

Memo

TO Hon. Grant Robertson, Minister of Finance
Hon. Dr Megan Woods, Minister for Infrastructure

CC [REDACTED]
[REDACTED] Redacted under s9(2)(f)(iv)
[REDACTED]
[REDACTED]

FROM John Bridgman, Chief Executive, Ōtākaro Limited

DATE 3 February 2023

SUBJECT Update on Ōtākaro operations and the creation of the central Crown infrastructure delivery agency portfolio

Purpose

1. This memo:

- a. Provides the incoming Minister for Infrastructure with an overview of Ōtākaro Limited (Ōtākaro), its new role as the central Crown infrastructure delivery agency (CCID), and the status of its Christchurch regeneration-focused work programme;
- b. Provides the Minister of Finance and Minister for Infrastructure with a detailed update on engagement between Ōtākaro and the following Project Owners to establish a CCID project portfolio:

i. [REDACTED] Redacted under s9(2)(f)(iv)

[REDACTED] Redacted under s9(2)(f)(iv)

iii. [REDACTED] Redacted under s9(2)(f)(iv)

[REDACTED] Redacted under s9(2)(f)(iv)

- c. Outlines our intended approach to finalising agreements with Project Owners; and
- d. Highlights unresolved shareholder matters relating to the company name and constitution.

2. This memo does not seek decisions from Ministers, but we welcome any feedback Ministers may have. Our next update on the CCID portfolio will be provided at the beginning of March 2023.

Overview for incoming Minister for Infrastructure

3. The Board and management of Ōtākaro wish to extend congratulations to Hon. Dr Megan Woods on her appointment as Minister for Infrastructure. Noting that you have been an Ōtākaro shareholding Minister since 2017 (first as the Minister for Greater Christchurch Regeneration and then as an Associate Minister of Finance), this memo provides a short, high-level overview of the company's current operating environment.

Company structure and funding

4. Ōtākaro has been a Christchurch-centric operation since being established in 2016. However, noting Cabinet's decision in September 2022 to repurpose Ōtākaro to be a CCID agency with an all-of-New Zealand remit, we have established offices in Wellington and Auckland.
5. Following a senior leadership team (SLT) restructure in 2022, the company now operates with a dispersed SLT, ensuring each of our three offices are led by one or more SLT members.
6. Ōtākaro has a five-member Board which is Chaired by Corinne Haines. The terms of all five Directors will expire in June 2023, having been extended for 12 months in 2022 to ensure the Board could support the company's transition to the CCID model. [Redacted]
[Redacted] Redacted under s9(2)(f)(iv)
7. Ōtākaro operating funding, and project capital, comes from appropriations in Vote Finance. [Redacted]
[Redacted] Redacted under s9(2)(f)(iv)
8. [Redacted]
[Redacted] Redacted under s9(2)(i)
9. In late 2023, our CEO John Bridgman announced that he would be leaving Ōtākaro in March 2023. The Board has commenced a recruitment process to find John's successor.
10. We would welcome the opportunity to meet with the Minister for Infrastructure to provide a more detailed overview of Ōtākaro's structure and funding arrangements.

CCID agency role

11. To implement Cabinet's September 2022 decisions, and in considering how the company can use this unique opportunity to support improved delivery outcomes and better system performance, we are taking the following steps:
 - a. We are actively engaging with four central government Project Owners to take on the delivery of their major vertical infrastructure projects;
 - b. We are now providing advice to Project Owners in the development of business cases and the running of procurement and design processes;
 - c. Our Director Programme Delivery currently sits on two Programme Governance Boards for major Crown infrastructure projects, ensuring that practical delivery considerations are informing key decisions;

- d. We are working with Te Waihanga to identify our shared areas of interest and responsibility, and creating a plan for how our organisations can support each other to achieve the objectives set for us by Ministers;
- e. We continue to support the Treasury to prepare advice for Ministers on the status of the Government's infrastructure investments; and
- f. We are partnering with New Zealand Government Procurement (NZGP) on procurement reform, including options for establishing a sector leadership model.

12.

[Redacted content]

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13. We would welcome the opportunity to meet with the Minister for Infrastructure to provide a more detailed overview of how we are stepping up into the CCID agency role.

Christchurch regeneration update

Key Project	Status
Te Pae Convention Centre (Te Pae)	<ul style="list-style-type: none"> Te Pae opened in December 2021, and its impact on the city was immediate and significant. Early feedback from Te Pae customers was generally positive, and feedback since has been increasingly positive, coinciding with ASM Global, the facility operator, settling into running the facility and working through early teething problems. Local business leaders have noted that Te Pae has had a strong impact on the local economy, with ASM Global currently pulling together data to quantify that impact. The facility recently hosted the Armageddon exhibition which attracted over 10,000 visitors. This was the first time the exhibition had come to Christchurch and is indicative of the appeal that the facility currently has. Te Pae is expected to achieve practical completion in February 2023. This will commence a Defect Remediation Period during which Ōtākaro, ASM Global and the main works contractor on Te Pae, CPB Contractors (CPB), will work together to address any outstanding defects. [Redacted content]
Parakiore Recreation and	<ul style="list-style-type: none"> Parakiore continues to be a challenging project. The project is being delivered by CPB under a 'build only' contract, and it continues to face delays and cost escalations. Some of these have been attributable to the

Redacted under s9(2)(j)

Sport Centre (Parakiore)	<p>impacts of COVID-19, while others have been more typical of the issues that often blight the delivery of infrastructure projects; challenging tender responses, significant contractor performance issues, complex on-site conditions and supply-chain factors.</p> <ul style="list-style-type: none"> <div data-bbox="547 371 1417 645" style="background-color: black; width: 100%; height: 100%;"></div> <div data-bbox="1090 611 1406 645" style="border: 1px solid red; padding: 2px;">Redacted under s9(2)(g)(i)</div> We continue to manage relationships with Christchurch City Council and future Parakiore tenants on project completion timelines, and are keeping the Treasury updated on the status of our engagements with CPB.
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14. Ōtākaro's land divestment programme is almost complete, with only a handful of land parcels remaining. Work on the South Frame greenway was completed in late December 2022, with construction of Fletcher Living developments ongoing on both Super Lot 10 and Super Lot 15.

15. Most of the shovel-ready projects assigned to Ōtākaro are progressing well, and we continue to engage with Crown Infrastructure Partners as required to give Ministers visibility of that work. We are also working with Canterbury Museum to oversee the Crown's \$25 million contribution to the redevelopment of museum infrastructure.

16. We would welcome the opportunity to meet with the Minister for Infrastructure to provide a more detailed overview of the Christchurch regeneration work programme.

Detailed update on engagement with Project Owners

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17. Redacted under s9(2)(f)(iv)

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19. Redacted under s9(2)(f)(iv)

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Redacted under s9(2)(f)(iv)

20. Redacted under s9(2)(f)(iv)

a.

[REDACTED]

Redacted under s9(2)(f)(iv)

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Redacted under s9(2)(f)(iv)

d. [REDACTED]

[REDACTED] Redacted under s9(2)(f)(iv)

[REDACTED]

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22. [REDACTED]

[REDACTED] Redacted under s9(2)(f)(iv)

23. [REDACTED]

a. [REDACTED]

b. [REDACTED]

Redacted under s9(2)(f)(iv)

c. [Redacted]
[Redacted under s9(2)(f)(iv)]

[Redacted]

d. [Redacted]
[Redacted under s9(2)(i)]

e. [Redacted]
[Redacted under s9(2)(i)]

[Redacted]

[Redacted]
[Redacted under s9(2)(f)(iv)]

[Redacted]
[Redacted under s9(2)(f)(iv)]

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34. The engagement approach Ōtākaro is employing will take time, but it has already started to establish solid relationship foundations which will enable the constructive discussions needed between Ōtākaro, Project Owners and other partners when issues inevitably emerge during project delivery.
35. With respect to finalising negotiations, Letters of Intent and delivery agreements, we are operating on the basis that keeping our shareholding Ministers, and the relevant portfolio Ministers, apprised of engagement progress is sufficient and that we are expected to work at pace to finalise and sign agreements with Project Owners as soon as is reasonable.

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38. While most of our efforts are focused on these four projects, we continue to explore opportunities with other Project Owners. Discussions with Redacted under s9(2)(j) are at an early stage but may lead to future delivery partnerships.

Unresolved shareholder matters

1. Redacted under s9(2)(f)(iv) and Redacted under s9(2)(f)(iv)
2. Redacted under s9(2)(g)(i)
3. Redacted under s9(2)(g)(i)

[REDACTED]
[REDACTED]
[REDACTED] Redacted under s9(2)(g)(i)

4. If shareholding Ministers need further support or assurance from the company before making decisions on [REDACTED], we will work with the Treasury to provide the information required. [REDACTED under s9(2)(f)(iv)]

John Bridgman
Chief Executive

SIGNED:



Date: 3 February 2023
