

Reference: 20220403

18 October 2022



Dear [REDACTED]

Thank you for your correspondence of 20 September 2022 regarding the Te Kaha Investment Case.

You requested:

1. Given Treasury required a successful, detailed investment case before funding approval and the costs have blown out so significantly, has Treasury re-evaluated whether the project meets the requirements for funding and what were these requirements?
2. Has an updated Cost-Benefit Analysis been done since the \$150 million blowout?
3. If so, what is the Benefit-Cost Ratio and how does Te Kaha's BCR compare with the BCRs of other projects that have been funded and how does it compare with other projects of similar scale that have been denied funding?
4. How does Treasury justify the spending on Te Kaha given its high capital cost and low BCR? My estimate has the BCR as 0.40.
5. I note that in the Investment Case, the marginal BCR of all the Te Kaha options compared with just continuing with the temporary Addington stadium were all less than.

We advised you that we would be treating parts 1-3 of your correspondence as a request under the Official Information Act 1982 (OIA), and would address parts 4 and 5 of your request as part of our response.

### **Information does not exist**

We have refused your request under section 18(e) of the OIA as the documents alleged to contain the information requested do not exist.

However, please see below for contextual information for each of the parts of your correspondence.

#### *Question 1*

- *Given Treasury required a successful, detailed investment case before funding approval and the costs have blown out so significantly, has Treasury re-evaluated whether the project meets the requirements for funding and what were these requirements? If not, why not?*

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The Treasury has not re-evaluated whether the project meets the requirements for funding. The Funding Agreement confirms that responsibility for the project rests with Christchurch City Council, including cost risk, and the terms under which the Crown will provide its component of the funding. The Crown's requirements for continuing to provide funding primarily focus on the project meeting key deliverables in the Funding Agreement relating to minimum seating capacity, the presence of a roof, and being genuinely multi-purpose, all of which are still being met by the project.

*Questions 2 and 3*

- *Has an updated Cost-Benefit Analysis been done since the \$150 million blowout?*
- *If so, what is the Benefit-Cost Ratio and how does Te Kaha's BCR compare with the BCRs of other projects that have been funded and how does it compare with other projects of similar scale that have been denied funding?*

The Treasury has not conducted an updated Cost-Benefit Analysis as the project is the responsibility of the Christchurch City Council.

*Questions 4 and 5*

- *How does Treasury justify the spending on Te Kaha given its high capital cost and low BCR? My estimate has the BCR as 0.40.*
- *I note that in the Investment Case, the marginal BCR of all the Te Kaha options compared with just continuing with the temporary Addington stadium were all less than 1.*

The Crown's funding for the project was confirmed by Ministers through approval of both the investment case (taking into consideration the BCRs of each of the options) and the subsequent Funding Agreement.

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



David Taylor  
**Manager, National Infrastructure Unit**