



## Proactive Release

The following Cabinet paper and related Cabinet minutes 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:

Final Proposed Global Settlement Agreement with Christchurch City Council

The following documents have been included in this release:

***Title of paper: Final Proposed Global Settlement Agreement with Christchurch City Council (DEV-19-SUB-0253 refers)***

***Title of minute: Final Proposed Global Settlement Agreement with Christchurch City Council (DEV-19-MIN-0253)***

***Title of minute: Report of the Cabinet Economic Development Committee: Period Ended 20 September 2019 (CAB-19-MIN-0491)***

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.

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- 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)(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)(h) to maintain legal professional privilege;
- 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.

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Office of the Minister of Finance

Office of the Minister for Greater Christchurch Regeneration

Chair, Cabinet Economic Development Committee

## **FINAL PROPOSED GLOBAL SETTLEMENT AGREEMENT WITH CHRISTCHURCH CITY COUNCIL**

### **Proposal**

1. This paper seeks Cabinet approval of a final proposed Global Settlement Agreement (GSA) with Christchurch City Council (the Council).

### **Executive Summary**

2. A global settlement with the Council is a significant opportunity for the Crown to:
  - 2.1. provide clarity and certainty that will support renewed regeneration momentum for the people and communities of Christchurch;
  - 2.2. assist in the transition away from an extraordinary Crown presence in Christchurch and towards a normalised relationship with the Council; and
  - 2.3. settle a number of risks, achieving a fiscally responsible full and final settlement.
3. A final proposed GSA has now been negotiated at the officials' level, and the Council at the time of writing has agreed to the policy decisions captured in the GSA, subject to any final checks and edits of the final wording. This is a significant milestone and we are now seeking your approval of the decisions in the GSA ( summarised in **Annex One**, while full copies of the GSA documents have not been attached due to their size, copies can be made available to any Minister who would like to see them).
4. At a high level, the GSA would provide for:
  - 4.1. The transfer of certain Crown assets (the Bus Interchange, Margaret Mahy Family Playground, the Avon River Precinct, Performing Arts Precinct land, and Crown-owned RRZ land in Christchurch) to the Council, with the Council taking on responsibility for their long-term operation;
  - 4.2. The Council making payments of approximately \$76.5 million to the Crown, with the Crown making payments of approximately \$18.6 million to the Council; and

- 4.3. The Crown making some further commitments to the Council. These are summarised in **Annex One**; however, one example is that Land Information New Zealand (LINZ) would use reasonable endeavours to reconfigure RRZ land titles in the Ōtākaro Avon River Corridor before transfer.
5. As noted above, the Council sought some amendments to the GSA negotiated by officials. These amendments were then negotiated with the Mayor and Deputy Mayor, given the desire to conclude the global settlement pre-local government elections. These negotiations focused on getting clarity, and limiting exposure, in three particular areas:
- 5.1. horizontal infrastructure;
- 5.2. sharing of net proceeds from divestment or lease of residential red zone (RRZ) land; and
- 5.3. s9(2)(i)
6. The GSA now reflects the policy agreements, reached on these matters through negotiation. We recommend approving the global settlement, noting that the deal is within the fiscal parameters approved by Cabinet in December 2018 [CAB-18-MIN-0608 refers] and April 2019 [CAB-19-MIN-0142 refers]. While a number of decisions are sought from Cabinet (for example, drawing down existing tagged contingencies s9(2)(g)(i), s9(2)(i) there are existing funding sources for all the identified impacts of the global settlement.
7. We also seek your authorisation for us as joint Ministers to make minor changes if required, and to sign the final proposed GSA documents on behalf of the Crown.
8. It is important to note that some matters in the Greater Christchurch Regeneration portfolio are not addressed by the global settlement and will require further decisions in future. In particular:
- 8.1. s9(2)(f)(iv), s9(2)(g)(i), s9(2)(i) ownership and delivery of the **Canterbury Multi-Use Arena (CMUA)** will be addressed through the Christchurch Regeneration Acceleration Facility investment case process;
- 8.2. **Te Pae** (the Christchurch Convention and Exhibition Centre) will not form part of the final agreement, which was previously noted to Cabinet; and
- 8.3. s9(2)(f)(iv), s9(2)(g)(i)

## Background

9. In the Greater Christchurch Regeneration portfolio, our goal is for Christchurch to grow, regenerate, and thrive. We want to see a demonstrable transition, moving away from an environment where central government continues to play an extraordinary role towards: a locally-led and sustainable economy; renewed regeneration momentum; and real value for people and communities.

10. A significant challenge to this transition has been uncertainty about roles and responsibilities, particularly in relation to a significant portfolio of civic assets in Christchurch. A global settlement with the Council has been an opportunity to settle these uncertainties as an urgent priority, and to make substantive progress towards a positive, normalised relationship with the Council.
11. On 10 December 2018, Cabinet confirmed the negotiating parameters for the Crown's global settlement negotiations with the Council [CAB-18-MIN-0608 refers]. The goal of the global settlement was 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.
12. The scope of global settlement negotiations included:
  - 12.1. *Confirming existing in-principle agreements* – in particular, asset transfers (Bus Interchange, Margaret Mahy Family Playground, Avon River Precinct, and Crown-owned residential red zone (RRZ) land in the Port Hills, Southshore/South New Brighton and Brooklands) and payments owed by the Council;
  - 12.2. *Addressing future ownership of assets needed for regeneration* – in particular, Crown-owned RRZ land in the Ōtākaro Avon River Corridor (nearly 5,500 properties);
  - 12.3. *Positioning several large and complex assets for the future* – in particular, the future of Te Pae (the Convention Centre), the Metro Sports Facility and the Canterbury Multi-Use Arena (noting that the latter would be covered through the Christchurch Regeneration Acceleration Facility investment case process);
  - 12.4. *Addressing institutional arrangements* – in particular, the future of Regenerate Christchurch;
  - 12.5. *Confirming the process for implementing existing agreements* – in particular, the transfer of assets or funding signalled in the 2013 Cost Sharing Agreement (the CSA), such as Crown-owned land in the Performing Arts Precinct and the Crown's contribution towards the Cathedral Square anchor project; and
  - 12.6. *Other matters that may be raised* – for example, the Council was looking to discuss ownership of Ōtākaro Limited (Ōtākaro) land in the central city that was surplus to the requirements of the anchor projects.
13. On 8 April 2019, as part of an update on the progress of Tranche 1 negotiations, Cabinet also approved revised fiscal parameters for negotiations [CAB-19-MIN-0142 refers]. We as joint Ministers, along with the Mayor of Christchurch City, approved the Agreement in Principle in May 2019. This document set out the proposed high-level agreements that would form the basis for detailed work and further negotiations in Tranche 2.

14. On 24 July 2019 we updated the Cabinet Economic Development Committee on progress in negotiations, prior to the public release of information by the Council [DEV-19-MIN-0197 refers], followed by a further update to Cabinet on 29 July 2019 [CAB-19-MIN-0369 refers]. These updates noted that, at an officials' level, the majority of the detailed terms had been negotiated, but some remaining issues needed to be addressed before a proposed Global Settlement Agreement (GSA) was finalised for decision-makers.

### **A final proposed GSA has been considered by the Council**

15. A near final proposed GSA was negotiated at the officials' level at the end of July 2019 (noting some final matters remained in square brackets, requiring further negotiation). At a high level, some of the key outcomes of this GSA would be:
  - 15.1. The transfer of certain Crown assets (the Bus Interchange, Margaret Mahy Family Playground, the Avon River Precinct, Performing Arts Precinct land, and Crown-owned RRZ land in Christchurch) to the Council, with the Council taking on responsibility for their long-term operation;
  - 15.2. The Council making payments of approximately \$76.5 million to the Crown, with the Crown making payments of approximately \$18.6 million to the Council, at various points; and
  - 15.3. The Crown making some further commitments to the Council. These are summarised in **Annex One**; however, some examples include that Land Information New Zealand (LINZ) would use reasonable endeavours to reconfigure RRZ land titles in the Ōtākaro Avon River Corridor before transfer, at a cost to the Crown of <sup>s9(2)(b)(ii)</sup> [REDACTED]
16. This GSA was presented to the Mayor of Christchurch and City Councillors on 8 August 2019 for Council decision-making. The Council:
  - 16.1. **Agreed to the GSA subject to several amendments** (as discussed further below); and
  - 16.2. **Delegated authority to the Mayor** to sign the final agreement on behalf of the Council once agreed with the Crown; and
  - 16.3. **Delegated authority to the Mayor and Deputy Mayor to negotiate any final matters** on the GSA directly with the relevant Minister (noting that if the Crown wishes to make any material changes to the GSA this would require reconsideration and approval of the Council).

### *Council's proposed amendments to the GSA and the Crown's response*

17. Apart from a number of minor changes by both the Crown and Council, there are four key areas where Council amendments to the GSA on 8 August have required further discussion. Minister Woods met with the Mayor and Deputy Mayor on 30 August to discuss the issues described in Table 1 below. Table 1 also notes the negotiated outcome.

Table 1

Council amendments on 8 August 2019	Negotiated outcome (subject to Cabinet approval and any final checks and edits by the Council)
<p><b>Main GSA:</b> On 8 August the Council sought to retain in effect aspects of the 2013 Cost Sharing Agreement relating to the <u>horizontal infrastructure (HI) rebuild programme</u> (whereas the draft GSA documents would have made them void and of no effect).</p>	<p>Certain aspects of the 2013 Cost Sharing Agreement that relate to horizontal infrastructure will be retained in effect, but with the clarification that the Crown's position, based on a jointly commissioned review, is that it has no outstanding obligations in relation to the horizontal infrastructure rebuild programme. It is also noted that the Council may not share this view and that the Crown is expecting to contribute up to \$40 million towards horizontal infrastructure from the Christchurch Regeneration Acceleration Facility.</p> <p>An additional 'general' clause was also added noting that nothing in the GSA precludes the parties from entering into discussions on HI or any other issue in future as part of their normal Crown-territorial authority relationship.</p> <p>s9(2)(h)</p>
<p><b>RRZ Schedule:</b> On 8 August the Council proposed to amend the mechanism to share net proceeds from the divestment or lease of residential red zone (RRZ) land, by removing the encumbrance on RRZ land and instead providing for a <u>wash-up process</u> 10 years after signing the GSA which would calculate net proceeds after an aggregate calculation taking into account all Council costs incurred in relation to RRZ land.</p>	<p>Accept the change, with amendments:</p> <ul style="list-style-type: none"> <li>• Wash-up occurs on 30 June 2031 (10 years after all RRZ land has transferred, rather than after date of signing GSA)</li> <li>• Council provides annual statements of account to the Crown</li> </ul>
<p>s9(2)(i)</p>	

Council amendments on 8 August 2019	Negotiated outcome (subject to Cabinet approval and any final checks and edits by the Council)
s9(2)(i)	

18. Although we would have had concerns about the Council's amendments if no Crown changes had been accepted, we are comfortable that the deal as a whole is acceptable, with the Crown's changes noted in Table 1. <sup>s9(2)(h)</sup>
19. If the negotiated outcome on these points (along with the remainder of the GSA) is agreed by Cabinet, the Council has confirmed that there is agreement on the final policy positions in the GSA and subject to any final edits can be agreed by the Mayor and Deputy Mayor without a return to the full Council for reconsideration.
20. However, we have been advised that any further changes by the Crown will be considered 'material' by the Council. In that scenario the Mayor has advised she will not take the matter back to the Council until after local body elections. This could result in delays into late 2019 at the earliest, and put the wider global settlement at risk.

**The final proposed GSA is summarised in Annex One**

21. An A3 is provided in **Annex One** which summarises the nature of the deal, taking into account the Crown's response to the Council's amendments.
22. The A3 takes into account:
- 22.1. Key agreements that are consistent or broadly consistent with the Agreement in Principle (i.e. remain substantively the same);
  - 22.2. Changes or clarifications since the Agreement in Principle, as discussed in our previous update to Cabinet; and
  - 22.3. The Crown's response to the Council's proposed amendments on 8 August 2019.

23. The GSA includes schedules that will be signed by the Chief Executive of LINZ and by Ōtākaro, as relevant – subject to Cabinet agreement to the overall approach, joint Ministers signing the main GSA document, and Ōtākaro Board approval where relevant. While full copies of the GSA documents have not been attached due to their size, copies can be made available to any Minister who would like to see them.

**We recommend the Crown agrees to the final proposed GSA**

24. As we have previously noted, 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. The deal has also now been considered by the Council and is broadly supported by them.
25. Opening up further areas for discussion at this stage may delay or hold back the whole agreement. It is important for both parties to get this over the line before local body elections.
26. Like any negotiation, the Crown has had to make concessions in a number of areas. However, it has also made gains by reaching a position where real certainty is possible in a number of areas where, under the status quo, the Crown's ability to exit a number of extraordinary roles was uncertain. There were also potential long-term risks to taxpayers from the status quo – for example, long-term costs of managing assets which operate at a loss (such as the Bus Interchange and almost 7,000 Crown-owned properties in the RRZ).
27. We have also ensured that any concessions have not strayed outside the fiscal parameters agreed by Cabinet in December 2018 and April 2019 (as discussed in more detail under *Financial Implications*). In particular, an important outcome for the Crown has been that the global settlement does not include any further support for horizontal infrastructure repairs or the Council's land drainage programme.
28. Additionally, negotiators have successfully implemented Cabinet's instruction to exclude further funding for new projects such as Council's earthquake-damaged heritage buildings; <sup>s9(2)(f)</sup> [REDACTED]
29. Apart from the Council's proposed changes, 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.
30. The deal delivers on the Crown's mixed objectives for the global settlement by:
- 30.1. achieving a full and final settlement within the fiscal parameters set by Cabinet, that is equitable and reasonable for both parties;
  - 30.2. providing clarity and certainty on many outstanding matters – for example, confirming where the ownership of many key regeneration assets will lie, and providing certainty about how and when this will be effected. We consider



this will have a credible impact in terms of supporting regeneration momentum in areas like the RRZ, where the status quo is not sustainable; and

30.3. supporting the transition to a normalised relationship with the Council. While noting that this transition will continue, as final decisions are made in other areas such as the Christchurch Regeneration Acceleration Facility and as the global settlement is implemented, this is a credible, timely and significant step towards change.

31. We therefore seek your:

31.1. Agreement to approve the global settlement arrangements as negotiated with the Council, with the Crown's further changes detailed in this paper;

31.2. Authorisation for us as joint Ministers to make minor changes to the agreement if required; and

31.3. Authorisation for joint Ministers to sign the final proposed Global Settlement Agreement documents on behalf of the Crown.

32. Subject to this agreement, we note that:

32.1. Joint Ministers intend to take a number of technical decisions (consistent with existing authorisations as Ōtākaro's shareholding Ministers) required to enable the final GSA to be signed – such as providing major transaction approvals for Ōtākaro; and

32.2. A number of decisions would also be sought from Ōtākaro (to sign schedules of the GSA that relate to the Bus Interchange, central city land, and the Performing Arts Precinct) and from the Land Information New Zealand (LINZ) Chief Executive (to sign a schedule that relates to RRZ land).

### Several matters are not addressed through the final proposed GSA

33. As previously noted to Cabinet, there are several areas where decisions have not been made through the global settlement, or will take place through other processes. In particular:

33.1. Ownership, delivery, and operation of the **Canterbury Multi-Use Arena** will be determined through the Christchurch Regeneration Acceleration Facility investment case process that is currently underway. This will allow Cabinet to make more informed decisions than would currently be possible, if addressed through global settlement, as the detail has not yet been worked through; and

33.2. The proposed GSA provides for the **Metro Sports Facility** to be transferred to the Council or another party to be agreed. <sup>s9(2)(f)</sup>

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

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

[Redacted]

34. We note that several matters will require further Cabinet decisions in future. For example:

34.1. As previously noted, **Te Pae** (the Christchurch Convention and Exhibition Centre) will not form part of the final agreement, as we were not prepared to consider divesting Te Pae on the terms sought by the Council at this time.

s9(2)(i)

[Redacted]

34.2. Other matters that fall outside the scope of Crown-Council discussions will likely still require Cabinet decision-making as we move towards a normalised role in Christchurch more broadly while also delivering on our existing commitments. s9(2)(i)

[Redacted]

[Redacted]

[Redacted]

**Risks**

35. As well as the decisions noted above, we note that implementation of the global settlement itself, if agreed, will not be a simple process and will require dedicated attention by a number of agencies. In particular:

35.1. LINZ: implementation of the Crown's commitment to undertake title reconfiguration in the RRZ will have heavy workload and resourcing implications for LINZ over the next two years, leading up to the repeal of the GCR Act on 30 June 2021. We note that any fiscal implications that cannot be managed within LINZ baselines are factored into the financial implications identified in this paper. There will also be a need for LINZ to work with the

Council to establish a consultative group regarding transitional land use in the RRZ, while land remains with the Crown.

35.2. Ōtākaro: as it undertakes remedial works to the Bus Interchange signalled in the GSA <sup>s9(2)(f)</sup> [REDACTED] and implements the asset transfers themselves.

36. There is potential for issues to arise in the implementation process, including circumstances outside the control of either party, which could lead to delays or other risks. Therefore, the GSA provides for a governance group to be established with representatives from the Crown and the Council, to meet quarterly or more frequently as agreed. This will support ongoing dialogue and the resolution of issues as they arise. The GSA also provides for a dispute resolution process if required.

37. We consider that a number of other issues and risks have been appropriately considered in negotiations and mitigated in the terms of the GSA. These include that:

37.1. <sup>s9(2)(h)</sup> [REDACTED]

37.2. The GSA is binding on both the Crown and the Council, and sets out clear processes for Council to accept asset transfers from the Crown, and for Council payments to be made by specific dates, without conditionality. This is a significant improvement on previous agreements or in-principle agreements and will support implementation; and

37.3. We do not consider the GSA will overload or over-extend the Council. While it will be taking on additional responsibilities for asset management and strategic leadership, we note that most of the impacts of the global settlement are already accounted for in its Long Term Plan.

38. <sup>s9(2)(f)(iv), s9(2)(g)(i), s9(2)(i)</sup> [REDACTED]

39. [REDACTED]

**Financial Implications**

40. The proposed Global Settlement Agreement remains within the fiscal parameters agreed to by Cabinet in December 2018 and April 2019. In particular, Cabinet:

40.1. established tagged contingencies in December 2018 [CAB-18-MIN-0608 refers] to:

40.1.1. reach agreement on the sale of assets where there has previously been no final agreement s9(2)(i) operating expenditure tagged to write down the value of the assets where transferred below book value);

40.1.2. implement existing agreements to transfer assets s9(2)(i) operating expenditure tagged to write down the value of assets where transferred below book value); and

40.1.3. s9(2)(i) for the Bus Interchange and Performing Arts Precinct land s9(2)(i) capital expenditure).

40.2. in April 2019 [CAB-19-MIN-0142 refers]:

40.2.1. s9(2)(i)

40.2.2.

40.3. In addition, a \$4 million tagged operating contingency already existed for funding to be provided for 'the Square in Christchurch', which was established through Budget 2013 [CAB Min (13) 12/6(2) refers].

41. In summary, the financial implications of the GSA include:

	Operating (\$million)	
	With cash impact	With no cash impact
<b>Global Settlement Agreement</b>		
Bus Interchange: s9(2)(i)	29.530	-
Bus interchange: s9(2)(i)	-	12.214
Ōtākaro Avon River Corridor RRZ write-down	-	36.000
Other RRZ write-down	-	39.100
Forecast write-down of public realm	-	10.000

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Contribution to land decontamination	10.000	-
Performing Arts Precinct write-down of associated equity in Ōtākaro	-	8.688
Performing Arts Precinct: s9(2)(i)	3.490	-
s9(2)(i)		
Contribution to Cathedral Square project	4.600	-
s9(2)(i)		
<b>Total</b>		

42. s9(2)(i)

43. While there are other costs to the Crown associated with global settlement, these can be managed within baselines. These s9(2)(g)(i), s9(2)(i) In addition, some costs that would have been incurred anyway will continue to be incurred, at least for a period, under the global settlement. These include land management costs of RRZ land for an initial period.

44. We also note that, if agreed, the global settlement would result in:

44.1. recoveries from the Council totalling \$76.5 million s9(2)(f)(iv), s9(2)(g)(i) and

44.2. the transfer of a number of the Crown's operating liabilities to the Council (for example, approximately \$3.65 million costs per annum of operating the Bus Interchange and managing RRZ land).

*Other decisions sought*

45. s9(2)(f)(iv), s9(2)(g)(i), s9(2)(i)

s9(2)(f)(iv)

### **Consultation**

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

### **Impact of Treaty of Waitangi principles**

48. As noted in the previous update to Cabinet, 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 Ōtākaro Avon River Corridor. In response to Ngāi Tahu comments, the proposed GSA includes recognition of the role of Ngāi Tahu and representatives of mana whenua, and provides for the inclusion of Ngāi Tahu and the recognition of the principles of Te Tiriti o Waitangi in long-term governance arrangements for the RRZ. However, neither Ngāi Tahu nor Te Ngāi Tūāhuriri have been consulted on the final agreement in its entirety.

### **Human Rights and Gender Implications**

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

### **Disability Perspective**

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

### **Publicity and Proactive Release**

51. There has been some publicity on this matter already following the proactive release of draft global settlement documents by Council as previously noted by Cabinet [CAB-19-MIN-0369 refers]. Ministers expect to issue communications once final decisions on the global settlement have been taken, which is likely to result in further publicity.
52. We propose to proactively release this paper and other relevant papers once final decisions have been taken and the agreement is signed by both parties. Some redactions will be required due to ongoing commercial sensitivity, legal privilege, and matters under active consideration.

## Recommendations

The Minister of Finance and Minister for Greater Christchurch Regeneration (joint Ministers) recommend that Cabinet:

### Background

1. **Note** that Cabinet agreed to parameters for the Crown's global settlement negotiations with the Christchurch City Council (Council) in December 2018 [CAB-18-MIN-0608] and to revised parameters in April 2019 [CAB-19-MIN-0142 refer];
2. **Note** that joint Ministers (being the Minister of Finance and the Minister for Greater Christchurch Regeneration) and the Mayor of Christchurch confirmed an Agreement in Principle in May 2019 that set out the proposed high-level agreements;
3. **Note** that Crown and Council officials have since negotiated detailed terms to give effect to the in-principle agreements, and that on 8 August 2019 the Council agreed to the proposed Global Settlement Agreement, subject to amendments;
4. **Note** that there are four key areas where further negotiation was required between the Minister for Greater Christchurch Regeneration and the Mayor of Christchurch, with the negotiated outcome described below:
  - 4.1. Certain aspects of the 2013 Cost Sharing Agreement that relate to horizontal infrastructure will be retained in effect, but with the clarification that the Crown's position, based on a jointly commissioned review, is that it has no outstanding obligations in relation to the horizontal infrastructure rebuild programme it is also noted that the Council may not share this view, and that the Crown is expecting to contribute up to \$40 million towards horizontal infrastructure from the Christchurch Regeneration Acceleration Facility (subject to a suitable Investment Case);
  - 4.2. The mechanism to share net proceeds from the divestment or lease of residential red zone (RRZ) land will be changed from an encumbrance to a wash-up process ten years after all relevant RRZ land has transferred to the Council, on the proviso that the Council provides an annual statement of account to the Crown;

4.3.

s9(2)(f)(iv), s9(2)(g)(i)

4.4.

5. **Note** that a number of minor changes have also been discussed between the parties which have no material impact on the deal that was presented to Cabinet on 29 July 2019 [CAB-19-MIN-0369 refers];

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6. **Note** that it has been a complex and challenging task to assemble a global settlement package with the appropriate balance of trade-offs, concessions and obligations on either side, and this is now a carefully balanced deal;
7. **Note** that joint Ministers consider it is in the Crown's interests, and the wider interests of the Christchurch and New Zealand communities, to achieve a global settlement, and to do so in a timely manner;
8. **Note** that the proposed Global Settlement Agreement includes the following key agreements, at a high level:

*Agreements that remain broadly consistent with the Agreement in Principle, signed by joint Ministers and the Mayor of Christchurch in May 2019*

- 8.1. The Bus Interchange, Margaret Mahy Family Playground and Avon River Precinct will (to the extent that they have not already been) be transferred to the Council, and the Council will pay the Crown the sums owing for these assets (\$36 million) by 30 September 2019;
- 8.2. Crown-owned residential red zone (RRZ) land in Christchurch will be transferred to the Council (subject to any obligations under the Ngāi Tahu Claims Settlement Act 1998 and the Public Works Act 1981) and by 30 September 2019 the Council will pay the Crown \$40.5 million as its share of the costs of making an offer to purchase certain properties in the Port Hills;
- 8.3. The Council will take on responsibility for the costs of land management in most RRZ areas from July 2020;
- 8.4. The Crown will use reasonable endeavours to reconfigure RRZ land titles in the Ōtākaro Avon River Corridor and to carry out some limited road stopping in other RRZ areas (subject to statutory decisions) before transfer;
- 8.5. By 30 September 2019, the Crown will pay its previously agreed contribution toward the Cathedral Square anchor project (\$4.6 million);
- 8.6. Crown-owned land in the Performing Arts Precinct (PAP) will transfer to the Council;
- 8.7. At practical completion, the Metro Sports Facility will transfer to the Council or another party to be agreed as part of further negotiations;
- 8.8. Should any unforeseen cost pressures arise in future in relation to the Metro Sports Facility, the parties will engage in good faith to consider pragmatic and cost-effective solutions;



- 8.9. The Council will have an option to negotiate the purchase of Ōtākaro Limited (Ōtākaro) land that is surplus to the requirements of the anchor projects, for a limited period of time;
- 8.10. Regenerate Christchurch will be asked to prepare and implement a transition plan for its future; and

*Clarifications or changes since the Agreement in Principle*

- 8.11. Te Pae (the Christchurch Convention and Exhibition Centre) will remain in Crown ownership for the time being;
- 8.12. Subject to the approval of the investment case for the Canterbury Multi-Use Arena (CMUA), and depending on project responsibilities, \$10 million will be transferred to the Council as a contribution towards decontamination works on the CMUA or PAP sites; and a further \$3 million will be transferred from Ōtākaro which may be applied towards decontamination or public realm works on the CMUA or PAP sites;
- 8.13. s9(2)(f)(iv), s9(2)(g)(i) while the Council (rather than Ōtākaro) will deliver a car parking building on the PAP site;
- 8.14. If the Crown is unable to complete title reconfiguration of RRZ land by the time the GCR Act is repealed, the Crown will either undertake the reconfiguration through an alternative method or reimburse Council for completing any agreed reconfiguration;
- 8.15. The Crown will contribute \$1 million towards Council reconfiguring RRZ land outside the Ōtākaro Avon River Corridor;
- 8.16. Transfer of Port Hills RRZ land will be deferred until 31 May 2021; s9(2)(i), s9(2)(b)(ii)
- 8.17. The Council will not take on responsibility for the costs of land management in the Port Hills RRZ until 31 May 2021;
- 8.18. The Crown will retain one property in the Port Hills RRZ;
- 8.19. The Crown will receive a 50 per cent share of any net profits from the divestment or lease of RRZ land;
- 9. Agree** to approve the global settlement arrangements with the Crown's further changes noted in recommendation 4 (and agreed at a policy level, subject to any final edits, by the Council);
- 10. Note** that the Crown does not intend to provide any further funding towards the Council's land drainage costs;
- 11. Authorise** joint Ministers to make minor changes to the agreement if required;

12. **Authorise** joint Ministers to sign the final proposed Global Settlement Agreement documents and any associated documents, where relevant, on behalf of the Crown;
13. **Note** that, subject to Cabinet agreement to recommendation 9, a number of decisions will also be sought from Ōtākaro and the Chief Executive of LINZ, with regard to schedules of the GSA relating to assets owned by those agencies;
14. **Note** that a number of statutory processes, including for land disposal, acquisition and amalgamation will also be undertaken to implement the global settlement, entailing decisions by the Minister for Greater Christchurch Regeneration and the Chief Executive of LINZ;

**Previous decisions by Cabinet supporting financial implications of global settlement**

15. **Note** that the following amounts are available from funding Cabinet has previously agreed can be applied for the GSA or items within the GSA [per CAB-18-MIN-0608 confirming DEV-18-MIN-0285, CAB-19-MIN-0142 confirming DEV-19-MIN-0068, and CAB Min (13) 12/6(2)]:

<i>Funding Source - \$million</i>	<b>Operating</b>	<b>Capital</b>
Tagged Contingencies – Funded from Budget Allowances	s9(2)(i)	s9(2)(i)
Tagged Contingencies – Funded outside of Budget Allowances		
<b>Total</b>		

16. s9(2)(i)

**Financial implications of the proposed Global Settlement Agreement**

17. **Note** the costs associated with the proposed GSA, s9(2)(g)(i), s9(2)(i) as set out in the table below, can be met within fiscal parameters agreed by Cabinet (as set out in recommendations 15-Error: Reference source not found above), s9(2)(g)(i), s9(2)(i)

	<b>Operating (\$million)</b>	
	<b>With cash impact</b>	<b>With no cash impact</b>
<b>Global Settlement Agreement</b>		
Bus Interchange: s9(2)(i)	29.530	-
Bus interchange: s9(2)(i)	-	12.214
s9(2)(i)		
Ōtākaro Avon River Corridor RRZ write-down	-	36.000

~~COMMERCIAL IN CONFIDENCE~~

Other RRZ write-down	-	39.100
Forecast write-down of public realm	-	10.000
Contribution to land decontamination	10.000	-
Performing Arts Precinct write-down of associated equity in Otakaro	-	8.688
Performing Arts Precinct: s9(2)(i)	3.490	-
s9(2)(i)		
Contribution to Cathedral Square project	4.600	-
s9(2)(i)		
<b>Total</b>		

18. **Note** that, in addition to items in recommendation 17 above, there are other aspects involved in the GSA which have fiscal impacts that can be addressed within baselines;
19. **Agree** to swap s9(2)(i) of capital available for Global Settlement purposes from the tagged capital contingencies to operating;
20. **Agree** to increase spending to provide for costs associated with the policy decision in recommendation 9 above, with the following impacts on the operating balance and net core Crown debt:

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance and Net Core Crown Debt Impact	s9(2)(i)	-	-	-	-
Operating Balance Only Impact		-	-	-	-
Net Core Crown Debt Only Impact		-	-	-	-
No Impact		-	-	-	-
<b>Total</b>		-	-	-	-

21. **Agree** that the expenses identified in recommendation 17 above (and incurred under recommendations 26 and below) be charged against the tagged operating contingencies summarised in recommendation 15;

22. s9(2)(i)

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

23.

24.

25. **Agree** to establish the following new appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Finance	Minister for Greater Christchurch Regeneration	Global Settlement with Christchurch City Council	Non-departmental Other Expense	This appropriation is limited to expenses incurred by the Crown in implementing the Global Settlement Agreement with the Christchurch City Council and matters consequential on that Agreement

26. **Approve** the following changes in appropriations to give effect to the policy decision in recommendation 9 above:

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Vote Finance</b>					
<b>Minister for Greater Christchurch Regeneration</b>					
Multi-Category Expenses and Capital Expenditure: Greater Christchurch Anchor Projects MCA					

~~COMMERCIAL IN CONFIDENCE~~

Non-departmental Other Expenses:						
Public Space – Operating	10,000		-	-	-	-
Sale of Land	s9(2)(i)		-	-	-	-
<b>Total Multi-Category Expenses and Capital Expenditure: Greater Christchurch Anchor Projects MCA</b>						
Non-departmental Other Expense:						
Global Settlement with Christchurch City Council			-	-	-	-
<b>Vote Lands</b>						
<b>Minister for Greater Christchurch Regeneration</b>						
Multi-Category Expenses and Capital Expenditure:						
Canterbury Earthquake Recovery Land Ownership and Management MCA						
Non-departmental Other Expense:						
Loss on Disposal of Land and Improvements			-	-	-	-
<b>Total Multi-Category Expenses and Capital Expenditure: Canterbury Earthquake Recovery Land Ownership and Management MCA</b>			-	-	-	-
<b>Total Operating</b>			-	-	-	-
<b>Total Capital</b>			-	-	-	-

27.

s9(2)(i)

28.

29.

30.

s9(2)(i)

- 31. **Note** that the Vote Lands component of the savings in recommendation 16 above is anticipated to total s9(2)(i) and as this amount has yet to be confirmed it is prudent to transfer a lesser amount of s9(2)(i) to future years at this time (sufficient for immediate Global Settlement purposes);
- 32. **Agree** an expense or capital transfer of s9(2)(i) from 2018/19 to out-years in Vote Lands;
- 33. **Approve** the following changes to appropriations to provide for the decision in recommendation 32 above, with a corresponding impact on the operating balance and net core Crown debt (though this is offset by commensurate underspends in 2018/19):

Vote Lands	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Minister for Greater Christchurch Regeneration</b>					
Multi-Category Expenses and Capital Expenditure:					
Canterbury Earthquake Recovery Land Ownership and Management MCA					
Departmental Other Expense: Managing the Recovery (funded by revenue Crown)	s9(2)(i)	-	-	-	-
Non-departmental Other Expense: Management and clearance of land		-	-	-	-
Purchase of land and improvements operational		-	-	-	-
<b>Total Multi-Category Expenses and Capital Expenditure: Canterbury Earthquake Recovery Land Ownership and Management MCA</b>		-	-	-	-

Total Operating	s9(2)(i)	-	-	-	-
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34. **Note** that the balance for transfer in recommendation 31 is not related to immediate Global Settlement costs and will be confirmed through the October Baseline Update following completion of audited year-end financial accounts;

35. **Agree** that the proposed changes to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

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

37.

38. s9(2)(i)

39. **Authorise** joint Ministers to

39.1. agree any necessary changes to the GSA prior to final sign-off, including the deferral of particular elements of the agreement if necessary; and

39.2. s9(2)(i)

**Other financial implications of the global settlement**

40. **Note** that, if agreed, the global settlement would result in recoveries from the Council of \$76.5 million s9(2)(i) and there is the potential for further recoveries on the basis of the 50:50 share of net proceeds from the divestment or lease of RRZ land;

41. **Note** that, if agreed, the global settlement would result in the transfer of a number of the Crown's operating liabilities to the Council (for example, approximately \$3.65 million costs per annum of operating the Bus Interchange and managing RRZ land);

42. **Note** that, subject to Cabinet agreement to recommendation 9, joint Ministers intend to take a number of decisions (consistent with existing authorisations from Cabinet) required to enable the final Global Settlement Agreement to be signed, such as major transaction approvals from shareholding Ministers;

**Matters not addressed through the proposed Global Settlement Agreement**

43. **Note** that ownership, delivery and operation of the Canterbury Multi-Use Arena (CMUA) will be determined through the Christchurch Regeneration Acceleration Facility investment case process that is currently underway, rather than global settlement;

44. s9(2)(j)

45. s9(2)(i)

46. **Note** that, while the global settlement and other processes noted above will close off a number of outstanding matters that were uncertain between the Crown and the Council, there are other matters in the Greater Christchurch Regeneration portfolio that will require further decisions in future – s9(2)(i)

**Implementation of the Global Settlement Agreement if agreed**

47. **Note** that implementation will have heavy workload and resourcing implications for LINZ in particular over the next two years, and that there will also be workload implications for Ōtākaro as it implements a number of asset transfers;

48. **Note** that the GSA provides for a governance group to be established to support ongoing dialogue between the parties, and for a dispute resolution process if required; and

49. s9(2)(f)(iv)

Authorised for lodgement

Hon Grant Robertson  
Minister of Finance

Hon Dr Megan Woods  
Minister for Greater Christchurch Regeneration



## Annex One

### A3: Summary of agreements reached in final proposed Global Settlement Agreement with Christchurch City Council

Proactively released by the  
Minister for Greater Christchurch Regeneration

# Annex 1: Summary of agreements reached in final proposed Global Settlement Agreement with Christchurch City Council

	Items broadly consistent with Agreement in Principle	Key clarifications or changes since the Agreement in Principle
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Central city and anchor projects</p>	<ul style="list-style-type: none"> <li>The <b>Bus Interchange, Margaret Mahy Family Playground and the Avon River Precinct</b> will be transferred to the Council (to the extent that they have not already been)</li> <li>The Council will pay the Crown the sums owing for these assets (\$36m) by 30 September 2019</li> </ul>	<ul style="list-style-type: none"> <li>Ōtākaro will carry out <b>remedial works</b> to the roof, components of the HVAC system for the Bus Interchange. s9(2)(i)</li> </ul>
	<ul style="list-style-type: none"> <li>The Crown will pay the Council its contribution (\$4.6m) towards the <b>Cathedral Square</b> anchor project by 30 September 2019, and the Council will contribute a matching sum towards the project</li> <li>Crown-owned land in the <b>Performing Arts Precinct (PAP)</b> will transfer to the Council by 30 September 2019</li> <li>At practical completion, the <b>Metro Sports Facility</b> will transfer to Council or another party to be agreed as part of further negotiations</li> <li>Should unforeseen cost pressures arise in future re: <b>Metro Sports Facility</b>, the parties will engage in good faith to consider pragmatic and cost-effective solutions</li> <li>For a limited period of time, the Council will have an option to negotiate the purchase of <b>Ōtākaro Limited (Ōtākaro) land</b> that is surplus to the requirements of the anchor projects. The commitment is for the Council to have a first opportunity to make an offer, at market rates, through an open negotiation process</li> </ul>	<ul style="list-style-type: none"> <li>Subject to the approval of the investment case for the Canterbury Multi-Use Arena (CMUA), and depending on project responsibilities, \$10 million will be transferred to the Council as a contribution towards <b>decontamination</b> works on the CMUA or PAP sites. A further \$3 million will be transferred from Ōtākaro which may be applied towards decontamination or <b>public realm</b> works on the CMUA or PAP sites</li> <li>s9(2)(b)(ii)</li> <li>The Council (rather than Ōtākaro Limited) will deliver a car park building in the PAP</li> <li><b>Te Pae</b> (the Christchurch Convention and Exhibition Centre) will remain in Crown ownership for the time being. The parties may continue to engage as appropriate</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Residential red zones (RRZ)</p>	<ul style="list-style-type: none"> <li><b>Crown-owned RRZ land</b> in Christchurch (almost 7,000 properties) will transfer to the Council, subject to any obligations under the Ngāi Tahu Claims Settlement Act 1998 and the Public Works Act 1981</li> <li>Council will pay the Crown \$40.5 million as its share of the costs of making an offer to purchase certain properties in the Port Hills</li> <li>The Council will take on responsibility for the costs of land management in most RRZ areas from 1 July 2020 (cost of \$2.15m per annum)</li> </ul>	<ul style="list-style-type: none"> <li><b>Transfer of Port Hills RRZ land will be deferred until 31 May 2021.</b> s9(2)(f)(iv), s9(2)(g)(i), s9(2)(i)</li> <li>Council will not take on responsibility for the costs of land management in the Port Hills RRZ until 31 May 2021</li> <li>The Crown will <b>retain one property</b> in the Port Hills RRZ ("Porthaven storage units"), with some ongoing maintenance and clearance costs. This is in part due to the fact it is not fully in Crown ownership, with body corporate rules that must be observed</li> <li>The Crown will receive a <b>50 per cent share</b> of the net proceeds from divestment or lease of RRZ land from 30 June 2021 to 30 June 2031, identified through a wash-up on 30 June 2031</li> </ul>
	<ul style="list-style-type: none"> <li>LINZ will use reasonable endeavours to <b>reconfigure RRZ land titles</b> (subject to statutory decisions) in the <b>Ōtākaro Avon River Corridor (OARC)</b> (5,500 properties) before transfer</li> </ul>	<ul style="list-style-type: none"> <li>LINZ will undertake <b>limited road stopping</b> outside the Ōtākaro Avon River Corridor, and the Crown will contribute <b>\$1 million</b> towards the Council's costs of reconfiguration</li> <li>If LINZ is unable to complete title reconfiguration of OARC RRZ land by the time the GCR Act is repealed, the Crown will either undertake the work through an alternative method or reimburse the Council for completing any agreed reconfiguration</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Other</p>	<ul style="list-style-type: none"> <li>The Crown will provide no further funding towards the Council's <b>land drainage</b> costs.</li> <li>The intention is for the majority of <b>Regenerate Christchurch's</b> functions to be transferred or delegated by 30 June 2020. Regenerate Christchurch is already considering its transition plan as this was signalled to it through its Letter of Expectations for 2019/20</li> </ul>	<ul style="list-style-type: none"> <li>The Crown will notify the Council before any decision is made on the <b>winding up of Ōtākaro Limited</b>, seek the Council's view, and if the Crown is reasonably satisfied that Ōtākaro has performed its obligations to the Council will proceed to wind up Ōtākaro</li> <li>A phased approach will be taken to increasing <b>community involvement in RRZ land use governance</b>, with a consultative group established by Council and LINZ in the first stage.</li> <li>When longer-term governance processes are established by the Council, the Council commits to including <b>Ngāi Tahu representation</b> and taking into account Treaty of Waitangi principles</li> </ul>



# Cabinet Economic Development Committee

## Minute of Decision

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*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.*

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### Final Proposed Global Settlement Agreement with Christchurch City Council

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

On 18 September 2019, the Cabinet Economic Development Committee (DEV):

#### Background

- 1        **noted** that:
  - 1.1      on 10 December 2018, DEV approved the negotiating parameters for the Crown's global settlement negotiations with the Christchurch City Council (the 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, joint Ministers (the Minister of Finance and the Minister for Greater Christchurch Regeneration) and the Mayor of Christchurch confirmed an Agreement in Principle that sets out the proposed high-level agreements;
- 3        **noted** that Crown and Council officials have since negotiated detailed terms to give effect to the in-principle agreements, and that on 8 August 2019 the Council agreed to the proposed Global Settlement Agreement, subject to amendments;
- 4        **noted** that there are four key areas where further negotiation was required between the Minister for Greater Christchurch Regeneration and the Mayor of Christchurch, with the negotiated outcome described below:
  - 4.1      certain aspects of the 2013 Cost Sharing Agreement that relate to horizontal infrastructure will be retained in effect, but with the clarification that the Crown's position, based on a jointly commissioned review, is that it has no outstanding obligations in relation to the horizontal infrastructure rebuild programme. It is also noted that the Council may not share this view, and that the Crown is expecting to contribute up to \$40 million towards horizontal infrastructure from the Christchurch Regeneration Acceleration Facility (subject to a suitable Investment Case);
  - 4.2      the mechanism to share net proceeds from the divestment or lease of residential red zone (RRZ) land will be changed from an encumbrance to a wash-up process ten years after all relevant RRZ land has transferred to the Council, on the proviso that the Council provides an annual statement of account to the Crown;

4.3 s9(2)(f)(iv), s9(2)(g)(i)

4.4

5 **noted** that a number of minor changes have also been discussed between the parties, which have no material impact on the deal that was presented to Cabinet on 29 July 2019 [CAB-19-MIN-0369];

### **Final proposed Global Settlement Agreement**

6 **noted** that it has been a complex and challenging task to assemble a global settlement package with the appropriate balance of trade-offs, concessions and obligations on either side, and that this is now a carefully balanced deal;

7 **noted** that joint Ministers consider it is in the Crown's interests, and the wider interests of the Christchurch and New Zealand communities, to achieve a global settlement, and to do so in a timely manner;

8 **noted** that the proposed Global Settlement Agreement includes the following key agreements, at a high level:

#### **Agreements that remain broadly consistent with the Agreement in Principle, signed by joint Ministers and the Mayor of Christchurch in May 2019**

8.1 the Bus Interchange, Margaret Mahy Family Playground and Avon River Precinct will (to the extent that they have not already been) be transferred to the Council, and the Council will pay the Crown the sums owing for these assets (\$36 million) by 30 September 2019;

8.2 Crown-owned RRZ land in Christchurch will be transferred to the Council (subject to any obligations under the Ngāi Tahu Claims Settlement Act 1998 and the Public Works Act 1981), and by 30 September 2019 the Council will pay the Crown \$40.5 million as its share of the costs of making an offer to purchase certain properties in the Port Hills;

8.3 the Council will take on responsibility for the costs of land management in most RRZ areas from July 2020;

8.4 the Crown will use reasonable endeavours to reconfigure RRZ land titles in the Ōtākaro Avon River Corridor and to carry out some limited road stopping in other RRZ areas (subject to statutory decisions) before transfer;

8.5 by 30 September 2019, the Crown will pay its previously agreed contribution toward the Cathedral Square anchor project (\$4.6 million);

- 8.6 Crown-owned land in the Performing Arts Precinct (PAP will transfer to the Council;
- 8.7 at practical completion, the Metro Sports Facility will transfer to the Council or another party to be agreed as part of further negotiations;
- 8.8 should any unforeseen cost pressures arise in future in relation to the Metro Sports Facility, the parties will engage in good faith to consider pragmatic and cost-effective solutions;
- 8.9 the Council will have an option to negotiate the purchase of Ōtākaro land that is surplus to the requirements of the anchor projects, for a limited period of time;
- 8.10 Regenerate Christchurch will be asked to prepare and implement a transition plan for its future;

**Clarifications or changes since the Agreement in Principle**

- 8.11 Te Pae (the Christchurch Convention and Exhibition Centre) will remain in Crown ownership for the time being;
- 8.12 subject to the approval of the investment case for the Canterbury Multi-Use Arena (CMUA), and depending on project responsibilities, \$10 million will be transferred to the Council as a contribution towards decontamination works on the CMUA or PAP sites, and a further \$3 million will be transferred from Ōtākaro which may be applied towards decontamination or public realm works on the CMUA or PAP sites;
- 8.13 s9(2)(f)(iv), s9(2)(g)(i) [redacted] the Council (rather than Ōtākaro) will deliver a car parking building on the PAP site;
- 8.14 if the Crown is unable to complete title reconfiguration of RRZ land by the time the Greater Christchurch Regeneration Act 2016 is repealed, the Crown will either undertake the reconfiguration through an alternative method or reimburse the Council for completing any agreed reconfiguration;
- 8.15 the Crown will contribute \$1 million towards the Council reconfiguring RRZ land outside the Ōtākaro Avon River Corridor;
- 8.16 transfer of Port Hills RRZ land will be deferred until 31 May 2021, s9(2)(i), s9(2)(b)(ii) [redacted]
- 8.17 the Council will not take on responsibility for the costs of land management in the Port Hills RRZ until 31 May 2021;
- 8.18 the Crown will retain one property in the Port Hills RRZ;
- 8.19 the Crown will receive a 50 percent share of any net profits from the divestment or lease of RRZ land;
- 9 **approved** the global settlement arrangements with the Crown's further changes noted in paragraph 4 above (and agreed at a policy level, subject to any final edits, by the Council);
- 10 **noted** that the Crown does not intend to provide any further funding towards the Council's land drainage costs;

- 11 **authorised** joint Ministers to make minor changes to the agreement if required;
- 12 **authorised** joint Ministers to sign the final proposed Global Settlement Agreement documents and any associated documents, where relevant, on behalf of the Crown;
- 13 **noted** that, subject to Cabinet’s agreement to paragraph 9 above, a number of decisions will also be sought from Ōtākaro and the Chief Executive of Land Information New Zealand (LINZ), with regard to schedules of the Global Settlement Agreement relating to assets owned by those agencies;
- 14 **noted** that a number of statutory processes, including for land disposal, acquisition and amalgamation, will also be undertaken to implement the global settlement, entailing decisions by the Minister for Greater Christchurch Regeneration and the Chief Executive of LINZ;

**Previous decisions by Cabinet supporting financial implications of the global settlement**

- 15 **noted** that the following amounts are available from funding Cabinet has previously agreed can be applied for the Global Settlement Agreement or items within the Global Settlement Agreement [DEV-18-MIN-0285, DEV-19-MIN-0068, and CAB Min (13) 12/6(2)]:

Funding Source - \$million	Operating	Capital
Tagged Contingencies – Funded from Budget Allowances	s9(2)(i)	
Tagged Contingencies – Funded outside of Budget Allowances		
<b>Total</b>		

16 s9(2)(i)

Proactively released by the Minister for Greater Christchurch Regeneration

**Financial implications of the proposed Global Settlement Agreement**

17 **noted** that the costs associated with the proposed Global Settlement Agreement, s9(2)(g)(i), s9(2)(i) s9(2)(g)(i), s9(2)(i) as set out in the table below, can be met within fiscal parameters agreed by Cabinet (as set out in paragraph 15 above), s9(2)(g)(i), s9(2)(i)

Global Settlement Agreement	Operating (\$million)	
	With cash impact	With no cash impact
Bus Interchange: s9(2)(i)	29.530	-
Bus interchange: s9(2)(i)	-	12.214
s9(2)(g)(i), s9(2)(i)		
Ōtakaro Avon River Corridor RRZ write-down	-	36.000
Other RRZ write-down	-	39.100
Forecast write-down of public realm	-	10.000
Contribution to land decontamination	10.000	-
Performing Arts Precinct write-down of associated equity in Otakaro	-	8.688
Performing Arts Precinct: s9(2)(i)	3.490	-
s9(2)(i)	-	s9(2)(i)
Contribution to Cathedral Square project	4.600	-
s9(2)(i)	-	s9(2)(i)
<b>Total</b>	s9(2)(i)	

18 **noted** that, in addition to the items in paragraph 17 above, there are other aspects involved in the Global Settlement Agreement which have fiscal impacts that can be addressed within baselines;

19 **agreed** to swap s9(2)(i) of capital available for global settlement purposes from the tagged capital contingencies to operating;

20 **agreed** to increase spending to provide for the costs associated with the policy decision in paragraph 9 above, with the following impacts on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance and Net Core Crown Debt Impact	s9(2)(i)	-	-	-	-
Operating Balance Only Impact		-	-	-	-
Net Core Crown Debt Only Impact		-	-	-	-
No Impact		-	-	-	-
<b>Total</b>		-	-	-	-

21 **agreed** that the expenses identified in paragraph 17 above (and incurred under paragraphs 26 and 30 below) be charged against the tagged operating contingencies summarised in paragraph 15;

22 s9(2)(i)

23 s9(2)(i)

24 s9(2)(i)

25 **agreed** to establish the following new appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Finance	Minister for Greater Christchurch Regeneration	Global Settlement with Christchurch City Council	Non-departmental Other Expense	This appropriation is limited to expenses incurred by the Crown in implementing the Global Settlement Agreement with the Christchurch City Council and matters consequential on that Agreement



26 **approved** the following changes in appropriations to give effect to the policy decision in paragraph 9 above:

	Sm – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Vote Finance Minister for Greater Christchurch Regeneration</b>					
Multi-Category Expenses and Capital Expenditure: Greater Christchurch Anchor Projects MCA					
Non-departmental Other Expenses:					
Public Space – Operating	10.000	-	-	-	-
Sale of Land	s9(2)(i)	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Greater Christchurch Anchor Projects MCA		-	-	-	-
Non-departmental Other Expense: Global Settlement with Christchurch City Council				-	-
<b>Vote Lands Minister for Greater Christchurch Regeneration</b>					
Multi-Category Expenses and Capital Expenditure: Canterbury Earthquake Recovery Land Ownership and Management MCA					
Non-departmental Other Expense:					
Loss on Disposal of Land and Improvements		-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Canterbury Earthquake Recovery Land Ownership and Management MCA		-	-	-	-
<b>Total Operating</b>		-	-	-	-
<b>Total Capital</b>	-	-	-	-	-

27 s9(2)(i)

28 s9(2)(i)

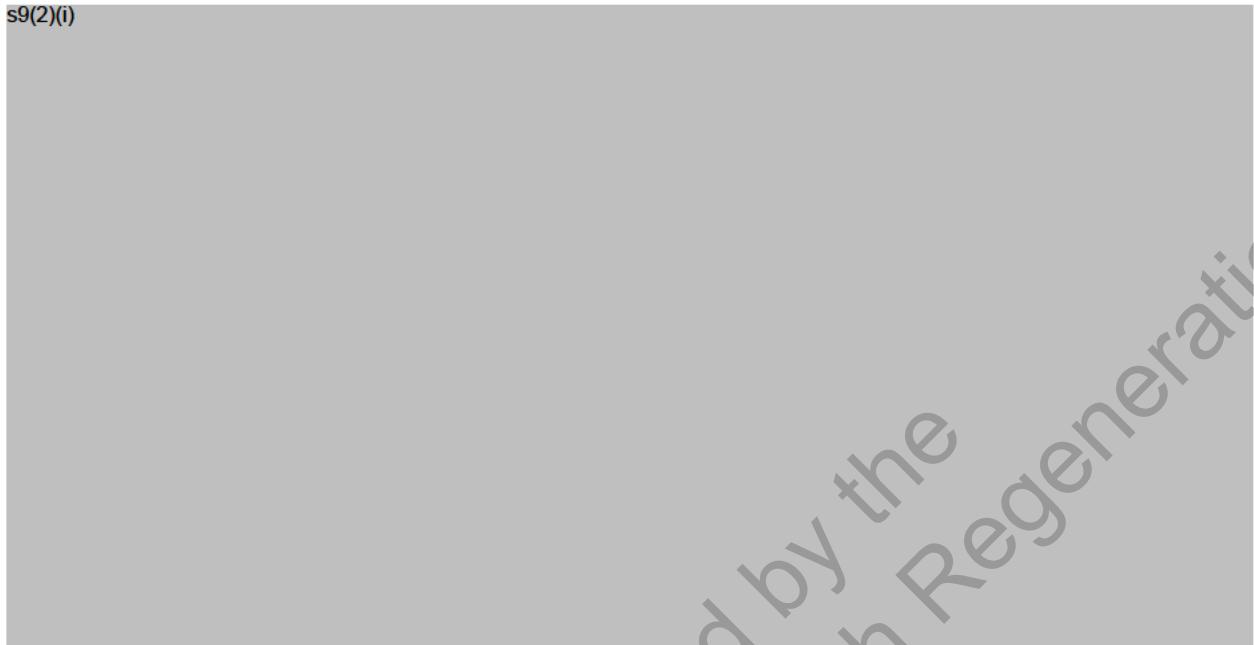
29

s9(2)(i)



30

s9(2)(i)



31

**noted** that the Vote Lands component of the savings in paragraph 16 above is anticipated to total s9(2)(i), and that as this amount has yet to be confirmed, it is prudent to transfer a lesser amount of s9(2)(i) to future years at this time (sufficient for immediate global settlement purposes);

32

**agreed** to an expense or capital transfer of s9(2)(i) from 2018/19 to out-years in Vote Lands;

33

**approved** the following changes to appropriations to provide for the decision in paragraph 32 above, with a corresponding impact on the operating balance and net core Crown debt (though this is offset by commensurate underspends in 2018/19):

Vote Lands Minister for Greater Christchurch Regeneration	Sm – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Multi-Category Expenses and Capital Expenditure: Canterbury Earthquake Recovery Land Ownership and Management MCA					
Departmental Other Expense: Managing the Recovery (funded by revenue Crown)	s9(2)(i)	-	-	-	-
Non-departmental Other Expense: Management and clearance of land Purchase of land and improvements operational		-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Canterbury Earthquake Recovery Land Ownership and Management MCA		-	-	-	-
<b>Total Operating</b>		-	-	-	-

34 **noted** that the balance for transfer in paragraph 31 above is not related to immediate global settlement costs, and will be confirmed through the October Baseline Update following completion of audited year-end financial accounts;

35 **agreed** that the changes to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

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

37

38 s9(2)(i)

39 **authorised** joint Ministers to:

39.1 agree any necessary changes to the Global Settlement Agreement prior to final sign-off, including the deferral of particular elements of the Agreement if necessary;

s9(2)(i)

### Other financial implications of the global settlement

40 **noted** that, if agreed, the global settlement would result in recoveries from the Council of \$76.5 million s9(2)(i) and that there is the potential for further recoveries on the basis of the 50:50 share of net proceeds from the divestment or lease of RRZ land;

41 **noted** that, if agreed, the global settlement would result in the transfer of a number of the Crown's operating liabilities to the Council (for example, approximately \$3.65 million costs per annum of operating the Bus Interchange and managing RRZ land);

42 **noted** that, subject to Cabinet agreement to paragraph 9 above, joint Ministers intend to take a number of decisions (consistent with existing authorisations from Cabinet) required to enable the final Global Settlement Agreement to be signed, such as major transaction approvals from shareholding Ministers;

### Matters not addressed through the proposed Global Settlement Agreement

43 **noted** that ownership, delivery and operation of the Canterbury Multi-Use Arena (CMUA) will be determined through the Christchurch Regeneration Acceleration Facility investment case process that is currently underway, rather than the global settlement;

44 s9(2)(j)

45

s9(2)(i)

46

**noted** that, while the global settlement and other processes noted above will close off a number of outstanding matters that were uncertain between the Crown and the Council, there are other matters in the Greater Christchurch Regeneration portfolio that will require further decisions in future, <sup>s9(2)(i)</sup>

**Implementation of the Global Settlement Agreement, if agreed**

47

**noted** that implementation will have heavy workload and resourcing implications for LINZ in particular over the next two years, and that there will also be workload implications for Ōtakaro as it implements a number of asset transfers;

48

**noted** that the Global Settlement Agreement provides for a governance group to be established to support ongoing dialogue between the parties, and for a dispute resolution process if required;

49

s9(2)(f)(iv)

Janine Harvey  
Committee Secretary

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**Present:**

Rt Hon Winston Peters  
Hon Kelvin Davis  
Hon Grant Robertson (part of item)  
Hon Phil Twyford  
Hon Dr Megan Woods (Chair)  
Hon Carmel Sepuloni  
Hon Iain Lees-Galloway  
Hon Damien O'Connor  
Hon Ron Mark (part of item)  
Hon Shane Jones  
Hon James Shaw  
Hon Eugenie Sage

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV

**Hard-copy distribution:**

Minister of Finance  
Minister for Greater Christchurch Regeneration



# Cabinet

## Minute of Decision

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*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.*

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### Report of the Cabinet Economic Development Committee: Period Ended 20 September 2019

On 23 September 2019, Cabinet made the following decisions on the work of the Cabinet Economic Development Committee for the period ended 20 September 2019:

Not relevant to this release


DEV-19-MIN-0253	<b>Final Proposed Global Settlement Agreement with Christchurch City Council</b>	CONFIRMED
	Portfolios: Finance / Greater Christchurch Regeneration	

Not relevant to this release

Proactively released by the Minister for Greater Christchurch Regeneration

11

Not relevant to this release



Michael Webster  
Secretary of the Cabinet

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Cabinet Economic Development Committee

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Minister for Greater Christchurch Regeneration