

Reference: 20220255

28 July 2022

Dear [REDACTED]

Thank you for your Official Information Act 1982 (OIA) request, received on 30 June 2022. You requested the following:

*Under the OIA and with reference to Recommendation 10 of DEV-18-MIN-0163:*

*“Noted that following acceptance of an investment case, the Minister of Finance and the Minister for Greater Christchurch Regeneration will seek Cabinet approval for appropriation of funds from the tagged contingency to the projects concerned”;*

*Please can you provide:*

*1) a copy of any Treasury advice provided regarding the acceptance of the investment case and approval for appropriation; and*

The Treasury has previously provided you with this information in response 20220078.

*2) a copy of that 'Cabinet approval'*

### Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	11 December 2019	DEV-19-MIN-0347 Minute	Release in full

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Morgan Dryburgh  
**Acting Manager, National Infrastructure Unit**



# Cabinet Economic Development Committee

## Minute of Decision

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

### Christchurch Regeneration Acceleration Facility: Delegations for Decision-Making

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

On 11 December 2019, the Cabinet Economic Development Committee (DEV):

- 1        **noted** that on 15 August 2018, DEV approved the eligibility criteria and process for accessing the \$300 million Christchurch Regeneration Acceleration Facility (CRAF) [DEV-18-MIN-0163];
- 2        **noted** that:
  - 2.1      the Minister of Finance and the Minister for Greater Christchurch Regeneration (Joint Ministers) have approved the Christchurch City Council's (the Council) investment proposals for the CRAF – earmarking \$220 million for the Canterbury Multi-Use Arena (CMUA) and \$40 million each for residential red zone projects and roading projects;
  - 2.2      the Council has subsequently developed three investment cases for each category of investment (with the CMUA investment case still in draft);
- 3        **noted** that officials are still working with Council staff on some remaining issues, including CMUA risk allocation, project affordability, project governance, and roles and responsibilities, with a view to confirming a funding agreement that will support the success of the project and manage the Crown's exposure to risk;
- 4        **noted** that a key remaining issue for the CMUA is risk allocation, with Councillors currently considering the Crown's position that its contribution to the project should be capped, and that Council should be liable for all financial risk for the project, other than land acquisition (given Council would control all the levers to manage that risk);
- 5        **noted** that, if the Council finalises its investment cases in December 2019, there is a risk that Cabinet decisions will not be possible until February 2020, with some associated reputational risk for the Crown if it is perceived to be 'holding things up';
- 6        **noted** that Joint Ministers want to ensure that momentum is maintained on the CRAF regeneration projects, and to enhance the Crown's negotiating position by providing clear parameters from Cabinet on the Crown's bottom lines;

- 7 **authorised** Joint Ministers to approve the CRAF investment cases and a CMUA funding agreement with the Council, and to draw down funds from the available CRAF tagged contingency (including establishing new operating expense and/or capital expenditure appropriations as necessary, and allocating funding from them) on the basis of those approvals, subject to the following parameters:
- 7.1 the authorisation to approve investment cases and a funding agreement is valid until 2 March 2020;
  - 7.2 the investment cases as a package do not exceed \$300 million (i.e. the overall value of the CRAF tagged contingency);
  - 7.3 the projects contribute to regeneration;
  - 7.4 the estimated costs of the projects are expected to be within the budget sought;
  - 7.5 there is satisfactory assurance and project reporting to the Crown, and payments are linked to clear milestones / cost forecasts (in particular for the OARC and roading projects at this stage, with these matters being addressed in more detail in the funding agreement for the CMUA);
  - 7.6 the Council will be accountable for delivery of the projects, and the Crown has no fiscal exposure for these projects above the overall CRAF tagged contingency and existing commitments (such as CMUA land acquisition and demolition, and funding provided through global settlement), noting that this in no way precludes the Council from applying for funding through other Crown channels where eligible and/or appropriate;
  - 7.7 for the CMUA specifically, that there would be an independent entity, with a board made up of members with appropriate skills and experience, that will deliver the CMUA. The Council will appoint the board based on consultation and agreement with Crown officials. The board will be responsible for ensuring it has staff with appropriate skills and experience to deliver the project successfully;
- 8 **noted** that, in further discussions with the Council, other bottom lines for the Crown for the CMUA would include that:
- 8.1 a funding agreement must be in place within a reasonable timeframe, and before substantive funds are paid by the Crown (noting there is an existing delegation from Cabinet for a portion of the funds to be released early if appropriate, but the case for releasing any funds early would need to be considered carefully by Ministers);
  - 8.2 the Council will own the CMUA project at the earliest practical opportunity (ideally, from transfer of the CMUA land);
- 9 **authorised** Joint Ministers to agree to the disposal of land for the CMUA project, and to do so for a nominal value (which is considered to be consistent with the Cost Sharing Agreement 2013), where required to support the development;
- 10 **authorised** Joint Ministers to draw down funds from the Remaining Christchurch Assets tagged contingency for the costs of write-downs and loss on disposal associated with any decisions made under paragraph 7 above, and to establish any appropriations as necessary;
- 11 **noted** that on 3 April 2019, DEV authorised Joint Ministers to reprioritise identified cash savings in the Greater Christchurch Regeneration portfolio towards global settlement or other fiscal risks and pressures in the portfolio [DEV-19-MIN-0068];

- 12 **noted** that Joint Ministers intend to reprioritise \$1.5 million from cash savings in the Greater Christchurch Regeneration portfolio to make up the difference between the \$298.5 million capital set aside in the CRAF tagged capital contingency and the \$300 million investment sought through the Council's three investment cases.

Janine Harvey  
Committee Secretary

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**Present:**

Rt Hon Winston Peters  
Hon Kelvin Davis  
Hon Phil Twyford  
Hon Dr Megan Woods (Chair)  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Stuart Nash  
Hon Iain Lees-Galloway  
Hon Jenny Salesa  
Hon Kris Faafoi (part of item)  
Hon Shane Jones  
Hon Julie Anne Genter (part of item)  
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