

Reference: 20220078

7 April 2022



Dear 

Thank you for your Official Information Act 1982 (OIA) request, received on 5 March 2022. You requested the following:

I believe you may have inadvertently omitted information within the scope of the request, namely the finalised investment proposal you received from the Council, and your acceptance of that proposal (assuming that Treasury did indeed accept that proposal and forward CCC CRAF funds).

On 10 March 2022 the request was clarified to:

copies of the reports Treasury sent to Ministers accepting the finalised investment proposal received from the Council.

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	11 October 2018	Treasury Report T2018-2615 Christchurch Regeneration Acceleration Facility approval of investment proposals for the Canterbury Multi-use Arena and Otakaro-Avon River Corridor	Release in part
2.	23 May 2019	Treasury Report T2019-968 Christchurch Regeneration Acceleration Facility approval of investment proposals for roading and transport improvements	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 OIA, as applicable:

- contact details of officials, under section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting Ministers, members of government organisations, officers and employees from improper pressure or harassment,
- commercially sensitive information, under section 9(2)(i) – to enable ... [the Crown] to carry out commercial activities without prejudice or disadvantage, and
- direct dial phone numbers of officials, under section 9(2)(k) – 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 OIA.

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

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

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D. Taylor', with a stylized flourish at the end.

David Taylor
Manager, National Infrastructure Unit

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OIA 20220078

Information for Release

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|----|---|---|
| 1. | <u>Treasury Report T2018-2615 Christchurch Regeneration Acceleration Facility approval of investment proposals for the Canterbury Multi-use Arena and Otagaro-Avon River Corridor</u> | 1 |
| 2. | <u>Treasury Report T2019-968 Christchurch Regeneration Acceleration Facility approval of investment proposals for roading and transport improvements</u> | 8 |



Treasury Report: Christchurch Regeneration Acceleration Facility:
approval of investment proposals for the Canterbury
Multi-use Arena and Otakaro / Avon River Corridor

Date:	11 October 2018	Report No:	T2018/2615
		File Number:	TY-2-1-13-2

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the contents of the briefing and approve the attached investment proposals	25 October 2018
Minister for Greater Christchurch Regeneration (Hon Dr Megan Woods)	Note the contents of the briefing and approve the attached investment proposals	25 October 2018

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Angus White	Principal Advisor, Commercial Performance	s9(2)(k) (wk)	s 9(2)(g)(ii) (mob)	✓
Matthew Appleby	Acting Manager, Commercial Performance	s9(2)(k) (wk)	s 9(2)(g)(ii) (mob)	

Actions for the Minister's Office Staff

Return the signed report to Treasury.

If agreed, arrange for an oral item at Cabinet (including requesting talking points from Treasury)

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Attachment is publicly available at
https://christchurch.infocouncil.biz/Open/2018/09/CNCL_20180913_AGN_2360_AT_SUP.I

Treasury Report: Christchurch Regeneration Acceleration Facility: approval of investment proposals for the Canterbury Multi-use Arena and Otakaro / Avon River Corridor

Executive Summary

This Treasury Report seeks your joint approval of investment proposals made by the Christchurch City Council ('Council') for earmarking funding under the Christchurch Regeneration Acceleration Facility ('CRAF'). Council seeks \$220 million for the development of a multi-use arena, and approximately \$40 million for the first stages of delivering the Green Spine, a regeneration development in the Ōtākaro Avon River Corridor Residential Red Zone.

Council has also sought \$40 million for roading projects in Christchurch City. Officials are considering this proposal, and working with the New Zealand Transport Agency and Council to assess how much of the proposal fits the CRAF eligibility criteria agreed by Cabinet and what alternative solutions may exist if aspects do not fit the CRAF eligibility criteria. Separate advice will be provided on this.

If you approve the two investment proposals (which will result in the earmarking of funds), you may wish to advise colleagues of your decision through an oral item at Cabinet, as foreshadowed in DEV-18-SUB-0163, setting out the criteria for the fund. We can provide Minister Woods' office talking points for any Cabinet oral item.

Recommended Action

We recommend that you:

- a **note** in Budget 2018, the Government set aside \$300 million capital in a tagged contingency, as the Christchurch Regeneration Acceleration Facility ('CRAF');
- b **note** the CRAF gave the Christchurch City Council ('Council') discretion as to how to apply those funds across three areas: projects in the residential red zone, the stadium, and horizontal infrastructure projects (including roading);
- c **note** each of the three areas has its own Cabinet-agreed eligibility criteria;
- d **note** the Council has made bids for funding in all three areas, using the investment proposal mechanism earlier agreed by Cabinet;
- e **note** that the Minister of Finance and the Minister for Greater Christchurch Regeneration may approve investment proposals, which results in earmarking of funds from the tagged contingency;
- f **note** that on acceptance of each investment proposal, the Council will start preparing an investment case for associated use of the funds, and that final approval is subject to the Crown approving the investment case (at which point funds will be appropriated);

- g **approve** the Council's investment proposal to spend \$220 million, the partial costs of a new stadium / multi-use arena

Agree / disagree
Minister of Finance

Agree / Disagree
Minister for Greater Christchurch Regeneration

- h **approve** the Council's investment proposal to spend up to \$40 million on seed funding for the development of the Ōtākaro Avon River Corridor Green Spine ('Green Spine')

Agree / disagree
Minister of Finance

Agree / Disagree
Minister for Greater Christchurch Regeneration

- i **note** Council will be unable to deliver any Green Spine projects in the area on land owned by the Crown without addressing questions of long-term land ownership
- j **note** delivery of any permanent projects in the Green Spine area is subject to the ongoing planning process and approval of the Ōtākaro Avon River Corridor Regeneration Plan by the Minister for Greater Christchurch Regeneration
- k **note** that the up to \$40 million in recommendation h. would provide for the first stage of the Ōtākaro Avon River Corridor Regeneration Plan to be delivered (if approved) but that overall there would still be a funding shortfall under the draft Plan
- l **note** that if the Crown does not wish to own the projects referred to in recommendations g. and h., it would be preferable that the funding be appropriated as operating expenditure
- m **note** that the Crown will not appropriate funds until: 1) the Council provides investment cases for these projects that meet the requirements set out in Cabinet Office Circular CO (15) 5, and 2) the Crown and Council have executed a Global Settlement agreement (with the exception of up to \$20 million for early works associated with the stadium / multi-use arena)
- n **note** Council has also sought to allocate the remaining funds for horizontal infrastructure projects (largely roading), and officials are doing further work to identify appropriate options as much of that proposal does not appear to be eligible for CRAF funding under the relevant eligibility criteria
- o **note** officials will prepare further advice on the horizontal infrastructure bid

Matthew Appleby
Acting Manager, Commercial Performance

Hon Grant Robertson
Minister of Finance

Dr Hon Megan Woods
Minister for Greater Christchurch Regeneration

Treasury Report: Christchurch Regeneration Acceleration Facility: approval of investment proposals for the Canterbury Multi-use Arena and Otakaro / Avon River Corridor

Purpose of Report

1. This report recommends that you jointly approve two investment proposals from the Christchurch City Council ('Council') for earmarking funding under the Christchurch Regeneration Acceleration Facility ('CRAF'). The first proposal seeks \$220 million for a multi-use arena ('arena'), to be built in the Christchurch central business district, with the remainder of the funding coming from Council. The second seeks a little under \$40 million (the exact number is \$40 million less administration costs incurred by The Treasury) for use as seed funding for development of the Ōtākaro Avon River Corridor Green Spine ('Green Spine').
2. Council has also provided an investment proposal for roading projects in Christchurch. Officials are still considering this proposal and potential options, as significant components do not appear eligible for CRAF funding under the Cabinet-agreed criteria. We will provide further advice once we have discussed the proposal with NZTA and then with Council.
3. If you approve the two investment proposals, you may wish to advise colleagues of your decision through an oral item at Cabinet, as foreshadowed in DEV-18-SUB-0163, setting out the criteria for the fund. We can provide talking points for that oral item if required.
4. This report represents the combined views of The Treasury and the Department of the Prime Minister and Cabinet.

Background

5. This Government announced the CRAF in Budget 2018. It is a \$300 million facility, with \$298.5 million set aside as a tagged contingency as capital funding. The balance was provided as operating funding for the CRAF's development and establishment.
6. When Cabinet approved the criteria for the CRAF, it agreed to a two-stage process for the Council to access funds. During the first stage, Council would indicate to the Crown its investment priorities, through an investment proposal: a brief description of what the funds would be used for, and how that use aligned with the purpose and goals of the CRAF. Following approval of the investment proposal, the Ministers of Finance and for Greater Christchurch Regeneration could then earmark the funds, allowing the preparation of a detailed investment case (DEV-18-MIN-0163 refers).
7. Once investment cases have been prepared and approved, the same Ministers can then seek Cabinet approval for appropriation of the funds from the tagged contingency to the projects concerned (DEV-18-MIN-0163 refers). Cabinet expects that investment cases will meet the standards set out in Cabinet Office Circular CO (15) 5.
8. Although the CRAF comprises tagged capital contingency funding, the funding for the arena and the Green Spine could ultimately be appropriated as operating expenditure and provided to the Council as a grant. Doing so may reduce the Crown's fiscal exposure, either through the global settlement, or later (if provided as capital funding, a

subsequent write-down may be needed and, depending on circumstances, may impact subsequent budget allowances). It may also ensure the Crown does not inadvertently become the owner of further assets in Christchurch. The exact nature of the funding will be considered further and finalised as part of the investment case process (at which point funding would be appropriated, if agreed).

Canterbury multi-use arena

9. The Canterbury multi-use arena is the largest single construction project still outstanding in greater Christchurch. Council has set aside \$253 million in its long-term plan for the arena, and wishes to use an additional \$220 million from the CRAF, for the design and construction of a new stadium / multi-use arena.
10. We advise that the investment proposal should be approved. The proposal fits squarely within the eligibility criteria, and adequately flags the benefits, costs, and risks inherent in developing the arena. While there is more work to be done on describing each of these more fully, we are reasonably confident the investment case will cover these matters off.
11. Particular risks with the arena proposal, in part because of its size, include:
 - Council papers refer to a 30,000-seat, covered stadium as the desired outcome, as did media coverage when the Council was deciding how to allocate the CRAF funding. Discussions with Ōtākaro (based on experience and current market conditions, but of course without detailed design being done) suggest significant risks to achieving that sized arena with the funds available. We will know more as the investment case progresses. However, this will need careful handling with stakeholders, as well as with media.
 - Council papers indicate that its contribution is capped at \$273 million, and suggest any other sources of funding (other than the Crown's) will be deducted from that cap. Depending on what emerges from the investment case, Council may find it needs its entire contribution *and* money from third sources.
 - The Crown may be able to realise its greatest return by s9(2)(i) and the arena as a package. This will be considered further in advice around the proposed global settlement with Council. Officials have not discussed this with Council. Indeed, Council may not consider it is the best way forward.
12. Treasury and DPMC are represented on the officials group overseeing the development of the investment case (as are Council, Land Information New Zealand, and Ōtākaro). Officials will continue to monitor this work closely, and do our best to ensure that a robust investment case for a fit-for-purpose arena gets delivered on time.

Ōtākaro Avon River Corridor Residential Red Zone

13. Subject to approval under the Greater Christchurch Regeneration Act 2016 (the GCR Act), the Ōtākaro Avon River Corridor Regeneration Plan (the Plan) will guide and facilitate the regeneration of 602ha of land (predominantly in Crown and, to a lesser extent, Council ownership) badly damaged by the earthquakes.
14. Regenerate Christchurch is a long way through developing a draft Plan. Regenerate Christchurch is consulting on the draft with the parties specified in the GCR Act, including the chief executives of DPMC and Ōtākaro, before public notification later this

year. Ultimately, the Minister for Greater Christchurch Regeneration will need to approve (or decline) the Plan, pursuant to s 38 GCR Act (likely in early 2019).

15. The refined shortlist of land uses in the draft Plan includes proposals for:
 - a a 'Green Spine' (345ha), which would be an 11 km-long restored river corridor linking the CBD to New Brighton (including a major cycleway) surrounded by large-scale ecological restoration; and
 - b 'Three Reaches' (257ha), which would enable a range of activities, and include space for Council's existing and planned network infrastructure (stormwater and floodplain management facilities).
16. While it is proposed there would be opportunities for private, community and philanthropic investment in the Three Reaches, indicative costs for projects requiring public sector leadership over the next thirty years are estimated at an overall \$800m.
17. Council's 2018 long-term plan (LTP) provides \$137 million within the next ten years for the proposed major cycleway through the Green Spine and identified infrastructure works. Its 30-year Infrastructure Strategy signals further funding (potentially \$270 million) is required for longer-term land drainage and transport works.
18. Beyond the \$137 million, there is no funding provided in the 2018 LTP to develop the other parts of the Green Spine (estimated at \$153 million and including parks and reserves, ecological areas, a cultural trail and supporting facilities), or to cover other costs (e.g. land preparation, infrastructure and projects), estimated at \$123 million.
19. Council indicate that the allocation of up to \$40 million to unfunded Green Spine elements (i.e. parks and reserves, cultural trail, ecological restoration, public amenities and landings), will provide for the first stages of the plan to be delivered. The Council report notes that this level of funding will by no means resolve the remaining funding shortfalls.
20. We consider the investment proposal fits squarely within the eligibility criteria, and would allow work to start on the regeneration of an important area. We advise the investment proposal should be approved, but recommend it is communicated clearly that delivery of any projects on land currently owned by the Crown will be subject to negotiations on land ownership and the ongoing GCR Act regeneration plan process.
21. In particular, matters to bear in mind are:
 - Delivery of any permanent projects in the area is subject to the ongoing planning process, and approval of the Plan itself by the Minister for Greater Christchurch Regeneration under s 38 GCR Act. Care must be taken to avoid perceptions of predetermination.
 - It will be important to be clear that negotiations on land ownership are still required. We suggest addressing land ownership questions before Council begins delivering projects on land owned by the Crown. This issue is within scope of proposed global settlement negotiations with Council. The land could be transferred, in principle, to Council to manage the ongoing regeneration, subject to conditions.
 - Ownership of the land is likely to carry with it expectations for delivery of regeneration, and Council may argue that it is entitled to additional funding towards regeneration projects through the global settlement. In earmarking the funds for this project, you may wish to also note that the Crown is not expecting to make additional funding available through the global settlement process.

Next Steps

22. Earmarking funding for the stadium could be seen as quite a significant step forward, and may merit some publicity. Officials are available to work with your offices, if that is useful.
23. As noted, officials are working with NZTA to investigate what parts, if any, of the Council's proposed \$40 million spend on roading projects are eligible for CRAF funding and any alternative options, and will provide subsequent advice on this. However, the Crown not approving the roading proposals may give rise to negative commentary. Officials are again available to work with your offices in communicating decisions made and those under consideration.



Treasury Report: Christchurch Regeneration Acceleration Facility:
approval of investment proposals for roading and
transport improvements

Date:	23 May 2019	Report No:	T2019/968
		File Number:	TY-2-1-13-2

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the contents of this briefing and approve the attached investment proposal	6 June 2019
Minister for Greater Christchurch Regeneration (Hon Dr Megan Woods)	Note the contents of this briefing and approve the attached investment proposal	6 June 2019

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
John Beaglehole	Consultant, Commercial Performance	s9(2)(k) (wk)	s 9(2)(g)(ii) (mob)	✓
Maureena van der Lem	Manager, Commercial Performance	s9(2)(k) (wk)	N/A (mob)	

Actions for the Minister's Office Staff

Return the signed report to The Treasury.

If agreed, **arrange** for an oral item at Cabinet (including requesting talking points from The Treasury)

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Attachment is publicly available at
https://christchurch.infocouncil.biz/Open/2018/09/CNCL_20180913_AGN_2

Treasury Report: Christchurch Regeneration Acceleration Facility: approval of investment proposals for roading and transport improvements

Executive Summary

This Treasury Report seeks your joint approval of an investment proposal made by the Christchurch City Council ('Council') on 29 March 2019, for earmarking funding under the Christchurch Regeneration Acceleration Facility ('CRAF'). Council seeks \$40 million for roading and transport improvement projects in Christchurch city. The investment proposal meets Cabinet's criteria; we will continue to test this during the development of the investment case. To reduce the load on Council, we will work closely with the New Zealand Transport Agency ('NZTA') during the development of the investment case, to align CRAF and NZTA requirements as much as possible.

NZTA have indicated that while it supports these proposals in principle, Council has already prioritised its spending under the National Land Transport Project ('NLTP'), and there are no additional funds available for Christchurch city until the 2021 – 2024 NLTP. If it wishes to also use NZTA funding for these projects, Council could re-prioritise within its existing allocation to get the works done sooner, or delay the projects until outyear NZTA funding becomes available.

You have already approved two earlier investment proposals – one for \$220 million for the Canterbury Multi-Use Arena, and a second for approximately \$40 million for the first stages of delivering the Green Spine, a regeneration development in the Ōtākaro Avon River Corridor Residential Red Zone (T2018/2615 refers).

If you approve the investment proposal (which will result in the earmarking of funds), you may wish to advise colleagues of your decision through an oral item at Cabinet. This was foreshadowed in DEV-18-SUB-0163, which set out the criteria for the fund. We can provide Minister Woods' office talking points for any Cabinet oral item.

Recommended Action

We recommend that you:

- a **note** in Budget 2018, the Government set aside \$300 million capital in a tagged contingency, as the Christchurch Regeneration Acceleration Facility ('CRAF');
- b **note** the Minister of Finance and the Minister for Greater Christchurch Regeneration may approve investment proposals to the CRAF, which results in earmarking of funds from the tagged contingency;
- c **note** that you earlier approved investment proposals for \$220 million for the Canterbury Multi-Use Arena and up to \$40 million for seed funding for the development of the Ōtākaro Avon River Corridor Green Spine;

- d **note** the Council has now made a bid for funding for roading and transport improvements which complies with Cabinet's criteria;
- e **approve** the Council's investment proposal to spend \$40 million on roading and transport improvements;
- Yes / No**
- f **note** that the Crown will not appropriate funds until: *i)* the Council provides investment cases for these projects that meet the requirements set out in Cabinet Office Circular CO (15) 5; and *ii)* the Crown and Council have executed a Global Settlement agreement; and
- g **note** that depending on how the Council prioritises its NLTP allocation, or decides to fund the projects, there may be some delay in the projects being undertaken.

Maureena van der Lem
Manager, Commercial Performance

Hon Grant Robertson
Minister of Finance

Hon Dr Megan Woods
Minister for Greater Christchurch Regeneration

Treasury Report: Christchurch Regeneration Acceleration Facility: approval of investment proposals for roading and transport improvements

Purpose of Report

1. This Treasury Report seeks your joint approval of an investment proposal made on 29 March 2019 by the Christchurch City Council ('Council') for earmarking funding under the Christchurch Regeneration Acceleration Facility ('CRAF'). Council seeks \$40 million for roading and transport improvement projects in Christchurch City.
2. This report represents the combined views of The Treasury and the Department of the Prime Minister and Cabinet ('DPMC'). The New Zealand Transport Agency ('NZTA') has been consulted.

Background

3. This Government announced the CRAF in Budget 2018. It is a \$300 million facility, with \$298.5 million set aside as a tagged capital contingency. The balance was provided as operating funding for the CRAF's development and establishment.
4. When Cabinet approved the criteria for the CRAF, it agreed to a two-stage process for the Council to access funds. During the first stage, Council would indicate to the Crown its investment priorities, through an investment proposal: a brief description of what the funds would be used for, and how that use aligned with the purpose and goals of the CRAF. Following approval of the investment proposal, the Ministers of Finance and for Greater Christchurch Regeneration ('joint Ministers') could then earmark the funds, allowing the preparation of a detailed investment case (DEV-18-MIN-0163 refers).
5. Once investment cases have been prepared, joint Ministers can seek Cabinet approval for appropriation and draw-down of the funds from the tagged contingency for the projects concerned. Cabinet expects that investment cases will meet the standards set out in Cabinet Office Circular CO (15) 5 (DEV-18-MIN-0163 refers).
6. Although the CRAF comprises tagged capital contingency funding, the global settlement process has exposed potential advantages in providing the funding as operating funding for capital works, to minimise the impacts on the Crown's balance sheet and appropriations, and to ensure the Crown does not inadvertently become the owner of further assets in Christchurch. The exact nature of the funding will be considered further and finalised as part of the investment case process.
7. You have already approved two earlier investment proposals – one for \$220 million for the Canterbury Multi-Use Arena, and a second for approximately \$40 million for the first stages of delivering the Green Spine, a regeneration development in the Ōtākaro Avon River Corridor Residential Red Zone (T2018/2615 refers).

Roading and transport improvements: process to date

8. Officials have considered two earlier investment proposals for roading. They did not meet Cabinet's criteria for roading, in that they were predominantly or solely related to renewing, repairing, or maintaining existing roading.
9. Crown officials have engaged with Council over the earlier proposals. Most recently, officials (Treasury, DPMC, and NZTA) met with Council representatives (Councillors Cotter and Davidson, and officials) on 1 March 2019, to find a way forward that met Council's objectives, within the Crown's criteria.
10. That meeting was an opportunity for Council and Crown officials to explore:
 - the significance of the proposed projects in terms of contributing to regeneration;
 - the impact of the projects for community wellbeing, and as part of the broader transport and infrastructure challenges faced by Christchurch; and
 - options for refining or adjusting the proposals to enable them to satisfy Cabinet's criteria for CRAF funding, and how the proposals might access additional funding from other Crown transport funding.
11. Discussion at the meeting focused on how the proposed works might lead to outcomes consistent with the Government's land transport priorities, with a particular emphasis on safety, traffic calming, modal shifting and increasing the use of public transport. NZTA indicated that works with those aims would be eligible for NZTA subsidies (within overall NZTA funding envelopes).
12. Council responded positively to the confirmation that NZTA funding could be available alongside CRAF if the projects identified met appropriate conditions (and funding was available). Council also accepted that a more focused programme might deliver demonstrable benefits sooner, undertook to engage further with NZTA as a matter of urgency, and agreed to provide a revised investment proposal as soon as possible.

Summary of revised roading and transport improvement proposal

13. Council's revised proposal is a significant improvement on earlier versions in terms of fit against the CRAF criteria. In our view, it complies with Cabinet's criteria for the CRAF, although we will need to continue to test this during the development of the investment case, to ensure this continues to be the case. The revised proposal provides evidence to support Council's priorities, and specific examples to demonstrate the evidence-based approach adopted by Council to select projects for investment. Our assessment is the revised proposal carries a much lower precedent risk for the Crown (the Crown is not being asked to take steps that run counter to its policy settings around infrastructure repair following a natural disaster). The revised proposal is also better aligned with the regeneration outcomes set out in *An Accessible City*, and with the Crown's wider transport priorities (thus increasing the prospect of attracting additional NZTA funding).
14. This investment proposal seeks to accelerate the delivery of transport improvement projects that Council considers critical for the ongoing regeneration of Christchurch:
 - approximately \$25 million to \$30 million to deliver integrated safety, modal choice and asset improvements to communities which experienced significant damage

and disruption following the 2010 – 2011 earthquake sequence. The five proposed areas are Richmond, New Brighton, Linwood / Woolston, Spreydon and Fendalton / Riccarton. The investment case will focus on selected areas from this list;

- approximately \$5 million to \$7 million to progress targeted minor safety improvements which seek to reduce crashes causing death and serious injury; and
 - approximately \$5 million to \$8 million investment towards the implementation of bus priority mechanisms on one of the key public transport routes in the city, or upgrading specific intersections to introduce bus priority measures on a core route.
15. The proposed projects are likely to have positive outcomes and benefits. We will test these as the investment case is developed, to ensure Council is using the CRAF funds for projects that are consistent with the CRAF criteria, and other Government goals, such as the 2018 Government Policy Statement on Land Transport ('GPS').
- *Outcomes:* the proposed projects are likely to increase safety in certain high-risk areas, increase cycling and walking (and reduce reliance on private cars), and increase bus reliability through bus priority measures on core routes.
 - *Benefits:* proposed benefits include reductions in emissions, improved well-being through up-take of active modes of transport, reduced personal and collective risk, improved pedestrian safety near schools, and increased bus patronage.
16. We judge there are also likely to be regeneration benefits more generally, as the improvements to the network will reduce the traffic load felt by these communities. That traffic load increased as a result of the earthquakes, and repair and recovery work elsewhere in the network. Equally, these works are also likely to improve overall network performance, an important indicator for those living in Christchurch generally and particularly in the affected parts of Christchurch, as well as those simply travelling through.
17. The revised proposal is eligible for access to NZTA funding (through the National Land Transport Programme), potentially putting Council in a better position to start tackling its transport challenges than would otherwise be the case. The NZTA could potentially contribute a subsidy of between 50% - 75% of the funds needed, dependent on available funding, the funding assistance rate used, and alignment to key investment priorities.
18. NZTA supports the new request, and has noted that it is far better aligned with the GPS and the NLTP than the earlier proposals. Even so, NZTA notes also that these projects are not affordable at this point, within the existing funding envelope, as Council has allocated all the funding it bid for from NZTA to other projects, and does not have other funding to fund these projects. NZTA has indicated there are three options open to Council:
- It could *re-prioritise its existing funding priorities within its low-cost low-risk programme*. This would delay projects that are currently funded, but ensure the CRAF projects are delivered faster;

- It could *re-prioritise its operational maintenance programme*. This would, again, accelerate CRAF projects, but delay existing programmed works;
 - It could *bid for funding in the 2021 – 2024 NLTP*. This would delay delivery of the CRAF projects, but would allow the Council to size its bid appropriately, and to ensure it has the evidence it needs for the CRAF roading and transport improvement projects for a successful bid. This is NZTA's preferred option; approval, however, would remain subject to NZTA's business case approach and investment framework eligibility, to ensure effect is given to the GPS. This would delay the regeneration benefits associated with these projects.
19. Outside NZTA funding, there are two other options:
- Council could fund 100% of the project cost for a particular project, using only CRAF funds (and no NZTA funding). This might allow more timely delivery, but would also reduce the number of projects the CRAF money could fund. That is a decision for Council, consistent with a return to local leadership; or
 - The Crown could provide additional funding to 'make up' for the over-subscription to NZTA's GPS funding categories, thus delivering earlier regeneration benefits. It could do so through providing a grant or loan, as has been done for the City Rail Link (grant) and the Urban Cycleways Project (loan). If the additional funds were provided as a loan, the loan would be repaid from approved NLTF funding in outyears. Officials can provide further advice on either of these options if you wish to pursue them; our preliminary advice is that the transport benefits of the proposed projects are not of a magnitude where the Crown would make a loan, but this is a matter of judgement. Any additional funding will count against allowances and net debt.
20. Alternatively, Council could obtain funding *only* from NZTA for these projects. Using the CRAF funding, however, will allow Council to bring forward projects that are important for regeneration. It will also allow the Council to respond (potentially faster than would otherwise be the case) to significant community feedback obtained through the LTP process, where poor performance of the transport network featured as a significant concern. Furthermore, the Crown will be able to respond to those needs while also helping Council achieve other Government goals.
21. Council is aware of these possibilities, and has indicated, informally, that it can manage within them.
22. Regardless of the way forward, the NZTA will require an investment case for access to its funding; we will seek to align the CRAF and NZTA's needs, to ensure Council needs to prepare only one investment / business case to satisfy both. Further, we understand Council is, separately, working with NZTA under the auspices of the Greater Christchurch partnership, to access additional public transport funding.
23. Both during the development and following the approval of the investment case, there will need to be close and detailed engagement between Council and NZTA. We will consider further how to best provide for this, while ensuring the CRAF funding is used in a manner consistent with Cabinet's mandate.

Next Steps

24. If you approve this investment proposal (which will result in the earmarking of funds), you may wish to advise colleagues of your decision through an oral item at Cabinet, as foreshadowed in DEV-18-SUB-0163, which set out the criteria for the CRAF. We can provide Minister Woods' office talking points for any Cabinet oral item.
25. Council may wish to make an announcement around earmarking funding for these projects. We are available to work with your offices, if that is useful.
26. Officials will reiterate to Council that we are available to work with them on the investment / business case, to ensure that the case is generally consistent with Cabinet's and NZTA's expectations, and can be taken speedily through formal decision making when submitted to the Crown.

