

Reference: 20200010 Tranches 3 & 4

29 September 2020

s9(2)(a)

Dear s9(2)(a)

Thank you for your Official Information Act request, received on 16 January 2020. You requested 73 documents, attached at **Annex 1**.

On 30 January 2020, I notified you that I had decided to transfer seven documents to their respective organisations.

On 13 February, we extended the timeframe for responding and provided you with links to nine documents that are publicly available. We also withheld three requested documents in full.

On 28 February, we provided you the first tranche of documents. Subsequent to this date, we provided the second tranche of documents.

The Treasury's response to COVID-19 has delayed release of the final documents. Your patience and understanding has been appreciated in these matters, and I apologise for the delay. I have made a decision on the remaining 25 documents, and am now providing these to you as tranches 3 and 4.

Information being released

Please find enclosed the following documents:

Item	Date	Document Description
1.	1 Aug 2019	Aide Memoire T2019/2259: Minister for Infrastructure Trip to Melbourne 1-2 August 2019
2.	7 Aug 2019	Treasury Report T2019/1960: Extension of the EQC Deficiency Funding Deed
3.	7 Aug 2019	Treasury Report T2019/2048: Earthquake Commission Quarterly Report - Q3 to March 2019
4.	12 Aug 2019	Treasury Report T2019/2410: The Treasury's 2018/19 Quarter Four Performance Update
5.	15 Aug 2019	Aide Memoire T2019/2448: Commercial Performance State of Play as at 15 August 2019
6.	29 Aug 2019	Aide Memoire T2019/2654: Amendment to the Climate Change Response (Zero Carbon) Amendment Bill
7.	4 Sept 2019	Aide Memoire T2019/2627: New Zealand Transport Agency - Expenditure for 2018/19
8.	13 Sept 2019	Treasury Report T2019/2896: Earthquake Insurance Update: September 2019
9.	19 Sept 2019	Treasury Report T2019/1596: Wellington Accommodation Project (WAP2) Reconfiguration Programme - Capital and Operating Contingency Drawdown: 1-3 The Terrace
10.	19 Sept 2019	Aide Memoire T2019/2957: Briefing for meeting with Australian Parliamentary Budget Officer

Item	Date	Document Description
11.	15 Aug 19	Joint Report T2019/2488 IR2019/446: Digital economy – summary of public feedback on the discussion document
12.	19 Aug 19	Aide Memoire T2019/2344: Opportunities for Infrastructure Investment - Transport: Next Steps
13.	30 Aug 19	Treasury Report T2019/2688: Briefing for Cabinet Business Committee, 2 September 2019
14.	6 Sept 19	Aide Memoire T2019/2668: Update on Defence Estate
15.	16 Sept 19	Treasury Report T2019/2809: Indemnification of Exhibition of Artworks (Tū te Whaihangā) at Tairāwhiti Museum
16.	26 Sept 19	Treasury Report T2019/3044: Weekly Status Report - 26 September 2019

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- sensitive information, under section 6(a) – to protect the security or defence of New Zealand or the international relations of the Government of New Zealand,
- personal information, under section 9(2)(a) - to protect the privacy of natural persons, including that of deceased people,
- names and contact details of officials, under section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment,
- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- commercially sensitive information, under 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,
- confidential information, under section 9(2)(j) – to enable the Crown to negotiate without prejudice or disadvantage; and
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including the Treasury's website.

Information publicly available

The following information is also covered by your request and is or will soon be publicly available on the Treasury or the Ministry of Business, Innovation and Employment website.

Item	Date	Document Description	Website Address
17.	1 Aug 2019	Joint Report by the Treasury and MBIE T2019/2324: Economic Strategy Update	https://www.mbie.govt.nz/dmsdocument/7091-proactive-release-of-advice-and-cabinet-papers-for-the-economic-plan-proactiverelase-pdf Pages 25 – 53

Item	Date	Document Description	Website Address
18.	15 Aug 2019	Joint Report by the Treasury and the Reserve Bank of New Zealand T2019/2498: Phase 2 of the Reserve Bank Act Review – preview of upcoming decisions	https://treasury.govt.nz/sites/default/files/2020-02/rbnz-review-p-4159308.pdf
19.	22 Aug 2019	Joint Report by the Treasury and Earthquake Commission T2019/2543: Meeting with Munich Re Executives on 22 August 2019	https://treasury.govt.nz/publications/oia-response/request-t2019-2543-meeting-munich-re-executives-22-august-2019-oia-20190692
20.	29 Aug 2019	Treasury Report T2019/2234: Property insurance: market trends and objectives	https://treasury.govt.nz/publications/information-release/property-insurance
21.	30 Aug 2019	Treasury Report T2019/2622: Overseas Investment Act: Further advice on sensitive adjoining land	https://treasury.govt.nz/publications/other-official-information/information-releases
22.	4 Sept 2019	Aide Memoire T2019/2698: Australian Parliamentary Budget Office - Comparison of institutional form	https://www.parliament.nz/en/pb/sc/submissions-and-advice/?custom=oop_91117
23.	5 Sept 2019	Treasury Report T2019/2405: Overseas Investment Act reform: risk mitigation and management: conditions of consent, judicial review, protection of national security information and enforcement: decisions	https://treasury.govt.nz/system/files/2020-02/oia-cp-4218015.pdf
24.	6 Sept 2019	Aide Memoire T2019/2789: Revised Economic Plan Released name: Joint Aide Memoire: Updated Economic Plan	https://www.mbie.govt.nz/dmsdocument/7091-proactive-release-of-advice-and-cabinet-papers-for-the-economic-plan-proactiverelase-pdf Pages 232-265
25.	11 Sept 2019	Treasury Report T2019/2635: Coalition of Finance Ministers for Action on Climate Change	https://treasury.govt.nz/publications/other-official-information/information-releases

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act:

- the information requested is, or will soon be, publicly available.

Some relevant information has been removed from these documents and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

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

David Hammond
Team Leader, Ministerial Advisory

Annex 1 – List of documents requested

1	Aide Memoire T2019/2986: State of Play as at 26 September 2019
2	Treasury Report T2019/2078: Landcorp's 2019/20 Statement of Corporate Intent and Business Plan
3	Aide Memoire T2019/2483: Preliminary assessment of Interim Cancer Action Plan
4	Aide Memoire T2019/2627: New Zealand Transport Agency - Expenditure for 2018/19
5	Cabinet Committee Briefing T2019/2345: Briefing for Social Wellbeing Committee Meeting Wednesday 7 August 2019
6	Aide Memoire T2019/2654: Amendment to the Climate Change Response (Zero Carbon) Amendment Bill
7	Aide Memoire T2019/2448: Commercial Performance State of Play as at 15 August 2019
8	Aide Memoire T2019/2881: Briefing to Support a Meeting with the Minister of Education on 25 September 2019
9	Treasury Report T2019/2567: Advice on Crown Funding for Lincoln University's Campus Redevelopment
10	Aide Memoire T2019/2518: ACC funding and investment
11	Joint Report by the Treasury and MBIE T2019/2552: Economic Strategy Meeting 26 August 2019
12	Treasury Report T2019/2863: Infrastructure Levy Model: Financial Support for Projects
13	Treasury Report T2019/2434: Principles for local government taxation
14	Aide Memoire T2019/2987: Associate Finance Work Programme on Tax Policy
15	Joint Report by the Treasury and Inland Revenue T2019/2231: Tax and infrastructure investment
16	Treasury Report T2019/2635: Coalition of Finance Ministers for Action on Climate Change
17	Aide Memoire T2019/2341: SOE Portfolio: Board Appointments (at APH Committee 7 August 2019)
18	Aide Memoire T2019/2358: Air New Zealand Ltd: Board re-elections (at APH Committee 7 August 2019)
19	Treasury Report T2019/1912: SOE Portfolio (non-delegated): Director Fee Approvals 2019/20
20	Treasury Report T2019/2212: SOE Portfolio (delegated): Director Fee Approvals 2019/20
21	Treasury Report T2019/2506: Television New Zealand: Outcome of Due Diligence and Approach to Appointments
22	Treasury Report T2019/2652: Ōtākaro Ltd: Documentation to Confirm Appointments
23	Treasury Report T2019/2837: Crown Infrastructure Partners Ltd: Commencement of 2020 Appointment Process
24	Aide Memoire T2019/2760: New Zealand Transport Agency - further advice on tagged contingency for rectification costs

25	Treasury Report T2019/2874: Options for Fiscal Treatment of a Large Screen Grant Entitlement
26	Joint Report by the Treasury and MBIE T2019/2385: Meeting with Officials on Monday 12 August 2019 to Discuss the Economic Strategy
27	Joint Report by the Treasury and MBIE T2019/2480: Progressing Economic Strategy
28	Joint Report by the Treasury and MBIE T2019/2911: Launch of the Economic Plan
29	Aide Memoire T2019/2789: Revised Economic Plan
30	Treasury Report T2019/2793: Cabinet paper: Tax Measures to support the Government's Economic Strategy
31	Joint Report by the Treasury and Inland Revenue IR2019/490; T2019/2768: Tax measures to support the Government's Economic Strategy
32	Joint Report by the Treasury and Inland Revenue IR2019/491; T2019/2793: Cabinet paper: Tax Measures to support the Government's Economic Strategy
33	Treasury Report T2019/2768: Tax measures to support the Government's economic strategy
34	Inland Revenue Report IR2019/346: Transformation status update: July 2019
35	Inland Revenue Report IR2019/487: Calculating the employer superannuation contribution tax
36	Inland Revenue Report IR2019/519: Review of the taxation of land - holding costs
37	Inland Revenue Report IR2019/529: Tax monitoring report: August 2019
38	Reserve Bank of New Zealand Report 5306: Reserve Bank Financial Systems Roundup August 2019
39	Reserve Bank of New Zealand Report 5320: Trip Report from Jackson Hole Economic Policy Symposium
40	Reserve Bank of New Zealand Report 5323: FMA RBNZ Life Insurance Conduct and Culture Briefing
41	Treasury Report T2019/2912: Treaty Settlement Funding
44	Treasury Report T2019/3044: Weekly Status Report - 26 September 2019
45	Treasury Report T2019/2664: Fonterra Co-operative Group Limited
46	Aide Memoire T2019/3047: Workshop on Macro-prudential Policy and Housing (30 September)
47	Treasury Report T2019/2365: Briefing on ACC's fourth quarterly report 2018/19
48	Treasury Report T2019/3037: Review of Pay Equity Cost Estimates for the 2019 Half Year Economic and Fiscal Update
49	Treasury Report T2019/2885: Overseas Investment Act - Phase Two Reform: further advice on special land
50	Treasury Report T2019/2271: Implementation of Productivity Commission Review

51	Aide Memoire T2019/2259: Minister for Infrastructure Trip to Melbourne 1-2 August 2019
52	Aide Memoire T2019/2320: August 2019 Monetary Policy Statement
53	Aide Memoire T2019/2344: Opportunities for Infrastructure Investment - Transport: Next Steps
54	Aide Memoire T2019/2668: Update on Defence Estate
55	Aide Memoire T2019/2698: Australian Parliamentary Budget Office - Comparison of institutional form
56	Aide Memoire T2019/2757: Gender Analysis: Background for Meeting with Professor Jennifer Curtin, 12 September 2019
57	Aide Memoire T2019/2957: Briefing for meeting with Australian Parliamentary Budget Officer
58	Aide Memoire T2019/3016: Gender Budgeting - Follow Up from Joint Ministers Meeting on 12 September 2019
59	Joint Report by the Treasury and Earthquake Commission T2019/2543: Meeting with Munich Re Executives on 22 August 2019
60	Joint Report by the Treasury and Inland Revenue IR2019/446: Digital economy – summary of public feedback on the discussion document
61	Joint Report by the Treasury and MBIE T2019/2324: Economic Strategy Update
62	Joint Report by the Treasury and the Reserve Bank of New Zealand T2019/2498: Phase 2 of the Reserve Bank Act Review – preview of upcoming decisions
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65	Treasury Report T2019/2048: Earthquake Commission Quarterly Report - Q3 to March 2019
66	Treasury Report T2019/2234: Property insurance: market trends and objectives
67	Treasury Report T2019/2405: Overseas Investment Act reform: risk mitigation and management: conditions of consent, judicial review, protection of national security information and enforcement: decisions
68	Treasury Report T2019/2410: The Treasury's 2018/19 Quarter Four Performance Update
69	Treasury Report T2019/2618: KiwiRail - equity injection to fund multiple projects
70	Treasury Report T2019/2622: Overseas Investment Act: Further advice on sensitive adjoining land
71	Treasury Report T2019/2688: Briefing for Cabinet Business Committee, 2 September 2019
72	Treasury Report T2019/2809: Indemnification of Exhibition of Artworks (Tū te Whaihanga) at Tairāwhiti Museum
73	Treasury Report T2019/2896: Earthquake Insurance Update: September 2019

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IN-CONFIDENCE



Reference: T2019/2259

SH-11-5-0 (General)

Date: 1 August 2019

To: Minister for Infrastructure (Hon Shane Jones)

Cc: Minister for Finance (Hon Grant Robertson)

Deadline: None

Aide Memoire: Minister for Infrastructure Trip to Melbourne 1-2 August 2019

You are travelling to Melbourne on Thursday 1 and Friday 2 August 2019 in your capacity as Minister for Infrastructure. Treasury Deputy Secretary, Jon Grayson, and New Zealand High Commission First Secretary, Caroline Ralph will accompany you.

Maurice Davis, National Secretary of the Amalgamated Workers Union New Zealand, and the Construction, Forestry, Maritime, Mining and Energy Union (CFMEU) have been involved in organising the trip agenda. Maurice and some CFMEU members will also join you for parts of the trip.

You will attend the following:

Meetings	Site Visits
Michel Masson , CEO, Infrastructure Victoria	Level Crossing Removal Site at Reservoir
Neil Coulson , Victorian Skills Commissioner	West Gate Tunnel Information Centre
Shayne Elliot , ANZ Chief Executive	

The following information is included in the annexes:

- Annex 1 suggested talking points for key meetings
- Annex 2 biographies of meeting attendees
- Annex 3 biographies of union attendees

The Ministry of Foreign Affairs and Trade will provide you with the agenda separately.

IN-CONFIDENCE**Victoria's Infrastructure Challenges¹**

Victoria is growing faster than at any other time in the state's history and Melbourne is forecast to soon become Australia's most populous city. Rapid population growth is placing considerable demands on Victoria's infrastructure and some parts of the state are struggling to keep up.

Over the past decade travel times increased and the reliability of travel time has declined as parts of the network approach capacity, and despite capacity increases, congestion is expected to worsen. Western Water, which serves a wide range of communities from smaller country towns to expanding urban centres, forecasts that demand will outstrip supply as early as 2021.

Health and human services assets are also under pressure. The Victorian Auditor General reviewed hospitals' spending on assets compared to the rate at which these assets are used and found that in rural areas, these assets are not being replaced fast enough.

Similar to the situation in New Zealand, while population growth pressures affect some parts of the state, others are struggling to maintain existing infrastructure with a declining revenue or population base, with some councils struggling to fund necessary infrastructure repairs.

Michel Masson, Infrastructure Victoria

You previously met with Michel Masson, CEO of Infrastructure Victoria, to inform the initial work to establish the New Zealand Infrastructure Commission, Te Waihanga (the Commission).

This meeting is an opportunity to provide an update on the progress of the establishment of the Commission and you may want to discuss how Infrastructure Victoria interacts with Ministers, as this will inform our understanding of how this relationship will work once the Commission is established.

The meeting will also continue to build the relationship with Infrastructure Victoria. Once established, we expect the Commission will develop a strong relationship with Infrastructure Victoria and the other Australian infrastructure bodies (i-bodies). Maintaining this relationship supports the Single Economic Market agenda initiative for the Commission to work closely with its Australian counterparts to progress the integration of the two countries' infrastructure markets.

¹ Source: Growing Victoria's Potential, Infrastructure Victoria, April 2019.

IN-CONFIDENCE***Background on Infrastructure Victoria and similarities with the Commission***

While Infrastructure Victoria has greater independence than that afforded to the Commission, its three advisory functions are very similar to the Commission's strategy and planning functions:

- preparing a 30-year infrastructure strategy for Victoria, which is refreshed every three to five years,
- providing written advice to government on specific infrastructure matters,
- publishing original research on infrastructure-related issues.

Infrastructure Victoria also supports government departments and agencies in the development of sectoral infrastructure plans.

We expect that when carrying out its strategy and planning functions, the Commission will look to learn from the experiences of Infrastructure Victoria and other i-bodies, which carry out similar functions.

Neil Coulson, Victorian Skills Commissioner

Neil Coulson, the Victorian Skills Commissioner (VSC) provides advice to the Minister for Training and Skills on the training system's performance. This includes advising of opportunities to promote training pathways and address the skills needs of Victoria's regions.

This meeting will provide the opportunity to discuss what Victoria is doing to ensure it has the skills it needs to deliver its infrastructure projects.

Links with New Zealand's Construction Sector Accord

The VSC's Industry Engagement Framework (the Framework) provides a structured way for industry, unions and employers to inform and engage with the training system in Victoria. Industry Advisory Groups (IAGs), consisting of representatives from industry, unions and employers, have been established as part of the Framework. The IAGs provide advice to the VSC on matters including skill demand pressures and future industry skills needs.

In New Zealand, industry has committed to assist the government to identify skills gaps and future requirements under the Construction Sector Accord (the Accord).

Workforce capacity and capability initiative under the Construction Sector Accord

The purpose of the Accord is to strengthen the partnership between government and industry and be a catalyst to transform the construction sector for the benefit of all New Zealand. One of the shared priorities of the Accord is to increase the number of skilled workers and lift the industry's capability in order to deliver New Zealand's growing housing and infrastructure needs.

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The Construction Skills Action Plan (the Plan) is a cross-agency plan to encourage more people into construction careers and increase business investment in training and development. Phase one of the plan includes several initiatives aimed at raising capacity in the sector. Like the IAGs, the New Zealand industry will help to identify gaps and needs for the purposes of the Plan. Future phases will focus on lifting capability.

We expect that the New Zealand Infrastructure Commission, Te Waihanga, will also consider the issue of whether New Zealand has the skills required to deliver our planned infrastructure projects.

Shayne Elliot, ANZ Chief Executive

Your office has indicated you will use this meeting to discuss ANZ's New Zealand activities, including New Zealand's Reserve Bank Act review. The information below covers topics ANZ may raise with you.

Background on ANZ New Zealand Limited (ANZ) activities

Antonia Watson is the acting CEO of ANZ New Zealand, the largest bank in New Zealand with assets of over \$160 billion, holding approximately 30% of the New Zealand retail bank market share.

ANZ's New Zealand activities include the 'Healthy Home Loan Package', which it introduced to encourage New Zealanders to build or upgrade their homes to environmentally sustainable standards. These are interest-free home loan top ups for 4 years of up to \$5,000 for insulation and heat pumps.

ANZ is the biggest lender to the New Zealand Agricultural sector. After reviewing risk weights of ANZ's approved farm lending and mortgage models, the Reserve Bank told ANZ in February that it would have to increase the amount of capital it holds against agricultural loans by 30 June 2019. There has been anecdotal talk in the business community that there are signs of ANZ pulling back from agricultural lending and refinancing.

Phase two of the Reserve Bank Act Review

The second round of consultation on the Reserve Bank Act Review (the Review) commenced on 24 June 2019. Two consultation documents were released, covering:

- in-principle decisions on topics from the first consultation, including the establishment of a formal depositor protection scheme in New Zealand and on the Reserve Bank's objectives, governance, and regulatory perimeter; and
- the remaining Review topics, including prudential regulation and supervision, crisis management, macro-prudential policy, the role of the Reserve Bank in climate change, funding and resourcing, and coordination arrangements.

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Submissions close on 16 August 2019. The Review team expects to seek a number of final policy decisions on the Review towards the end of 2019, with initial legislation introduced in 2020.

In its submission on the first consultation document, ANZ was largely supportive however was not convinced that depositor insurance is necessary and thinks some level of depositor protection can be provided through the adoption of 'de minimus' in the Open Bank Resolution. ANZ also noted that the outcome of the Reserve Bank's review of regulatory capital requirements (see below) should be factored into any decision on depositor insurance.

The Treasury notes that increasing capital requirements can reduce the risk of a bank failing, but it does not eliminate that risk, and therefore does not negate the desirability of implementing depositor protection.

Review of regulatory capital requirements

The Reserve Bank is reviewing the regulatory capital requirements for locally incorporated banks and has proposed a number of changes, including to nearly double the capital banks are required to hold. The Reserve Bank also proposes to narrow the gap between the risk models used by different banks and to limit the types of capital that count toward the regulatory requirements.

Final decisions are expected to be released by the end of November 2019, with implementation of any new rules starting from April 2020.

ANZ's Australian parent submitted that the Reserve Bank's proposals are inconsistent with the global approach to minimising the impact of an extreme stress event on the domestic economy, and adopting them would require the group to reconsider the size, nature and operations of its New Zealand business.

Reserve Bank accreditation for calculation of capital requirements

The total level of capital required by banks is expressed as a percentage of banks' risk-weighted assets, and the Reserve Bank currently allows the four main banks (including ANZ) to use their own 'internal ratings based' (IRB) models to calculate their risk-weighted assets.

In May 2019 the Reserve Bank revoked ANZ's accreditation to model its own operational risk capital requirement due to a persistent failure in its controls and attestation process. ANZ is now required to use the standardised approach for calculating appropriate operational risk capital. From March 2019, this will increase its minimum capital held for operational risk by around 60%, to \$760 million.

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The Construction, Forestry, Maritime, Mining and Energy Union (CFMEU)

The Construction, Forestry, Maritime, Mining And Energy Union (CFMMEU, but more commonly known as CFMEU) is Australia's main trade union in building and construction, forestry and furnishing products, maritime and mining and energy production. The CFMEU has offices in all capital cities in Australia and in many major regional centres. The union has over 100,000 members across Australia.

Site Visits***Level Crossing Removal Site at Reservoir***

The Level Crossing Removal Project (LXRP) was established by the Victorian Government to oversee the largest rail infrastructure project in the state's history, and is part of the Major Transport Infrastructure Authority. Central to the project is the elimination of 75 level crossings across metropolitan Melbourne by 2025, in addition to upgrading or constructing more than 27 train stations, laying many kilometres of new track and making associated rail improvements.

The Reservoir level crossing is being removed by building a rail bridge over High Street and constructing a new Reservoir Station. As part of the project, the LXRP are building a new public plaza and improving shared use paths for pedestrians and cyclists.

A total of 36,000 vehicles travel through this crossing each day. Major construction has started, with project completion expected in 2020.

West Gate Tunnel Information Centre

The West Gate Tunnel Project will deliver an alternative to the West Gate Bridge. It will provide a second river crossing, quicker and safer journeys, and remove thousands of trucks from residential streets. The project is a partnership between the Victorian Government and Transurban, and will be built by construction contractors CPB Contractors and John Holland (CPBJH JV).

s9(2)(g)(i)

Analyst, National Infrastructure Unit (NIU), s9(2)(k)

David Taylor, Manager, National Infrastructure Unit, National Infrastructure Unit (NIU), s9(2)(k)

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Annex 1: Suggested talking points for key meetings**Michel Masson, CEO, Infrastructure Victoria***New Zealand Infrastructure Commission, Te Waihanga, establishment*

- The Commission will be established as an Autonomous Crown Entity with a governing Board, and will have both strategy and planning, and delivery support functions.
- Officials are continuing the work to progress the establishing legislation through the House – it is on track to be passed by 1 October 2019.
- We expect to be in a position to announce the appointment of the Commission's Board Chair and members in the coming months.

Infrastructure Victoria's relationship with Ministers

- How does Infrastructure Victoria interact with Ministers in the process of developing the long-term strategy and reports on infrastructure-related matters?

Neil Coulson, Victorian Skills Commissioner

- What are the key challenges you face in ensuring Victoria has the skills it needs to deliver its infrastructure programme?
- What has your experience been working with industry to identify skills gaps and future needs?

Shayne Elliot, ANZ Chief Executive*RBNZ Act Review*

- What is ANZ's view on the in-principle decisions announced by the Government in June, including the establishment of a depositor protection scheme?

Rural lending

- What is ANZ's outlook for its rural lending activities over the short to medium term?

Capital Review

- The Reserve Bank is operationally independent in setting bank capital levels.
- The Reserve Bank is considering all submissions on the Capital Review before making its final decision.
- The Reserve Bank expects to release a final decision by the end of November 2019.

Regional banking services

- How can the banking industry support access to banking services in the regions?
- What are the opportunities for, and challenges in, providing banking services in the regions?
- BNZ has recently announced it will not be shutting any regional branches in the next 3 years, due to demand for face to face advice. Is ANZ experiencing the same demand?

IN-CONFIDENCE**Annex 2: Biographies of meeting attendees*****Michel Masson, CEO Infrastructure Victoria***

Michel started his career at Deloitte before joining the Bolloré Group where he held various senior finance positions in the transport and logistics division in the UK, Australia and New Zealand. In 2005 he joined Keolis as head of Finance and Operations for the International Division where he was responsible for leading public transport operations in seven countries and held various non-executive director positions in UK and German rail franchises.

Michel was appointed CEO of Yarra Trams in 2009 and helped lead the development of Keolis Downer throughout Australia, before joining the Calibré group in 2014 to create and lead its Transport Infrastructure business.

Michel completed the Advanced Management Program from the Harvard Business School.

Neil Coulson, Victorian Skills Commissioner

From 1999-2007, Neil held the role of the Chief Executive Officer at the Victorian Employers Chamber of Commerce and Industry (VECCI), before moving to Australian caravan manufacturer Jayco Corporation as the Chief Executive Officer from 2007 to 2012. He ran his own consulting business from 2012-2015. Neil was the Deputy Reviewer for the Government's independent VET Funding Review in 2015.

More recently, Neil was nominated by the Victorian Government as the Victorian representative for the Australian Industry and Skills Committee (AISC) in February 2017.

Shayne Elliot, ANZ Chief Executive

Shayne Elliot is an international banker with more than 25 years working in Asia, Europe, the Middle East, the Americas and the Pacific. Since 1 January 2016, he has been ANZ's Chief Executive Officer. Prior to that, he was Chief Financial Officer accountable for all aspects of Finance as well as Group Strategy, Legal, Treasury, Investor Relations, and Mergers and Acquisitions.

He joined ANZ in 2009 as CEO Institutional, leading ANZ's Transaction Banking, Global Markets, Global Loans and relationship Banking. Prior to ANZ, he worked for EFG-Hermes, Citibank/Citigroup across multiple countries

IN-CONFIDENCE**Annex 3: Union attendees**

Graeme Johnson, CEO, Fulton Hogan
New Zealand



Dave Bellet, Deputy Chief Inspector,
Extractives Work Safe



Craig West, Executive General Manager,
Downer/Hawkins NZ



David Kelly, CEO, Master Builders
Association NZ



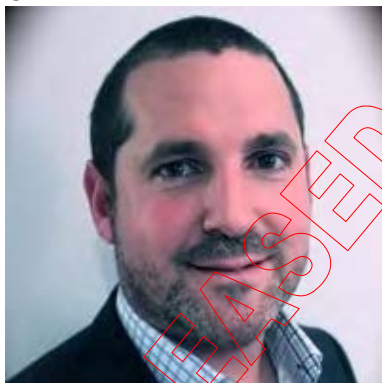
Nick Clayton, Director Naylor Love



Joe Fleetwood, General Secretary,
Maritime Union of New Zealand
(no photo available)

IN-CONFIDENCE

Brett Murray, CEO Site Safe

Calvin Fisher, Regional Secretary,
Amalgamated Work Force New Zealand
(no photo available)David Simpson, General Manager, HEB
ConstructionMaurice Davis, National Secretary,
Amalgamated Work Force New Zealand

COMMERCIAL-IN-CONFIDENCE

**Treasury Report:** Extension of the EQC Deficiency Funding Deed

Date:	7 August 2019	Report No:	T2019/1960
		File Number:	CM-1-3-15-4-4

Action Sought

	Action Sought	Deadline
Minister Responsible for the Earthquake Commission (Hon Grant Robertson)	Note the content of the report Agree to sign and send the attached letter to the Chair of the EQC Board	21 August 2019

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Lars Piepke	Principal Advisor, Commercial Performance	s9(2)(k)	✓
Shelley Hollingsworth	Manager, Commercial Performance		

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
Sign and **send** the attached letter to the Chair of the EQC Board.

Note any feedback on the quality of the report

Enclosure: Yes (attached) - draft letter to the Chair of the EQC Board and Letter from the Chair of the EQC Board to the previous Minister Responsible for EQC
A copy of the signed current Deed

COMMERCIAL-IN-CONFIDENCE**Treasury Report: Extension of the EQC Deficiency Funding Deed**

Purpose of Report

1. The purpose of this report is to seek your agreement to extend the Earthquake Commission's (EQC's) current Deficiency Funding Deed (the Deed) for a further term of 12 months.

Background

2. The Crown has been funding EQC since November 2018 under a Deficiency Funding Deed made under section 16 of the Earthquake Commission Act 1993 (the Act) (T2018/1373 refers).
3. The term of the Deed is for a period of 12 months from the date the Deed was signed by both parties (being 18 September 2018).
4. EQC may request the Minister to extend the term of the Deed by giving notice to the Crown in writing no later than 90 days prior to the first anniversary of the signing of the Deed. The first anniversary of the current Deed is 18 September 2019. You can accept or reject the EQC's request or agree to a shorter extension of the Deed.
5. On 28 May 2019, the Chair of the EQC Board wrote to the previous Minister Responsible for the EQC seeking an extension to the current Deed for a further 12-month period.
6. The Treasury notes that EQC is seeking only to extend the term of the current Deed for a further 12 month period. All other terms and conditions of the Deed remain unchanged.

EQC's Forecast Cash Deficit

7. We have reviewed EQC's latest cash flow forecasts which indicate that it is likely that further deficiency funding of around \$100 million will be required over the remainder of the 2019/20 financial year. These EQC forecasts also indicate that no further deficiency funding will be required after June 2020. These forecasts have been incorporated into the 2019 Budget Economic and Fiscal Update (BEFU). The Treasury notes that EQC's latest cash flow forecasts are based on the 31 December 2018 Insurance Liability Valuation Report (ILVR). The forecasts show an improving cash flow position over the coming two to three years driven in part by the settlement of the outstanding Canterbury liabilities and from increased premium income (as a result of the increase in the building cap effective from 1 July 2019).
8. However, we consider it is likely that the provision for future re-opened claims will be increased further in the 30 June 2019 ILVR (which is expected to be finalised before the end of August). Such an increase may result in an increase in the Crown guarantee funding required by EQC. We will provide advice to you on this in September.

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9. Furthermore, there are a number of other critical assumptions that underpin the EQC forecasts (such as insurer finalisation and litigation issues) which could impact more negatively on cash flows than forecast.
10. The December 2018 ILVR also assumed that there are no new significant natural disaster events in the near term.
11. Accordingly, the Treasury supports EQC's view that it would be prudent to extend the current Deed for a further 12-month period.
12. We note that the EQC deficiency funding is appropriated under a Permanent Legislative Authority in the EQC Act (with no further appropriation required). We will advise you of any increase in funding required by the EQC under the extended Deed. Any increased funding requirement would need to be included in the Crown fiscal forecasts and would impact on the operating balance and on the core crown debt. .

Deed Extension Process

13. Clause 2.5 of the Deed provides that: *"If the Commission desires that the term of this Deed be extended, it must advise the Crown accordingly by written notice no later than 90 days prior to the first anniversary of the Effective Date. That written notice must be accompanied by particulars as to the reasons why the Commission considers that the term of the Deed should be extended and the period of the proposed extension. The Minister may in their absolute discretion accept or reject the Commission's request that the term of this Deed be extended or may agree to a shorter extension."*
14. The Effective Date referred to in Clause 2.5 is 18 September 2018, the date the Deed was signed by both parties.
15. The Treasury notes that the Chair's letter of 28 May 2019, requesting extension of the Deed, satisfies the requirements of Clause 2.5 of the current Deed.
16. Attached to this report is a letter for you to sign and send to the Chair of the EQC Board, informing him that the term of the Deed is extended for a further 12-month period from the expiry date of the current Deed. The current Deed is also attached for your reference. The Deed itself does not need to be resigned or reissued for this extension to take effect.

Next Steps

17. Sign the attached letter and send it to the Chair of the EQC Board.
18. Return the signed report to the Treasury.

COMMERCIAL-IN-CONFIDENCE**Recommended Action**

We recommend that you:

- a **agree** to extend EQC's Deficiency Funding Deed for a further term of 12 months.

Agree/disagree

- b **agree** to sign and send the attached letter to the Chair of the EQC Board.

Agree/disagree

Shelley Hollingsworth
Manager, Commercial Performance

Hon Grant Robertson
Minister Responsible for the Earthquake Commission



28 May 2019

Hon Dr Megan Woods
Minister Responsible for the Earthquake Commission
Parliament Buildings
WELLINGTON

Dear Minister

In September 2018 the Earthquake Commission (EQC) and the Crown signed the EQC Funding Deficiency Deed (the Deed) which set out the terms and process under which EQC can access funding from the Crown under section 16 of the Earthquake Commission Act, 1993.

The term of the Deed is for 12 months. EQC has the ability to signal an interest in extending the Deed by giving notice 90 days prior to the expiry of the Deed. The 90 day period expires on 26 June 2019.

EQC's latest financial forecasts, based on the 31 December 2018 Insurance Liability Valuation Report, show an improving cash-flow position over the coming few years. That said, there are a number of critical assumptions that underpin this forecast that will need to be tested further over the coming months, particularly regarding insurer finalisation.

The Board of EQC therefore believe it is prudent to extend the current Deed for a further 12 month period.

I have asked EQC management to work with Treasury to ensure that the process for extending the Deed is managed in an efficient manner.

Yours sincerely

s9(2)(a)



Sir Michael Cullen
Chair

Hon Sir Michael Cullen KNZM
Chair
Earthquake Commission
PO Box 790
WELLINGTON 6140

Dear Sir Michael

Extension of the EQC Deficiency Funding Deed

Thank you for your letter of 28 May 2019 requesting the extension of the current EQC Deficiency Funding Deed (the Deed) for a further 12-month period.

I note that the EQC's cash flow forecasts, based on the 31 December 2018 Insurance Liability Valuation Report, show an improving cash flow position over the coming two to three years due, in part, to the settlement of the outstanding Canterbury liabilities and the increase in premium income.

I also note that there are a number of critical assumptions that underpin the cash flow forecasts that could impact the forecasts negatively. These critical assumptions include, in particular, insurer finalisation, re-opened claims and potential legal liability relating to outstanding claims. I expect the Treasury to remain informed, in a timely manner, of any changes to your cash flow forecasts, through the process outlined in the Deed.

Due to the significant uncertainties that still exist given the critical assumptions in the cash flow forecasts, I consider it prudent to extend the Deed for a further 12-month period. I have decided to extend the term of the Deed for a further 12 months from 19 September 2019 to 18 September 2020.

Please pass on my thanks to the rest of your Board, the management and the staff of EQC for their continued efforts in settling the outstanding claims.

Kind regards

Hon Grant Robertson
Minister Responsible for the Earthquake Commission

cc: Sid Miller, Chief Executive, Earthquake Commission

EQC Deficiency Funding Deed

The Earthquake Commission

**Her Majesty the Queen in right of New Zealand
acting by and through the Minister Responsible for
the Earthquake Commission**

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Date:

PARTIES

The Earthquake Commission, a statutory entity established in accordance with the Earthquake Commission Act 1993 (the "Commission")

Her Majesty the Queen in right of New Zealand acting by and through the Minister Responsible for the Earthquake Commission

BACKGROUND

- A. The Commission has statutory responsibility for administering the Natural Disaster Fund established under the Earthquake Commission Act 1993.
- B. Section 16 of the Earthquake Commission Act 1993 provides that if the assets of the Commission are not sufficient to meet the liabilities of the Commission then the Minister shall provide to the Commission such sums by way of grant or advance as may be necessary to meet the deficiency upon such terms and conditions as the Minister determines.
- C. At the date of this Deed the Minister Responsible for the Earthquake Commission is the Minister for the purposes of the Earthquake Commission Act 1993,
- D. The Commission has forecast that there will be deficiencies in the Natural Disaster Fund that it will be necessary to fund in accordance with section 16 of the Earthquake Commission Act 1993.
- E. The Minister has considered how the funding of any deficiency in the Natural Disaster Fund may be best facilitated, and has determined that the terms and conditions that will apply for the time being for the funding of those deficiencies (pursuant to section 16 of the Earthquake Commission Act 1993), are those set out in this Deed.
- F. For the avoidance of doubt, it is acknowledged and agreed that this Deed does not override or limit section 16 of the Earthquake Commission Act 1993 in any way.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed, unless the context dictates otherwise:

"Act" means, the Earthquake Commission Act 1993;

"Board" means the board of directors of the Commission;

"Business Day" means a day (other than a Saturday, Sunday or public holiday) on which registered banks are open for general banking business in Wellington;

"Cash-flow Projections" has the meaning given to that term in clause 3.1;

"Closing Balance Management Assessment" means, in relation to the first calendar month and the Cash-flow Projections for that calendar month, the accumulation of the items set out in clause 3.2(b) and (c);

"Commissioner" has the meaning given to that term in the Act;

"Communication" has the meaning given to that term in clause 12.2;

"Deed" means this deed;

"Excess Amount" has the meaning given to that term in clause 10.1;

"Excess Notice" has the meaning given to that term in clause 10.1;

"Excess Payment Notice" has the meaning given to that term in clause 10.4;

"Extension Period" has the meaning given to that term in clause 4.4;

"Final Shortfall Amount" means:

- (a) in respect of, a single calendar month (being the first of the calendar months covered by Cash-flow Projections provided by the Commission to the Crown), the Shortfall Amount as may be agreed with and to the satisfaction of the Minister or as may be determined by the Minister; or
- (b) (where the Final Shortfall Amount is to include an Increased Shortfall Amount) the aggregate of the:
 - (i) Shortfall Amount as defined in paragraph (a) of this definition;
 - (ii) Increased Shortfall Amount determined by the Minister, in respect of each other of the calendar months occurring within the Extension Period;

"Fund" means the Natural Disaster Fund established in accordance with the Act;

"GST" means goods and services tax chargeable in accordance with the GST Act;

"GST Act" means the Goods and Services Tax Act 1985;

"ILVR" means the Insurance Liability Valuation Report that is prepared every six months by the Commission's actuary;

"Increased Shortfall Amount" has the meaning given to that term in clause 4.4;

"Liabilities" means liabilities of the Commission, whether actual, contingent, present or future;

"Minister" means, the Minister of the Crown who, under the authority of the Prime Minister, is for the time being responsible for the administration of section 16 of the Act, and, at the date of this Deed, means the Minister Responsible for the Earthquake Commission;

"Payment Date" means the date for payment of the Final Shortfall Amount as specified in a valid Payment Notice;

"Payment Notice" or "valid Payment Notice" is as described in clause 5;

"Shortfall Amount" means in respect of a calendar month and the Cash-flow Projection for that calendar month any negative amount as a result of deducting the Shortfall Minimum Balance from the Closing Balance Management Assessment for that calendar month; and

"Shortfall Minimum Balance" means, 50 million New Zealand dollars.

1.2 Interpretation

Unless the context otherwise requires, in this Deed:

- (a) headings are to be ignored in construing this Deed;
- (b) a reference the "Crown" is as at the date of this Deed, a reference to the Treasury as advisor to the Minister for the purposes of this Deed;
- (c) to any legislation or to any provision of any legislation (including regulations and orders) includes that legislation or provision as from time to time amended, re-enacted or substituted and any statutory instruments, regulations and orders issued under any such legislation or provision;
- (d) reference to clauses, sub-clauses, paragraphs, and sub-paragraphs are to clauses, sub-clauses, paragraphs and sub-paragraphs of this Deed; and
- (e) the Background forms part of the terms of this Deed.

2. PURPOSE OF THIS DEED AND ITS TERM

Purpose

2.1 This Deed has been entered into:

- (a) in order to avoid the administrative burden that would arise if the Commission had to seek funding only at each point in time when the assets of the Fund were insufficient for the Commission to pay its Liabilities as they fell due; and
- (b) to provide for a process by which the Minister can:
 - (i) assess whether a deficiency in the Fund is foreseeable and proximate;
 - (ii) quantify the sums of public money necessary to meet that deficiency;
 - (iii) determine whether the sums are to be paid by way of grant or advance and the terms and conditions for any payment.

2.2 This Deed is to be:

- (a) read with the provisions of section 16 of the Act; and
- (b) interpreted in a manner that is consistent with the provisions of section 16 of the Act.

2.3 In the event of any conflict between the terms of this Deed and provisions of section 16 of the Act, the provisions of section 16 of the Act prevail.

Term

- 2.4 This Deed shall operate from the date the Deed is executed by both parties (*Effective Date*) and continues in effect until the first anniversary of the Effective Date.
- 2.5 If the Commission desires that the term of this Deed be extended, it must advise the Crown accordingly by written notice no later than 90 days prior to the first anniversary of the Effective Date. That written notice must be accompanied by particulars as to the reasons why the Commission considers that the term of the Deed should be extended and the period of the proposed extension. The Minister may in their absolute discretion accept or reject the Commission's request that the term of this Deed be extended or may agree to a shorter extension.
- 2.6 Clause 2.4 and clause 2.5 are to be read subject to clause 8.

3. CASHFLOW PROJECTIONS

- 3.1 Not less than 20 Business Days prior to the commencement of each calendar month the Commission will provide the Crown with cash-flow projections (*Cash-flow Projections*) for that calendar month and such subsequent calendar months (including up to the end of the Extension Period) as indicated in the form set out in Schedule 1 unless the provisions of clause 3.4 (a) then apply.
- 3.2 The Cash-flow Projections will:
- (a) be provided in the format set out in Schedule 1 (or such alternative format as may be reasonably agreed by the Commission and the Crown from time to time);
 - (b) be based on the:
 - (i) most recent ILVR, and
 - (ii) Board's latest assessment of the risk, probability and timing associated with the Cash-flow Projections and such other information as the Board deems appropriate (including the assumptions on which such assessment is based, together with information as to known subsequent events);
 - (c) specify, in respect of each calendar month to which the relevant Cash-flow Projection relates:
 - (i) any amounts expected to be paid into the Fund during that calendar month;
 - (ii) any amounts expected to be paid out of the Fund during that calendar month (with any amounts to be paid out of the Fund in compliance with any Ministerial direction in force for the time being, being separately specified);
 - (iii) the remaining balance of the Fund at the end of that calendar month;
 - (d) specify:
 - (i) the Closing Balance Management Assessment

- (ii) the Shortfall Minimum Balance;
 - (iii) any Shortfall Amount forecast by the Board.
- 3.3 The Cash-flow Projections must be prepared on a basis that does not include or assume Crown funding for the Commission (whether pursuant to the terms of this Deed or otherwise) that has not already been received by the Commission.
- 3.4 It may be agreed by the Commission and the Crown at any time:
- (a) that a deficiency in the Fund is unlikely to occur within the remaining period of the Deed, in which case the Commission will cease to be obliged to provide the Crown with Cash-flow Projections in accordance with clause 3.1;
 - (b) to reinstate the Commission's obligation to provide the Crown with Cash-flow Projections in accordance with clause 3.1, if contrary to prior expectations, a deficiency in the Fund is found to be likely to occur within the remaining period of the Deed.
- 3.5 It is acknowledged that assessment, determination and payment of a Final Shortfall Amount (under clauses 4, 5 and 6) can only occur, if the Crown has been provided with Cash-flow Projections in accordance with clause 3.1, clause 3.2 and clause 3.3.

4. SHORTFALLS

- 4.1 The Crown must, within five Business Days following receipt by the Crown of the relevant Cash-flow Projections:
- (a) notify the Commission in writing that it has advised the Minister:
 - (i) that it considers that a Shortfall Amount has arisen and is payable in the next calendar month; and
 - (ii) that it considers that the quantum of the Shortfall Amount is as specified in those Cash-flow Projections; or
 - (b) request from the Commission, and the Commission must provide, such additional information as is deemed reasonably necessary to determine whether or the extent to which a Shortfall Amount specified in the Cash-flow Projections should be paid, which may include (without limitation):
 - (i) any report (final or interim) from any actuary appointed by the Commission; or
 - (ii) information relating to Commission's business, operation, assets, liabilities, financial position, litigation and legal liabilities.
- 4.2 Within three Business Days following receipt of the additional information requested under clause 4.1 the Crown will meet with the Commission to:
- (a) discuss any matters arising from:

- (i) the Crown's review of the information provided by the Commission for the purposes of clause 3.2; or
 - (ii) any additional information requested by the Crown pursuant to clause 4.1;
- (b) consider any adjustments to the relevant Cash-flow Projections (and the expected Shortfall Amount resulting from those adjusted projections) arising out of matters the subject of those discussions and if agreed, the Crown will notify the Minister accordingly with details of the agreed adjustments and the resulting Shortfall Amount that is expected.

If following receipt of the Crown's notification the Minister is satisfied that there is likely to be a Shortfall Amount and that the expected Shortfall Amount is as stated in the Crown's notification, then the Minister will at least 5 Business Days prior to the commencement of the next following calendar month notify the Commission of the Minister's determination that there is likely to be a Shortfall Amount to be paid in the next calendar month and that the quantum of the Shortfall Amount is as stated in that notification.

- 4.3 If adjustments to the relevant Cash-flow Projections (and the expected Shortfall Amount resulting from those adjusted projections) under clause 4.2(b) cannot be agreed to the satisfaction of the Minister then, notwithstanding clauses 4.1 or 4.2, the Minister will at least 5 Business Days prior to the commencement of the next following calendar month determine whether a Shortfall Amount will be paid, and if so the quantum of the Shortfall Amount to be paid in the next calendar month, and will thereupon immediately notify the Commission of that determination.
- (a) In making the determination under this clause 4.3, any additional relevant information provided by the Commission pursuant to clause 4.1 and any relevant matters raised and documented by the Commission in or for the purpose of discussions undertaken pursuant to clause 4.2, will be taken into account.
 - (b) Promptly after the making of such determination under this clause 4.3 the Minister shall provide the Commission with an explanation as to why they did not agree with the Commission as regards the payment of a, or the quantum of the payment of the, Shortfall Amount (with reference to the Cash-flow Projections provided by the Commission showing any adjustments to the same that the Minister considers to be warranted).

Increased Shortfall Amount

- 4.4 If the Cash-Flow Projections, or any other relevant information, forecast that, notwithstanding payment of a Shortfall Amount in respect of the first calendar month covered by the Cashflow Projections, the Fund will fall below the Shortfall Minimum Balance within two calendar months of the end of that calendar month (*Extension Period*) the Minister:
- (a) may, in their absolute discretion agree to increase the Final Shortfall Amount by an amount to ensure that the Shortfall Minimum Balance is maintained until the end of the Extension Period (*Increased Shortfall Amount*);
 - (b) will provide the Commission with notice of the Increased Shortfall Amount at the same time notification to the Commission of the Final Shortfall Amount is given.

5. PAYMENT NOTICES

- 5.1 The Commission may, issue a Payment Notice in respect of any calendar month in respect for which Cash-flow Projections have been provided to the Crown requesting payment by the Crown of a Shortfall Amount.
- 5.2 A Payment Notice is deemed to be a valid Payment Notice for the purposes of clause 6 if the notice:
- (a) is in writing;
 - (b) is in the form set out in Schedule 2 duly signed by a Commissioner;
 - (c) references the Cash-flow Projections to which payment of the Final Shortfall Amount relates;
 - (d) states a Shortfall Amount that is:
 - (i) the Final Shortfall Amount for the first of the calendar months covered by those Cash-flow Projections (in any case where that Final Shortfall Amount does not include an Increased Shortfall Amount); or
 - (ii) the Final Shortfall Amount for the first of the calendar months covered by those Cash-flow Projections and the Increased Shortfall Amount for each of the calendar months comprising an Extension Period (in any case where that Final Shortfall Amount is to include an Increased Shortfall Amount); and
 - (e) specifies a Payment Date which date must be the later of:
 - (i) the first Business Day in that calendar month in which the Final Shortfall Amount is to be paid if a valid Payment Notice is received by the Crown not less than 5 Business Days prior to that first Business Day;
 - (ii) 5 Business Days from the date the Crown is in receipt of a valid Payment Notice.

6. PAYMENTS OF SHORTFALL AMOUNTS

- 6.1 On receipt of a valid Payment Notice by the Crown, the amount stated in the Payment Notice as the Final Shortfall Amount for the relevant calendar month will, subject to clause 6.2 be:
- (a) paid by the Crown on the Business Day specified as the Payment Date in the Payment Notice; and
 - (b) paid by the Crown in cleared, freely available funds for value on the relevant Payment Date to the following bank account of the Commission, or such other account as the Commission notifies the Crown in the Payment Notice:

Bank:
Branch:
Account:

6.2 Clause 6.1 is to be read subject to clause 8.

7. GOODS AND SERVICES TAX

7.1 Unless otherwise expressly stated, all sums payable by the Crown to the Commission under this Deed are stated before the addition of any GST and are to be paid plus, GST, if any.

7.2 It is agreed that:

- (a) the payment of any Final Shortfall Amount (whether or not also inclusive of any Increased Shortfall Amount) will be consideration for a supply to which section 5(6) of the GST Act applies, and as a consequence, will be chargeable with GST; and
- (b) the Crown will pay the Commission in addition to the Final Shortfall Amount (whether or not also inclusive of any Increased Shortfall Amount) payable to the Commission an amount equal to the GST so payable by the Commission in respect of the supply referred to in clause 7.2(a); and
- (c) the Commission will issue a Payment Notice to the Crown that will be a tax invoice in accordance with section 24 of the GST Act; and
- (d) if the Commission makes a payment of an Excess Amount in accordance with clause 10 of this Deed, the Commission will issue the Crown with a credit note in accordance with section 25 of the GST Act, and upon receiving a GST input credit or deduction from the Inland Revenue in respect of the Excess Amount will pay an amount equal to that credit or deduction to the Crown.

7.3 The Commission will file its GST returns in a manner that reflects the position set out in clause 7.2.

8. APPLICATION OF SECTION 16 OF THE ACT

8.1 The payments made under this Deed are:

- (a) made under the authority of the Minister pursuant to section 16 of the Act;
- (b) as at the date of this Deed, to be paid to the Commission by way of grant and not by way of advance and (other than in accordance with clause 10) such payments are not repayable by the Commission to the Crown.

8.2 The Minister's discretion under section 16 of the Act to determine:

- (a) whether a deficiency subsists or is likely to occur in relation to the Fund;

- (b) the sums of money that are necessary to meet any such deficiency in the Fund;
- (c) whether any such sum shall be paid by way of grant or advance; and
- (d) the terms and conditions on which any payment to the Commission, in order to meet a deficiency in the Natural Disaster Fund, is made,

is in no way abrogated or waived by the terms of this Deed.

8.3 Any changes to the terms and conditions of any payment, in the exercise of the Minister's discretion under section 16 of the Act:

- (a) are to only come into effect once reasonable notice of those changes has been given to the Commission;
- (b) are not capable of having retrospective effect (meaning that any changes to the terms and conditions of any payment can only apply to any future payments to be made to the Commission under this Deed and not to any payments that have been made to the Commission under this Deed).

9. ONGOING INFORMATION REQUIREMENTS

9.1 If, in accordance with this Deed, the Crown pays a Final Shortfall Amount (whether or not also inclusive of any Increased Shortfall Amount) to the Commission, the Crown may, at any time after such payment, request from the Commission, and the Commission must provide, (but only to the extent such information has not already been made available to the Crown by the Commission) such information as the Crown deems necessary to determine whether the payment of the Final Shortfall Amount (whether or not also inclusive of any Increased Shortfall Amount) should have been made or should have in terms of quantum been made.

9.2 The information in clause 9.1 may include (without limitation):

- (a) any report (final or interim) from any actuary appointed by the Commission; or
- (b) information relating to Commission's business, operation, assets, liabilities, financial position, litigation and legal liabilities.

10 REFUND OF SHORTFALL AMOUNTS

10.1 If the Crown pays a Final Shortfall Amount (whether or not also inclusive of any Increased Shortfall Amount) to the Commission, and the Crown determines that the payment amount was in excess of what was necessary to maintain the Shortfall Minimum Balance (*Excess Amount*), the Crown may issue a notice to the Commission showing the calculation of the Excess Amount (*Excess Notice*).

10.2 Following the receipt of the Excess Notice by the Commission, the Commission and the Crown will meet (if requested by the Commission) to settle any adjustments to, or payment of the Excess Amount which may be reasonably be agreed, arising out of matters the subject of the parties' discussions. The Crown acknowledges that in discussing and agreeing any adjustments to, or payment of, the Excess Amount, the Commission may invite the Crown to consider the cash-flow projections for the

following months and whether there is likely to be any shortfalls occurring in those following months.

- 10.3 If adjustments to the Excess Amount under clause 10.2 cannot be agreed between the Crown and the Commission then the Minister will determine the level of the Excess Amount.
- 10.4 Once the Excess Amount has been agreed in accordance with clause 10.2, or determined solely by the Minister in accordance with clause 10.3, the Crown may issue a notice to the Commission requiring payment of the Excess Amount (*Excess Payment Notice*) and the Commission must, as soon as practicable, pay the Excess Amount to the Crown in accordance with the Excess Payment Notice.

11 REPORTING OBLIGATIONS

- 11.1 No information provided to the Crown by the Commission under this Deed is a substitute for the Commission's reporting requirements under the Act, the Crown Entities Act 2004, or any other relevant legislation and the Commission will continue to comply with all reporting requirements.
- 11.2 The information and reporting requirements under this Deed in no way limit the Crown's discretion to request information from the Commission in accordance with the Crown Entities Act 2004.

12. MISCELLANEOUS

12.1 Official Information Act

- (a) The parties acknowledge that each are subject to the Official Information Act 1982 (the **OIA Act**).
- (b) In the event that either of the parties are subject to a request for information under the OIA Act on matters the subject of this Deed, each party will wherever practicable consult with the other party in relation such request.

12.2 Notices

- (a) Each notice, agreement and other communication (each a *Communication*) to be given, delivered or made under this Deed is to be in writing but may be sent by personal delivery, post or email.
- (b) Each Communication under this Deed is to be sent to the address of the relevant party set out below or to any other Communication address from time to time designated for that purpose by at least two Business Days' prior notice to the other party. The initial respective address details of the Commission and the Treasury are:

The Commission

Address:

Email:

Contact:

The Crown

Address:

Email:

Contact:

12.3 Parties may not assign

Neither party may assign or transfer all or any of its rights and obligations under or in relation to this Deed without the consent in writing of the other party.

12.4 Entire Agreement

- (a) This Deed constitutes the entire agreement, understanding and arrangement (express and implied) between the parties relating to the subject matter of this Deed and supersedes and cancels any previous agreement, understanding and arrangement relating thereto whether written or oral.
- (b) Clause 12.4 (a) does not limit clause 8 or section 16 of the Earthquake Commission Act 1993.

12.5 Further assurance

Each party will make all applications, execute all documents, and do all acts and things necessary to implement and to carry out its obligations under this Deed.

12.6 Costs

Each party will pay its own costs incurred in connection with the preparation, negotiation and entry into this Deed.

12.7 Counterparts

This Deed may be signed in counterparts, each of which when taken together will constitute one and the same instrument. Each party may enter into this Deed by signing any such counterpart copy.

12.8 Governing law

This Deed is governed by and will be construed in accordance with New Zealand law.

EXECUTED AND DELIVERED as a deed by:

**Signed by Her Majesty in right of New
Zealand acting by and through the Minister
Responsible for the Earthquake Commission**

in the presence of:

Witness' name:

Witness' occupation:

Witness' address:

The Earthquake Commission a statutory entity
established in accordance with the Earthquake
Commission Act 1993 by:

Commissioner
Name:

Commissioner
Name:

SCHEDULE 1 – CASH-FLOW PROJECTIONS

EQC cash flow forecast

	The Month \$(000)	Subsequent Months* \$(000)
OPENING BALANCE		
Natural Disaster Fund as per prior month closing	XXX	XXX
CASH IN		
Premiums	XXX	XXX
Reinsurance Total ILVR		
Core	XXX	XXX
Potential claims (litigation, insurer wash-up)	XXX	XXX
Investment and Other Income	XXX	XXX
TOTAL CASH IN	XXX	XXX
CASH OUT		
Canterbury Claims Total ILVR		
Core claims	XXX	XXX
Land litigation (\$XXm) and insurer wash-up (\$XXm)	XXX	XXX
Kaikoura claims	XXX	XXX
Other claims	XXX	XXX
All CHE, assessment fees and operating costs	XXX	XXX
Capital expenditure	XXX	XXX
Government guarantee	XXX	XXX
NRWT	XXX	XXX
Reinsurance premium	XXX	XXX
TOTAL CASH OUT	XXX	XXX
GST refund/(payment)	XXX	XXX
NET MOVEMENT	XXX	XXX
CLOSING BALANCE MANAGEMENT ASSESSMENT	XXX	XXX
Shortfall Minimum Balance	50,000	50,000
SHORTFALL AMOUNT	XXX	XXX

* up to the end of the Extension Period

SCHEDULE 2 – FORM OF PAYMENT NOTICE**TAX INVOICE****GST NUMBER []**

From: The Earthquake Commission

To: [Minister or Delegate]

Date: []

THE EARTHQUAKE COMMISSION – PAYMENT NOTICE

We refer to the EQC Deficiency Funding Deed dated [] made between Her Majesty the Queen in right of New Zealand acting by and through the Minister Responsible for the Earthquake Commission and The Earthquake Commission (the Commission) (the "Deed").

Terms defined in the Deed have the same meaning in this Payment Notice.

Request is hereby made for payment of a Final Shortfall Amount for the month(s) of []

Cash-flow Projections to which this Payment Notice relates []**Amount of Final Shortfall Amount:** []**GST:** []**Total Amount Payable** []**Payment Date** []

The Final Shortfall Amount should be credited to **[account]**.

I confirm that:

- (i) I am authorised by the Board of the Commission to issue this Payment Request;
- (ii) the Final Shortfall Amount stated above is the Final Shortfall Amount agreed to the satisfaction of the Minister or as determined by the Minister pursuant to the Deed; and
- (iii) the payment of the Final Shortfall Amount is made in consideration for the supply of outputs by the Commission pursuant to section 5(6) of the GST Act.

Yours faithfully

 Commissioner

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TE TAI ŌHANGA
THE TREASURY**Treasury Report:** Earthquake Commission Quarterly Report - Q3 to March 2019

Date:	7 August 2019	Report No:	T2019/2048
		File Number:	CM-1-3-15-2

Action Sought

	Action Sought	Deadline
Minister Responsible for the Earthquake Commission (Hon Grant Robertson)	Note the content of the report	None

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Lars Piepke	Principal Advisor, Commercial Performance	s9(2)(k)	✓
Shelley Hollingsworth	Manager, Commercial Performance	s9(2)(g)(ii)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
--

Note any
feedback on
the quality of
the report
Enclosure: Yes (Q3 Report attached)

COMMERCIAL-IN-CONFIDENCE**Treasury Report: Earthquake Commission Quarterly Report - Q3 to March 2019****Executive Summary**

This report provides a summary of the performance reporting of the Earthquake Commission (EQC) for the quarter ended March 2019 (Q3). It focuses on EQC's progress in resolving its outstanding earthquake claims and its achievement of its Statement of Performance Expectations (SPE) standards.

A version of this report was sent to you and the previous Minister Responsible for the EQC on 26 June 2019 (T2019/1631 refers). No action was required from you on that occasion. Due to the change in Ministerial responsibilities, the previous Minister Responsible for the EQC was unable to review the report. We have updated the content of this report for you to note.

EQC continues to make progress in settling the remaining Canterbury and Kaikoura claims. The total outstanding open claims at the end of the quarter are shown in the table below:

	March 2019	December 2018
Total Canterbury outstanding open claims	3,080	3,467
Total Kaikoura outstanding open claims	231	239
Total non-Canterbury and non-Kaikoura outstanding open claims	146	349
Total Outstanding Open Claims	3,457	4,055

During the quarter, the Crown provided EQC with \$30 million (excluding GST) of deficiency funding under Section 16 of the EQC Act, operationalised by the Deficiency Funding Deed. Additional funding of \$45m (excluding GST) was provided on 31 May 2019 to ensure that the agreed \$50m buffer in the Natural Disaster Fund (NDF) is maintained.

The Treasury continues to monitor EQC's 2018-19 Statement of Performance Expectations (SPE) measures and whether EQC will achieve the targets specified. As at 31 March 2019, the Treasury notes that:

Canterbury

- The year-to-date (YTD) frequency of communications with customers is currently at 89% compared to the 100% SPE target. s9(2)(g)(i)

- The YTD customer satisfaction measures are currently below the SPE targets, despite showing improvement on the prior year. s9(2)(g)(i)

In order to provide further relevant insights regarding customer satisfaction, the EQC has added extra customer satisfaction measures to the EQC 2019/20 SPE. The Treasury was supportive of the incorporation

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of these extra customer satisfaction measures as they measure more recent customer satisfaction interactions while at the same time the EQC has retained the longer term customer satisfaction measures.

Kaikōura

- The SPE target requiring 95% of all Kaikōura outstanding claims on hand at 30 June 2018 to be settled by 31 December 2018 was not met by the end of December 2018, or by the end of March 2019. The Treasury notes that this target has not been achieved due to the private insurers being unable to resolve all the claims that they are responsible for under the Kaikōura Memorandum of Understanding (MOU).
- EQC has now taken over responsibility for all the remaining under-cap claims that have not yet been resolved by the private insurers in order to focus on resolving these remaining outstanding claims. The Treasury is supportive of EQC's decision as it will enable EQC to have improved control over the resolution of these outstanding claims in a timely manner. The Kaikōura pilot highlighted a number of issues (relating to access to data, performance standards and financial reporting) with the "agency model" in settling earthquake claims. EQC are incorporating these learnings into the future readiness model that they are currently negotiating with the private insurers.

Results against SPE targets for the full year to 30 June 2019 will be included in EQC's Annual Report (rather than a quarterly monitoring report). We anticipate receiving this in late August or early September and will provide you with advice in September.

Recommended Action

We recommend that you:

- a **note** the content of this report

Shelley Hollingsworth
Manager, Commercial Performance

Hon Grant Robertson
Minister Responsible for the Earthquake Commission

COMMERCIAL-IN-CONFIDENCE**Treasury Report: Earthquake Commission Quarterly Report - Q3 to March 2019****Purpose of Report**

1. This report provides a summary of the performance reporting of EQC for the quarter ended March 2019 (Q3). A version of this report was sent to you and the previous Minister Responsible for the EQC on 26 June 2019 (T2019/1631 refers). No action was required from you on that occasion.
2. Due to the change in Ministerial responsibilities, the previous Minister Responsible for the EQC was unable to review the report. We have updated the content of this report for you to note.
3. This report focuses on EQC's progress in resolving its outstanding earthquake claims and its achievement of its Statement of Performance Expectations (SPE) standards. Other regular monitoring reports include:
 - Analysis of the EQC Insurance Liability Valuation Report (every 6 months) – that report focuses on the outstanding claims liabilities and therefore the fiscal risks to the Crown;
 - EQC and Southern Response litigation update report (as required) – these reports focus on litigation issues and litigation strategy (as well as the potential fiscal impact on the Crown); and
 - EQC deficiency funding requests (as required) – these reports focus on cash flow forecasts and the Crown's funding requirement.
4. In addition, we provided you with an update on the monitoring of EQC on 31 July (T2019/2211 refers). This report highlighted EQC's risks to delivery across Treasury's key focus areas, including organisational capability and capacity considerations.

Delivery of Key Priorities

5. During Q3, EQC achieved the following progress with regard to the Canterbury earthquakes claims:

Flow of claims	Q3	Q2
Inflow (a claim created or reopened within the reporting period)	1,513	1,665
Resolved	1,900	2,502

Claim Categories		
Claims on hand - Settlements team	2,181	2,277
Claims on hand - Alternative Disputes Resolution team (internal)	562	347
Claims on hand - Claims under litigation and claims with Southern Response under the MoU	337	843
Total outstanding claims on hand as at the end of quarter	3,080	3,467

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6. The 337 outstanding open claims that either are in litigation or managed by Southern Response in accordance with the Memorandum of Understanding (MoU) are detailed in the following table:

Claim Categories	Q3	Q2
Claims on an insurer finalisation pathway with Southern Response	335	325
Land claims on hold due to the IAG/Tower litigation (internally managed)	0	352
Property claims subject to litigation or land claim reviews (internally managed)	2	166
Total claims managed by Southern Response or in litigation	337	843

7. The Alternative Disputes Resolution (ADR) team are contacting customers directly which has led to some very positive results. Claimants in the ADR group are open to having direct discussions with EQC (without involving lawyers), which results in getting more claims settled.
8. EQC is actively participating in the Greater Christchurch Claims Resolution Service (GCCRS). At the end of the quarter, there were 458 GCCRS claims referred to EQC. These claims are included in the total outstanding open claims.

Canterbury Earthquakes

9. The Canterbury overall customer satisfaction¹ rate as at the end of March 2019 was 39%, 3% below the SPE target of 42% or better. The satisfaction rate for March 2019 was 53%, up from 46% in February. s9(2)(g)(i)
10. The "Kept Informed"² customer measure has a year to date result of 31% (unchanged from the last quarter) against the SPE target of 38% or better. s9(2)(g)(i)
11. EQC has contacted 89% of customers regarding their claims against the SPE target³ of 100%. EQC does not expect it has the capability of reaching the 100% target. Some of the customers request not to be contacted on a monthly basis and some customers utilise advocates, making it difficult for EQC to confirm customer contact.
12. Steady progress was made in settling the Canterbury earthquake claims. At the end of the March 2019 quarter EQC has settled or is in the process of physically repairing 85% of the outstanding claims on hand as at 30 June 2018 (excluding claims that are in litigation or with Southern Response under the MoU) against the SPE target⁴ of 98%. EQC remains focussed on settling aged claims through its case management approach and regularly tracks its progress. At the time of reporting, EQC was expecting to be close to achieving this SPE target by the end of the financial year.

¹ SPE measure 2.1.5 - The proportion of surveyed customers who indicate satisfaction about their overall claim settlement process increases by 5% per annum to 42% or higher.

² SPE measure 2.1.6 - The proportion of surveyed customers who indicate that they were well informed during the claims settlement process increases by 15% per annum to 38% or higher.

³ SPE measure 2.1.3 – The frequency of our communication to provide customer certainty in the progress of their claims settlement.

⁴ SPE measure 2.1.1 – 98% of outstanding claims on hand at 30 June 2018 are settled or in the process of being physically repaired by 30 June 2019.

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13. At the end of the March 2019 quarter, approximately 74% of the post 30 June 2018 new inflow of accepted reopened claims (excluding those in litigation) had been settled or were being repaired within six months of the reopened date, against the SPE target⁵ of 80%. At the time of reporting, s9(2)(g)(i)

14. The Treasury understands that the reason s9(2)(g)(i)

In order to provide further relevant insights regarding customer satisfaction EQC has added extra customer satisfaction measures to the EQC 2019/20 SPE. The Treasury was supportive of the incorporation of these extra customer satisfaction measures as they measure more recent customer satisfaction interactions while at the same time the EQC has retained the longer term customer satisfaction measures to ensure continuity.

Kaikōura Earthquakes

15. EQC was still unable, by the end of March 2019, to achieve the December 2018 SPE target⁶ of settling 95% of all Kaikōura claims on hand at 30 June 2018. The Treasury notes that this target has not been achieved due to the private insurers being unable to resolve all the claims that they are responsible for under the Kaikōura Memorandum of Understanding (MOU). EQC has now taken over responsibility for all the remaining under-cap claims that have not yet been resolved by the private insurers in order to focus on resolving these remaining outstanding claims. The Kaikōura pilot highlighted a number of issues (relating to access to data, performance standards and financial reporting) with the “agency model” in settling earthquake claims. EQC is incorporating these learnings into the future readiness model that they are currently negotiating with the private insurers.
16. The table below provides a breakdown of the open claims by insurer and type of claim as at 31 March 2019:

s9(2)(b)(ii)

Table content is redacted (s9(2)(b)(ii)).

* End of February 2019 numbers, all other numbers are as at 31 March 2019.

17. The reopen rate has been steady over the last few months at approximately 3.5% compared to the overall expected reopen rate for events of approximately 8%.
18. The Treasury is supportive of EQC’s decision to take over the responsibility for resolving all the remaining Kaikōura under-cap claims (that have not yet been resolved by the private insurers) as this will enable EQC to have improved control over the

⁵ SPE measure 2.1.2 – 80% of new inflow of accepted reopened claims lodged post 30 June 2018 will be settled or in the process of being physically repaired within six months of the reopening date.

⁶ SPE measure 2.2.1 – 95% of all outstanding claims on hand at 30 June 2018, excluding any that are subject to litigation proceedings, are settled by 31 December 2018.

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resolution of these claims in a timely manner. The Treasury will continue to monitor the resolution of these remaining outstanding claims.

Non-Canterbury and Non-Kaikōura Events.

19. There were 343 claims received during the quarter and 602 claims were resolved, resulting in 146 claims on hand at the end of the quarter.
20. The overall year-to-date customer satisfaction at the end of the March 2019 quarter was 77%, better than the SPE target⁷ of 62%, and a slight improvement to last quarter's year-to-date result of 75%. The year-to-date result for the "Kept Informed" customer satisfaction SPE target was 75% at the end of the March 2019 quarter, and is an improvement from the prior quarter's year-to-date result of 73%. This is significantly better than the current financial year SPE target⁸ of 60%.

Other Matters

21. EQC is actively engaging in an open and transparent manner with the Public Inquiry into EQC (the Inquiry). During the quarter, the Board Chair, the Chief Executive, the Head of EQC's Inquiry team and the legal counsel had three hui with Dame Silvia and her team. EQC has also submitted briefing documents to the Inquiry. EQC continues to ensure that all staff are well informed and supported regarding the Inquiry process.
22. There were 10 privacy breaches during the quarter (9 rated low level and 1 rated medium level). The medium level breach was the result of a spreadsheet containing 41 claims incorrectly labelled and sent to the wrong insurer. The insurer was immediately advised and confirmed that they deleted the document. In all instances, the breach was contained and resolved with no reported impact.
23. During the quarter, GNS Science provided EQC with a revised solution design and project plan for the loss modelling proposal. A commercial agreement has been signed by the two entities to commence the build work and to create a contract for the full delivery and ongoing support.

Next Steps

24. Results against SPE targets for the full year to 30 June 2019 will be included in EQC's Annual Report (rather than a quarterly monitoring report). We anticipate receiving this in late August or early September and will provide you with advice in September.

⁷ SPE measure 2.3.4 - The proportion of surveyed customers who indicate satisfaction about their overall claim settlement process increases by 5% per annum to 62% or higher.

⁸ SPE measure 2.3.5 - The proportion of surveyed customers who indicate they were well informed during the claims settlement process increases by 15% per annum to 60% or higher.

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EQC Quarterly Monitoring Report 2018-19 Financial Year

**For the quarter
1 January 2019 – 31 March 2019 (Q3)**

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1 EQC Financial Statements

The financial statements in this report represent the operations of EQC and are based on unaudited management accounts. They are prepared in accordance with EQC's accounting policies. The actuarial report (ILVR) used in these financial statements is as at 31 December 2018.

1.1 Statement of Comprehensive Income as at 31 March 2019

	2017/18 Actuals \$(m)	2018/19 Q3 Actuals \$(m)	2018/19 Q3 Budget \$(m)	Variance \$(m)	2018/19 YTD Actuals \$(m)	2018/19 YTD Budget \$(m)	Variance \$(m)	2018/19 Full Year SOI Budget \$(m)
Gross Earned Premiums	309.5							383.9
Reinsurance & Other Recoveries	83.0							1.5
Other Income	0.0							0.0
Investments	11.0							0.0
TOTAL INCOME	403.5							385.4
Claims Expense	346.5							(91.9)
Amortisation of Risk Margin	(64.0)							(138.7)
Other Claims Expense	410.5							46.8
Outward Reinsurance Premium Expense	177.5							178.1
TOTAL UNDERWRITING COSTS	524.0							86.2
OPERATING COSTS	58.4							68.2
Bad Debts written off	0.0							0.0
NET SURPLUS/ (DEFICIT)	(179.0)							231.0
Memo line: Net Surplus/ (Deficit) excl Risk Margin Amortisation	(243.0)							92.3

1.2 Statement (and movement) of Financial Position as at 31 March 2019

	Jun-18 Actual \$(m)	Dec-18 Actual Q2 \$(m)	Mar-19 Actual Q3 \$(m)	Q2 vs Q3 Movement \$(m)	2019 Full Year SOI Budget \$(m)
ASSETS					
Cash	181	98	81	(16)	0
Total Receivables	318	558	557	(1)	113
Investments	0	0	0	0	0
PPE & Intangibles	25	24	23	(1)	28
Other Assets	32	31	31	0	29
TOTAL ASSETS	557	712	693	(18)	170
LIABILITIES					
Bank	0	0	0	0	77
Non-Claims Liabilities	46	28	27	(1)	6
Provisions	7	15	14	(1)	6
Claims Liabilities	1,453	1,282	1,174	(108)	411
TOTAL LIABILITIES	1,506	1,325	1,215	(110)	500
NET ASSETS/ (LIABILITIES)	(950)	(613)	(522)	91	(330)
NATURAL DISASTER FUND					
Capitalised Reserves	1,500	1,500	1,500	0	1,500
Retained Earnings	(2,271)	(2,450)	(2,450)	0	(2,061)
Surplus/(Deficit) FY	(179)	336	428	91	231
TOTAL EQUITY	(950)	(613)	(522)	91	(330)

Note: December 18 has been restated to include the impact of the December 2018 ILVR.

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2 Management Commentary

2.1 Budgets: Key Variances and Risks

Table 1: EQC key variances for quarter three to 31 March 2019 (from the Statement of Comprehensive Income).

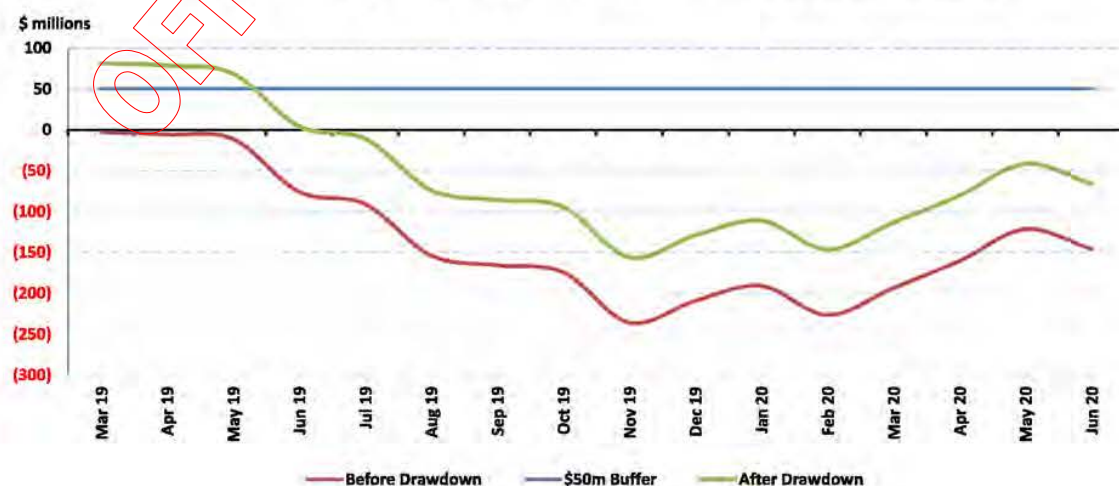
Item	Variance Commentary
Income favourable \$32.5m (actual of \$130.5m against budget of \$97.9m).	Revenue for the quarter was favourable to budget by \$32.5m. The main driver of this variance is the Crown funding received in March of \$30m (per Section 16 funding request). This was not budgeted at Treasury's request. Premium revenue is favourable by \$0.6m, largely driven by timing of cash receipts, while interest income is higher by \$0.4m and Reinsurance recoveries are higher by \$1.5m (following the Dec 18 ILVR).
Claims Expense favourable \$21.5m Actuals of (\$25.4m) versus budget of (\$3.9m)	This variance for the quarter is mainly driven by favourable movements in the Risk Margin amortisation (\$14.0m), partly offset by an unfavourable movement on the Unexpired Risk Liability (\$0.2m and the amortisation of discount on claims liability (\$2.1m). The remaining variance of \$9.8m is due to lower than expected levels of claim payments (outside of those already provided for), due to relatively few new claims/events in the quarter.

9(2)(j)

2.2 Cash-flow Forecast

The largest impact on the cash flow is claims payments. The cash flow provides for the settlement of remaining known Canterbury and Kaikōura claims and in addition, allows for potential claims that could still emerge. A number of the components within the cash-flow forecast have a high level of uncertainty associated with them which can result in potential volatility of outcomes.

Natural Disaster Fund Management Assessment (as at 31 March 2019)



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During quarter three, EQC's cash balance dropped below \$50m and a further drawdown of \$30m was made under the Section 16 funding deed on 1 March 2019.

It is expected that a further request for \$45m + GST will be made to Treasury on 1 June 2019. This timing coincides with the first payment of the 2019/20 reinsurance programme.

3 Delivery of Key Priorities to March 2019

3.1 Inquiry into EQC

3.1.1 Update on the Public Inquiry into EQC

Work on the Public Inquiry into EQC picked up in Quarter 3, including providing information and preparing for a series of hui with the Inquiry Chair, Dame Silvia Cartwright.

The Public Inquiry has a particular focus on EQC's response to the Canterbury earthquakes of 2010 and 2011, but it will also address experiences with EQC right across New Zealand. That includes reviewing how EQC responded differently to other events such as the Kaikōura earthquake in 2016, and what can be learned from those comparisons. The Public Inquiry has indicated that the deadline for providing the Governor General with its final report and recommendations "to improve EQC's readiness to respond to future events" is likely to be extended to late 2019.

EQC's approach to the Public Inquiry is one of openness and transparency. EQC's team – Board Chair Sir Michael Cullen, Chief Executive Sid Miller, Head of EQC's Inquiry team Benesia Smith, and legal counsel Simon Mount QC – has had three hui with Dame Silvia and her team. These meetings have been constructive and wide ranging, covering topics such as EQC's response to reviews of the organisation over recent years, and how EQC sees its future role and function.

Dame Silvia has also had two meetings with Dr Hugh Cowan, EQC's Director Resilience Research. These meetings focused on issues of resilience, research and education as it relates to natural disasters in New Zealand.

EQC has also submitted the following briefings to the Public Inquiry for information:

- Reviews of EQC since 2010;
- Catastrophe Response Programme 2009/10;
- Ministerial Directions 1994-present;
- EQC Data; and
- Historical Customer Journeys.

3.1.2 Next steps

Over the next quarter, EQC will continue to provide information to the Public Inquiry on key topics that EQC thinks will be useful to the Inquiry in undertaking its investigation, as well as responding to specific requests for information.

Another hui with Dame Silvia and her team is scheduled for late April, and two in May. Dame Silvia is also holding a series of workshops with current and former EQC staff in May, and seeking written submissions from the public.

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3.2 Canterbury Released under the Official Information Act 1982

For this section, unless otherwise stated, all reference to claims relates to those claims going through either business-as-usual or Alternative Disputes Resolution (ADR) processes.

During the quarter, we have:

	Q1	Q2	Q3
Inflow*	2,179	1,665	1,513
Resolved	2,720	2,502	1,900

Claims on hand – Settlements team	2,993	2,277	2,181
ADR – ADR team	0	347	562
Claims on hand – claims under litigation and Southern Response MoU	1,311	843	337
Total outstanding claims	4,304	3,467	3,080

* Inflow refers to a claim created or reopened within the reporting period

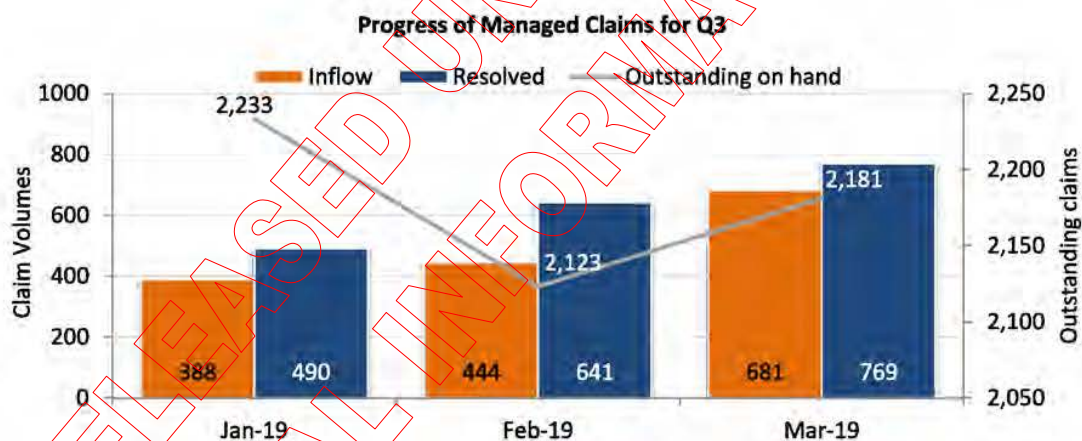


Figure 1: Progress of managed Canterbury claims (excluding ADR) for the period 1 Jan – 31Mar

Figure one shows the inflow by each month which totals 1,513 for the year to date, and the cumulative resolved number by month totals 1,900.

As at 31 March 2019, there were 2,181 claims on hand in the Settlements team. These claims were made up as follows:

- 352 with the Construction Team; and
- 1,829 with the Settlements Team.

In addition to the 2,181 claims on hand being managed by the Settlements Team, there were 562 claims that are being managed by the ADR team, and 337 claims are either in litigation or being managed by Southern Response in accordance with the MoU:

- Two property claims subject to litigation or land claim reviews; and
- 335 claims on an insurer finalisation pathway with Southern Response.

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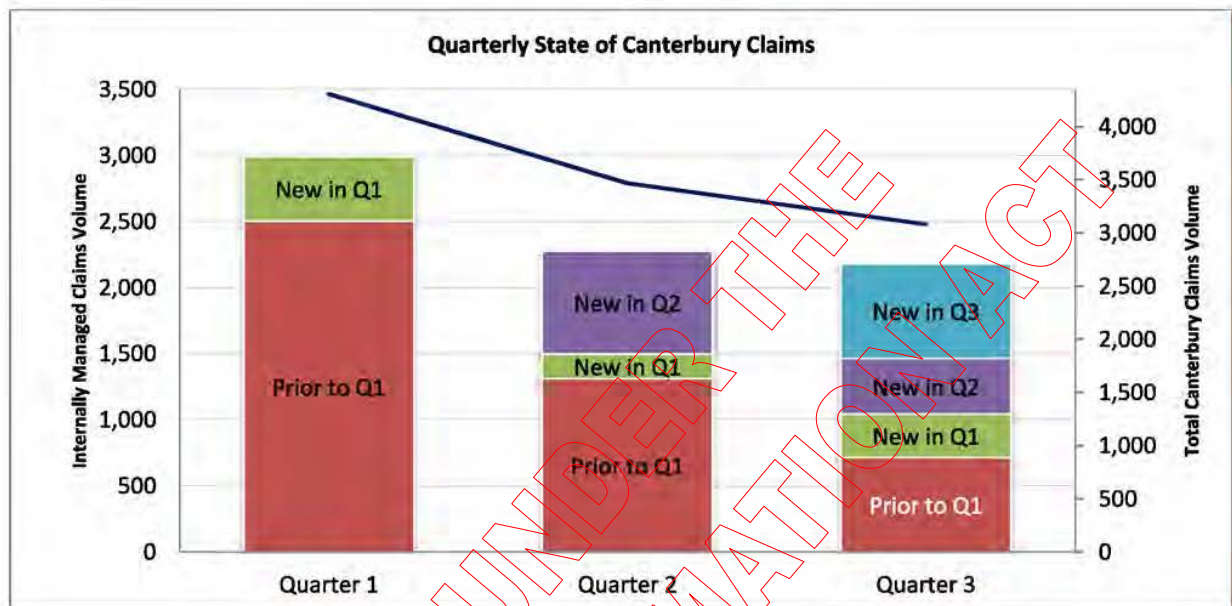


Figure 2: Comparison of Canterbury claim progress between the quarters

3.2.1 Focus: Resolving aged claims

Claims Team continue to focus on aged claims. The average days open can often be influenced by the complexity of some of these older claims and their more technical disputes and challenges.

3.2.2 Progress with insurers

As at 31 March 2019 there were a total of 3,080 Canterbury outstanding which included externally managed claims. The below table shows the number of claims that remain open, by underlying insurer, at the end of the quarter:

(9)(2)(b)(ii)

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3.2.3 Alternative Disputes Resolution

With our new approach we are contacting the customers directly which is leaving us with some very positive results. During March we completed 43 and we're on track to do more this next month. Claimants in the disputes resolution group are open to having a conversation with EQC which means we are getting more claims settled as we are talking directly with them instead of lawyer to lawyer.

Received/Resolved	Alternative Disputes Resolution (ADR)	ILV Land	Total
Claims Transferred from Litigation to Settlements	457	513	970
Claims Resolved	90	318	408
Total claims remaining as at Q3	367	195	562

Figure 5: A table showing claims movement within the ADR process

3.2.4 Greater Christchurch Claims Resolution Service (GCCRS)

At the end of Quarter 3 there was a total of 458 GCCRS claims referred to EQC. Of these claims, 140 were being managed through the EQC Contact Centre and 318 claims have been assigned to Settlement. During the month of March there was new inflow of 75 claims from GCCRS. 29 claims were new to EQC, 5 were existing Litigation claims and are with the Disputes Resolution team and the remaining 41 were existing claims in V8

3.2.5 Customer Satisfaction

	Target	Q1	Q2	Q3
Overall (2.1.5)	42%	35%	40%	39%
Kept Informed (2.1.6)	38%	26%	31%	31%

Figure 7: This table represents the YTD result as at quarter end

The upward trend customer satisfaction has been following since the beginning of the financial year has plateaued this past couple of months. As 31 March 2019, the year-to-date result for overall customer satisfaction (SoPE measure 2.1.5) is sitting at 39% (against a target of $\geq 42\%$) and the Kept Informed measure (2.1.6) has a year-to-date result of 31% (against a target of $\geq 38\%$).

3.3 Kaikōura Completion

The entire Kaikōura event to date resulted in 38,821 claims (excluding duplicates). As at 31 March 2019, 99% of all claims have been settled.

Since the beginning of the quarter, we have reset reporting expectations with insurers and recently moved to a standardised reporting template. We are still in the process of receiving information from some insurers as at the 31 March 2019 and hope to receive full and complete data sets from insurers for Apr-19 reporting.

3.3.1 Delivery progress

The table below demonstrates how the remaining open claims are distributed amongst the insurers and type of claim, as at Q3. A few points to note:

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- We are still in the process of receiving information from some insurers as at the 31 March 2019 (We have reset reporting expectations with insurers and recently moved to a standardised reporting template)
- Insurers flagged with (^) indicate end of February 2019 figures (all other figures are as at Mar-19).
- EQC's figures include 14 claims in litigation
- Figures can increase from previous quarters if the number of reopened claims exceeds closures

(9(2)(b)(ii))



EQC will continue to work with all insurers to complete claims in accordance with targets.

3.3.2 Reopened claims

Approximately 1,451 claims have been reported as reopened in the quarter, with a steady number being reported over the last few months. Generally we would expect to see a reopened rate for events of around 8% overall. Kaikōura is sitting at around the 3.5% mark to date.

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4 Other Matters

4.1 Current Open Claims – Non Canterbury & Kaikōura Events

4.1.1 Response and Recovery at a glance

The Response and Recovery team manages all claims that result from events other than the Canterbury or Kaikōura events. The infographic below shows our position as at quarter end:



Figure 9: Infographic showing the Q3 position of all claims (excluding Canterbury and Kaikōura claims)

Response and Recovery has seen lower claim lodgement volumes in Q3 compared with the first two quarters of the 2018/2019 financial year. This is not unexpected as the drier summer months tend to result in fewer claims being lodged for landslip/storm/flood damage compared with the rest of the year.

The number of open claims has reduced as the financial year has progressed, with 146 claims on hand at the end of Q3. Low claim lodgements were reported for Q3, when compared with the volume of claims that have been received over the same time period for the last 10 years (excluding major events such as Canterbury and Kaikōura), which has contributed to this. Q3 for the 2017/2018 financial year saw more than 1,000 claims received.

A further contributing factor to the low number of claims on hand is the rate at which claims from the Taumarunui earthquake on 30 October 2018 have been resolved. In total, 629 claims were received for the event and as at the end of Q3 10 claims remain open. As reported last quarter, in regards to the Taumarunui event 54% of these claims were withdrawn, closed due to no damage/cover and closed due to inadequate information; this has shown to impact the Q2 results in respect to average days to close as noted below. The average time to close for claims from this event is currently 32 calendar days.

4.1.2 Average days to close a claim

The average days to close increased across the claim portfolios over the last quarter, the greatest shift being seen in earthquake claims, with landslip/storm/flood days to close remaining stable.

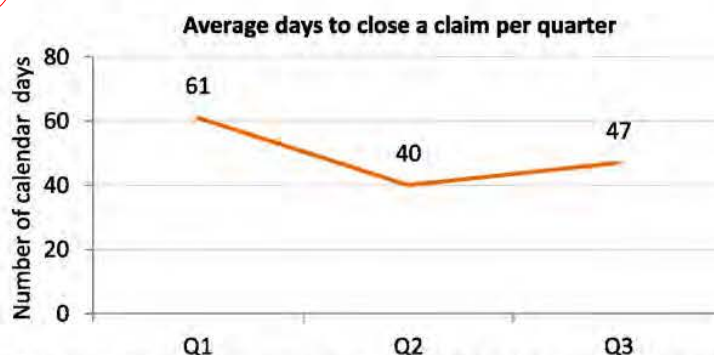


Figure 10: graph showing the average number of calendar days to close a claim, per quarter

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Earthquake claims made up 60% of all claims closed over Q3. The average number of days taken to close claims in this cohort has fluctuated over the last three quarters, with results of 35, 27 and 37 days taken. As the event is concluding we expect to see increased consistency in Q4.

The improvement in the overall average days to close (from Q1 to Q3) is further explained by the time taken to resolve landslide/storm/flood claims falling noticeably from 83 days for Q1 to 62 days for Q3.

4.1.3 Customer Satisfaction

	Target	Q1	Q2	Q3
Overall (2.3.4)	62%	74%	75%	77%
Kept Informed (2.3.5)	60%	69%	73%	75%

Figure 11: this table represents the YTD result as at quarter end

Response and Recovery continues to remain on track to meet our end of year targets for both overall satisfaction and kept well informed. The improvements in the year-to-date scores have been reinforced by the customer survey results from the Taumarunui earthquake – which made up 235 of the 441 surveys completed in the last quarter. This group of customers has given Response and Recovery a score of 87% for both overall satisfaction and kept well informed.

The improved results from this event are due to initiatives that were implemented. Claim Management teams enable their assessors to inspect properties early, additional time is being taken when inspecting the damage and to explain findings and next steps to customers. Changes have also been made to the way in which supporting documentation to make them easier to understand for our customers.

4.2 Legal and policy update**4.2.1 EQC legislative review**

On 18 February, The EQC Amendment Bill was passed in Parliament and features four key changes to the law. Two amendments to the EQC Act take immediate effect and two will take effect from July 2019. All four changes will be fully in place by July 2020.

The changes taking immediate effect are:

- An immediate extension of the timeframe for lodging a claim from three months to two years.
 - We still encourage people to claim as soon as possible. We may decline claims where delays in lodging a claim could make it difficult for us to attribute the damage to a natural disaster and to assess the claim.
- Provide EQC scope to share claim information as necessary to settle insurance claims

The changes taking effect from 1 July 2019 as insurance policies renew are:

- Removal of the \$20,000 EQCover for contents
- Increase in cap on EQC residential building cover from \$100,000 (+ GST) to \$150,000 (+ GST).

The changes broaden how we can apply the Act by providing homeowners more time to lodge a claim and increasing the cap limit on each claim. The amendments also aim to enable us to deliver an improved customer experience by providing more scope and clarification on sharing claim information.

4.2.2 EQCover review

Changes affecting an individual's entitlements under the Act (e.g., increased building cap and removal of contents cover) will come into force from 1 July. As individual policies renew, the new entitlements will apply, including changes to the EQC levy. A key focus over the 12 month transition period will be to work closely with insurers to ensure customers receive the correct entitlements.

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The Government will be undertaking a second, comprehensive review of the EQC Act to ensure the efficacy, availability and long term sustainability of disaster insurance for New Zealand. The review will be informed by the Public Inquiry into EQC. Treasury is leading this work and it is expected that policy development and public consultation, including with insurers and reinsurers, will take place through 2019 and 2020, with legislation being introduced and passed before the end of 2022.

4.3 Risk Financing Strategy

Progress continues to be made with EQC's Risk Financing Strategy, with the Board agreeing in February to a medium term reinsurance strategy aimed at building greater financial resilience into the programme. At the same Board meeting, the Board agreed the negotiation strategy and mandate for the 2019/20 renewal (e.g., move to multi-year renewal, interest in adding capacity at the top of the programme if available at reasonable pricing etc). This followed on from a productive discussion with Treasury on the Crown's preferences and overall risk appetite.

EQC Management provided the Chair with a broader positioning paper on the overall Risk Financing Strategy. Further discussions with the Chair on this are a priority for Q4 and will be a focus once the 2019/20 renewal has been finalised.

EQC, in conjunction with Treasury, has also provided advice and briefing material to support the Minister's engagement with a number of significant reinsurers as part of her European visit (8-12 April). The Minister will be meeting with (b) (2)(i) as well as participating in a number of reinsurance and climate change roundtables arranged by EQC's reinsurance brokers, Aon.

4.3.1 Crown's guarantee

In March 2019 EQC drew down a further \$30 million + GST under the Crown's section 16 guarantee.

4.4 Insurance Liability Valuation Report (ILVR)

The ILVR as at 31 December 2018 was accepted by the Board at its March meeting. The report indicated that, on a gross basis, the expected cost of Canterbury claims is now \$11.173 billion, an increase of \$129 million since the June 2018 report. The increase in cost was mainly due to an increased allowance for the close of Insurer Financial Close, reopened claims, and claims handling expenses, particularly the envisaged extension of operations in Christchurch.

However, on a net of reinsurance basis, the cost to EQC is predicted to be \$6.706 billion, a reduction of \$175 million since June 2018. This reduction is primarily driven by information arising from the Financial Close process, in particular, recognition that the September 2010 Darfield earthquake caused more extensive damage than was originally envisaged.

The total cost of the Kaikōura earthquake is now predicted to be \$631 million, an increase of \$15 million since June 2018. The increase is caused by higher than expected payments for multi-unit buildings, ongoing claims and claims handling expenses.

4.5 Privacy Breaches

During the third quarter of 2018-19, the Risk and Compliance team assessed 10 privacy breaches (9 rated low and 1 medium) and 132 near misses. As the table below highlights, the number of breaches was lower in Q3 2018-19 than in each of the previous two quarters.

	2018-19		
	Q1	Q2	Q3
Privacy breaches	21	22	10
Near misses	135	103	132

Figure 12: A table showing a comparison of the number of privacy breaches and near misses per quarter

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The medium rated breach this quarter arose when a spreadsheet containing details of 41 claims was incorrectly labelled and sent to the wrong insurer. The insurer was immediately advised and confirmed they deleted the document. The personal data in question was claim number, property address and claim type (building/contents). As per EQC's standard process, this matter has been internally reviewed and no indication of any harm arising as a result of this breach was found. The breach was not assessed as being sufficiently material as to require reporting to the Office of the Privacy Commissioner.

The majority of the near misses reported YTD relate to a document or note being uploaded to the wrong customer file in CMS and then being identified and addressed prior to any information being released.

4.6 Risk Management

The Executive Leadership Team (ELT) and the Board Audit and Risk Board Sub-Committee (ARC) has undertaken an exercise of identification and discussion relating to EQC's top risks. A revised Top Risk Report was presented and discussed at the February 2019 ARC Meeting is scheduled to go to the Board in April.

4.7 Resilience Strategy

EQC engaged the services of world renowned Resilience expert, (b)(2)(a) to undertake a peer review of the alignment between EQC's Resilience Strategy and the proposed Execution Programme to assess whether the approach would deliver the strategic change envisaged and to identify where any gaps existed and how EQC may address these. (b)(2)(a) has reviewed a range of documents and undertaken extensive reviews with key stakeholders. The first draft of (b)(2)(a) Report is due on 8 April. Following review the Final Report will be provided to the April EQC Board along with a plan to address all the issues raised.

4.8 Loss modelling update

The GNS Science work to produce a solution design proposal for EQC loss modelling capability was delivered to EQC on 28 February 2019, the agreed date. However, on review there were a number of items in the proposal and in the approach that EQC needed to challenge, including the proposed duration and cost. EQC want to work in partnership with GNS Science and schedule development of capability that fits into a wider loss modelling capability build programme, rather than fully fund delivery work that does not leverage the inputs from other organisations. Through workshops and further discussions the solution design was revised and proposed work re-scheduled to align better to these principles.

The revised solution design and project management plan was delivered on 29 March 2019, with a scope of work, set of deliverables and proposed areas of cost sharing that now meet EQC expectations. A commercial agreement has been signed, by executives from both parties, to commence the build work on 8 April 2019 whilst a contract for the full delivery and ongoing support is created.

A funding drawn down request to cover the next phase of work, starting the build of science items required within the GNS Science RiskScape platform, for the period to the end of May 2019 has been tabled and approved by ELT on 8 April 2019.

4.9 Wellness initiatives

EQC's Wellbeing programme and wellness initiatives continue to be rolled out at EQC. Each month we progress multiple initiatives that staff have told us will support their wellbeing. Some notable initiatives that have taken place during the quarter are as follows.

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4.9.1 Wellness Coach Released under the Official Information Act 1982

EQC arranged for a Wellness Coach (psychologist) to be located onsite at EQC's Wellington offices. Now both Christchurch and Wellington offices have onsite Wellness Coaches (psychologists) available to staff. This service is proving very popular with staff and has been particularly useful immediately following the 15 March Mosque attack in Christchurch.

4.9.2 Mental health awareness and resilience training

All staff are required to attend this training. The training aligns with the training attended by EQC managers in 2018, and is all part of us together building a culture at EQC where mental wellness and resilience is supported and thrives. These sessions are being rolled out from early March until May 2019. During March, 280 staff members have already attended the workshops.

4.9.3 On-site wellness classes

EQC are now funding a class onsite in each location, each week. The Christchurch office already runs yoga classes on-site; and the Wellington office have just concluded a survey with staff around their preferred lunchtime sport session. We are now finalising details with our service provider.

4.9.4 Wellness Fund and Optometrist/Hearing/Dental Subsidy

EQC is working through the policy and process design required for implementation of a Wellness Fund and Optometrist/Hearing/Dental employee Subsidy, to be launched 1 July 2019.

4.10 Transformation Programme

In January 2019, the Board endorsed ELT's focus on five strategic priorities for the remainder of 2018/19 in delivering on the Board's strategy for EQC. They are as follows:

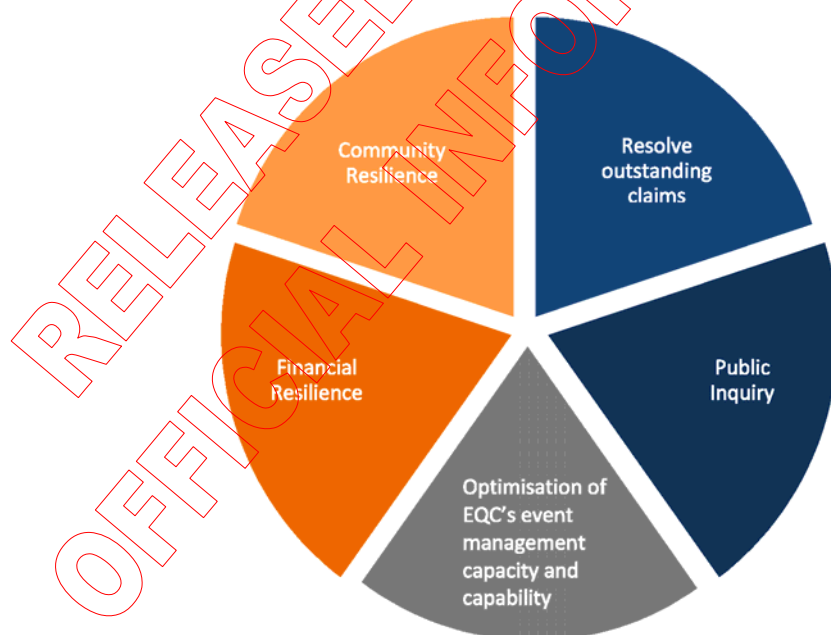


Figure 13: A diagram showing EQC's five strategic priorities for 2018/19

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Priority	How it will be achieved
Resolve outstanding claims (Canterbury and Response and Recovery)	Optimise the claims operating model to resolve all outstanding claims in the most consistent, efficient and effective way (including successful management of dispute resolution, insurer finalisation and reinsurer commutation)
Public Inquiry	Support the Inquiry and implement changes to the future operating model based on recommendations, including future Act changes
Optimisation of EQC's event management capacity and capability	Incorporating lessons from previous event response models and the Inquiry, and ensuring that the appropriate skills, experience and capability is retained across EQC and the industry
Financial Resilience	Ensure the financial resilience of the EQC scheme in order to support the Crown's response to a significant natural hazard event
Community Resilience	Increase community resilience to natural disasters

To address how we will deliver against these priorities and ensure alignment across the organisation, a Transformation governance structure has been established which includes an Executive Steering Group.

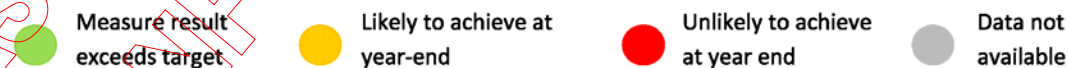
Work within the Optimisation of EQC's event management capacity & capability priority area is delivering, among other things, consistent policies and procedures across the organisation; workforce planning; organisational strategy; the operating model; and stakeholder and reputation management. We will identify required changes to the current operating model to optimise our event capacity and capability, and a plan to deliver this. This process will also identify current activities that are not a priority and will cease to be supported.

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5 SoPE YTD result and Year End Forecast

These results are as at Mar-19 (Q3) and include a year-end forecast. The colour signals the likelihood of the measure being achieved by year-end:







Output Number	Performance Measure	Performance Standard 2018/19	YTD result as at Mar-19 (Q3)	Year End Forecast
1.1	A Resilience Programme That Facilitates Improved Analysis And Public Understanding of Natural Hazard Risk			
1.1.1	Stakeholders ¹ surveyed ² agree or strongly agree that the outputs of EQC's resilience strategy (advice, analysis and modelling, and research findings): <ul style="list-style-type: none"> • to be of good or excellent quality • to be relevant and focussed on the right issues 	75%	This is measured annually so no data is available to date.	9(2)(g)(i)
1.1.2	Stakeholders surveyed agree or strongly agree that the EQC's facilitation and engagement was a positive contribution toward: <ul style="list-style-type: none"> • improved coordination and collaboration in natural hazards science and research; • improved understanding of natural hazard risk ; and • improved coordination and collaboration in natural hazards risk management. 	75%	This is measured annually so no data is available to date.	

¹ Where EQC potentially has outstanding liability under the EQC Act. Excludes any claims that are subject to litigation or managed by Southern Response under the agreed Memorandum of Understanding

² Surveys are undertaken by an independent organisation

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Output Number	Performance Measure	Performance Standard 2018/19	YTD result as at Mar-19 (Q3)	Year End Forecast
1.1.3 	There is a year on year increase in the proportion of New Zealanders who, when surveyed, confirm: <ul style="list-style-type: none">• that they have taken action to prepare their homes for natural disasters.	>45%	The measure sits at 46%, which is one percentage point over target.	9(2)(g)(i)
1.2	Insurance Coverage Under the EQC Act			
1.2.1 	Maintain the high proportion of New Zealand housing stock that has house insurance	98% ³	The information will be available from the Insurance Council in May 2019.	
2.1	Settlement of Canterbury 2010-11 Earthquake Sequence Remedial Claims			
2.1.1 	Outstanding claims ⁴ on hand at 30 June 2018, are settled or in the process of being physically repaired by 30 June 2019	98%	We have settled or are in the process of being physically repairing 85% of these claims as at March 19.	9(2)(g)(i)
2.1.2 	New inflow of accepted reopened claims ⁵ lodged post 30 June 2018 will be settled, or in the process of being physically repaired, within six months of reopened ⁶ date.	80%	Around 74% of reopened claims had been settled or were being physically repaired at the six month mark.	

³ There may be other factors, beyond EQC's control, which could affect the number of New Zealanders choosing to purchase house insurance. Percentage of New Zealand homeowners claiming to hold insurance. Source: Insurance Council of New Zealand, UMR Research, February 2018





⁴ Where EQC potentially has outstanding liability under the EQC Act. Excludes any claims that are subject to litigation or managed by Southern Response under the agreed Memorandum of Understanding

⁵ Where EQC potentially has outstanding liability under the EQC Act. Excludes new litigation cases

⁶ To count as reopened, EQC needs to have triaged the request and accepted the possibility of further activity being required

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Output Number	Performance Measure	Performance Standard 2018/19	YTD result as at Mar-19 (Q3)	Year End Forecast
2.1.3 	The frequency of our communications to provide customer certainty in the progress of their claims settlement.	All customers with an o/s claim ⁷ are provided a personalised monthly communication from EQC	EQC has contacted 89% of customers regarding their claim, and has no capability of reaching the 100% target.	9(2)(g)(i)
2.1.4 	EQC settlements should be enduring. Less than 10% of claims settled between 1 May 2018 ⁸ and 1 January 2019 are reopened by 30 June 2019	<10%	As at 31 March, the EQC were sitting at 7.2% against a target of <10%. This is looking promising for year end.	
2.1.5 	The proportion of surveyed ⁹ customers who indicate satisfaction about their overall claim settlement process increases by 5% per annum	≥ 42%	The year to date figure is 39%. The in-month satisfaction reached 53% in March (up from 46% in February).	
2.1.6 	The proportion of surveyed customers who indicate that they were well informed during the claims settlement process increases by 15% per annum	≥ 38%	The year to date figure sits at 31%. The in-month satisfaction reached 35% in March (down from 37% in February).	

⁷ Excluding claims in litigation⁸ Canterbury claims were transferred to a new system during April 2018 hence the 1 May 2018 date⁹ Telephone survey conducted with customers whose claims were settled the previous month

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Output Number	Performance Measure	Performance Standard 2018/19	YTD result as at Mar-19 (Q3)	Year End Forecast
2.2	Settlement of Kaikōura 2016 Earthquake			
2.2.1	Outstanding claims ¹⁰ on hand at 30 June 2018, excluding any that are subject to litigation proceedings, are settled by 31 December 2018	95%	As at end of December 2018, the outcome was 85%.	9(2)(g)(i)
2.2.2	Reopened ¹¹ Kaikōura claims lodged post 30 June 2018 will be settled within 6 months of reopening	90%	The year to date result for reopened Kaikōura claims is 92%	
2.3 Claims Relating to Other Natural Disaster Events (excluding Canterbury and Kaikōura)				
2.3.1	Claims are settled within 90 working days of assessment	80%	This measure reached 98% year to date. This may be a little understated as it is currently being calculated on calendar days rather than working days.	
2.3.2	The frequency of our communications to provide customer certainty in the progress of their claims settlements	All customers with an o/s claim ¹² are provided a personalised monthly communication from EQC	The YTD result sits at 98%. During both February and March the in-month result was 100%. On average, 96% of customers received a personal communication in any given month.	
2.3.3	EQC settlements should be enduring. Less than 10% of claims resolved between 1 January 2018 and 1 January 2019 are reopened by 30 June 2019	< 10%	It will not be possible to measure this until the end of the financial year. As at 31 March, 3% of resolved claims have been reopened.	

¹⁰ Either first time settlements or reopened claims¹¹ To count as reopened, EQC needs to have triaged the request and accepted the possibility of further activity being required¹² Excluding claims in litigation

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Output Number	Performance Measure	Performance Standard 2018/19	YTD result as at Mar-19 (Q3)	Year End Forecast
2.3.4 	The proportion ¹³ of surveyed customers who indicate satisfaction about their overall claim settlement process increases by 5% per annum	≥ 62%	The year to date figure sits at 77% and exceeds target. The in-month satisfaction reached 81% in March (down from 82% in February).	9(2)(g)(i)
2.3.5 	The proportion of surveyed customers who indicate they were well informed during the claims settlement process increases by 15% per annum	≥ 60%	The year to date figure sits at 75% and exceeds target. The in-month satisfaction reached 81% in March (down from 82% in February).	
2.3.6 	New natural disaster event ¹⁴ claims are resolved within Board approved claims handling expense budgets ¹⁵ for those events	Within 10% of initial budget	No natural disasters in the current year to date have exceeded either threshold. For a natural disaster event to be categorised as such then it has to exceed a certain number of claims (or forecasted claims) or the expected certain claims cost.	

KAM1	A reinsurance programme that supports EQC's delivery of affordable residential natural disaster insurance protection			
KA1 	The reinsurance programme continues to support delivery of affordable residential natural disaster insurance protection consistent with EQC's risk financing strategy	Reinsurance protection is obtained on terms that assure continuity of coverage for all perils, at rates that are lower than the Crown's cost of capital	No data available.	9(2)(g)(i)
		Annual consultation with the Crown on risk appetite occurs	Achieved	

¹³ Telephone survey conducted with customers whose claims were settled the previous month¹⁴ A specific event budget may be established when there are 500 or more claims and/or the estimated total financial impact is anticipated to be above \$5 million.¹⁵ In the approval of budgets, the Board will consider the type of response required, previous costs of similar events and any available benchmarks.

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Output Number	Performance Measure	Performance Standard 2018/19	YTD result as at Mar-19 (Q3)	Year End Forecast
KAM2 Managing the Natural Disaster Fund				
KA2 	The long-term financial strategy of EQC enables a rebuild of the Natural Disaster Fund to reach \$1.75bn ¹⁶ by 2030	An independently assessed model will demonstrate progress	Initial model has been created and is being reviewed and enhanced by our new in-house actuary.	9(2)(g)(i)
KAM 3 Premium Collection				
KA3 	The level of premiums collected compared to annual financial budget.	>97.5%	As at 31 March, we have collected \$288.3m in premiums against a budget of \$288.5m. This represents 99.9%	9(2)(g)(i)

¹⁶ This represents the current deductible (excess) for EQC's reinsurance programme.

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TE TAI ŌHANGA
THE TREASURY

Treasury Report: The Treasury's 2018/19 Quarter Four Performance Update

Date:	7 August 2019	Report No:	T2019/2410
		File Number:	MG-3-1-8-2019

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the Treasury's Quarter Four Performance Update for the year 2018/19	None

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Bruno Aldaz	Analyst, Strategy and Performance	s9(2)(k)	N/A (mob)
Glenn McStay	Chief Financial Officer, Finance	s9(2)(g)(ii)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

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Treasury Report: The Treasury 2018/19 Quarter Four Performance Update

Executive Summary

This paper accompanies the enclosed Treasury's Performance Update for the fourth and last quarter of 2018/19, covering the period 1 April to 30 June 2019.

This is an internal Treasury report, provided to the Minister of Finance for comment on the information contained in this report, if he wishes.

Recommended Action

We recommend that you **provide comment** on the Treasury's Quarter Four Performance Update at your next catch-up with the Secretary, if you wish.

Agree/disagree

Glenn McStay
Chief Financial Officer

Hon Grant Robertson
Minister of Finance

IN-CONFIDENCE**Treasury Report: The Treasury 2018/19 Quarter Four Performance Update**

Purpose of Report

1. To provide you with the Treasury's regular performance against its 2018/19 business plan, covering the period 1 April to 30 June 2019 (quarter four). You are invited to provide feedback on any areas that you have an interest in, either in writing or via a conversation with the Secretary.

Background

2. Performance against our business plan is monitored quarterly. Our process supports an incremental rolling approach to planning, where adjustments can be made throughout the year to take into account any changes in priorities.
3. Regular reporting enables our ELT and Kaiurungi to reflect on what we do and how we do it, recognising achievements and having a forward-looking, performance-focused conversation that:
 - assesses the Treasury's performance against the priority deliverables and activities in the plan
 - considers any changes in priorities, and where appropriate, shift resourcing to progress the priority deliverables and activities in the plan, and
 - draws out key achievements from the past quarter, identifies key areas for focus over the next quarter, and surfaces significant issues and challenges.
4. The 2019/20 Treasury's Business Plan was recently discussed with you and we will provide you with an update in October 2019.
5. A draft of the 2018/19 Annual Report will be provided to you by 27 August. The final version will be ready for you to table in Parliament on 4 October.

Next Steps

6. Should you wish, the Secretary will discuss with you:
 - our performance over quarter four of 2018/19 and key areas of focus for the first quarter of 2019/20, our organisational opportunities and challenges and organisational capacity and capability, and
 - your expectation for future performance reporting requirements.

The Treasury Quarter Four (Q4) 2018/19 Performance Update

Strategic Priorities

How we are tracking	Q1	Q2	Q3	Q4	Key work to focus during Q1 (2019/20)
Intergenerational Wellbeing LSF Implementation Programme	<div></div>	<div></div>	<div></div>	<div></div>	<div>Development and roll out of external engagement strategy to build understanding and support for LSF and broader wellbeing approach – including with the business community, NGOs and academics</div> <div>Workshops to build Treasury’s internal capability (LSF 101), how to use the dashboard, practical application of LSF and how to assess business cases using a wellbeing framing</div>
System Stewardship Budget Reform Project	<div></div>	<div></div>	<div></div>	<div></div>	<div>Continuing work on Budget Reform</div>
High Performing Treasury Diversity of Thinking Project	<div></div>	<div></div>	<div></div>	<div></div>	<div>Recruiting four new Māori Policy roles</div> <div>Working with teams to embed the Māori Capability frameworks</div>
High Performing Treasury Tāne Whakapiri	<div></div>	<div></div>	<div></div>	<div></div>	<div>Establish governance around initiatives identified in 2019/20 Business Plan to continue embedding new ways of working</div> <div>Close out occupation phase improvements</div>
High Performing Treasury Treasury Information Capability Project (TIC)	<div></div>	<div></div>	<div></div>	<div></div>	<div>2018/19 work programme is complete</div>

Significant Core Work

Government Reviews and Inquiries	<div></div>	<div></div>	<div></div>	<div></div>	<div>Continuing joint advice with MSD on the Government response to the WEAG review</div> <div>Treasury advice ahead of August interim report for the Health and Disability Review</div> <div>Treasury advice on final decisions on Tomorrow’s Schools reforms</div>
Overseas Investment Act: Phase 2 and Amendment Bill	<div></div>	<div></div>	<div></div>	<div></div>	<div>Treasury advice on the reform package</div> <div>Draft Cabinet paper and RIS to Ministers for consideration</div>
Tax Working Group Support	<div></div>	<div></div>	<div></div>	<div></div>	<div>TWG has concluded. Under the new Strategic Tax Policy Advice priority we will be commencing work on refresh tax policy work programme initiatives (including several potentially significant budget 2020 items)</div>
RBNZ Review: Phases 1 & 2	<div></div>	<div></div>	<div></div>	<div></div>	<div>Stakeholder engagement on second consultation material (consultation due to close mid-August)</div> <div>Planning for the next stages of Phase 2 Review including pathway to legislation</div>
Independent Fiscal Institution	<div></div>	<div></div>	<div></div>	<div></div>	<div>Securing Cabinet agreement to the specific institutional features of the IFI</div> <div>Submitting a proposal to the OPC</div>
Climate Change and Economic Transition Impact	<div></div>	<div></div>	<div></div>	<div></div>	<div>Finalisation of the “distributional impacts of carbon prices” work and scoping of the “funding and financing” work stream under the “Community Resilience to climate change” work programme (led out of DIA)</div> <div>Continuing across-agency and Treasury work to ensure that advice is coherent across policy areas</div> <div>An increased emphasis on adaptation work, which has been deprioritised up to this point</div>
Supporting Development and Delivery of Government’s Economic Strategy	<div></div>	<div></div>	<div></div>	<div></div>	<div>Planned launch of an economic strategy product in Q1 of 2019/20</div> <div>Advising on Budget 2020 priorities related to the Government’s economic strategy</div>
Execute Debt Management and Export Credit Operations	<div></div>	<div></div>	<div></div>	<div></div>	<div>Crown Corporate Treasury engagement commences in July with targeted CFOs</div> <div>Auckland Business Continuity Plan capability to be developed</div>
Infrastructure and Institutional Settings Review	<div></div>	<div></div>	<div></div>	<div></div>	<div>Completion of Board appointment process and induction/briefing new Board</div>
Infrastructure Funding and Financing	<div></div>	<div></div>	<div></div>	<div></div>	<div>Finalising work connected to the delegation of policy decisions within the Cabinet paper in order to complete drafting of legislation</div> <div>Implementation of communications plan</div>
Earthquake Commission	<div></div>	<div></div>	<div></div>	<div></div>	<div>Oversight, strategy and policy advice relating to the Crown’s test case strategy and the related litigation strategies of EQC and Southern Response.</div> <div>Analysis and advice will continue to focus on legal, fiscal and policy implications. Significant fiscal risks are involved here</div> <div>A focus on optimisation of the Canterbury claims resolution system and close monitoring of emerging risks</div>
Establishing the Green Investment Fund	<div></div>	<div></div>	<div></div>	<div></div>	<div>A process for appointment of the remaining executive leadership roles is being run to fill a number of additional roles, including investment-related roles</div> <div>NZGIF will continue to establish its governance model and core systems and develop its financial and non-financial performance measures and reporting structures.</div>
Christchurch Regeneration	<div></div>	<div></div>	<div></div>	<div></div>	<div>Focus on Global Settlement negotiations with Council</div> <div>Investment case for Canterbury Multi Use Arena</div>
New Zealand Super Fund (NZSF) Statutory Review	<div></div>	<div></div>	<div></div>	<div></div>	<div>Final report to be provided by 8 July 2019</div> <div>Report and preliminary advice to the Minister of Finance shortly afterwards</div> <div>Development of a programme of work to respond to the report’s recommendation and suggestions</div>
All of Government Financial Advice and Management	<div></div>	<div></div>	<div></div>	<div></div>	<div>Further advice planned ahead of HYEPU.</div> <div>Proactive release30 June 2019 year-end financial statements to be completed and audited.</div>

Significant Foundation Activities

Treasury 2021 and Beyond	<div></div>	<div></div>	<div></div>	<div></div>	<div>Tailoring the briefing for the new Secretary to the Treasury now that the person has been announced</div> <div>Implementing transition plan for interim Acting Secretary and refining transition plans for the new Secretary who commences on 16 September 2019.</div>
Capability Development	<div></div>	<div></div>	<div></div>	<div></div>	<div>Launching the Leadership Capability Framework</div> <div>Helping the business to embed the other capability frameworks and use these as part of development conversations and workforce planning</div>
System Flexibility and Resilience	<div></div>	<div></div>	<div></div>	<div></div>	<div>Handover and operational readiness for Office 365 based projects.</div> <div>Azure preparations</div>

KEY:	On track	<div></div>	Watching	<div></div>	New activity	Substantially changed/recast or milestones recast	<div></div>
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ELT’s summary of Q4 Performance

We are continuing to deliver on the highest priority work, but still with significant pressure on staff in some areas. We are doing better than we were, but the situation still feels fragile. This impacts some of our BAU work and limits our ability to respond to new work. We have a really good business plan, including strategic choices – the key is to execute it well.

Q4 Highlights

Wellbeing Budget 2019 delivered	Overseas Investment Act discussion document released
OECD 2019 Wellbeing Survey of New Zealand released	NZGIF transitioned out of the Treasury as a new stand-alone company
Budget documentation published and ICRs completed	RBNZ Review: Phase 1 legislative changes came into effect
Māori & Economic Capability Frameworks launched	Estimates, BEFU, specific fiscal risks released
Annual Debt Programme completed	Multi-year multi-category appropriation for core policy advice work

Minister’s Priorities in Q1

Wellbeing 2020	Insurance
Budget 2020 and Statutory reporting	Guardians of New Zealand Superannuation (NZSF)
RBNZ Review Phase 2	APEC 2021
Review of commercial shareholding model	Economic Strategy
Overseas Investment Act Review	Climate change and economic transition
New Zealand Infrastructure Commission	Sector reviews
Interim Policy Costing Unit (IFI)	Future of Work Tripartite Forum
Strategic Tax Policy Advice	

ELT’s key areas of focus in Q1

- Transition to new CE
- Living Standards Framework and Wellbeing 2020
- Staff wellbeing
- Actions from Budget information inquiry

Kaiurungi’s key areas of focus in Q1

- Strategic choices and resource prioritisation
- Recruitment and retention
- Organisational culture
- Agile operating model

Corporate planning milestones in Q1

- Welcoming new Secretary to the Treasury
- Planning the PMOs Programme of work for 2019/20
- Supporting the SSC Inquiry into how Budget material was accessed at the Treasury
- Finalising People Leaders framework and commencing roll out
- Running staff pulse survey
- New Graduate cohort commences
- Launching refreshed talent management approach
- Draft framework to support LSF capability build
- Completing the Tāne Whakapiri occupational Improvements
- End of financial year activities
- Planning for introduction of continuous planning and rolling forecasting

The Treasury Q4 (2018/19) Performance Update Dashboard

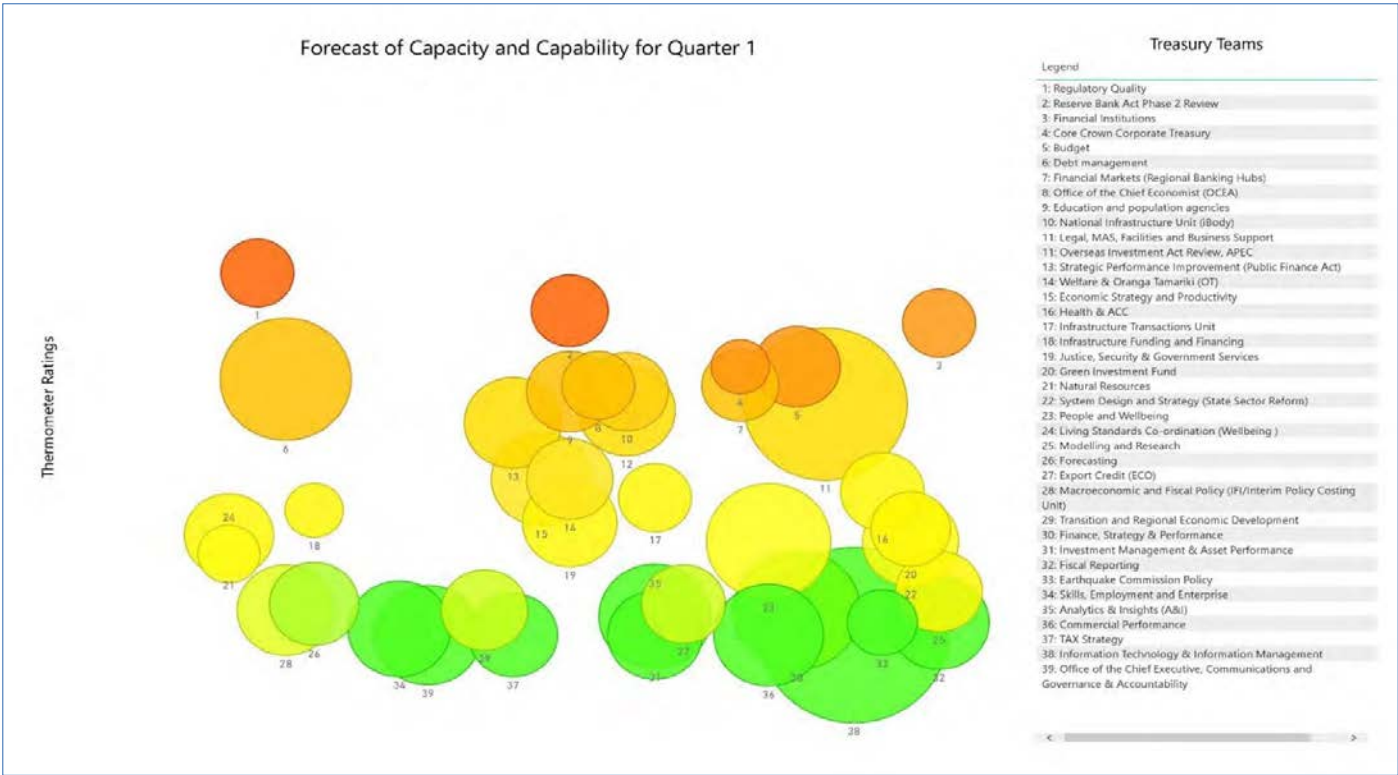
Capacity & Capability – Summary

Summary of Pulse Reports	Kaiurungi & ELT response and actions
<p>Quantitative analysis</p> <p>As at 30 June 2019, Directorate’s pulse forecasts for Q1 indicate that:</p> <ul style="list-style-type: none">53% of our people resources will be operating at “about right” level of capacity and capability combined (green rating) during Q1 (July – September)42% of combined capacity and capability are forecast to be under the right levels, but impact is considered manageable, and5% has been forecast to be under the necessary levels, with likely impact on deliverables.	<p>Continue addressing these challenges collaboratively across directorates by:</p> <ul style="list-style-type: none">Advancing work on the strategic choices that may help to ease workload pressures.Revisiting the existing list of work that could be stopped and/or scaled back to ease work-pressures and focus the impact of our work efforts.Focusing collectively on recruiting for positions that have been given early notice and start the process as early as possible.Encouraging greater hand over transition period between off boarding and on boarding staff to allow for skills transfer and reduce how long it takes new staff to come up to speed.Embracing the flexibility of the continual planning and rolling forecast to be more focused and adaptable.Continuing checking in with MoF on his priorities and our work programme, and sequencing work where and when is possible.Facilitating and encourage rotation and agile moving of people and resources across teams to address capacity constraints and surges in work demands.Encouraging capability building and professional development to address current and future capability needs.Paying extra attention to staff working long hours. Managers should ensure the wellbeing of their staff above existing work pressures.Holding further conversations with ELT and new CE about a Treasury capability bid in Budget 2020 based on our current and future needs, resources and strategic plans.
<p>Qualitative thematic analysis</p> <p>Unbalanced profile of teams</p> <ul style="list-style-type: none">Pulse reports illustrated an imbalance in the experience levels of teams across the Treasury. Whilst some teams have a good mix of experienced and junior staff, others are very new teams lacking of time and experience in their area.Several teams reported senior experienced staff going on extended leave, many of them post Budget release. This coincided with a surge in OIAs surrounding the Budget, thus placing extra workload and time pressures on staff.Whilst talent acquisition has been positive and we have filled vacancies over Q4, new recruits need time to come up to speed. In addition, several teams anticipate that further senior positions will become vacant over the course of Q1. Early notice is helping them to plan for recruitment accordingly. However, there is uncertainty about how long it might take to recruit new people, and the knock-on work-pressure effect that this may pose on other team members. <p>Working long hours and heavy workloads</p> <ul style="list-style-type: none">Some teams indicated their staff continue to work long hours to deliver on heavy workloads. They emphasised the need to actively prioritise their work in order to continue focused on delivering strategic and high-priority work. <p>Immediate response to the Budget information security breach.</p> <ul style="list-style-type: none">Shortly prior to Budget 2019 there was a budget information security breach. This led to intensive work to respond, identify causes and take immediate action to strengthen information security. Treasury also requested SSC to set up an independent Inquiry into the incident which is now underway.	

Key challenges across 2018/19	RAG ratings				
	Q1	Q2	Q3	Q4	Q1
Capacity and capability constraints	●	●	●	●	●
People wellbeing	●	●	●	●	●

Capacity and Capability Heat map

This chart is based on data obtained from Q4 Directorate Pulse Reports (as at 30 June 2019)



How to read the heat map:

- The circles represent where the Treasury’s resources have been allocated
- The size of circles represents the amount of resources allocated by FTEs relative to other teams
- The colour of the circles represents how the extent of capability and capacity pressures are having an impact on both the Treasury’s work and the wellbeing of our people

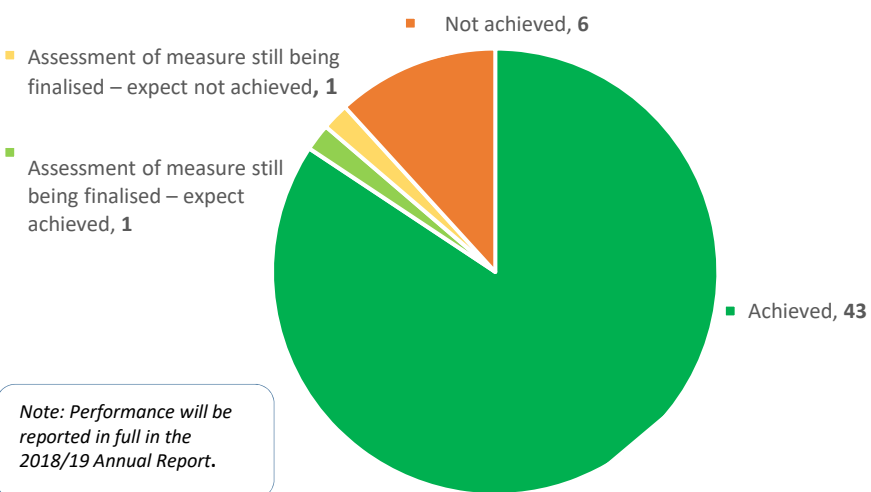
● Just enough capability and capacity to manage without significant impact.
Note: resilience is low and even the loss of one or two FTEs can make a significant difference between low impact and high impact.

● Serious capability and capacity pressures having an impact on both the work and the wellbeing of staff.

Performance measures

As at 1 August 2019, out of 51 performance measures, six of them have not met their targets (12%).

For the majority of these measures, the issues relate to the timing of transactions. The main concern is the Treasury Policy Quality of Advice measure, which will not be achieved again this year. The mitigation is that we have a solid performance story, which indicates an improving trend.



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Commercial Performance State of Play as at 15 August 2019

To: Minister for State Owned Enterprises (Rt Hon Winston Peters)
 Minister of Finance (Hon Grant Robertson)
 Associate Minister of Finance (Hon David Parker)
 Associate Minister for State Owned Enterprises (Hon Shane Jones)

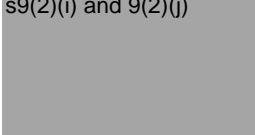
This report provides an update on current issues in relation to State Owned Enterprises, Airports, Air New Zealand and Mixed Ownership Model companies within your portfolio. Please tick a box if you would like more information on a topic.

1. New and notable issues

More info?	Entity / Issue	Update
<input type="checkbox"/>	Executive remuneration <i>Juston Anderson</i>	<p>The recent written PQs on the appointment of the Chief Executive of Kiwirail prompted us to review public disclosures of SOE executive remuneration. With the exception of Transpower, the disclosures of the large SOEs in their annual reports last year were very poor. In contrast disclosures from the listed companies are comprehensive and detailed. This is because shareholders in listed companies demand transparency and disclosure. We think Ministers, as the shareholders of SOEs and Crown companies, should do the same. There is a long-standing expectation around transparency of executive remuneration in the Owner's Expectations Manual (OEM) but it is brief and high-level, so we think it needs to be strengthened and re-emphasised.</p> <p>Annual reports from SOEs and Crown Entity companies are due to be delivered to Ministers next month. Once these have been received we will review their disclosures of executive remuneration and provide you with some advice. We will make this review a part of our annual work programme, and update and strengthen the disclosure expectation in the OEM, as part of our broader review of this document.</p> <p>We expect disclosures in this year's annual reports will again be poor, so we suggest you write to the Chairs of the companies saying that you expect full disclosure of executive remuneration, to the same standard as listed companies, and comparing each company's level of disclosure with that standard. SOE half-year reports for 2019/20 might be a good place for this improved disclosure to start. The letter would also be an opportunity for you to reiterate the Government's views on executive remuneration.</p>
<input type="checkbox"/>	Landcorp <i>David Blue</i>	<p>Fonterra is predicting to make a year-end loss of between \$590-675m and will not be paying a dividend this year. This is primarily due to it having to write down a number of investments in Brazil, China, Australia and New Zealand for a total of up to \$860m.</p> <p>Landcorp has an ambitious capital expenditure plan for 2020 which is almost twice its operating cash flows. In order to raise some additional capital to fund this programme, it has been looking to sell some of its excess Fonterra shares. As a result of this announcement, it is likely that Landcorp will not be able to receive as much as anticipated for the sale of its excess shares.</p>

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Commercial Performance State of Play as at 15 August 2019

More info?	Entity / Issue	Update
		<p>Landcorp will also not be receiving a dividend in FY 19 as anticipated, which will decrease revenues for the year.</p> <p>Fonterra's current plan is to continue to reduce capital expenditure and debt levels which is in contrast to Landcorp, as it is currently signalling a significant capital expenditure programme for 2020 and increasing debt levels over the next three years. We welcome Landcorp's strategic review of Pāmu Foods which is due in September and expect that this will consider the change in market conditions and its current operating model. Further advice on Landcorp's business plan was recently sent to shareholding Ministers.</p>
<input type="checkbox"/>	Air NZ / Data breach <i>Maruta Kanepa</i>	<p>Air New Zealand (Air NZ) informed the Privacy Commissioner on 31 July 2019 that it was investigating a data breach incident. At that time Air NZ did not have any data to understand which customers were impacted and what type of information might have been breached, so did not make any public disclosure.</p> <p>On 8 August 2019 Air NZ was able to ascertain what information had been accessed. On 9 August 2019 Air NZ contacted the affected Airpoints members informing them that some of their personal information may have been affected by a recent phishing incident relating to two Air NZ staff accounts. Phishing is the fraudulent attempt to obtain sensitive information such as usernames, passwords and credit card details by disguising oneself as a trustworthy entity in an electronic communication.</p> <p>The information which may have been visible in internal documents as a result of this incident could have included personal information such as name, job title and employer, mailing address, email address, phone number, Airpoints status, Status Points balance and Airpoints account number. Airpoints passwords and credit card details were not affected. The affected Airpoints members were informed that they do not need to take any action or change their Airpoints passwords as these were not accessible.</p> <p>Approximately 3.5% of Airpoints members may have been affected, equating to circa 112 thousand people. Air NZ has recommended that these individuals be extra vigilant in looking out for phishing emails over the next few months and has shared some tips with them to help them stay safe online.</p> <p>To mitigate the risk of similar incidents reoccurring in the future, Air NZ focused on further hardening its security processes, as well as continuing in its efforts to make Air NZ staff aware of and able to identify phishing and other types of attacks.</p>
<input type="checkbox"/>	Airways / s9(2)(i) and 9(2)(j)  <i>Maruta Kanepa</i>	<p>Airways provides airfield lighting and power engineering support. Airfield lighting engineering supports air navigation by facilitating aircraft operations in daylight and non-daylight, in good conditions and low visibility. Power engineering provides design services for backup generators, UPS (power quality solutions to safeguard against all variations in power supply such as spikes, brown-outs and black-outs for the Airways critical operations at all New Zealand airports and radar sites) and electrical reticulation to support communication and surveillance equipment at airfields and other communication and surveillance sites.</p>

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Commercial Performance State of Play as at 15 August 2019

More info?	Entity / Issue	Update
		s9(2)(i) and 9(2)(j)
<input type="checkbox"/>	Solid Energy <i>Amanda Wilson</i>	Solid Energy has been liquidated and removed from the register of companies. The final step required is to remove it from the SOE Act, and various other Acts that it is included in as a consequence of being a former SOE. There is already legislation that allows for this; the State-Owned Enterprises Amendment Act 2012. The clauses in this legislation that remove Solid Energy from the SOE Act and other Acts can be brought into force via an Order in Council. We intend to progress this, via a paper for Ministers to take to LEG later this year. We assume a policy decision is not required (i.e. another Cabinet paper, before LEG) given that Solid Energy no longer exists.
<input type="checkbox"/>	Electricity sector results preview <i>Juston Anderson</i>	<p>The listed electricity sector companies are due to announce their full-year results over the next fortnight. Market analysts expect strong results. Meridian is expected to deliver record earnings of around \$830m, 25% higher than last year's \$666m, due to an unusual and highly favourable combination of high wholesale electricity prices and high inflows into its lakes – normally high inflows cause low prices and vice-versa, with either outcome limiting Meridian's ability to benefit. Mercury is also expected to have benefited from high prices. Genesis is expected to have lifted margins in its retail segment, which would be a good outcome with positive implications for it for the future, but seen as unable to capitalise on high wholesale prices due to hedge contracts it provides other companies and the Pohokura gas outage.</p> <p>Ordinary dividends are expected to grow slightly from last year. Analysts expect a special dividend from Meridian, but not from the other companies, as they direct cash to building new windfarms and geothermal stations, or for Genesis investing in the Kupe oil and gas field, rather than returning it to shareholders.</p>
<input type="checkbox"/>	Legal action against Tilt <i>Juston Anderson</i>	The Australian Energy Regulator (AER) has taken legal action against four windfarm owners in South Australia, alleging that their windfarms did not meet required performance standards, and this contributed to a blackout during a severe storm in September 2016. The blackout affected 850,000 people in

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Commercial Performance State of Play as at 15 August 2019

More info?	Entity / Issue	Update
		<p>South Australia. Transpower (as System Operator) has publicly said that it is "very unlikely" that increasing the proportion of wind generation in NZ will increase the risk of a similar blackout event here, partly because the System Operator was procuring extra reserves and partly because of the different nature of NZ's electricity system.</p> <p>Tilt Renewables is one of the four, via its Snowtown wind farm, and stated that it "believes it acted in good faith and in accordance with the applicable National Electricity Rules" and it would engage with the AER "in an endeavour to resolve this matter". Mercury NZ owns 19.99% of Tilt. Even in a worst-case scenario the immediate outcome of the legal action against Tilt is unlikely to be material for Mercury NZ. However there may be longer-term implications for existing wind farms and future wind farm development in Australia. We are not aware of any implications for New Zealand but will discuss this with Transpower and the electricity companies.</p>
<input type="checkbox"/>	Contact Energy <i>Juston Anderson</i>	<p>Contact Energy has said electricity can probably be generated from its planned Tauhara geothermal power station at a significantly lower cost than from its existing Taranaki Combined Cycle (TCC) gas-fired power station, as well as being cheaper than new wind generation. As a result, if Contact Energy decides to proceed with development at Tauhara, TCC (377 MW, built in 1996) would be closed at the point when it requires significant maintenance spending.</p> <p>Contact Energy is undertaking a drilling programme at Tauhara which it expects to complete next year, when it would make a decision on investment there. Contact Energy has a resource consent for up to 250 MW of geothermal generation at Tauhara, although, at least initially, it is likely to build a smaller power station that would roughly match TCC's annual output.</p>
<input type="checkbox"/>	Napier Port <i>Juston Anderson</i>	<p>The Hawke's Bay Regional Council (HBRC) has proceeded with its initial public offering (IPO) for 45% of the shares in Napier Port. The port is the fourth-largest in NZ based on container volumes, behind Tauranga, Auckland and Lyttelton.</p> <p>There was reported to be strong demand from retail investors, and the IPO priced at the top the indicative price range, at \$2.60 a share. This values 100% of the port at \$520m. For context, the Port of Tauranga is valued at around \$4.1 billion. The IPO included a priority for Hawkes Bay residents, port employees, and eligible iwi, who were allocated 20% of the shares on offer. Media reports state that close to 90% of applicants in the priority offer received their application in full, with only those wanting over \$10,000 scaled back; 97% of eligible port employees took up the offer; four of the eligible iwi groups participated, receiving a priority allocation; and 90% of the port will be NZ-owned post-IPO.</p> <p>The IPO raised around \$230m, around \$110m to repay the port's existing debt and provide cash and undrawn debt facilities to meet the port's future capital requirements, including building a new multi-purpose wharf, with around \$110m paid to HBRC. The remainder of the proceeds fund the interest-free limited recourse loans for the port employees who took up the share offer, and</p>

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Commercial Performance State of Play as at 15 August 2019

More info?	Entity / Issue	Update
		meet the IPO costs. The IPO closes on 16 August with the port listing on the NZX on 20 August.
<input type="checkbox"/>	Kenya Airways <i>Juston Anderson</i>	<p>The government of Kenya has announced it will take full ownership of its national carrier Kenya Airways, and make it part of an aviation holding company along with various Kenyan airports and an aviation college. Kenya Airways was privatised in 1996, with the Kenyan government retaining a minority stake of around 23% initially. Due to the airline's ongoing poor performance and the need for regular restructurings and shareholder support, the Kenyan government's shareholding has increased over time to around 48% currently.</p> <p>Kenyan Airways is relatively small – roughly 1/4 the size of Air NZ – and reportedly has struggled to compete with much larger airlines such as Emirates and Ethiopian Airlines. The airline has made significant losses in recent years, after a failed international expansion plan, prompting the current government action. The Kenyan government said it would take around 2 years to complete the takeover by buying out some other shareholders, including Dutch airline KLM, and converting shares held by local banks into government debt. This is unusual, but the bank shareholdings resulted from a previous debt-to-equity restructuring, so depending on the price they receive, the banks may not be concerned with the conversion of their shares back to debt, particularly sovereign debt.</p>

2. Upcoming Reports/Cabinet Papers

Company	Report No.	Subject	Date
KiwiRail	T2019/2457	KiwiRail Holdings Ltd Draft 2020 – 22 Statement of Corporate Intent and 2020 Business Plan	16 August 2019
NZ Post	T2019/2352	New Zealand Post 2018/19 Financial Results	22 August 2019
s9(2)(i)			
Quotable Value	T2019/2348	QV's Board Decision on Darroch Business	29 August 2019
Air New Zealand	T2019/1943	Air New Zealand Indemnity Update	30 August 2019
Holding Company	T2019/2468	Principles for Including Entities in a Holding Company	Early September 2019

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Commercial Performance State of Play as at 15 August 2019

3. Upcoming Governance and Appointments Reports (SOEs portfolio only)

Company	Report No.	Subject	Date	Minister
Crown Infrastructure Partners Ltd	T2019/2318	Board update and Documentation to Confirm Appointments	Week of 19 August 2019	Minister for SOEs Minister of Finance
Air New Zealand	TBD	New Director Election	28 August 2019	Minister of Finance

4. Official Information Act (OIA) Requests under Action

Company	Report No.	Subject	Date	Minister
KiwiRail	T2019/2429	Information held by Minister for SOE's about the appointments of KiwiRail board member and CEO (submitter: s9(2)(a) from Radio New Zealand)	Reply due: 21 August 2019 Minister's due: 28 August 2019	Minister for SOEs
Landcorp/ Metservice	T2019/2466	Landcorp and MetService papers (submitter: s9(2)(a) from Radio New Zealand)	Reply due: 28 August 2019 Minister's due: 4 September 2019	Minister for SOEs

Juston Anderson
Acting Manager, Commercial Performance

Rt Hon Winston Peters
Minister for State Owned Enterprises

Hon Grant Robertson
Minister of Finance

Hon David Parker
Associate Minister of Finance

Hon Shane Jones
Associate Minister for State Owned Enterprises

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Annex: Entities covered by this SOP

Entities		Shareholding Ministers
State Owned Enterprises		
Airways	Landcorp	- Minister for State Owned Enterprises <i>delegated to Associate MfSOEs (Jones)</i>
AsureQuality	MetService	
Electricity Corporation of New Zealand	Quotable Value (QV)	- Minister of Finance <i>delegated to Associate MoF (Parker)</i>
Kordia	Transpower	
New Zealand Post (NZ Post)		
New Zealand Railways Corp		- Minister for State Owned Enterprises
KiwiRail		- Minister of Finance
Orillion (Animal Control Products)		- Minister of Finance <i>delegated to Associate MoF (Parker)</i>
		- Minister of Biosecurity
Mixed Ownership Model Companies		
Air New Zealand		- Minister of Finance
Genesis Energy		- Minister for State Owned Enterprises <i>delegated to Associate MfSOEs (Jones)</i>
Mercury NZ		
Meridian Energy		- Minister of Finance
Airports		
Christchurch International Airport		- Minister for State Owned Enterprises
Dunedin International Airport		- Minister of Finance
Hawkes Bay Airport		

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Reference: T2019/2654

Date: 29 August 2019

To: Minister of Finance (Hon Grant Robertson)

Cc: Associate Minister of Finance (Hon James Shaw)

Deadline: 2 September 2019
(if any)

Aide Memoire: Amendment to the Climate Change Response (Zero Carbon) Amendment Bill – Potential Risks

1. On Monday 2 September, Cabinet will consider a paper seeking amendments to the Climate Change Response (Zero Carbon) Amendment Bill (the Zero Carbon Bill). These amendments are the result of many submissions received during the Environment Select Committee process. This Aide Memoire, requested by your office, is intended to support discussion at Cabinet about one substantive proposal that warrants further attention because of the potential risks it poses to the Crown in the short and longer term.
2. This Aide Memoire was prepared under tight timeframes. It was prepared by the Treasury's policy team and, for that reason, is not to be treated as a legal opinion. The Ministry for the Environment has received a Crown Law opinion on the proposal.

Context

3. The Cabinet paper proposes a number of amendments, most of which simply seek to enhance existing provisions in the Zero Carbon Bill. This Aide Memoire will not provide advice on these amendments as they do not seek to alter approved Cabinet policy.
4. There is one proposal however, which is of a substantive nature, which could potentially present risks for the Crown and the Government and, as such, should be considered in more depth.
5. The proposal is to amend the Zero Carbon Bill for it to be silent on:
 - a. The legal effect of the 2050 target and emissions budgets and what kind of relief the Courts could order in the event that a person brings proceedings against the Minister for Climate Change (the Responsible Minister) for failing to meet an emissions budget or the 2050 target;

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- b. Whether a decision-maker acting under another piece of legislation may or should take into consideration the 2050 target and emissions budgets when exercising public duties under that other piece of legislation; and
 - c. Whether the Responsible Minister may or should issue guidance to departments on how to take the 2050 target or emissions budgets into consideration when exercising their duties.
6. The potential benefits of the proposal are to enable case law in this area to develop and not to pre-emptively limit the relief available from the Courts or fetter decision-makers' ability to consider the Zero Carbon Bill when making decisions related to other areas of policy.

Potential risks associated with removing Sections 5ZJ to 5ZL***Removing restrictions on the legal effect of the 2050 target and emissions budgets could expose the Crown to fiscal costs and transfer political accountability for climate change policy from the Government to the Courts***

7. The Zero Carbon Bill currently restricts the legal effect of the 2050 target and emissions budgets. A court may make a declaration that the 2050 target or an emissions budget has not been met and award costs, but does not have the ability to grant any other form of relief. This provision reflects Cabinet's decision that accountability for climate change policy should be political, rather than legal.
8. By removing Section 5ZJ in the Zero Carbon Bill, which limits the legal effect of the 2050 target and emissions budgets, the Courts could consider these to be legally enforceable. For instance, if at the end of an emissions budget, that budget had not been met, an individual could bring a claim against the Government for failure to meet that emissions budget. Presumably, this would apply regardless of whether the Government defending the action actually made the policy decisions, which resulted in the emissions budget being missed. As this area of law is still novel and uncertain, what the Courts may order is unknown, but could include, among other things:
- a. ordering the Government to pay damages to the individual who brought the successful claim,
 - b. ordering the Government to purchase international emissions units to make up for the shortfall; and
 - c. granting a mandatory order for the Government to report back to the Courts at regular intervals with its proposed plan of action.
9. This could expose the Crown to potential fiscal costs for the payment of damages and the purchase of international emissions units, which could be substantial. It could also transfer, at least in part, political accountability for climate change policy from the Government to the Courts, which have little or no expertise in the

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matter. This begs the question of the ultimate effectiveness of the remedy if the Courts do not have sufficient knowledge to intervene in a meaningful way.

10. Finally, it could be argued that there are already existing human rights and international law obligations that can be used to hold the Government to account for failure to combat climate change more broadly. While these do not have the same pointed effect as suing for failure to meet specific targets or emissions budgets, they do put the Government under pressure to act.

Removing the permissive nature of a decision-maker's ability to consider the 2050 targets and emissions budgets could have unintended consequences

11. The Zero Carbon Bill currently allows a decision-maker acting under another piece of legislation to consider the 2050 target and emissions budgets when exercising powers conferred by those other pieces of legislation, but does not invalidate that decision-maker's actions for failure to do so. This is an important safeguard in the Zero Carbon Bill that allows decision-makers to consider these issues if it is relevant, but does not compel them to undertake this exercise if it is completely redundant. Removing this protection for decision-makers from the Zero Carbon Bill could expose decision-makers to spurious proceedings.
12. The potential to make the consideration mandatory could also be made redundant by work underway in the area of Climate Implications of Policy Assessment (CIPA) currently being progressed by the Ministry for the Environment and the Treasury that will require government agencies to identify and disclose estimates of the likely greenhouse gas emission implications of certain policy proposals when the proposals are presented to Cabinet. This will ultimately result in decision-makers being encouraged to think about greenhouse gas emissions and how they interact with the 2050 target and the emissions budgets, without exposing them to proceedings before the Courts.

These amendments would make the Zero Carbon Bill an exception in the current legislative landscape

13. The Child Poverty Reduction Act 2018 strictly limits the enforceability of the targets by providing that: *"The only remedies or relief that a court may grant for non-compliance with the targets are a declaration (made by the High Court or, on an appeal, by the Court of Appeal or the Supreme Court) of that non-compliance and costs."*¹ As this Aide Memoire has been prepared under tight time pressures, we have not had the opportunity to consider whether this applies to other pieces of legislation that also include targets, but the reasoning below applies regardless of whether there are or not.
14. The current text of the Child Poverty Reduction Act 2018 is in alignment with the current drafting of the Zero Carbon Bill in the restrictions it places on the

¹ Section 28 of the Child Poverty Reduction Act 2018.

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interference of the Courts. If that drafting were to be substantially revised as described above, it would result in a significant discrepancy between how these two pieces of legislation are regarded. This would potentially signal the Government's intention to prioritise certain policy areas over others, essentially providing that the achievement of climate change targets should override meeting child poverty reduction targets. Given this Government's broad wellbeing objectives, such a change in the Zero Carbon Bill would run counter to the Government's intention to progress all of its priorities in equal measure.

Maria-Krystyna Duval, Senior Analyst, Transitions Regions and Economic Development, s9(2)(k)

Natalie Labuschagne, Manager, Transitions Regions and Economic Development, s9(2)(k)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

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Reference: T2019/2627 SH-8-6 (Roading)

Date: 4 September 2019

To: Minister of Finance (Hon Grant Robertson)

Cc: Minister of Transport (Hon Phil Twyford)

Deadline: None

New Zealand Transport Agency – Expenditure for 2018/19

This aide memoire provides you with information you requested on the New Zealand Transport Agency's (NZTA) expenditure in the 2018/19 financial year.

The NZTA has reported an underspend for 2018/19...

According to year end performance information, the NZTA has underspent against the National Land Transport Programme (NLTP) and Crown funded projects in 2018/19.

Expenditure against the National Land Transport Programme was 8% below budget (\$308.6 million) at \$3,697.4 million. Expenditure for Crown funded projects was 48% below budget (\$174 million), primarily due to delays on Kaikoura earthquake work.

The table below shows budgeted and actual spend across the NLTP activity classes.

Activity Class	2018/19 Actual (\$m)	2018/19 Budget (\$m)	Variance	%
State highway maintenance	715.4	666.9	(48.5)	(7%)
Regional improvements	137.9	112.3	(25.6)	(23%)
Local road improvements	218.2	192.8	(25.4)	(13%)
Investment management	63.6	71.1	7.5	11%
Road safety promotion/demand management	44.0	52.9	8.9	17%
Transitional rail	18.2	35.4	17.2	49%
Walking and cycling	57.1	79.0	21.9	28%
Public transport	508.7	549.0	40.3	7%
Local road maintenance	643.7	690.5	46.8	7%
Rapid transit	9.9	130.4	120.5	92%
State highway improvements	1,260.9	1,407.7	146.8	10%
Road policing	1.8	-	(1.8)	(100%)
Total	3,679.4	3,988.0	308.6	8%

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A large component of the NLTP underspend relates to projects that have not been progressed as quickly as expected or have been delayed. In particular, Cabinet's decision to proceed with a parallel proposals process for Auckland light rail has led to significantly less expenditure in the rapid transit activity class. Lower levels of activity on projects such as improvements to the Auckland Northern Corridor have also led to a 10% underspend in the state highway improvements activity class.

In spite of the overall underspend, expenditure exceeded budgets for certain activity classes. In particular, the local road improvements activity class was over budget by 25% due to the combined impact of the tail end of projects approved in the 2015-18 NLTP, and targeted funding assistance rates. The regional improvements activity class also exceeded budgeted spend by 23% as a result of many projects progressing ahead of plan.

...but funding is fully allocated over the remaining two years over the life of this NLTP...

For the majority of activity classes, the Ministry of Transport and the NZTA advise that available funding is fully committed over the remainder of the current NLTP, including significant over-programming to counter for the optimism bias in delivery. The over-programming includes projects that have been signalled to Approved Organisations as 'likely' to be funded over the balance of the NLTP, as and when they are submitted for funding approval.

For other activity classes where spend across this NLTP is expected to be less than previously budgeted, the NZTA Board have taken decisions to reallocate funding in accordance with the ranges set in the Government Policy Statement on Land Transport 2018. In particular, funding has been reallocated from rapid transit to state highway improvements and Auckland Transport Alignment Projects. The NZTA is also planning to recommend that Ministers support increasing the funding allocated to the Road Safety Policing Programme.

...and there are longer-term concerns about funding sustainability

Based on current forecasts and commitments, the NZTA expects it will be required to utilise its existing overdraft facilities of \$250 million to manage cash flow by the end of the 2020/21 financial year.

In the longer term, the NZTA advises that the NLTF is facing a number of risks around cash flow over the next decade. To the extent that costs in this NLTP reduce, funding requirements will be realised in the next NLTP when the NZTA will be required to manage other demands on the NLTF.

In particular, major projects such as Mt Messenger Bypass and the Manawatu Gorge replacement are currently subject to legal challenges, which could result in delays and

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funding slipping into future NLTPs. s9(2)(g)(i)
s9(2)(g)(i)

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

Gerald Lee, Analyst, National Infrastructure Unit (NIU), s9(2)(k)
David Taylor, Manager, National Infrastructure Unit (NIU), s9(2)(k)

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TE TAI ŌHANGA
THE TREASURY**Treasury Report: Earthquake Insurance Update: September 2019**

Date:	13 September 2019	Report No:	T2019/2896
		File Number:	TY-2-1-17-3 (Reporting)

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance Minister Responsible for the Earthquake Commission	Note the state of play and next steps on earthquake insurance workstreams as set out in the attached status report	Meeting scheduled with officials at 3.30 pm on Thursday 19 September 2019

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Shivani Middlemiss	Analyst, Earthquake Commission Policy Team	s9(2)(k)	N/A
Helen McDonald	Manager, Earthquake Commission Policy Team	s9(2)(g)(ii)	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes ([Status Report on Earthquake Insurance Workstreams: September 2019](#))

IN-CONFIDENCE**Treasury Report: Earthquake Insurance Update: September 2019**

Executive Summary

You are scheduled to meet with officials to discuss earthquake insurance at 3.30 pm on Thursday 19 September 2019. Attached is a status report providing an update on the current state of play and the next steps on various earthquake insurance workstreams.

Recommended Action

We recommend that you:

note the state of play and next steps on earthquake insurance workstreams as set out in the attached status report.

Helen McDonald
Manager, Earthquake Commission Policy Team

Hon Grant Robertson
Minister of Finance
Minister Responsible for the Earthquake Commission

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Status Report on Earthquake Insurance Workstreams: September 2019

Priority area and state of play	Upcoming milestones and advice			Considerations for the Minister Responsible for the Earthquake Commission
	September	October onwards	November onwards	
Property Insurance <ul style="list-style-type: none"> We are currently preparing advice on options for improving the affordability and accessibility of insurance for higher risk properties. We will brief you on 3 October 2019. We are meeting with the Insurance Council of New Zealand on 13 September 2019 to consult them on an initial set of options. The Community Resilience Ministers intend to take a paper to Cabinet in October 2019 on the Government's overall resilience work programme. The Minister for Building and Construction is currently consulting her colleagues on a draft Cabinet paper for the earthquake-prone building financial assistance scheme. The Treasury and IRD are also investigating tax options to encourage earthquake strengthening. 	<ul style="list-style-type: none"> 19 September – Second meeting of the Wellington Insurance Taskforce. 	<ul style="list-style-type: none"> 3 October – Treasury report to provide advice on recommended options to develop further for addressing any identified problems in property insurance markets. 8 October – Final meeting of the Wellington Insurance Taskforce. The Taskforce intends to provide a report and recommendations on property insurance pricing and accessibility in Wellington. s9(2)(f)(iv) 	<ul style="list-style-type: none"> 5 November – You are speaking at the Insurance Council Conference. Your speech could cover your objectives and concerns regarding property insurance and signal indicative options you are considering. 	
Earthquake Commission <ul style="list-style-type: none"> We are reviewing a number of historic ministerial directions. We are analysing the 30 June 2019 Insurance Liability Valuation Report (ILVR). Southern Response Transition – we are analysing whether EQC may act as an agent for Southern Response claims management activities. We are working on the Crown Guarantee funding requirement and the Deficiency Deed to operationalise Crown payments. 	<ul style="list-style-type: none"> 30 September – we will provide advice from our review of historical Ministerial Directions. 30 September – we will provide analysis and advice regarding the 30 June 2019 ILVR. We will receive the draft Annual Financial Statements (AFS) shortly and will provide advice if required. 	<ul style="list-style-type: none"> 1 October – we will make the next Crown Guarantee shortfall payment of \$50 million (excluding GST) to EQC. Late October – we will provide advice on the role (if any) that EQC may play regarding the transition of Southern Response. 	<ul style="list-style-type: none"> Mid-November – September first quarter performance report. Late October/early November – Letter of Expectations (LOE) for 2020/21. 	
Future of the Earthquake Commission Policy Work <ul style="list-style-type: none"> A further EQC amendment bill is expected following the final report from the Public Inquiry into the Earthquake Commission. We have provided you with advice on policy interventions and international comparators for catastrophe insurance (T2019/2590 refers). 	<ul style="list-style-type: none"> We are exploring a number of options that may affect EQC s9(2)(f)(iv) as part of a range of options for work on property insurance. 	<ul style="list-style-type: none"> We are considering the future of the EQC policy work, as we draft the Cabinet paper on property insurance availability and pricing issues. 		
Public Inquiry into the Earthquake Commission	<ul style="list-style-type: none"> You are meeting with the Chair of the Public Inquiry into the Earthquake Commission, Hon. Dame Silvia Cartwright at 4.00 pm on 19 September. 		<ul style="list-style-type: none"> The Public Inquiry into the Earthquake Commission has indicated a draft report will be available in late 2019. The final report is due by March 2020. 	

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<p>Southern Response</p> <ul style="list-style-type: none"> Southern Response litigation <ul style="list-style-type: none"> (a) Dodds - following the decision to appeal we will keep you informed about progress in getting an early appeal date and finalising arrangements for the Dodds legal expenses. (b) We will engage with Southern Response to monitor and s9(2)(f)(iv) Southern Response transition - we continue to monitor the project considering transition options and expect to provide our next update to you around the end of September. We are meeting with the Minister for Greater Christchurch Regeneration to discuss views on the annual shareholder meeting or resolutions in lieu. 	<ul style="list-style-type: none"> Around 30 September: Update on Transition Project 	<ul style="list-style-type: none"> Likely report to update you on Dodds appeal process and arrangements for Dodds legal costs 30 October: Further update on Transition Project and recommendations. 30 October – September first quarter performance report. 	<ul style="list-style-type: none"> Likely implementation of elements of any approved transition plan from December In December (before Christmas), call on uncalled capital (amounts to be determined). End of January 2020 - revised Statement of Intent (SOI) and Statement of Performance Expectations (SPE) for the remainder of 2019/20. 	<p>23 September: Meeting Minister for Greater Christchurch Regeneration regarding shareholders meeting or resolutions in lieu.</p>
<p>Claims Resolution System</p> <p>The system constitutes a number of areas including:</p> <ul style="list-style-type: none"> the quarterly report of insurance claims, Canterbury Earthquake Insurance Tribunal (CEIT), Greater Christchurch Claims Resolution Service, cases with precedential value and declaratory judgements, on-sold properties, and payments flexibility. 	<ul style="list-style-type: none"> We are preparing a joint report to the Minister Responsible for the Greater Christchurch Regeneration (copied to you) on opportunities to improve performance of the GCCRS claims process. The CEIT is completing its first quarter since being established to hear claims. Cabinet has agreed to provide an ex-gratia payment to on-sold property owners. Legal instruments will be finalised in September. 	<ul style="list-style-type: none"> Insurance claims settlement of remaining insurer and EQC claims (for September quarter) is due in the last week of October. 		

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TE TAI ŌHANGA
THE TREASURY

Treasury Report: Wellington Accommodation Project (WAP2)
Reconfiguration Programme - Capital and Operating
Contingency Drawdown: 1-3 The Terrace

Date:	19 September 2019	Report No:	T2019/1596
		File Number:	FN-3-0

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	<p>Jointly (as WAP2 Ministers) with the Minister of State Services</p> <p>Agree to the drawdown of the Wellington Accommodation Project, Tranche Two capital contingency of \$0.872 million in 2019/20 and related operating impacts from 2019/20 and outyears.</p>	None
Minister of State Services (Hon Chris Hipkins)	<p>Jointly (as WAP2 Ministers) with the Minister of Finance</p> <p>Agree to the drawdown of the Wellington Accommodation Project, Tranche Two capital contingency of \$0.872 million in 2019/20 and related operating impacts from 2019/20 and outyears.</p>	None
Associate Minister of Finance (Hon Dr David Clark)	<p>Agree to the drawdown of the Wellington Accommodation Project, Tranche Two capital contingency of \$0.872 million in 2019/20 and related operating impacts from 2019/20 and outyears.</p>	None

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
John Toomath	Deputy Chief Financial Officer, Finance	s9(2)(k)	s9(2)(g)(ii)	✓
Glenn McStay	Chief Financial Officer, Finance			

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

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Treasury Report: Wellington Accommodation Project (WAP2) Reconfiguration Programme - Capital and Operating Contingency Drawdown: 1-3 The Terrace

Executive Summary

This briefing seeks joint Ministers' approval to draw down capital and operating funding from the *Wellington Accommodation Project (WAP2) Reconfiguration Programme* Capital and Operating Contingency Funds to enable the Treasury to complete the redevelopment programme of 1-3 The Terrace as part of the Wellington Accommodation Project, Tranche Two (WAP2) programme.

Recommended Action

We recommend that you:

- a **note** that the *Wellington Accommodation Project Tranche Two (WAP2) - capital and operating tagged contingencies* were established as part of Budget 2016, and updated in Budget 2017 and Budget 2018 [CAB-16-MIN-0189.04, CAB 17-MIN-0185.10 and CAB-18-MIN-0158.03 refers];

Hon Grant Robertson *noted*

Hon Chris Hipkins *noted*

Hon Dr David Clark *noted*

- b **note** that Cabinet [CAB-18-MIN-0158.03 refers] authorised the Minister of Finance and the Minister of State Services (WAP2 Ministers) and the relevant Appropriation Minister jointly to draw down on the WAP2 capital and operating tagged contingencies;

Hon Grant Robertson *noted*

Hon Chris Hipkins *noted*

Hon Dr David Clark *noted*

- c **note** that Treasury is the lead agency for 1-3 The Terrace and in order to execute the redevelopment programme, Treasury requires the drawdown of approved capital and operating funding allocated for 1-3 The Terrace;

Hon Grant Robertson *noted*

Hon Chris Hipkins *noted*

Hon Dr David Clark *noted*

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- d **note** that Treasury and Government Property Group (GPG) have been consulted on the proposed drawdown and agree to the amounts of capital and operating funding requested from the tagged contingencies included in this application;

Hon Grant Robertson *noted*
Hon Chris Hipkins *noted*
Hon Dr David Clark *noted*

- e **note** that the funding profile for operating and capital in recommendation (g) below has been updated from Budget 2018 to reflect the current construction milestones and completion date;

Hon Grant Robertson *noted*
Hon Chris Hipkins *noted*
Hon Dr David Clark *noted*

- f **agree** to the increased funding in 2019/20 and outyears to provide for Treasury's WAP2-related costs for the 1-3 The Terrace redevelopment;

Hon Grant Robertson *agree/disagree*
Hon Chris Hipkins *agree/disagree*
Hon Dr David Clark *agree/disagree*

- g **approve** the following changes to appropriations and capital injection to give effect to the decision in recommendation (f) above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears
Vote Finance					
Minister of Finance					
Departmental Output Expense: Policy Advice and Financial Services (funded by revenue Crown)	0.104	0.130	0.130	0.130	0.130
The Treasury					
Departmental capital injection	0.872	-	-	-	-
Total Operating	0.104	0.130	0.130	0.130	0.130
Total Capital	0.872	-	-	-	-

Hon Grant Robertson *approve/not approve*
Hon Chris Hipkins *approve/not approve*
Hon Dr David Clark *approve/not approve*

- h **agree** that 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;

Hon Grant Robertson *agree/disagree*
Hon Chris Hipkins *agree/disagree*
Hon Dr David Clark *agree/disagree*

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- i **agree** that the operating and debt impacts of the expenses and capital expenditure incurred under recommendation (g) above be charges against the Wellington Accommodation Project Tranche 2 operating and capital tagged contingencies, respectively, established as part of Budgets 2016, 2017 and 2018; and

<i>Hon Grant Robertson</i>	<i>agree/disagree</i>
<i>Hon Chris Hipkins</i>	<i>agree/disagree</i>
<i>Hon Dr David Clark</i>	<i>agree/disagree</i>

- j **agree** that any of the capital or operating funding increases in recommendation (g) above not required by Treasury for WAP2 purposes (for example due to lower anticipated fit-out costs, or depreciation savings due to timing of capitalisation) be returned to the WAP2 tagged capital and operating contingencies, respectively, to help provide for cost pressures faced by other WAP2 participating agencies.

<i>Hon Grant Robertson</i>	<i>agree/disagree</i>
<i>Hon Chris Hipkins</i>	<i>agree/disagree</i>
<i>Hon Dr David Clark</i>	<i>agree/disagree</i>

Glenn McStay
Chief Financial Officer

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Treasury Report: Wellington Accommodation Project (WAP2) Reconfiguration Programme - Capital and Operating Contingency Drawdown: 1-3 The Terrace

Purpose of Report

1. As part of Budgets 2016, 2017 and 2018 capital and operating tagged contingencies were established for Wellington Accommodation Project Tranche 2 (WAP2), designed to provide funding for public sector agencies for WAP2-related costs, with authority delegated to Joint Ministers to appropriate funding into the relevant WAP2 participating agencies as necessary.
2. Under the current configuration for WAP2 approved by Cabinet in August 2017, Treasury, as Lead Agency for 1-3 The Terrace, holds the Development Agreement (Incorporating the Deed of Lease) negotiated with the Landlord (Precinct Properties New Zealand Limited) for 1-3 The Terrace.
3. As Lead Agency for 1-3 The Terrace, Treasury is responsible for undertaking the capital programme of work, which is nearing completion. An initial capital drawdown of \$8.888 million and associated operating funding from the tagged contingency was approved in August 2017 (T2017/1376 refers). In order to finalise the capital programme of work, Treasury requires the drawdown of the remaining allocated capital and related operating funding.

Analysis

Summary Financial Impact

4. Total funding required in 2019/20 and outyears for WAP2 related costs for Treasury, as agreed with WAP2 officials, is set out in Table 1. The funding profile has been updated from Budget 2018 to reflect the current construction milestones and completion date. Further analysis on the capital and operating funding components is set out below.

Table 1: Treasury WAP2-related additional funding requirements

\$ millions	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears
Operating	0.104	0.130	0.130	0.130	0.130
Capital	0.872	-	-	-	-
Total	0.976	0.130	0.130	0.130	0.130

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5. Table 2 summarises the allocated costs within the WAP2 contingencies for 1-3 The Terrace against the requested funding. Table 3 summarises the expenditure between capital and operating costs.

Table 2: Summary of allocated drawdown for 1-3 The Terrace

\$ millions	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears	Total
Tagged Contingency Capital						
Approved	0.872	-	-	-	-	0.872
Requested	-	0.872	-	-	-	0.872
Difference	0.872	(0.872)	-	-	-	-
Tagged Contingency Operating						
Approved	0.052	0.130	0.130	0.130	0.130	0.572
Requested	-	0.104	0.130	0.130	0.130	0.494
Difference	0.052	0.026	0.000	0.000	0.000	0.078

Table 3: Summary of Capital and Operating Costs for 1-3 The Terrace

Capital costs \$m	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23 & outyears	Total
Main Contractor Hard Fitout	-	0.872	-	-	-	0.872
Sub Divisional Hard Fit Out	-	-	-	-	-	-
Total Capital	-	0.872	-	-	-	0.872

Operating costs \$m	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23 and Outyears	Total
Capital Charge	-	0.026	0.052	0.052	0.052	0.182
Depreciation	-	0.078	0.078	0.078	0.078	0.312
Total Operating	-	0.104	0.130	0.130	0.130	0.494

6. If any of the capital or operating funding increases are not required by Treasury for WAP2 purposes (for example due to lower anticipated fit-out costs, or depreciation savings due to timing of capitalisation) the funding will be returned to the WAP2 tagged capital and operating contingencies, respectively, to help provide for cost pressures faced by other WAP2 participating agencies.

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7. The total capital cost of the 1-3 The Terrace development is anticipated to be \$12.030 million. The project is in the final stages of completion, with the space having been occupied since March 2019. Drawdowns in 2017 and 2019 from the WAP2 capital contingency, including this request, total \$9.760 million. The remaining \$2.270 million will be met by Treasury from accumulated cash reserves

Operating

8. Capital charge has been based on a rate of 6% and based on the capital injection of \$0.872 million in 2019/20.
9. Depreciation is based on capitalisation of \$0.872 million and has been calculated in line with the 2018 budget bid assumption, where 78% of total capital is for the hard fitout with a 15 year useful life, and the remainder for soft fitout with a 6 year useful life. Depreciation is assumed to commence upon development completion in July 2019.

Consultation

10. The Treasury has consulted with the vote analyst for Vote Finance, the team in Treasury that works with MBIE on government property (including WAP2) matters and the Government Property Group within MBIE on its application to drawdown on the WAP2 capital and operating tagged contingencies. GPG agree the amounts of capital and operating included in this application represent the amounts approved by Cabinet, under the WAP2 budget bid 2018 [CAB-18-MIN-0158.03 paper refers] and confirm the requested funding of \$0.872 million is within the WAP2 allocated funding for 1-3 The Terrace.

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Reference: T2019/2957 MC-1-5-8-4 (NZ IFI Policy process)

Date: 19 September 2019

To: Minister of Finance (Hon Grant Robertson)
Associate Minister of Finance (Hon James Shaw)

Deadline: 23 September 2019

Briefing for meeting with Australian Parliamentary Budget Officer

This Aide Memoire provides a briefing for your meeting with Jenny Wilkinson, the Australian Parliament Budget Officer, on Monday 23 September 2019.

Meeting time and location

- 10:00-10:45am
- Room 7.6 EW Beehive

Attendees

- Jenny Wilkinson, Australian Parliamentary Budget Officer
- Neil Kidd, Principal Advisor, The Treasury

Purpose

The meeting is an opportunity for you to ask Ms Wilkinson about her experience as head of the Australian Parliamentary Budget Office (PBO), and what advice she would give in considering the design of the New Zealand PBO.

Suggested talking points

Institutional form:

- How has the institutional form of the PBO affected perceptions of its independence and legitimacy?
- What factors, such as funding arrangements and appointment processes, have contributed to improve perceptions of the PBO's independence and legitimacy?

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Access to information:

- How does the PBO ensure confidentiality in providing its costing services?
- Does the PBO always get the information it needs from government departments in order to produce costings?
- What information do departments withhold from the PBO, and how does the PBO manage this when producing its costings?

Prioritisation:

- How does the PBO manage demand for its services?

Background to meeting

Ms Wilkinson had a video call with the Officers of Parliament Committee (OPC) on 12 September, as part of OPC's consideration of whether the New Zealand PBO should be an Officer of Parliament. The main points from the meeting were:

- **There is high demand for the Australian PBO's services** – they costed c. 3000 policy options for parliamentarians in the past 12 months; very few party announcements are made without having been costed by the PBO.
- **Access to government information is critical** – the PBO have memoranda of understanding with government departments to obtain information; they send c. 500 requests for information to departments every year.
- **Factors that helped the PBO establish its legitimacy included:**
 - **Confidentiality provisions**, which require Ministers not to ask about, and departments not to disclose, details of PBO requests for information.
 - **Government support for access to information**, given that this is a critical input into the PBO's work.
 - **Sparingly using media releases** to correct parties in their presentation of costings.

In addition to Ms Wilkinson's meeting with you, she will also be doing the following during her 2-day visit to New Zealand:

- **Treasury Guest Lecture** on the establishment of the Australian PBO.
- **Q&A with the Women in Economics** Network New Zealand.
- **Meeting the Treasury** teams working on the PBO and interim policy costing unit.

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Background on the Australian PBO

- **The Australian PBO was established in 2012**, with the mandate to “inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals”.
- **The PBO is a parliamentary department.** It works directly for, and is accountable to, the Australian Parliament. The Parliamentary Budget Officer is a statutory officer appointed by and reporting to the Parliament’s Presiding Officers (the Speaker of the House of Representatives and the President of the Senate).
- **The PBO’s funding is considered by a Select Committee** (the Joint Committee of Public Accounts and Audit), who then make recommendations to both Houses of Parliament and the Presiding Officers. The Government is not required to accept these recommendations.
- **The PBO’s main functions are to:**
 - **Respond to requests made by parliamentarians and parliamentary parties** for costings of policy proposals or for analysis of matters relating to the budget.
 - **Publish a report after every election on the fiscal impact of the election commitments of major parties.**
 - **Conduct and publish research** that enhances the public understanding of the budget and fiscal policy settings.
- Unlike proposals for the New Zealand PBO, the Australian PBO does not provide an assessment of the government’s compliance with its fiscal strategy.

Jenny Wilkinson biography

Jenny Wilkinson is the head of the Australian PBO. Over her career, Jenny has worked across a wide range of economic policy areas. She has been responsible for providing advice on issues including fiscal and monetary policy settings, macroeconomic forecasts, retirement income and superannuation policy, consumer and competition policy, and climate change policy. She has worked in the Commonwealth Treasury, the Department of Climate Change, the Department of the Prime Minister and Cabinet and the Reserve Bank of Australia. Jenny holds a Bachelor of Economics (Honours) from ANU and a Masters of Public Policy from Princeton University.

Matt Cowan, Senior Analyst, Macroeconomic and Fiscal Policy,
Neil Kidd, Principal Advisor, Macroeconomic and Fiscal Policy,

s9(2)(k)

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Reference: T2019/2344 SH-17-0 (Infrastructure Transactions)

Date: 19 August 2019

To: Minister of Finance (Hon Grant Robertson)

Copied to: Minister of Transport (Hon Phil Twyford)
Minister for Infrastructure (Hon Shane Jones)

Deadline: None
(if any)

Aide Memoire: Opportunities for Infrastructure Investment in Transport - Next Steps

Purpose

On 31 July 2019, Ministers Twyford and Jones met with officials to discuss opportunities for investment in the transport sector (T2019/2177 refers). Ministers asked officials to investigate the potential to accelerate the delivery of selected transport projects using alternative financing and funding models. This aide memoire outlines the planned next steps in the process.

Working Group to be established

The Infrastructure Transactions Unit (ITU), with the Treasury, is working with the Ministry of Transport (MoT) to establish a Working Group to:

- identify suitable transportation projects of scale for investment with an initial focus on the Auckland area;
- evaluate the identified projects and their suitability for alternative financing models and the potential for project-specific funding; and
- report back to Ministers on:
 - which projects could be accelerated through the use of alternative financing and funding models, while not displacing other higher priority projects; and
 - the potential for these projects to raise project-specific revenue, and any resulting funding gap.

The first meeting of the Working Group was held in Auckland on 13 August 2019. In addition to representatives from the Ministry of Transport and the ITU, the Working Group included representatives from the New Zealand Transport Agency, Auckland Transport, and the Ministry of Housing and Urban Development and the Treasury.

Evaluation of Projects

The evaluation will consider how projects can be accelerated by using alternative funding and financing, including specific-funding tools to raise revenue (e.g. tolls, targeted rates and other levies) and third party financing opportunities.

Consideration will also be given to options for the Crown to bring forward and/or provide additional funding to enable identified projects to be accelerated via Budget 20.

The ITU has engaged PWC, who has provided advice to Auckland Transport on financing and funding options for Penlink, to undertake the analysis and support the process.

We expect the PWC work to be completed over a period of 6-8 weeks.

As this stage, the Working Group will focus its evaluation on:

- Penlink;
- Mill Road;
- Other selected projects from the Supporting Growth Programme in Auckland; and
- Re-evaluated Auckland major state highway projects, in particular the East-West link road.

Report back

The Working Group will aim to report back by mid-October. The final output will be a report outlining what projects can be accelerated, including potential project-specific revenue streams and third party financing options, highlighting any resulting funding gaps and options for addressing the gaps.

Other opportunities for investment

The ITU has provided you with separate advice in relation to the opportunity for alternative financing of the Christchurch Multi-Use Arena. Officials are now progressing work on the parameters for financing the project this way, working closely

with the Christchurch City Council. We expect to report back on this work by early September.

The ITU has met with the New Zealand Defence Force Team progressing the Accommodation, Messing and Dinning Programme. Officials are progressing options for alternative financing of suitable projects within this overall programme and will advise as to next steps as that work progresses.

Dan Cameron, Senior Infrastructure Advisor, Infrastructure Transaction Unit, s
s9(2)(g)(ii)

Karen Mitchell, Interim Head of the Infrastructure Transactions Unit, Infrastructure Body Establishment, s9(2)(k)



Inland Revenue
Te Tari Taake

POLICY AND STRATEGY



THE TREASURY
Kaitohutohu Kaupapa Rawa

Tax policy report: Digital economy – summary of public feedback on the discussion document

Date:	15 August 2019	Priority:	Medium
Security level:	In Confidence	Report number:	T2019/2488 IR2019/446

Action sought

	Action sought	Deadline
Minister of Finance	Note the contents of this report	23 August 2019
Minister of Revenue	Note the contents of this report	23 August 2019

Contact for telephone discussion (if required)

Name	Position	Telephone
Carmel Peters	Policy Manager Inland Revenue	s9(2)(k)
Sam Rowe	Senior Policy Advisor Inland Revenue	
Michael Sherwood	Analyst The Treasury	

15 August 2019

Minister of Finance
Minister of Revenue

Tax policy report: Digital economy – summary of public feedback on the discussion document

Executive summary

1. This report summarises the submissions we received on the Government discussion document *Options for taxing the digital economy* released June 2019. This is a high-level summary of submissions. A more detailed report analysing the submissions will be provided at a later date.
2. We must release these submissions on 23 August 2019 to Tom Pullar-Strecker of the New Zealand Herald. This is under his Official Information Act (OIA) request of 28 July 2019.
3. We expect Tom Pullar-Strecker will report on the submissions in the media. To assist with answering questions, we have included some Q&As in the appendix to this report.
4. Most submissions were on the digital services tax (DST). Overall there was a widespread preference for an OECD multilateral solution instead of a DST from the business sector. However non-government organisations (NGOs) and individuals widely supported introducing a DST as an interim measure until a multilateral solution was implemented.
5. The key points from the submissions are:
 - **Social capital/equity and fairness**
 - **Under-taxation of multinationals.** NGOs and individual members of the public considered that the current international tax rules were deficient and under-taxed multinationals. They viewed this as increasing inequality while reducing fairness and the revenue Governments need to fund essential services.
 - **Trade risks**
 - **Impact on trade and bilateral relationships.** There was wide concern about the potential for trade retaliation from the United States. Many submitters noted the recent United States' trade investigation into France's DST.
 - **Economic impacts**
 - **Application to New Zealand.** Many submitters were concerned that the DST would result in some New Zealand firms being double taxed (as they would be subject to both income tax and the DST).
 - **Impact on innovation and productivity.** Many submitters argued that a DST would negatively impact domestic innovation, productivity and growth.
 - **Incidence/Pass Through.** Several submissions suggested that the incidence of the tax would be borne by small to medium sized New

Zealand businesses, and ultimately passed on to New Zealand consumers. Others argued that the pass through to consumers would be low on the grounds that many companies were making economic rents.

- **Administrative issues**

- **Compliance/Administrative Costs.** Many submitters argued that that the economic, administrative and compliance costs presented by a DST would not be worth the projected revenue, especially when the DST might only apply for a short period.
- **Boundary issues and regulatory uncertainty.** There was concern that it would be hard to differentiate between businesses that would be in or out of the DST.

6. We will discuss the next steps for this project with you at the joint Ministers meeting of 21 August.

Recommended action

7. We recommend that you:
Note the contents of this report.

Noted

s9(2)(a)

Mark Vink
Manager
Tax Strategy
The Treasury

Noted

s9(2)(a)

Carmel Peters
Policy Manager
Policy and Strategy
Inland Revenue

Hon Grant Robertson
Minister of Finance
/ /20XX

Hon Stuart Nash
Minister of Revenue
/ /20XX

Background

8. The Government issued the discussion document *Options for Taxing the Digital Economy* on 4 June 2019 (Discussion Document). Submissions closed on 18 July 2019, but we agreed to give several submitters a one week extension. Officials are also in the process of consulting further with a number of organisations that provided written submissions.
9. The Discussion Document invited public feedback on two options for taxing the digital economy:
 - A unilateral DST, similar to that announced by the UK; and
 - A multilateral solution, currently being discussed at the OECD.

DST

10. A DST is a separate tax charged at a low rate on the gross turnover attributable to a country from certain highly digitalised business activities. France signed its DST into law on 24 July 2019. The UK recently released its draft legislation for a 2% DST that would apply from April 2020. Austria, the Czech Republic, Italy and Spain have also announced DSTs, while India enacted its DST in 2016.

OECD solution

11. The OECD is aiming to get consensus on its multilateral solution at the end of 2020. This solution is made up of two measures (which the OECD refers to as “pillars”):
 - **Pillar 1 - a measure to allocate greater taxing rights over a multinational’s profits to market countries.** This would not require the multinational to have a physical presence in the country. Four proposals have been considered for this purpose (only one of which would be adopted):
 - A limited proposal for digital services only, focusing on social media, digital advertising, intermediation platforms (also known as multi-sided platforms) and data.
 - A broader proposal, which would allow greater taxing rights to market countries (such as New Zealand) based on certain “marketing intangibles” created there by multinationals. This would apply beyond the digital economy.
 - A proposal which provides for apportionment of a multinational’s profit from ecommerce to market countries in which it has a significant economic presence. The apportionment would be based on an agreed formula and would depend on certain factors such as sales, assets and user participation.
 - A proposal which allocates a distribution and marketing return to the market country in respect of goods and services sold there (even if the distribution and marketing activities are carried on by the multinational outside the country).
 - **Pillar 2 - a minimum tax measure.** This would apply beyond the digital economy and would ensure that multinationals pay a minimum level of tax on profits earned in low tax countries. This measure could be adopted in addition to one of the four pillar 1 proposals.

Summary of submissions

12. There were 41 unique submissions on the Discussion Document. In one case, a single submission was provided more than once, with 333 individuals submitting via a template submission provided by Oxfam.¹ Most of the submissions received focused on the proposed DST rather than the OECD proposals.

Overview of submissions

13. Generally, individuals, non-governmental organisations and the New Zealand Council of Trade Unions favoured an interim DST alongside continued work toward an OECD solution (approximately 39% of unique submissions²). These submitters were generally concerned about deficiencies with the current income tax rules. They saw these as leading to economic inequality, the under-taxation of Multinational Entities (MNEs), and a lack of Government revenue to fund public services. They supported greater taxation of multinationals.
14. In contrast, submissions from multinationals, businesses and business groups were overwhelmingly opposed to a DST (approximately 59% of unique submissions³). These submitters generally acknowledged the challenges posed by the digital economy. However they argued that a DST would impede innovation and growth, undermine the international tax framework, and expose New Zealand to the risk of trade retaliation. They were also concerned about the compliance costs of a DST, and the double taxation of New Zealand firms. Overall they considered the risks and disadvantages of a DST outweighed the small amount of revenue it would raise. They argued that New Zealand should focus its efforts towards a multilateral solution at the OECD instead.

Submissions on the DST

15. We summarise the submissions on the DST in the table below.⁴

Theme	Key point	Number of submissions
<i>Singling out the digital economy</i>	<ul style="list-style-type: none"> Many submitters considered that digital economy should not be singled out, and that any solution should apply to the economy broadly rather than to narrow segments of the economy. A DST is inconsistent with broad-base, low rate tax policy principles. There is evidence that digitalised enterprises' overall global tax rates are in line with average statutory rates. 	9
<i>Preference for multilateral solution</i>	<ul style="list-style-type: none"> There was wide support for a multilateral solution instead of a DST from businesses. However NGOs and members of the public supported a DST as an interim measure, while the OECD pursued and implemented its solution. The NGOs did however support the OECD solution as the most effective long-term solution. New Zealand should maintain its long-standing support for multilateral rules-based system and give the OECD a chance to reach a solution. A consensus approach developed by the OECD has the best chance of reducing complexity, minimising double taxation and achieving an efficient tax system. 	25

¹ For the purposes of collating data on the submissions received, we have treated these as one unique submission.

² Or 93% of total submissions

³ Or 7% of total submissions, with one submission was neither strongly for nor against a DST.

⁴ There are some caveats to this summary: the numbers of submissions are indicative only; submitters made one or more of the points within the themes; and the themes themselves overlap.

<i>Application to New Zealand firms and firms in loss</i>	<ul style="list-style-type: none"> • There were concerns that the DST would apply to New Zealand firms – who would then be subject to both income tax and a DST. • A turnover tax would also overtax enterprises with low profits or losses. 	14
<i>Scope</i>	<ul style="list-style-type: none"> • There were general concerns about the unclear/uncertain scope of a DST and how the test would apply in practice. A number of examples were put forward to illustrate problems with the potential scope. • Submitters had concerns about the justification for taxing platforms with active user contribution, and also how to draw lines between business models with varying levels of contribution (e.g. a news website with user comments section vs Facebook). • Several submitters argued that the scope was too broad and would catch some business models that logically should be excluded e.g., the stock market and electricity trading market. On the other hand, some submitters argued that the DST was too narrow to address the problem of taxing the digital economy. • The proposed threshold of \$3.5m for a digital group's global revenues attributable to New Zealand users is too low. • Consideration should be given to following the UK and France's approach to setting the global €750 threshold based on global in-scope digital services revenue. 	14
<i>Compliance and administrative costs</i>	<ul style="list-style-type: none"> • There were concerns that a DST would be difficult to comply with or administer and would create technological challenges (e.g. determining a user's location). • The compliance costs would be high compared to the limited revenue raised and the potentially short period the tax might apply for. • It would require system changes for businesses to collect the data. Identifying users and attributing revenue may be challenging. 	13
<i>Trade and international relations</i>	<ul style="list-style-type: none"> • Many submitters expressed concern at the risk of trade retaliation, especially from the U.S. The U.S section 301⁵ investigation into France's DST was frequently noted. • A DST may harm New Zealand's reputation and put us out of step with our trading partners. • A DST might make it harder for New Zealand to object to other countries' protectionist trade measures. • There are risks that a DST may breach WTO rules concerning fair trading practices. 	22
<i>Economic costs, innovation and growth</i>	<ul style="list-style-type: none"> • There were concerns that a DST would impede domestic innovation and growth by disincentivising digital business activities. • Several submitters argued that a DST could make it less attractive to do business in New Zealand and some businesses may pull out of the New Zealand market (although other submitters disputed this). 	19

⁵ **Section 301** of the U.S. Trade Act of 1974 authorises the President to take all appropriate action, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates an international trade agreement or is unjustified, unreasonable, or discriminatory, and that burdens or restricts U.S. commerce. The US imposed its tariffs on China under section 301.

- Many submitters argued that the economic cost of a DST would be passed on to New Zealand residents, while a few other submitters disputed this.
- Many submitters considered that the economic and trade risks of a DST outweighed the limited revenue it would raise.

Submissions on the OECD proposals

16. We did not receive nearly as many submissions on the OECD proposals. We summarise the submissions we did receive in the table below:

Theme	Key points	Number of submissions
Increased compliance and administration costs	<ul style="list-style-type: none"> • The current rules allow New Zealanders to trade with foreign countries without needing to engage with their tax laws (provided they do not have a physical presence). The new rules will require them to pay tax in those countries, thus significantly increasing compliance costs. • There is a risk that the new rules will be complex and hard to comply with. 	4
Scope and effect on New Zealand	<ul style="list-style-type: none"> • It is currently unclear what the rules will be and how they will apply. It is hard to work out their effect on New Zealand until we have more detail. • A majority of submitters thought the OECD profit reallocation method should not be limited to digital companies. However others were concerned that the wider methods (such as the marketing intangibles approach) might adversely affect our exporters. • There was a small majority of support for the marketing intangibles approach, but other submitters were concerned about its wider application to New Zealand companies. • The rules will reallocate some of the income of New Zealand companies to overseas jurisdictions. Even if New Zealand comes out ahead now, this could change as New Zealand companies move up the value chain. • The consequential effects of the OECD proposals on the New Zealand tax system need to be considered, particularly on our imputation credit system. 	8
Need for detailed analysis and strategic approach	<ul style="list-style-type: none"> • New Zealand needs to undertake its own detailed analysis of the OECD proposals to determine how they affect New Zealand. • New Zealand should seek the outcome at the OECD that is in our best interests. • New Zealand's interest depends on an OECD method that is simple, certain and stable. This will minimise compliance and administrative costs, disputes, and misuse by other countries. 	7
Minimum tax	<ul style="list-style-type: none"> • Individuals and NGOs supported the minimum tax. • The few corporates who submitted were concerned about complexity and restrictions on New Zealand tax sovereignty. 	10

Next steps

17. We will discuss next steps with you at our meeting on 21 August.

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OFFICIAL INFORMATION ACT

s6(a)

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OFFICIAL INFORMATION ACT

Treasury Report: Briefing for Cabinet Business Committee, 2 September 2019

Date:	30 August 2019	Report No:	T2019/2688
		File Number:	MS-5-3-CBC

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	Read prior to the Cabinet Business Committee meeting	1:00 PM, Monday 2 September 2019
Associate Minister of Finance (Hon Dr David Clark)	Read prior to the Cabinet Business Committee meeting	1:00 PM, Monday 2 September 2019
Associate Minister of Finance (Hon David Parker)	Read prior to the Cabinet Business Committee meeting	1:00 PM, Monday 2 September 2019
Associate Minister of Finance (Hon Shane Jones)	Read prior to the Cabinet Business Committee meeting	1:00 PM, Monday 2 September 2019
Associate Minister of Finance (Hon James Shaw)	Read prior to the Cabinet Business Committee meeting	1:00 PM, Monday 2 September 2019

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Nicky Lynch	Team Leader, Office of the Executive	s9(2)(k)	✓
Anabelle Alis	Principal Analyst, Office of the Executive	s9(2)(g)(ii)	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Briefing for Cabinet Business Committee, 2 September 2019

Executive Summary

The Treasury is aware of eight expected items on the Cabinet Business Committee agenda for 2 September 2019. The table below provides Treasury comment and recommendations for seven of those items. We have no particular comments on the Three-Year Refugee Quota Programme paper.

Comments	Fiscal implications	Treasury Recommendation
Adopting a new suicide prevention strategy and action plan and establishing the suicide prevention office Contact: Pooja Patel		
Description: This paper seeks agreement to endorse a revised suicide prevention strategy and action plan. It also seeks agreement to set up a suicide prevention office within the Ministry of Health. Revising the suicide prevention strategy and establishing a suicide prevention office was one of the 40 recommendations of the Mental Health and Addiction Inquiry.		
The revised strategy ('every life matters') is a 10-year strategy which provides a long-term commitment to suicide prevention with a holistic wellbeing focus. The strategy includes an action plan with a focus on the following four areas: <ul style="list-style-type: none"> • promoting wellbeing (<i>promotion</i>) • responding to suicidal distress (<i>prevention</i>) • responding to suicidal behaviour (<i>intervention</i>) • supporting individuals, whānau and communities impacted by suicide (<i>postvention</i>). The initial priorities from the strategy include implementation of suicide prevention initiatives funded through Budget 2019 and setting up a Suicide Prevention Office. The Suicide Prevention Office will have leadership, implementation and monitoring/evaluation functions. Cabinet has also recently agreed to set up an independent Mental Health and Wellbeing Commission. This Commission will still provide system oversight and leadership of mental wellbeing, including suicide prevention.	The costs of establishing the Suicide Prevention Office will be met within existing Vote Health baselines. Any further funding required to carry out its proposed functions as it matures will be sought through future Budget processes.	Support
Public Finance (Well-being) Amendment Bill: Approval for Introduction Contact: Cara Palmer-Oldcorn		
Description: This is your paper seeking approval to introduce the Public Finance (Well-being) Amendment Bill into the House.		
The Bill will amend the Public Finance Act to require an enduring focus on wellbeing. We have provided talking points to support this item [T2019/2575 refers].	None.	Support

Aligning Crown Business with the Principles guiding the Crown Response to the Royal Commission of Inquiry into Historic Abuse Contact: Rebekah Menzies		
Description: This paper identifies actions to demonstrate the Crown's alignment to the principles guiding the Royal Commission of Inquiry into Historic Abuse, and notes that agencies will put together a cross-agency action plan to address the identified actions (set out below). This paper was considered at the Social Wellbeing Committee on Wednesday 28 August. There were no substantive comments on this paper.		
Actions for immediate focus include: <ul style="list-style-type: none"> improving existing historical claims processes; improving survivors' access to records; improving the accessibility and alignment of communications material about claims processes; examining the level of support offered to survivors (including counselling). 	This paper does not contain any fiscal implications.	Support
Crown Response to the Royal Commission of Inquiry into Historical Abuse: Support for Non-Government Organisations and Crown Entities Contact: Rebekah Menzies		
Description: This paper identifies areas where NGOs and Crown Entities may require support to engage with the Royal Commission of Inquiry into Historical Abuse (including administration, records, archiving, communications and legal support), and a proposed range of options for providing this support. This paper was considered at the Social Wellbeing Committee on Wednesday 28 August. Committee members indicated they would like to have a further discussion with Minister Hipkins present about the extent of the support provided to NGOs.		
Given the early stages of the Royal Commission process there is still uncertainty around the nature and degree of support required. The Crown Secretariat estimate that a base level of support could be delivered from Budget 2019 funding. Any additional funding required will be submitted for consideration through Budget 2020.	This paper does not contain any immediate fiscal implications.	Support
Delivering the General Election and Referendum(s) in 2020 Contact: Shereen Capper		
Description: The paper seeks Cabinet's agreement to funding for the Electoral Commission of \$27.828 million for 2019/20 and \$12.007 million for 2020/21 as a pre-commitment against Budget 2020 allowances.		
The proposed funding for the 2020 electoral cycle represents a substantial increase on the 2017 cycle. We consider there are likely to be options for incentivising the Commission to manage more efficiently and effectively. We understand that you agreed with the Minister of Justice that a review of the funding model would be undertaken ahead of the next electoral cycle but the paper does not address this issue.	The total funding sought is \$39.835 million. You have agreed to support the Minister of Justice's request for this amount. Prior to other upcoming Cabinet decisions, the funding would reduce the Budget 2020 operating allowance from \$2,744 million to \$2,704 million. The between-Budget contingency currently has \$136 million available over the forecast period so you have the option of using the between-Budget contingency instead.	Support You may wish to table the following additional recommendation: "direct officials to report back to Cabinet with advice on the Electoral Commission's funding model ahead of the 2023 electoral cycle".

Options for Changes to the Parent Resident Visa (Parent Category)		
Contact: Elizabeth Gerard		
Description: The Parent Category (a residence category for the parents of existing residents) has been closed since October 2016. This paper asks Cabinet to decide between options to recommence the Category or close the Category entirely, and funding to support the chosen approach.		
<p>We consider that the costs should be met from the Immigration Visa memorandum account. The paper contains an alternative recommendation with this option.</p> <p>Fees are charged for the immigration system on a full cost-recovery basis. The additional costs associated with closing or recommencing the Parent Category are unexpected, but they are still costs associated with the administration of this category and should be funded by users of the system.</p> <p>This would have a negative impact on the memorandum account balance. Given the relatively small cost of this proposal compared to the current deficit, the impact on the memorandum account is manageable.</p>	<p>The Cabinet paper is seeking one-off Crown funding of \$500,000 from the Between Budget Contingency (BBC).</p> <p>We do not consider this proposal meets the urgency requirements to access BBC or pre-commitment funding from Budget 2020.</p>	<p>Support the proposed changes to the Parent Category, funded through the memorandum account.</p> <p>Do not support providing Crown funding for these changes.</p>
Arms Legislation Bill 2019: Approval for Introduction		
Contact: Sally-Ann Spencer		
Description: This paper seeks approval to introduce the Arms Legislation Bill 2019. It also seeks agreement to policy changes that have arisen during drafting of the Bill and confirmation of specific decisions delegated to Ministers.		
<p>Cabinet previously agreed key proposals to be included in the Bill [CAB-19-MIN-0288 refers].</p> <p>Confirmation is now sought for policy items delegated to Ministers including a new regime of penalties and offences, information sharing arrangements for a firearms registry, and the accession of New Zealand to the United Nations' Firearms Protocol.</p> <p>Approval is also sought for a small number of further policy items.</p>	<p>The paper does not seek new funding, but there are likely to be future funding implications.</p> <p>High-level cost estimates were included in the earlier Cabinet paper. There may also be direct costs and flow-on implications from the new policy items in this paper, but these have not been quantified.</p> <p>Cabinet previously agreed the Minister of Police will report back at the end of 2019 on the final costs of operating the firearms regulatory regime and on options for cost recovery [CAB-19-MIN-0288 refers].</p>	<p>Support</p>

Recommended Action

We recommend that you **read** this report prior to the Cabinet Business meeting on 2 September 2019.

Nicky Lynch
Team Leader, Office of the Executive

Hon Grant Robertson
Minister of Finance

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Reference: T2019/2668 SH-17-0 (Infrastructure Transactions)

Date: 5 September 2019

To: Minister of Finance (Hon Grant Robertson)
Minister for Infrastructure (Hon Shane Jones)

Deadline: None
(if any)

Aide Memoire: Update on Defence Estate

This aide memoire updates you on planned major infrastructure investments in the Defence Estate (the Estate). The Estate supports defence capability, providing the space to train and undertake operations and accommodate personnel and their families.

As part of the Defence Estate Regeneration Programme (DERP), the New Zealand Defence Force (NZDF) is currently advancing work on:

- upgrades to accommodation, messing and dining (AMD) at Linton
- housing at three bases in Auckland
- upgrades to Ohakea associated with the new P-8A aircraft
- consolidated logistics facilities at Linton and Burnham, and
- regeneration of facilities to meet compliance requirements.

At the same time a first principles review of the Estate is being undertaken to take a 50 year view of NZDF's requirements.

The Infrastructure Transactions Unit (ITU) is working with the NZDF on the regeneration of the Estate, including exploring delivery of the AMD programme through a public private partnership (PPP).

DERP 2019 proposes \$2.1 billion in capital expenditure to 2030 – most of this expenditure is indicative and not confirmed

In 2016, NZDF initiated a significant investment programme to address critical under investment in the Estate – the DERP. In April 2019, Cabinet approved a refreshed business case for the DERP (DERP 2019) [CAB-19-MIN-0171.01 refers]. DERP 2019 outlines 11 strategic investment programmes through to 2035.

Table 1: Priority list of capital expenditure as detailed at Annex A.

Prioritised Programmes		Key (\$'s to 2035)
1	Approved Projects	\$422M
2	Air Surveillance Maritime Patrol (P-8A)	\$288M
3	Consolidated Logistics Project	\$169M
4	Horizontal Infrastructure	\$209M
5	Accommodation Messing and Dining Modernisation	\$161M
6	Rolling Replacement Programmes	\$116M
7	Planned Projects	\$842M
8	Capability Linked Projects	\$301M
9	Housing (Ohakea)	\$ 61M
10	Consolidated Learning Programme	\$200M
11	Regional Facilities	-
-	Portfolio Contingency	\$461M

DERP 2019 has an indicative capital investment profile of \$2.1 billion through to 2030. Currently, \$422 million of this investment profile is approved. The balance is indicative and subject to funding approval. The figure below outlines the proposed capital investment profile for estate regeneration.

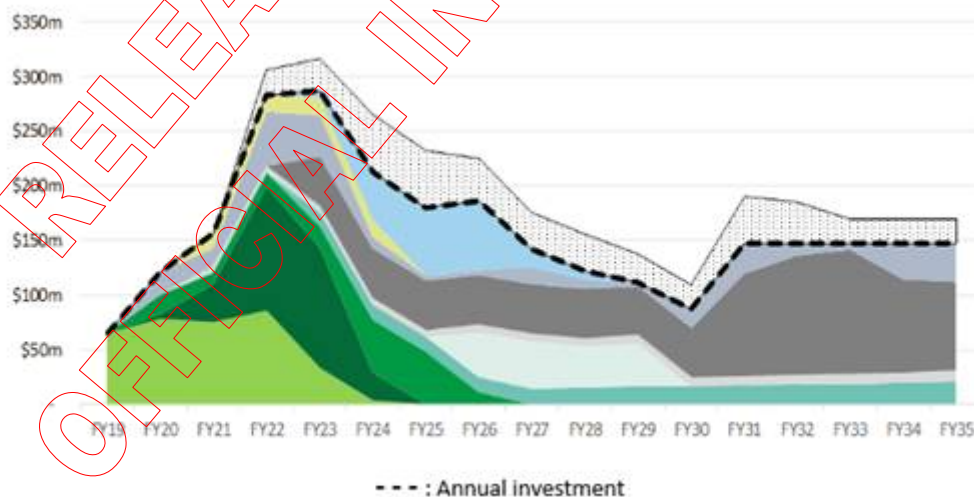


Figure 1: Estate Regeneration capital expenditure profile (2019 Plan)

NZDF is planning to upgrade AMD at Linton – further investments in AMD are a decade away under current funding constraints

DERP 2019 identifies \$161 million in capital expenditure for AMD investment. The NZDF is developing a business case to redevelop AMD at Linton Military. The NZDF plans to complete this business case by June 2020. If approved, construction would

take place from mid-2026 to mid-2029. This investment could be bought forward if Defence funding priorities are adjusted.

The ITU is currently working with NZDF on the possibility of delivering this investment through a PPP. PPP performed strongest against the procurement evaluation criteria in a 2018 Programme Business Case for AMD. However, delivering Linton through a PPP introduces a risk around market appetite given its relatively small scale. While transactions in excess of \$100 million will typically attract finance, \$161 million in capital expenditure may not be sufficient to attract major construction firms to enter into a PPP.

The viability of a PPP could improve if bundled with other AMD investments. The 2018 AMD Programme Business Case identified \$2.4 - \$3.2 billion of capital investment over the next 14 to 25 years to achieve a modern living environment for service personnel across 9 bases (Linton, Ohakea, Burnham, Devonport, Trentham, Whenuapai, Papakura, Waiouru and Woodbourne). However, AMD investments beyond Linton are not planned to begin until 2030 given the current indicative funding envelope, which presents a challenge for a bundled PPP programme.

NZDF is planning to lease new housing in Auckland

The NZDF Housing Programme is composed of 3 tranches across 9 bases. The Housing Programme presents a shift towards a lease-based model in most locations. NZDF has trialled this model at Whenuapai. In 2016, NZDF entered into a develop-lease agreement with New Ground Capital to develop 49 new rental homes at Whenuapai. Therefore, the NZDF Housing Programme represents an opportunity for greater use of third party capital.

The NZDF has prepared detailed business cases for Tranche 1 of its Housing Programme, which the ITU has reviewed. Tranche 1 will provide for 253 houses in Devonport, 129 houses Whenuapai and 75 houses in Papakura. Aside from 27 houses in Devonport, the NZDF plans to procure the houses through a mix of develop and lease arrangements and the private rental market.

The NZDF Housing Programme Business Case assumes that Tranche 1 will be implemented from April 2020. The detailed business cases are substantially complete and will be submitted for consideration by Cabinet and necessary funding approvals in November following a targeted investment review in October. The NZDF estimates the incremental additional funding required for this tranche at \$13.3 million per year on average in operating expenditure.

Ohakea

The works required at Ohakea to support the P-8A aircraft are currently in the procurement process. Additional infrastructure loading and AMD works to support the expansion of operations from the base are subject to future business cases and Cabinet approval.

Consolidated Logistics

The consolidation of NZ Army logistics requirements are being proposed at Linton and Burnham. The Detailed Business Case for this investment is currently scheduled to be presented to Cabinet in December.

First principles review has implications for Estate investment

Cabinet has agreed to undertake a first principles review of the Estate footprint to provide a 50 year view of the footprint of the Estate. The review includes an investigation into the future location of the Devonport Naval Base. The timeline for the Review is:

- a long list of options developed by December 2019, which will then be subject to detailed analysis
- a short list of footprint options will be submitted to the Cabinet Government Administration and Expenditure Review Committee (GOV) for consideration by 30 June 2020, and
- a Cabinet Paper on the outcome of the Review submitted by 30 September 2020 to GOV.

The Review may result in the NZDF shifting capabilities to different bases. While the Review is underway, the NZDF will continue to progress the above noted business cases as they will be required investments irrespective of the outcomes of the Review, subject to adjustments in scope.

Guy Finny, Infrastructure Advisor, Infrastructure Body Establishment, s9(2)(k)

Karen Mitchell, Interim Head of the Infrastructure Transactions Unit, Infrastructure Body Establishment, s9(2)(k)

Treasury Report: Indemnification of Exhibition of Artworks (Tū te Whaihanga) at Tairāwhiti Museum

Date:	16 September 2019	Report No:	T2019/2809
		File Number:	SH-15-2-1 (Heritage Services (incl War Memorials, Touring Exhibitions))

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Sign, date and have witnessed the two attached Deeds of Indemnity Sign and date the associated Notice of Indemnity Return the two Deeds of Indemnity to the Treasury Table the Notice of Indemnity in the House	By end of day 16 September (for signing the Deeds)

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Tim Roper	Senior Analyst, Justice, Security and Government Services	s9(2)(k) N/A (mob)	✓
Simon Duncan	Team Leader, Justice, Security and Government Services	N/A (mob)	

Minister's Office actions (if required)

Return both Deeds of Indemnity, once signed, dated and witnessed, to the Treasury (for passing on to MCH and Tairāwhiti Museum). **Ensure** the Notice of Indemnity is tabled in the House at the earliest available date.

Note any feedback on the quality of the report

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Enclosure: Yes (attached)

Treasury Report: Treasury Report: Indemnification of Exhibition of Artworks (Tū te Whaihanga) at Tairāwhiti Museum

Purpose of Report

1. This report recommends that you give final approval for an indemnity, as provided for in section 65ZD(1) of the Public Finance Act 1989, for an exhibition of artworks entitled Tū te Whaihanga at the Tairāwhiti Museum, Gisborne. We note that the Prime Minister has previously written to you about this, and you have agreed in-principle to provide an indemnity.
2. The Ministry for Culture and Heritage (MCH) has just informed Treasury that one of the lenders (Cambridge Museum) advised on Friday 13 September that it requires sighting the signed Deed of Indemnity by close of business Monday 16 September, UK time, in order to release the artworks to the courier who is picking them up for transport within the UK and then on to New Zealand. This means the attached copies of the Deed of Indemnity need to be signed, dated and witnessed today, if you agree.

Analysis

3. The exhibition comprises 37 historic taonga from the Tūranganui-ā-kiwa region that departed with the *Endeavour* following the first encounters of October 1769. The artworks are now housed in five institutions across the United Kingdom and Germany. As at 9 September their collective value is s9(2)(b)(ii)
4. The Government Indemnification of Touring Exhibitions Scheme (Scheme) exists to make artworks more accessible to New Zealanders by reducing the cost for museums and galleries to bring exhibitions to New Zealand. Under the Scheme, the Crown indemnifies artworks up to their single highest-value consignment level not exceeding \$50 million (recognising that the greatest risk of loss or damage is while the items are in transit), thereby significantly reducing the amount of commercial insurance that museums and galleries would otherwise be required to purchase. Further background information is set out in the Annex.
5. As the artworks for this exhibition will be travelling to New Zealand in a single consignment, the required indemnity cover s9(2)(b)(ii) is within the agreed Cabinet parameters for the Scheme.
6. The decision to give the indemnity rests with the Minister of Finance. Section 65ZD(1) of the Public Finance Act 1989 provides that the Minister of Finance may, on behalf of the Crown, give an indemnity if it appears to the Minister to be necessary or expedient in the public interest to do so.
7. In the Treasury's view the proposed indemnity meets the above test. Given the artworks' provenance and the fact that these taonga are returning to New Zealand for the first time, there is expected to be a high degree of public interest in viewing them, particularly among people who associate with of the Tairāwhiti region. Also, the timing of the exhibition coincides with Tuia 250 celebrations and so represents a significant opportunity to promote the Gisborne region.

8. MCH advises that Tairāwhiti Museum has satisfied all of the necessary eligibility conditions for the scheme. These include:
 - Taking out commercial first-risk insurance of up to \$90,000 against loss or damage (the required threshold for an exhibition of this value) – thereby significantly reducing the probability that the Crown indemnity will be called on, and
 - Making arrangements for an appropriately high level of security for the duration of the exhibition, including receiving sign-off from NZ Police on a risk assessment and mitigations.
9. The Treasury earlier raised concern with MCH that the exhibition might fuel Tuia 250 and Treaty tensions, including risk of legal ownership claims being brought against the taonga while they are in New Zealand.
10. In response MCH commented that the proposed security arrangements would minimise any risk of items being illicitly removed during the exhibition. We are comfortable with this assertion. Further, while any legal ownership potential claims and associated legal costs (e.g. those borne by the lending institutions in the event of a Court granting an injunction preventing the artworks from leaving New Zealand) are outside of its and the Museum's control, these in any case would not trigger any claim against the indemnity.
11. We note that the lending institutions as guardians of the taonga have established relationships with local iwi and the Tairāwhiti Museum, are aware of the sensitivities surrounding the items, and have agreed to make them available for the proposed exhibition.
12. If given, the indemnity will be in force from the date the 37 objects are condition reported and packed for travel in London for freight to Auckland (late September 2019) to when they are condition reported upon arrival back in Europe (late October 2020). Two copies of the Deed of Indemnity are attached (Attachment 1).
13. No other indemnities are currently agreed under the Scheme for this period. However, we understand that MCH is in early discussions with various museums and galleries (mostly in Auckland) about application of the Scheme to a number of other potential, high-value exhibitions, all of which are anticipated to commence in the second half of calendar year 2020. We have reminded MCH of the need to proceed cautiously in considering application of the Scheme to concurrent high-value exhibitions, given each individual indemnity adds contingent liability to the Crown's balance sheet.
14. As the indemnity exceeds \$10 million it is necessary for you to present a statement to the House of Representatives as soon as practicable after the indemnity is given [Section 65ZD(3) of the Public Finance Act 1989 refers]. A Notice of Indemnity is attached for this purpose.

Recommended Action

We recommend that you:

- a **approve** an indemnity of up to s9(2)(b)(ii) from late September 2019 to late October 2020 to cover the upcoming exhibition Tū te Whaihanga at Tairāwhiti Museum, Gisborne

Agree/disagree.

Minister of Finance

- b **sign, date and have witnessed** the two attached Deeds of Indemnity, and **sign and date** the attached Notice of Indemnity, and
- c **table** the Notice of Indemnity in the House of Representatives as soon as possible.

Simon Duncan

Team Leader, Justice, Security and Government Services

Hon Grant Robertson
Minister of Finance

Annex: Background Information on Indemnification of Touring Exhibitions

1. Section 65ZD of the Public Finance Act gives you the power to approve an indemnity on behalf of the Crown, if you consider it is necessary or expedient in the public interest to do so.
2. The policy on indemnification of exhibitions is set out in *Guidelines for Indemnification of Touring Exhibitions*. This policy was initially approved by Cabinet in 1986, and subsequently refined in 1990 and 1999 [CAB (99) M 4/2B(1) refers]. The policy is designed to assist public institutions in giving New Zealanders the opportunity to view exhibitions of significant works of art. The policy also sets out some minimum standards that an institute must meet before any indemnity is granted. These standards have been set to minimise the risk to the Crown.
3. The policy involves the Crown accepting the bulk of the risk inherent in presenting exhibitions. The Crown's approach has been to self-insure against the risk of damage to, or loss of, items in the exhibition.
4. The Crown will normally only accept risk up to \$150 million at any one time based on an aggregation of the largest likely payout. An exhibition that is valued at greater than \$50 million must be transported in more than one consignment.
5. The institution running the exhibition must also take out first-risk insurance to cover any minor damage to exhibition items.
6. Currently there are no other exhibitions being indemnified by the Crown.
7. Exhibitions that have been indemnified by the Crown in recent years are:
 - Terracotta Warriors: Guardians of Immortality
 - The Body Laid Bare: Masterpieces from the Tate Gallery
 - Degas to Dali: Masterpieces from the National Galleries of Scotland
 - Julian and Josie Robertson Collection
 - European Masters: 19th and 20th Century Art from the Städel Museum
 - Monet and the Impressionists
 - Giacometti: Sculptures, Prints and Drawings from the Maeght Foundation
 - Constable: Impressions of Land, Sea and Sky.
8. To date, no claim has been brought against the Crown.

Attachment 1: Deed of Indemnity

[Two copies, to be signed, dated and witnessed.]

Note: the schedule of identified items referenced in the Deed of Indemnity (i.e. list of titles, mediums and values of the individual works) has not been included for the purposes of this report, but is available upon request.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

STATEMENT OF INDEMNITY GIVEN UNDER SECTION 65ZD OF THE PUBLIC FINANCE ACT 1989

On September 2019, I, Grant Robertson, Minister of Finance, on behalf of the Crown, gave an indemnity to Tairāwhiti Museum (Gisborne Museum of Art and History Charitable Trust) in relation to the loan of items to the museum.

Dated at this day of September 2019

Grant Robertson
Minister of Finance

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

INDEMNITY AGREEMENT

THIS DEED is made the day of September 2019

BETWEEN Tairāwhiti Museum (Gisborne Museum of Art and History Charitable Trust) ("The Museum")

AND HER MAJESTY THE QUEEN in right of New Zealand acting by and through the MINISTER OF FINANCE ("the Crown") pursuant to section 65ZD of the Public Finance Act 1989.

BACKGROUND

A The owners of the items described in the Schedule have agreed to make them available on loan for public exhibition at

 The Museum.

B The Museum has accepted responsibility for the exhibition of the items, and for their packing, security, transport, unpacking and exhibition at the Museum and for their ultimate return to the owners ("the Lenders").

C The Museum has also agreed to be responsible to the Lenders for the consequences of loss or destruction of, or damage to, any of the items from the time they are handed over by the Lenders to the control of the Museum and until they have been returned to the Lenders at the conclusion of the exhibition.

D The Crown has, subject to the following terms and conditions, agreed to indemnify the Museum against any liability incurred by the Museum in respect of the consequences of such loss, destruction or damage.

THIS DEED PROVIDES as follows:

1. Interpretation

 In this Deed:

- (a) "Chief Executive" means the Chief Executive of the Ministry for Culture and Heritage.
- (b) "the Loan Agreements" means the loan agreements made between the Museum and the owners of the items in respect of which this indemnity is given.
- (c) "the relevant period" in relation to each item means the period commencing on the completion of the condition report provided for in clause 5(1)(a) and expiring when the unpacking and examination of that item by the conservator provided for in clause 5(1)(e) have been completed and that conservator has

advised the Lender and the Museum of the item's condition.

- (d) references to clauses and to schedules are to clauses in, and schedules to, this Deed.

2. Period of Exhibition and Transport and Packing

- (1) The items are to be put on display at the Museum within the approximate dates of 7 October 2019 – 11 October 2020.
- (2) The items shall be transported to or from New Zealand, or within New Zealand in consignments the value of which shall not exceed NZ\$50 million in any one aircraft, vessel or vehicle. The Museum shall supply to the Chief Executive the value of each consignment in NZ dollars and in the currency of the lender with the exchange rate stated.
- (3) The Museum is responsible for transportation of all consignments and the Museum shall supply each transport schedule, and any variation to a transport schedule, to the Chief Executive.
- (4) No item shall be transported until the transport schedules and consignment values have been provided to the Chief Executive.

3. Value of the Items

Each of the items shall for the purposes of this Deed, have the value set opposite its description in the Schedule. That value is expressed in the currency or currencies specified by the Lender or Lenders and shall remain fixed for the relevant period and should be kept confidential to the parties and the relevant Lenders. The Museum shall certify in writing to the Chief Executive that the values accurately reflect current international market values.

4. Environmental Conditions

The Museum shall ensure that the environmental conditions specified in the Loan Agreements are complied with at all times.

5. Condition Reporting

- (1) The Museum shall ensure that:
- (a) each item is, immediately prior to its packaging for transport to New Zealand, the subject of a detailed condition report which shall be prepared by a senior conservator nominated by its Lender and shall include a high definition photograph that accurately records the physical appearance of the item.

- (b) the photograph and each condition report shall accompany the item to which it refers. The Museum shall not unpack any item unless the photograph and condition report relating to that item are in the possession of the Museum.
 - (c) on unpacking after arrival at the Museum each item shall be condition reported by a senior conservator or other suitably qualified person nominated by the Museum.
 - (d) immediately prior to packing at the Museum before departure each item shall be condition reported by a senior conservator or other suitably qualified person nominated by the Museum.
 - (e) upon its return to its Lender and immediately following an appropriate acclimatisation period each item shall be unpacked and condition reported by a senior conservator nominated by that Lender who shall advise that Lender and the Museum in writing of his or her findings in this regard.
- (2) The Museum shall provide the Chief Executive with regular written progress reports on the return of the items to the Lenders, and shall advise the Chief Executive in writing immediately when it is advised that the last indemnified item has been returned to its Lender and has been examined in accordance with subclause (1)(e).

6. Security

- (1) Each consignment shall be accompanied by an experienced courier appointed by the Museum and approved by the Lenders. The Museum shall ensure that adequate precautions are taken to protect the items from theft, loss or damage in transit. In particular, the courier shall ensure that no item is unloaded from an aircraft, vessel or vehicle (except in circumstances previously approved by the Museum) or is exposed to hazardous conditions before reaching the destination to which it has been consigned. The courier shall not leave the consignment unattended in the course of travel unless this is necessary by reason of the physical dimensions of the items in question or the requirements of the transport company on whose aircraft, vessel or vehicle the consignment is being transported to or from or within New Zealand. If any of the items is unloaded or is exposed to hazardous conditions before reaching the destination to which it has been consigned the courier shall ensure that this is reported immediately to the Museum who shall then advise the Chief Executive and the relevant Lender without delay.
- (2) Each item shall be placed in a secure area on arrival at the Museum and after dismantling of the exhibition and before its departure.
- (3) The Museum shall consult with and take and act on advice from senior officers of the Police of New Zealand as to appropriate

security measures relating to the items while in New Zealand or in transit to and from New Zealand. As the consignments covered in this Deed are valued above NZ\$15 million the Museum shall consult with Police National Headquarters to ascertain whether a security escort is required.

- (4) The Museum shall provide to the Chief Executive written confirmation from the Police that the security measures meet with Police approval.

7. Emergencies

If any of the items is removed from the exhibition to a place of safekeeping in an emergency, the Museum shall immediately notify each Lender and the Chief Executive.

8. Publicity

- (1) The news media are on no account to be given information concerning the value(s) of the exhibition items either individually or in total, or the approximate value, or details of transport of any of the items. Nor are they to be invited to witness their arrival or departure in or from New Zealand or at or from the Museum.

- (2) An acknowledgement of the role of the New Zealand Government in supporting and facilitating the exhibition of the items shall be included in any publicity material in all media including the exhibition catalogue relating to the items. Unless the Chief Executive and the Museum agree otherwise, the acknowledgement shall be as follows:

“Indemnified by the New Zealand Government”

9. Insurance

- (1) The Museum shall arrange, and pay the premiums for, insurance cover to a level of \$90,000 NZ dollars in respect of any one event, unlimited in the aggregate against loss or destruction of, or damage to, the items. This insurance cover shall be in place for the relevant period.

- (2) The Museum shall supply to the Chief Executive evidence that the necessary insurance policy has been effected prior to any of the items being handed over by any of the Lenders to the Museum.

- (3) The Museum shall vigorously pursue any claim on its insurer.

10. Damage and Conservation

- (1) Any accidental or deliberate damage to any of the items or any deterioration of any of the items during the relevant period shall be reported to the Chief Executive and to the relevant Lender not more than 24 hours after either:
 - (a) the occurrence of such damage, or deterioration; or
 - (b) where the damage or deterioration is ascertainable by visual examination of the items, the damage or deterioration is first noticed by a conservator or other suitably qualified person on the staff of the Museum.
- (2) If the extent of the damage or deterioration is such that the Crown is likely to be called on to make a payment under this Deed, the Museum must promptly notify the Chief Executive and supply full details.
- (3) No conservation work shall be undertaken without the express written consent and in accordance with the instructions of the relevant Lender; PROVIDED THAT in a case of extreme emergency, where this is necessary to prevent further damage or deterioration, reasonable preventive conservation may be undertaken before the consent of the Lender is available AND PROVIDED FURTHER THAT such preventive conservation shall be no more than is necessary to halt the damage or deterioration.

11. Indemnity Against Loss or Destruction of or Damage to an Item

- (1) If any item is lost, damaged or destroyed during the relevant period, the Museum shall be liable to indemnify the Lender of that item to the extent of its value as shown in the Schedule in the currency specified by the Lender.

This applies regardless of however or wherever the loss or destruction arises EXCEPT THAT the Museum shall not be liable with respect to any loss or destruction caused by the Lender of the item in question.
- (2) Subject to subclause (5) where the Museum's liability exceeds the amount of insurance cover referred to in clause 9 the excess of that liability shall be underwritten by the Crown and payments in respect of any such indemnity shall be made by the New Zealand Government to the Museum PROVIDED THAT if the Museum other than for reasons that are established to be beyond its control is in breach of any of its obligations under this Deed and if such breach has caused or has contributed to the loss, damage or destruction the Museum shall in addition to any sums payable to the Lender reimburse the Crown any sum paid by the Crown under this clause.
- (3) For the purpose of subclause (2) breaches of any of the Museum's obligations shall be deemed to be beyond the

Museum's control if damage, loss or destruction to any item or items is directly or indirectly caused by any of the following:

- (a) any negligence, wrongful act, omission or fault of any employee of the Museum, provided that the Museum has fully complied with this Deed and has taken all reasonable steps to avoid such negligence, act, omission or fault (including, but not limited to, care in the selection, training and supervision of such employee);
 - (b) any accident, provided that the Museum has fully complied with this Deed and has taken all reasonable steps to avoid any such accident occurring;
 - (c) defective premises or equipment, provided that the Museum has fully complied with this Deed and has taken all reasonable steps to avoid such defects, and that such defects were not or would not have been apparent on reasonable examination;
 - (d) any other event, if the parties mutually so agree.
- (4) On receiving payment from the Crown, the Museum shall promptly settle all claims by the Lenders and reimburse the Crown in appropriate circumstances.
- (5) The Crown shall have no liability to make any payment under this Deed unless the Museum has fully complied with all of its obligations under the Loan Agreements and this Deed including, but not limited to, its obligations to supply to the Chief Executive:
- (a) copies of the executed Loan Agreements
 - (b) written verification of the valuations of all items
 - (c) evidence that commercial first-risk insurance has been taken out
 - (d) details of the transport schedules and consignment values
 - (e) evidence that the New Zealand Police have approved the security arrangements for the travel and exhibition of all the items.

12. Indemnity Against Damage to an Item

- (1) The provisions of clause 11 shall apply with necessary amendments in the case of damage not amounting to destruction to any of the items as ascertained by condition reports. The extent of any such damage and the cost of making good shall be settled by negotiation between the Museum and the relevant Lender and the Crown. If repair is considered impractical or will result in a reduced value for the item in question, the reduced value of that item shall be settled by negotiation between the Museum and the relevant Lender and the Crown.

13. Recovery of Lost or Stolen Items

- (1) If any of the items is lost or stolen and is subsequently recovered that item shall be returned to the relevant Lender by the Museum at the Museum's sole expense. The Lender shall thereupon refund to the Museum any compensation that it has been paid less any amount to which the Lender may be entitled in respect of damage to the items as in clause 12.
- (2) If the Crown has made any payment to the Museum in respect of any such item, the Museum shall thereupon pay to the Crown the amount that has been refunded to it by the Lender less any sum that may be repayable to the Museum's insurer.

14. Subrogation

If the Crown becomes liable to make any payment under this Deed, it shall have the right to be subrogated for the Museum in respect of any claim against a third party.

15. Loan Agreements

- (1) The Museum shall ensure that the provisions of this Deed are, as far as possible, reflected in each of the agreements that it makes with the Lenders and, specifically, shall include the following clauses in each loan agreement:
 - (a) The Lender shall give written notice to the Museum and to the Chief Executive of the New Zealand Ministry for Culture and Heritage of the Lender's intention to make any claim for compensation in respect of loss or damage or destruction of any item within one calendar month of the damage, loss, or destruction being discovered or ascertained.
 - (b) The Lender shall lodge such claim within three calendar months of the damage, loss or destruction being discovered or ascertained.
 - (c) The Museum shall not be liable with respect to any loss, damage or destruction caused by the Lender of the item in question.
 - (d) If any of the items is lost or stolen and subsequently recovered, the item(s) shall be returned to the relevant Lender by the Museum at the Museum's sole expense. The Lender shall thereupon refund to the Museum any compensation that it has been paid less any amount to which the Lender may be entitled in respect of damage to the items as agreed between the Lender and the Museum.
 - (e) If the Crown is required to indemnify the Lender in respect of any claim rising out of the loan agreement, then the Crown shall have the right to be subrogated for the Lender in respect of any claim against a third party.

- (f) Any dispute between the Lender and the Museum in respect of subclause (e) shall be referred to arbitration under the New Zealand Arbitration Act 1996 or any Act passed in amendment or substitution for it.
- (2) If the Museum is unable to comply with subclause (1), it shall notify the Chief Executive immediately.
- (3) The Museum shall supply to the Chief Executive copies of all Loan Agreements as signed by the Museum and each Lender.

16. Report on Exhibition

The Museum shall, within two months of the end of the relevant period provide the Chief Executive with a report on the exhibition. This report shall include information on the revenue of the exhibition and visitor numbers at the Museum. Copies of posters, flyers or other publicity material not previously supplied shall be included in their final format.

17. Arbitration

Any dispute between the Museum and the Crown as to the interpretation or operation of this Deed shall be referred to arbitration under the Arbitration Act 1996 or any Act passed in substitution for it.

18. Costs

The Museum shall reimburse the Crown for the administrative costs of indemnifying the exhibition.

IN WITNESS of which this Deed has been executed.

**SIGNED by HER MAJESTY THE QUEEN
IN RIGHT OF NEW ZEALAND** acting by
and through the Minister of Finance in the
presence of:

Signature of Honourable Grant
Robertson

Signature of witness

Name of witness

Occupation of witness

City/town of residence

SIGNED by TAIRĀWHITI MUSEUM

**(GISBORNE MUSEUM OF ART AND
HISTORY CHARITABLE TRUST):**

Signature of the Director

Signature of witness

Name of the Director

Name of witness

Occupation of witness

City/town of residence

[Schedule of indemnified items to be attached.]

Treasury Report: Weekly Status Report - 26 September 2019

Date:	26 September 2019	Report No:	T2019/3044
		File Number:	CO-6-2-4

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the contents of this report.	None.

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Rebekah Menzies	Analyst, Office of the Executive	s9(2)(k)	n/a (mob) ✓
Nicky Lynch	Team Leader, Office of the Executive	s9(2)(g)(ii)	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Weekly Status Report - 26 September 2019

Recommended Action

We recommend that you note the attached weekly status report.

Nicky Lynch
Team Leader, Office of the Executive

Hon Grant Robertson
Minister of Finance

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OFFICIAL INFORMATION ACT

BUDGET-SENSITIVE



TE TAI ŌHANGA
THE TREASURY

Treasury Weekly Status Report

Weekly update to the Minister of Finance

Date Issued: 26 September, 2019

Information Collected: Week Commencing 23 September, 2019

1. Your priorities

Priority area and State of Play	Upcoming milestones and advice			
	September	October	November onwards	Possible next actions for Minister of Finance
Budget and Wellbeing Approach (includes LSF, State Sector) Budget <ul style="list-style-type: none"> Cabinet agreed to the Budget 2020 Strategy on Monday 23 September. We released Budget guidance to agencies on CFISnet on Tuesday 24 September and are running workshops with agencies on Thursday 26 and Friday 27 September. We have prepared letters detailing your expectations for Coordinating Ministers following your meeting with them this week. We are preparing letters requesting information on the delivery of recent Budget commitments and will provide these for your signing this week. We have prepared material for the first Budget Ministers meeting on 30 September, for circulation on Friday 27 September. We are reviewing the process run for the proactive release of Budget materials and will discuss this with your Office. Update on the technical development of the LSF and LSF Dashboard We will provide a briefing in early October to provide an update on: <ul style="list-style-type: none"> The updates planned for the LSF Dashboard in December 2019, including some changes to the indicators to improve alignment with Indicators Aotearoa New Zealand (IANZ) and response to recommendations in the OECD New Zealand Country Survey. The longer-term work underway to develop the LSF to better reflect culture, child wellbeing and Te Ao Māori and Pacifica perspectives. This work will inform a planned release of a refreshed LSF and LSF Dashboard in June 2021. State Sector and PFA reform <ul style="list-style-type: none"> The Public Finance (Wellbeing) Amendment Bill had its first reading on 17 September. The Treasury is working with SSC and PCO on the draft New Zealand Public Service Bill, including the consequential amendments to the PFA. PCO are working towards having a settled version of the bill by mid-October. 	Budget <ul style="list-style-type: none"> Cabinet Strategy Paper agreed Guidance for Agencies released Meetings with Coordinating Ministers Budget Ministers #1 	Budget <ul style="list-style-type: none"> October Baseline Update takes place LSF <ul style="list-style-type: none"> Treasury briefing on technical development of the LSF and Dashboard (include plans for updating the LSF Dashboard in December 2019). State Sector and PFA Reform <ul style="list-style-type: none"> Treasury report on the New Zealand Public Service Bill and consequential amendments to the Public Finance Act prior to LEG in November A Treasury briefing to update you on phase 2 of the public finance modernisation work. 	Budget <ul style="list-style-type: none"> <u>1 November</u>: Cost Pressure Initiative submissions due <u>1 November</u>: report back from Portfolio Ministers on delivering commitments from previous Budgets Bilateral meetings <u>29 November</u>: New Spending initiative submissions due State Sector and PFA Reform <ul style="list-style-type: none"> <u>5 November</u>: LEG meeting – seeking to introduce the New Zealand Public Service Bill <u>5 December</u>: update of the Dashboard, including improving alignment with IANZ. 	
Reserve Bank of New Zealand Act Review: Phase 2 Phase 2 <ul style="list-style-type: none"> The second set of consultation documentation was released on 24 June, with consultation closing towards the end of August (the consultation officially closed on 16 August but some industry participants have been granted an extension). The Review team has provided you with advice on how legislative reforms from the Review could be taken forward following final policy decisions in late 2019. 		<ul style="list-style-type: none"> <u>3 October</u>: joint report on the third set of consultation documents, supported by a draft Cabinet paper and regulatory impact statement. <u>10 October</u>: meeting with the Review team and Chair of the panel to discuss proposed consultation material. <u>17 October</u>: joint report on more detailed decisions necessary to progress Review work streams. 	<ul style="list-style-type: none"> <u>Targeting 20 November</u>: DEV consideration of two Cabinet papers - seeking agreement to the full package of decisions needed to progress the Institutional Act, and key in-principle decisions needed to progress the Deposit Takers Act and depositor protection. 	

BUDGET-SENSITIVE

Priority area and State of Play	Upcoming milestones and advice			
	September	October	November onwards	Possible next actions for Minister of Finance
Property Insurance Markets <ul style="list-style-type: none"> We are scheduled to meet with the Insurance Council of New Zealand (ICNZ) on 11 October 2019 to discuss insurance market issues and potential options. ICNZ is also planning to invite us to a 'workshop' with its members during the week of 14 October 2019 to discuss insurers' feedback. The Wellington Insurance Taskforce held its second meeting on 19 September 2019 and will meet again on 8 October 2019. A key theme of discussions has been that the insurance market is opaque and that there needs to be more information about insurers' pricing and coverage decisions, and what is happening in the market more generally. The Taskforce proposed surveying body corporates and commercial property owners about their experiences in the insurance market. We are considering how the Treasury could engage in this survey. Legislation is expected to be introduced to Parliament by the end of 2019 to give effect to recent Cabinet decisions on the MBIE-led review of financial institutions' conduct. Cabinet decisions on the MBIE-led review of insurance contract law are expected in mid-November. The Minister for Building and Construction intends to lodge the Cabinet paper on earthquake-prone building financial assistance scheme in time for DEV on 16 October 2019 (depending on the outcome of the ministerial consultation with you). The Treasury and IRD are also investigating tax options to encourage earthquake strengthening. 		<ul style="list-style-type: none"> 3 October: Treasury report to provide advice on recommended options to develop further for addressing any identified problems in property insurance markets. 8 October: Final meeting of the Wellington Insurance Taskforce. The Taskforce intends to provide a report and recommendations on property insurance pricing and accessibility in Wellington. 10 October: Advice on the coverage of mixed-use/multi-unit buildings under the Earthquake Commission Act. 11 October: Second consultation with ICNZ on options. 31 October: Draft Cabinet paper and regulatory impact statement to seek agreement in-principle on a smaller group of options for addressing property insurance pricing and availability issues. 	<ul style="list-style-type: none"> 5 November: You are speaking at the Insurance Council Conference. 7-21 November: Ministerial and Party consultation on insurance Cabinet paper. 27 November: Target DEV meeting for insurance markets Cabinet paper. 	
Economic Outlook and Strategy (includes Future of Work) Economic Strategy Future of Work Forum <ul style="list-style-type: none"> Following a meeting between key Ministers on 19 September, we are preparing a document for you to capture and confirm what was discussed. This will cover the Government's ambition for the use of tripartism to develop policy and principles for tripartite engagement, the role and work programme of the Tripartite Forum (based on the Strategic Assessment), governance arrangements, and how officials will support Ministers and the Forum. This will be used to support a subsequent meeting with tripartite partners. We will provide a draft to your office on 27 September. The next Forum is scheduled for 25 November. BusinessNZ is chairing this Forum and we are working with them to finalise what the Forum will focus on. We will provide the draft Forum agenda to your office once it has been decided. 		Future of Work: <ul style="list-style-type: none"> 3 October: meeting of the Standing Committee 	Future of Work: <ul style="list-style-type: none"> 14 November: meeting of the Standing Committee 25 November: the next Forum, hosted by BusinessNZ. 	
Tax Policy Work Programme and Welfare Reform <ul style="list-style-type: none"> Tax: On 8 August, the Government released an updated Tax Policy Work Programme. Workstreams include: land, business, infrastructure, international, tax exemptions, charities, social policy, Business Transformation, information collection and use, and environment/sustainable economy. Welfare: The Government's response to the WEAG is being considered as part of the Welfare Overhaul workstream which is being led by Minister Sepuloni. In October, Cabinet will consider next steps for responding to the welfare overhaul. 		Tax <ul style="list-style-type: none"> 17 October: reporting to Ministers regarding public submissions on the Digital Services Tax proposal 23 October: Joint Ministers meeting (Digital Services Tax, Business, Seismic) Welfare <ul style="list-style-type: none"> 22 October: Joint meeting with PM, Minister of Finance, Minister for Social Development October/November: Cabinet paper on next steps for responding to the welfare overhaul. 		

2. Short Updates

This section provides updates on any issues we are aware of that can be dealt with briefly.

Update:	Treasury team and Contact	Refer Treasury briefing (if applicable)	Minister to tick if further information required
Letters of Expectation for Coordinating Ministers These letters summarise your expectations for the five Coordinating Ministers looking ahead to the Budget 2020 process. The letters clarify your expectations for: <ul style="list-style-type: none">outcomes-driven, cross agency collaboration in initiative development;selection of cross-agency Secretariats to provide support in package development;addressing commitments within Priority packages where possible, and prioritising initiatives that aligned with sub-priority areas;consulting relevant portfolio Ministers throughout the coordination of package development;developing low, middle, and high funding scenarios, with thought given to flagships;an Oral update to Cabinet Committees in November;the Treasury's role in initiative assessment.	Budget Management Tim Holland, s9(2)(k)		
Letters requesting information on previous Budget commitments These letters ask portfolio Ministers to report on progress towards delivering initiatives funded through previous Budgets. The letters will be copied to agency CEs. The information will be due on 1 November, and will be used for the purpose of informing Budget bilateral conversations. We are developing a template for agencies to provide the requested information.	Budget Management Ashleigh Brown, s9(2)(k)		
TAWA requests Cross agency work on child poverty (on hold) Analysis of potential levers to reach child poverty targets. Cross agency work to inform income adequacy and welfare reform (completed) Undertaking analysis on changes to In Work Tax Credit and Minimum Family Tax Credit. Tax policy (ongoing) Support to Tax Policy Team. Welfare policy (ongoing) Support to Welfare Policy Team. Interim policy costing unit (ongoing) Providing support on modelling capacity/capability.	Analytics and Insights Jean Le Roux, s9(2)(k)		
Upcoming Infrastructure Funding and Finance Briefings <ul style="list-style-type: none">On 15 October, the Treasury and DIA are planning to meet with officials from the four high-growth councils to provide an update on policy issues and also get their feedback on the draft legislation.In late October, Infrastructure New Zealand and Property Council New Zealand will jointly host a Treasury Infrastructure Funding and Financing briefing for a select group of their members.	Capital Markets Kate Le Quesne, s9(2)(g)(ii)		
Venture Capital Fund (VCF): A provisional booking for a meeting on 30 September could enable Minister feedback on three reports provided by 26 September: <ul style="list-style-type: none">Summary of feedback received in the Policy Statement workshops and written submissions;Advice on the Seed Co-Investment Fund and capital allocation of the \$300 million allocated for Early Stage Capital Markets; andNext steps for the Select Committee process. This meeting would enable discussion with all three Ministers, to set direction prior to reduced availability in October. The critical path for the implementation programme requires a finalised Policy Statement by the end of October, with a briefing on 17 October to request sign off on this document.	Financial Institutions, Capital Markets Oliver Martin, s9(2)(k)		
For Information Only: Visiting delegation from Philippines Treasury On 1 October the Treasury will host a delegation from the World Bank and the Philippines. The focus of the visit is to learn about New Zealand's risk management and risk financing arrangements; provide a holistic view of the Treasury's Living Standard Framework as it applies to fiscal policy; our experience from recent events; and our outlook on asset management and infrastructure as we prepare for the future.	Financial Institutions, Capital Markets Emily Howe, s9(2)(k)		
Pay equity costing update for Half-Year Economic and Fiscal Update We are on track with our cost estimation work for the Treasury forecasts. <ul style="list-style-type: none">We have completed consultation with the SSC, Ministry of Education and Ministry of Health on input data.We are meeting with your Office on 25 September to discuss your feedback on our recent update aide memoire (T2019/2649), and to provide an update on the estimate.We will provide you with a further update of our estimate by 27 September.	Skills and Work Richard Baird, s9(2)(k)	Refer T2019/2647	
Education Report – Approval to operate a foreign currency bank account for Macleans College and Auckland Grammar School Boards of Trustees You will receive a report in the next fortnight from the Minister of Education that seeks your approval for two schools to hold foreign currency bank accounts for the sole purpose of payments of students Cambridge International Examinations fees. Your approval is required under the Crown Entities Act 2004. We have reviewed this paper and support the recommendations.	Education and Population Agencies Claire Turner, s9(2)(k)		

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Education Report – Settlement of Teacher and Principal Collective Agreements You will shortly receive a report from the Minister of Education that seeks your approval to draw down the tagged operating contingency for Teacher and Principal Bargaining now that all relevant collective agreements have settled. We have not yet seen the latest version of this paper, but will advise your office separately if we do not support the recommendations.	Education and Population Agencies Phoebe Sparrow, s9(2)(k)		
Whānau Ora Report- The Funding Split and Allocation for Localised Commissioning You will receive a report from Te Puni Kōkiri that seeks your approval to the funding split between existing and localised commissioning and the allocation of this funding that was appropriated through Budget 2019.	Education and Population Agencies Jemma Jackson, s9(2)(k)	T2019/2907	
Queenstown-Lakes District Spatial Plan In December 2018, Cabinet agreed to a partnership with Queenstown Lakes District Council (QLDC) to address tourism and growth-related infrastructure pressures in the District. On Wednesday 28 August, DEV (DEV-19-MIN-0227) agreed that officials will continue to work with QLDC to develop sustainable funding tools to meet these pressures, including the development of a potential visitor levy. Officials were also directed to work with QLDC to support the development of a local bill for this levy, if required. DIA are currently finalising a terms of reference between QLDC and central government. This draft terms of reference will be circulated to UGA Ministers once feedback has been received from QLDC.	National Infrastructure Unit Fiona Stokes, s9(2)(k)	[CAB-19-MIN-0398.01]	
National Homelessness Response Following a Cabinet decision on 5 August 2019, agencies are developing the National Homelessness Action Plan as part of the Government's homelessness response. HUD was preparing a Cabinet paper for SWC but we understand that this paper is now on hold. Minister Woods will be taking an oral item to Cabinet on 30 September to seek agreement to drawdown funding against the homelessness contingency to fund a short-term approach in Hastings as part of their place-based approach. You have also received a briefing from MSD updating you on the general policy parameters of the "flexible funding package" that was agreed in the Preventing Homelessness Cabinet paper. The detailed design and drawdown of the funding will be part of a second report back in October.	Housing and Urban Growth Gabrielle Groube, s9(2)(k)	[CAB-19-MIN-0384]	
Prioritisation for eligible members of Port Nicholson Settlement Block Trust HUD are currently working on a briefing to seek agreement to a proposal for the prioritisation of eligible iwi members in the sales of KiwiBuild homes.	Housing and Urban Growth Elena Salinitro, s9(2)(k)		
Kāinga Ora – Homes and Communities Funding, Investing and Borrowing This report (expected week beginning 30 September) proposes further reports back on the key options and trade-offs available to Ministers and the Kāinga Ora Board to deliver existing Housing New Zealand (HNZ) activities and the new urban development function. The decisions made and options available are not transparent yet. HNZ/ Kāinga Ora funding and financing is insufficient to deliver all of the existing commitments. The Kāinga Ora Board are likely to seek an extension of the borrowing protocol, to as much as \$10 billion from \$3.05 billion.	Housing and Urban Growth Corwin Wallens, s9(2)(k)	T2019/992	
DHB Holidays Act liability in Crown accounts The Treasury is considering including the DHB Holidays Act liability in the Crown Accounts as a range (e.g. a range of \$550 to \$650 million). This would help to mitigate the potential for inconsistency on the size of DHB Holidays Act provisions between the Crown Accounts, which are being finalised this week, and DHB accounts which are finalised later. This issue arises because there is an ongoing process in DHBs of sampling staff payroll records to estimate Holidays Act liability. This process is expected to result in changes to the size of the provisions that are likely to be included in DHBs' 2018/19 accounts.	Health and ACC Team Hew Norris s9(2)(k)		

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3. Upcoming Treasury Briefings

This section provides a pipeline of any advice that the Treasury is intending to send to the Minister of Finance, or any other Ministers (including Associate Ministers of Finance and others). Treasury teams have looked out over a one-month horizon in compiling this information. Briefings in priority areas are colour-coded accordingly.

Budget and Wellbeing Approach	Reserve Bank of New Zealand Act Review: Phase 2	Property insurance markets	Economic Strategy and Future of Work Forum	Tax Policy Work Programme
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3.1 Upcoming briefings – September

	Topic:	Timeframe for Briefing:	Purpose / action:	Minister(s)	Treasury Team and Contact
1	Regional Briefing – Invercargill	26 September	Provide background on economic context, and some current activities in the Invercargill region for the Minister of Finance's upcoming visit on 1 October.	Minister of Finance	Transitions, Regions, and Economic Development Udayan Mukherjee, s9(2)(k)
2	Further advice on the fiscal strategy	26 September	Following from our fiscal strategy advice of 4 September, this will provide more a detailed analysis of initiatives, and proposal of a specific package for further development.	Minister of Finance	Macroeconomic and Fiscal Policy Angus Hawkins, s9(2)(k)
3	Massey University investment approval	26 September	This report will advise and recommend signing a letter to allow Massey University to continue investing 1% of equity in commercial ventures. Massey's three-year approval expires at the end of October 2019, and your approval is required under the Public Finance Act.	Minister of Finance	Skills and Work Matt van Wijk, s9(2)(k)
4	Southern Response: Update following Ross Decision	26 September	For noting.	Minister Responsible for the Earthquake Commission Minister for Greater	Commercial Performance David Stanley, s9(2)(k)
5	State of Play as at 26 September 2019	26 September	This report provides an update on current issues in relation to State Owned Enterprises, Airports, Air New Zealand and Mixed Ownership Model companies within your portfolio.	Minister of SOEs Minister of Finance Associate Minister of SOEs Associate Minister of Finance	Commercial Performance Catalina de Mendoza, s9(2)(k)
6	Overseas Investment Act Phase two Reform: advice on cost recovery options for the national interest test and call in power	27 September	Provides advice on whether the national interest test and national security and public order call in power should be fees recovered or Crown funded.	Associate Minister of Finance (Hon Parker)	International Michael Mathieson, s9(2)(k)
7	Update on Pay Equity Estimate for Half Year Economic and Fiscal Update 2019	27 September	The paper will inform the Minister of the likely estimate and the assumptions/judgements that it relies on.	Minister of Finance	Skills and Work Richard Baird, s9(2)(k)
8	Options for the future form of KiwiRail	27 September	Ministers have expressed interest in understanding why the Treasury supports KiwiRail shifting from an SOE to a Crown Agent.	Minister of SOEs Minister of Finance Minister of Transport Associate Minister of Transport (Hon Jones)	Commercial Performance Ann Webster, s9(2)(k)
9	Overseas Investment Act Phase Two Reform: Draft Regulatory Impact Statement	30 September	Provides a draft Regulatory Impact Statement assessing range of options for reform.	Associate Minister of Finance (Hon Parker)	International Megan Noyce, s9(2)(k)
10	Update on Enterprise Support Services for Joint Ministers meeting	30 September	Advice on Enterprise Support Services.	Minister of Finance Minister of Revenue	Tax Strategy Caleb Morrall, s9(2)(k)
11	Regional Briefing – Nelson	30 September	Provide background on economic context, and some current activities in the Nelson region for the Minister of Finance's upcoming visit on 3 October.	Minister of Finance	Transitions, Regions, and Economic Development Scott Russell, s9(2)(k)
12	Onsolds - Direction and Legal Documentation	30 September	The EQC Chair has been consulted on a direction to give effect to the Government's ex-gratia support for on-sold over-cap property owners in Canterbury. This report provides final versions of the relevant legal instruments for the Minister's signature.	Minister Responsible for the Earthquake Commission Minister Responsible for Greater Christchurch Recovery	Earthquake Commission Policy Team Craig Fookes, s9(2)(k)

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	Topic:	Timeframe for Briefing:	Purpose / action:	Minister(s)	Treasury Team and Contact
13	Unfunded costs of development infrastructure to catch up to Auckland's population growth	30 September	An initial estimate of the "unfunded historic costs" of infrastructure supply in Auckland.	Minister of Finance Associate Minister of Finance Minister of Urban Development	Housing & Urban Growth Chris Parker, s9(2)(k)
14	Canterbury Multi Use Arena: Further Advice on Potential Crown Support	30 September	Determine the Crown's preferred approach to project involvement.	Minister of Finance Minister for Greater Christchurch Regeneration	Commercial Performance Angus White, s9(2)(k)
15	Minister for Infrastructure's Annual Letter of Expectation for the New Zealand Infrastructure Commission, Te Waihanga	30 September	The purpose of this report will be to provide you with advice on the Minister for Infrastructure's (the Responsible Minister's) Letter of Expectation for the NZ Infrastructure Commission, Te Waihanga.	Minister for Infrastructure Minister of Finance	National Infrastructure Unit David Taylor, s9(2)(g)(ii)
16	Historic Ministerial Directions	30 September	For you to revoke some Ministerial Directions that are still in force and for some Ministerial Directions to continue in force.	Minister Responsible for the Earthquake Commission	Commercial Performance Nyap Foo, s9(2)(k)
17	Update on City Rail Link and process for signing off C5 and C7 contracts in October 2019	30 September	Agreement to the revised Project Delivery Agreement following the May reforecast and funding request.	Minister of Finance Minister of Transport	National Infrastructure Unit Ben Wells, s9(2)(g)(ii)
18	New Zealand Export Credit Office Annual Report 1 July 2018- June 2019	Week of 30 September	Note New Zealand Export Credit Office's performance to 30 June 2019. Indicate if you would like to discuss the contents of this report.	Minister of Finance Minister of Economic Development. Minister for Trade and Export Growth	New Zealand Export Credit Chris Chapman, s9(2)(g)(ii)
19	Workforce capability pressures emerging for Budget 2020	Week of 30 September	This report will provide an early indication of the workforce capability pressures that central agencies are aware of and which are likely to come through in Budget 2020. The report will form the basis of a subsequent deep dive session on these pressures and options for managing these through the Budget process.	Minister of Finance Associate Ministers of Finance (all)	Strategic Performance Improvement Megan Taylor, s9(2)(k)
20	Update on Public Finance Modernisation work	Week of 30 September	Note and provide feedback on the proposed approach.	Minister of Finance	System Design and Strategy Eamonn Whitham, s9(2)(k)
21	Dunedin Hospital Update (Ministry of Health-led Joint Report)	Week of 30 September	Update on progress of the Dunedin Hospital Project and request from the Ministry of Health for a draw down from the tagged contingency established at Budget 18 for design costs.	Minister of Finance Minister of Health	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
22	Responding to NZ Health Partnership Shareholder Review (Joint Treasury/SSC report)	Week of 30 September	To provide advice on topics that the Minister of Finance and the Minister of State Services could engage the Minister of Health on in considering the future state of Health Sector shared services.	Minister of Finance Minister of State Services	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
23	DHB sustainability funds (Ministry-led joint report, timing uncertain)	Week of 30 September	Reworked report with advice on the use of these funds following feedback from the Minister of Finance.	Minister of Finance Minister of Health	Health and ACC Team Alex Rodgers, s9(2)(k)
24	DHB letters of comfort for 2018/19 audit (Ministry-led joint report, timing uncertain)	Week of 30 September	Provides assurance to the auditors of DHBs with weak financial positions that they can be audited as a going concern. Provisions for Holidays Act liabilities are expected to result in an increased need for letters of comfort.	Minister of Finance Minister of Health	Health and ACC Team Alex Rodgers, s9(2)(k)
25	DHB annual plan risk assessment (Ministry of Health-led Joint Report, timing uncertain)	Week of 30 September	Decide the risk level of each DHB's annual plan which determines if they are signed off by joint Ministers (Health and Finance) or the Minister of Health alone.	Minister of Finance Minister of Health	Health and ACC Team Hew Norris, s9(2)(k)

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3.2 Upcoming briefings – October

	Topic:	Timeframe for Briefing:	Purpose / action:	Minister(s)	Treasury Team and Contact
26	Economic Strategy	Beginning of October	This joint MBIE/Treasury report will seek approval from joint Ministers to proactively release the Cabinet paper on the economic strategy.	Minister of Finance Minister of Economic Development (Hon Twyford)	Economic Strategy and Productivity Rachael Wookey, s9(2)(k)
27	Proactive release of Independent Fiscal Institution documents	2 October	This report seeks your agreement to the proactive release of a number of documents related to the Independent Fiscal Institution (IFI)/Parliamentary Budget Office (PBO).	Minister of Finance Associate Minister of Finance (Hon Shaw)	Macroeconomic and Fiscal Policy Hannah Waine, s9(2)(k)
28	EQC's Insurance Liability Valuation Report (ILVR)	2 October	For noting.	Minister Responsible for the Earthquake Commission	Commercial Performance Lee Goodman, s9(2)(k)
29	Upcoming Cabinet paper on Strengthening protections for vulnerable contractors	2-3 October	Minister Lees-Galloway is planning to take a Cabinet paper to DEV on 23 October on strengthening protections for vulnerable contractors. This report outlines our concerns about the evidence base, problem definition and the impacts analysis used to support this paper. We recommend alternatives to mitigate these risks that you may wish to provide in your feedback on the Cabinet paper.	Minister of Finance	Skills and Work Angela Parker, s9(2)(k)
30	Property insurance market intervention options	3 October	Advice on recommended options to develop further for addressing any identified problems in property insurance markets and bullet points for your speech to the Insurance Council of New Zealand conference on 5 November 2019.	Minister of Finance Minister Responsible for the Earthquake Commission	Financial Markets Policy Dan Jury, s9(2)(k)
31	Reserve Bank Act Review – final decisions and the third set of consultation documents	3 October	Joint report on: <ul style="list-style-type: none"> Recommendations on the package of first level decisions needed to progress legislative reform of the institutional components of the Reserve Bank Act. This material will be discussed with the Minister on 10 October. Recommendations on in-principle decisions needed to progress the Depositor Protection and the Depositor Takers Act work streams. Public feedback on these in-principle decisions will be sought in the third round of consultation (expected to commence in early 2020). 	Minister of Finance	Reserve Bank Review Team James Haughton, s9(2)(k) Bernard Hodgetts
32	Crown Financial Institutions: 2020/2021 Letters of Expectation	3 October	Provide a first draft of the Minister's annual expectations to the Chairs of Crown Financial Institutions (CFIs) for the period 2020/2021. The timing of the draft letter to ACC would be coordinated with the letter from Minister Lees-Galloway's office.	Minister of Finance	Capital Markets Emily Howe, s9(2)(k)
33	Productivity Commission	3 October	The Minister of Finance is meeting with the Productivity Commission Board on 10 October. This report will provide background and the agenda.	Minister of Finance	Economic Strategy and Productivity Will Cosgriff s9(2)(k)
34	Productivity Commission	3 October	This report provides advice to assist the Minister of Finance with selecting the next two Productivity Commission inquiries.	Minister of Finance	Economic Strategy and Productivity Will Cosgriff s9(2)(k)
35	Event Briefing – Creative HQ GovTech Accelerator	3 October	Provide background on the Creative IQ Lighting Lab GovTech Accelerator Programme for the Minister of Finance's upcoming visit on Monday 7 October.	Minister of Finance	Transitions, Regions, and Economic Development Lauren Holloway, s9(2)(k)
s9(2)(f)(iv)					
37	Upper North Island Supply Chain Strategy - Advice on analysis underpinning recommendations to date	3 October	For noting.	Minister of Finance Minister of Transport Associate Minister of Transport (Hon Jones)	National Infrastructure Unit Erana Sitterle, s9(2)(g)(ii)
38	The Infrastructure Levy Model's Assurance System and Appointment to Roles (Briefing to be prepared by HUD)	4 October	This briefing provides advice on the Infrastructure Funding and Financing model assurance system and roles including the appointment to roles. The paper provides Ministers with four options for structuring the assurance system. It will recommend that Crown Infrastructure Partners be appointed to the role of the Facilitator and the Ministry for Housing and Urban Development to the role of Monitor.	Minister of Urban Development (Hon Twyford) CC: Minister of Finance	Capital Markets Kate Le Quesne, s9(2)(g)(ii)
39	ACC Funding Project (Joint Treasury/MBIE/ACC report)	4 October	Final recommendations from the ACC funding review.	Minister of Finance Minister for ACC	Health and ACC Team Emily Irwin s9(2)(k)
40	Release of funding for the National New Energy Development Centre	Early October	MBIE will be seeking Joint Ministers' agreement to release the funding appropriated in Budget 2019 for the NNEDC in Taranaki, pending the completion of a finalised business case. The paper will request that the funding be released in full, and set out the performance expectations of the NNEDC and how these will be managed beyond the establishment phase.	Minister of Finance Minister for Economic Development Minister for Energy and Resources	Transitions, Regions, and Economic Development Lauren Holloway s9(2)(k)

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	Topic:	Timeframe for Briefing:	Purpose / action:	Minister(s)	Treasury Team and Contact
41	Letter of expectations for draw-down of Budget 2019 tagged contingency for WorkSafe NZ Modernisation	Early October	The joint Treasury/MBIE paper will seek Joint Ministers' agreement to send a letter to the Board of WorkSafe NZ that outlines Ministers' expectations of the further planning work WorkSafe NZ is to complete before accessing the contingency funding set aside in Budget 2019. It will likely recommend referring funding decisions back to Cabinet, to support transparency and support of longer-term change programme.	Minister of Finance Minister for Workplace Relations and Safety	Skills and Work Richard Baird, s9(2)(k)
42	South Island Landless Natives Act (SILNA) – Tax exemption	Early October	This report will seek approval to allow officials to instruct the Parliamentary Counsel Office to draft an Order in Council, to give an income tax exemption to a payment made for a conservation covenant over SILNA land. Cabinet agreed in 2002 that an income tax exemption shall be granted in respect of the payments to be received by SILNA owners in consideration for a conservation covenant. Previous payments in 2002, 2003, 2005 & 2009 have been given income tax exemptions through the same process.	Minister of Finance	Natural Resources Lewis Gillon, s9(2)(k)
43	Increasing delegations for Treasury officials to approve acquisitions of securities by school boards of trustees	Early October	Agree to increase the delegations for Treasury officials to approve on the Minister of Finance's behalf acquisitions of securities by school boards of trustees above the current maximum value of \$10,000. This will update the Treasury delegations to align with the recently updated Ministry of Education delegations.	Minister of Finance	Education and Population Agencies Claire Turner, s9(2)(k)
44	First drawdown of contingency for Reducing Risk in Critical Systems (MSD led)	Likely early October	MSD is seeking the first drawdown from the "Reducing risk in critical systems and implementing legislative changes" contingencies established in Budget 2019. The 'Risk Reduction' projects will replace/upgrade selected systems at high risk of failure with a high degree of impact on MSD's services. Support: We are comfortable with the governance and assurance arrangements in place for the 'Risk Reduction' projects.	Minister of Finance Minister of Social Development Minister for Government Digital Services	Welfare and Oranga Tamariki Laura Browne, s9(2)(k)
45	Selection of a new Managing Director at the International Monetary Fund	7 October	Provide an update on the selection process and sign a congratulatory letter of appointment.	Minister of Finance	International Rebecca Mountfort, s9(2)(k)
46	Regional Briefing – Christchurch/Canterbury	7 October	Provide background on economic context, and some current activities in the Christchurch/Canterbury region for MOF's upcoming visit on 9 October.	Minister of Finance	Transitions, Regions, and Economic Development Lauren Holloway, s9(2)(k)
47	Additional funding to respond to the 15 March Terror Attacks: Proactive release	Week beginning 7 October	Seeks agreement to proactively release relevant documents in relation to the process to fund additional responses to the 15 March Terror Attacks, as required by the Cabinet Office circular CO(18)4. The proposed release will include the Cabinet paper, minutes and associated Treasury briefings.	Minister of Finance	Justice, Security & Government Services Simon Duncan, s9(2)(k)
48	Ministerial meeting on new approach to strategic planning	Week of 7 October	This report will provide the agenda, suggested talking points and agency information for the first Ministerial meeting on the new approach to strategic planning. The meeting is scheduled for 22 October with yourself, the Minister of State Services and the responsible Ministers for the agencies that will pilot the new approach. The pilot agencies are still to be confirmed but likely to include Ministry of Transport, Ministry of Social Development, Ministry of Housing and Urban Development and/or the Family Violence Sexual Violence Joint Venture. See recent report: T2019/2548	Minister of Finance Minister of State Services (Other relevant Ministers, TBC)	Strategic Performance Improvement Megan Taylor, s9(2)(k)
49	Crown Irrigation Investments Limited – Share repurchase agreement	Week of 7 October	In September 2018, you asked Crown Irrigation Investments Limited to cancel \$30.2 million of their uncalled share capital. This paper provides you with the share repurchase paperwork for your signatures.	Minister of Finance Minister of Agriculture	Commercial Performance Amanda Wilson, s9(2)(k)
50	Using the health capital envelope for deficit support	Week of 7 October	Advice on how to scale/deprioritise/defer prioritised capital projects to meet demand for deficit support from the health capital envelope.	Minister of Finance Minister of State Services Minister of Health	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
51	Introduction of climate implications disclosure requirements for policy papers to Cabinet	Not before week of 7 October (more likely Mid-October).	Timing dependent on confirming Cabinet agreement to introduce a climate implications disclosure requirement. This joint Ministry for the Environment/Treasury report will seek approval from Joint Ministers (under delegation from Cabinet) for the content of a Cabinet Office circular to require disclosure of any significant GHG emission impacts for policy proposals coming to Cabinet.	Minister of Finance Minister for Climate Change	Regulatory Quality Jonathan Ayto, s9(2)(k) or Transition and Economic Development Maria-Krystyna Duval, s9(2)(k)
52	Vote Finance October baseline update	8 October	You will receive a report on the October baseline update for Vote Finance.	Minister of Finance	Finance, Strategy and Performance Diana Miller, s9(2)(g)(ii)
53	The coverage of mixed use/multi-unit buildings under the Earthquake Commission Act	10 October	Advice on issues relating to the coverage of mixed-used/multi-unit buildings under the Earthquake Commission Act.	Minister Responsible for the Earthquake Commission	Earthquake Commission Policy Team Shivani Middlemiss, s9(2)(k)
54	Seismic strengthening	13 October	Seismic strengthening recommendations.	Minister of Finance Minister of Revenue	Tax Strategy Bevan Lye, s9(2)(k)
55	Financing of major NZTA projects	14 October	The Minister of Transport has asked for officials to advise on funding and financing options for light rail and for the LGWM package.	Ministers of Finance Minister of Transport Minister for Infrastructure	National Infrastructure Unit Dieter Katz, s9(2)(g)(ii)

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	Topic:	Timeframe for Briefing:	Purpose / action:	Minister(s)	Treasury Team and Contact
56	Update on the technical development of the LSF and LSF Dashboard	14 October	We will provide an update on: <ul style="list-style-type: none"> The changes planned for a public refresh of the LSF Dashboard in December 2019. These will improve alignment with IANZ and respond to recommendations in the OECD New Zealand Country Survey. The longer-term work underway (for completion June 2021) to better reflect culture, child wellbeing and Te Ao Māori and Pacifica perspectives. 	Minister of Finance Associate Ministers of Finance	Economic Capability Diana Cook, s9(2)(k)
s9(2)(f)(iv)					
58	Overseas Investment Act Phase Two Reform: advice on considering tax as part of the Act's screening regime.	17 October	Providing advice on whether and to what extent tax should be considered as part of the Act's screening regime.	Associate Minister of Finance (Hon Parker) Minister of Revenue	International Hugo Van Dyke, s9(2)(k)
59	Reserve Bank Act Review – in detail decisions on the Institutional act	17 October	Joint report on: <ul style="list-style-type: none"> detailed decisions needed in order to implement the Institutional Act – these decisions will be supplementary to the first level decisions. Accompanying this paper will be a draft RIA for final decision on the Institutional Act. Any further decisions needed to progress the Depositor Protection and the Depositor Takers Act work streams. 	Minister of Finance	Reserve Bank Review Team James Haughton, s9(2)(k) Bernard Hodgetts, s9(2)(k)
60	Digital services tax	17 October	Advice on digital services tax.	Minister of Finance Minister of Revenue	Tax Strategy Bevan Lye, s9(2)(k)
61	Preliminary Economic and Tax Forecasts	17 October	This report and attached slides will focus on the key judgements underpinning our economic forecasts and the key issues facing the economy. It will include some preliminary economic forecasts. Report is for noting.	Minister of Finance	Forecasting Harrison Steiner-Fox, s9(2)(k)
62	Joint Ministerial Meeting on the Welfare Overhaul Cabinet paper, 22 October	17 October	This report provides advice on key issues in the Government's Welfare Overhaul, and related Cabinet paper.	Minister of Finance	Welfare and Oranga Tamariki Chris Thompson, s9(2)(k)
63	Mail Work Programme - Options Paper	21 October	This report will set out an analysis of the current and future states of NZ Post's mail services and propose options to address mail volume decline and the financial sustainability of NZ Post.	Minister of SOEs Minister of Finance Associate Minister of Finance Associate Minister for SOEs	Commercial Performance Madeleine Lock, s9(2)(k)
64	KiwiSaver Default Provider Review	24 October	To provide you with draft Cabinet paper and regulatory impact statement for comment. This will be a joint briefing by the Treasury and MBIE.	Minister of Revenue	Financial Markets Policy Susan Ivory, s9(2)(k)
65	Business Transformation reports	October – send ongoing monthly	Monthly report to inform the Minister of Finance on BT progress – sent directly from IR team to the Minister.	Minister of Finance	Tax Strategy Clara Rowe, s9(2)(k) Caleb Morrall, s9(2)(k)
66	New Zealand Public Service Bill: consequential amendments to the Public Finance Act	October	Approve the changes to the Public Finance Act to accommodate the new entity forms introduced by the New Zealand Public Service Bill.	Minister of Finance	System Design and Strategy Jolyon Swinburn, s9(2)(k)
67	Takutai Moana Act 2011 financial assistance scheme – <i>Edwards</i> and interlocutory increase	Report expected to be forwarded from Minister for Treaty of Waitangi Negotiations in October.	The Minister of Finance and the Minister for Treaty of Waitangi Negotiations have delegated authority to approve the financial assistance policy for applicants under the 2011 Act [TOW Min (12) 2 refers]. This paper seeks agreement to increase the funding available for applicants at the interlocutory milestone under the policy and to set aside \$4 million in existing funding for the many parties overlapping the <i>Edwards</i> application, which is one of the first applications in the High Court. No additional funding is being sought at this time, however we are examining the longer-term fiscal implications of this proposal.	Minister of Finance Minister for Treaty of Waitangi Negotiations	Justice, Security & Government Services Hamish Coghill, s9(2)(k)
68	Ngāti Maru ki Taranaki: proposed natural resources redress over the Waitara River catchment	Report expected to be forwarded from the Minister for Treaty of Waitangi Negotiations for your information in October.	Seeks agreement from Joint Ministers (Treaty of Waitangi Negotiations, Environment, and Local Government) to proceed with a Joint Management Agreement between Taranaki Regional Council and Ngāti Maru ki Taranaki as natural resources redress. s9(2)(i). The paper notes a one-off Crown contribution towards the Regional Council's costs will be sought to establish the new arrangements.	Minister of Finance Minister for Treaty of Waitangi Negotiations Minister for the Environment Minister of Local Government	Justice, Security & Government Services Sally-Ann Spencer, s9(2)(k)
69	NZDF request to draw down from WAP2 capital and operating tagged contingencies for Bowen State Building-related costs	Report expected to be forwarded from the Minister of Defence or the Minister of State Services in October.	The Minister of Defence is seeking approval from the Minister of Finance and the Minister of State Services to draw down on the Wellington Accommodation Project Tranche Two (WAP2) capital and operating tagged contingencies set aside in Budget 2018 for these costs associated with the fit out of Bowen State Building.	Minister of Finance Minister of Defence Minister of State Services	Justice, Security & Government Services Hamish Coghill, s9(2)(k)

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	Topic:	Timeframe for Briefing:	Purpose / action:	Minister(s)	Treasury Team and Contact
70	On-account payments in Treaty settlements s9(2)(f)(iv)	Report expected to be forwarded from Minister for Treaty of Waitangi Negotiations in October.	The Minister of Finance and the Minister for Treaty of Waitangi Negotiations have delegated authority to approve on-account transfers of Treaty settlement redress at deed signing. s9(2)(f)(iv)	Minister of Finance Minister for Treaty of Waitangi Negotiations	Justice, Security & Government Services Sarah Bradley, s9(2)(k)
71	Mangatū Crown Forest Licenced land remedies litigation s9(2)(j)	Report expected to be forwarded from Minister for Treaty of Waitangi Negotiations in October.	s9(2)(j)	Minister of Finance Minister for Treaty of Waitangi Negotiations	Justice, Security & Government Services Sarah Bradley, s9(2)(k)
72	GCCRS and the claims resolution process	Week of 28 October	Information paper on the performance of GCCRS (placing this in the context of the wider claims resolution system of which GCCRS is a part).	Minister Responsible for the Earthquake Commission Minister Responsible for Greater Christchurch	Earthquake Commission Policy Team David Irwin, s9(2)(k)
73	Fire and Emergency New Zealand: application for final drawdown of repayable capital injection	Report expected to be forwarded from the Minister of Internal Affairs in late October.	Seeks approval to drawdown the final \$19 million of the repayable capital injection to support Fire and Emergency New Zealand's integration.	Minister of Finance Minister of Internal Affairs	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
74	Joint report – Approval of capital funding for Caregiver Information System	Late October	This joint report will seek your approval of a detailed business case for the Caregiver Information System, and authority to incur capital expenditure for this project. Funding was provided in Budget 2019 and joint minister approval is required to incur capital expenses.	Minister of Finance Minister for Children	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
75	Housing system overview and priority areas	Late October	Provide an overview of how housing responsibilities and programmes fit together, identify the key areas that can help to drive change in line with the government's objectives and provide options for future advice.	Minister of Finance	Housing and Urban Growth Corwin Wallens, s9(2)(k)
76	Fiscal Strategy for the Budget Policy Statement	30 October	This will seek decisions on level of allowances, and scale (if any) of any additional fiscal package to be announced at BPS. This will incorporate preliminary economic and fiscal forecasts.	Minister of Finance	Macroeconomic and Fiscal Policy Angus Hawkins, s9(2)(k)
77	Insurance markets Cabinet paper	31 October	To provide you with the draft Cabinet paper and regulatory impact statement to seek agreement in-principle on a smaller group of options for addressing property insurance pricing and availability issues.	Minister of Finance Minister Responsible for the Earthquake Commission	Financial Markets Policy David Shewan, s9(2)(k)
78	HYEFU DHB deficit forecast	End of October	The HYEFU DHB deficit forecast will update you on risks in this area and include an update to the specific fiscal risk disclosed at BEFU that DHB deficits may increase.	Minister of Finance	Health and ACC Team Hew Norris, s9(2)(k)
79	Meeting with Landcorp Farming Limited	Early November	For noting.	Minister of SOEs Minister of Finance Associate Minister of Finance Associate Minister for SOEs	Commercial Performance David Blue s9(2)(k)
80	KiwiRail Meeting with the CEO	Early November	Matters raised at KiwiRail's annual meeting with Shareholding Ministers.	Minister of Finance	Commercial Performance Ann Webster, s9(2)(k)
81	Appointment of Board member to Howard Estate Advisory Board	5 November	For noting, and sign and send letter and attachments to the Governor-General.	Associate Minister of Justice Minister of Justice Minister of Finance	Commercial Performance Alex Ng, s9(2)(k)
82	Landcorp – Waitangirua	8 November	This report asks that Ministers agree to the release of two Waitangirua properties from the Protected Land Agreement and allow Landcorp to sell these on behalf of the Crown.	Minister of SOEs Minister of Finance Associate Minister of Finance Associate Minister for SOEs	Commercial Performance David Blue, s9(2)(k)
83	Transfer of Rehabilitation Indemnity for Huntly East Mine to Escrow	29 November	For your agreement to transfer the funds for the Huntly East Mine to Escrow to allow the new landowner to access the funding for rehabilitation of the land.	Minister of Finance	Commercial Performance Amanda Wilson, s9(2)(k)
84	Advice for health cost pressure funding bilateral	November, TBC	This advice will include options to reduce DHB deficits through Budget as previously requested by the Minister of Finance.	Minister of Finance	Health and ACC Team Pooja Patel, s9(2)(k) Michael Thomson, s9(2)(k)
85	Kiwibank: Positioning for the Government Banker Contract	6 December	To provide an assessment of growing Kiwibank's capabilities so that it is positioned to become the Government's Banker.	Minister of Finance and Associate Minister for SOEs	Commercial Performance David Stanley, s9(2)(k)

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	Topic:	Timeframe for Briefing:	Purpose / action:	Minister(s)	Treasury Team and Contact
86	Initial Advice on the Future Direction of Ambulance Services (Joint Report Health/ACC)	9 December	Report back to Ministers on progress against approved Business Case to renegotiate contracts and to propose high level plans for structures of Ambulance Services.	Minister of Health Minister for ACC	Health and ACC Team Michael Thomson, s9(2)(k)

3.3 Upcoming Appointment papers

The Treasury contact team for these papers is Governance and Appointments.

Topic:	Timeframe for briefing:	Lead Minister
Mercury NZ: Election	Week of 24 September	Hon Grant Robertson/Hon Shane Jones
Airways: Short-listing	Week of 30 September	Hon Grant Robertson/Hon Shane Jones
Quotable Value: Due diligence update	Week of 30 September	Hon Grant Robertson/Hon Shane Jones
NZ Lotto: Commencement and Documentation to confirm reappointment	Week of 30 September	Hon Tracey Martin
Crown Infrastructure Partners Ltd: Commencement	Week of 30 September	Rt Hon Winston Peters / Hon Grant Robertson
KiwiRail: Appointments	Late September	Rt Hon Winston Peters, Hon Grant Robertson
Weekly report summaries	Early October	Hon Grant Robertson
EQC: Commencement of Appointment Process	Early October	Hon Grant Robertson
Public Trust: Fees review	Early October	Hon Aupito William Sio
National Provident Fund: Due diligence update	Week of 7 October	Hon Grant Robertson
Crown Research Institutes: Update after due diligence for director positions	Week of 7 October	Hon Dr Megan Woods
Crown Companies fees review	Mid October	Hon Grant Robertson
SOE Portfolio: Commencement of 2020 Appointment Round	November	Rt Hon Winston Peters / Hon Grant Robertson/Hon Shane Jones

Upcoming Cabinet Papers

This section lists any key Cabinet papers we are aware of that the Minister of Finance is likely to be consulted on. It is not a comprehensive list of every upcoming Cabinet paper that the Treasury is being consulted on.

4.1 Upcoming Cabinet Papers: September

Ministerial Portfolio (and lead agency)	Title/topic	Treasury View	Timeframe for Cabinet Committee	Treasury Contact
Prime Minister (DPMC)	Establishing two internships to complete a Tairāwhiti-centred project	Seeks agreement to establish two internships with the Prime Minister's Chief Science Advisor to complete a future-focused project centred on Tairāwhiti, with the intention to announce these as a part of the Tuia 250 celebrations. The \$75,000 cost over two years will be funded from the Prime Minister's Emerging Priorities Fund. We have no concerns.	CAB: 30 September	Justice, Security & Government Services Tim Roper, s9(2)(k)
Finance (The Treasury)	Proposed Overseas Travel (Hon Grant Robertson, Japan/China)	This paper seeks agreement for the Minister to travel to Japan and China in October, to attend the Rugby World Cup 2019 final matches and conduct a bilateral financial programme. The Treasury supports the proposed travel.	CAB: 30 September	International Chloe Thompson, s9(2)(k)
Justice (MoJ)	Terrorism Suppression (Control Orders) Bill 2019: Approval for Introduction	Seeks approval to introduce the Terrorism Suppression (Control Orders) Bill, following Cabinet's prior agreement to the substantive policy changes. The Minister of Justice has made one minor change to the Bill to fill a gap in eligibility. There are no financial implications arising from this paper.	CBC: 30 September	Justice, Security & Government Services Shereen Capper, s9(2)(k)
Police (Police)	Arms (Prohibited Ammunition) Amendment Order	Seeks agreement to the submission of an Arms (Prohibited Ammunition) Amendment Order to allow the continued use of rimfire shot cartridges, which are employed to control crop damage caused by birds.	CBC: 30 September	Justice, Security & Government Services Sally-Ann Spencer, s9(2)(k)
Tertiary Education (TEC)	Funding for Lincoln University's campus redevelopment	This paper proposes to commit \$80 million in Crown funding to Lincoln's campus redevelopment (from a total of \$85 million appropriated for this purpose). You agreed in August to support the \$80 million: T2019/2567 refers. The remaining \$5 million will be reprioritised within Vote Tertiary Education (purpose TBC).	SWC: Late September/Early October	Skills and Work Matt van Wijk, s9(2)(k)

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4.2 Upcoming Cabinet Papers: October

Ministerial Portfolio (and lead agency)	Title/topic	Treasury View	Timeframe for Cabinet Committee	Treasury Contact
Justice (MoJ)	Sexual Violence Legislation Bill: approval for introduction	The paper seeks approval to introduce the Sexual Violence Legislation Bill to the House. The paper seeks no new decisions with financial implications, and we have no concerns.	LEG: 15 October	Justice, Security & Government Services Shereen Capper, s9(2)(k)
Treaty Negotiations (Te Arawhiti)	Historical Treaty settlements: financial implications	Following an oral item on pressures on the Treaty settlement work programme on 27 August, MCR invited Te Arawhiti to report back with further advice on the financial implications of remaining settlements. This paper provides an overview of settlement negotiations remaining to be completed and a high-level exploration of options for managing future requests for additional funding.	MCR: 15 October	Justice, Security & Government Services Sarah Bradley, s9(2)(k)
Treaty Negotiations (Te Arawhiti)	Implications arising from potential binding remedies from the Waitangi Tribunal	Following an oral item on pressures on the Treaty settlement work programme on 27 August, MCR invited Te Arawhiti to report back with further advice on the possible costs arising from any binding orders made by the Waitangi Tribunal. This paper provides an overview of the potential implications.	MCR: 15 October	Justice, Security & Government Services Sarah Bradley, s9(2)(k)
Treaty Negotiations (Te Arawhiti)	Ngāti Rangitihi Deed of Settlement	Seeks agreement to the final redress package for Ngāti Rangitihi, including natural resources redress over the Tarawera River in the form of a joint committee of Bay of Plenty Regional Council. We are working with Te Arawhiti to determine the appropriate level of any contribution to council for the establishment costs of this committee.	MCR: 15 October	Justice, Security & Government Services Sarah Bradley, s9(2)(k)
Local Government and Māori Development (DIA/TPK)	Whānau Development Through Whenua: Rating Matters	Seeks approval to amendments to the Local Government (Rating) Act to better enable Māori land owners to develop and use their land, and modernise provisions in the legislation relation to Māori freehold land.	MCR: 15 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
Urban Development (The Treasury/DIA)	Urban Growth Agenda: Infrastructure Levy Model – Development Contributions	This paper will ask Cabinet to agree to the use of both Infrastructure Levy Model funding and Development Contribution funding in the same infrastructure project (the previous Cabinet paper expressly prohibited the co-existence of the two funding mechanisms). The Treasury supports this position in order to allow the Models to be usable in the most broad range of situations and allow flexibility to keep the Levy at what is perceived to be a more 'affordable' level.	DEV: 16 October	Capital Markets Kate Le Quesne, s9(2)(k)
Land Information (Land Information New Zealand)	Delivering better outcomes for Crown pastoral land: Final decisions	This Cabinet paper will seek policy approval to changes to the Crown pastoral land regulatory system, following consultation earlier this year. The paper will also seek Cabinet agreement to draft legislation, following Cabinet's earlier decision to end tenure review. The Treasury is engaging with Land Information New Zealand on the fiscal implications of the proposals.	DEV: 16 October	Natural Resources Lewis Gillon, s9(2)(k)
Biosecurity (Ministry for Primary Industries)	Drawdown of Biosecurity Tagged Contingency Funding	Support. This paper seeks to draw down the tagged contingency set aside in Budget 2019 in order to provide MPI with the forgone revenue as a result of the GST on low value goods policy.	DEV: 16 October	Natural Resources Florence Reynolds, s9(2)(k)
Agriculture (Ministry for Primary Industries)	Proposed amendments to recreational fisheries regulations: rock lobster bag limit, telson clipping, and accumulation limit	This paper seeks Cabinet approval to amend the Fisheries (Amateur Fishing) Regulations for rock lobster to constrain catches in the Hauraki Gulf and Bay of Plenty and help reduce illegal take in the Hauraki Gulf, Bay of Plenty, Canterbury and Marlborough in order to rebuild lobster fisheries from low levels. The paper has no fiscal implications and we do not intend to brief further at the Ministerial consultation phase or when the paper goes to Cabinet.	DEV: 16 October	Natural Resources Dylan Chambers, s9(2)(k)
Small Business (MBIE)	A Focus on Small Business	This paper provides an update to Cabinet on a report by the Small Business Council and proposes an initial response to the Council. The Treasury is currently working with MBIE to develop a view.	DEV: 16 October	Transitions, Regions, and Economic Development Lauren Holloway, s9(2)(k)
Education (Ministry of Education)	Government Response to the Tomorrow's Schools Independent Taskforce	This paper sets out a comprehensive set of proposed reforms to the Education system, in response to the recommendations outlined in the Tomorrow's Schools Taskforce report. The Treasury is currently reviewing the latest version of the Cabinet Paper, which has undergone significant revisions over the past month. Ministerial and departmental consultation will officially commence on Thursday 26th September. We are currently considering the form of our advice to you and anticipate providing this the week ending 4th October.	SWC: 16 October	Education and Population Agencies Hanna Alder Ovenden, s9(2)(k)
Women (Ministry for Women)	Discrimination Against Women: Responding to our International Commitments	This paper sets out the proposed approach to address the recommendations put forward by the United Nations to improve outcomes for women and girls. The paper seeks agreement to develop a tool for the Government to monitor its progress against these recommendations. All costs will be absorbed within baselines and the Treasury supports this proposal.	SWC: 16 October	Education and Population Agencies Jemma Jackson, s9(2)(k)
Courts (MoJ)	Determining Remuneration for Certain Judicial and Statutory Officers	Agreement is sought to transfer the responsibility for determining the remuneration of certain judicial and statutory officers to the Remuneration Authority. Cost estimates have not been provided but it is likely costs will be met from baselines over the forecast period. This may have an impact on future cost pressures, where remuneration is funded by Vote Courts appropriations rather than Permanent Legislative Authority.	APH: 16 October	Justice, Security & Government Services Shereen Capper, s9(2)(k)
Justice (MoJ)	Setting the Strategic Direction for New Zealand's Anti-Money Laundering and Countering Financing of Terrorism Regime	Agreement is sought to a National Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Strategy, in the context of an upcoming evaluation of New Zealand's regime and review of legislation. The short and medium-term actions (years 1 to 4) have no financial implications. Further decisions, which may have a cost, are expected to be considered by December 2020.	DEV: 16 October	Justice, Security & Government Services Shereen Capper, s9(2)(k)

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Racing (DIA)	Racing reforms – Bill no.2 (suite of four papers)	This suite of four papers seeks policy approval for the content of the second Racing Amendment Bill for 2019, intended to be introduced in December 2019. One paper seeks approval to allow the TAB to provide a range of new wagering and betting products. Another paper seeks approval for a new statutory process to ensure racing clubs can be wound up and their assets retained for the benefit of the racing codes.	DEV: 16 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
Local Government (DIA)	Modernising voting in local authority elections - Terms of reference	Seeks approval to the terms of reference for a review aiming to modernise voting in local authority elections. The review will consider alternative methods to postal voting (e.g., online voting), the role of central government in conducting elections, and voting processes.	DEV: 16 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
Ministerial Services (DIA)	Costs of upcoming Royal visit	Seeks \$2.074 million to meet the costs of the upcoming visit to New Zealand by the Prince of Wales and the Duchess of Cornwall. We asked DIA to seek confirmation of whether the Prime Minister's Emerging Priorities Contingency (EPC) can be used to meet these costs, rather than the between-Budget contingency, as this has been the source of funding for a number of previous Royal visits. However, we understand the Prime Minister's Office does not support providing funding through the EPC.	SWC: 16 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
Police (Police)	Public consultation – Firearms prohibition orders	Seeks agreement to a public consultation process to inform policy options for a Firearms Prohibition Order regime. The proposed new regime would prohibit individuals with certain convictions from residing in or visiting locations where there are firearms. While this paper does not seek decisions on a prohibition regime, we are encouraging Police to outline potential funding requirements, implications for the justice system, and impacts on rehabilitation. Public consultation would be met from within baselines.	SWC: 16 October	Justice, Security & Government Services Sally-Ann Spencer, s9(2)(k)
s9(2)(f)(iv)		s9(2)(k)		
Justice (MoJ)	Towards a safe and effective criminal justice system – Initial response to the final reports and recommendations from Te Uepū Hāpai i te Ora, the Chief Victims Advisor to Government, and Te Ohu Whakatika	Seeks approval to release Te Uepū's final report (the Hāpaitia advisory group) and the report from the Chief Victims Advisor. The paper also seeks funding for two years from the Proceeds of Crime Fund to expand the Alcohol and Other Drug Treatment Court to a new location – Waikato. s9(2)(f)(iv)	SWC: 16 October	Justice, Security & Government Services Shereen Capper, s9(2)(k)
Veterans (Veterans Affairs New Zealand)	Proposed amendments to the Veterans' Support Act 2014	Seeks agreement to targeted policy changes that are intended to provide immediate improvements in the fairness and equity of the entitlements and services provided to veterans. We understand legislative changes will be required. Veterans' Affairs are still working to understand the financial implications of these proposals, although at this stage they are expected to be minimal.	SWC: 16 October	Justice, Security & Government Services Hamish Coghill, s9(2)(k)
Children (OT)	Ancillary changes to regulations to support the Oranga Tamariki operating model	This paper seeks agreement to some minor regulatory changes to support the new Oranga Tamariki operating model. This paper has no fiscal impacts.	SWC: 16 October	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
Health (Ministry of Health)	s9(2)(b)(ii)	TBC.	SWC: 16 October	Health and ACC Team Michael Thomson, s9(2)(k)
Finance and Building and Construction (The Treasury/MBIE)	Residential Earthquake-Prone Building Financial Assistance Scheme	This paper seeks agreement to settings and parameters for a Residential Earthquake-prone Building Financial Assistance Scheme, including which government agency will administer the Scheme, and authorisation to access money appropriated in Budget 2019 for Scheme set-up and delivery.	DEV: 16 October	Housing and Urban Growth Gabrielle Groube, s9(2)(k)
SOE (The Treasury)	Mercury NZ Ltd: Director Election	Confirm election.	APH: 16 October	Governance & Appointments Gael Webster, s9(2)(k)
Finance (The Treasury)	Reserve Bank: Appointments	Confirm several appointments.	APH: 16 October	Governance & Appointments Gael Webster, s9(2)(k)
Finance (The Treasury)	Green Investment Finance: Deputy Chair Elevation	Confirm elevation to Deputy Chair.	APH: 16 October	Governance & Appointments Gael Webster, s9(2)(k)
Justice (The Treasury)	Public Trust: Reappointment	Confirm reappointment.	APH: 16 October	Governance & Appointments Simon Wi Rutene, s9(2)(k)
Internal Affairs (The Treasury)	NZ Lotteries: Reappointment (TBC)	Confirm reappointment.	APH: 16 October, TBC	Governance & Appointments Murray Costello, s9(2)(k)

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State Services and Finance (SSC/The Treasury)	Confirming the new Governance framework for pay equity in the State sector, including the Fiscal Management options/expectations	The content of the paper is still to be finalised.	GOV: 17 October	Skills and Work Angela Parker, s9(2)(k)
Internal Affairs (DIA)	Information sharing for customer nominated services	Seeks approval to begin drafting a final Approved Information Sharing Agreement, following public consultation on a draft version. The agreement would assist a number of government agencies to share customers' information more easily when a customer applies for or seeks services.	GOV: 17 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
Government Digital Services (DIA)	Strategy for a Digital Public Service	Seeks approval to a new strategy to drive digital transformation of government in New Zealand, replacing the 2015 ICT Strategy. We have been engaging with the Government Chief Digital Officer (GCDO) on the strategy, given it links closely to the operating and funding model review that the GCDO is undertaking following Cabinet decisions in July 2018 and through Budget 2019.	GOV: 17 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
Internal Affairs (DIA)	Fire and Emergency NZ (FENZ) Funding review – release of public discussion document	Seeks approval to release a public discussion document setting out high-level options for funding FENZ, which is currently funded by a levy on insurance contracts. The discussion document seeks feedback on other potential funding options such as a levy on property values.	GOV: 17 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
State Services (SSC)	Review of the Protected Disclosures Act 2000	Seeks agreement to a number of changes designed to strengthen the Protected Disclosures Act 2000. This follows public consultation on proposals to improve and extend coverage of protection for whistle-blowers. SSC is still working through the financial implications of the proposed changes in terms of increased reporting requirements, additional work on guidance and accessibility, and an expected increase in the volume of disclosures.	GOV: 17 October	Justice, Security & Government Services Tim Roper, s9(2)(k)
Health (Ministry of Health)	Final report into the review of New Zealand Health Partnerships	TBC	GOV: 17 October	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
s6(a) and s9(2)(f)(iv)				
Finance (The Treasury)	Overseas Investment Act phase two reform: package of reform	This paper seeks agreement on policy proposals for phase two of the Overseas Investment Act reform, including proposals that: <ul style="list-style-type: none"> simplify of the screening process; address gaps in the regime, particularly with respect to investments in farmland, and those investments that have national security and public order risks; and remove screening requirements from a range of low risk investments This paper is currently being drafted. We will provide advice once the paper is further developed.	DEV: 23 October	International Megan Noyce, s9(2)(k), or Vote Team Sarah Key, s9(2)(k)
Agriculture (Ministry for Primary Industries)	Government position on recommendations of the Health Star Rating review	The paper seeks agreement for the Minister for Food Safety to support mandatory implementation of the Health Star Rating on foods and beverages sold in New Zealand at the next meeting of the Australia New Zealand Ministerial Forum on Food Regulation. MPI intends to fund the changes through baselines but the Treasury is not yet confident this would be possible as compliance and monitoring costs could be significant. It is also unclear what costs the policy would have for businesses and consumers and whether it would achieve the health goals intended. The Treasury is seeking more information on these questions from MPI.	DEV: 23 October	Natural Resources Dylan Chambers, s9(2)(k)
Workplace Relations and Safety (MBIE)	Strengthening protections for vulnerable contractors – Approval to consult	We have concerns about the intervention logic. The paper and proposals are currently weak on the evidence base, impact on individuals and the economy, and the objectives being achieved.	DEV: 23 October	Skills and Work Elizabeth Gerard, s9(2)(k)
Education (Ministry of Education)	Early Learning Action Plan	This paper will seek Cabinet's agreement to release the final Early Learning Action Plan. We have been consulted on a draft of this paper and will provide advice to you ahead of the SWC discussion.	SWC: 23 October	Education and Population Agencies Phoebe Sparrow, s9(2)(k)
Internal Affairs (DIA)	Royal Commission of Inquiry into the Christchurch Mosque Attacks: Extension of time and additional funding	Seeks approval to extend the report back date for the Royal Commission from 10 December 2019 to April 2020 and for an additional \$3.5 million to complete its work, likely sought from the between-Budget contingency. We understand that larger than anticipated volumes of material and evidence received by the Commission are a key driver of its request for additional time and funding.	SWC: 23 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
Ethnic Communities (DIA)	Establishment of a Ministry of Ethnic Communities	Seeks approval to establish a Ministry of Ethnic Communities as a departmental agency hosted by DIA, from December 2019. The paper also seeks \$3 million from the between-Budget contingency for the establishment and ongoing costs of the new Ministry. This new Ministry is intended to raise the profile and status of the Office of Ethnic Communities, currently a business unit with DIA. We do not consider structural change to be a necessary or cost-effective way of raising the profile of the Office of Ethnic Communities.	SWC: 23 October	Justice, Security & Government Services Michael Lonergan, s9(2)(k)
s9(2)(f)(iv)				
Justice (MoJ)	Privacy Bill: Approval for Supplementary Order Paper and draw down of Budget 2014 tagged contingency	Seeks approval to re-phase and draw down the Budget 2014 Vote Justice tagged contingency to implement the Privacy Bill. The cost of re-phasing is \$0.612 million in 2019/20 and \$0.578 million in 2020/21, sought from the between-Budget contingency. If Ministers want to prioritise funding for the implementation of the Privacy Bill, we agree the between-Budget contingency is the most appropriate funding mechanism.	SWC: 23 October	Justice, Security & Government Services Shereen Capper, s9(2)(k)

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Children (OT)	Developing the Oranga Tamariki response to improving outcomes for tamariki Māori	Paper seeking agreement to interim revisions to the Oranga Tamariki outcomes framework and approach to developing strategic partnerships with iwi/Māori organisations. The paper also proposes that engagement is undertaken to determine the long-term response to setting measurable outcomes and developing strategic partnerships.	SWC: 23 October	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
Children (OT)	Ongoing oversight of OT transformation	In Budget 2019, Cabinet invited the Minister for Children to provide six-monthly report backs to Cabinet to enable oversight of Oranga Tamariki's transformation. This paper sets out an oversight framework and four-year reporting schedule. This paper has no fiscal impacts.	SWC: 23 October	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
Environment (Ministry for the Environment/ Department of Conservation)	Public Consultation on the National Policy Statement for Indigenous Biodiversity	This paper seeks agreement to release a discussion document on a proposed National Policy Statement for Indigenous Biodiversity. The National Policy Statement will require councils to identify and map significant natural areas and put in place controls on the development of properties containing significant natural areas. We are working with the Department of Conservation to clarify financial implications and potential impacts on landowners.	ENV: 24 October	Natural Resources Daniel Lawrey, s9(2)(k)
Environment (Ministry for the Environment)	Comprehensive review of the resource management system: confirmation of scope and terms of reference	This paper seeks agreement to the final scope and terms of reference for a comprehensive review of the resource management system, incorporating feedback received through initial consultation.	ENV: 24 October	Natural Resources Daniel Lawrey, s9(2)(k)
Children (OT)	Oranga Tamariki Action Plan (OTAP) scoping paper	This is a new requirement resulting from the Child Poverty Reduction Act. We have not yet seen the paper, but we understand it seeks agreement to the scope and process for developing the plan with a further Cabinet paper to be presented to Cabinet later in 2019 seeking approval to the plan, ahead of Budget 2020. This paper has no fiscal impacts, but the OTAP could result in significant impacts once it is complete.	SWC: October	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
Children/Child Poverty Reduction (OT)	Child Wellbeing Strategy Report Back	Further policy work is required to progress the Child and Youth Wellbeing Strategy including in the following areas: <ul style="list-style-type: none"> • addressing child poverty and mitigating socio-economic disadvantage; • tackling racism, discrimination, stigma and bias; and • advancing child wellbeing for those aged 0-6 years old. Officials will be reporting on progress to the Cabinet Social Wellbeing Committee by 31 October 2019, including on implications for Budget 2020.	SWC: October	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
Transport (Ministry of Transport)	Options for Supporting Regional Air Connectivity (Drafted by MoT)	This paper proposes that Cabinet approve public consultation on a contestable fund to support sustainable regional air connectivity in New Zealand, subject to funding being secured through Budget 2020. We do not support the paper's proposals as the case for government intervention is not strong. Proceeding to public consultation may risk airports delaying investments that would otherwise have taken place in the expectation of government assistance.	DEV: October	National Infrastructure Unit Gerald Lee, s9(2)(g)(ii)
Health (Ministry of Health)	Developing a Māori Health Action Plan	TBC.	SWC: October	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
Health (Ministry of Health)	Development of a new Pacific health and disability action plan	Support.	SWC: October	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
Health (Ministry of Health)	Transforming access to and use of health information to improve the wellbeing of New Zealanders. National Health Information Platform (was national Electronic Health Record) – Indicative Business Case	Seeking approval to proceed to detailed business case Support direction of travel. We recommend that the Minister of Finance seek assurance from Minister Clark over BBC compliance for investment cases.	SWC: October	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
Health (Ministry of Health)	Bowel Screening Programme update: Report on progress and independent review of the programme	Support direction of travel – recommend that the Minister of Finance seek assurance from Minister Clark about confidence in on time delivery.	SWC/GOV: October	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
Health (Ministry of Health)	Smoke-free Environments (Vaping) Amendment Bill: Approval for Introduction	TBC.	SWC: October	Health and ACC Team Michael Thomson, s9(2)(k)
Health (Ministry of Health)	Therapeutic Products Regulatory Scheme: Institutional form of the Regulator and Financial Matters	TBC.	SWC: October	Health and ACC Team Alex Rodgers, s9(2)(k)
Health (Ministry of Health)	Therapeutic Products Regulatory Scheme: Report-back on Consultation Outcomes, Pharmacy Licensing and Direction-to-Consumer Advertising	TBC.	SWC: October	Health and ACC Team Alex Rodgers, s9(2)(k)
Health (Ministry of Health)	Reconfiguration of the National Air Ambulance Service	TBC.	SWC: October	Health and ACC Team Michael Thomson, s9(2)(k)

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ACC (Ministry of Business, Innovation & Employment)	Consultation on ACC regulated payments for treatment	Support.	SWC: October	Health and ACC Team Michael Thomson, s9(2)(k)
ACC (Ministry of Business, Innovation & Employment)	Updating the Review Costs Regulations	TBC.	SWC: October	Health and ACC Team Michael Thomson, s9(2)(k)
Health (Ministry of Health)	Mental Health Act consultation document	Agreement to release a public consultation document on the reform of the Mental Health Act.	SWC: October	Health and ACC Team Pooja Patel, s9(2)(k)
Health (Ministry of Health)	Establishment of the Health Infrastructure Unit	Support.	GOV: October	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
Education (Ministry of Education)	Education Workforce Strategy 2032	We have not yet seen this paper.	SWC: October, TBC	Education and Population Agencies Ian Moore, s9(2)(k)
Health (Ministry of Health)	Health Sector Transfers (Christchurch Hospital Hagley Facility) Order 2019	TBC.	October, TBC	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
Social Development (MSD)	This paper seeks agreement to the forward work programme for the welfare overhaul.	We provided initial comments to MSD, including: <ul style="list-style-type: none"> The work programme is quite ambitious and could take longer than 5 years Scaling and prioritisation of B20 initiatives will be important There are risks around MSD's proposed approach to expanding employment services.	SWC: October/November	Welfare and Oranga Tamariki Chris Thompson, s9(2)(k)
State Services (OT)	Crown Response to Royal Commission of Inquiry into Historic Abuse in State Care and in the Care of Faith Based Institutions (3 rd in a series of papers)	We have not seen a draft of this paper however understand it will cover whether the approach to the conduct of current historic claims litigation could better reflect the Crown's principles.	SWC: Late October/Early November	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
Health (Ministry of Health)	Health Practitioners Competence Assurance (Designation of Paramedics as Health Profession) Order 2019	Support.	LEG: October	Health and ACC Team Michael Thomson, s9(2)(k)

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4.3 Upcoming Cabinet Papers: November-December

Ministerial Portfolio (and lead agency)	Title/topic	Treasury View	Timeframe for Cabinet Committee	Treasury Contact
State Services (SSC)	Approval to introduce the New Zealand Public Service Bill	Support. The Bill will include consequential amendments to the Public Finance Act to accommodate new entity forms.	LEG: 5 November	System Design and Strategy Jolyon Swinburn, s9(2)(k)
Statistics (Statistics New Zealand)	Timing and nature of next census and update on use of administrative data	The Treasury has already provided substantive comments on the draft. Stats NZ are incorporating these comments and will give us an opportunity to review.	GOV: 7 November	Economic Strategy and Productivity Will Cosgriff, s9(2)(k)
s9(2)(f)(iv)				
Defence (Ministry of Defence)	Defence capital investment prioritisation	Outlines Defence's investment priorities for Budget 2020. The level of funding expected to be sought will be difficult to accommodate within current Budget settings. Current plans indicate Defence is likely to seek s9(2)(f)(iv) from the capital allowance and s9(2)(f)(iv) per annum from the operating allowance in Budget 2020 for three priority investments. We understand Defence is currently reconsidering investment prioritises ahead of the GOV submission but we do not expect this process to materially change the picture. The submission provides a useful opportunity to discuss with the Minister of Defence your expectations for Budget 2020 (refer T2019/2313).	GOV: 7 November	Justice, Security & Government Services Sara Hames, s9(2)(k)
Defence (Ministry of Defence)	Frigate Sustainment Phase One – Communications	Seeks approval to commence with Phase One of the Frigate Sustainment Programme, which primarily consists of an upgrade to communications systems. s9(2)(f)(iv), and s9(2)(j)	GOV: 7 November	Justice, Security & Government Services Sara Hames, s9(2)(k)
Police (Police)	Next Generation Critical Communications – Replacing Emergency Services Critical Communications Networks	Seeks endorsement of the Next Generation Critical Communications (NGCC) Detailed Business Case, which identifies a preferred option for replacing the Emergency Services' critical communications networks. Oversight Ministers are being consulted before the paper is lodged.	GOV: 7 November	Justice, Security & Government Services Sally-Ann Spencer, s9(2)(k)
Treaty Negotiations (Te Arawhiti)	Ngāti Maru ki Taranaki: Deed of Settlement	Seeks approval for changes to the redress package for Ngāti Maru. It seeks funding from the between-Budget contingency to cover the transfer of cultural redress sites. Joint Ministers previously agreed to seek approval for up to s9(2)(j) [T2018/2807 refers]. We are clarifying the amount sought.	MCR: 12 November	Justice, Security & Government Services Sally-Ann Spencer, s9(2)(k)
Justice (MoJ)	Cannabis referendum	Seeks further decisions on the cannabis referendum and may also seek to address public information costs not funded as part of Budget 2019. We understand final decisions on funding the policy change will not be sought until after the referendum, if it is affirmative.	SWC: 13 November	Justice, Security & Government Services Shereen Capper, s9(2)(k)
Children (OT)	Proposals arising from the review of financial assistance for caregivers	Paper yet to be drafted.	SWC: 13 November	Welfare and Oranga Tamariki Laura Browne, s9(2)(k)
Finance (The Treasury)	Reserve Bank Act Review – Institutional Act	This paper will seek agreement to the full package of decisions needed to progress legislative reform of the institutional components of the Reserve Bank Act. The paper will be supported by a RIS and accompanied by a public facing document reporting back on Cabinet decisions. Institutional aspects of the Reserve Bank (such as objectives, governance and functions) will be progressed ahead of the more detailed aspects of the prudential regulation and depositor protection regimes. This approach involves a split of the Reserve Bank Act into an 'Institutional Act' and a 'Deposit Takers Act'. The decisions will allow drafting instructions for an Institutional Bill to be prepared for PCO. July 2020 is being targeted for the introduction of legislation to the House.	DEV: 20 November	Reserve Bank Review Team Felicity Baker, s9(2)(k)
Finance (The Treasury)	Reserve Bank Act Review – Deposit Takers Act and Depositor Protection	This paper will seek agreement to a range of key in-principle decisions needed to progress the Depositor Protection and the Depositor Takers Act work streams. This paper will be accompanied by a public facing report back on Cabinet decisions. Public feedback on these decisions and consequential matters will be sought in the third round of consultation (expected to commence in early 2020).	DEV: 20 November	Reserve Bank Review Team David Hargreaves, s9(2)(k)
Social Development (MSD)	Child Support pass-on	The Minister for Social Development and the Minister of Revenue plan to bring a joint paper seeking detailed policy decisions and a pre-commitment against Budget 2020 for Child Support pass-on. A decision is needed ahead of Christmas for an April 2021 start date.	SWC: 20 November	Welfare and Oranga Tamariki Laura Browne, s9(2)(k)
Land Information (Land Information New Zealand)	Update on the Survey and Title Enhancement Programme (STEP)	This paper will provide an update to Cabinet on progress of implementing the STEP Programme. STEP is a five-year four-tranche rebuild of Landonline, New Zealand's property information platform. Cabinet had invited the Minister for Land Information to provide this update when it approved the STEP Programme Business Case in October 2018. The Treasury is engaging with Land Information New Zealand on the content of the paper.	GOV: 21 November	Natural Resources Sarah Key, s9(2)(k)
Children (OT)	Early Intervention – target cohort and services	Paper yet to be drafted.	SWC: November	Welfare and Oranga Tamariki Rebekah Menzies, s9(2)(k)
Health (Ministry of Health)	Mental Health and Addiction Inquiry Response: Long-term implementation pathway	This paper will set out progress on the Government's response to the mental health and addiction inquiry and long term implementation pathway.	SWC: November	Health and ACC Team Pooja Patel, s9(2)(k)

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Social Development and Immigration (MSD/MBIE)	A New Approach to Employer-Assisted Work Visas and Regional Workforce Planning: Employer Gateway System and Related Changes	On 28 August 2019, subject to a business case agreed by the Ministers of Finance, Immigration and Social Development, a new employer-assisted gateway framework was agreed by DEV. The Minister of Immigration and the Minister for Social Development is reporting back to Cabinet in November seeking agreement to any additional funding required for the Ministry of Social Development to implement the strengthened labour market test as part of the job gateway.	DEV: November	Welfare and Oranga Tamariki Ashley Stuart, s9(2)(k)
Finance and Transport (Ministry of Transport)	KiwiRail funding for CRL project	A noting Cabinet paper outlining the KiwiRail funding required to cover the costs to be involved in delivering the CRL project and to be ready for Day 1 operation, as agreed by Cabinet (DEV-19-MIN-0071 refers).	DEV: November	National Infrastructure Unit Ben Wells, s9(2)(k)
State-Owned Enterprises (The Treasury)	Removing Solid Energy New Zealand Limited from the State-Owned Enterprises Act 1986	This paper seeks your agreement to issue drafting instructions to PCO for an Order of Council to remove Solid Energy New Zealand Limited from the SOE Act following its removal from the Companies Register. This paper also seeks your agreement on a Cabinet paper and advice sheet to take to LEG.	LEG: November	Commercial Performance Amanda Wilson, s9(2)(k)

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4.4 Upcoming Cabinet Papers: TBC

Ministerial Portfolio (and lead agency)	Title/topic	Treasury View	Timeframe for Cabinet Committee	Treasury Contact
Fisheries (Ministry for Primary Industries)	Fisheries Change Programme: Part 2 – Changes to fishing laws and policies	The paper seeks approval for changes in fishing rules and policies based on options considered through public consultation. These include changes in fishing rules around landings and return to sea rules, and the introduction of more graduated offences. There are no fiscal implications.	DEV: TBC	Natural Resources Dylan Chambers, s9(2)(k)
Fisheries (Ministry for Primary Industries)	Fisheries Change Programme: Part 3 – Approval for public consultation on implementation of cameras on board commercial fishing vessels	The paper seeks approval to a public consultation on implementation of cameras on board commercial fishing vessels. There are no fiscal implications associated with the decision to consult, although there would be fiscal implications associated with final policy decisions.	DEV: TBC	Natural Resources Dylan Chambers, s9(2)(k)
Environment (Ministry for the Environment)	Landfills vulnerable to the effects of climate change	This paper seeks to establish the Government's position on providing support to small territorial authorities for the protection of assets and infrastructure at risk from climate change. In its current form, the paper is likely to have financial implications and precedent risks. The Treasury is currently working with the Ministry for the Environment and developing a view.	TBC	Transitions, Regions, and Economic Development Alice Ansley, s9(2)(k)
Climate Change (Ministry for the Environment)	Provisional Emissions Budget and ETS Settings 2021 - 2025	A Treasury position to be determined. This paper is likely to seek agreement from Ministers on a public consultation document on possible ETS settings for the period 2021 – 2025, including the inter-related levers of price cap, price floor, emissions volume, and auction volume. The intention is for the Government to take final decisions on the ETS settings in early 2020.	TBC	Transitions, Regions, and Economic Development Tom Wilson, s9(2)(k) Sam Grayling, s9(2)(k)
Workplace Relations and Safety (MBIE)	Proposed Changes to Health and Safety Mining Regulation	We do not plan to brief further at the Ministerial consultation phase or when the paper goes to Cabinet.	DEV: TBC	Skills and Work Richard Baird, s9(2)(k)
Education (Ministry of Education)	Flexible funding in Vote Tertiary Education	The Ministry of Education intends to brief Minister Hipkins on this topic in September, and subject to the Minister's decisions a Cabinet process may follow – alternatively the Minister may decide not to proceed at present.	TBC	Skills and Work Matt van Wijk, s9(2)(k)
Education (Ministry of Education)	Te Wānanga o Raukawa Whakatupu Mātauranga claim (Wai 2698)	The content of the paper is still to be finalised.	TBC, likely going to MCR or if need be, SWC	Skills and Work Matt van Wijk, s9(2)(k)
Education (Ministry of Education)	School Transport Tender Process and Requirements	This paper informs Cabinet of the upcoming school bus tender process. We do not support the current draft of the Cabinet paper, which seeks a \$105 million Budget 2020 operating pre-commitment. We will provide further advice on the proposals when you receive the draft paper for ministerial consultation shortly.	SWC: TBC	Education and Population Agencies Maraea Mullane-Ronaki, s9(2)(k)
Defence (NZDF)	Upcoming Deployments	Provides information on criteria for considering NZDF deployments, how they are funded, and current and upcoming deployments. No funding is being requested.	ERS: TBC	Justice, Security & Government Services Sara Hames, s9(2)(k)
Courts (MoJ)	Community Magistrates (Remuneration and Allowances) Amendment Order 2019	Seeks Cabinet agreement to authorise the submission to the Executive Council of the Community Magistrates (Remuneration and Allowances) Amendment Order 2019. We understand the financial implications were considered through the previous APH Cabinet paper. We have no concerns.	LEG: TBC	Justice, Security & Government Services Shereen Capper, s9(2)(k)
Justice (MoJ)	Update on the Anti-Corruption Work Programme for New Zealand	Provides an update on progress of the Anti-Corruption Work Programme, and seeks agreement to a second phase over the next three years. Funding for this work is currently being considered through the Effective Justice Fund and the Proceeds of Crime Fund processes. We have suggested that the financial recommendations be updated once the outcomes of these processes are known.	SWC: TBC	Justice, Security & Government Services Sarah Bradley, s9(2)(k)
s9(2)(f)(iv)				
s9(2)(k)				
s9(2)(f)(iv)				
s9(2)(f)(iv), and s9(2)(j)				
State Services (SSC)	Improving the ICT capability of smaller government departments	The Minister of State Services (in consultation with the Minister for Government Digital Services and the Minister Responsible for the GCSB) has been asked to submit a paper to GOV as soon as possible on: (i) the issues concerning the ability of smaller government departments to operate effectively in a digital environment to the level of performance and security standards required; and (ii) wider issues concerning data security in New Zealand. We have not yet seen a draft of this paper.	GOV: TBC	Justice, Security & Government Services Michael Lonergan, s9(2)(k)

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Defence (NZDF)	Additional Infrastructure Loading at Base Ohakea for the P-8A Poseidon	Seeks approval of a number of projects at Base Ohakea that NZDF are seeking to undertake ahead of the delivery of P-8A Poseidon aircraft. We understand NZDF is now proposing to fund this investment through its depreciation reserves.	GOV: TBC	Justice, Security & Government Services Hamish Coghill, s9(2)(k)
s9(2)(f)(iv)				
Arts, Culture and Heritage (MCH)	Revised Policy for Crown Management of Historic Heritage	Seeks approval to release a discussion document on a replacement for the 2004 Policy for Government Departments' Management of Historic Heritage. A key proposal is to extend the Policy more broadly across the state sector to include organisations such as DHBs. We have yet to see a draft of the paper.	GOV: TBC	Justice, Security & Government Services Tim Roper, s9(2)(k)
Civil Defence (DPMC)	Updating the legislative framework to strengthen New Zealand's response to natural disasters and other emergencies	Seeks agreement to amend the Civil Defence Emergency Management Act 2002 to improve New Zealand's response to natural disasters and other emergencies. There are no financial implications and we have no concerns. Progress on this paper has slowed to allow for consideration of any implications to the framework from the 15 March terror attacks.	DEV: TBC	Justice, Security & Government Services Tim Roper, s9(2)(k)
Attorney-General (Crown Law Office)	Crown response to 'Wakatu' proceedings	Proposes the creation of a new multi-year appropriation totalling \$5 million over four years, to meet the costs of legal proceedings for the case <i>Stafford v Attorney-General</i> . The case has potential constitutional, policy and fiscal implications.	MCR: TBC	Justice, Security & Government Services Tim Roper, s9(2)(k)
s9(2)(f)(iv)				
Transport (Ministry of Transport)	Green Transport Card (Drafted by MoT)	This paper seeks agreement to begin establishing a Green Transport Card scheme that will reduce the costs of public transport for Community Services Card holders. Although we support the goal of improving access to transport for low-income households, we consider that there is insufficient information and evidence to support the proposed Green Transport Card scheme as the preferred solution to potential access issues. We will brief you further when the paper is sent out for ministerial consultation.	DEV: TBC	National Infrastructure Unit Gerald Lee, s9(2)(g)(ii)
Health (Ministry of Health)	Health service transformation in the Early Years	Do not currently support. Not ready for cabinet agreement.	SWC: TBC	Health and ACC Team Michael Thomson, s9(2)(k)
Health (Ministry of Health)	Developing the health workforce in rural locations	TBC.	SWC: TBC	Health and ACC Team Filipo Katavake-McGrath, s9(2)(k)
Health (Ministry of Health)	DHB sustainability funding	TBC.	TBC	Health and ACC Team Hew Norris, s9(2)(k)
Health (Ministry of Health)	Natural Health Products Regulation	TBC.	SWC: TBC	Health and ACC Team Michael Thomson, s9(2)(k)
Health (Ministry of Health)	Disability Support System Transformation: Draft Terms of Reference	TBC.	SWC: TBC	Health and ACC Team Emily Irwin, s9(2)(k)
Health (Ministry of Health)	Driving and supporting Government priorities through the health and disability system: public reporting of measures	TBC.	TBC	Health and ACC Team Hew Norris, s9(2)(k)
Health (Ministry of Health)	Final Advice on the Future Direction of Ambulance Services	TBC.	TBC: mid 2020	Health and ACC Team Michael Thomson, s9(2)(k)