

Information Paper
CPT Project Leadership &
Governance, Legal & Communication Costs
Prepared by Church Property Trustees
26th June 2017

Executive Summary:

The Cathedral Working Group (CWG) report, explains that the cathedral can be reinstated for approximately \$100m¹ including all interior enhancements and improved visitor centre and ancillary buildings, as well as a tower.

Whilst the CWG further explains that a project of this type is very much “investigate and design as you go” and therefore it is critical that those responsible for the Cathedral and its future use are closely involved in the project, it does not include Church Property Trustees (CPTs) costs of project leadership, governance, legal fees and communications costs.

CPT project leadership, governance, legal fees & communication costs are estimated at \$6.4m for a reinstated cathedral and \$7.5m for a contemporary cathedral.

CPT has estimated the sum of these respective cost categories and these are listed in the table below.

CPTs Estimated Cost of:	Reinstatement over 7 years \$'000's	Contemporary over 7 years \$'000's
CPT Project Leadership	3,245	3,245
Total Governance, Legal Fees & Communication Costs	3,144	4,234
	6,389	7,479

Ernst & Young (EY) were engaged to perform an analytical review of the model for the purposes of assisting CPT in gaining comfort that the model has been constructed appropriately, in so far as its logical integrity and arithmetical accuracy is concerned, so as to achieve the primary objectives. It is EY’s view that the model has been constructed appropriately and that all of the issues, identified by EY in their review that have a financial impact on the current model outputs, have been correctly resolved.

¹ \$100m ‘outturn dollars’ based on the detailed cost estimate prepared by Barnes, Beagley and Doherr (BBD) of \$104m

Analysis:

The estimated costs above are calculated by utilising a financial model. A number of underlying assumptions have been made to arrive at the respective values.

It is common industry practice that a project of this size and complexity has an in-house leadership team to lead the project and represent the interests of owner/key stakeholders, in this instance the Diocese, Cathedral Chapter and CPT.

CPT Project Leadership

The CPT project leadership team represents the interests of the Diocese, Cathedral Chapter and CPT on a day-to-day basis. It is assumed that the team will be comprised of a Project Director, supported by a Project Finance Manager and experienced Project Co-ordinator.

There will also be an external delivery team which would report to the project director, through an external project manager. The costs

associated with this external delivery team have been incorporated in the concept estimate prepared by BBD and included in the \$104m referenced in the CWG report.

Through communication and consultation with the Dean and Cathedral Chapter, the project director will ensure that their requirements are fully understood and accounted for in the delivery of the project. As such the project director provides the key interface between the key stakeholders of the cathedral and the external project delivery team.

A key role for the project director is responsibility for project documentation sign-off (design and contract), day-to-day project approvals within delegated levels of authority and budget establishment and management.

The project director needs to be capable of having the hard conversations with the delivery team if matters are not progressing to plan and to ensure that agreed project deliverables are met. The external project manager plays a key supporting role to the project director, managing the delivery of the design documentation and construction management, reporting directly to the project director. The project director and external project manager work as an integrated team using their respective skills to successfully deliver the project.

The cost of the internal project leadership is estimated at \$3.2m over a project duration period of 7 years. It includes overhead costs associated with employing a team of three. The total cost per day (after an inflation adjustment) is \$1,881, increasing to just over \$2,000 should the project duration extend to 10 years.

Governance, Legal Fees and Communication costs

The following table shows CPT's estimate of governance, legal and communication costs associated with the build of either a reinstated or contemporary cathedral over a 7 year project duration.

CPTs Estimated cost of:	Reinstatement \$'000's	Contemporary \$'000's
Governance, Secretariat & Fund Raising Support	1,898	1,424
Legal Fees	253	1,663
Communication Costs	993	1,147
	3,144	4,234

Governance, secretariat & fund raising support:

CPT will need to have in place the necessary governance, general management and secretariat support required during such a significant endeavour as the cathedral project. The estimate of \$1.9m allows for a general manager, office manager and fund raising support individual, after deducting CPT “business as usual” funding. A recommendation of the AskRight Fundraising report is that the full-time experienced fundraiser position becomes a cathedral appointment at the end of the campaign as there will be an ongoing need to receive pledge payments and to raise funds for the ongoing work of the cathedral. This has been included for the reinstatement option only.

Legal fees:

For the contemporary option, Wynn Williams has provided an estimate of \$1.375m for attendances in relation to the resource consent and the archaeological authority process for the deconstruction of the ChristChurch Cathedral over a three to six year period. A further \$200k has been included should expert witnesses be required.

The legal process behind the cost estimate is explained in the information paper submitted by Wynn Williams to Synod.

The legal fees for a reinstated cathedral are significantly less than for the contemporary option. These costs relate primarily to attendances on CPT not covered by the general project costs.

Communication costs:

CPT’s public relations expert, Convergence Communications & Marketing Ltd has provided CPT with an estimated annual cost of communications² over the duration of either a reinstatement or contemporary build. The communications strategy will differ for each option.

In its opinion \$130k per annum for communications is required for a reinstatement cathedral and \$150k per annum for a contemporary cathedral. The difference in annual costs reflects the depth of emotion from interest groups wanting to save the cathedral and the need for an appropriate communications strategy should the contemporary option be chosen by Synod.

The communication strategy for each option will differ.

² The estimate excludes fundraising communications but includes advertising & design costs.