

## 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:** Updates to Global Settlement Cabinet Paper

**Reference:** DPMC-2018/19-600 and T2018/3281

**Date:** 14 November 2019

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- section 9(2)(b)(ii), to protect the commercial position of the person who supplied the information, or who is the subject of the information;
- section 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinion;
- section 9(2)(i), to protect the Crown's commercial activity;
- section 18(d), is already, or soon to be publicly available.

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# Briefing

## UPDATES TO GLOBAL SETTLEMENT CABINET PAPER

To: the Minister of Finance (Hon Grant Robertson) and the Minister for Greater Christchurch Regeneration (Hon Dr Megan Woods)

Date	14/11/2018	Priority	High
Deadline	14/11/2018	Briefing Number	DPMC-2018/19-600 Treasury-T2018/3281

### Purpose

1. This briefing updates you on changes to the "Global Settlement with Christchurch City Council: Negotiating Parameters" draft Cabinet paper, and provides you with additional information, following feedback you provided to officials on Monday 12 November 2018.

### Recommendations

Hon Dr Megan Woods      Hon Grant Robertson

1. **Note** the contents of this briefing;
2. **Note** that decisions are still required from the Minister of Finance on the previous briefing on the global settlement (DPMC-2018/19-576/T2018/3197 refers) regarding accounting treatments; and


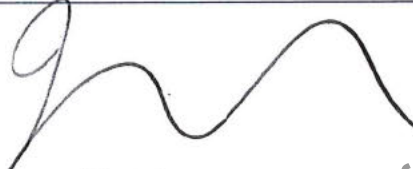
Hon Dr  
Megan  
Woods

Hon  
Grant  
Robertson

3. **Agree** to proceed with consultation on the draft Cabinet paper and lodge the Cabinet paper (**Attachment A**) with Cabinet Office on Thursday 22 November 2018, subject to any further changes you may require.

YES / NO

YES / NO

 Anne Shaw <b>Executive Director</b> <b>Greater Christchurch Group</b> <b>Department of the Prime Minister and Cabinet</b>	 James Beard <b>Director</b> <b>Economic System</b> <b>Treasury</b>
14.11.2018	14.11.2018
Hon Dr Megan Woods <b>Minister for Greater Christchurch Regeneration</b>	Hon Grant Robertson <b>Minister of Finance</b>
...../...../2018	...../...../2018

**Contact for telephone discussion if required:**

Name	Position	Telephone	1st contact
Anne Shaw	Executive Director, Greater Christchurch Group	s9(2)(a)	✓
Angus White	Principal Analyst, Commercial Performance		

**Minister's office comments:**

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

# UPDATES TO GLOBAL SETTLEMENT CABINET PAPER

## Background

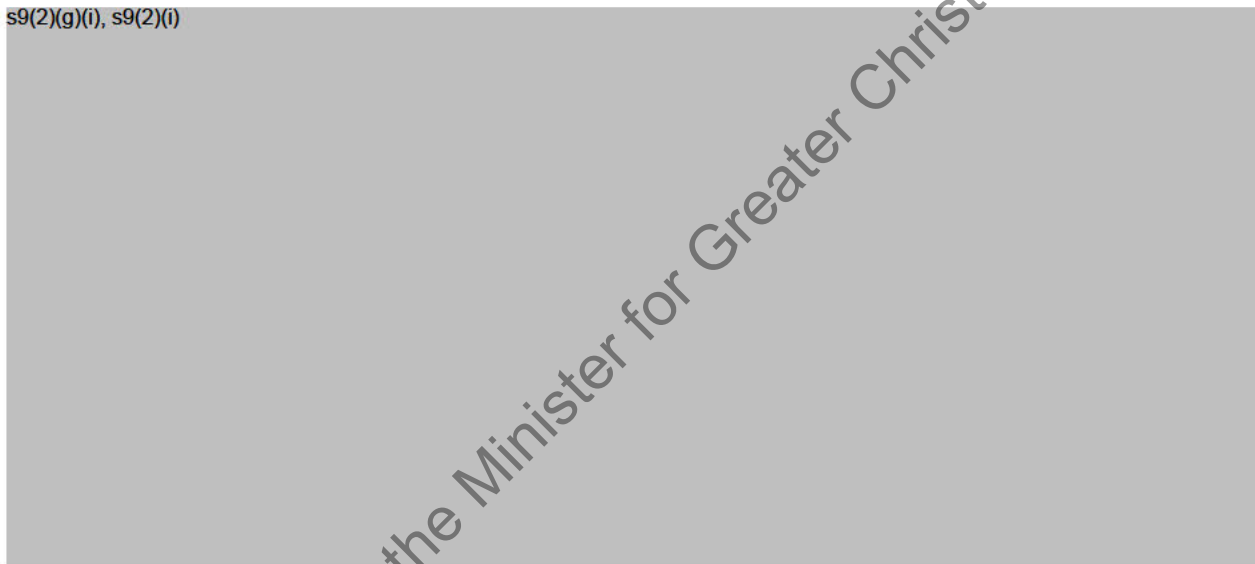
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2. On Monday 12 November 2018, officials from both the Department of the Prime Minister and Cabinet (DPMC) and the Treasury met and obtained feedback from each of you on the draft *Global Settlement with Christchurch City Council: Negotiating Parameters* Cabinet paper (DPMC 2018/19-576 / T2018/3197 refers).
3. Officials have updated the Cabinet paper to reflect your feedback (**Attachment A**). Minister Woods also requested additional information which is discussed below.

## Updates to the Cabinet paper

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s9(2)(g)(i), s9(2)(i)



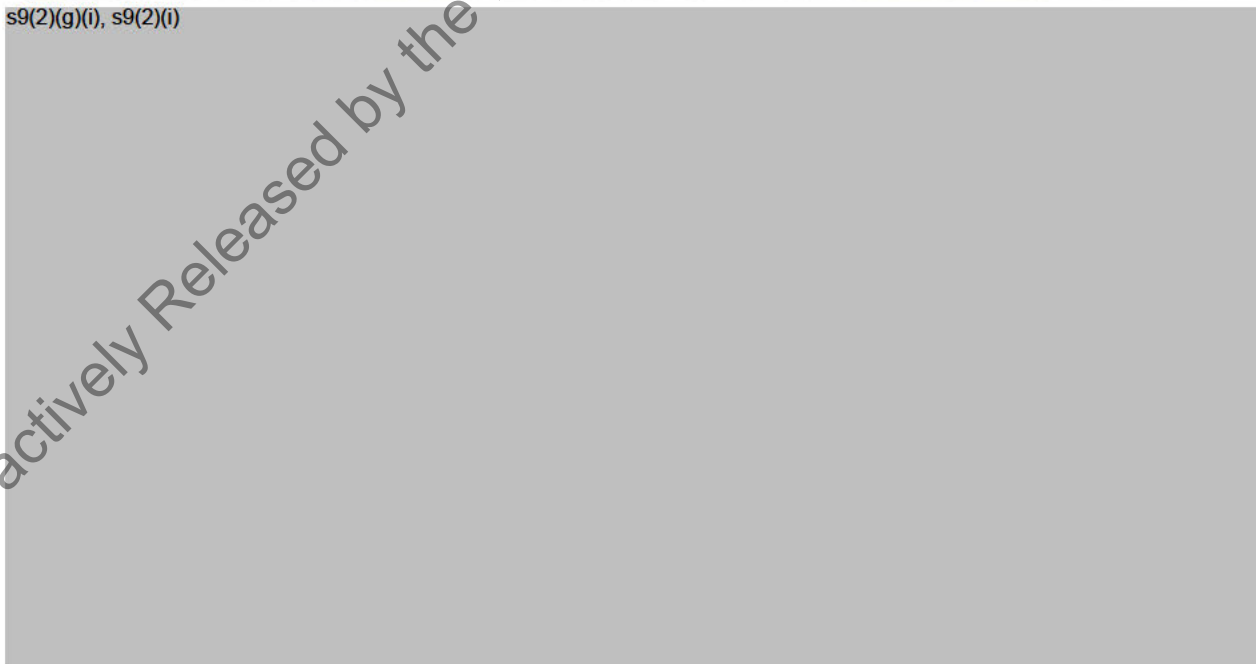
6. Minister Woods also asked for advice on other government funding programmes that could support Christchurch's ongoing regeneration. The draft Cabinet paper now notes that it is important that the full picture of Crown funding for Christchurch regeneration is documented and clear, and invites your colleagues to consider possible opportunities within their portfolios which could help build the Crown's case behind the support it is already providing across government.
7. Other minor changes include that:
  - a) the proposed delegation has also been slightly changed to allow you both to enter into a global settlement with Christchurch City Council (the Council), provided this is within the fiscal constraints set out in the draft Cabinet paper, noting that if any further funding is subsequently required this will be sought through Budget 2019 processes; and
  - b) wording in the table at paragraph 42 has been slightly modified in relation to Ōtākaro Limited's land holdings in central Christchurch, to allow a slightly broader range of options to be considered (as discussed further below).

### The Cabinet paper still has fiscal implications

8. You asked for advice on whether global settlement funding could be phased across multiple Budgets. This is unlikely to be feasible at a substantive level without impacting the Crown's ability to agree a global settlement with the Council in 2019. However, we will continue to explore any opportunities that might be available.
9. We note that the Cabinet paper still seeks the establishment of a <sup>s9(2)(i)</sup> tagged capital contingency required <sup>s9(2)(i)</sup> for the Bus Interchange and the Performing Arts Precinct, which will impact on Budget 2019 operating allowances (and net debt).
10. We do not recommend seeking this contingency through Budget 2019, as the need arises primarily from existing commitments or agreements in principle with the Council and it is necessary to support the Crown in making timely progress in negotiations. Seeking the contingency now, as a pre-commitment against the Budget 2019 capital allowances, will support the Crown in demonstrating it is prepared to honour its commitments. It will also mitigate the risk that the Council will seek to re-litigate its existing commitments to the Crown, and support the momentum of negotiations, which should ultimately reduce the Crown's long-term fiscal exposure.
11. However, we have removed the request for a \$0.6 million operating contingency required to complete the Crown's contribution to the Square Anchor Project, as this will be managed through reprioritisations elsewhere in the Greater Christchurch Regeneration portfolio. We note this would be a first call upon any reprioritisation in the portfolio.
12. Finally, we note that the draft Cabinet paper assumes that the Minister of Finance has agreed to recommendation 13 in the briefing in DPMC 2018/19-576 / T2018/3197 (i.e. that operating appropriations to allow for non-cash write-downs associated with the transfer of assets to the Council at below book value not count against budget allowances).

### Additional information

s9(2)(g)(i), s9(2)(i)



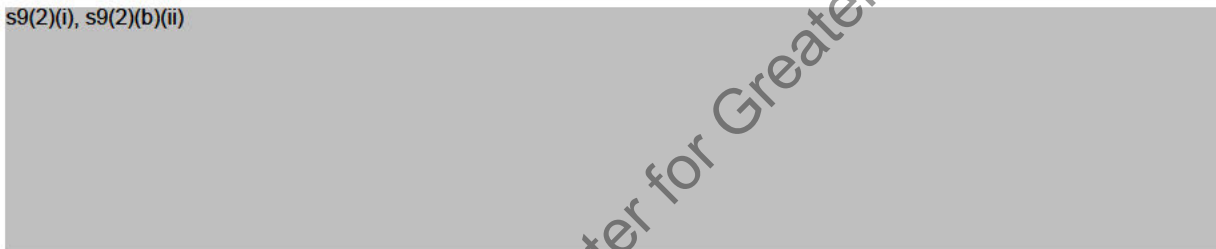
Page 5 withheld in full under sections 9(2)(g)(i) and 9(2)(i).

s9(2)(g)(i), s9(2)(i)



**Other options: Ōtākaro Limited's land for divestment**

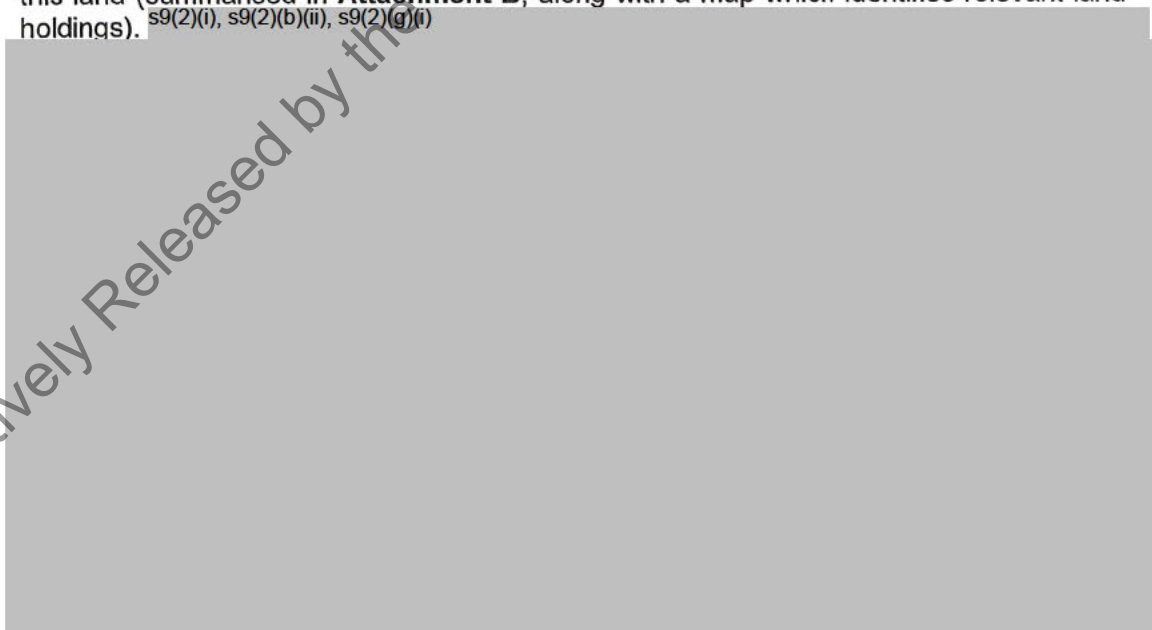
s9(2)(i), s9(2)(b)(ii)



27. Ōtākaro currently has <sup>s9(2)(i), s9(2)(b)(ii)</sup> of land available for divestment to the private sector, with a book value close to <sup>s9(2)(i), s9(2)(b)(ii), s9(2)(g)(i)</sup>. There are several options available for the treatment of this land (summarised in **Attachment B**, along with a map which identifies relevant land holdings).

28.

29.



s9(2)(g)(i), s9(2)(i)



## Next Steps

32. Subject to your approval, we recommend that you take the attached Cabinet paper to the Cabinet Economic Development Committee (DEV) on 28 November 2018, to allow for negotiations to begin in early December.

Table 1: Next steps

Timing	Comment
Wednesday 14 November to 21 November	Agreement to Cabinet paper and Ministerial consultation on Cabinet paper
Thursday 22 November	Lodge paper with Cabinet Office
Wednesday 28 November	DEV consideration
Monday 4 December	Cabinet confirmation
Tuesday 5 December	Negotiations begin

33. If you agree with this approach to seeking a Cabinet mandate for negotiations, officials will provide you with further advice on the specific approach required with the Council to undertake the negotiations (e.g. a Memorandum of Understanding or Terms of Reference), which may include things such as authorities and delegations, dispute resolution, timeframes etc. This could also include advice on options for treatment of Ōtākaro land holdings in negotiations.
34. We note there is an opportunity for initial conversations to begin with Council officials after the DEV meeting in 28 November (but before Cabinet confirmation on 4 December).

## Consultation

35. Officials consulted with multiple agencies in the preparation of the previous draft Cabinet paper (DPMC-2018/19-576/T2018/3197 refers).

36. Due to the changes and information requested, we discussed some aspects of this paper further with Land Information New Zealand and Ōtākaro. We have not discussed the text on other government programmes with the relevant agencies.

Attachment A withheld under section 18(d), is already, or soon to be publicly available.  
Attachment B withheld under sections 9(2)(b)(ii) and 9(2)(i).

Proactively Released by the Minister for Greater Christchurch Regeneration