



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: Agreement in Principle Update
Reference: DPMC-2018/19-993 and T2019/685
Date: 13/03/2019

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- section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials
- 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

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DEPARTMENT OF THE
PRIME MINISTER AND CABINET
TE TARI O TE PIRIMIA ME TE KOMITI MATUA



THE TREASURY
Kaitiaki Take Kōwhiri

Briefing

GLOBAL SETTLEMENT: AGREEMENT IN PRINCIPLE UPDATE

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

Date	13/03/2019	Priority	High
Deadline	14/03/2019	Briefing Number	DPMC-2018/19-993 T2019/685

Purpose

This briefing:

- provides you with information on the updated draft Agreement in Principle (AiP) for the global settlement;
- seeks your agreement to lodge the updated Cabinet paper (**Attachment A**) with Cabinet office by 10am on Thursday 14 March 2019; and
- seeks your agreement to draw-down funding from the 'Meeting Crown commitments under the 2013 Cost Sharing Agreement' for Crown write-downs on public realm assets in the North, East and South Frames.

Recommendations

We recommend that the Minister for Greater Christchurch Regeneration and Minister of Finance:

Hon Dr Megan Woods
Hon Grant Robertson

note that, following further changes to the draft agreement in principle, we have made minor amendments to the progress update on global settlement Cabinet paper (**Attachment A**);

GLOBAL SETTLEMENT: AGREEMENT IN PRINCIPLE UPDATE

DPMC 2018/19-993
Treasury T2019/685

Hon Dr Megan Woods
Hon Grant Robertson

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

3. **agree** to lodge the attached Cabinet paper with Cabinet office by 10am on Thursday 14 March 2019;

YES/NO YES/NO

4. **note** that 2018/19 vesting amounts relating to the write-down of public realm assets in the North, East and South Frames would need to be appropriated before the Budget moratorium begins. These are existing commitments which are separate from and not contingent on global settlement decisions and do not form part of the Agreement in Principle;

5. **note** that Cabinet authorised the Minister of Finance and the Minister for Greater Christchurch Regeneration (joint Ministers) to draw down the tagged operating and capital funding for Meeting Crown Commitments under the 2013 Cost Sharing Agreement, including establishing new appropriations as necessary [DEV-18-MIN-0285 refers];

6. **agree** it is appropriate to draw down \$14.989 million from the 'Meeting Crown commitments under the 2013 Cost Sharing Agreement' tagged operating contingency to recognise associated vesting amounts associated with the write-down of public realm assets/land in the North, East and South Frames expenses to be recognised in 2018/19;

YES/NO YES/NO

7. **approve** the following changes to appropriations to provide for the decisions in recommendation 6, with a corresponding impact on the operating balance:

Vote Finance Minister for Greater Christchurch Regeneration	\$m – increase (decrease)				
	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Multi-Category Expenses and Capital Expenditure: Greater Christchurch Anchor Project MCA Non-Departmental Other Expenses: Public Space - Operating	14.989	--	--	--	--

YES/NO YES/NO

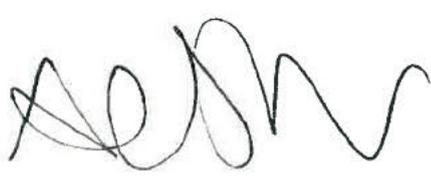
8. **agree** that the changes to appropriations for 2018/19 above be included in the 2018/19 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

YES/NO YES/NO

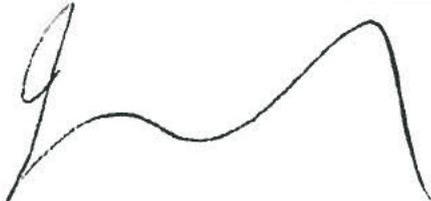
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9. **agree** that any unspent funding for 2018/19 in recommendation 7 be transferred to 2019/20

YES/NO YES/NO



Anne Shaw
Executive Director
Greater Christchurch Group
Department of the Prime Minister and Cabinet
 13/3/2019



James Beard
Director
Economic System
Treasury
 13/3/2019



Hon Dr Megan Woods
Minister for Greater Christchurch Regeneration
 14/3/2019



Hon Grant Robertson
Minister of Finance
/...../2019

Contact for telephone discussion if required:

Name	Position	Telephone	1st contact
Anne Shaw	Executive Director, Greater Christchurch Group	s9(2)(a)	✓
John Beaglehole	Consultant, Commercial Performance, Treasury		

Ministers' office comments:

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

GLOBAL SETTLEMENT: AGREEMENT IN PRINCIPLE UPDATE

Purpose

1. This briefing:
 - a. provides you with information on the updated draft Agreement in Principle (AiP) for the global settlement;
 - b. seeks your agreement to lodge the updated Cabinet paper (**Attachment A**) with Cabinet office by 10am on Thursday 14 March 2019; and
 - c. seeks your agreement to draw-down funding from the 'Meeting Crown commitments under the 2013 Cost Sharing Agreement' for Crown write-downs on public realm assets in the North, East and South Frames.

Background

2. On 22 February 2019, officials provided you with a draft Agreement in Principle for your consideration (DPMC 2018/19-919 refers). The Mayor and Deputy Mayor of the Christchurch City Council (the Council) also received a copy. We advised you that following comments from the respective decision makers, we would finalise the AiP and formally send it to you and the Mayor.
3. Officials also provided you with a draft Cabinet paper on 28 February 2019 outlining global settlement progress (DPMC 2018/19-948 and T2019/486 refer). Officials provided the paper to enable you to seek comments from your colleagues before lodging the Cabinet paper on 14 March 2019. There have now been some changes to the AiP as per below and we have progressed these with Council staff.

Comment

Minor amendments have been made to the AiP

4. Officials and Council staff are now closer to finalising the AiP following engagement with respective decision makers. We note that there have been a number of minor changes to support clarity and interpretation of the AiP. The majority of changes have no substantive implications and do not require amendments to the Cabinet paper.
5. However, the following matters are worth noting as they may have a bearing on the final global settlement package (including implementation):
 - a. **agreed nominee:** the Council can now nominate a third party, s9(2)(b)(ii) to be the recipient of the asset transfers. This will enable the Council to allocate assets to where they can be best managed. The Crown and Council will discuss and collectively agree any third-party nominee as part of Tranche 2 negotiations, or in the case of the Canterbury Multi-Use Arena (CMUA), as part of the Christchurch Regeneration Acceleration Facility (CRAF) investment case; and

b. **remediation of CMUA land:** the Crown will consider remediating the land and amalgamating titles, subject to further work on the scope to occur as part of the CRAF investment case. We note that the costs for this work are currently uncertain but we will provide you with an update once the investment case has been finalised.

6. At this stage, however, we consider that there will be no further fiscal or financial implications based on the two points in paragraph 5 above that require additional Cabinet approvals (i.e. in addition to the fiscal implications already addressed in the Cabinet paper). s9(2)(g)(i), s9(2)(i), s9(2)(f)(iv)

Some complex discussions remain for Tranche 2

7. The AiP **identifies further negotiations required on matters of detail where agreement has not yet been reached.** While we are confident that the strong working relationship will enable resolution of outstanding matters in a timely manner, these negotiations are unlikely to be straight forward and will likely be dependent on decisions made elsewhere in the 'global settlement package'. Notably, there are **outstanding decisions relating to complex matters.**

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

Institutional arrangements

11. A transition plan for Regenerate Christchurch needs to be developed that will be in place by 1 July 2019. These discussions will include balancing the parties' respective funding contributions with any proposed revisions to the role and function of Regenerate Christchurch.

The Performing Arts Precinct (PAP)

12. Land and facility requirements need to be discussed, including the process by which the Council will meet its outstanding commitments under the 2013 Cost Sharing Agreement. s9(2)(g)(i), s9(2)(i), s9(2)(j)

13. We are waiting on some further information from Council officials on the plan for this area. We intend to provide the Minister for Greater Christchurch Regeneration with advice on this project and its background in the week starting 25 March 2019.

The residential red zones

14. The extent of land reconfiguration will require a carefully managed approach to balance the outcomes sought with the work required. The Council will potentially seek a level of land reconfiguration that includes preferable but not necessary work, requiring additional Crown resourcing to meet the timeframes. A pragmatic approach will likely be developed through the technical working group but the final approach will still be subject to further negotiations including when the Council will assume responsibility for operations and maintenance of the land.

Other financial decisions

Write-downs required for existing 2013 Cost Sharing Agreement commitments

15. Officials note that write-downs are required for public realm assets in the North, East and South Frames in 2018/19 financial year. **This is an existing commitment which is separate from and not contingent on decisions in the global settlement, and does not form part of the AiP.**
16. As part of the Cabinet mandate agreed in December 2018, Cabinet authorised you (as joint Ministers) to draw down the tagged operating and capital funding for 'Meeting Crown Commitments under the 2013 Cost Sharing Agreement', including establishing new appropriations as necessary [DEV-18-MIN-0285 refers].
17. As vesting amounts for the write-down of public realm assets are required before the end of the financial year, and the Budget moratorium begins in April 2019, we are seeking decisions from you now to draw-down the tagged contingency. This will also give you the opportunity to advise your colleagues when you update them on progress of global settlement.
18. We recommend that you approve the following changes to appropriations to provide for the vesting amounts discussed above, with a corresponding impact on the operating balance:

Vote Finance Minister for Greater Christchurch Regeneration	\$m – increase (decrease)				
	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Multi-Category Expenses and Capital Expenditure: Greater Christchurch Anchor Project MCA Non-Departmental Other Expenses: Public Space - Operating	14,989	--	--	--	--

Next steps

19. We consider that the proposed changes to the Agreement in Principle do not constitute substantive or material departures from the Cabinet paper you circulated with your colleagues. We have made minor amendments to the draft Cabinet paper to ensure it is consistent with the latest version of the AiP.
20. If you are comfortable, we consider that you should approve the revised Cabinet paper, and lodge it with Cabinet office by 10am on Thursday 14 March 2019.
21. We have not been informed of any changes required following cross-party consultation.

Attachment A Updated Cabinet paper for lodgement

Attachment withheld under section 18(d) - is, or soon to be made, publicly available.

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