



## Proactive Release

The following Cabinet paper and related Cabinet minute have been proactively released by the Department of the Prime Minister and Cabinet, on behalf of Hon Dr Megan Woods, Minister for Greater Christchurch Regeneration:

Draft Global Settlement Agreement:  
Progress since the Agreement in Principle and Next Steps

The following documents have been included in this release:

***Title of paper: Draft Global Settlement Agreement: Progress since the Agreement in Principle and Next Steps (CAB-19-SUB-0369 refers)***

***Title of minute: Draft Global Settlement Agreement: Progress Since the Agreement in Principle and Next Steps (CAB-19-MIN-0369)***

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it. In addition, some information has been withheld as out of scope of this information release.

### Key to redaction code:

- 9(2)(b)(ii): to protect the commercial position of the person who supplied the information, or who is the subject of the information;
- 9(2)(ba)(i): to protect the supply of similar information in the future;
- 9(2)(f)(iv): to maintain the confidentiality of advice tendered by or to Ministers and officials;
- 9(2)(g)(i): to maintain the effective conduct of public affairs through the free and frank expression of opinion;
- 9(2)(i): to protect the Crown's commercial activity; and
- 9(2)(j): to enable negotiations to be carried on without prejudice or disadvantage.

~~COMMERCIAL IN CONFIDENCE~~

~~Commercial In Confidence~~

Office of the Minister of Finance

Office of the Minister for Greater Christchurch Regeneration

Chair, Cabinet

## **DRAFT GLOBAL SETTLEMENT AGREEMENT: PROGRESS SINCE THE AGREEMENT IN PRINCIPLE AND NEXT STEPS**

### **Proposal**

1. This paper provides an update on the Crown's progress on global settlement negotiations with the Christchurch City Council (Council), prior to the Council releasing a proposed global settlement to the public on 29 July 2019 and before it is considered by Councillors on 8 August 2019. This update includes material changes from the Agreement in Principle and next steps for finalising an agreement [DEV-18-MIN-0285 and DEV-19-MIN-0068 refer]. We will report back to Cabinet on the final terms of the global settlement in late August 2019.

### **Executive Summary**

2. The Crown has been negotiating a global settlement of outstanding issues with the Christchurch City Council (Council) in accordance with the Cabinet mandate [DEV-18-MIN-0285 and DEV-19-MIN-0068 refer]. The global settlement process consists of two Tranches: Tranche 1 confirming a high-level Agreement in Principle, and Tranche 2 creating the framework for detailed negotiations and a settlement.
3. An Agreement in Principle was confirmed by the Crown and Council in May 2019. There have been some key developments in the global settlement process through Tranche 2. Assuming the proposed Global Settlement Agreement (GSA) is signed by both parties, these include:
  - 3.1. Te Pae/the Convention Centre will not form part of any final agreement;
  - 3.2. clarification that the Crown will provide Performing Arts Precinct (PAP) land to the Council consistent with expectations under the 2013 Cost Sharing Agreement <sup>s9(2)(f)</sup> [REDACTED]
  - 3.3. that the Crown will contribute \$13 million towards decontamination of PAP and/or Canterbury Multi-Use Arena land and/or public realm in the PAP; and
  - 3.4. the Crown would aim to reconfigure the Crown-owned land in the Ōtākaro Avon River Corridor residential red zone (RRZ) and carry out some limited road stopping in other parts of the RRZ, subject to Greater Christchurch Regeneration Act 2016 and other statutory processes; and

- 3.5. the Crown would will contribute \$1 million towards reconfiguration by the Council of other RRZ areas outside the Ōtākaro Avon River Corridor.
4. More detail is provided in paragraphs 18-31, and a high level summary of the asset transfers is provided in **Annex One**.
5. It has been a complex task for both parties to assemble a package with the appropriate balance of trade-offs, concessions, and obligations on either side, and this is now a carefully balanced deal. We consider it would now be difficult to unpick individual aspects of the deal without unravelling the wider benefits of reaching agreement on these issues. We are also persuaded that it is in the Crown's interests – and in the wider interests of the Christchurch and New Zealand communities – to get this deal over the line.
6. s9(2)(f) the proposed agreement remains within the Crown's negotiating parameters. We intend to report back to Cabinet on the final terms of the agreement in late August 2019.
7. We understand that to meet expectations for seeking public feedback, and/or meet requirements under the Local Government Act 2002, the Council intends to release the proposed agreement to the public on 29 July 2019 (subject to removal of commercially sensitive material). This is before the high level terms are considered at a full Council meeting on 8 August 2019, and a final decision is made by Council on the detailed GSA on 22 August 2019. Following the Council's decision, we intend to bring the proposed agreement to Cabinet for final Crown decision-making in late August 2019.

## Background

8. On 10 December 2018, Cabinet confirmed the negotiating parameters for the Crown's global settlement negotiations with the Council [DEV-18-MIN-0285 refers]. The goal of the global settlement is to achieve a fiscally responsible full and final settlement, provide clarity and certainty on outstanding matters, and support the transition to a new normal relationship with the Council – including transferring a number of assets into Council ownership (**Annex One** provides an overview of the assets).
9. In summary, the matters covered by the global settlement include:
  - 9.1. confirming pre-existing agreements in principle (e.g. transferring the Bus Interchange to the Council);
  - 9.2. addressing assets needed for regeneration (in particular the Crown-owned Ōtākaro Avon River Corridor (OARC) RRZ land);
  - 9.3. confirming future ownership, transfer, and delivery of various assets, including implementation of existing agreements (e.g. the Performing Arts Precinct (PAP) project); and
  - 9.4. addressing the role of Regenerate Christchurch (institutional arrangements).
10. The global settlement negotiation process consists of two tranches:

- 10.1. **Tranche 1** (completed): develop a high-level Agreement in Principle that confirms the potential scope of the global settlement, and sets the direction for the future of key assets and regeneration matters (e.g. ownership); and
- 10.2. **Tranche 2** (in final stages): creating the framework for detailed negotiations and a settlement, based on the direction set during the Agreement in Principle stage.
11. On 3 April 2019, we noted to the Cabinet Economic Development (DEV) committee that high-level agreements had been reached through Tranche 1 negotiations, and that these would be confirmed through an Agreement in Principle [DEV-19-MIN-0068 refers].
12. We noted that the terms of the Agreement in Principle (if progressed) would make significant progress toward a normalised relationship with the Council and would be a good outcome for both parties. In particular for the Crown, the terms excluded the Council's proposals for support in its land drainage programme, <sup>s9(2)(f), s9(2)(g)(i)</sup> [REDACTED]
13. However, we signalled that significant further work remained for Tranche 2 negotiations, <sup>s9(2)(ba)(i), s9(2)(g)(i)</sup> [REDACTED]
14. We as joint Ministers, along with the Mayor of Christchurch City, approved the Agreement in Principle in May 2019.

### **Tranche 2 progress update: detailed negotiations are close to completed**

15. Crown officials have worked with Council staff throughout May, June and July 2019 on Tranche 2 negotiations. Progress has been made on developing a proposed global settlement agreement (GSA), with Crown and Council officials working constructively to find solutions that work for both parties.
16. The Council now intends to consider the proposed GSA at a full Council meeting on 8 August 2019. At the time of lodging this paper, we understand that, to meet expectations for seeking public feedback and/or meet requirements under the Local Government Act 2002, it also intends to release the proposed GSA to the public on 29 July (subject to removing commercially sensitive material), followed by two days of deputations in early August.
17. Given this proposed timeframe for publicity, we provided an oral update to DEV on 24 July 2019. Further, we are providing a more complete update now on the trajectory of the global settlement and key updates since the Agreement in Principle, before the Council formally considers the proposed GSA. Given further changes may occur as a result of Council processes, we intend to report back to Cabinet on the final proposed GSA in late August 2019.

### **Key developments since the Agreement in Principle**

18. We are confident that the terms of the proposed GSA will be broadly in line with the Agreement in Principle and within the parameters agreed to by Cabinet. However,

there have been several updates on key matters since we updated Cabinet on the Agreement in Principle in April 2019.

19. It has been a complex task for both parties to assemble a package with the appropriate balance of trade-offs, concessions, and obligations on either side, and this is now a carefully balanced deal. We consider it would now be difficult to unpick individual aspects of the deal without unravelling the wider benefits of reaching agreement on these issues. We are also persuaded that it is in the Crown's interests – and in the wider interests of the Christchurch and New Zealand communities – to get this deal over the line.

s9(2)(i)



*Support for decontamination and/or public realm*

25. The Crown has previously set aside \$1.5 million (currently held by Ōtākaro) to be transferred to the Council for public realm in the PAP. Ōtākaro also has existing allowances for some land decontamination.

26. Under the proposed GSA, the Crown would agree to transfer \$13 million to the Council for it to use for decontamination on the PAP or Canterbury Multi-Use Arena sites, or for public realm in the PAP. This would be a full and final contribution for those matters. We consider this is a reasonable concession to support regeneration momentum and deliver the global settlement, which will also reduce future risk to the Crown.

*Other Performing Arts Precinct matters*

27. As envisaged in the 2013 Cost Sharing Agreement between the Crown and Council, where the Crown agreed to provide the necessary land for the PAP, the majority of the Crown-owned land will be transferred to the Council. <sup>s9(2)(i), s9(2)(j)</sup>

[Redacted]

28. The goal for the Crown is to see progress on the project to support wider regeneration in the central city, as well as to cap the Crown's exposure on this project, and these decisions should be set up to support that.

*Ōtākaro Avon River Corridor residential red zone reconfiguration*

29. As envisaged in the Agreement in Principle, the Crown would aim to reconfigure the OARC RRZ land subject to the decision-making process under the Greater Christchurch Regeneration Act 2016 (GCR Act) and other statutory processes (e.g. Ngai Tahu Claims Settlement Act 1998 and Public Works Act 1981). This would support regeneration momentum by preparing the land in a timely manner that supports implementation of future land uses.

30. As previously noted to Cabinet, this will have an operational cost to Land Information New Zealand (LINZ) estimated at <sup>s9(2)(b)(ii)</sup> [Redacted] <sup>s9(2)(g)(i), s9(2)(i)</sup>

[Redacted]

31. We note that under the proposed GSA LINZ would use all reasonable endeavours to complete this reconfiguration; however, there is a risk this may not be feasible within GCR Act timeframes or that key decisions are not viable. Therefore, it is noted that if the agreed reconfiguration is not completed by 30 April 2021, the Crown will either use all reasonable endeavours to complete the reconfiguration under other processes, or it will transfer the land to the Council 'as is'. In the latter scenario, the Council would complete the agreed reconfiguration and the Crown would reimburse its third party costs (if incurred before June 2025).

32. As signalled to Cabinet in April 2019, the Minister for Greater Christchurch Regeneration intends to orally update Cabinet on her proposed decision on the OARC Regeneration Plan – this is likely to occur in August.

**Christchurch Regeneration Acceleration Facility update**

33. The \$300 million CRAF funding was established through Budget 2018 to support eligible regeneration projects, and Cabinet agreed that Council access to the funding

is subject to a two stage process [DEV-18-MIN-0163 refers]. The first stage is the approval of Investment Proposals developed by the Council. We as joint Ministers have approved the Council's Investment Proposals, earmarking \$220 million towards the CMUA, \$40 million towards RRZ projects, and \$40 million towards roading projects.

34. The Council is now in the process of preparing Investment Cases. We understand that Council hopes to submit these to the Crown in August 2019 [DEV-19-MIN-0068 refers]. Cabinet agreed that the CRAF funding could not be appropriated until there is an approved Investment Case and a global settlement is reached with the Council [DEV-18-MIN-0163 and CAB-18-MIN-0158.11 refer]. If a global settlement is reached, then funding for eligible CRAF projects can be appropriated subject to Cabinet approval of the Investment Cases.

#### *The Canterbury Multi-Use Arena*

35. Decisions on the future ownership of the Canterbury Multi-Use Arena (CMUA) are being managed through the Christchurch Regeneration Acceleration Facility (CRAF) Investment Case process. This process is running in parallel to the global settlement negotiations, so the global settlement is not covering the future of this asset.

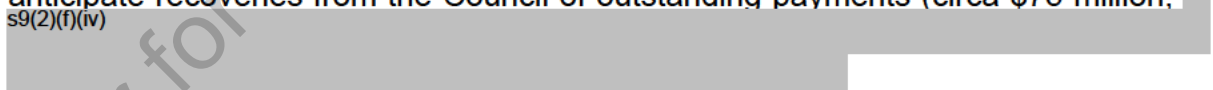
36. s9(2)(i)



37. Council officials hope that the Investment Case will be considered by the full Council before the end of August 2019. This should allow for Crown and Council negotiations on project governance and procurement to take place throughout August. If approved by the Council, the Investment Case will be submitted to the Crown for consideration in late August or September 2019.

#### **Financial Implications**

38. There are sufficient funds available within agreed Cabinet parameters (appropriated or in tagged contingencies) to cover the terms of the GSA as currently proposed. We are confident that we can stay within the Cabinet mandate. We note that we also anticipate recoveries from the Council of outstanding payments (circa \$75 million,



39. s9(2)(i), s9(2)(g)(i)



Cabinet on the final financial implications s9(2)(i), s9(2)(g)(i) We will update when we bring the proposed GSA to Cabinet in late August 2019.

s9(2)(f)(iv)

## Consultation

41. This paper is authored by the Department of the Prime Minister and Cabinet (DPMC), Greater Christchurch Group and The Treasury. DPMC (Policy Advisory Group) and Land Information New Zealand have been consulted. The Ministry of Business Innovation and Employment, the Department of Internal Affairs, the Ministry of Housing and Urban Development, and Ōtākaro Limited have been informed.

## Impact of Treaty of Waitangi principles

42. Officials engaged with Te Rūnanga o Ngāi Tahu (Ngāi Tahu) and Te Ngāi Tūāhuriri to understand their views on aspects of the global settlement relating to RRZ land, particularly in the OARC. In response to Ngāi Tahu comments, the proposed GSA includes provision for:
- 42.1. recognition of the role of Ngāi Tahu as Treaty partner, and the roles of Te Hapū o Ngāti Wheke and Te Ngāi Tuahuriri as mana whenua, particularly with regard to land within scope of the global settlement;
  - 42.2. the inclusion of Ngāi Tahu in transitional and longer-term governance arrangements for the RRZ; and
  - 42.3. a commitment that Council will take into account principles of Te Tiriti o Waitangi at the point that longer-term governance principles and/or processes are established in future.

## Human Rights and Gender Implications

43. There are no human rights or gender implications raised in this paper.

## Disability Perspective

44. There are no issues requiring consideration of a disability perspective in this paper.

## Publicity and Proactive Release

45. Once a final agreement has been developed between officials, the Council intends to release the proposed agreement to the public on 29 July 2019. The Minister for Greater Christchurch Regeneration may also provide public comment at this period (for example, in response to questions from the media). We note there will also likely be publicity at later stages in the process.



46. We do not propose to proactively release this paper as it concerns matters that are commercially sensitive. When the global settlement has been finalised, there might still be sensitivities with the content of this and any other Cabinet papers.

## Recommendations

The Minister of Finance and Minister for Greater Christchurch Regeneration (joint Ministers) recommend that the Economic Development Committee:

1. **Note** that Cabinet agreed to parameters for the Crown's global settlement negotiations with the Christchurch City Council (Council) in December 2018 [DEV-18-MIN-0285] and to revised parameters in April 2019 [DEV-19-MIN-0068 refer];
2. **Note** that joint Ministers and the Mayor of Christchurch City confirmed an Agreement in Principle in May 2019 that set out the proposed high-level agreements;
3. **Note** that Crown and Council officials have negotiated detailed terms to give effect to the in-principle agreements, but there are still some remaining issues that need to be addressed before a proposed GSA is finalised for governors' decision making;
4. **Note** that the proposed global settlement agreement is currently within the parameters agreed to by Cabinet, but that joint Ministers will report back to Cabinet orally if any further material changes occur;
5. **Note** that to meet expectations for seeking public feedback on the proposed agreement, the Council intends to release information on the proposed global settlement agreement to the public on 29 July 2019, before considering the proposed agreement at a high level on 8 August 2019, followed by a final Council decision on the detailed GSA on 22 August 2019 (as noted by joint Ministers in providing an oral update to the Cabinet Economic Development Committee on 24 July 2019); and
6. **Note** that, if Council approves the proposed agreement, joint Ministers will bring that agreement to Cabinet for final Crown decision making in late August 2019.

Authorised for lodgement

Hon Grant Robertson  
Minister of Finance

Hon Dr Megan Woods  
Minister for Greater Christchurch Regeneration

## Annex One

### Scope of proposed deal as it relates to Crown assets

KEY CROWN ASSETS		Future position under proposed global settlement agreement
<b>Public realm assets/land in the North, East and South Frames</b>	Held by Ōtākaro Limited (Ōtākaro) on behalf of the Crown. Some portions still to be delivered by Ōtākaro. There are existing agreements and processes for transfer.	Assets have been or will be transferred to the Council; Council to take on operating liability and make outstanding payments to Crown
<b>Metro Sports Facility anchor project (in construction)</b>	Held and being delivered by Ōtākaro on behalf of the Crown	Asset will likely transfer to Council upon completion
<b>Performing Arts Precinct land</b>	Land held by Ōtākaro Limited on behalf of the Crown. Project led by Council	Asset will transfer to Council, s9(2)(i)
<b>Stadium / Multi-Use Arena land</b>	Construction of facility not yet begun; land held by LINZ, s9(2)(i)	<b>Outside scope of global settlement:</b> Construction responsibilities and ultimate ownership to be agreed through Christchurch Regeneration Acceleration Facility Investment Case process (and will come back to Cabinet)
<b>Bus Interchange anchor project</b>	Delivered by CERA. Owned and operated by Ōtākaro on behalf of the Crown	Asset will transfer to Council; Council to take on operating liability and make outstanding payment to Crown
<b>Ōtākaro Avon River Corridor RRZ</b>	Purchased by the Crown and held and managed by LINZ	Asset will transfer to Council (likely in tranches, as reconfiguration progresses); Council to take on operating liability
<b>Other Christchurch RRZ areas</b>	Purchased by the Crown and held and managed by LINZ	Assets will transfer to Council with some minimal support for reconfiguration (transfer of Port Hills to be deferred until 30 May 2021); Council to take on operating liability and make outstanding payment to Crown
<b>Convention Centre anchor project (in construction)</b>	Being constructed by Ōtākaro on behalf of the Crown. Surrounding Precinct land held by Ōtākaro for future development	Remains in Crown ownership, s9(2)(i)
<b>Land holdings in the central city, surplus to requirements of anchor projects</b>	Ōtākaro owns land in the central city and is divesting on behalf of the Crown	Remains in Crown ownership until divested. Council continue to have option to negotiate purchase



# Cabinet

## Minute of Decision

---

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

---

### Draft Global Settlement Agreement: Progress Since the Agreement in Principle and Next Steps

**Portfolios**                      **Finance / Greater Christchurch Regeneration**

On 29 July 2019, following reference from the Cabinet Economic Development Committee (DEV), Cabinet:

- 1        **noted** that:
  - 1.1      on 10 December 2018, the Cabinet Economic Development Committee (DEV) approved the negotiating parameters for the Crown's global settlement negotiations with the Christchurch City Council (Council) [DEV-18-MIN-0285];
  - 1.2      on 3 April 2019, DEV noted an update on the progress of the negotiations and approved revised negotiating parameters [DEV-19-MIN-0068];
- 2        **noted** that in May 2019, the Minister of Finance and the Minister for Greater Christchurch Regeneration (Joint Ministers) and the Mayor of Christchurch City confirmed an Agreement in Principle that sets out the proposed high-level agreements;
- 3        **noted** that Crown and Council officials have negotiated detailed terms to give effect to the in-principle agreements, but that there are still some remaining issues that need to be addressed before the proposed Global Settlement Agreement is finalised for decision making;
- 4        **noted** that the proposed Global Settlement Agreement is currently within the parameters agreed to by Cabinet, but that Joint Ministers will report back to Cabinet orally if any further material changes occur;
- 5        **noted** the advice of the Minister for Greater Christchurch Regeneration on the changes to the proposed Global Settlement Agreement since the DEV meeting on 24 July 2019, including:
  - the Crown will receive a 50 per cent share of the net profits from any divestment of the RRZ land;
  - the development agreement for the Metro Sports facility will be excluded;
- 6        **noted** that to meet expectations for seeking public feedback on the proposed Global Settlement Agreement, the Council intends to release information on the proposed Agreement to the public on 29 July 2019, before considering the proposed Agreement at a high level on 8 August 2019, followed by a final Council decision on the detailed Agreement on 22 August 2019;

7 **noted** that, if Council approves the proposed Global Settlement Agreement, Joint Ministers will submit the Agreement to Cabinet for final Crown decision making in late-August 2019.

Martin Bell  
for Secretary of the Cabinet

---

**Hard-copy distribution:**

Prime Minister  
Deputy Prime Minister  
Minister of Finance  
Minister for Greater Christchurch Regeneration

Proactively released by the  
Minister for Greater Christchurch Regeneration