steven Joyce)		None

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Associate Minister of Finance (Hon Paula Bennett)	Deleted - not covered by your request	None
Minister of Internal Affairs (Hon Peter Dunne)		None

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
s9(2)(g)(i)	Analyst	s9(2)(g)(i)	s9(2)(a)	✓
Stephen Goodman	Team Leader	s9(2)(k)	s9(2)(a)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
 Lodge the attached Cabinet Paper by 23 November 2016.
 Refer to all Ministers with a major project (listed in annex five)

Note any feedback on the quality of the report

Enclosure: Yes (attached)

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**Treasury Report: Interim Major Project Performance Report
November 2016**

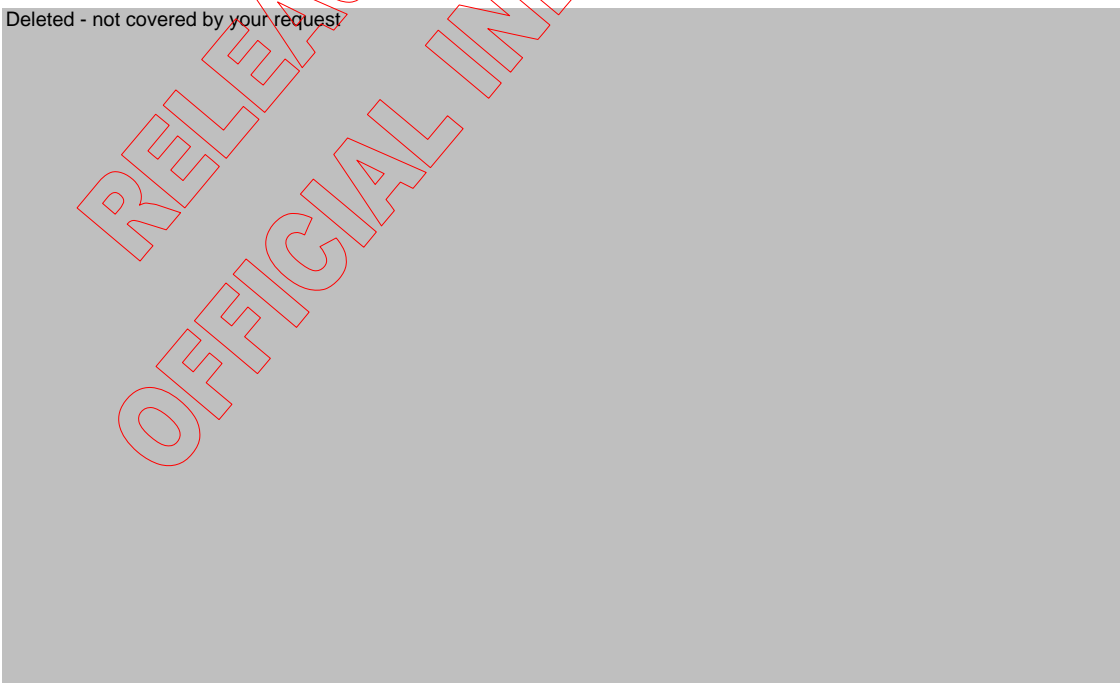
Purpose of Report

1. The purpose of this report is to provide you with a Cabinet paper regarding the Interim Major Projects Performance Report – November 2016 (the Report) and four annexes:
 - the Interim Major Projects Performance Report – November 2016
 - the Redacted Interim Major Performance Report – November 2016
 - a Questions and Answers (Q&A) document, and
 - a list of Ministers responsible for projects in the Report.
2. You are invited to lodge this paper for consideration by the State Sector Reform and Expenditure Control Committee on 30 November 2016.

Analysis

3. The Interim Major Projects Performance Report covers 54 major projects, being delivered across 33 agencies, with a whole-of-life cost of \$37 billion.
4. The Cabinet paper is attached as Annex One and the full report is attached in Annex Two.

Deleted - not covered by your request



COMMERCIAL-SENSITIVE

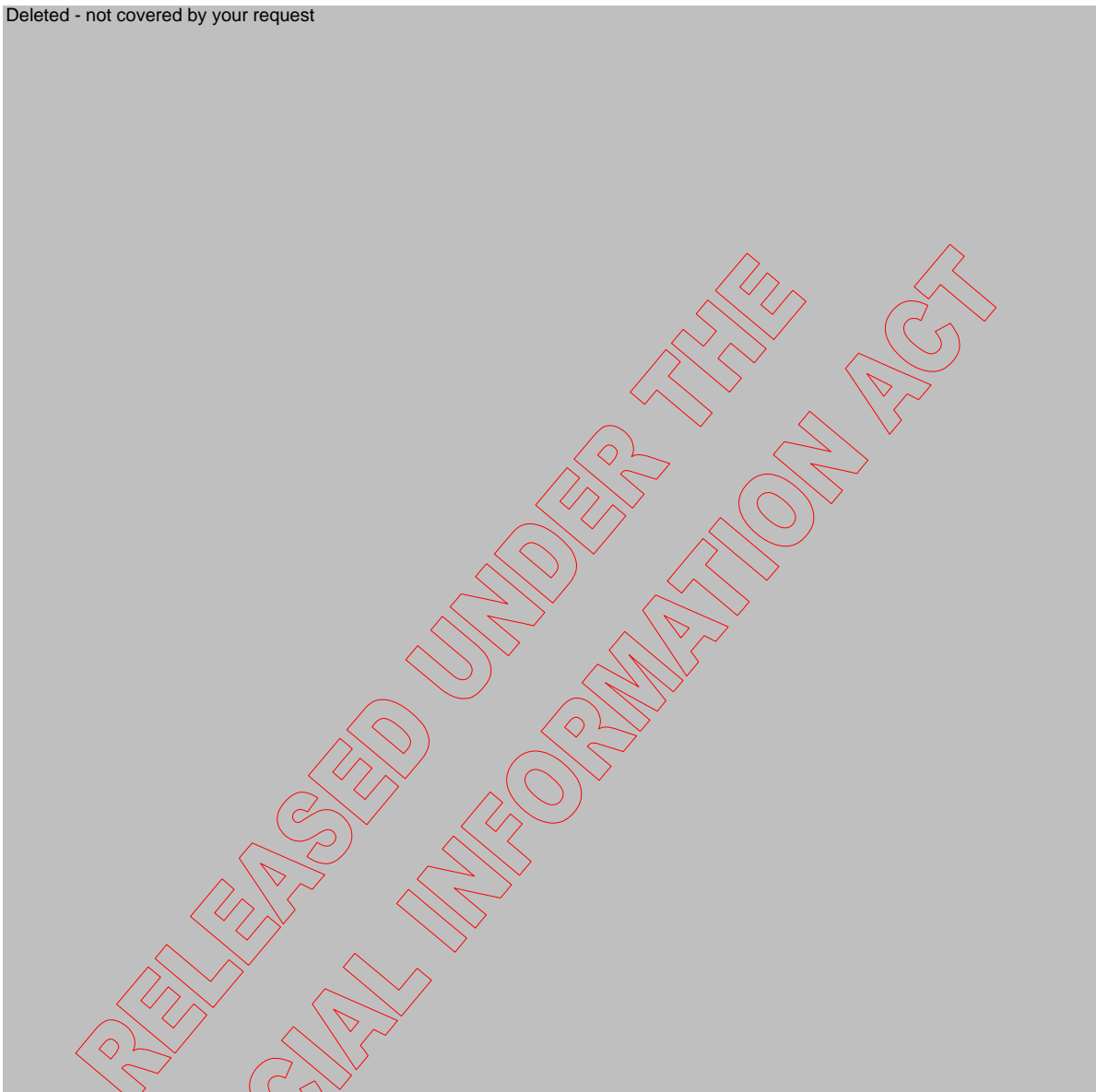
8. As agreed previously (SEC-16-MIN-0033), the Ministry of Business, Innovation and Employment's Canterbury Public Sector Quarterly Rebuild Report has now been included in this Report.

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19. The Treasury has met with Minister Brownlee and Deleted - not covered by your request who have large portfolios represented in Interim Report, ahead of its release. This is leading to richer discussion and advice that has improved the value of the report. We will continue to proactively engage with Ministers as part of the process for preparing and releasing future reports.

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pages 6 & 7 not covered by request