

Proactive Release

The following document is proactively released by the Department of the Prime Minister and Cabinet, on behalf of Hon Dr Megan Woods, Minister for Greater Christchurch Regeneration:

Title: Global Settlement: Meeting between Minister and Mayor, 30 August 2019

Reference: DPMC-2019/20-212

Date: 29 August 2019

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Key to redaction codes:

- section 9(2)(a), to protect the privacy of individuals;
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- section 9(2)(i), to protect the Crown's commercial activity;
- section 9(2)(j), to protect the Crown's negotiations.

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Briefing

GLOBAL SETTLEMENT: MEETING BETWEEN MINISTER AND MAYOR, 30 AUGUST 2019

To:	Minister for Greater Christchurch Regeneration (Hon Dr Megan Woods)	Mayor of Christchurch (Hon Lianne Dalziel); and Deputy Mayor (Andrew Turner)
CC:	Minister of Finance (Hon Grant Robertson)	
Date	29/08/2019	Priority Urgent
Deadline	30/08/2019	Briefing Number DPMC-2019/20-212

Purpose

This paper recommends that you discuss matters related to the global settlement between the Crown and Christchurch City Council at your meeting on Friday 30 August 2019.

Recommendations

We recommend that the Minister for Greater Christchurch Regeneration, the Mayor of Christchurch, and the Deputy Mayor:

Hon Dr Megan Woods Hon Lianne Dalziel Andrew Turner

- note** that you are meeting to discuss matters related to the global settlement between the Crown and Christchurch City Council on Friday 30 August 2019;

Hon Dr
Megan
Woods

Hon
Lianne
Dalziel

Andrew
Turner

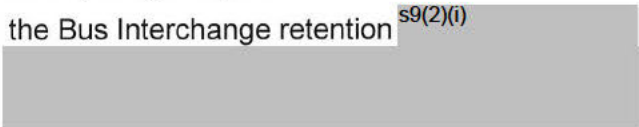
2. **agree** to discuss, in particular, the:

YES / NO

YES / NO

YES / NO

- a. Council's decision to retain in effect horizontal infrastructure aspects of the 2013 Cost Sharing Agreement;
- b. the approach to the 50:50 share of net proceeds from the divestment or lease of residential red zone (RRZ) land; and
- c. the Bus Interchange retention ^{s9(2)(f)}



3. **agree** that if further minor changes are needed that have no policy implications (for example, corrections arising from a final proof read) these can be addressed by officials, subject to applicable Council delegations.

YES / NO

YES / NO

YES / NO

Anne Shaw

Executive Director, Greater Christchurch Group, Department of the Prime Minister and Cabinet

Brendan Anstiss

General Manager, Strategy & Transformation, Christchurch City Council

APPROVED / NOT APPROVED

APPROVED / NOT APPROVED

APPROVED / NOT APPROVED

Hon Dr Megan Woods
Minister for Greater Christchurch Regeneration

Date: / / 2019

Hon Lianne Dalziel
Mayor of Christchurch

Date: / / 2019

Andrew Turner
Deputy Mayor of Christchurch

Date: / / 2019

Contact for telephone discussion if required:

Name	Position	Telephone	1st contact
Anne Shaw	Executive Director, Greater Christchurch Group	s9(2)(a)	✓
James Beard	Acting Deputy Secretary, Macroeconomics and Growth, The Treasury		
Brendan Anstiss	General Manager, Strategy & Transformation, Christchurch City Council		✓

Minister's office comments:

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to

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GLOBAL SETTLEMENT: MEETING BETWEEN MINISTER AND MAYOR, 30 AUGUST 2019

Purpose

1. This paper recommends that you discuss matters related to the global settlement between the Crown and Christchurch City Council (the Council) at your meeting on Friday 30 August 2019.

Background

2. After a period of negotiations from December 2018 to July 2019, a draft Global Settlement Agreement (GSA) was prepared by officials for consideration by Crown and Council governance. Documents were released on 29 July 2019, leading up to Council consideration. The documents included several matters in square brackets where agreement between officials had not been reached.
3. On 8 August 2019 the Council considered the draft Global Settlement Agreement (draft GSA) which had been prepared by officials from the Crown and Council. The Council approved the draft GSA subject to a number of changes which are detailed later in this paper (**Attachment A**). The Council also delegated authority to:
 - a) the Mayor and Deputy Mayor to negotiate any final matters directly with [the relevant Ministers], noting that if the Crown wishes to make any material changes to the GSA this would require reconsideration and approval of the Council; and
 - b) the Mayor to sign the final agreement on behalf of Council once it has also been agreed by the Crown.
4. It is noted that joint Ministers (Ministers Robertson and Woods) advised Cabinet on the contents of the draft documents prior to the public release of GSA documents on 29 July 2019. However, Crown approval of the final draft GSA is still required before a global settlement can be finalised.

Resolving remaining issues

5. You are meeting on 30 August 2019 to discuss the global settlement. **Attachment A** provides:
 - a) a list of the key decisions made by the Council on 8 August 2019, and any remaining matters that were "square bracketed" in the draft GSA; and
 - b) the Crown position on each issue.
6. As a number of these changes were made by Council following the public release of global settlement documents, these are now out of line with the briefing that Cabinet has received. Therefore Cabinet has not had a chance to consider these changes.
7. We recommend you discuss in particular the issues that are highlighted in Attachment A:

- a) Council's proposal to retain in effect horizontal infrastructure aspects of the 2013 Cost Sharing Agreement;
- b) the approach to the 50:50 share of net proceeds from the divestment or lease of residential red zone (RRZ) land; and
- c) two issues relating to the Bus Interchange retention ^{s9(2)(i)} [REDACTED]

Timeframes

8. We note that there is some urgency in reaching an outcome on the global settlement. Council made decisions on the 8 August and these were provided immediately to Crown officials. Council officials have advised the expectation of Council is that these decisions would be considered by Cabinet. The final opportunity for Council to consider any changes to the GSA (if considered "material") would be on 12 September 2019.
9. On the other hand, if agreement is to be reached by both parties on the draft GSA before the local body election (and the consequential benefits to be secured), any remaining issues will need to have been resolved in a way that is acceptable for Cabinet, as well as for Council.
10. If Cabinet is to consider the draft GSA before the end of this Council term, this would require a Cabinet paper to be lodged with the Cabinet Office by 11 a.m. on Thursday 5 September 2019.
11. We therefore recommend you discuss the key issues highlighted in **Attachment A** with the goal of reaching an agreed way forward. If other issues identified in Attachment A cannot be discussed on Friday, given the urgency, we recommend that all other issues detailed in Attachment A can be resolved by officials without further discussion between the Minister, Mayor and Deputy Mayor, on the basis of the positions set out in Attachment A. This is important to ensure that there is clarity on all final positions before a Cabinet paper is lodged.

Other minor matters

12. We note there may still also be some very minor corrections or changes – for example, as a result of any final proof read of the documents. We recommend that these changes are able to be made by officials when they do not change the underlying policy intent.

Consultation

13. This paper was prepared jointly by officials from the Crown (the Department of the Prime Minister and Cabinet and the Treasury) and the Council. Land Information New Zealand was consulted.

Attachment A Council amendments for discussion

ATTACHMENT A: Council decisions for discussion

DRAFT – COMMERCIAL: IN CONFIDENCE

[Issue for further negotiation] 29 July	Council amendment 8 August	Approach in draft GSA (29 July 2019 – refer Attachment B)	Council decision (8 August 2019)	Crown officials’ position	Council officials’ comment on Crown officials’ advice
	*	cl 1(k) – “The Crown has spent \$14 billion (with an additional \$3 billion expected to be incurred).”	Amend to identify which payments were included in the Crown investment as a result of the earthquakes	<p>Accept: We have no objection to providing a breakdown of costs incurred by the Crown. While making the changes, we also wish to correct an error in Crown costs, based on the original sources (i.e. noting that, as at 2017, the Crown had spent \$14 billion and an additional \$4 billion was expected to be incurred).</p> <p>We consider this clause is helpful to demonstrate both parties’ contribution, and our changes are consistent with the Council’s resolution. However, if this wording is removed, we would expect the wording outlining Council’s contributions to be removed as well.</p>	This is a section that originally came from Crown officials. It is noted that it has been subject to some adverse public comment and it may be an option to simply remove this clause.
		s9(2)(i)			
	*	cl 19(b)(iv) – “The parties agree that transitional land use may (among other things) ... improve the environmental health of RRZ land”	Add “and ecological”	Accept: We have no objection to this change.	No further comment required as Crown officials have agreed to the amendment.
GSA proper	*	cl 20(e) – “It is agreed that the Cost Sharing Agreement (except, for the avoidance of doubt, Schedules 5 and 6) and the Agreement in Principle are now void and of no effect”	Retain Clause 4 and Schedule 1 of the CSA (which relate to the horizontal infrastructure rebuild programme) so that they do not become void and of no effect.	s9(2)(g)(i)	

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ATTACHMENT A: Council decisions for discussion

DRAFT – COMMERCIAL: IN CONFIDENCE

	[Issue for further negotiation] 29 July	Council amendment 8 August	Approach in draft GSA (29 July 2019 – refer Attachment B)	Council decision (8 August 2019)	Crown officials' position	Council officials' comment on Crown officials' advice
Schedule 1: Bus Interchange	*	*	cl 20.1(c) / cl 25.1 – Clauses relating to assets to be transferred and dispute resolution (see Annex 1 below)	Delete these clauses and replace with new wording that would require the vendor (Ōtākaro Limited) to take a number of steps and provide assurances in relation to warranties.	Accept: We are willing to accept these changes.	No further comment required as Crown officials have agreed to the amendment.
	*		cl 22.1 – “Prior to settlement the vendor will use reasonable endeavours to procure completion of (at no cost to the purchaser) the remedial work to the roof coating on the BI, the HVAC system s9(2)(i) to the reasonable satisfaction of the purchaser”	N/A	s9(2)(g)(i), s9(2)(i)	
		*	cl 23.1 – s9(2)(i) provides for a retention s9(2)(i) to be held by the vendor’s solicitor s9(2)(i)	N/A	s9(2)(i)	

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ATTACHMENT A: Council decisions for discussion

DRAFT – COMMERCIAL: IN CONFIDENCE

	[Issue for further negotiation] 29 July	Council amendment 8 August	Approach in draft GSA (29 July 2019 – refer Attachment B)	Council decision (8 August 2019)	Crown officials' position	Council officials' comment on Crown officials' advice
Schedule 3: RRZ	*	*	cl 22.10 / 23.4 – Would require the purchaser to provide, at no cost to the vendor, any required approvals under s243 of the RMA and all releases of consent notices, covenants, etc. as the vendor carries out reconfiguration	Delete these clauses	Accept: We would accept this change if required to achieve a global settlement.	No further comment required as Crown officials have agreed to the amendment.
	*	*	28.1(c) and Schedule B – Provided a mechanism for the 50:50 share of net proceeds from the divestment or lease of RRZ land, through an encumbrance with a term of 20 years and with a materiality threshold of \$50,000. These terms would apply to any single divestment or lease. Council costs could be taken into account as they related to the specific land being sold or leased.	Replace clauses with a 'wash up' process after 10 years of the GSA being signed (i.e. 2029), providing for one aggregated calculation relating to all RRZ land and taking into account all costs incurred by the Council across the RRZ in calculating net proceeds. Delete encumbrance instrument.	s9(2)(g)(i), s9(2)(i)	

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