Updated Frequently Asked Questions on the Government offer in support of the reinstatement of ChristChurch Cathedral (as at 28 July 2017)

What is new about this offer (compared with the one that was on the table late last year)?

- The previous offer (2016) made by the Government was a cash contribution of $10 million, plus a $15 million interest-free loan. The new offer makes it an interest-free suspensory loan of $15 million, which means it will not need to be paid back if the loan conditions are fulfilled. The conditions of the previous offer required full repayment. This would bring the Government’s potential contribution to the reinstatement of ChristChurch Cathedral to $25 million.

- The new offer includes a Christchurch City Council grant of $10 million, in principle, and a confirmed donor pledge of $13.7 million from the Great Christchurch Buildings Trust (GCBT). The GCBT has also indicated additional commitments of around $14 million.

The reinstatement offer is based on a figure of $104 million. How is that calculated?

A detailed breakdown of the estimated costs in relation to the project is available in Appendix 9 of the Matters of Clarification document. All costings have been peer reviewed by multiple experts with experience in similar projects.

- The total estimated project costs of $104 million includes contingencies and cost escalations of more than $27 million (or 27% of the project cost of $104 million).
- Costs include temporary stabilisation, deconstruction and reconstruction, base isolation, ancillary buildings, tower and removal, repair and reinstatement of the organ.
- The Cathedral Working Group was established by the Government and the Anglican (Diocese of Christchurch) Church Property Trustees (CPT) in 2016 to investigate and recommend a viable way to reinstate ChristChurch Cathedral. The new offer is based on the work of this group.

The reinstatement estimate in the offer of support is $104 million, but a 2017 synod report estimates the cost of reinstatement is $127 million (http://cathedralconversations.co.nz/wp-content/uploads/2017/06/CPT-Management-Report-to-Synod-2017-06.pdf) – how is the figure of $104 million supported?
• The $104 million reinstatement figure is considered extremely robust, and as explained above, has been peer reviewed by three experts with experience in similar projects, including the restoration of the Arts Centre of Christchurch.

• As above, the new offer is based on the work of the Cathedral Working Group in 2016. The group included two Church Property Trustees.

• The need for some level of fundraising is acknowledged.

**How much fundraising would be required?**

• A fundraising target of $13.7 million is needed to achieve project completion (that is, it takes it up to reinstatement costs of $104 million).
• To cover project completion costs **and** support the establishment of a maintenance and insurance fund (if required) a fundraising target of $19 million is estimated.
• An indicative additional commitment of up to $14 million has been signalled by the Great Christchurch Buildings Trust.

**What is the estimated cost of fundraising and how will it be paid for?**

• The cost of fundraising is estimated by fundraising consultants AskRight at 7.5% of the total funds raised.
• The estimated costs of fundraising at $1.6 million therefore represents a conservative estimate.
• An independent fundraising trust (independent trust) would be established to lead the public fundraising effort. The Government would appoint the Trustees.

**How will the Church Property Trustees and independent trust manage the project?**

• A joint venture is envisaged between the Church Property Trustees and the independent trust to govern and manage the delivery of the reinstatement project.
• An indicative timetable of seven years for the completion of the main and ancillary buildings, and up to a further three years for the tower and spire.

**Does the $104 million reinstatement project include ancillary buildings?**

• Yes. The cost estimates include seismic strengthening, the reinstatement of the main Cathedral building and modernisation of the interior facilities, a replacement tower built in sympathy with the Cathedral, and a new ancillary building to house church support facilities, visitor centre and a café.
• If additional facilities or buildings were proposed at a later point, these would be additional to the current reinstatement project, and would need to be agreed between the CPT and the independent trust as the principals to the joint venture.

**Will CPT carry the project risk of reinstatement not being completed if the project scope or costs change, or if fundraising fails?**

• The building owner is the affected party if the project is not completed. However, any risk associated is significantly mitigated given the generous level of contingencies and cost escalations that have been built into the project.
• The fundraising target, estimated at $19 million over 7-8 years, is only about 34% of the amount ($55 million) that AskRight advised could be raised in 3-5 years.

**Is CPT liable for the suspensory loan repayment if its conditions are not met?**

• In addition to a grant of $10 million, the Crown is offering an interest free suspensory loan of $15 million. Repayment would be suspended and forgiven if the loan conditions are fulfilled.
• If CPT has made its full contribution (full insurance proceeds and all interest received to that date, other than a reasonable allowance for CPT’s internal costs as a joint venture party), it would not have any further liability to repay the suspensory loan.
• The Synod vote on the offer takes place in September. If accepted, negotiations on the terms of the suspensory loan would take place. It is anticipated any negotiations would include the ability for the parties in the joint venture to seek the Crown’s agreement to changes in the project milestones and budget, without triggering the repayment of the suspensory loan.

**Under the offer, are there governance, project leadership, legal and communications costs that would fall to the Church Property Trustees (CPT)?**

• The joint venture between the Church Property Trustees and the independent trust would govern and manage the delivery of the reinstatement project.
• The majority of the fundraising, communications and most project management costs would be the responsibility of the joint venture and the independent trust.
• The costs that would likely fall to CPT as a result of the reinstatement project are estimated at approximately $2.8 million. This is based on an expectation that CPT is likely to require an experienced project coordinator to represent it in the joint venture, at a cost of $2 million over the life of the project (assuming $250,000 per annum). Other likely costs include CPT governance and secretariat (approx. $550,000) and legal fees ($253,000).

• These costs have been built into the reinstatement project cash flow table (for more details, see appendix 2 of the Government’s response letter of clarification).

Will the proposed legislation allow for consents and approvals for the Cathedral, tower and ancillary buildings?
Yes, legislation would be promoted to streamline consent and approval processes for the whole reinstatement project.

Would legislation be enacted to allow for necessary consents and approvals for a new build?
Most political parties have signed a letter committing to supporting in principle the reinstatement of the Cathedral.
To date:
• reinstatement is the only option that has been recommended to and agreed by Cabinet for support via the promotion of legislation.
• the Government’s revised offer of support is contingent on the Synod’s acceptance of the proposal for the reinstatement of the Cathedral, based on the Cathedral Working Group’s recommendations.
• the indication of cross-party support attached to the Government’s revised offer document has only been provided in relation to the reinstatement option.

What is the figure of $5 million to be set aside by the joint venture for the maintenance and insurance fund?

• The $5 million is a provisional figure, but more expert advice is needed before the size of the fund can be confirmed.
• Funds received for reinstatement would earn interest over time. Over the project period, the accumulated interest is expected to be at least $11 million, taking a conservative approach (4.5% interest rate). If more funds are required for the maintenance and insurance fund, they are expected to come from fundraising.
How are the investment gains on funds calculated? Will they be sufficient to cover the maintenance and insurance funds?

- As above.
- The new facilities provided under reinstatement such as a café, shops, visitor centre and the objective for a new tower climb experience, are expected to provide long-term revenue, which would help with maintenance and insurance costs.
- If more funds are required for the maintenance and insurance fund, they are expected to come from fundraising.

Is it possible to consider the internal layout of the Cathedral as part of the reinstatement project?

Yes. This project represents an opportunity to make the building more fit-for-purpose and functional for the church and wider community.

The Pre-synod meetings have now finished, what if members of the synod want more information?

The Minister supporting Greater Christchurch Regeneration Nicky Wagner has indicated she would speak with Synod directly to further clarify the offer, if invited.

If reinstatement goes ahead, who owns the Cathedral?

The Cathedral will still be owned by the Church Property Trustees.

What will happen if the synod votes ‘No’ in September?

As above, the Cathedral is owned by the Church Property Trustees, who ultimately decide its fate.

A resource consent to demolish the Cathedral is expected to result in protracted litigation lasting the next 6 to 10 years, with significant uncertainty as to the outcome.

How does the current status of the Cathedral affect other central and local government projects/initiatives in and around Cathedral Square?

- Ōtākaro Limited projects around Cathedral Square, such as the Christchurch Convention Centre and Victoria Square restoration, are underway.
- Regenerate Christchurch is working on a regeneration strategy and action plan for Cathedral Square and the surrounding area.
- Christchurch City Council is progressing well in the construction of the new Central Library.
These initiatives operate on the basis of a Cathedral of some description in the space.