

From: Official Information  
Sent: Friday, 6 October 2017 1:34 p.m.  
To: [REDACTED]  
Subject: HPRM: LGOIMA - [REDACTED] - Request re proposed purchase of state houses  
Attachments: Council Reports and minutes.pdf; OCHT Correspondence.pdf; Council Correspondence.pdf

Dear [REDACTED]

Thank you for your email, received on 20 July 2017. You requested the following information, under the Local Government Official Information and Meetings Act 1987 (LGOIMA):

1. *Copies of all correspondence between the Christchurch City Council and government representatives concerning the application for the OCHT (Otautahi Community Housing Trust) to purchase state housing from the government.*
2. *Copies of all reports from council staff to council and council committees regarding the government's proposed sale of state houses and the proposed purchase of those houses by the OCHT.*
3. *Copies of all correspondence between the council and the OCHT regarding the Trust's bid to purchase state houses.*
4. *Copies of the minutes of all council meetings, council committee meetings and briefings regarding the OCHT bid to purchase state houses.*
5. *Copies of all resolutions passed at such meetings in the previous point along with the voting record on each resolution.*
6. *Copies of all correspondence between the council and the OCHT regarding the proposed OCHT involvement in the purchase of state houses.*
7. *Copies of all reports and minutes of meetings etc relating to the decision to consult with Christchurch residents regarding the financing of the Trust in relation to its proposed purchase of state houses.*
8. *Copies of all reports and minutes of meetings etc relating to the decision to withdraw the consultation document regarding the financing of the Trust in relation to the proposed purchase of state houses.*

#### Extension of timeframe

On 1 September 2017, we extended the timeframe on our response to you by an additional 20 working days. The Council communicated its decision to you on 29 September 2017.

#### Refinement of request

On 6 August 2017, you refined the scope of your request to the following:

1. *Copies of all correspondence between the Christchurch City Council and government representatives concerning the application for the OCHT (Otautahi Community Housing Trust) to purchase state housing from the government.*
2. *Copies of all reports from council staff to council and council committees regarding the government's proposed sale of state houses and the proposed purchase of those houses by the OCHT.*

#### Council Comment

Council's has the following roles in this matter:

1. It is an advocate for social housing in Christchurch;
2. It generally advocates for local solutions to Christchurch's issues;
3. It drove the establishment, including capitalisation, of the Otautahi Community Housing Trust, a community housing provider;
4. It is an asset manager of social housing;
5. It leases its social housing assets to the Otautahi Community Housing Trust and other community housing provider; and
6. It is a regulator and planning authority with responsibilities for managing development in Christchurch;
7. It is an infrastructure provider, providing infrastructure services to all social housing providers in the City.
8. It owns an investment company, tasked with Mission Statement "Supporting the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable".

A summary of Council's actions in this matter is:

- Council has previously resolved to set up the Trust, and capitalise it with \$50 million worth of Social Housing assets. This consisted of a \$5million gift and \$45 million loan.
- The OCHT requested the Council consider changing the capitalisation mix to allow it to participate in the Government's Social Housing Reform Programme.
- Council considered there was merit in this and resolved to consult the community about the change.
- As consultation commenced, the Trust asked that their request be suspended.
- Treasury also expressed concern about Council's consultation from a probity perspective. Their concerns related to a draft probity document related to the provision of planning and infrastructure information.
- Council agreed to suspend consultation in response to the Trust's request.

#### Council Decision

The Council has decided to release this information to you with some information withheld under the following sections of the LGOIMA:

- 7(2)(a) – to protect the privacy of natural persons
- 7(2)(b)(ii) – to protect the commercial position of the person who supplied or who is the subject of the information
- 7(2)(c)(i) – to protect information which is subject to an obligation of confidence, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source
- 7(2)(c)(ii) – to protect information which is subject to an obligation of confidence, where the making available of the information would be likely otherwise to damage the public interest.

In the Council's view the reasons for withholding these details are not outweighed by public interest considerations in section 7(1) favouring their release.

You have the right to request the Ombudsman to review this decision. Complaints can be sent by email to [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz), by fax to (04) 471 2254,

or by post to The Ombudsman, PO Box 10152, Wellington 6143.

Kind regards,

Sean Rainey  
Senior Information Adviser and Privacy Officer  
Office of the Chief Executive  
Christchurch City Council  
53 Hereford Street, Christchurch 8011  
PO Box 73016, Christchurch 8154

## 32. Proposal from Otautahi Community Housing Trust to reshape the current capitalisation model

Reference: 17/475125

Contact: Bruce Rendall [REDACTED] [REDACTED]

### Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
Plain English Reason:	Issues discussed are subject to commercial negotiations
Report can be released:	When consultation commences for the Council report. The Otautahi attachments should remain confidential until negotiations are complete.

### 1. Purpose and Origin of Report

#### Purpose of Report

- 1.1 The Government has announced reforms involving the sale of approx. 2500 social housing units (the reform process) in Christchurch.
- 1.2 At its meeting of 4 May 2017 Council considered requests that would allow the Otautahi Community Housing Trust (the Trust) and Christchurch City Holdings Limited (CCHL) to participate in the process to purchase these units.
- 1.3 Council resolved to defer consideration of the Trust's request and asked CCHL to provide information about potential structures to enable local investment in the reform process by 11 May 2017. This report contains the information requested by Council.
- 1.4 Additionally, Council resolved not to ask CCHL to investigate support for the Trust. The new information provided may impact on Council's position on this matter and it is represented for Council's consideration.

#### Origin of Report

- 1.5 This report is staff generated in response to a request received from the Trust and Council's resolution.
- 1.6 It includes input from CCHL in response to Council's resolution of the 4<sup>th</sup> May 2017 (Attachment E).
- 1.7 The Trust has made the request to enable it to join with a consortium of investors to participate in the expression of interest (EOI) process for the Government's sale of its Housing New Zealand assets in the City. [REDACTED]. A copy of the Trust's request is attached (Attachment A). Additional information has been requested from the Trust (Attachment B)
- 1.8 The Trust have also sought advice and support from CCHL regarding this opportunity. [REDACTED]

- [REDACTED]
- [REDACTED]
- 1.9 This report is time sensitive as the expressions of interest phase closes on 22 May 2017. The Trust requires an indication of Council's position to help its (and the consortium's) decision about making a possible EOI. Staff received the request on 20 April 2017 and the additional information on 28 April 2017.

## 2. Significance

- 2.1 The decision(s) in this report are of medium significance in relation to the Christchurch City Council's Significance and Engagement Policy.
- 2.2 The level of significance was determined by the author.
- 2.3 Council has previously (2014) made strategic decisions on the provision of social housing services, that included proposal to use \$50 million of social housing assets to capitalise an entity (i.e. the Trust). These decisions were considered to be of "high" significance and involved a Special Consultative Process.
- 2.4 In 2016 Council made decisions to structure the capitalisation as \$5 million gift and \$45 million loan. These decisions were considered of low significance given the strategic decisions mentioned in Clause 2.3. No engagement was required for this decision.
- 2.5 This proposal requires Council to alter the strategic direction referred to in Clause 2.3. It is considered to be lesser significance than those decisions but, due to inconsistency with the strategic direction, it has greater significance than the decisions in Clause 2.4. Engagement is required, however, this does not need to be as formal as a Special Consultative process.

## 3. Staff Recommendations

That the Council:

1. Noting:
  - a. its obligation under the Housing Accord entered into with the Government to capitalise the Otautahi Community Housing Trust (Trust) by transferring \$50 million of assets to it;
  - b. its resolutions of 9 July 2015 (headed 'Capitalisation of Housing Entity as required by Housing Accord') and 8 September 2016 (headed 'Transfer of \$50 million Housing Fund Assets – Process'); that the Trust has now been formed;
  - c. that it agreed on 25 August 2016 to enter into a Deed of Lease with the Trust of the Council's operable social housing units;
  - d. the strategic relationship between it and the Trust as the tenancy manager and operator of the Council's operable social housing units and the principal vehicle for the delivery of the Council's social housing objectives; and
  - e. its desire to support the charitable objects of the Trust in its delivery of social housing outcomes in Christchurch;
2. Resolves:
  - a. to signal a proposal to restructure the capitalisation arrangements for the Otautahi Community Housing Trust allowing for up to \$25 million worth of assets to be gifted to the Trust;

- b. that the proposal to restructure the capitalisation arrangements is subject to and conditional on:
  - i. Council being satisfied that the views of interested persons are known;
  - ii. the provision by the Trust of a business case outlining the benefits and risks of the Housing New Zealand transaction, including on the Trust's ability to continue to provide services to Council;
  - iii. the benefits of the Trust having being capitalised by a larger proportion of equity outweighs the risk of the assets no longer being available for social housing purposes; and,
  - iv. the transfer of gifted assets only occurs if the Trust is successful, either alone or as part of a consortium, in tendering for the ownership and management of the Housing New Zealand properties being offered for sale as part of the Government's Social Housing Reform Programme;
- c. to commence consultation to determine the views of interested and effected persons on the increased gift component of the capitalization;
- d. to direct officers to report back with a recommendation on the revised structure once the consultation is complete;
- e. to approve "in principle" that Christchurch City Holdings Limited (CCHL) be an investor in the HNZ transaction (subject to appropriate due diligence, a business case and a report back to Council before the final decision to invest is made); and
- f. subject to appropriate due diligence, a business case, and a report back to Council before the final decision to provide support is made, request CCHL to provide support in the provision of security for a performance bond [REDACTED]  
[REDACTED]

#### 4. Key Points

- 4.1 The Trust has asked Council to consider restructuring the \$50 million committed for capitalisation. Currently this is structured as \$5 million gift and \$45 million loan, reflecting Council's resolution that it wishes to recover the assets in certain circumstances. The Trust has requested that up to the total \$25 million of assets (i.e. the original \$5 million and a further \$20 million) be gifted.
- 4.2 The Government's Social Housing Reform Programme is the driver for this request. The Trust has the opportunity to be part of a consortium bidding for the Christchurch properties within the Programme. It believes that it can only do this if it has sufficient equity and other financial protections to satisfy the requirements of its partners.
- 4.3 CCHL has also indicated an interest in being involved in the reform process, as it sees potential commercial benefits. CCHL has indicated in principle support subject to Council's authorisation of their involvement and this providing compelling commercial investment.
- 4.4 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.7 Officers concur with CCHL and the Trust. Officers believe that the combined Trust and CCHL involvement will have the following additional benefits:

- 4.7.1 The Trust brings local knowledge and experience to the consortium. They understand the distinctive issues in the Christchurch social housing market resulting from the earthquakes and subsequent rebuild. They have established relationships that will help achieve results more efficiently and expeditiously than a new entrant (even in partnership with a smaller local community housing provider (CHP)) to Christchurch;
  - 4.7.2 Having a Christchurch-based CHP as both service provider and equity partner allows some of the surplus return from the HNZ properties to remain in Christchurch and be reinvested in social housing. This reinvestment would be in addition to the 150 extra units required by the Government;
  - 4.7.3 Having a locally based community housing provider and (all or predominantly) New Zealand investors may create positive perceptions within the community (e.g. about local decision making; surpluses being kept in New Zealand etc);
  - 4.7.4 A larger scale Trust may be able to improve outcomes from Council's assets through being able to leverage the development of programmes, achieve economies of scale, and employ specialist staff across ~5000 units rather than ~2500; and
  - 4.7.5 A future Government may look to sell the rest of its social housing stock in Christchurch. A larger scale Trust would be in a strong position to participate should this opportunity present itself.
- 4.8 The EOI process for the Social Housing Reform Package closes on 22 May 2017. Shortlisted bidders will be known on or about the 19 June 2017. Shortlisted bidders will be required to submit requests for proposal by 22 September 2017. Final decisions are anticipated in November 2017, with the new landlord commencing in mid-2018.

- 4.9 The Trust has requested that Council provide “in principle” support by 15 May 2017. This allows for them to commit to joining the MCO EOI, but does not commit the Trust beyond the EOI process.
- 4.10 The Trust’s involvement comes with risks to the Trust and Council. These include the potential for negative impacts on the Trust’s management of Council’s social housing and the loss of the gifted assets from Christchurch’s social housing stock, under certain circumstances. Following discussions with both CCHL and the Trust, Council officers consider these risk tolerable. Should the Trust be part of a successful consortium, then their performance will be closely scrutinised by the regulator, Council, CCHL and the consortium partners. This level of scrutiny reduces the risks to tolerable levels.
- 4.11 Based on the potential benefits and the risks officers recommend that Council indicate its interest in the proposal to the Trust. Additionally officers recommend that Council reconsider asking CCHL to examine the matter further. This will allow both the Trust and CCHL to proceed further, without committing Council, the Trust and CCHL beyond the submission of an EOI.
- 4.12 Officers have reviewed all of the options presented by CCHL and the Trust. Council is neither practically able nor sufficiently informed of the views of those effected for it to be able to invest directly. As such officers have concluded that the only feasible options for Council are the current proposal or “do nothing”.
- 4.13 As the potential consequence of Council’s decision now signals a future decision at odds with Council’s previous strategic decisions, consultation is recommended before making a final decision.

## 5. Background

### The Trust

- 5.1 Council established the Ōtautahi Community Housing Trust in 2016 to manage its social housing tenancies. The Council owns its social housing buildings and land but leases these assets to the Trust.
- 5.2 The Trust is responsible for tenancy management, rent-setting and the day-to-day maintenance of units (from 1 July 2017), while major repairs and renewals remain the Council's domain.
- 5.3 Over time, Council’s expectations are that the Trust will also develop its own social housing for Christchurch.

### Christchurch Housing Accord

- 5.4 The Christchurch Housing Accord is an agreement between the Council and the Government to work together to address housing supply and affordability issues in Christchurch.
- 5.5 The Accord was ratified by the Council in September 2014.
- 5.6 Its long-term goal is to restore a well-functioning, private-sector-led housing market in Christchurch, with enough supply at the lower end of the market to ensure access to quality housing for those on lower incomes.
- 5.7 The Accord also aims to support social housing in Christchurch by increasing the quantity of social housing units available and matching the types of housing units to the demand. An action to implement this goal is to “establish a housing entity or entities capable of meeting the requirements of being registered as a Community Housing provider, to redevelop Council owned social housing assets and to develop social and/or affordable housing to better meet the needs of the city.” Council agreed to progressively capitalise the entity, or entities with an injection of \$50 million of land and other assets.

### Previous Asset Transfer Context and Decisions

- 5.8 At its meeting of 8 September 2016 Council considered the process for transferring \$50 million of Housing Fund Assets to capitalise the Trust. This report provides important context and is included in full as Attachment D.
- 5.9 Key points from the 8 September 2016 report (and earlier Council decisions) include:
  - 5.9.1 Council resolved to capitalise the Trust through the progressive transfer of up to \$50 million of social housing assets;
  - 5.9.2 The \$50 million is structured as a loan of \$45 million and a gift of \$5 million;
  - 5.9.3 The principal reason for structuring the capital in this way was to protect the community's interest in Council's social housing asset in the event that the Trust was wound up, or the Trust losing its Community Housing Provider status, or the lease to it of the Council's social housing assets being cancelled.
  - 5.9.4 Council had previously made the decision that it wished to protect the community's interest in the social housing asset. On the 25 September 2014 Council resolved that Any agreement will be structured such that in the event of winding up, or withdrawing from the entity that Council assets are returned to the Council's social housing portfolio. At its meeting of 9 July 2015 Council resolved that one of its objectives in relation to the "entity's [ie the Trust's] use of any transferred assets" was to "Protect Christchurch City Council equity/assets".

### Government Social Housing Reform Programme

- 5.10 The Government has released an Expression of Interest Invitation (EOI Invitation) for the transfer of up to 2,500 Housing New Zealand (HNZ) properties and tenancies in Christchurch to a registered Community Housing Provider.
- 5.11 The transfer is part of the Government's Social Housing Reform Programme aimed at improving social housing for those most in need.
- 5.12 Any properties transferred will remain in social housing. According to the Government, while ownership of the social houses will change, "nothing changes for the tenants, their rent remains the same, as do their rights, and they remain eligible for social housing for the duration of their need".

### The Trust's Proposal

- 5.13 The Trust is interested in expressing interest for the HNZ properties. It has been approached to be the Community Housing Provider (CHP) in a consortium led by a New Zealand asset management investor seeking to invest in social infrastructure.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

5.20 The Trust have identified benefits of their involvement in their proposal. Officers have also considered potential unique benefits that accrue to Christchurch citizens from the Trust's involvement in owning and managing the HNZ properties. These are:

5.20.1 The Trust brings local knowledge and experience to the consortium. They understand the distinctive issues in the Christchurch social housing market resulting from the earthquakes and subsequent rebuild. They have established relationships that will help achieve results more efficiently and expeditiously than a new entrant (even in partnership with a smaller local CHP) to Christchurch.

5.20.2 Having a Christchurch-based CHP as both service provider and equity partner allows some of the surplus return from the HNZ properties to remain in Christchurch and be reinvested in social housing. This reinvestment would be in addition to the extra places required by the Government.

5.20.3 Having a locally based community housing provider and (all or predominantly) New Zealand investors may create positive perceptions within the community (e.g. about local decision making; surpluses being kept in New Zealand etc).

5.20.4 A larger scale Trust may be able to improve outcomes from Council's assets through being able to leverage the development of programmes, achieve economies of scale, and employ specialist staff across ~5000 units rather than ~2500.

#### Existing Asset Transfer Program

5.21 Officers are currently implementing Council's previous decisions to transfer \$50 million of assets to the Trust.

5.22 To date Council has transferred, by way of gift, two properties with a value of \$700,000 to the Trust. Council has also resolved, but the transaction is not yet complete, to transfer, by way of gift, twenty properties with a value of \$2,560,000.

5.23 The transfer of assets has taken some time as each property proposed for transfer needs to be researched to determine if there are any offer back requirements under the Section 40 of the Public Works Act 1981. Each property also requires research as to the relevant tax treatment required. Finally, officers and Trust staff have been working to establish an agreed process for valuing properties.

5.24 While the lessons learned from the first two tranches will lead to efficiencies for future tranches, it will be a challenge to transfer of all \$50 million worth of land could be completed by the Trust's preferred date on January 2018.

5.25 Consideration has been given to the possibility of engaging additional resources to expedite the research process. There has been insufficient time to estimate this cost with any degree of certainty. Additional resources will be needed for legal and commercial advice, consultation, property research and valuations.

- 5.26 The two earlier tranches consisted of vacant land. Future tranches will include tenanted complexes and Council will be required to undertake targeted specific engagement with tenants regarding proposed transfers. This engagement is also likely to impact on Council's ability to meet the Trust's preferred date of January 2018.

## 6. Discussion

- 6.1 Based on its previous decisions and policy it is clear that Council intends to capitalise the Trust to a value of \$50 million. Equally clear, however, is Council's desire to retain the ability to recover the value of most (\$45 million) of its assets in the event that the Trust was wound up or no longer managed Council's social housing services.
- 6.2 Council seemed to adopt the requirement to be able to recover the assets because it wished them to continue to be available for the provision of social housing.
- 6.3 The key questions from the Trust's proposal would then seem to be:
- 6.3.1 Do the benefits of the Trust providing asset, facilities and tenancy management services to a larger portfolio and being a part owner of social housing assets outweigh the risks of gifting an additional \$45 million of assets?; and
- 6.3.2 Would gifting the assets increase the risk that these assets not be available to meet Council's Social Housing objectives?
- 6.4 Officers have sought external commercial advice on these questions (Attachment D). This advice indicates that there is insufficient information currently available to provide definitive guidance. Sufficient information will only become apparent when the structure of the consortium and relevant protections are known.
- 6.5 Notwithstanding the external advice, there would seem to be a prima facie case that the Trust and CCHL's proposal would provide net benefits for Christchurch generally and social housing in Christchurch specifically.
- 6.6 Given the significance of the decision, officers recommend that Council seeks the views of those effected by the decision prior to making a decision on the matter.
- 6.7 Timing issues mean that a non-binding indication of Council's views is required before any meaningful consultation can be undertaken. A possible way forward is for Council to signal "in principle" support for the Trust's proposal. The effect of this decision would be to provide an indication of support to the Trust and its partners, allowing them to proceed with expression of interest for the Housing New Zealand properties.
- 6.8 "In principle support" does not commit Council to proceeding with the transfer. Council still needs to understand the views of those effected before it can make its final decisions.
- 6.9 Council's feedback to the Trust and CCHL will clearly need to communicate that its "in principle" support is only intended to allow the Trust to continue negotiation and participate in the EOI process. Council's ultimate decision can only be made after consultation and the supply of a business case.
- 6.10 CCHL seem to have come to a similar position resolving to be supportive in principle if requested by Council and if there is a compelling commercial transaction.

## 7. Option 1 – Signal a proposal to restructure the capitalisation of the Trust (preferred)

### Option Description

- 7.1 In this option Council signals a proposal to restructure the capitalisation of the Trust by converting the \$45 million “loan” component to a \$45 million “gift”.
- 7.2 The restructure proposal would be subject to and conditional on:
  - 7.2.1 Council being satisfied that the views of interested and effected persons are known;
  - 7.2.2 the provision of a business case outlining the benefits and risks of the Housing New Zealand transaction;
  - 7.2.3 the benefits of the Trust having being capitalised by a larger proportion of equity outweighs the risk of the assets no longer being available for social housing purposes; and
  - 7.2.4 the transfer of gifted assets only occurring if the Trust is successful, either alone or as part of a consortium, in tendering for the ownership and management of the Housing New Zealand properties being offered for sale as part of the Government’s Social Housing Reform Programme.

### Significance

- 7.3 The level of significance of this option is medium consistent with section 2 of this report.
- 7.4 It is recommended that Council undertake consultation prior to making a decision to convert the \$45 million loan to a gift. This is because the 2014 Special Consultative Process on social housing resulted in a decision to transfer up to \$50 million of assets but also established the proposition that the Council assets would be returned in the event of winding up etc. The preferred option would result in a significant departure from Council’s approved position. A prudent Council may consider that the community ought to be consulted in a way sufficient for the community to understand the nature and reasons for the change and to have some opportunity to make views and preferences known before the final decision is made. This process should broadly meet the requirements of section 82 and 82A of the LGA but does not need to be formal and time-consuming as a special consultative procedure.

### Impact on Mana Whenua

- 7.5 This option does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Ngāi Tahu, their culture and traditions.

### Community Views and Preferences

- 7.6 Tenants are specifically affected by this option due to their occupation of properties to be transferred. They are likely to be concerned as they will no longer have Council as their “ultimate” landlord they may perceive less ability to influence the Trust compared to an elected Council.
- 7.7 Some groups and individuals are likely to be philosophically opposed to Council reducing its numbers of units, despite the day-to-day experience of tenants being the same and no net decrease in the number of social housing units available in Christchurch
- 7.8 The community generally may have an interest in this option as it involves a gift of assets with perceived significant financial value. There may be community expectations that the Council receive a financial return for the gift as well as the social return.

### Alignment with Council Plans and Policies


- 7.9 This option is inconsistent with Council’s Plans and Policies

- 7.9.1 While Council has previously resolved to capitalise the Trust by the transfer of \$50 million of assets it has also resolved that \$45 million of these assets should be capable of being returned to Council in certain circumstances such as the winding up of the Trust. The preferred option is inconsistent with this previous decision.
- 7.9.2 If Council wishes to proceed with this option it will need to change its previous strategic direction.

### Financial Implications

- 7.10 Cost of Implementation – Costs for implementing the processes required to capitalise the Trust are currently being absorbed within operational budgets. This has been possible because of an expectation of undertaking the capitalisation over time, allowing costs to be absorbed in multiple years. Given the Trust’s desire for an accelerated timeframe, costs will no longer be able to be absorbed.
- 7.11 The costs associated with implementation include property research costs (required to determine if an offer back is required under the Public Works Act and, if it is, identifying the appropriate recipient of the offer back), property valuations, commercial and taxation advice, and consultation materials. These have been estimated at \$250,000, this figure will be confirmed by staff at the meeting. Staff time and legal costs can be absorbed in existing budgets.
- 7.12 Funding source – Due to time constraints a funding source has not been identified, however a verbal update will be provided at the Council meeting.
- 7.13 The proposal will also impact on the Council’s Social Housing Fund. Depending on the specific properties transferred the proposal can have a net positive or net negative effect. If poorer performing or a representative sample of properties are transferred, then there is likely to be a net positive impact as the reduction in rent received will be offset by reduced maintenance, renewal and replacement costs. If there is an over representation of properties that are performing well, then there is likely to be a net negative effect. Revenue will reduce without a significant offset from reduced maintenance etc, leaving the fund in a worse off position.

### Legal Implications

- 7.14 To ensure that it makes its decision consistent with the requirements of the Local Government Act 2002, it is recommended that Council consult about the change to its previous decision to require the assets be returned to Council in the event of the Trust being wound up, losing or the Trust losing its Community Housing Provider status, or the lease to it of the Council’s social housing assets being cancelled.
- 7.15 Should Council ultimately decide to gift the full \$50 million, then Council’s staff will have to prepare transfer documentation.
- 7.16 CCHL’s current Statement of Intent (SOI) provides them the ability to “seek, on behalf of the Council, and if material report at the appropriate time, investment opportunities that have the potential to enhance the economic well-being of the region ...”.
- 7.17 Council, through the SOI, requires CCHL to “seek Council’s approval before acquiring any physical assets of any material value, or equity investments in entities outside the Council group” prior to committing to any investment transaction.
- 7.18 
- 7.19 There is no legal impediment to Council requesting CCHL to consider funding the Trust for the purpose of partaking in the Government’s Social Housing Reform programme, Christchurch package.

### Risks and Mitigations

7.20 There is a risk that the assets will no longer be available for social housing purposes caused by the actions of the Trust (the Trust is wound up; the Trust loses its CHP status). This will result in a net decline in the number of units available for rent in the Christchurch social housing market.

7.20.1 Treatment: Various options to reduce this risk were explored when the original capitalisation proposal was developed. The loan proposal was established as the most effective way of protecting Council's interest. The current proposal is to remove this protection.

7.20.2 Residual risk rating: the rating of the risk is High.

### Implementation

7.21 The implementation of this option requires liaison with the Trust through the preparation of the consortium's EOI (and potentially at the later Request for Proposal stage).

7.22 The EOI needs to be submitted by 22 May 2017.

### Option Summary - Advantages and Disadvantages

7.23 The advantages of this option include:

- Council sends a positive signal of support to the Trust
- Decisions about the capitalisation can be made once better information is available.

7.24 The disadvantages of this option include:

- The consortium partners may have insufficient assurance that the Trust will be a viable partner.

## 8. Option 2 – Maintain the Status Quo

### Option Description

8.1 Under this option Council continues to capitalise the Trust to the value of \$50 million. The capitalisation would continue to be structured as \$5 million gift and \$45 million loan.

8.2 Under this option Council has the choice on whether or not to request CCHL be involved.

### Significance

8.3 The level of significance of this option is low which differs from section 2 of this report. This option does not involve a change to Council's current position.

8.4 Engagement with tenants of those complexes to be loaned to the Trust is required as the loan may involve a change in ultimate landlord. The \$5 million gift largely consists of vacant land and buildings for which no engagement is necessary. Should there be tenanted properties officers will engage with these tenants.

### Impact on Mana Whenua

8.5 This option does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Ngāi Tahu, their culture and traditions.

### Community Views and Preferences

8.6 Tenants are specifically affected by this option due to their occupation of properties to be transferred. They are likely to be concerned as they will no longer have Council as their "ultimate" landlord they may perceive less ability to influence the Trust compared to an elected Council.

- 8.7 The Community was extensively consulted prior to this position being reached and their views inform Council's resolutions on the capitalisation of the Trust.

#### Alignment with Council Plans and Policies

- 8.8 This option is consistent with Council's Plans and Policies

#### Financial Implications

- 8.9 Cost of Implementation – Costs for implementing the processes required to capitalise the Trust are currently being absorbed within operational budgets. This has been possible because of an expectation of undertaking the capitalisation over time, allowing costs to be absorbed in multiple years.
- 8.10 Maintenance / Ongoing Costs - Nil
- 8.11 Funding source – Funding is currently being absorbed with departmental (Facilities Property and planning; Legal; Finance) budgets.

#### Legal Implications

- 8.12 This option is consistent with Council's previous decisions so only generates additional legal implications if Council decides to request CCHL to be involved.
- 8.13 CCHL's current Statement of Intent (SOI) provides them the ability to "seek, on behalf of the Council, and if material report at the appropriate time, investment opportunities that have the potential to enhance the economic well-being of the region ...".
- 8.14 Council, through the SOI, requires CCHL to "seek Council's approval before acquiring any physical assets of any material value, or equity investments in entities outside the Council group" prior to committing to any investment transaction.
- 8.15 [REDACTED]
- 8.16 There is no legal impediment to Council requesting CCHL to consider funding the Trust for the purpose of partaking in the Government's Social Housing Reform programme, Christchurch package or being part of the consortium purchasing the properties.

#### Risks and Mitigations

- 8.17 There is a risk that social housing benefits are not realised if the Trust is not involved or has a lesser role in the ownership and management of the HNZ assets.
- 8.18 Council will work with the successful bidder, should the process get to that stage, no matter who they are. Additionally, the Trust will continue to manage Council's assets and officers will work with the Trust to explore opportunities to better deliver social housing services from these assets.

#### Implementation

- 8.19 Implementation dependencies - Implementation of this option is already underway.
- 8.20 Implementation timeframe – depending on the time taken for individual tranche negotiations, the expected date for completing the capitalisation is the end of FY 18

#### Option Summary - Advantages and Disadvantages

- 8.21 The advantages of this option include:
- Council retains the ability to recover \$45 million of assets should the Trust be wound up, its Community Housing Provider status, or the lease to it of the Council's social housing assets being cancelled

8.22 The disadvantages of this option include:

- The Trust may not be able to fully, or at all, participate in a bid to own and manage up to 2500 HNZ properties in Christchurch.
- The benefits of the Trust's involvement may not be realised.

Attachments withheld

## Attachments

No.	Title	Page
A	Attachment A OCHT Proposal	
B	Attachment B OCHT Supplementary Paper	
C	Attachment C CCHL Paper	
D	Attachment D Independent Advice - confidential	
E	Attachment E CCHL Advice (Requested by Council 4 May 2017)	

## Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

## Signatories

Author	Bruce Rendall - Head of Facilities, Property and Planning
Approved By	Anne Columbus - General Manager Corporate Services

## 43. Proposal from Otautahi Community Housing Trust to reshape the current capitalisation model

Reference: 17/400940

Contact: Bruce Rendall [REDACTED] [REDACTED]

### Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
Plain English Reason:	Issues discussed are subject to commercial negotiations
Report can be released:	When negotiations are complete

### 1. Purpose and Origin of Report

#### Purpose of Report

- 1.1 The purpose of this report is for the Council to consider a change to the mix of equity (i.e. gift) and debt (i.e. loan) in Council's \$50 million capitalisation of the Otautahi Community Housing Trust ("the Trust").
- 1.2 Additionally, as the Trust has approached Christchurch City Holdings Limited (CCHL) for financial support, the Council needs to decide if it wishes to request CCHL to provide this support.

#### Origin of Report

- 1.3 This report is staff generated in response to a request received from the Trust.
- 1.4 The Trust has made the request to enable it to join with a consortium of investors to participate in the expression of interest (EOI) process for the Government's sale of its Housing New Zealand assets in the City. [REDACTED]  
[REDACTED] A copy of the Trust's request is attached (Attachment A). Additional information has been requested from the Trust (Attachment B)
- 1.5 [REDACTED]  
[REDACTED]  
[REDACTED].
- 1.6 This report is time sensitive as the expressions of interest phase closes on 22 May 2017. The Trust requires an indication of Council's position to help its (and the consortium's) decision about making a possible EOI. Staff received the request on 20 April 2017 and the additional information on 28 April 2017.

### 2. Significance

- 2.1 The decision(s) in this report are of medium significance in relation to the Christchurch City Council's Significance and Engagement Policy.
- 2.2 The level of significance was determined by the author.



- 2.3 Council has previously (2014) made strategic decisions on the provision of social housing services, that included proposal to use \$50 million of social housing assets to capitalise an entity (ie the Trust). These decisions were considered to be of "high" significance and involved a Special Consultative Process.
- 2.4 In 2016 Council made decisions to structure the capitalisation as \$5 million gift and \$45 million loan. These decisions were considered of low significance given the strategic decisions mentioned in Clause 2.3. No engagement was required for this decision.
- 2.5 This proposal requires Council to alter the strategic direction referred to in Clause 2.3. It is considered to be lesser significance than those decisions but, due to inconsistency with the strategic direction, it has greater significance than the decisions in Clause 2.4. Engagement is required, however, this does not need to be as formal as a Special Consultative process.

### 3. Staff Recommendations

That the Council:

1. Noting:

- a. its obligation under the Housing Accord entered into with the Government to capitalise the Otautahi Community Housing Trust (Trust) by transferring \$50 million of assets to it;
- b. its resolutions of 9 July 2015 (headed 'Capitalisation of Housing Entity as required by Housing Accord') and 8 September 2016 (headed 'Transfer of \$50 million Housing Fund Assets – Process'); that the Trust has now been formed;
- c. that it agreed on 25 August 2016 to enter into a Deed of Lease with the Trust of the Council's operable social housing units;
- d. the strategic relationship between it and the Trust as the tenancy manager and operator of the Council's operable social housing units and the principal vehicle for the delivery of the Council's social housing objectives; and
- e. its desire to support the charitable objects of the Trust in its delivery of social housing outcomes in Christchurch;

2. Resolves:

- a. to signal a proposal to restructure the capitalisation arrangements for the Otautahi Community Housing Trust allowing for up to \$50 million worth of assets to be transferred to the Trust;
- b. that the proposal to restructure the capitalisation arrangements is subject to and conditional on:
  - i. Council being satisfied that the views of interested persons are known;
  - ii. the provision by the Trust of a business case outlining the benefits and risks of the Housing New Zealand transaction, including on the Trust's ability to continue to provide services to Council;
  - iii. the benefits of the Trust having being capitalised by a larger proportion of equity outweighs the risk of the assets no longer being available for social housing purposes; and,
  - iv. the transfer of gifted assets only occurs if the Trust is successful, either alone or as part of a consortium, in tendering for the ownership and management of the

Housing New Zealand properties being offered for sale as part of the Government's Social Housing Reform Programme;

- c. to commence consultation to determine the views of interested and effected persons on the increased gift component of the capitalization;
- d. to direct officers to report back with a recommendation on the revised structure once the consultation is complete and more detail is known about the benefits and risks associated with the Trust's possible involvement in a bid to own and manage some of the Housing New Zealand assets in Christchurch.
- e. approve "in principle" that Christchurch City Holdings Limited (CCHL) be an investor in the HNZ transaction (subject to appropriate due diligence and business case); and
- f. subject to appropriate due diligence and business case, request CCHL to provide support in the provision of security for a performance bond [REDACTED]

#### 4. Key Points

- 4.1 The Trust has asked Council to consider restructuring the \$50 million committed for capitalisation. Currently this is structured as \$5 million gift and \$45 million loan, reflecting Council's resolution that it wishes to recover the assets in certain circumstances. The Trust has requested that up to the total \$50 million be gifted.
- 4.2 The Government's Social Housing Reform Programme is the driver for this request. The Trust has the opportunity to be part of a consortium bidding for the Christchurch properties within the Programme. [REDACTED]
- 4.3 The EOI process for the Social Housing Reform Package closes on 22 May 2017. Shortlisted bidders will be known on or about the 19 June 2017. Shortlisted bidders will be required to submit requests for proposal by 22 September 2017. Final decisions are anticipated in November 2017, with the new landlord commencing in mid 2018.
- 4.4 The Trust has also requested CCHL to support their involvement. CCHL has indicated in principle support subject to Council's authorisation of their involvement and this providing compelling commercial investment.
- 4.5 The Trust's involvement in the Social Housing Reform Programme may have benefits for social housing in Christchurch. These benefits include more efficient, effective and informed decision making based on existing local knowledge and relationships, and the potential for surpluses from the Housing New Portfolio being reinvested in new or improved Trust properties.
- 4.6 Gifting a greater proportion of assets to the Trust may also have benefits to Council social housing portfolio. Council's social housing portfolio benefits if the gifted properties have a net positive cash flow impact on the Social Housing Fund. This occurs if the anticipated cost of maintenance and renewals of the transferred units is greater than the anticipated revenue.
- 4.7 The Trust's involvement comes with risks to the Trust and Council. These include the potential for negative impacts on the Trust's management of Council's social housing and the loss of the gifted assets from Christchurch's social housing stock, under certain circumstances.
- 4.8 At this stage there is insufficient information about the structure and other arrangements within the consortium to be able to provide Council with robust advice on this matter. Better information will be available once relevant arrangements are negotiated after the Expression of Interest (EOI) stage has been successful and the Request for Proposal (RFP) is being developed. It is expected that the final transaction structure will have been developed by July.

- 4.9 The Trust advise that it would like to send some signal to its consortium partners about its ability to partake in the deal. [REDACTED]  
[REDACTED]  
[REDACTED]
- 4.10 The option of agreeing to gift the full amount of the approved \$50 million capitalisation of the Trust is not considered realistic at this time due to the lack of information about the proposal, and its risk and benefits.
- 4.11 Recognising that there may be net benefits for social housing in Christchurch, and that there are opportunities for more detailed due diligence, officers recommend that Council signals a proposal to restructure the approved \$50 million capitalisation of the Trust by allowing up to the full amount be gifted. In principle support is dependent on the Trust's involvement in the Christchurch package of the Social Housing Reform Programme providing net benefits to social housing in Christchurch and the risks to the transferred social housing assets being tolerable to Council. This will only be able to be determined by review of the detailed consortium documents and arrangements at EOI and later stages.
- 4.12 Given that the decisions of the CCHL Board are essentially "in principle support", and that CCHL's involvement may reduce its risk, it is recommended that Council advise CCHL that it can be involved with this investment.
- 4.13 As there is an increased risk that Council will not be able to recover the gifted assets, a decision to substantially increase the gift component is at odds with Council's previous strategic decisions. Given that, and that the social housing portfolio is a strategic asset, and that Council undertook a Special Consultative Process prior to making its previous decisions, consultation is recommended before making a final decision.

## 5. Background

### The Trust

- 5.1 Council established the Ōtautahi Community Housing Trust in 2016 to manage its social housing tenancies. The Council still owns its social housing buildings and land but leases these assets to the Trust.
- 5.2 The Trust is responsible for tenancy management, rent-setting and the day-to-day maintenance of units (from 1 July 2017), while major repairs and renewals remain the Council's domain.
- 5.3 Over time, Council's expectations are that the Trust will also develop its own social housing for Christchurch.

### Christchurch Housing Accord

- 5.4 The Christchurch Housing Accord is an agreement between the Council and the Government to work together to address housing supply and affordability issues in Christchurch.
- 5.5 The Accord was ratified by the Council in September 2014.
- 5.6 Its long-term goal is to restore a well-functioning, private-sector-led housing market in Christchurch, with enough supply at the lower end of the market to ensure access to quality housing for those on lower incomes.
- 5.7 The Accord also aims to support social housing in Christchurch by increasing the quantity of social housing units available and matching the types of housing units to the demand. An action to implement this goal is to "establish a housing entity or entities capable of meeting the requirements of being registered as a Community Housing provider, to redevelop Council owned social housing assets and to develop social and/or affordable housing to better meet the needs

of the city." Council agreed to progressively capitalise the entity, or entities with an injection of \$50 million of land and other assets.

#### Previous Asset Transfer Context and Decisions

- 5.8 At its meeting of 8 September 2016 Council considered the process for transferring \$50 million of Housing Fund Assets to capitalise the Trust. This report provides important context and is included in full as Attachment D.
- 5.9 Key points from the 8 September 2016 report (and earlier Council decisions) include:
- 5.9.1 Council resolved to capitalise the Trust through the progressive transfer of up to \$50 million of social housing assets;
  - 5.9.2 The \$50 million is structured as a loan of \$45 million and a gift of \$5 million;
  - 5.9.3 The principal reason for structuring the capital in this way was to protect the community's interest in Council's social housing asset in the event that the Trust was wound up, or the Trust losing its Community Housing Provider status, or the lease to it of the Council's social housing assets being cancelled.
  - 5.9.4 Council had previously made the decision that it wished to protect the community's interest in the social housing asset. On the 25 September 2014 Council resolved that Any agreement will be structured such that in the event of winding up, or withdrawing from the entity that Council assets are returned to the Council's social housing portfolio. At its meeting of 9 July 2015 Council resolved that one of its objectives in relation to the "entity's [ie the Trust's] use of any transferred assets" was to "Protect Christchurch City Council equity/assets".

#### Government Social Housing Reform Programme

- 5.10 The Government has released an Expression of Interest Invitation (EOI Invitation) for the transfer of up to 2,500 Housing New Zealand (HNZ) properties and tenancies in Christchurch to a registered Community Housing Provider.
- 5.11 The transfer is part of the Government's Social Housing Reform Programme aimed at improving social housing for those most in need.
- 5.12 Any properties transferred will remain in social housing. According to the Government, while ownership of the social houses will change, "nothing changes for the tenants, their rent remains the same, as do their rights, and they remain eligible for social housing for the duration of their need".

#### The Trust's Proposal

- 5.13 The Trust is interested in expressing interest for the HNZ properties. It has been approached to be the Community Housing Provider (CHP) in a consortium led by a New Zealand asset management investor seeking to invest in social infrastructure.
- 5.14 [REDACTED]

5.15 [REDACTED]

5.19 The Trust have identified benefits of their involvement in their proposal. Officers have also considered potential unique benefits that accrue to Christchurch citizens from the Trust's involvement in owning and managing the HNZ properties. These are:

5.19.1 The Trust brings local knowledge and experience to the consortium. They understand the distinctive issues in the Christchurch social housing market resulting from the earthquakes and subsequent rebuild. They have established relationships that will help achieve results more efficiently and expeditiously than a new entrant (even in partnership with a smaller local CHP) to Christchurch.

5.19.2 Having a Christchurch-based CHP as both service provider and equity partner allows some of the surplus return from the HNZ properties to remain in Christchurch and be reinvested in social housing. This reinvestment would be in addition to the extra places required by the Government.

### Existing Asset Transfer Program

5.20 Officers are currently implementing Council's previous decisions to transfer \$50 million of assets to the Trust.

5.21 To date Council has transferred, by way of gift, two properties with a value of \$700,000 to the Trust.

5.22 Earlier in this meeting Council considered a proposal to transfer, by way of gift, twenty properties with a value of \$2,560,000.

5.23 Council has recently acquired the houses from the Linwood temporary village. It has previously resolved that these assets could be transferred to the Trust if acquired and delegated this responsibility to officers. These properties will be included with the asset in this report should Council approve the recommendations.

5.24 The transfer of assets has taken some time as each property proposed for transfer needs to be researched to determine if there are any offer back requirements under the Section 40 of the Public Works Act 1981. Each property also requires research as to the relevant tax treatment required. Finally, officers and Trust staff have been working to establish an agreed process for valuing properties.

5.25 While the lessons learned from the first two tranches will lead to efficiencies for future tranches, it will be a challenge to transfer of all \$50 million worth of land could be completed by the Trust's preferred date on January 2018.

- 5.26 Consideration has been given to the possibility of engaging additional resources to expedite the research process. There has been insufficient time to estimate this cost with any degree of certainty. Additional resources will be needed for legal and commercial advice, consultation, property research and valuations.
- 5.27 The two earlier tranches consisted of vacant land. Future tranches will include tenanted complexes and Council will be required to undertake targeted specific engagement with tenants regarding proposed transfers. This engagement is also likely to impact on Council's ability to meet the Trust's preferred date of January 2018.

## 6. Discussion

- 6.1 Based on its previous decisions and policy it is clear that Council intends to capitalise the Trust to a value of \$50 million. Equally clear, however, is Council's desire to retain the ability to recover the value of most (\$45 million) of its assets in the event that the Trust was wound up or no longer managed Council's social housing services.
- 6.2 Council seemed to adopt the requirement to be able to recover the assets because it wished them to continue to be available for the provision of social housing.
- 6.3 The key questions from the Trust's proposal would then seem to be:
  - 6.3.1 Do the benefits of the Trust providing asset, facilities and tenancy management services to a larger portfolio and being a part owner of social housing assets outweigh the risks of gifting an additional \$45 million of assets?; and
  - 6.3.2 Would gifting the assets increase the risk that these assets not be available to meet Council's Social Housing objectives?
- 6.4 Officers have sought external commercial advice on these questions (Attachment D). This advice indicates that there is insufficient information currently available to provide definitive guidance. Sufficient information will only become apparent when the structure of the consortium and relevant protections are known.
- 6.5 A possible way forward is for Council to signal a proposal to restructure the capitalisation of the Trust by the gifting of up to \$45 million of assets. The effect of this decision would be to provide an indication of support to the Trust and its partners, allowing them to proceed with expression of interest for the Housing New Zealand properties.
- 6.6 "In principle support" does not commit Council to proceeding with the transfer. Council could still decide not to proceed including (but not limited to) if the consortium decides not to submit an EOI, if the Government decides not to request a proposal from the consortium or if the arrangements between the consortium partners fail to provide sufficient benefits or create intolerable risks for Christchurch social housing.
- 6.7 CCHL seem to have come to a similar position resolving to be supportive in principle if requested by Council and if there is a compelling commercial transaction.

## 7. Option 1 – Signal a proposal to restructure the capitalisation of the Trust (preferred)

### Option Description

- 7.1 In this option Council signals a proposal to restructure the capitalisation of the Trust by converting the \$45 million "loan" component to a \$45 million "gift".
- 7.2 The restructure proposal would be subject to and conditional on:

- 7.2.1 Council being satisfied that the views of interested and effected persons are known;
- 7.2.2 the provision of a business case outlining the benefits and risks of the Housing New Zealand transaction;
- 7.2.3 the benefits of the Trust having being capitalised by a larger proportion of equity outweighs the risk of the assets no longer being available for social housing purposes; and
- 7.2.4 the transfer of gifted assets only occurring if the Trust is successful, either alone or as part of a consortium, in tendering for the ownership and management of the Housing New Zealand properties being offered for sale as part of the Government's Social Housing Reform Programme.

### Significance

- 7.3 The level of significance of this option is medium consistent with section 2 of this report.
- 7.4 It is recommended that Council undertake consultation prior to making a decision to convert the \$45 million loan to a gift. This is because the 2014 Special Consultative Process on social housing resulted in a decision to transfer up to \$50 million of assets but also established the proposition that the Council assets would be returned in the event of winding up etc. The preferred option would result in a significant departure from Council's approved position. A prudent Council may consider that the community ought to be consulted in a way sufficient for the community to understand the nature and reasons for the change and to have some opportunity to make views and preferences known before the final decision is made. This process should broadly meet the requirements of section 82 and 82A of the LGA but does not need to be formal and time-consuming as a special consultative procedure.

### Impact on Mana Whenua

- 7.5 This option does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Ngāi Tahu, their culture and traditions.

### Community Views and Preferences

- 7.6 Tenants are specifically affected by this option due to their occupation of properties to be transferred. They are likely to be concerned as they will no longer have Council as their "ultimate" landlord they may perceive less ability to influence the Trust compared to an elected Council.
- 7.7 Some groups and individuals are likely to be philosophically opposed to Council reducing its numbers of units, despite the day-to-day experience of tenants being the same and no net decrease in the number of social housing units available in Christchurch
- 7.8 The community generally may have an interest in this option as it involves a gift of assets with perceived significant financial value. There may be community expectations that the Council receive a financial return for the gift as well as the social return.


### Alignment with Council Plans and Policies

- 7.9 This option is inconsistent with Council's Plans and Policies
  - 7.9.1 While Council has previously resolved to capitalise the Trust by the transfer of \$50 million of assets it has also resolved that \$45 million of these assets should be capable of being returned to Council in certain circumstances such as the winding up of the Trust. The preferred option is inconsistent with this previous decision.
  - 7.9.2 If Council wishes to proceed with this option it will need to change its previous strategic direction.

### Financial Implications

- 7.10 Cost of Implementation – Costs for implementing the processes required to capitalise the Trust are currently being absorbed within operational budgets. This has been possible because of an expectation of undertaking the capitalisation over time, allowing costs to be absorbed in multiple years. Given the Trust’s desire for an accelerated timeframe, costs will no longer be able to be absorbed.
- 7.11 The costs associated with implementation include property research costs (required to determine if an offer back is required under the Public Works Act and, if it is, identifying the appropriate recipient of the offer back), property valuations, commercial and taxation advice, and consultation materials. These have been estimated at \$250,000, this figure will be confirmed by staff at the meeting. Staff time and legal costs can be absorbed in existing budgets.
- 7.12 Funding source – Due to time constraints a funding source has not been identified, however a verbal update will be provided at the Council meeting.
- 7.13 The proposal will also impact on the Council’s Social Housing Fund. Depending on the specific properties transferred the proposal can have a net positive or net negative effect. If poorer performing or a representative sample of properties are transferred, then there is likely to be a net positive impact as the reduction in rent received will be offset by reduced maintenance, renewal and replacement costs. If there is an over representation of properties that are performing well, then there is likely to be a net negative effect. Revenue will reduce without a significant offset from reduced maintenance etc, leaving the fund in a worse off position.

### Legal Implications

- 7.14 To ensure that it makes its decision consistent with the requirements of the Local Government Act 2002, it is recommended that Council consult about the change to its previous decision to require the assets be returned to Council in the event of the Trust being wound up, losing or the Trust losing its Community Housing Provider status, or the lease to it of the Council’s social housing assets being cancelled.
- 7.15 Should Council ultimately decide to gift the full \$50 million, then Council’s staff will have to prepare transfer documentation.
- 7.16 CCHL’s current Statement of Intent (SOI) provides them the ability to “seek, on behalf of the Council, and if material report at the appropriate time, investment opportunities that have the potential to enhance the economic well-being of the region ...”.
- 7.17 Council, through the SOI, requires CCHL to “seek Council’s approval before acquiring any physical assets of any material value, or equity investments in entities outside the Council group” prior to committing to any investment transaction.
- 7.18 
- 7.19 There is no legal impediment to Council requesting CCHL to consider funding the Trust for the purpose of partaking in the Government’s Social Housing Reform programme, Christchurch package.

### Risks and Mitigations

- 7.20 There is a risk that the assets will no longer be available for social housing purposes caused by the actions of the Trust (the Trust is wound up; the Trust loses its CHP status). This will result in a net decline in the number of units available for rent in the Christchurch social housing market.



7.20.1 Treatment: Various options to reduce this risk were explored when the original capitalisation proposal was developed. The loan proposal was established as the most effective way of protecting Council's interest. The current proposal is to remove this protection.

7.20.2 Residual risk rating: the rating of the risk is High.

### Implementation

7.21 The implementation of this option requires liaison with the Trust through the preparation of the consortium's EOI (and potentially at the later Request for Proposal stage).

7.22 The EOI needs to be submitted by 22 May 2017.

### Option Summary - Advantages and Disadvantages

7.23 The advantages of this option include:

- Council sends a positive signal of support to the Trust
- Decisions about the capitalisation can be made once better information is available.

7.24 The disadvantages of this option include:

- The consortium partners may have insufficient assurance that the Trust will be a viable partner.

## 8. Option 2 – Maintain the Status Quo

### Option Description

8.1 Under this option Council continues to capitalise the Trust to the value of \$50 million. The capitalisation would continue to be structured as \$5 million gift and \$45 million loan.

8.2 Under this option Council has the choice on whether or not to request CCHL be involved.

### Significance

8.3 The level of significance of this option is low which differs from section 2 of this report. This option does not involve a change to Council's current position.

8.4 Engagement with tenants of those complexes to be loaned to the Trust is required as the loan may involve a change in ultimate landlord. The \$5 million gift largely consists of vacant land and buildings for which no engagement is necessary. Should there be tenanted properties officers will engage with these tenants.

### Impact on Mana Whenua

8.5 This option does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Ngāi Tahu, their culture and traditions.

### Community Views and Preferences

8.6 Tenants are specifically affected by this option due to their occupation of properties to be transferred. They are likely to be concerned as they will no longer have Council as their "ultimate" landlord they may perceive less ability to influence the Trust compared to an elected Council.

8.7 The Community was extensively consulted prior to this position being reached and their views inform Council's resolutions on the capitalisation of the Trust.

### Alignment with Council Plans and Policies

8.8 This option is consistent with Council's Plans and Policies

### Financial Implications

- 8.9 Cost of Implementation – Costs for implementing the processes required to capitalise the Trust are currently being absorbed within operational budgets. This has been possible because of an expectation of undertaking the capitalisation over time, allowing costs to be absorbed in multiple years.
- 8.10 Maintenance / Ongoing Costs - Nil
- 8.11 Funding source – Funding is currently being absorbed with departmental (Facilities Property and planning; Legal; Finance) budgets.

### Legal Implications

- 8.12 This option is consistent with Council's previous decisions so only generates additional legal implications if Council decides to request CCHL to be involved.
- 8.13 CCHL's current Statement of Intent (SOI) provides them the ability to "seek, on behalf of the Council, and if material report at the appropriate time, investment opportunities that have the potential to enhance the economic well-being of the region ...".
- 8.14 Council, through the SOI, requires CCHL to "seek Council's approval before acquiring any physical assets of any material value, or equity investments in entities outside the Council group" prior to committing to any investment transaction.
- 8.15 [REDACTED]
- 8.16 There is no legal impediment to Council requesting CCHL to consider funding the Trust for the purpose of partaking in the Government's Social Housing Reform programme, Christchurch package or being part of the consortium purchasing the properties.

### Risks and Mitigations

- 8.17 There is a risk that social housing benefits are not realised if the Trust is not involved or has a lesser role in the ownership and management of the HNZ assets.
- 8.18 Council will work with the successful bidder, should the process get to that stage, no matter who they are. Additionally, the Trust will continue to manage Council's assets and officers will work with the Trust to explore opportunities to better deliver social housing services from these assets.

### Implementation

- 8.19 Implementation dependencies - Implementation of this option is already underway.
- 8.20 Implementation timeframe – depending on the time taken for individual tranche negotiations, the expected date for completing the capitalisation is the end of FY 18

### Option Summary - Advantages and Disadvantages

- 8.21 The advantages of this option include:
- Council retains the ability to recover \$45 million of assets should the Trust be wound up, its Community Housing Provider status, or the lease to it of the Council's social housing assets being cancelled
- 8.22 The disadvantages of this option include:
- The Trust may not be able to fully, or at all, participate in a bid to own and manage up to 2500 HNZ properties in Christchurch.

- The benefits of the Trust's involvement may not be realised.

Attachments withheld

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D	Attachment D Independent Advice - confidential	

## Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

## Signatories

Author	Bruce Rendall - Head of Facilities, Property and Planning
Approved By	Anne Columbus - General Manager Corporate Services

Deputy Mayor Turner and Councillor Buck left the meeting at 11.38am.

### 43. Proposal from Otautahi Community Housing Trust to reshape the current capitalisation model

#### Council Resolved CNCL/2017/00104

That the Council:

1. Noting:
  - a. its obligation under the Housing Accord entered into with the Government to capitalise the Otautahi Community Housing Trust (Trust) by transferring \$50 million of assets to it;
  - b. its resolutions of 9 July 2015 (headed 'Capitalisation of Housing Entity as required by Housing Accord') and 8 September 2016 (headed 'Transfer of \$50 million Housing Fund Assets - Process'); that the Trust has now been formed;
  - c. that it agreed on 25 August 2016 to enter into a Deed of Lease with the Trust of the Council's operable social housing units;
  - d. the strategic relationship between it and the Trust as the tenancy manager and operator of the Council's operable social housing units and the principal vehicle for the delivery of the Council's social housing objectives; and
  - e. its desire to support the charitable objects of the Trust in its delivery of social housing outcomes in Christchurch;
2. Leave the report and decisions on recommendations 2.a.-d. to lie on the table until the Council meeting of 11 May 2017.
3. Request that CCHL report to Council on potential structures to enable local investment for this social housing opportunity by 11 May 2017.

Councillor Manji/Councillor Livingstone

**Carried**

Councillors East and Keown requested their votes against the above resolutions be recorded.

4. Approve "in principle" that Christchurch City Holdings Limited (CCHL) be an investor up to \$15 million in the HNZ transaction (subject to appropriate due diligence and business case); and
  - a. subject to appropriate due diligence and business case, request CCHL to provide support in the provision of security for a performance bond [REDACTED]

Councillor Manji/Councillor Livingstone

**Lost**

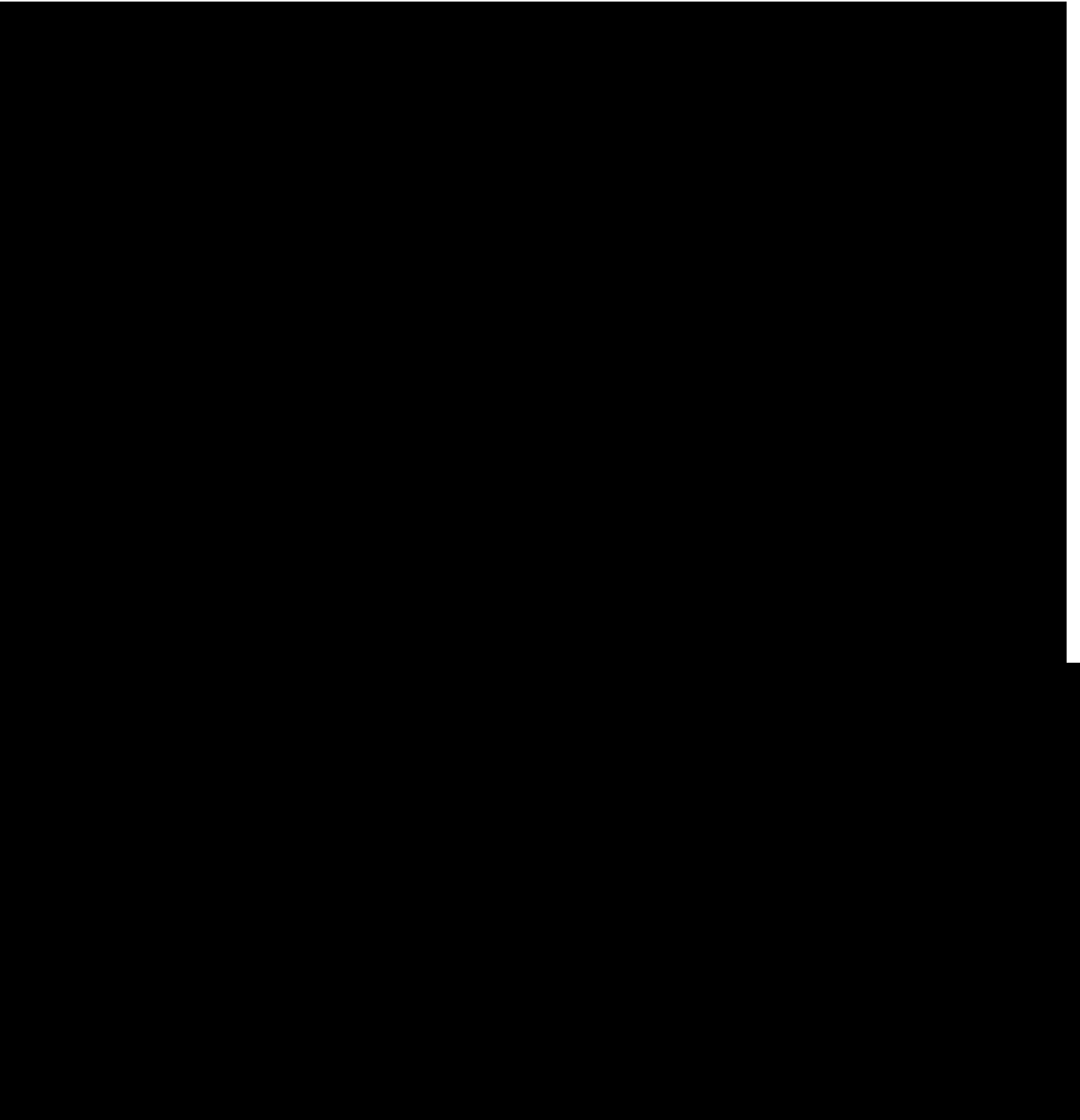
The Mayor left the meeting at 1.12pm and was absent for the debate and vote on item 43.

Councillor Manji was nominated by Councillors Livingstone and Scandrett to take the Chair and assumed the Chair at 1.12pm.

Councillor Gough left the meeting at 1.13pm and was absent for the debate and vote on item 43.

The meeting adjourned at 1.26pm and reconvened in public excluded session at 2.01pm.

Councillors Clearwater, Gough and Livingstone returned to the meeting at 2.04pm.



Deputy Mayor Turner declared an interest in item 32 and left for the remainder of the meeting at 1.49pm. Councillor East and Councillor Templeton returned at 1.50pm. Councillor Gough returned at 1.52pm.

## **32. Proposal from Otautahi Community Housing Trust to reshape the current capitalisation model**

### **Council Resolved CNCL/2017/00151**

That the Council:

1. Noting:
  - a. its obligation under the Housing Accord entered into with the Government to capitalise the Otautahi Community Housing Trust (Trust) by transferring \$50 million of assets to it;
  - b. its resolutions of 9 July 2015 (headed 'Capitalisation of Housing Entity as required by Housing Accord') and 8 September 2016 (headed 'Transfer of \$50 million Housing Fund Assets – Process'); that the Trust has now been formed;
  - c. that it agreed on 25 August 2016 to enter into a Deed of Lease with the Trust of the Council's operable social housing units;
  - d. the strategic relationship between it and the Trust as the tenancy manager and operator of the Council's operable social housing units and the principal vehicle for the delivery of the Council's social housing objectives; and
  - e. its desire to support the charitable objects of the Trust in its delivery of social housing outcomes in Christchurch;
2. Resolves:
  - a. to signal a proposal to restructure the capitalisation arrangements for the Otautahi Community Housing Trust allowing for up to \$25 million worth of assets to be gifted to the Trust;
  - b. that the proposal to restructure the capitalisation arrangements is subject to and conditional on:
    - i. Council being satisfied that the views of interested persons are known;
    - ii. the provision by the Trust of a business case outlining the benefits and risks of the Housing New Zealand transaction, including on the Trust's ability to continue to provide services to Council;
    - iii. the benefits of the Trust having being capitalised by a larger proportion of equity outweighs the risk of the assets no longer being available for social housing purposes; and,
    - iv. the transfer of gifted assets only occurs if the Trust is successful, either alone or as part of a consortium, in tendering for the ownership and management of

the Housing New Zealand properties being offered for sale as part of the Government's Social Housing Reform Programme;

- c. to commence consultation to determine the views of interested and effected persons on the increased gift component of the capitalisation;
- d. to direct officers to report back with a recommendation on the revised structure once the consultation is complete;
- e. to approve "in principle" that Christchurch City Holdings Limited (CCHL) be an investor in the HNZ transaction (subject to appropriate due diligence, a business case and a report back to Council before the final decision to invest is made); and
- f. subject to appropriate due diligence, a business case, and a report back to Council before the final decision to provide support is made, request CCHL to provide support in the provision of security for a performance bond [REDACTED]

Councillor Manji/Mayor

Carried

Councillors Davidson, East, Keown, Scandrett and Templeton requested that their vote against the above resolutions be recorded.

Councillor Johanson request that his vote against resolutions e. and f. above be recorded.

### **Resolution to Readmit the Public**

#### **Council Resolved CNCL/2017/00152**

That the public be readmitted to the meeting at 2.48pm.

Mayor/Councillor Swiggs

Carried

**CONFIRMED THIS 25<sup>TH</sup> DAY OF MAY 2017**

**MAYOR LIANNE DALZIEL  
CHAIRPERSON**

From: Hamish Foote <[REDACTED]>  
Sent: Thursday, 10 August 2017 1:30 p.m.  
To: 'William More [TSY]' <[REDACTED]>  
Cc: Goldsbury, Rob  
Subject: CCC/CCHL/OCHT communications protocol - CONFIDENTIAL  
Attachments: AKLDOC01-#5749912-v1-Project\_Casa\_-\_CCC\_CCHL\_OCHT\_communication\_protocol\_options\_1\_&\_2.DOCX

- This email is sent to William More in his probity capacity outlined in his email on Monday 7 August. It may not be disclosed to any person who may be involved in the evaluation of the Christchurch SHRP bids.

Dear William,

This email:

- outlines Rob Goldsbury and my current thinking on the CCC/CCHL/OCHT communications protocol after consultation with the Mayor (and not further); and
- sets out two alternative options that we would like to put to Councillors to gauge their preference; and
- requests the Crown's feedback on the 2 options.

Key concerns

The key concerns we need to resolve without compromising the probity of the procuring agencies' process are:

1. Under CCHL's statement of intent CCHL needs Council's approval to:
  - a. invest in the M-Co consortium; and
  - b. guarantee (or otherwise provide security in respect of) OCHT's consortium role.
2. To date Council has contemplated that it would receive a business case and report from CCHL prior to granting any approval to CCHL.
3. At this stage we do not know:
  - a. what information Councillors require before deciding whether to approve CCHL's involvement in the consortium; and
  - b. whether Councillors may prefer that some Councillors participate in CCHL's ultimate decision whether to invest in the consortium.
4. Timing between the bid information being sufficiently developed for CCHL to make a decision to participate and CCHL's deadline for confirming its participation is likely to be very tight.

2 possible options

CCHL and CCC propose to put 2 different approval paths to Councillors to gauge their preference.

These 2 options – *Council pre-approval* and *Council final approval* – are summarised in the attached draft paper.

The draft paper doesn't discuss the scope of the role of the 3 OCHT trustees who are also CCHL directors. This is because we understand from our earlier conversation with you that this is a matter for CCHL and OCHT and does not concern the Crown (on the basis that those 3 trustees are excluded from all dealings with Council on the social housing matter).

Requested actions

Can you please confirm on behalf of the Crown that:

- there is no objection to options 1 or 2; and
- that both options can be put to Councillors to get their preference.

We recognise that the requested approval from the Crown may be subject to (i) the Crown being satisfied with the final wording of the CCC/CCHL/OCHT communication protocol; and (ii) you (or an appropriate substitute) being present at the Council briefing session on the 2 possible approval options. The Deputy Mayor and Councillor Buck would be excluded from that Council briefing as they have already made the decision to be on the OCHT 'side of the fence'.

We would be grateful for your response as soon as possible as communication on substantive bid matters may be required very soon.

Kind regards

Hamish

HAMISH FOOTE  
PARTNER  
CHAPMAN TRIPP | D: [REDACTED]  
www.chapmantripp.com

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PROJECT CASA – CCC/CCHL/OCHT COMMUNICATIONS PROTOCOL

CCHL requires the Council's approval to invest in the M-co consortium and provide a performance guarantee in respect of OCHT.

This paper outlines two possible options for the process of obtaining that consent: - Council pre-approval and Council final approval

Option 1 – Council pre- approval

Under this option:

- Councillors (including the Mayor and Councillor Gough, but excluding the Deputy Mayor and Councillor Buck) resolve whether CCHL should invest in the consortium subject to CCHL being satisfied as to the commercial terms.
- Councillors considering the request:
  - receive a report from CCHL outlining the parameters (for example, maximum size and possibly minimum rate of return, and likely counter-factual of CCHL not investing); but
  - do not receive any commercially sensitive information relating to the Bid;
- If Council grants CCHL approval:
  - CCHL will not need to provide Council with any further information prior to the bid process;
  - the Mayor and Councillor Gough can deliberate and vote with the CCHL board as to whether CCHL proceed on the commercial terms available;
  - the existing CCC/Crown protocol will continue to apply and the CCC/CCHL/OCHT protocol will provide that CCHL (including the Mayor and Councillor Gough) will not disclose information to Council.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• the Mayor and Councillor Gough can participate at Council and CCHL levels</li><li>• mitigates Crown's probity concerns by avoiding any need to provide potentially sensitive bid information to Councillors.</li><li>• avoids potential timing issues under option 2.</li></ul>	<ul style="list-style-type: none"><li>• Councillors will not receive the information originally contemplated.</li><li>• Councillors may consider that they have inadequate information to make a decision.</li></ul>

## Option 2 – Council final approval

Under this option:

- the Mayor and Councillor Gough are excluded from all CCHL board deliberations;
- three independent CCHL directors:
  - determine whether to invest in the consortium subject to obtaining Council's approval; and
  - if they resolve to invest, provide Council with report on the investment case including the recommendation to invest;
- CCHL's report would include commercially sensitive bid information and would be considered by Council in a public excluded session. Some members of Council's secretariat would be aware of the report, but knowledge of the existence and content of CCHL's Council would be strictly limited. Information barriers would prevent those parts of Council that may interact with other bidders in the Transfer process from accessing the report; and
- Councillors (including the Mayor and Councillor Gough, but excluding the Deputy Mayor and Councillor Buck) consider CCHL's report and then make the final decision as to whether CCHL invests in the consortium.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Councillors can make a decision on the basis of a full report and recommendation from CCHL (subject to the Crown being satisfied that appropriate information barriers are in place).</li> </ul>	<ul style="list-style-type: none"> <li>• the Mayor and Councillor Gough cannot participate at CCHL levels</li> <li>• 3 of CCHL's independent directors are required to make investment recommendation without Councillor input</li> <li>• the Crown may have probity concerns with potentially sensitive bid information being provided to Council.</li> <li>• the bid timetable is very tight. The bid information develops progressively, and M-co need time to find another investor if CCHL does not participate. CCHL expects to have approximately [time] between receiving all information required for a decision to (i) form a recommendation to the CCHL board; (ii) obtain CCHL board approval; and (iii) obtain Council approval.</li> </ul>

The following table sets out each CCHL director's role under Options 1 and 2

CCHL directors	Councillor	OCHT trustee	Option 1 – Council pre-approval	Option 2 – Council final approval
Jeremy Smith			Together with the Mayor and Councillor Gough make CCHL investment decision as a sub-committee of 5.	Make CCHL investment decision as a sub-committee of 3
Mary Devine				
Sarah Smith				
Lianne Dalziel	Y		Participate at Council <u>and</u> CCHL	Participate at Council but <u>not</u> at CCHL
Jamie Gough	Y			
Andrew Turner	Y	Y	Participate at OCHT but <u>not</u> Council	Participate at OCHT but <u>not</u> Council
Vicki Buck	Y	Y	CCHL: May interact with CCHL subcommittee but excluded from private discussion and voting.	CCHL: May interact with CCHL subcommittee but excluded from private discussion and voting.
Alex Skinner		Y	CCHL: May interact with CCHL subcommittee but excluded from private discussion and voting.	CCHL: May interact with CCHL subcommittee but excluded from private discussion and voting.

From: William More [TSY] <[REDACTED]>  
Sent: Friday, 16 June 2017 5:01 p.m.  
To: Goldsbury, Rob  
Cc: Karen Mitchell [TSY]  
Subject: CCC Information Protocol  
Attachments: 3721369\_Christchurch Probity and Process Deed - Master.DOCX; 3622880\_Generic COI Declaration and Confidentiality Undertaking (All transactions).DOCX

[IN-CONFIDENCE]

Hi Rob

Thanks again for the meeting today. As discussed please find attached the form of Process and Probity Deed that all RFP Respondents are required to execute before they have access to the RFP document and material in data rooms.

We also attach a generic form of Conflict of Interest Declaration and Confidentiality Undertaking. This document, updated to reflect the particulars of the Christchurch transfer, is what we would be asking Council staff who engage with RFP Respondents to execute.

We will update the Protocol with the changes discussed at our meeting and aim to send it through to you on Monday.

Finally, please note we have just learnt that the announcement of the RFP shortlist has been pushed out from Monday until Tuesday 20 June. We will let you know if the announcement date is moved again so you can inform your Comms team.

Kind regards

William More | Senior Solicitor | The Treasury  
Tel: +[REDACTED]

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# CONFLICT OF INTEREST DECLARATION AND CONFIDENTIALITY UNDERTAKING

## SOCIAL HOUSING REFORM PROGRAMME

<b>Name</b>		<b>Organisation</b>	
		<b>Manager</b>	
<b>Role</b>			

### Instructions

Complete this declaration by reviewing the statements below, noting in the “Disclosures” box any relationships or interests that you are required to disclose, and signing with your signature. You should take a liberal approach in disclosing conflicts – if in doubt, disclose.

### Declaration

Except as outlined in the “Disclosures” section below, I declare that:

1. I do not have any financial or personal interest (for example, a shareholding or close personal relationship) in the purchasing decision;
2. neither my spouse or partner, nor any close family member, has a financial or personal interest in the goods or services being purchased or who could be personally affected by the purchasing decision;
3. I do not have any personal obligations, loyalties or bias (for example, a close friendship with an employee of a supplier) that could influence the way I evaluate proposals and recommend purchases;
4. I have not been offered any special discounts, gifts, trips, hospitality, rewards or favours recently by suppliers with an interest in the procurement process;
5. I am not otherwise aware of any potential or perceived conflicts of interest (including any relationship or connection that in the ordinary course would give rise to a perception of partiality or unfair advantage) in connection with an organisation which has, or is likely to have, an interest in the procurement opportunity.

### Disclosures

--

**Undertaking to report new conflicts:** If any conflicts of interest – whether actual, potential or perceived – arise or become apparent in the course of the procurement process I will report these to [REDACTED].

**Undertaking to cooperate with the Treasury in managing conflicts:** I agree to accept the Treasury's assessment of a conflict of interest, and to cooperate with my managers in managing a conflict of interest.

### **Confidentiality Undertaking**

I agree:

1. that all of the discussions, meetings and material (written and electronic) relating to the procurement process are confidential (**Confidential Information**);
2. only to use the Confidential Information for the purposes of performing my role or as otherwise directed by [REDACTED];
3. I have not disclosed, and agree not to disclose, any Confidential Information to anyone outside the procurement team without prior approval from [REDACTED];
4. that in the event I suspect that there has been a breach of my obligations outlined in this confidentiality undertaking, I will notify [REDACTED] of the details of the relevant incident immediately; and
5. to follow any instructions in relation to the Confidential Information given to me by [REDACTED], for example, instructions relating to the storage and handling of supplier information.

### **Restrictions on contact with suppliers**

I agree that my contact with potential suppliers is restricted during the period of any procurement process. I understand that until the successful supplier has been announced I will not:

1. pass information or make comments to them about the procurement;
2. receive any gift, gratuity, hospitality or any inducement from them; or
3. meet them or have any discussion about the procurement except if required to perform my role on the procurement.

I will pass any requests for information and meetings or offers of gifts or hospitality from suppliers to [REDACTED].

I agree to comply with any additional conduct or probity requirements made known to me by [REDACTED] or his/her delegate.

**Privacy:** The information provided by this declaration will be stored securely by the Treasury, and accessed only by a limited number of Treasury personnel for the purposes of identifying and managing conflicts of interest in relation to the procurement process.

---

**SIGNATURE**

---

**DATE**

**MANAGEMENT REVIEW**

*This section should only be completed by the [REDACTED]*

[REDACTED]

I have read this conflict of interest declaration and recommend (circle one):

NO FURTHER ACTION, as no conflicts have been disclosed;

NO FURTHER ACTION as, although conflicts have been disclosed, they pose no material risk; or

FURTHER CONSIDERATION, as the conflicts are or may be material.

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

[REDACTED]

I have read this conflict of interest declaration and require:

NO FURTHER ACTION, as the conflicts disclosed do not require management;

that a CONFLICT MANAGEMENT PLAN be developed, implemented and monitored (specify details below); or

FURTHER INFORMATION AND/OR ADVICE, including from the person concerned or the Transactions Unit Solicitor (specify details below).

Other instructions:

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

## Probity and Process Deed

Deed made on **June 2017**

Given by [#Insert name] (**Respondent**)

And [#Insert name];  
[#Insert name]; and  
[#Insert name],  
(each a **Respondent Member** and together the **Respondent Members**)

In favour of The Treasury and the Ministry of Social Development (the **Procuring Agencies**)

### Background

- A. As part of the procurement process for the transfer of Christchurch social housing properties (the **Project**), on 10 April 2017 the Procuring Agencies issued an invitation seeking expressions of interest (**EOI**).
- B. The Procuring Agencies have evaluated the Respondent's EOI and the Respondent has been shortlisted to continue to participate in the procurement process on the condition that the Respondent and each Respondent Member enters into this deed.
- C. The Respondent and each Respondent Member have agreed to the terms of this deed.

### Agreed terms

#### 1. Defined terms

---

In this deed, in addition to any terms defined within this deed, the following terms shall have the following meanings:

**Associate** means, in relation to a person, any related body corporate of that person or any officer, employee, agent, contractor, consultant, nominee, licensee or adviser of that person or that related body corporate and:

- (a) in the case of the Procuring Agencies, includes:
  - (i) Crown Law Office;
  - (ii) Department of Prime Minister and Cabinet;
  - (iii) Housing New Zealand Corporation;
  - (iv) Housing New Zealand Limited;
  - (v) Ministry of Business, Innovation and Employment;
  - (vi) Office of Treaty Settlements (a unit of the Ministry of Justice);
  - (vii) any other governmental department or agency;
  - (viii) Bell Gully;
  - (ix) CBRE;
  - (x) Christchurch City Council;
  - (xi) Gravitass Research and Strategy;



- (xii) Greenstone Group Limited;
- (xiii) Housing New Zealand Corporation tenants;
- (xiv) Jacobs;
- (xv) Kirk Roberts Consulting Engineers;
- (xvi) KPMG;
- (xvii) Martin Jenkins & Associates;
- (xviii) McHale Group Limited;
- (xix) MinterEllisonRuddWatts;
- (xx) Rawlinsons;
- (xxi) Taylor Fry.

(b) in the case of the Respondent or a Respondent Member, includes any other person to whom the Respondent or Respondent Member discloses Disclosed Information.

**Disclosed Information** means all information of whatever nature which is obtained by or on behalf of the Respondent or any Respondent Member or any of their Associates from the Procuring Agencies or any of the Procuring Agencies' Associates relating in any way to the Project or the procurement process, and includes information contained in the request for proposal (**RFP**) and in any data room established for the Project.

**Reliance Party** and **Reliance Report** means each of the following parties and reports:

<b>Party</b>	<b>Nature of Report(s)</b>
KPMG	Vendor Financial Due Diligence Report
Greenstone Group	Property Condition Assessments
Kirk Roberts	Geotechnical Assessments and Environmental Reports
Tonkin & Taylor	Geotechnical Assessments
KGA Geotechnical	Geotechnical Assessments
Engeo	Geotechnical Assessments
Geoconsult	Geotechnical Assessment
Jacobs	Infrastructure Report
Bell Gully	Legal Due Diligence Report

## 2. Management of Associates

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The Respondent and each Respondent Member must ensure that each of their Associates is aware of and complies with the requirements in this deed relating to risk and liability, Disclosed Information, any process matters, disclosure of interests, conflicts or any other terms in this deed that are intended to extend or apply to Associates in order to give full effect to the Respondent's and the Respondent Members' obligations under this deed (as though each Associate was the Respondent or a Respondent Member).

### 3. Risk and liability

---

#### 3.1 Respondent and Respondent Members accept all risk

- (a) The Respondent and each of the Respondent Members must comply with this deed.
- (b) Subject to paragraphs (c) and (d) below, to the extent permitted by law, the Respondent and each of the Respondent Members expressly waive and release any right which they may have (whether at the date of this deed or otherwise) to make any claim against the Procuring Agencies or any of their Associates for any:
  - (i) costs involved in submitting a proposal or otherwise in participating in the procurement process;
  - (ii) loss (including any cost, expense, loss, damage or liability whether direct, indirect or consequential (including pure economic loss), present or future, ascertained, unascertained, actual, prospective or contingent or any fine or penalty) (**Loss**);
  - (iii) liability (including any debt, obligation, cost (including legal costs), expense, loss, damage, compensation, charge or liability of any kind, including those that are prospective or contingent and those the amount of which is not ascertained or ascertainable) (**Liability**); or
  - (iv) claim,incurred by them arising out of or in connection with this deed, the procurement process, or the Disclosed Information. To the extent such rights cannot be waived as a matter of law, the liability of the Procuring Agencies and their Associates is limited to NZ\$1.
- (c) If, as a result of the procurement process, the Respondent or a Respondent Member enters into an agreement for sale and purchase with Housing New Zealand Corporation and/or Housing New Zealand Limited, then to the extent that there is any inconsistency between any such agreement for sale and purchase and this deed, the terms of the agreement will prevail to the extent of any inconsistency.
- (d) Notwithstanding paragraph (b) above, in respect of any Disclosed Information contained in a Reliance Report, the liability position as between the Respondent that is appointed as the preferred bidder and the relevant Reliance Party is to be determined in accordance with the reliance letter (once executed) provided by the relevant Reliance Party.

#### 3.2 Indemnity

The Respondent and the Respondent Members each hereby indemnify the Procuring Agencies or any of their Associates against any Loss, Liability or claim incurred by the Procuring Agencies or any of their Associates arising from:

- (a) any breach by the Respondent or a Respondent Member of this deed (including any failure to comply with any requirements relating to the procurement process as referred to in this deed);
- (b) any claim brought by the Respondent or a Respondent Member or any of their Associates against the Procuring Agencies or any of their Associates with respect to any of the matters or events covered by the waiver provided in clause 3.1(b); and
- (c) any failure of an Associate to perform or otherwise comply with any of its obligations in accordance with clause 2.

### 3.3 Indemnity and rights held on trust

The Respondent and each Respondent Member declare and acknowledge that:

- (a) the indemnity and rights referred to in this deed in favour of any Associates of the Procuring Agencies are held on trust by the Procuring Agencies for the benefit of their Associates from the date of this deed; and
- (b) the consent of the Procuring Agencies' Associates referred to in clause 3.3(a) will not be required for any amendment to, or waiver of rights under, this deed.

## 4. Disclosed Information

---

### 4.1 Use and disclosure

The Respondent and each Respondent Member must:

- (a) not use the Disclosed Information for any purpose whatsoever except for the purpose of participating in the procurement process in accordance with the terms of this deed and the RFP (the **Permitted Purpose**);
- (b) keep confidential and not copy or duplicate (or allow the copying or duplication of) any Disclosed Information except for the Permitted Purpose (subject to disclosure permitted under clause 4.2);
- (c) subject to clause 4.2, only disclose the Disclosed Information or any part of it to any other Associate if:
  - (i) the disclosure is necessary solely for the Permitted Purpose; and
  - (ii) clause 2 has been complied with prior to any such disclosure; and
- (d) take any further steps reasonably required by the Procuring Agencies to maintain the confidentiality of specific Disclosed Information.

### 4.2 Approved disclosure

The provisions of clauses 4.1(b) and 4.3 do not apply to:

- (a) the disclosure of Disclosed Information for which the Procuring Agencies have given their prior written consent;
- (b) Disclosed Information after (but only to the extent that) it is or becomes generally available to the public (such as on publicly available registers) other than because of a breach of any provision of this deed; or
- (c) the disclosure of Disclosed Information to the extent necessary to comply with any applicable law, court process, or disclosure requirement of a recognised stock exchange provided (to the extent legally permissible) the proposed disclosure is notified to the Procuring Agencies prior to making such disclosure and the Procuring Agencies are provided reasonable opportunity to challenge the disclosure of the Disclosed Information.

### 4.3 Unauthorised disclosure

The Respondent and each Respondent Member must:

- (a) notify the Procuring Agencies immediately if they become aware of a suspected or actual breach of this deed or any unauthorised disclosure, copying or use of Disclosed Information;

- (b) immediately take all reasonable steps to prevent or stop any such suspected or actual breach or unauthorised disclosure, copying or use of Disclosed Information (including complying with directions of the Procuring Agencies in this regard); and
- (c) take all reasonable steps to recover any Disclosed Information that has been disclosed, used or copied without the Procuring Agencies' consent under this deed.

#### 4.4 No liability for Disclosed Information

The Respondent and each Respondent Member acknowledge and agree that:

- (a) the Procuring Agencies and their Associates do not warrant, guarantee or make any representation (express or implied), or assume any duty of care, or accept any liability, with respect to the sufficiency, completeness, accuracy, adequacy or correctness of the Disclosed Information, except (in the case of Reliance Parties) to the extent provided for in the relevant reliance letters from such Reliance Parties as those reliance letters apply to Disclosed Information in the Reliance Reports provided to the Respondent that is appointed as the preferred bidder;
- (b) the Disclosed Information, and all intellectual property rights in the Disclosed Information, will remain the property of the Procuring Agencies or any of their Associates (as applicable);
- (c) the Respondent and each of the Respondent Members will not in any way rely upon:
  - (i) the Disclosed Information; or
  - (ii) a failure by the Procuring Agencies or any of their Associates to provide any information,

except (in the case of Reliance Parties) to the extent provided for in the relevant reliance letters from such Reliance Parties as those reliance letters apply to Disclosed Information in the Reliance Reports provided to the Respondent that is appointed as the preferred bidder;

- (d) the Respondent and each of the Respondent Members will carry out all relevant investigations, their own review and evaluation, and examine and acquaint themselves in respect of:
  - (i) all aspects of the Project;
  - (ii) the contents, correctness, sufficiency and suitability of the Disclosed Information; and
  - (iii) all information which is relevant to the risks, contingencies and other circumstances related to the Project which could affect their decision to lodge a proposal or its content,

without reliance on the Procuring Agencies or any of their Associates, except, in respect of Disclosed Information contained in Reliance Reports, to the extent provided for in the relevant reliance letters from Reliance Parties as those reliance letters apply to Disclosed Information in the Reliance Reports provided to the Respondent that is appointed as the preferred bidder.

#### 4.5 No liability for information not disclosed

For the avoidance of doubt, the Respondent and each Respondent Member acknowledge and agree that the Procuring Agencies and their Associates have no liability in relation to any information that is not disclosed to Respondents and Respondent Members (including in respect of any failure to disclose information) whether or not the Procuring Agencies and their Associates have that information (on an actual, implied or imputed basis) or are otherwise aware of, or should be aware of, that information.

#### 4.6 Return of Disclosed Information

- (a) The Procuring Agencies may in their absolute discretion terminate on notification the entitlement of the Respondent or a Respondent Member or any of their Associates to hold Disclosed Information.
- (b) If the Procuring Agencies terminate the procurement process, the Respondent's or a Respondent Member's participation in the procurement process, or the entitlement of the Respondent or a Respondent Member or any of their Associates to hold Disclosed Information, the Respondent and each of the Respondent Members must, at the Procuring Agencies' election, destroy, return to the Procuring Agencies or deal with in some other manner nominated by the Procuring Agencies, all Disclosed Information, provided that this paragraph (b) will not apply to Disclosed Information which is required by the Respondent or a Respondent Member to be retained:
  - (i) in accordance with regulatory or statutory requirements, or corporate record keeping or reporting requirements, or which forms part of an automatic electronic back-up system; or
  - (ii) as necessary to defend or pursue claims that exist at the time of the termination or notification (pursuant to clause 4.6(a) of this deed).

#### 4.7 Publicity

Except to the extent it is not possible to comply with this clause 4.7 while complying with the law or the binding requirement of a recognised stock exchange, the Respondent and the Respondent Members must not make, and must procure that none of their Associates makes, a media release or other public announcement or statement in relation to the Project without the prior written consent of the Procuring Agencies.

### 5. Disclosure of interests and conflicts

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#### 5.1 Disclosure of interests

The Respondent and each Respondent Member must disclose, at the time of execution of this deed and on a continuing basis as they arise, any actual, potential or perceived conflict of interests (including any relationship or connection that in the ordinary course would give rise to a perception of partiality or unfair advantage) in connection with the procurement process and Project, including any relationship with any of the parties listed as Associates of the Procuring Agencies in clause 1(a) of this deed (the **Disclosed Interests**), and in doing so must complete in full any form that the Procuring Agencies supply for this purpose.

#### 5.2 Conflicts

- (a) The Respondent and each Respondent Member covenant to the Procuring Agencies that:
  - (i) other than in respect of the Disclosed Interests, no conflict of interest (whether actual, potential or perceived) has arisen or will arise in respect of the performance by a person within the Respondent or any Respondent Member or their Associates in respect of the procurement process and Project;
  - (ii) they will ensure that the Respondent, each Respondent Member and their Associates will not be extended to include, or otherwise involve, any person, or Associate of a person, who:
    - (A) is a member of, or otherwise involved with, a competing consortium or an Associate of such a person; or
    - (B) is or has been engaged or employed by the Procuring Agencies and/or involved in the course of the person's employment or engagement by the

Procuring Agencies or their Associates in the subject matter of the procurement process,

where this has not been disclosed to, and agreed to by, the Procuring Agencies.

### 5.3 The Procuring Agencies' entitlements

- (a) The Procuring Agencies may manage any interests or conflicts of interest as they see fit and the Respondent and each of the Respondent Members agree to follow any direction given by the Procuring Agencies relating to the management of a conflict of interest.
- (b) Without limiting clause 5.3(a), the Respondent and each of the Respondent Members acknowledge and agree that the Procuring Agencies may:
  - (i) impose additional obligations on the Respondent and the Respondent Members and their Associates; and/or
  - (ii) rely on their reserved right in clause 7(a)(viii) of this deed to suspend or terminate the Respondent's or any of the Respondent Member's or their Associates' participation in the procurement process,

if the Procuring Agencies reasonably determine that the relationship of the Respondent or any of the Respondent Members or their Associates to any person involved in a competing consortium renders these additional obligations or steps necessary or appropriate to ensure confidentiality, competitiveness or probity with respect to the procurement process.

## 6. Disclosure of Associates

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- (a) The Respondent and each Respondent Member must disclose, at the time of execution of this deed and on a continuing basis as any changes arise, any Associates of the Respondent and each Respondent Member who have or will have any involvement in the Project (including, without limitation, each Associate to whom the Respondent or Respondent Member has disclosed or will disclose Disclosed Information), by completing the form attached as Schedule 1 to this deed.
- (b) Failure to complete and return to the Procuring Agencies a disclosure of Associates within a reasonable period of time after a request has been made by the Procuring Agencies, or the submission of an incomplete or inaccurate disclosure of Associates, will be treated as a failure to comply with the terms of this deed.

## 7. Reserved rights of the Procuring Agencies

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- (a) The Respondent and each Respondent Member acknowledge and agree to the Procuring Agencies' rights at their absolute discretion (but having regard to probity principles) to:
  - (i) reject or refuse to consider, or to accept, any proposal that is received after the closing date and time as specified in the RFP, does not comply with the requirements of the RFP or this deed, or which is otherwise incomplete;
  - (ii) suspend, terminate or modify the procurement process and/or re-advertise for proposals, issue a new RFP, or commence a new procurement process;
  - (iii) accept or award a contract for, or not accept or award a contract for, any proposal regardless of whether such proposal is the lowest priced, the best proposal on some other measure or otherwise;
  - (iv) accept or reject the whole or part of any proposal to the extent, in the case of part acceptance, that part of the proposal is capable of such partial acceptance and, at the Procuring Agencies' option, re-tender for the remainder;

- (v) accept, reject, consider or not consider further, any documentation, additional information or clarification response related to a proposal that it may receive from the Respondent or Respondent Members or any competing consortium;
- (vi) respond or not respond to any request for clarification from the Respondent or any Respondent Member or any competing consortium (including a request for clarification lodged after any due date for clarification questions set out in the RFP) and provide or not provide such response to any competing consortium, as the Procuring Agencies see fit;
- (vii) determine at any stage of the procurement process what information is made available to the Respondent and any competing consortium and at what time;
- (viii) suspend or terminate (or elect not to suspend or terminate) the Respondent's or any Respondent Member's participation, or the participation of their Associates in the procurement process for any reason, including if the Procuring Agencies form the view that:
  - (A) the Respondent or any Respondent Member or their Associates have breached this deed;
  - (B) the Respondent or any Respondent Member or their Associates have not complied with the requirements of the RFP; or
  - (C) an unmanageable conflict of interest exists;
- (ix) require additional information from the Respondent or any Respondent Member or any competing consortium at any time;
- (x) capture and transcribe the proceedings of any individual or collective RFP participant briefing sessions with the Respondent or any competing consortium and circulate that material as it sees fit;
- (xi) consider and accept a proposal regardless of whether:
  - (A) the Respondent or any Respondent Member or their Associates have breached this deed or the RFP; or
  - (B) any competing consortium has breached the terms of a deed similar to this deed or the RFP;
- (xii) vary or supplement any of the RFP terms, conditions and requirements;
- (xiii) change the timing, order or application of any phase or process in the procurement process (including by extending the closing date and time specified in the RFP) or supplement, remove, add to or vary any part of the procurement process contemplated by the RFP including as a consequence of changes in financial markets;
- (xiv) accept or reject a proposal at any time after the closing time and date specified in the RFP or any revised closing date and time agreed to by the Procuring Agencies;
- (xv) communicate or negotiate with one or more of the Respondent or a Respondent Member or any competing consortium on any matter, at any time and upon any terms and conditions the Procuring Agencies may determine (without informing any other party and which may be to the exclusion of any other party) and facilitate the execution of the final contractual documents or any other form of agreement with the Respondent or any competing consortium;
- (xvi) facilitate the execution of the final contractual documents with a competing consortium without prior notice to the Respondent;
- (xvii) not facilitate any agreement in relation to the matters described in the RFP or facilitate the execution of one or more agreements in relation to such matters;

- (xviii) allow the Respondent or any competing consortium to clarify, alter, amend, add to or change its proposal after the closing time and date specified in the RFP provided it offers the equivalent opportunity to others;
- (xix) evaluate each proposal against criteria, and in accordance with an evaluation process, determined by the Procuring Agencies;
- (xx) select personnel to be involved in the evaluation process (including the evaluation panel) who have a degree of knowledge of or about any Respondent, Respondent Member or Associate of a Respondent or Respondent Member;
- (xxi) in evaluating any proposal or selecting a preferred bidder, have regard to:
  - (A) the Procuring Agencies' and their Associates' knowledge and previous experience and dealings with the Respondent or any Respondent Member or any of their Associates; or
  - (B) information concerning a Respondent or any Respondent Member or any of their Associates which is in the public domain or which is obtained by the Procuring Agencies or their Associates through their own investigations;
- (xxii) cease evaluating the Respondent's proposal if the Respondent or any Respondent Member fails to respond adequately and in a timely manner to any request for clarification or additional information;
- (xxiii) appoint or change preferred bidder(s) at any time;
- (xxiv) require one or more of the Respondent and a competing consortium to make a best and final offer;
- (xxv) withdraw, cancel or modify (substantially or otherwise) the Project;
- (xxvi) change the identity of the public entity which will enter into any final contractual documents or be responsible for the management and administration of the procurement process and the evaluation of proposals;
- (xxvii) not attribute any reasons for any actions or decisions taken including in respect of the exercise of any or all of the above mentioned rights; and
- (xxviii) take such other action as it considers appropriate in relation to the procurement process.

## 8. Negotiations following evaluation of Proposal

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Any negotiations entered into with the Respondent following the evaluation of the Respondent's proposal do not constitute an acceptance of the Respondent's proposal and are without prejudice to the right of the Procuring Agencies to decline to award a contract to the Respondent.

## 9. Process matters

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### 9.1 Contact with the Procuring Agencies

- (a) The Respondent and each Respondent Member acknowledge and agree that they will not make contact with any governmental agency or officer, the Procuring Agencies or any of their Associates, or any Members of Parliament or their staff, other than the authorised representative (as named in the RFP) to discuss any aspect of the Project or the RFP, except as provided for in this deed or the RFP.
- (b) The Procuring Agencies accept that the Respondent or a Respondent Member may need to contact a governmental agency or officer in connection with the Respondent's or Respondent Member's involvement in the Project, in order to discuss certain regulatory



matters that are the responsibility of those governmental agencies or officers to administer. The Respondent and each Respondent Member agrees that any such contact will be limited to what would be required, in the ordinary course, to resolve the matter.

- (c) Where a Respondent or Respondent Member considers that there is a benefit to the Project in it or its Associate making contact with a restricted party (being those parties referred to in clause 9.1(a)) and such contact is not already provided for in this deed or the RFP, the Respondent may raise this with the authorised representative (as named in the RFP) for consideration by the Procuring Agencies. The Procuring Agencies reserve the right to decline to allow such contact or to impose conditions on any such contact that is allowed.
- (d) The Respondent and each Respondent Member agree that all communications with the authorised representative in relation to the Project, including any requests for clarification, will be made in writing unless otherwise directed by the authorised representative or provided for in the RFP.
- (e) The Respondent and each Respondent Member acknowledge and agree that they will not offer any inducement, fee or reward to the Procuring Agencies or any of their Associates.

## 9.2 Changes to Respondent and Respondent Members

- (a) The Respondent may not change its corporate structure or the structure and membership of its consortium (and the Respondent Members may not change their corporate structure) as those structures were disclosed to the Procuring Agencies prior to execution of this deed, or include additional parties into or exclude existing parties from their consortium as disclosed to the Procuring Agencies prior to execution of this deed, without the written consent of the Procuring Agencies (which may or may not be given, in the Procuring Agencies' absolute discretion).
- (b) Despite clause 9.2(a), if, after receiving the RFP any change described in clause 9.2(a) has occurred without the written consent of the Procuring Agencies, the Respondent and each Respondent Member must:
  - (i) promptly notify the Procuring Agencies;
  - (ii) provide the Procuring Agencies with sufficient details of the change; and
  - (iii) (as applicable) provide evidence to the Procuring Agencies that the new Respondent or Respondent Member has agreed to be bound by this deed.
- (c) Upon receipt of such notification pursuant to clause 9.2(b) the Procuring Agencies will assess any change and reserve the right to accept the change (on such conditions as the Procuring Agencies may propose) or terminate the Respondent's or any Respondent Member's further participation in the procurement process.
- (d) Where a new party is added to the Respondent's consortium and their addition as a Respondent Member is accepted by the Procuring Agencies in accordance with clause 9.2(a) or 9.2(c), the new Respondent Member must become a party to this deed by executing a deed in a form approved by the Procuring Agencies under which the new Respondent Member accepts all of the terms set out in this deed. The Respondent and each Respondent Member agree to the new Respondent Member acceding to this deed on this basis, without them needing to execute a further deed as well.

## 9.3 Interactive sessions

The Respondent and each Respondent Member:

- (a) acknowledge that the Procuring Agencies intend to hold a series of interactive sessions with the Respondent, the Respondent Members and their Associates (as applicable) during the procurement process; and

- (b) agree to participate in the interactive sessions on the basis of any protocols specified by the Procuring Agencies in respect of that process, including any protocol or process set out in the RFP.

#### 9.4 Reliance on proposal

- (a) Subject to clause 9.4(c) the Respondent and each Respondent Member agree that a proposal once submitted to the Procuring Agencies is irrevocable, may not be withdrawn or varied by the Respondent or the Respondent Members, except with the Procuring Agencies' written consent, and will remain open for consideration by the Procuring Agencies for a minimum period of 365 days after the closing date specified in the RFP or such later date as may be mutually agreed (and any equity or debt financing commitment must remain open for a period of 180 days after the closing date specified in the RFP and be subject to extension in accordance with clause 9.4(c)).
- (b) The Respondent and each Respondent Member warrant that the contents of any such proposal, in the form submitted by the Respondent (and any further information provided by the Respondent or a Respondent Member in response to a request by the Procuring Agencies for clarification or further information), may be relied upon by the Procuring Agencies as being accurate in all material respects.
- (c) If at any time the equity or debt financing commitment (**Commitment Letter**) from a Respondent Member or any other financier of the consortium is to expire, the Respondent and Respondent Members must use their best endeavours to provide the Procuring Agencies with a letter, no later than two (2) business days prior to the date on which the funding commitment is due to expire, executed on behalf of and binding those financiers, extending the termination date of the funding commitment referred to in the Commitment Letter by no less than 90 days from the date of its expiry (the **Commitment Letter Extension**). The Commitment Letter Extension must not amend the Commitment Letter except in relation to the funding commitment period, without the prior written consent of the Procuring Agencies (not to be unreasonably withheld).

#### 9.5 Public disclosure and official information

- (a) The Respondent and each Respondent Member acknowledge and agree that disclosure by either of the Procuring Agencies or any Associate of the Procuring Agencies of any information provided by the Respondent or a Respondent Member or their Associates may be required or otherwise considered appropriate by the Procuring Agencies:
  - (i) under any legislation, including the Official Information Act 1982 and the Privacy Act 1993;
  - (ii) in the course of the official duties of the Procuring Agencies;
  - (iii) to satisfy requirements of Parliamentary accountability;
  - (iv) in annual reports of the Procuring Agencies;
  - (v) pursuant to policies of the New Zealand Government; or
  - (vi) to satisfy any other recognised public requirement,(each a **Public Disclosure Obligation**).
- (b) The Respondent and each Respondent Member must use all reasonable endeavours to assist the Procuring Agencies and their Associates in meeting their Public Disclosure Obligations.

#### 9.6 Proprietary information

The Respondent and each Respondent Member grant, and warrant that all persons with a relevant interest in their proposal grant to the Procuring Agencies and their Associates an irrevocable, perpetual, transferable, non-exclusive, free of charge licence to use, reproduce and

modify or sub-license the whole or any part of any proposal or any other information provided to the Procuring Agencies in connection with the Respondent's proposal (including any material which contains any intellectual property rights of the Respondent or any Respondent Member or any other person) for any purpose relating to the procurement process.

## 9.7 Requirements of fairness

The Respondent and each Respondent Member acknowledge and agree that:

- (a) they must not attempt to obtain any advantage for themselves by seeking information other than through the means set out in the RFP or by attempting to influence the Procuring Agencies or any of their Associates in relation to the Project through any means apart from communications and the presentation of information in accordance with this deed or the RFP; and
- (b) they will not and will procure that their Associates do not engage in collusive tendering, anti-competitive conduct or any similar conduct with a competing consortium or any other person in relation to the Project or the procurement process.

## 9.8 Probity, security and commercial checks

- (a) The Procuring Agencies may conduct any probity, security and commercial checks that the Procuring Agencies think fit on the Respondent, each Respondent Member and any Associates of any of them:
  - (i) at any time prior to the finalisation of evaluations of proposals; and
  - (ii) in addition, in respect of a proposed preferred bidder and any of its Associates at any time before or after the appointment of the preferred bidder.
- (b) The Respondent and each Respondent Member consent to such probity, security and commercial checks, and agree to procure the consents of their directors, and the consents of such other employees or other Associates of the Respondent and each Respondent Member as are requested by the Procuring Agencies, and as are required by law to be obtained to such probity, security and commercial checks.
- (c) The Respondent and each Respondent Member acknowledge and agree that the Procuring Agencies:
  - (i) are not under any obligation to provide to the Respondent, any Respondent Member or any of their Associates the results of any probity, security or commercial checks;
  - (ii) may take into account any matters revealed by any probity, security or commercial checks in evaluating proposals; and
  - (iii) may reject any proposal or take such other action as they consider appropriate, in their absolute discretion, in light of matters revealed by any probity, security or commercial checks.

## 9.9 Confidentiality deed

In addition to entering into this deed with the Procuring Agencies, the Respondent and each Respondent Member will also enter into a Confidentiality Deed in favour of Housing New Zealand Corporation and Housing New Zealand Limited (together **HNZ**) in the form attached to this deed as Schedule 2.

## 10. General terms and conditions

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### 10.1 [Incorporation of Respondent

- (a) Each Respondent Member acknowledges that as at the date of this deed, the Respondent is not incorporated or otherwise constituted as a legal entity. This deed is binding on the Respondent Members once it is executed by all of the Respondent Members, even if the Respondent has not yet been incorporated or has not yet signed the deed.
- (b) Accordingly, each Respondent Member agrees to use its best endeavours to ensure that:
  - (i) an entity that will become the Respondent is incorporated or otherwise constituted as a legal entity; and
  - (ii) the Respondent executes this deed in its own right as soon as reasonably practicable following it being incorporated or otherwise constituted as a legal entity.
- (c) The Respondent Members agree to discharge the obligations of the Respondent under this deed until such time as a Respondent is incorporated or otherwise constituted as a legal entity.] ***[Drafting note: to delete this clause if not applicable, once EOI Respondents are known.]***

### 10.2 Waiver

Subject to the express provisions of this deed, if the Procuring Agencies or one of their Associates fails or delays in exercising or enforcing any right or remedy under this deed or the RFP, it will not preclude or amount to a waiver of any further exercise or enforcement of that right or remedy or of any other right or remedy under this deed or provided by law.

### 10.3 Survival of deed

The Respondent's and each of the Respondent Members' obligations pursuant to this deed shall exist prior to, and shall survive the termination or completion of, the Project and, in relation to Disclosed Information, shall continue until such time as the relevant Disclosed Information becomes public knowledge other than by breach of this deed.

### 10.4 Governing law and jurisdiction

This deed is governed by and is to be construed in accordance with New Zealand law. The Respondent and each of the Respondent Members irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of New Zealand and waive any right to object to any proceedings being brought in those courts.

### 10.5 Counterparts

This deed may be executed in any number of counterparts and all of such counterparts taken together will be deemed to constitute one and the same instrument.

### 10.6 Additional obligations unaffected

The obligations under this deed are in addition (and without prejudice) to any other obligations of confidence or with respect to probity which the Respondent or any of the Respondent Members may have, whether at law, in equity, by statute or otherwise.

### 10.7 Severability

If any provision of this deed is, or becomes, unenforceable, illegal or invalid for any reason, the relevant provision is to be deemed to be modified to the extent necessary to remedy such unenforceability, illegality or invalidity or if this is not possible then such provision must be severed from this deed, without affecting the enforceability, legality or validity of any other provision of this deed.

## 10.8 Notices

Any notice or other communication (including any request, consent or approval) required in connection with this deed must be in writing, legible and in English and posted or sent to the authorised representative (as named in the RFP) to the address as set out in the RFP.

## 10.9 Further assurances

Each Respondent and Respondent Member will make, and will procure that each of its Associates will make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under this deed.

## 10.10 Precedence

Other than in the situations expressly provided for in this deed, where this deed is inconsistent with any other agreement or deed entered into in connection with the Project or as part of the procurement process, the provisions of this deed will prevail to the extent of any inconsistency.

Signing page

**Executed** as a deed

***[Execution clauses to be inserted.]***

Schedule 1: Disclosure of Associates Form

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**Disclosure of Associates: Transfer of Christchurch Social Housing**

[Name of the Respondent] (**Respondent**) and [names of each Respondent Member (**Respondent Members**)] declare that the persons and entities listed in the following box represent a complete and accurate list of every Associate of the Respondent and the Respondent Members as at the date of execution of this disclosure.

*[List names of every Associate of the Respondent and each Respondent Member in this box]*

*[Insert execution details for the Respondent and each Respondent Member]*



## Confidentiality Deed

Deed made on **June 2017**

**Given by** [#Insert name] (**Respondent**)

**And** [#Insert name];  
[#Insert name]; and  
[#Insert name],  
(each a **Respondent Member** and together the **Respondent Members**)

**In favour of** Housing New Zealand Corporation and Housing New Zealand Limited (together **HNZ**)

### Background

- A. As part of the procurement process for the transfer of Christchurch social housing properties (the **Project**), on 10 April 2017 The Treasury and the Ministry of Social Development (the **Procuring Agencies**) issued an invitation seeking expressions of interest (**EOI**).
- B. The Procuring Agencies have evaluated the Respondent's EOI and the Respondent has been shortlisted to continue to participate in the procurement process.
- C. A condition of the Respondent's continued participation in the procurement process is that the Respondent and each Respondent Member enters into this deed in favour of HNZ.
- D. The Respondent and each Respondent Member have agreed to the terms of this deed.

### Agreed terms

#### 11. Defined terms

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In this deed, in addition to any terms defined within this deed, the following terms shall have the following meanings:

**Associate** means, in relation to a person, any related body corporate of that person or any officer, employee, agent, contractor, consultant, nominee, licensee or adviser of that person or that related body corporate and in the case of the Respondent or a Respondent Member, includes any other person to whom the Respondent or Respondent Member discloses Disclosed Information.

**Disclosed Information** means all information of whatever nature which is obtained by or on behalf of the Respondent or any Respondent Member or any of their Associates from HNZ or any of HNZ's Associates relating in any way to the Project or the procurement process and includes information in any data room established for the Project, including any data room established by HNZ.

#### 12. Management of Associates

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The Respondent and each Respondent Member must ensure that each of their Associates is aware of and complies with the requirements in this deed relating to risk and liability, Disclosed Information or any other terms in this deed that are intended to extend or apply to Associates in order to give full effect to the Respondent's and the Respondent Members' obligations under this deed (as though each Associate was the Respondent or a Respondent Member).



## 13. Risk and liability

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### 13.1 Respondent and Respondent Members accept all risk

- (a) The Respondent and each of the Respondent Members must comply with this deed.
- (b) Subject to paragraph (c) below, to the extent permitted by law, the Respondent and each of the Respondent Members expressly waive and release any right which they may have (whether at the date of this deed or otherwise) to make any claim against HNZ or HNZ's Associates for any:
  - (i) loss (including any cost, expense, loss, damage or liability whether direct, indirect or consequential (including pure economic loss), present or future, ascertained, unascertained, actual, prospective or contingent or any fine or penalty) (**Loss**);
  - (ii) liability (including any debt, obligation, cost (including legal costs), expense, loss, damage, compensation, charge or liability of any kind, including those that are prospective or contingent and those the amount of which is not ascertained or ascertainable) (**Liability**); or
  - (iii) claim,  
  
incurred by them arising out of or in connection with this deed or the Disclosed Information. To the extent such rights cannot be waived as a matter of law, the liability of HNZ and HNZ's Associates is limited to NZ\$1.
- (c) If as a result of the procurement process, the Respondent or a Respondent Member enters into an agreement for sale and purchase with HNZ, then to the extent that there is any inconsistency between any such agreement for sale and purchase and this deed, the terms of the agreement for sale and purchase will prevail to the extent of any inconsistency.

### 13.2 Indemnity

The Respondent and the Respondent Members each hereby indemnify HNZ or HNZ's Associates against any Loss, Liability or claim incurred by HNZ or any of HNZ's Associates arising from:

- (a) any breach by the Respondent or a Respondent Member of this deed;
- (b) any claim brought by the Respondent or a Respondent Member or any of their Associates against HNZ or any of HNZ's Associates with respect to any of the matters or events covered by the waiver provided in clause 3.1(b); and
- (c) any failure of an Associate to perform or otherwise comply with any of its obligations in accordance with clause 2.

### 13.3 Indemnity and rights held on trust

The Respondent and each Respondent Member declare and acknowledge that:

- (a) the indemnity and rights referred to in this deed in favour of any Associates of HNZ are held on trust by HNZ for the benefit of HNZ's Associates from the date of this deed; and
- (b) the consent of HNZ's Associates referred to in clause 3.3(a) will not be required for any amendment to, or waiver of rights under, this deed.

## 14. Disclosed Information

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### 14.1 Use and disclosure

The Respondent and each Respondent Member must:

- (a) not use the Disclosed Information for any purpose whatsoever except for the purpose of participating in the procurement process in accordance with the terms of this deed and the request for proposal (**RFP**), (the **Permitted Purpose**);
- (b) keep confidential and not copy or duplicate (or allow the copying or duplication of) any Disclosed Information except for the Permitted Purpose (subject to disclosure permitted under clause 4.2);
- (c) subject to clause 4.2, only disclose the Disclosed Information or any part of it to any Associate if:
  - (i) the disclosure is necessary solely for the Permitted Purpose; and
  - (ii) clause 2 has been complied with prior to any such disclosure; and
- (d) take any further steps reasonably required by HNZ to maintain the confidentiality of specific Disclosed Information.

### 14.2 Approved disclosure

The provisions of clauses 4.1(b) and 4.3 do not apply to:

- (a) the disclosure of Disclosed Information for which HNZ has given its prior written consent;
- (b) Disclosed Information after (but only to the extent that) it is or becomes generally available to the public (such as on publicly available registers) other than because of a breach of any provision of this deed; or
- (c) the disclosure of Disclosed Information to the extent necessary to comply with any applicable law, court process, or disclosure requirement of a recognised stock exchange provided (to the extent legally permissible) the proposed disclosure is notified to HNZ prior to making such disclosure and HNZ is provided reasonable opportunity to challenge the disclosure of the Disclosed Information.

### 14.3 Unauthorised disclosure

The Respondent and each Respondent Member must:

- (a) notify HNZ immediately if they become aware of a suspected or actual breach of this deed or any unauthorised disclosure, copying or use of Disclosed Information;
- (b) immediately take all reasonable steps to prevent or stop any such suspected or actual breach or unauthorised disclosure, copying or use of Disclosed Information (including complying with directions of HNZ in this regard); and
- (c) take all reasonable steps to recover any Disclosed Information that has been disclosed, used or copied without HNZ's consent under this deed.

### 14.4 No liability for Disclosed Information

The Respondent and each Respondent Member acknowledge and agree that:

- (a) HNZ and HNZ's Associates do not warrant, guarantee or make any representation (express or implied), or assume any duty of care, or accept any liability, with respect to

the sufficiency, completeness, accuracy, adequacy or correctness of the Disclosed Information;

- (b) the Disclosed Information, and all intellectual property rights in the Disclosed Information, will remain the property of HNZ or HNZ's Associates (as applicable);
- (c) the Respondent and each of the Respondent Members will not in any way rely upon:
  - (i) the Disclosed Information; or
  - (ii) a failure by HNZ or HNZ's Associates to provide any information,
- (d) the Respondent and each of the Respondent Members will carry out all relevant investigations, their own review and evaluation, and examine and acquaint themselves in respect of:
  - (i) all aspects of the Project;
  - (ii) the contents, correctness, sufficiency and suitability of the Disclosed Information; and
  - (iii) all information which is relevant to the risks, contingencies and other circumstances related to the Project which could affect their decision to lodge a proposal or its content,

without reliance on HNZ or HNZ's Associates.

#### 14.5 No liability for information not disclosed

The Respondent and each Respondent Member acknowledge and agree that HNZ and its Associates have no liability in relation to any information that is not disclosed to Respondents and Respondent Members (including in respect of any failure to disclose information) whether or not HNZ has that information (on an actual, implied or imputed basis) or is otherwise aware of, or should be aware of, that information.

#### 14.6 Return of Disclosed Information

- (a) HNZ may in its absolute discretion terminate on notification the entitlement of the Respondent or a Respondent Member or any of their Associates to hold Disclosed Information.
- (b) If the procurement process, the Respondent's or a Respondent Member's participation in the procurement process, or the entitlement of the Respondent or a Respondent Member or any of their Associates to hold Disclosed Information is terminated, the Respondent and each of the Respondent Members must, at HNZ's election, destroy, return to HNZ or deal with in some other manner nominated by HNZ, all Disclosed Information.

#### 14.7 Publicity

Except to the extent it is not possible to comply with this clause 4.7 while complying with the law or the binding requirement of a recognised stock exchange, the Respondent and the Respondent Members must not make, and must procure that none of their Associates makes, a media release or other public announcement or statement in relation to the Project without the prior written consent of HNZ.

#### 14.8 Privacy and Personal Information

The Respondent and the Respondent Members acknowledge that certain parts of the Disclosed Information provided by HNZ or HNZ's Associates may comprise "personal information" for the purposes of the Privacy Act 1993 (**Privacy Act**). The Respondent and the Respondent Members undertake to:

- (a) hold any personal information provided by HNZ or HNZ's Associates as part of the Disclosed Information in accordance with the requirements of the Privacy Act;
- (b) comply with all relevant obligations in relation to personal information set out in the Privacy Act; and
- (c) deal with any personal information provided strictly in accordance with HNZ's instructions and requirements.

## 15. Disclosure of Associates

---

- (a) The Respondent and each Respondent Member must disclose, at the time of execution of this deed and on a continuing basis as any changes arise, any Associates of the Respondent and each Respondent Member who have or will have any involvement in the Project (including, without limitation, each Associate to whom the Respondent or Respondent Member has disclosed or will disclose Disclosed Information), by completing the form attached as Schedule 1 to the Probity and Process Deed.
- (b) Failure to complete and return to HNZ a disclosure of Associates within a reasonable period of time after a request has been made by HNZ, or the submission of an incomplete or inaccurate disclosure of Associates, will be treated as a failure to comply with the terms of this deed.

## 16. Process matters

---

### 16.1 Contact with HNZ

- (a) The Respondent and each Respondent Member acknowledge and agree that they will not make contact with HNZ or any of HNZ's Associates, and may only contact the authorised representative (as named in the RFP) to discuss any aspect of the information obtained from HNZ or any of HNZ's Associates or contained in the HNZ data room.
- (b) The Respondent and each Respondent Member agree that all communications with the authorised representative in relation to the Project will be made in writing unless otherwise directed by the authorised representative or provided for in the RFP.
- (c) The Respondent and each Respondent Member acknowledge and agree that they will not offer any inducement, fee or reward to HNZ or any of HNZ's Associates.

### 16.2 Public disclosure and official information

- (a) The Respondent and each Respondent Member acknowledge and agree that disclosure by either HNZ or any Associate of HNZ of any information provided by the Respondent or a Respondent Member or their Associates may be required or otherwise considered appropriate by HNZ:
  - (i) under any legislation, including the Official Information Act 1982 and the Privacy Act 1993;
  - (ii) in the course of the official duties of HNZ;
  - (iii) to satisfy requirements of Parliamentary accountability;
  - (iv) in annual reports of HNZ;
  - (v) pursuant to policies of the New Zealand Government; or

- (vi) to satisfy any other recognised public requirement,  
(each a **Public Disclosure Obligation**).
- (b) The Respondent and each Respondent Member must use all reasonable endeavours to assist HNZ and HNZ's Associates in meeting their Public Disclosure Obligations.

## 17. General terms and conditions

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### 17.1 Incorporation of Respondent

- (a) Each Respondent Member acknowledges that as at the date of this deed, the Respondent is not incorporated or otherwise constituted as a legal entity. This deed is binding on the Respondent Members once it is executed by all of the Respondent Members, even if the Respondent has not yet been incorporated or has not yet signed the deed.
- (b) Accordingly, each Respondent Member agrees to use its best endeavours to ensure that:
  - (i) an entity that will become the Respondent is incorporated or otherwise constituted as a legal entity; and
  - (ii) the Respondent executes this deed in its own right as soon as reasonably practicable following it being incorporated or otherwise constituted as a legal entity.
- (c) The Respondent Members agree to discharge the obligations of the Respondent under this deed until such time as a Respondent is incorporated or otherwise constituted as a legal entity.

### 17.2 Addition of Respondent Member

Where a new party is added to the Respondent's consortium and their addition as a Respondent Member is accepted by the Procuring Agencies in accordance with clause 9.2(a) or 9.2(c) of the Probity and Process Deed entered into by the Respondent and original Respondent Members, the new Respondent Member must become a party to this deed by executing a deed in a form approved by the Procuring Agencies and HNZ under which the new Respondent Member accepts all of the terms set out in this deed. The Respondent and each Respondent Member agree to the new Respondent Member acceding to this deed on this basis, without them needing to execute a further deed as well.

### 17.3 Waiver

Subject to the express provisions of this deed, if HNZ or one of HNZ's Associates fails or delays in exercising or enforcing any right or remedy under this deed or the RFP, it will not preclude or amount to a waiver of any further exercise or enforcement of that right or remedy or of any other right or remedy under this deed or provided by law.

### 17.4 Survival of deed

The Respondent's and each of the Respondent Members' obligations pursuant to this deed shall exist prior to, and shall survive the termination or completion of, the Project and, in relation to Disclosed Information, shall continue until such time as the relevant Disclosed Information becomes public knowledge other than by breach of this deed.

### 17.5 Governing law and jurisdiction

This deed is governed by and is to be construed in accordance with New Zealand law. The Respondent and each of the Respondent Members irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of New Zealand and waive any right to object to any proceedings being brought in those courts.

## 17.6 Counterparts

This deed may be executed in any number of counterparts and all of such counterparts taken together will be deemed to constitute one and the same instrument.

## 17.7 Additional obligations unaffected

The obligations under this deed are in addition (and without prejudice) to any other obligations of confidence or with respect to probity which the Respondent or any of the Respondent Members may have, whether at law, in equity, by statute or otherwise.

## 17.8 Severability

If any provision of this deed is, or becomes, unenforceable, illegal or invalid for any reason, the relevant provision is to be deemed to be modified to the extent necessary to remedy such unenforceability, illegality or invalidity or if this is not possible then such provision must be severed from this deed, without affecting the enforceability, legality or validity of any other provision of this deed.

## 17.9 Notices

- (a) Any notice or other communication (including any request, consent or approval) required in connection with this deed must be in writing, legible and in English and posted or sent to the following address:

Charlie Mitchell  
Director, Business Transition Programme  
Housing New Zealand  
National Office  
Level 10, 80 Boulcott St / PO Box 2628  
Wellington 6140

- (b) A notice or communication sent in accordance with paragraph (a) above must also be copied to the authorised representative (as named in the RFP) to the address as set out in the RFP.

## 17.10 Further assurances

Each Respondent and Respondent Member will make, and will procure that each of its Associates will make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under this deed.

## 17.11 Precedence

Other than in the situations expressly provided for in this deed, where this deed is inconsistent with any other agreement or deed entered into in connection with the Project or as part of the procurement process, the provisions of this deed will prevail to the extent of any inconsistency.

Signing page

**Executed** as a deed

***[Execution clauses to be inserted.]***

From: William More [TSY] <[REDACTED]>  
Sent: Thursday, 3 August 2017 9:02 a.m.  
To: William More [TSY]  
Subject: FW: Christchurch Social Housing Transfer, Letter of Intent, Compass Housing Services et al.

[IN-CONFIDENCE]

From: Scallan, John [REDACTED]  
Sent: Wednesday, 2 August 2017 4:27 p.m.  
To: Social Housing Reform Programme Christchurch [TSY] <[REDACTED]>  
Subject: Christchurch Social Housing Transfer, Letter of Intent, Compass Housing Services et al.

Dear Treasury,

RE: Christchurch Social Housing Transfer, Letter of Intent, Compass Housing Services et al.

Council staff met with representatives of the consortium comprising Compass Housing Services Co (NZ) Ltd, AMP Capital Investors Ltd, and Brookfields Financial Australia Securities Ltd (the consortium) on 31 July 2017 to discuss a number of planning process matters associated with the consortium's proposal for the transfer of 2500 houses in Christchurch.

A matter discussed during the meeting is the potential opportunities for the Council and the consortium to work together, post-transfer, on urban regeneration initiatives in the transfer areas. It was agreed that this is an opportunity worthy of further consideration and that one possible mechanism to commence this process is to state an agreement in a 'letter of intent' to be signed by the Council and the consortium. The consortium stated their preference is for a letter of intent to be agreed and put in place during the bidding process so that it may form part of their proposal. Timing for this was not discussed in detail.

The process for the Council to enter into a letter intent will involve, in the first instance, a report from staff to the Council's Executive Leadership Team. It is then likely that a further report to Council will be required. There are time constraints associated with this process, specifically with lead-in times for Council Ordinary Meeting agendas. The standard process for items to be included on a Council meeting agenda is for a report to be submitted and approved 12 working days prior to the Council Meeting. The Council Ordinary Meeting dates between now and the end of the bidding process are as follows (with final approval date in brackets):

Thursday 10 August (approval date passed)  
Thursday 24 August (Tuesday 8 August)  
Thursday 7 September (Tuesday 22 August)  
Thursday 14 September (Tuesday 29 August)

Please could you pass this information to the consortium, all alternatively advise if you prefer us to discuss this directly with the consortium.

Another matter for your consideration is whether the opportunity to enter in an agreement using a letter of intent should also be offered to the other shortlisted consortium. This is a decision for Treasury, however Council staff are more than happy to meet with representatives of the two other shortlisted consortium to discuss the process with them.

Kind regards,

John Scallan  
Senior Planner (Urban Regeneration)  
Urban Regeneration Team  
Strategy and Transformation Group.  
[REDACTED]

Location: 53 Hereford Street, Christchurch.  
Mail address: Christchurch City Council, PO Box 73012, Christchurch, 8154.

\*\*\*\*\*

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Christchurch City Council  
<http://www.ccc.govt.nz>

\*\*\*\*\*

From: William More [TSY] <[REDACTED]>  
Sent: Thursday, 3 August 2017 11:35 a.m.  
To: Goldsbury, Rob  
Cc: Scallan, John; Karen Mitchell [TSY]; Kathleen Fafeita [TSY]; Social Housing Reform Programme Christchurch [TSY]  
Subject: Communications between Council and Respondents  
Attachments: FW: Christchurch Social Housing Transfer, Letter of Intent, Compass Housing Services et al.

[IN-CONFIDENCE]

Hi Rob

You will be aware that the Respondents on the Christchurch Transfer have, to varying degrees, begun engaging with the Council. My colleague Kathleen sat in on a discussion between the Council and a Respondent on Monday where there appeared to be some confusion from Council officials about what they could and could not say. We have also received an email from John Scallan (attached) discussing the process for entering into a letter of intent between a Respondent and the Council and whether this opportunity should be offered to the other Respondent.

We wish to make it clear that in their engagements with the Respondents, Council staff should not feel inhibited in what they can and cannot say. They should treat the Respondents like any other potential developer who comes to meet with Council staff. Council staff are not tasked with ensuring that both Respondents have all of the same information. If one Respondent asks a particular question about, for example storm-water or seeks to enter into a Letter of Intent, then the Council do not have to proactively offer the same to the other Respondent. The Respondents will have different approaches and will be focussing on different things. Our only concern is that the Council does not favour one Respondent over the other and does not provide more information to one Respondent in response to the same or similar questions.

We think it would be useful to have a call with John and yourself to discuss the protocol and the engagements between Respondents and the Council so that we are all on the same page. If you are agreeable, can you please liaise with John and then let us know some times which would suit you both for a call.

Kind regards

William More | Senior Solicitor | The Treasury

Tel: +[REDACTED]

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From: William More [TSY] <[REDACTED]>  
Sent: Friday, 23 June 2017 10:43 a.m.  
To: Goldsbury, Rob  
Subject: Council Consultation Documents

[IN-CONFIDENCE]

Hi Rob

Our Comms advisor informs me that the documents we showed you last week are still available on the CCC website. The links are:

<https://ccc.govt.nz/the-council/newsline/show/1696>

<https://ccc.govt.nz/.../consultations-and.../haveyoursay/show/32>

Would you be able to look into these. Our concern (in light of the protocols) is the words in each where it mentions keeping or retaining Government's social housing units in local ownership.

Many thanks

William More | Senior Solicitor | The Treasury

Tel: [REDACTED]

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From: William More [TSY] <[REDACTED]>  
Sent: Tuesday, 13 June 2017 1:57 p.m.  
To: Goldsbury, Rob  
Cc: Karen Mitchell [TSY]; Jacki Cole  
Subject: FW: Communication and Probity Protocol between The Treasury, MSD and Christchurch City Council  
Attachments: 3691598\_Information Protocol with Christchurch City Council (June 2017).DOCX

[IN-CONFIDENCE]

Hi Rob

As you requested from Karen please find attached the latest version of the Communication and Probity Protocol between The Treasury, MSD and Christchurch City Council.

Kind regards

William More | Senior Solicitor | The Treasury  
Tel: [REDACTED]

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# COMMUNICATION AND PROBITY PROTOCOLS BETWEEN THE TREASURY, THE MINISTRY OF SOCIAL DEVELOPMENT AND CHRISTCHURCH CITY COUNCIL AND BETWEEN THE COUNCIL AND POTENTIAL RESPONDENTS REGARDING THE TRANSFER OF SOCIAL HOUSING PROPERTIES IN CHRISTCHURCH

## PURPOSE

The purpose of this document is to establish protocols that will enable communications to occur between the Christchurch City Council (the **Council**) and Treasury and Ministry of Social Development (**MSD**) personnel involved in the social housing transfer in Christchurch (the **Christchurch Transfer**), in order that information can be exchanged to facilitate the performance of those parties' respective roles in the Christchurch Transfer while maintaining probity.

This document also establishes protocols to enable appropriate communications between the Council and potential participants in the procurement process for the Christchurch Transfer (**Potential Respondents**) in order that information can be exchanged to assist Potential Respondents to develop their response to the procurement while ensuring that probity in the procurement process is maintained.

## BACKGROUND

### About the parties

- A. The Council is the local government authority which meets local needs in Christchurch and provides the resources and services it needs to grow and develop. The Council consists of the Mayor and 16 councillors who represent 16 different wards in the Christchurch area. A wide range of teams within the Council carry out the Council's day to day operations including providing services and advice to the public.
- B. Ōtautahi Community Housing Trust (the **Trust**) is a charitable trust which was established by the Council in 2016. The Trust was formed in order to provide the Council with a more financially sustainable model for its social housing portfolio and to enable it to be eligible to receive income related rent subsidy from MSD. The Trust is a registered community housing provider (**CHP**) and is a Potential Respondent.
- C. In May 2014 the Government provided a mandate to The Treasury and the Ministry of Business, Innovation and Employment to create a unit within The Treasury to report to the Ministers of Finance and Social Housing on how to grow a sustainable social housing market. As a result the Transactions Unit - Social Housing Reform (**Transactions Unit**) was established within The Treasury. Its role is to explore, consider, and understand what is required to develop a fair, efficient and effective social housing market and implement this through, amongst other things, the transfer of Housing New Zealand Limited assets to the social housing sector (**Transfers**).
- D. As the purchaser of social housing places and a party to capacity contracts with CHPs, MSD plays an important role in supporting the Transactions Unit to successfully complete the Transfers.
- E. A large number of Potential Respondents have shown an interest in the Christchurch Transfer. Potential Respondents may be individual entities or consortia made up of a number of entities including, for example, CHPs, investors and developers.

### Rationale for communications between the Council and the Procuring Agencies

- F. The Treasury and MSD (together, the **Procuring Agencies**) are progressing a number of Transfers throughout the country as part of the Social Housing Reform Programme, including the Christchurch Transfer.

DRAFT

- G. Although the Council is not directly involved in the Christchurch Transfer, the Procuring Agencies have had, and will continue to have on occasion, discussions with the Council about the procurement process as the Christchurch Transfer is being carried out within the Council's boundary. Discussions between the parties may in certain circumstances include the sharing of information which has not been shared with Potential Respondents.

#### **Rationale for communications between the Council and Potential Respondents**

- H. As part of the development of their response to the procurement process Potential Respondents may need to discuss aspects of their response with the Council including, for example, the types of consents they need to obtain and the compliance requirements they need to meet.

#### **Probity risk**

- I. It is acknowledged that the sharing of information by personnel from the Procuring Agencies with the Council and between Potential Respondents and the Council creates a number of probity risks which need to be managed in order to ensure the integrity of the work carried out by the parties is maintained.
- J. It is acknowledged that public statements by the Council on the transfer process have the potential to create probity risks which need to be managed in order to ensure the integrity of the procurement process.
- K. It is further acknowledged that probity breaches may result in the Procuring Agencies exercising rights to exclude the Trust from participating in the procurement process.
- L. The probity risks which could arise in relation to the Christchurch Transfer are elaborated below.

#### *Communications between the Procuring Agencies and the Council*

- M. It is anticipated that the Trust will be a Potential Respondent. As the Trust was set up by the Council to manage its property portfolio and the Council appoints three Trustees to the Trust (two of these being sitting councillors and one a former councillor), it is likely that other Potential Respondents will perceive that the Council is not independent of the Trust and that it has an interest in the outcome of the Christchurch Transfer.
- N. Procurement processes are designed to provide information to participants in an even-handed way. Further, the Procuring Agencies are bound by the Government Rules of Sourcing, which require government agencies to carry out procurement processes in a manner that treats all participants fairly.
- O. In this regard there is a risk that information provided to the Council by the Procuring Agencies is inadvertently or otherwise passed on to the Trust, putting the Trust at an unfair advantage over other Potential Respondents.

#### *Communications between Potential Respondents and the Council*

- P. Throughout the procurement process Potential Respondents may need to discuss aspects of their response with different Council teams. Potential Respondents may have concerns that the Council will not be unbiased or even-handed in its engagement with Potential Respondents due to a perception that the Council has an interest in the procurement process as a result of the Trust being a Potential Respondent.
- Q. Potential Respondents may be concerned that confidential aspects of their proposal which they need to share with the Council in order to receive meaningful advice could inadvertently or otherwise be shared with the Trust, putting them at an unfair disadvantage.
- R. There is a risk that Potential Respondents will be reluctant, or choose not, to disclose relevant information when seeking advice from the Council to inform the development of their proposal out

of a concern that this information will be shared with the Trust. This could result in a Potential Respondent's proposal being incomplete or less detailed than other proposals, putting it at a disadvantage when the Procuring Agencies evaluate their response.

*Public Statements by the Council about the procurement process*

- S. As noted above, Potential Respondents may have concerns that the Council will not be unbiased or even-handed in its engagement with Potential Respondents due to a perception that the Council has an interest in the procurement process as a result of the Trust being a Potential Respondent.
- T. If the Council makes public statements which suggest or indicate it is favouring one or more of the Potential Respondents then the other Potential Respondents will have concerns that the Council will not be unbiased or even-handed in its engagement with Potential Respondents.

**PROTOCOLS**

- 1. In light of the above probity risks, these protocols (**Protocols**) have been established to ensure that any engagement between the Procuring Agencies and the Council and between Potential Respondents and the Council regarding the Christchurch Transfer aligns with probity principles (in particular fairness, impartiality and transparency). Further, these Protocols are designed to promote appropriate communication rather than discourage engagement, as a lack of such engagement could hinder the Procuring Agencies in carrying out a successful transfer in Christchurch as well as have a negative effect on Council successfully achieving its own social housing objectives.
- 2. These Protocols apply to all those Procuring Agencies' personnel or advisers involved in the Christchurch Transfer and all Council personnel.

***Protocols between the Procuring Agencies and the Council***

- 3. The Procuring Agencies will only share commercially sensitive information with the Council (of a type that would advantage a Potential Respondent in preparing its proposal) where this is deemed necessary, and after taking probity advice (as appropriate), in order to advance the Christchurch Transfer or to progress discussions with the Council in relation to matters requiring the Council's involvement.
- 4. The Procuring Agencies will not provide, and the Council will not seek, information about what the Procuring Agencies are seeking in relation to each of the procurement response requirements or how proposals will be evaluated against the response requirements (beyond information made available to all Potential Respondents in the procurement documentation itself).
- 5. The Procuring Agencies will not provide, and the Council will not seek, information about Potential Respondents unless this information can be shared in a way which does not identify the Potential Respondent and does not reveal any information which is commercially sensitive to the Potential Respondent.
- 6. The Council will identify those of its personnel who are engaging with the Procuring Agencies and who are likely to engage with Potential Respondents. Where these personnel are different the Council will put in place information barriers between those personnel engaging with the Procuring Agencies and personnel engaging with Potential Respondents to ensure that information and records are not able to be accessed by personnel on the other side of the information barrier. The Council will also ensure that those personnel engaging with the Procuring Agencies sign a confidentiality undertaking restricting their ability to share information provided by the Procuring Agencies with other Council personnel or any other person.
- 7. All Council personnel engaging with the Procuring Agencies and Potential Respondents will keep records of each interaction so that the Council can review the records and ensure that Potential

Respondents are being treated fairly and that confidential information provided by the Procuring Agencies is not shared with the Trust or other Potential Respondents.

8. The Probity Auditor for the Christchurch Transfer will be involved in discussions and meetings between the Council and the Procuring Agencies (on an as required basis) in order to monitor the information being shared during these interactions to ensure that these Protocols are being complied with and to test whether information which is shared with the Council also needs to be provided to Potential Respondents.

***Protocols between the Council and Potential Respondents***

9. The Council will notify all Potential Respondents who approach the Council for advice in relation to the Christchurch Transfer that the Council may also be providing advice to the Trust which, although an independent entity, has three Council appointed Trustees and maintains the Council's property portfolio. In doing so the Council will inform Potential Respondents of the existence and nature of these Protocols in order to reassure Potential Respondents that probity risks in this regard are being appropriately managed.
10. The Council will ensure that all of its staff are aware of and adhere to the communication protocols which are in place between the Council and the Trust.
11. The Council will ensure that any engagement with a Potential Respondent is notified to the Procuring Agencies' point of contact and that all meetings between the Council and Potential Respondents take place in the presence of a Treasury representative (at the Procuring Agencies' discretion) who will observe the meeting and provide assurance that all Potential Respondents are treated fairly. The Council will otherwise inform the Procuring Agencies of the subject matter of any engagement with a Potential Respondent and co-operate with the Procuring Agencies, including by taking any steps the Procuring Agencies consider appropriate to further manage probity in relation to such engagement.

***Protocols for Public Statements by Council***

12. For the duration of the procurement process the Council will not make any public statement to any third party in relation to any aspect of the procurement process without the Procuring Agencies' prior written consent.

**Points of contact**

All communications between the Procuring Agencies and the Council are required to go through each party's point of contact named below.

***The Procuring Agencies***

Name: Karen Mitchell  
 Title: Transaction Lead  
 Phone number: [REDACTED]  
 Email address: [REDACTED]

***The Council***

Name:  
 Title:  
 Phone number:

Email address:

Dated June 2016

D R A F T

From: William More [TSY] <[REDACTED]>  
Sent: Thursday, 29 June 2017 11:37 a.m.  
To: Goldsbury, Rob  
Subject: FW: Suburbs with the transaction area

[IN-CONFIDENCE]

Hi Rob

We discussed providing you with a description of the properties which Potential Respondents may wish to engage with Council over so that if someone contacted the Council regarding those properties it may raise a red flag regarding the Protocols.

As there are close to 2500 properties involved a full list is probably impractical. I have set out below the affected suburbs so that if any requests come in regarding HNZC housing in these areas that may raise red flags.

Will this be sufficient for your purposes?

Kind regards

SUBURB:  
AVONHEAD  
BISHOPDALE  
BROOMFIELD  
BRYNDWR  
BURNSIDE  
CASEBROOK  
FENDALTON  
HAREWOOD  
HEI HEI  
ILAM  
MAIREHAU  
NORTHCOTE  
PAPANUI  
REDWOOD  
RICCARTON  
RUSSLEY  
SAINT ALBANS  
SHIRLEY  
SOCKBURN  
STROWAN  
UPPER RICCARTON

William More | Senior Solicitor | The Treasury  
Tel: [REDACTED]

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From: William More [TSY] <[REDACTED]>  
Sent: Thursday, 24 August 2017 6:16 p.m.  
To: Hamish Foote  
Cc: Goldsbury, Rob; Thomson, Ian  
Subject: Re: CCC/CCHL/OCHT communications protocol - CONFIDENTIAL

Thanks Hamish

Sent from my iPhone

On 24/08/2017, at 6:10 PM, Hamish Foote <[REDACTED]> wrote:

Hi William,

Council resolved for option 2 (CCC final approval), subject to the Mayor and Councillor Gough deciding whether they wished to participate at Council level or at CCHL board level.

Neither the Mayor nor Councillor Gough were present for that part of the meeting. So we need to follow up with them to get their view before finalising the protocol.

I've copied Ian Thomson (CCC) on this email as Rob Goldsbury is away for 4 weeks from the end of tomorrow and Ian is picking up the baton for CCC legal.

Kind regards

Hamish

---

From: Hamish Foote  
Sent: Thursday, 24 August 2017 8:45 a.m.  
To: 'William More [TSY]'  
Cc: [REDACTED]  
Subject: RE: CCC/CCHL/OCHT communications protocol - CONFIDENTIAL

Hi William,

As just discussed, Council propose to consider the governance options at a public excluded session today.

Attached, fyi, is the paper that went to Council for your review in a probity capacity.

The discussion will be limited to the governance options.

Kind regards

Hamish

HAMISH FOOTE  
PARTNER  
CHAPMAN TRIPP | [REDACTED]  
www.chapmantripp.com

---

From: William More [TSY] <[REDACTED]>  
Sent: Friday, 11 August 2017 2:04 p.m.  
To: Hamish Foote  
Cc: [REDACTED]  
Subject: RE: CCC/CCHL/OCHT communications protocol - CONFIDENTIAL

Hamish

I confirm on behalf of the Crown that:

- there is no objection to options 1 or 2; and
- that both options can be put to Councillors to get their preference.

If possible we would like to see the final form of the CCC/CCHL/OCHT communication protocol before the interactions with the Councillors take place.

If we can get assurances, prior to the interaction, that the discussion will only be about the two options for decision making and no discussion related to the actual bid will occur then we do not think necessary for me to attend the briefing.

Kind regards

William More | Senior Solicitor | The Treasury  
Tel: [REDACTED]

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From: William More [TSY]  
Sent: Friday, 11 August 2017 9:11 a.m.  
To: 'Hamish Foote' <[REDACTED]>

Cc: [REDACTED]  
Subject: RE: CCC/CCHL/OCHT communications protocol - CONFIDENTIAL

[IN-CONFIDENCE]

Thank you Hamish

I am considering the options you have put forward. I hope to respond with the Crown's position later today, Monday at the latest.

Kind regards

William More | Senior Solicitor | The Treasury

Tel: [REDACTED]

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From: Hamish Foote [REDACTED]  
Sent: Thursday, 10 August 2017 1:30 p.m.  
To: William More [TSY] <[REDACTED]>  
Cc: [REDACTED] <[REDACTED]>  
Subject: CCC/CCHL/OCHT communications protocol - CONFIDENTIAL

This email is sent to William More in his probity capacity outlined in his email on Monday 7 August. It may not be disclosed to any person who may be involved in the evaluation of the Christchurch SHRP bids.

Dear William,

This email:

- outlines Rob Goldsbury and my current thinking on the CCC/CCHL/OCHT communications protocol after consultation with the Mayor (and not further); and
- sets out two alternative options that we would like to put to Councillors to gauge their preference; and
- requests the Crown's feedback on the 2 options.

Key concerns

The key concerns we need to resolve without compromising the probity of the procuring agencies' process are:

1. Under CCHL's statement of intent CCHL needs Council's approval to:
  - a. invest in the M-Co consortium; and
  - b. guarantee (or otherwise provide security in respect of) OCHT's consortium role.
2. To date Council has contemplated that it would receive a business case and report from CCHL prior to granting any approval to CCHL.
3. At this stage we do not know:
  - a. what information Councillors require before deciding whether to approve CCHL's involvement in the consortium; and
  - b. whether Councillors may prefer that some Councillors participate in CCHL's ultimate decision whether to invest in the consortium.
4. Timing between the bid information being sufficiently developed for CCHL to make a decision to participate and CCHL's deadline for confirming its participation is likely to be very tight.

2 possible options

CCHL and CCC propose to put 2 different approval paths to Councillors to gauge their preference.

These 2 options – *Council pre-approval* and *Council final approval* – are summarised in the attached draft paper.

The draft paper doesn't discuss the scope of the role of the 3 OCHT trustees who are also CCHL directors. This is because we understand from our earlier conversation with you that this is a matter for CCHL and OCHT and does not concern the Crown (on the basis that those 3 trustees are excluded from all dealings with Council on the social housing matter).

Requested actions

Can you please confirm on behalf of the Crown that:

- there is no objection to options 1 or 2; and
- that both options can be put to Councillors to get their preference.

We recognise that the requested approval from the Crown may be subject to (i) the Crown being satisfied with the final wording of the CCC/CCHL/OCHT communication protocol; and (ii) you (or an appropriate substitute) being present at the Council briefing session on the 2 possible approval options. The Deputy Mayor and Councillor Buck would be excluded from that Council briefing as they have already made the decision to be on the OCHT 'side of the fence'.

We would be grateful for your response as soon as possible as communication on substantive bid matters may be required very soon.

Kind regards

Hamish

From: Goldsbury, Rob  
Sent: Thursday, 22 June 2017 2:22 p.m.  
To: 'William More [TSY]'  
Cc: Karen Mitchell [TSY]; Anstiss, Brendan  
Subject: RE: CCC Information Protocol

Hi William

I am happy with dating it today.

Cheers

Rob

**Rob Goldsbury**  
Head of Legal Services  
Legal Services Unit

DDI [REDACTED]  
[REDACTED]  
[REDACTED]

---

From: William More [TSY] [m [REDACTED]]  
Sent: Thursday, 22 June 2017 2:20 p.m.  
To: Goldsbury, Rob <[REDACTED]>  
Cc: Karen Mitchell [TSY] <[REDACTED]>; Anstiss, Brendan [REDACTED]  
Subject: RE: CCC Information Protocol

Thank you very much Rob that is good news. On the basis of your confirmation I will date the final protocol as at today's date.

William More | Senior Solicitor | The Treasury  
[REDACTED]

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From: Goldsbury, Rob [REDACTED]  
Sent: Thursday, 22 June 2017 2:07 p.m.  
To: William More [TSY] <[REDACTED]>  
Cc: Karen Mitchell [TSY] <[REDACTED]>; Anstiss, Brendan [REDACTED]  
Subject: RE: CCC Information Protocol

Hi William

Thank you for your response yesterday.

First, I have accepted all your changes and inserted myself as the Council's point of contact. We thought that this was best as the conversations may need to be with a number of areas within the Council and I can be the co-ordinator.

Secondly, I have discussed the final version of the protocol with senior leaders and I can formally confirm that the Council accepts it.

Thank you, and Karen, for your help in providing me with a clear picture which, in turn, enable me to give clear advice to the Council.

Cheers

Rob

**Rob Goldsbury**  
Head of Legal Services  
Legal Services Unit

DDI [REDACTED]  
[REDACTED]  
[REDACTED]

---

From: William More [TSY] [REDACTED]  
Sent: Wednesday, 21 June 2017 3:41 p.m.  
To: Goldsbury, Rob <[REDACTED]>  
Cc: Karen Mitchell [TSY] [REDACTED]  
Subject: RE: CCC Information Protocol

Hi Rob

Thanks for the call earlier. I attach an updated version of the Protocol which should address all the points you raised. I have accepted all previous changes. As noted on the call we will provide you with descriptions of the relevant properties once the RFP has been released.

We look forward to receiving confirmation that the protocols are accepted by the Council.

Kind regards

William More | Senior Solicitor | The Treasury

Tel: [REDACTED]

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From: William More [TSY]  
Sent: Wednesday, 21 June 2017 8:12 a.m.  
To: 'R [REDACTED]'  
Cc: Karen Mitchell [TSY] <[REDACTED]>  
Subject: RE: CCC Information Protocol  
Importance: High

Hi Rob

Can you please give us an update on where the Council is at in approving the update protocol. You will have seen that the shortlist of respondents was released yesterday. The RFP is due to be released on Friday and we need to know as soon as possible whether the CCC agrees to the updated protocol.

Kind regards

William More | Senior Solicitor | The Treasury

Tel: [REDACTED]

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From: William More [TSY]  
Sent: Monday, 19 June 2017 10:48 a.m.  
To: [REDACTED]  
Cc: Karen Mitchell [TSY] [REDACTED]  
Subject: RE: CCC Information Protocol

Hi Rob

Please find attached the amended CCC Information Protocol which we hope reflects our discussions on Friday.

Please let us know as soon as possible if you would like to see any amendments.

If the Council is comfortable with the document can you please finalise the document, insert the CCC Authorised Representative details, date the document, and return it to Treasury with confirmation from the CEO that the document is agreed to. We note that the RFP, which references the Protocol, is due to go to Respondents on Friday 23 June. If the Council is unwilling to agree to the Protocols we will need to know this within the next day or two so that we can contemplate changes to the RFP.

Kind regards

William More | Senior Solicitor | The Treasury

Tel: [REDACTED]

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From: William More [TSY]  
Sent: Friday, 16 June 2017 5:01 p.m.  
To: [REDACTED] >  
Cc: Karen Mitchell [TSY] [REDACTED]  
Subject: CCC Information Protocol

[IN-CONFIDENCE]

Hi Rob

Thanks again for the meeting today. As discussed please find attached the form of Process and Probity Deed that all RFP Respondents are required to execute before they have access to the RFP document and material in data rooms.

We also attach a generic form of Conflict of Interest Declaration and Confidentiality Undertaking. This document, updated to reflect the particulars of the Christchurch transfer, is what we would be asking Council staff who engage with RFP Respondents to execute.

We will update the Protocol with the changes discussed at our meeting and aim to send it through to you on Monday.

Finally, please note we have just learnt that the announcement of the RFP shortlist has been pushed out from Monday until Tuesday 20 June. We will let you know if the announcement date is moved again so you can inform your Comms team.

Kind regards

William More | Senior Solicitor | The Treasury  
[REDACTED]

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Christchurch City Council

<http://www.ccc.govt.nz>

\*\*\*\*\*

From: Goldsbury, Rob  
Sent: Thursday, 3 August 2017 2:37 p.m.  
To: 'William More [TSY]'  
Cc: Scallan, John; Karen Mitchell [TSY]; Kathleen Fafeita [TSY]; Social Housing Reform Programme Christchurch [TSY]  
Subject: RE: Communications between Council and Respondents

Hi William

Thanks for the email. I agree that some clarification internally would be useful.

John

Perhaps you could liaise with my PA ,Marie Auckram, to set up a meeting. I am out of the office tomorrow.

Cheers

Rob

**Rob Goldsbury**  
General Counsel  
Head of Legal Services  
Legal Services Unit

---

From: William More [TSY] [REDACTED]  
Sent: Thursday, 3 August 2017 11:35 a.m.  
To: Goldsbury, Rob <[REDACTED]>  
Cc: Scallan, John <[REDACTED]>; Karen Mitchell [TSY] <[REDACTED]>; Kathleen Fafeita [TSY] <[REDACTED]>  
Social Housing Reform Programme Christchurch [TSY] <[REDACTED]>  
Subject: Communications between Council and Respondents

[IN-CONFIDENCE]

Hi Rob

You will be aware that the Respondents on the Christchurch Transfer have, to varying degrees, begun engaging with the Council. My colleague Kathleen sat in on a discussion between the Council and a Respondent on Monday where there appeared to be some confusion from Council officials about what they could and could not say. We have also received an email from John Scallan (attached) discussing the process for entering into a letter of intent between a Respondent and the Council and whether this opportunity should be offered to the other Respondent.

We wish to make it clear that in their engagements with the Respondents, Council staff should not feel inhibited in what they can and cannot say. They should treat the Respondents like any other potential developer who comes to meet with Council staff. Council staff are not tasked with ensuring that both Respondents have all of the same information. If one Respondent asks a particular question about, for example storm-water or seeks to enter into a Letter of Intent, then the Council do not have to proactively offer the same to the other Respondent. The Respondents will have different approaches and will be focussing on different things. Our only concern is that the Council does not favour one Respondent over the other and does not provide more information to one Respondent in response to the same or similar questions.

We think it would be useful to have a call with John and yourself to discuss the protocol and the engagements between Respondents and the Council so that we are all on the same page. If you are agreeable, can you please liaise with John and then let us know some times which would suit you both for a call.

Kind regards

William More | Senior Solicitor | The Treasury  
Tel: [REDACTED]

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# COMMUNICATION AND PROBITY PROTOCOLS BETWEEN THE TREASURY, THE MINISTRY OF SOCIAL DEVELOPMENT AND CHRISTCHURCH CITY COUNCIL AND BETWEEN THE COUNCIL AND RESPONDENTS REGARDING THE TRANSFER OF SOCIAL HOUSING PROPERTIES IN CHRISTCHURCH

## PURPOSE

The purpose of this document is to establish protocols that will enable communications to occur between the Christchurch City Council (the **Council**) and Treasury and Ministry of Social Development (**MSD**) personnel involved in the social housing transfer in Christchurch (the **Christchurch Transfer**), in order that information can be exchanged to facilitate the performance of those parties' respective roles in the Christchurch Transfer while maintaining probity.

This document also establishes protocols to enable appropriate communications between the Council and participants in the Request for Proposal (**RFP**) stage of the procurement process for the Christchurch Transfer (**Respondents**) in order that information can be exchanged to assist Respondents to develop their response to the RFP while ensuring that probity in the procurement process is maintained.

## BACKGROUND

### About the parties

- A. The Council is the local government authority which meets local needs in Christchurch and provides the resources and services it needs to grow and develop. The Council consists of the Mayor and 16 councillors who represent 16 different wards in the Christchurch area. A wide range of teams within the Council carry out the Council's day to day operations including providing services and advice to the public.
- B. Ōtautahi Community Housing Trust (the **Trust**) is a charitable trust which was established by the Council in 2016. The Trust was formed in order to provide the Council with a more financially sustainable model for its social housing portfolio and to enable it to be eligible to receive income related rent subsidy from MSD. The Trust is a registered community housing provider (**CHP**) and is a Respondent member.
- C. In May 2014 the Government provided a mandate to The Treasury and the Ministry of Business, Innovation and Employment to create a unit within The Treasury to report to the Ministers of Finance and Social Housing on how to grow a sustainable social housing market. As a result the Transactions Unit - Social Housing Reform (**Transactions Unit**) was established within The Treasury. Its role is to explore, consider, and understand what is required to develop a fair, efficient and effective social housing market and implement this through, amongst other things, the transfer of Housing New Zealand Limited assets to the social housing sector (**Transfers**).
- D. As the purchaser of social housing places and a party to capacity contracts with CHPs, MSD plays an important role in supporting the Transactions Unit to successfully complete the Transfers.

- E. Three Respondents have been shortlisted for the RFP stage of the Christchurch Transfer procurement process. The three Respondents, as at the date of the announcement of the shortlist, and each Respondent's constituent members are listed in Schedule 2.

#### **Rationale for communications between the Council and the Procuring Agencies**

- F. The Treasury and MSD (together, the **Procuring Agencies**) are progressing a number of Transfers throughout the country as part of the Social Housing Reform Programme, including the Christchurch Transfer.
- G. Although the Council is not directly involved in the Christchurch Transfer, the Procuring Agencies have had, and will continue to have on occasion, discussions with the Council about the procurement process as the Christchurch Transfer is being carried out within the Council's boundary. Discussions between the parties may in certain circumstances include the sharing of information which has not been shared with Respondents.

#### **Rationale for communications between the Council and Respondents**

- H. As part of the development of their response to the procurement process Respondents may need to discuss aspects of their response with the Council including, for example, the types of consents they need to obtain and the compliance requirements they need to meet.

#### **Probity risk**

- I. It is acknowledged that the sharing of information by personnel from the Procuring Agencies with the Council and between Respondents and the Council creates a number of probity risks which need to be managed in order to ensure the integrity of the work carried out by the parties is maintained.
- J. It is acknowledged that public statements by the Council on the transfer process have the potential to create probity risks which need to be managed in order to ensure the integrity of the procurement process.
- K. The probity risks which could arise in relation to the Christchurch Transfer are elaborated below.

#### *Communications between the Procuring Agencies and the Council*

- L. The Trust is a Respondent member. As the Trust was set up by the Council to manage its property portfolio and the Council appoints three Trustees to the Trust (two of these being sitting councillors and one a former councillor), it is likely that other Respondents will perceive that the Council is not independent of the Trust and that it has an interest in the outcome of the Christchurch Transfer.
- M. Procurement processes are designed to provide information to participants in an even-handed way. Further, the Procuring Agencies are bound by the Government Rules of Sourcing, which require government agencies to carry out procurement processes in a manner that treats all participants fairly.
- N. In this regard there is a risk that information provided to the Council by the Procuring Agencies is inadvertently or otherwise passed on to the Trust, putting the Trust at an unfair advantage over other Respondents.



#### *Communications between Respondents and the Council*

- O. Throughout the procurement process Respondents may need to discuss aspects of their response with different Council teams. Respondents may have concerns that the Council will not be unbiased or even-handed in its engagement with Respondents due to a perception that the Council has an interest in the procurement process as a result of the Trust being a Respondent member.
- P. Respondents may be concerned that confidential aspects of their proposal which they need to share with the Council in order to receive meaningful advice could inadvertently or otherwise be shared with the Trust, putting them at an unfair disadvantage.
- Q. There is a risk that Respondents will be reluctant, or choose not, to disclose relevant information when seeking advice from the Council to inform the development of their proposal out of a concern that this information will be shared with the Trust. This could result in a Respondent's proposal being incomplete or less detailed than other proposals, putting it at a disadvantage when the Procuring Agencies evaluate their response.

#### *Public Statements by the Council about the procurement process*

- R. As noted above, Respondents may have concerns that the Council will not be unbiased or even-handed in its engagement with Respondents due to a perception that the Council has an interest in the procurement process as a result of the Trust being a Respondent member.
- S. If the Council makes public statements which suggest or indicate it is favouring one or more of the Respondents then the other Respondents will have concerns that the Council will not be unbiased or even-handed in its engagement with Respondents.
- T. The Council is not a party to the procurement process for the Christchurch Transfer and has no role in decisions relating to the Christchurch Transfer. If the Council makes public statements about the Christchurch Transfer then Respondents and other interested parties may perceive that the Council is exerting political influence over decisions relating to the Christchurch Transfer. This perception could undermine the integrity of the procurement process.

#### **PROTOCOLS**

1. In light of the above probity risks, these protocols (**Protocols**) have been established to ensure that any engagement between the Procuring Agencies and the Council and between Respondents and the Council regarding the Christchurch Transfer aligns with probity principles (in particular fairness, impartiality and transparency). Further, these Protocols are designed to promote appropriate communication rather than discourage engagement, as a lack of such engagement could hinder the Procuring Agencies in carrying out a successful transfer in Christchurch as well as have a negative effect on Council successfully achieving its own social housing objectives.
2. These Protocols apply to all those Procuring Agencies' personnel or advisers involved in the Christchurch Transfer and all Council personnel.

### ***Protocols between the Procuring Agencies and the Council***

3. All communications between the Procuring Agencies and the Council with respect to the transfers must be through each party's Authorised Representative as listed in Schedule 1 to these Protocols.
4. The Procuring Agencies will only share commercially sensitive information with the Council (of a type that would advantage a Respondent in preparing its proposal) where this is deemed necessary, and after taking probity advice (as appropriate), in order to advance the Christchurch Transfer or to progress discussions with the Council in relation to matters requiring the Council's involvement.
5. The Procuring Agencies will not provide, and the Council will not seek, information about what the Procuring Agencies are seeking in relation to each of the procurement response requirements or how proposals will be evaluated against the response requirements (beyond information made available to all Respondents in the procurement documentation itself).
6. The Procuring Agencies will not provide, and the Council will not seek, information about Respondents unless this information can be shared in a way which does not identify the Respondent and does not reveal any information which is commercially sensitive to the Respondent.
7. The Probity Auditor for the Christchurch Transfer will be involved in discussions and meetings between the Council and the Procuring Agencies (on an as required basis) in order to monitor the information being shared during these interactions to ensure that these Protocols are being complied with and to test whether information which is shared with the Council also needs to be provided to Respondents.

### ***Protocols between the Council and Respondents***

8. All engagements between the Council and Respondents must be prearranged by the Procuring Agencies. Respondents should not be contacting the Council directly to discuss any aspect of the Christchurch Transfer. If a Respondent does contact the Council directly then the Council will decline to discuss the Christchurch Transfer with the Respondent and direct the Respondent to the Procuring Agencies' Authorised Representative. The Council will also notify the Procuring Agencies' Authorised Representative of the direct approach by the Respondent.
9. If the Procuring Agencies agree to meetings between Respondents and the Council then all such meetings will take place in the presence of a Treasury representative (at the Procuring Agencies' discretion) who will observe the meeting and provide assurance that all Respondents are treated fairly.

### ***Council personnel***

10. If there are planned engagements between the Council and the Procuring Agencies or the Council and a Respondent then the Council will identify those of its personnel who need to be involved in each engagement. The Council will put in place information barriers between those personnel who have received confidential information from the Procuring Agencies as envisaged by protocol 4 above and those personnel engaging with Respondents and Procuring Agencies at planned engagements to ensure that information and records are not able to be accessed by personnel on the other side of the

information barrier. The Council will also ensure that, in advance of any engagement, those personnel engaging with the Procuring Agencies or Respondents sign a conflict of interest declaration and confidentiality undertaking restricting their ability to share information provided by the Procuring Agencies with other Council personnel or any other person.

11. The Council will ensure that all of its staff are aware of and adhere to these Protocols and any communication protocols which are in place between the Council and the Trust.

***Protocols for Public Statements by Council***

12. For the duration of the procurement process the Council will not make any public statement to any third party in relation to any aspect of the procurement process without the Procuring Agencies' prior written consent.

Dated 22 June 2017

## Schedule 1

### ***Authorised Representative for Procuring Agencies***

Name: Karen Mitchell  
Title: Transaction Lead  
Phone number: [REDACTED]  
Email address: [REDACTED]

### ***Authorised Representative for Council***

Name: Rob Goldsbury  
Title: General Counsel – Head of Legal  
Phone number: [REDACTED]  
Email address: [REDACTED]

## Schedule 2

### Respondent 1

Respondent: Ōtautahi Community Housing Consortium

Respondent members: Morrison & Co PPP GP 2 Limited;  
Ōtautahi Community Housing Trust; and  
Christchurch City Holdings Limited.

### Respondent 2

Respondent: AMP Capital Investors Limited, Compass Housing Services Co (New Zealand) Limited, Brookfield Financial Australia Securities Limited

Respondent members: AMP Capital Investors Limited;  
Compass Housing Services Co (New Zealand) Limited; and  
Brookfield Financial Australia Securities Limited.

### Respondent 3

Respondent: Community Futures Christchurch

Respondent members: Whitehelm Capital Pty Limited;  
Broadspectrum (New Zealand) Limited; and  
Trust House Limited.

From: William More [TSY] <[REDACTED]>  
Sent: Monday, 7 August 2017 1:10 p.m.  
To: Hamish Foote; Goldsbury, Rob  
Cc: Social Housing Reform Programme Christchurch [TSY]  
Subject: RE: Communications and Governance Protocols

Thanks Hamish

William More | Senior Solicitor | The Treasury

Tel: [REDACTED]

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From: Hamish Foote [REDACTED]  
Sent: Monday, 7 August 2017 12:11 p.m.  
To: William More [TSY] <[REDACTED]>; 'Goldsbury, Rob' [REDACTED]  
Cc: Social Housing Reform Programme Christchurch [TSY] <[REDACTED]>  
Subject: RE: Communications and Governance Protocols

Hi William,

I agree with your suggestion (which is consistent with the protocol which separated the procuring agencies' probity and evaluative roles).

In terms of an update on the protocols, unfortunately there have been delays in getting the Mayor's input on process. We should have that by end of Wednesday with revised protocols circulated asap after that.

Kind regards

Hamish

---

From: William More [TSY] [REDACTED]  
Sent: Monday, 7 August 2017 9:14 a.m.  
To: Hamish Foote; 'Goldsbury, Rob'  
Cc: Social Housing Reform Programme Christchurch [TSY]  
Subject: Communications and Governance Protocols

[IN-CONFIDENCE]

Rob and Hamish

We have been discussing the proposed protocols internally. From a probity perspective we think it is important that the protocols specify that when it comes time for the Council to make decisions around CCHL's involvement that the only person at the Procuring Agencies who should be linked into those ocmunciations is me. Correspondence should be sent to my Treasury email address only and not cc'd into the Social housing Reform Programme Chistchurch.

This will help avoid any risk that someone who is on the evaluation team views the material.

Are you able to provide me with an update on how the protocols are coming along/

Kind regards

William More | Senior Solicitor | The Treasury

Tel: [REDACTED]

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From: Jacki Cole <[REDACTED]>  
Sent: Friday, 7 July 2017 12:48 p.m.  
To: Rendall, Bruce  
Cc: William More [TSY]; SHRP Probity [TSY]  
Subject: FW: Council Consultation Documents

Hi again

Looks like everything is clear now, thanks Bruce. Your speedy response is much appreciated.

Have a good weekend.

Jacki

---

From: Jacki Cole  
Sent: Friday, 7 July 2017 12:00 p.m.  
To: 'Rendall, Bruce' <[REDACTED]>  
Subject: RE: Council Consultation Documents

I'll need to run this past William as I don't have the document discussed at the meeting in Chch a couple of weeks back. I get nothing when I search the second site (so presumably that's been taken down, although William said it was still up even yesterday afternoon) and the first site does seem innocuous although possibly out of date.

As I say, I'll check with William when he's back at his desk.

Will get back to you.

Cheers  
Jacki

---

From: Rendall, Bruce [mailto:[REDACTED]]  
Sent: Friday, 7 July 2017 11:43 a.m.  
To: Jacki Cole <[REDACTED]>  
Subject: RE: Council Consultation Documents

Jacki

I'm informed, but haven't tested that the article is down and the consultation page has been amended. Can you do the external check to see that this reflects what you see.

Thanks  
Bruce

---

From: Jacki Cole [mailto:[REDACTED]]  
Sent: Friday, 7 July 2017 11:30 a.m.  
To: Rendall, Bruce <[REDACTED]>  
Cc: Goldsbury, Rob <[REDACTED]>; Columbus, Anne <[REDACTED]>; Anstiss, Brendan <[REDACTED]>; William More [TSY] <[REDACTED]>; Karen Mitchell [TSY] <[REDACTED]>  
Subject: Re: Council Consultation Documents

Many thanks Bruce.

Jacki Cole  
Senior Solicitor  
The Treasury  
021 530 381

On 7/07/2017, at 11:26 AM, Rendall, Bruce <[REDACTED]> wrote:

Jacki

An instruction to take these down has been sent and I'll let you know when I get confirmation that these are down

Thanks  
Bruce

---

From: Jacki Cole [mailto:[REDACTED]]  
Sent: Friday, 7 July 2017 11:23 a.m.  
To: Rendall, Bruce <[REDACTED]>  
Cc: Goldsbury, Rob <[REDACTED]>; Columbus, Anne <[REDACTED]>; Anstiss, Brendan <[REDACTED]>; William More [TSY] <[REDACTED]>; Karen Mitchell [TSY] <[REDACTED]>  
Subject: FW: Council Consultation Documents

Good morning Bruce

Thank you for your prompt responses to our queries a couple of weeks ago regarding the Christchurch City Council public consultation document The Treasury raised concerns about. We appreciate that the actual document is no longer published, however my colleague, William More, has been unsuccessful in seeking a response from Mr Goldsbury in relation to documents which are still available on the CCC website and about which we have concerns. See the email from William to Mr Goldsbury below. (I note that it is possible the second site has now been removed.)

Given your helpful attendance with this matter recently, we thought we'd send this on to you to see if you can deal with it?

Many thanks in advance.

**Jacki Cole** | Senior Solicitor | Transactions Unit, Social Housing Reform Programme | **The Treasury – Kaitohutohu Kaupapa Rawa**

Tel: + [REDACTED]

PLEASE NOTE THAT I WORK AT THE TREASURY HALF-TIME. THE REMAINDER OF THE WORKING WEEK I AM A CROWN COUNSEL IN THE TREATY TEAM AT THE CROWN LAW OFFICE AND CAN BE CONTACTED ON [REDACTED] OR ON [REDACTED]

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---

From: William More [TSY]  
Sent: Friday, 23 June 2017 10:43 a.m.  
To: 'Goldsbury, Rob' <[REDACTED]>  
Subject: Council Consultation Documents

[IN-CONFIDENCE]

Hi Rob

Our Comms advisor informs me that the documents we showed you last week are still available on the CCC website. The links are:

<https://ccc.govt.nz/the-council/newsline/show/1696>

<https://ccc.govt.nz/.../consultations-and.../haveyoursay/show/32>

Would you be able to look into these. Our concern (in light of the protocols) is the words in each where it mentions keeping or retaining Government's social housing units in local ownership.

Many thanks

William More | Senior Solicitor | The Treasury

Tel: [REDACTED] | [REDACTED]

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From: Rendall, Bruce  
Sent: Friday, 23 June 2017 11:44 a.m.  
To: Jacki Cole  
Cc: Columbus, Anne; Anstiss, Brendan; William More [TSY]; Kathleen Fafeita [TSY]; Karen Mitchell [TSY]; Goldsbury, Rob  
Subject: HPRM: RE: Social Housing Reform Programme - Christchurch Transfer - Christchurch City Council

Morning Jacki

We've checked with our engagement team. Nothing was received.

Bruce

---

From: Jacki Cole [mailto: ]  
Sent: Friday, 23 June 2017 11:23 a.m.  
To: Rendall, Bruce < >  
Cc: Columbus, Anne < >; Anstiss, Brendan < >; William More [TSY] < >; Kathleen Fafeita [TSY] < >; Karen Mitchell [TSY] < >; Goldsbury, Rob < >  
Subject: Re: Social Housing Reform Programme - Christchurch Transfer - Christchurch City Council

Tena koe Bruce

Further to our correspondences below, we are conscious that the public consultation document that was published (albeit briefly) requested submissions be received by 5pm, Saturday 17 June. Would you kindly advise whether any submissions were received from anyone and, if so, the content of the submission(s). Obviously we do not seek disclosure of the personal details of the submitter(s).

We would be grateful for your earliest possible reply.

Regards

Jacki Cole  
Senior Solicitor  
The Treasury  
021 530 381

On 8/06/2017, at 5:14 PM, Rendall, Bruce < > wrote:

Dear Jackie

Thank you for your email.

Council is happy to assist you, noting that we have no direct involvement in Treasury's process, apart from providing information.

The two documents requested are attached. Our consultation system does not allow us to track downloads, however, we can track unique page views. The relevant consultation pages were viewed 30 times. As elected members were aware of the consultation, having resolved to proceed to consultation, some of them may have shared the document. I am aware of at least one who published the link to the website on her Facebook profile, although she has since removed it.

Council's Legal Services team is better placed to respond regarding the proposed probity protocol. I've spoken to them and they will separately contact you in regard to this document.

I hope this assists. Please feel free to contact us if you have further questions

## Bruce Rendall

**Head of Facilities, Property and Planning**  
Facilities, Property and Planning

DDI [redacted]  
Fax [redacted]  
Mobile [redacted]  
Email [redacted]  
Web [ccc.govt.nz](http://ccc.govt.nz)

**Christchurch City Council**  
Civic Offices, 53 Hereford Street, Christchurch  
PO Box 73015, Christchurch, 8154

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From: Jacki Cole [mailto: ]  
Sent: Thursday, 8 June 2017 2:35 p.m.  
To: Rendall, Bruce < >  
Cc: Columbus, Anne < >; Anstiss, Brendan < >; William More [TSY] < >; Kathleen Fafeita [TSY] < >; Karen Mitchell [TSY] < >  
Subject: Social Housing Reform Programme - Christchurch Transfer - Christchurch City Council

Importance: High

Dear Mr Rendall

I am a senior solicitor working in the Transactions Unit at The Treasury.

I am following up Karen Mitchell's email to you of last Friday (below) in relation to two issues. I am advised we have received no response to Karen's email.

1 Public Consultation Document

In relation to the consultation document(s) the Council apparently posted on its website for short periods of time on and about 23 May, as set out in Karen's email it is important for us to be able to assess the probity risks arising from the limited publication of these documents. Karen requested the Council urgently provide us with the two versions of the document that were published and any information you have on the number of times the documents were accessed or downloaded before they were removed. We are still waiting to receive the requested information. Would you kindly advise when we will receive this information and if there is any reason for the delay.

2 Communication and Probity Protocol between The Treasury, MSD and Christchurch City Council

In relation to the Communication and Probity Protocol The Treasury wishes to finalise with the Council – see copy attached - we would appreciate your prompt attention to finalising this so as to ensure a high standard of probity is maintained for all involved in the Christchurch Transfer. I note that we first sent a draft Protocol to the Council on 7 April and were repeatedly told it was with your legal team for review. Given the stage the Transfer is at, with Expressions of Interest in the process of being evaluated, we request that this now be prioritised without further delay.

Please contact me if you wish to discuss either of these issues.

With regards

**Jacki Cole** | Senior Solicitor | Transactions Unit, Social Housing Reform Programme | **The Treasury – Kaitohutohu Kaupapa Rawa**

Tel: + [REDACTED]

PLEASE NOTE THAT I WORK AT THE TREASURY HALF-TIME. THE REMAINDER OF THE WORKING WEEK I AM A CROWN COUNSEL IN THE TREATY TEAM AT THE CROWN LAW OFFICE AND CAN BE CONTACTED ON [REDACTED] OR ON [REDACTED]

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---

From: Karen Mitchell [TSY]

Sent: Friday, 2 June 2017 3:01 p.m.

To: [REDACTED]

Cc: Columbus, Anne <[REDACTED]>; [REDACTED]; William More [TSY] <[REDACTED]>; Kathleen Fafeita [TSY] <[REDACTED]>

Subject: CCC Capitalisation Consultation

[IN-CONFIDENCE]

Dear Bruce

Thank you for your confirmation that the Council is not proceeding to consult on OCHT's capital structure at this time.

Before we received your confirmation that the consultation was not proceeding we had been marking up a copy of the consultation document as agreed with Anne. We thought it may be helpful to provide that to you anyway so you can understand the areas of concern to us.

We note that the Council did post a version of the consultation document on its website for a period of 12 hours on Tuesday 23 May 2017 which was then removed and replaced with an amended version for a period of 8 hours before being taken down again. In order that we can assess the probity risks arising from the limited publication of these documents we ask that the Council please urgently provide us with the two versions of the document that were published and any information you have on the number of times the documents were accessed or downloaded before they were removed.

Finally we attach a mark up of the Communication and Probity Protocols between the Council and the Procuring Agencies and ask that the Council execute this as soon as possible. We have amended the document from the version we sent to the Council in early April and which the Council has not yet executed. The document now includes references to public statements by the Council on the procurement process.

Kind regards

Karen

Karen Mitchell | Transaction Lead | The Treasury

Tel: + [REDACTED]

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---

From: Rendall, Bruce [[mailto:\[REDACTED\]](mailto:[REDACTED])]

Sent: Tuesday, 30 May 2017 9:57 a.m.

To: Social Housing Reform Programme Christchurch [TSY] [REDACTED]

Cc: Columbus, Anne <[REDACTED]>

Subject: Capitalisation Consultation

Dear Karin

As you are aware, recently the Otautahi Community Housing Trust asked Council to consider restructuring its capitalisation arrangements. Council resolved to seek community views prior to making a decision on this request.

The Trust has now requested that Council delay consideration of the capitalisation restructure for the time being. In response Council will not be proceeding with consultation at this time. Consultation may take place in the future, if circumstances change.

Should you have questions on this matter, please contact me on the numbers below.

Bruce

**Bruce Rendall**

Head of Facilities, Property and Planning  
Facilities, Property and Planning

DDI [REDACTED]  
Fax [REDACTED]  
Mobile [REDACTED]  
Email [REDACTED]  
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- <Analytics Excluding CCC staff Content Drilldown 20170522-20170526.pdf>
- <Otautahi Social Housing Trust PIL - WEB.PDF>
- <Otautahi Social Housing Trust PIL - Early.pdf>

From: Rendall, Bruce  
Sent: Friday, 7 July 2017 11:43 a.m.  
To: Jacki Cole  
Subject: RE: Council Consultation Documents

Jacki

I'm informed, but haven't tested that the article is down and the consultation page has been amended. Can you do the external check to see that this reflects what you see.

Thanks  
Bruce

---

From: Jacki Cole [mailto: ]  
Sent: Friday, 7 July 2017 11:30 a.m.  
To: Rendall, Bruce < >  
Cc: Goldsbury, Rob < >; Columbus, Anne < >; Anstiss, Brendan < >; William More [TSY] < >; Karen Mitchell [TSY] < >  
Subject: Re: Council Consultation Documents

Many thanks Bruce.

Jacki Cole  
Senior Solicitor  
The Treasury  
021 530 381

On 7/07/2017, at 11:26 AM, Rendall, Bruce < > wrote:

Jacki

An instruction to take these down has been sent and I'll let you know when I get confirmation that these are down

Thanks  
Bruce

---

From: Jacki Cole [mailto: ]  
Sent: Friday, 7 July 2017 11:23 a.m.  
To: Rendall, Bruce < >  
Cc: Goldsbury, Rob < >; Columbus, Anne < >; Anstiss, Brendan < >; William More [TSY] < >; Karen Mitchell [TSY] < >  
Subject: FW: Council Consultation Documents

Good morning Bruce

Thank you for your prompt responses to our queries a couple of weeks ago regarding the Christchurch City Council public consultation document The Treasury raised concerns about. We appreciate that the actual document is no longer published, however my colleague, William More, has been unsuccessful in seeking a response from Mr Goldsbury in relation to documents which are still available on the CCC website and about which we have concerns. See the email from William to Mr Goldsbury below. (I note that it is possible the second site has now been removed.)

Given your helpful attendance with this matter recently, we thought we'd send this on to you to see if you can deal with it?

Many thanks in advance.

**Jacki Cole** | Senior Solicitor | Transactions Unit, Social Housing Reform Programme | **The Treasury – Kaitohutohu Kaupapa Rawa**

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From: William More [TSY]  
Sent: Friday, 23 June 2017 10:43 a.m.  
To: 'Goldsbury, Rob' < >  
Subject: Council Consultation Documents

[IN-CONFIDENCE]

Hi Rob

Our Comms advisor informs me that the documents we showed you last week are still available on the CCC website. The links are:

<https://ccc.govt.nz/the-council/newsline/show/1696>

<https://ccc.govt.nz/.../consultations-and.../haveyoursay/show/32>

Would you be able to look into these. Our concern (in light of the protocols) is the words in each where it mentions keeping or retaining Government's social housing units in local ownership.

Many thanks

William More | Senior Solicitor | The Treasury

Tel: [REDACTED] | [REDACTED]

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22 May 2017 - 26 May 2017

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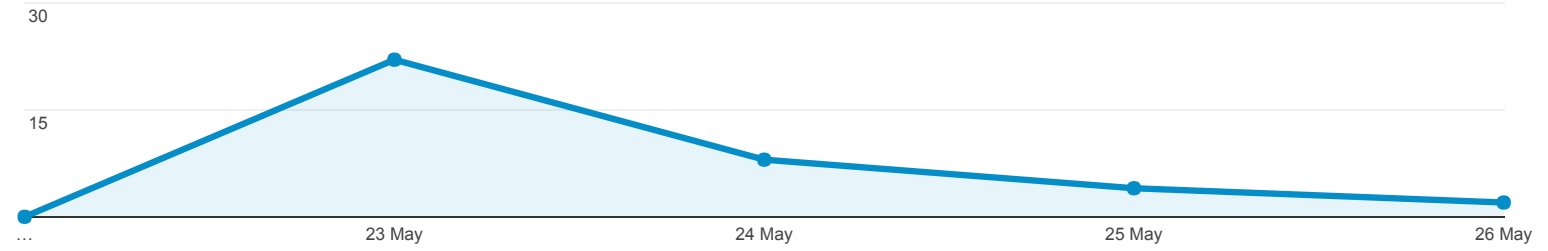
ALL » PAGE PATH LEVEL 1: /the-council/ » PAGE PATH LEVEL 2: /have-your-say/ » PAGE PATH LEVEL 3: /consultations/ » PAGE PATH LEVEL 4: /show/32/



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Page	Page Views	Unique Page Views	Avg. Time on Page	Bounce Rate	% Exit
	36 % of Total: 0.04% (97,128)	30 % of Total: 0.04% (74,565)	00:07:11 Avg for View: 00:01:26 (403.53%)	80.00% Avg for View: 57.97% (38.01%)	69.44% Avg for View: 40.07% (73.29%)
1. /the-council/have-your-say/consultations/show/32/	<b>36</b> (100.00%)	<b>30</b> (100.00%)	<b>00:07:11</b>	<b>80.00%</b>	<b>69.44%</b>

Rows 1 - 1 of 1

From: Columbus, Anne  
Sent: Monday, 29 May 2017 10:03 a.m.  
To: Rendall, Bruce; Goldsbury, Rob  
Subject: Treasury update

Morning

Just taken a call from Karin Mitchell at Treasury. She had a few questions to ask -

Had we considered consultant before the Procurement process began?

Advised No. The whole reasons for consulting is driven from the need for Otautahi to provide a stronger balance sheet to participate in the consortia. This requirement manifested itself through the EOI process

What is our consultation period? 3 weeks?

Signalled that yes it was short - and that we needed to have Council in a position to make a decision by 22 June. Karin wanted to know what Council meetings we had in June. Advised that just 1/8/22 June - and we were actually looking for an extraordinary meeting (date yet tbc) to enable a decision to be made - and allowing the consortia to consider whether Otautahi were in a position to participate

What would be the impact of consultation showed overwhelming support not to capitalise?

Council would need to consider this as part of their deliberations - however they would be taking a view as to whether this was the right thing for the city. So lack of support does not necessarily mean a no decision.

Confirmed that the \$25m would only be gifted if the consortia was successful

Why did CCC not accept the consortia feedback?

They did make suggested amendments - however we did not feel that the right level of information would be available to the public and support clarity of the rationale to consult. KM suggested that the consortia appeared well aware of the risks for the content of the document - and clearly tried to amend the tone/language used

KM comments:

tone used at odds with the factual information and different to how council has consulted in the past on social housing Agrees it is a tricky dynamic KM thinks we should have pitched from 2 questions: Do you want Otautahi to participate in the process and if so, do you agree with the reframing of the capitalisation KM very clear that the current wording/tone does it the consortia at risk in terms of participating in the process Language suggests CCC will only support a Otautahi consortia and not another. Signalled very clearly that Shi was not the case - that we would support any successful bid.

Thinks we have muddles factual info and opinion; creates an undertone that undermines confidence in other bidders If Council was to reshape the content then she suggested keeping it simple.

Unfortunate for Otautahi consortia

Our treasury need to maintain integrity of procurement process clearly overrides CCC consultation position - and this needs to be addressed.

KM made a statement about unlikely that CCC would not change the consultation doc content. I signalled that we should not take that off the table at this stage.

Agreed to provide a version that KM could provide an indication of what needed to change.

Sent from my iPad

From: Rendall, Bruce  
Sent: Thursday, 8 June 2017 5:14 p.m.  
To: Jacki Cole  
Cc: Columbus, Anne; Anstiss, Brendan; William More [TSY]; Kathleen Fafeita [TSY]; Karen Mitchell [TSY]; Goldsbury, Rob  
Subject: RE: Social Housing Reform Programme - Christchurch Transfer - Christchurch City Council  
Attachments: Analytics Excluding CCC staff Content Drilldown 20170522-20170526.pdf; Otautahi Social Housing Trust PIL - WEB.PDF; Otautahi Social Housing Trust PIL - Early.pdf

Dear Jackie

Thank you for your email.

Council is happy to assist you, noting that we have no direct involvement in Treasury's process, apart from providing information.

The two documents requested are attached. Our consultation system does not allow us to track downloads, however, we can track unique page views. The relevant consultation pages were viewed 30 times. As elected members were aware of the consultation, having resolved to proceed to consultation, some of them may have shared the document. I am aware of at least one who published the link to the website on her Facebook profile, although she has since removed it.

Council's Legal Services team is better placed to respond regarding the proposed probity protocol. I've spoken to them and they will separately contact you in regard to this document.

I hope this assists. Please feel free to contact us if you have further questions

## Bruce Rendall

Head of Facilities, Property and Planning  
Facilities, Property and Planning

DDI [REDACTED]  
Mobile [REDACTED]  
Email [REDACTED]  
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PO Box 73015, Christchurch, 8154



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From: Jacki Cole [[mailto:\[REDACTED\]](mailto:[REDACTED])]  
Sent: Thursday, 8 June 2017 2:35 p.m.  
To: Rendall, Bruce <[REDACTED]>  
Cc: Columbus, Anne <[REDACTED]>; Anstiss, Brendan <[REDACTED]>; William More [TSY] <[REDACTED]>; Kathleen Fafeita [TSY] <[REDACTED]>; Karen Mitchell [TSY] <[REDACTED]>  
Subject: Social Housing Reform Programme - Christchurch Transfer - Christchurch City Council  
Importance: High

Dear Mr Rendall

I am a senior solicitor working in the Transactions Unit at The Treasury.

I am following up Karen Mitchell's email to you of last Friday (below) in relation to two issues. I am advised we have received no response to Karen's email.

### 1 Public Consultation Document

In relation to the consultation document(s) the Council apparently posted on its website for short periods of time on and about 23 May, as set out in Karen's email it is important for us to be able to assess the probity risks arising from the limited publication of these documents. Karen requested the Council urgently provide us with the two versions of the document that were published and any information you have on the number of times the documents were accessed or downloaded before they were removed. We are still waiting to receive the requested information. Would you kindly advise when we will receive this information and if there is any reason for the delay.

### 2 Communication and Probity Protocol between The Treasury, MSD and Christchurch City Council

In relation to the Communication and Probity Protocol The Treasury wishes to finalise with the Council – see copy attached - we would appreciate your prompt attention to finalising this so as to ensure a high standard of probity is maintained for all involved in the Christchurch Transfer. I note that we first sent a draft Protocol to the Council on 7 April and were repeatedly told it was with your legal team for review. Given the stage the Transfer is at, with Expressions of Interest in the process of being evaluated, we request that this now be prioritised without further delay.

Please contact me if you wish to discuss either of these issues.

With regards

**Jacki Cole** | Senior Solicitor | Transactions Unit, Social Housing Reform Programme | **The Treasury – Kaitohutohu Kaupapa Rawa**

Tel: [REDACTED] [REDACTED]

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From: Karen Mitchell [TSY]  
Sent: Friday, 2 June 2017 3:01 p.m.  
To: [REDACTED]  
Cc: Columbus, Anne <[REDACTED]>; [REDACTED]; William More [TSY] <[REDACTED]>; Kathleen Fafeita [TSY] <[REDACTED]>  
Subject: CCC Capitalisation Consultation

[IN-CONFIDENCE]

Dear Bruce

Thank you for your confirmation that the Council is not proceeding to consult on OCHT's capital structure at this time.

Before we received your confirmation that the consultation was not proceeding we had been marking up a copy of the consultation document as agreed with Anne. We thought it may be helpful to provide that to you anyway so you can understand the areas of concern to us.

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Kind regards  
Karen

Karen Mitchell | Transaction Lead | The Treasury

Tel: +[REDACTED]

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From: Rendall, Bruce [mailto:[REDACTED]]  
Sent: Tuesday, 30 May 2017 9:57 a.m.  
To: Social Housing Reform Programme Christchurch [TSY] [REDACTED]  
Cc: Columbus, Anne <[REDACTED]>  
Subject: Capitalisation Consultation

Dear Karin

As you are aware, recently the Otautahi Community Housing Trust asked Council to consider restructuring its capitalisation arrangements. Council resolved to seek community views prior to making a decision on this request.

The Trust has now requested that Council delay consideration of the capitalisation restructure for the time being. In response Council will not be proceeding with consultation at this time. Consultation may take place in the future, if circumstances change.

Should you have questions on this matter, please contact me on the numbers below.

Bruce

**Bruce Rendall**

Head of Facilities, Property and Planning  
Facilities, Property and Planning

DDI [REDACTED]  
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- b. any use, dissemination or copying of this email is strictly prohibited and may be unlawful.

# Have your say on: proposed changes to how Council funds the Ōtautahi Community Housing Trust

Christchurch City Council is considering a request to change how it funds the Ōtautahi Community Housing Trust. Specifically, Council is considering whether to increase the amount being gifted to the trust and reduce the loan to the Trust by a corresponding amount. This would enable the Ōtautahi Community Housing Trust to participate in a bid to retain the Government's social housing units in local ownership. Council considers it important that there is a New Zealand-based bid to ensure local ownership and a commitment to reinvesting in Christchurch community housing.

Before it makes a decision on this request, Council wants to understand the views and preferences of citizens and communities.

## What is specifically being asked for?

Council has previously decided to fund the Trust through the transfer, made progressively, of \$50 million of social housing assets. The transfer was to be structured as \$5 million equity (or gift) and as a \$45 million interest free loan, repayable only if the Trust was wound up, lost its community housing provider status or the lease to the Trust of the balance of the Council's social housing assets was cancelled. Council is using social housing property to meet its equity and loan capitalisation responsibilities.

The Trust has now requested that the equity (or gift) component be increased to \$25 million to allow the Trust potentially to participate in the Government's Social Housing Reform process.

## Who is the Trust and what does it do?

Council established the Ōtautahi Community Housing Trust in 2016 to manage its social housing tenancies. The Council owns its social housing buildings and land but leases these assets to the Trust.

The Trust is responsible for tenancy management, rent-setting and the day-to-day maintenance of units (from 1 July 2017), while major repairs and renewals remain the Council's responsibility.

Over time, Council's expectations are that the Trust will also develop more social housing for Christchurch.

## Previous asset transfer context and decisions

In 2015, and following extensive consultation, Council resolved to fund the Trust through the progressive transfer of up to \$50 million of social housing assets.

As these assets are progressively transferred from the Council to the Trust, this was to be structured as \$5 million equity and as a \$45 million interest free loan. Council took this approach as it largely sought to protect the community's interest in Council's social housing assets by retaining the ability to require repayment of the loan in the event that the Trust was wound up or the Trust lost its Community Housing Provider status.

Council considered the risk of the Trust being wound up and formed the view these risks were mitigated by the fact that the housing assets could only be applied to community purposes.

## What is the Social Housing Reform Programme?

The Government's programme involves the sale of up to 2500 state housing properties in Christchurch to a registered community housing provider. The community housing provider will be required to continue providing social housing. According to the Government, while ownership of the social houses will change, "nothing changes for the tenants, their rent remains the same, as do their rights, and they remain eligible for social housing for the duration of their need."

The Trust wants to participate as the community housing provider and as a partner in a New Zealand based bid for the houses. Council considers it important that there is a New Zealand based bid to ensure local ownership and a commitment to reinvesting in Christchurch community housing.

## Why has the Trust requested more equity?

The Government's reform programme creates two roles for a community housing provider like the Trust. The first role is as a service provider providing tenancy services. Secondly, as a community housing provider that can own the houses, either alone or with partners.

The size and likely value of the proposed transfer means that The Trust, or most community housing providers, cannot participate in the transaction alone. Partners are required to assist with financing the transfer.

The Trust has been approached to be the community housing provider in a consortium led by a New Zealand investor seeking to invest in social infrastructure. Ultimately the Trust would like to have an opportunity to secure the properties for long term social housing purposes.

The Trust requires sufficient capital to purchase a meaningful share in the consortium. It proposes that the increased capitalisation comes from converting an additional \$20 million of Council's existing capitalisation commitment from "loan" to "gift".

Council owned organisation Christchurch City Holdings Ltd is aware of the proposal and is evaluating the opportunity to invest in partnership with the New Zealand led equity investors.

## What is Council's position?

Council has not formed a position on the merits or otherwise of the Government's social housing reform programme. Regardless of this, and recognising that the process is underway, Council believes that it is important that local voices are heard through the participation of a Christchurch community housing provider. Council's preference is for local leadership on matters affecting Christchurch citizens.

A Christchurch community housing provider will bring local knowledge and experience to managing the properties and assisting the tenants. A local provider will bring greater understanding of the distinctive issues in the Christchurch social housing market resulting from the earthquakes and subsequent rebuild. They will have established relationships that will help achieve results more efficiently and quickly than a new entrant to Christchurch.

Overseas-based community housing providers are able to participate in the Crown process, as long as they obtain New Zealand registration. An overseas bid may be backed by foreign investors, with any investment returns potentially flowing out of New Zealand. Having a Christchurch-based community housing provider directly involved (both as a service provider and equity partner) allows some of the investment returns from the Housing New Zealand properties to remain in Christchurch and to be reinvested in social housing. This reinvestment would be in addition to the 150 extra units required to be delivered by the successful bidder by the Government.

Council also sees benefits for tenants if the Trust is involved. A larger scale Trust, managing double the number of units it currently does, will be able to better develop tenant support programmes, through leveraging economies of scale and employing specialist staff across a larger property portfolio.

Council is unable to participate directly in buying this social housing as it cannot register as a Community Housing Provider. The Trust's proposal allows Council indirectly to demonstrate local leadership, with no impact on rates or borrowings.

Turning to the specific question of funding the Trust, Council wants:

- The experience of tenants to be the same or better than when Council was landlord;
- The Trust to succeed as a property manager;
- The Trust to be able to generate surpluses to develop new social housing units and improve existing properties (either those owned by the Trust or those owned by Council);
- Social housing to be provided at no cost to ratepayers; and
- Existing social housing assets to be used directly or indirectly to deliver the same amount or more social housing opportunities than today.

The proposal to increase the amount of properties gifted to the Trust assists Council to achieve these goals.

## Other options considered

Council, the Ōtautahi Community Housing Trust and CCHL, considered other options for local involvement in this proposed transaction. These options included other investment partnerships and also the option of either Council or CCHL leading a bid on their own. However, because of the size of the transaction, the option of bidding alone was not seen as being affordable for Council or CCHL, given other priorities and commitments.

If you would like to discuss any aspect of this proposal or consultation process, please contact:

Katy McRae  
Engagement Manager  
katy.mcrae@ccc.govt.nz  
941 8037

# Proposed changes to how Council funds the Ōtautahi Community Housing Trust

## Submission Form

Please share your views with us by ticking the relevant boxes:

**YES – I/we support the proposal.**

**YES – I/we generally support the proposal, but have some concerns.**

**NO – I/we do not support the proposal.**

You can ask to speak to your submission at a Council meeting. The meeting will be held in late June. Limited time will be allocated for speaking to your submission, including time for questions. You will be contacted by phone to confirm the date and time of the Council meeting.

**YES – I/we wish to present my/our submission.**

Please let us know your comments on Council’s proposal to alter the structure of the previously agreed long term funding of \$50 million to the Ōtautahi Community Housing Trust to a gift of social housing assets valued at \$25 million and the transfer of social housing assets to a value of \$25 million on an interest free loan basis.

The aim of this change is to support the Trust actively participating in a New Zealand-based partnership to bid for the ownership of the Government’s sale of up to 2,500 local state housing properties.

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*Please fold with the reply paid portion on the outside, seal and return by 5pm, Friday 16 June 2017.*

**Please note:**

Your full name, address and telephone number are required because this information is important for transparency, and for Christchurch City Council’s decision-making process. It also means we can update you on progress.

Ideally we would like your email address too, if you have one, as this makes it easier for us to stay in touch with you throughout the engagement process.

Your submission, including your name and contact details, will be made available to Council, to help them make an informed decision.

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Thank you for taking the time to respond. If you would like to be kept informed about the project, please note your contact details below:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Post Code: \_\_\_\_\_

Phone: \_\_\_\_\_ (daytime) \_\_\_\_\_ (cell)

Email: \_\_\_\_\_

*This consultation is limited to the capitalisation of the Trust only. It is not about the Trust’s participation – as an independent entity they are able to make a decision on whether or not to participate independently of Council. It is not about the Government policy or process – these decisions are the Government’s rather than Council’s. The consultation is also not about the establishment of the Trust. Council undertook extensive consultation in 2014 prior to making the decision to establish the Trust and lease it Council’s social housing portfolio.*

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FREEPOST Authority No.178



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Attention: Katy McRae  
Engagement Manager  
Christchurch City Council  
PO Box 73013  
Christchurch Mail Centre  
Christchurch 8154

tape here

# Have your say on: proposed changes to how Council funds the Ōtautahi Community Housing Trust

Christchurch City Council is considering a request to change how it funds the Ōtautahi Community Housing Trust. Specifically, Council is considering whether to increase the amount being gifted to the trust and reduce the loan to the Trust by a corresponding amount. This would enable the Ōtautahi Community Housing Trust to participate in a bid to retain the Government's social housing units in local ownership. Council understands that the Trust's involvement is the only way to ensure that there is a local provider and New Zealand-based bid for this important social housing asset.

Before it makes a decision on this request, Council wants to understand the views and preferences of citizens and communities.

## What is specifically being asked for?

Council has previously decided to fund the Trust through the transfer, made progressively, of \$50 million of social housing assets. The transfer was to be structured as \$5 million equity (or gift) and as a \$45 million interest free loan, repayable only if the Trust was wound up, lost its community housing provider status or the lease to the Trust of the balance of the Council's social housing assets was cancelled. Council is using social housing property to meet its equity and loan capitalisation responsibilities.

The Trust has now requested that the equity (or gift) component be increased to \$25 million to allow the Trust potentially to participate in the Government's Social Housing Reform process.

## Who is the Trust and what does it do?

Council established the Ōtautahi Community Housing Trust in 2016 to manage its social housing tenancies. The Council owns its social housing buildings and land but leases these assets to the Trust.

The Trust is responsible for tenancy management, rent-setting and the day-to-day maintenance of units (from 1 July 2017), while major repairs and renewals remain the Council's responsibility.

Over time, Council's expectations are that the Trust will also develop more social housing for Christchurch.

## Previous asset transfer context and decisions

In 2015, and following extensive consultation, Council resolved to fund the Trust through the progressive transfer of up to \$50 million of social housing assets.

As these assets are progressively transferred from the Council to the Trust, this was to be structured as \$5 million equity and as a \$45 million interest free loan. Council took this approach as it largely sought to protect the community's interest in Council's social housing assets by retaining the ability to require repayment of the loan in the event that the Trust was wound up or the Trust lost its Community Housing Provider status.

Council considered the risk of the Trust being wound up and formed the view these risks were mitigated by the fact that the housing assets could only be applied to community purposes.

## What is the Social Housing Reform Programme?

The Government's programme involves the sale of up to 2500 state housing properties in Christchurch to a registered community housing provider. The community housing provider will be required to continue providing social housing. According to the Government, while ownership of the social houses will change, "nothing changes for the tenants, their rent remains the same, as do their rights, and they remain eligible for social housing for the duration of their need."

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## Why has the Trust requested more equity?

The Government's reform programme creates two roles for a community housing provider like the Trust. The first role is as a service provider providing tenancy, maintenance and asset management services. Secondly, as a community housing provider that can own the houses, either alone or with partners.

The size and likely value of the proposed transfer means that The Trust, or most community housing providers, cannot participate in the transaction alone. Partners are required to assist with financing the transfer.

The Trust has been approached to be the community housing provider in a consortium led by a New Zealand asset management investor seeking to invest in social infrastructure. The Trust's aim is to be both the service provider and part owner of the properties. Ultimately the Trust would like to increase its share of ownership, as a means of securing the properties for long term social housing purposes.

The Trust does not currently have sufficient capital to purchase a meaningful share in the consortium. It has indicated that it requires capital of \$25 million to do this. The Trust proposes that the increased capitalisation comes from converting an additional \$20 million of Council's existing capitalisation commitment from "loan" to "gift".

A performance bond is also required to protect other investors if the Government decided that the Trust was not performing to the standards required of a community housing provider. The Trust is unable to secure a performance bond given its current financial resources. Christchurch City Holdings Limited (CCHL) has therefore been asked by the Trust to consider underwriting the performance bond. CCHL is also evaluating the opportunity to invest in partnership with the New Zealand-led equity investors.

## What is Council's position?

Council has not formed a position on the merits or otherwise of the Government's social housing reform programme. Regardless of this, and recognising that the process is underway, Council believes that it is important that local voices are heard through the participation of a Christchurch community housing provider. Council's preference is for local leadership on matters affecting Christchurch citizens.

A Christchurch community housing provider will bring local knowledge and experience to managing the properties and assisting the tenants. A local provider will bring greater understanding of the distinctive issues in the Christchurch social housing market resulting from the earthquakes and subsequent rebuild. They will have established relationships that will help achieve results more efficiently and quickly than a new entrant to Christchurch.

Overseas-based community housing providers are able to participate in the Crown process, as long as they obtain New Zealand registration. An overseas bid may be backed by foreign investors, with any investment returns potentially flowing out of New Zealand. Having a Christchurch-based community housing provider directly involved (both as a service provider and equity partner) allows some of the investment returns from the Housing New Zealand properties to remain in Christchurch and to be reinvested in social housing. This reinvestment would be in addition to the 150 extra units required to be delivered by the successful bidder by the Government.

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- The Trust to be able to generate surpluses to develop new social housing units and improve existing properties (either those owned by the Trust or those owned by Council);
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Katy McRae  
Engagement Manager  
katy.mcrae@ccc.govt.nz  
941 8037



# Proposed changes to how Council funds the Ōtautahi Community Housing Trust

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The aim of this change is to support the Trust actively participating in a New Zealand-based partnership to bid for the ownership of the Government’s sale of up to 2,500 local state housing properties.

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Thank you for taking the time to respond. If you would like to be kept informed about the project, please note your contact details below:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Post Code: \_\_\_\_\_

Phone: \_\_\_\_\_ (daytime) \_\_\_\_\_ (cell)

Email: \_\_\_\_\_

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FREEPOST Authority No.178



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Attention: Katy McRae  
Engagement Manager  
Christchurch City Council  
PO Box 73013  
Christchurch Mail Centre  
Christchurch 8154

tape here

From: Karen Mitchell [TSY] <[REDACTED]>  
Sent: Friday, 2 June 2017 3:01 p.m.  
To: Rendall, Bruce  
Cc: Columbus, Anne; Anstiss, Brendan; William More [TSY]; Kathleen Fafeita [TSY]  
Subject: HPRM: CCC Capitalisation Consultation  
Attachments: 3691598\_Information Protocol with Christchurch City Council (June 2017).DOCX; Otautahi Community Housing Trust consultation (TSY comment).docx

[IN-CONFIDENCE]

Dear Bruce

Thank you for your confirmation that the Council is not proceeding to consult on OCHT's capital structure at this time.

Before we received your confirmation that the consultation was not proceeding we had been marking up a copy of the consultation document as agreed with Anne. We thought it may be helpful to provide that to you anyway so you can understand the areas of concern to us.

We note that the Council did post a version of the consultation document on its website for a period of 12 hours on Tuesday 23 May 2017 which was then removed and replaced with an amended version for a period of 8 hours before being taken down again. In order that we can assess the probity risks arising from the limited publication of these documents we ask that the Council please urgently provide us with the two versions of the document that were published and any information you have on the number of times the documents were accessed or downloaded before they were removed.

Finally we attach a mark up of the Communication and Probity Protocols between the Council and the Procuring Agencies and ask that the Council execute this as soon as possible. We have amended the document from the version we sent to the Council in early April and which the Council has not yet executed. The document now includes references to public statements by the Council on the procurement process.

Kind regards  
Karen

Karen Mitchell | Transaction Lead | The Treasury

Tel: [REDACTED]

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From: Rendall, Bruce [mailto:[REDACTED]]  
Sent: Tuesday, 30 May 2017 9:57 a.m.  
To: Social Housing Reform Programme Christchurch [TSY] <[SHRPChristchurch@treasury.govt.nz](mailto:SHRPChristchurch@treasury.govt.nz)>  
Cc: Columbus, Anne <[REDACTED]>  
Subject: Capitalisation Consultation

Dear Karin

As you are aware, recently the Otautahi Community Housing Trust asked Council to consider restructuring its capitalisation arrangements. Council resolved to seek community views prior to making a decision on this request.

The Trust has now requested that Council delay consideration of the capitalisation restructure for the time being. In response Council will not be proceeding with consultation at this time. Consultation may take place in the future, if circumstances change.

Should you have questions on this matter, please contact me on the numbers below.

Bruce

**Bruce Rendall**

**Head of Facilities, Property and Planning**  
Facilities, Property and Planning

DDI [REDACTED]  
Fax [REDACTED]  
Mobile [REDACTED]  
Email [REDACTED]  
Web [ccc.govt.nz](http://ccc.govt.nz)

**Christchurch City Council**  
Civic Offices, 53 Hereford Street, Christchurch  
PO Box 73015, Christchurch, 8154



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This electronic email and any files transmitted with it are intended solely for the use of the individual or entity to whom they are addressed.

The views expressed in this message are those of the individual sender and may not necessarily reflect the views of the Christchurch City Council.

If you are not the correct recipient of this email please advise the

Christchurch City Council is considering a request to change how it funds the Ōtautahi Community Housing Trust (Trust). Specifically, Council is considering whether to increase the amount being gifted to the ~~trust~~ Trust and reduce the loan to the Trust by a corresponding amount. This would enable the ~~Ōtautahi Community Housing Trust~~ Trust to participate in a Consortium bidding for the transfer of to retain the Government's social housing properties and tenancies units to a community housing provider under its Social Housing Reform Programme.

~~in local ownership. Council considers it important that there is a New Zealand based bid to ensure local ownership and a commitment to reinvesting in Christchurch community housing.~~

Council has not formed a position on the merits or otherwise of the Government's Social Housing Reform Programme and the transfer of Housing New Zealand properties and tenancies, however ~~Before before~~ it makes a decision on the Trust's request, Council wants to understand the views and preferences of citizens and communities.

#### **What is specifically being asked for?**

Council has previously decided to fund the Trust through ~~the transfer, made~~ progress transfer of progressively, of \$50 million of its social housing assets. The transfer was to be structured as \$5 million equity (or gift) and as a \$45 million interest free loan, repayable only if the Trust was wound up, lost its community housing provider status or the lease to the Trust of the balance of the Council's social housing assets was cancelled. Council is using its social housing property to meet its equity and loan capitalisation responsibilities.

The Trust has now requested that the equity (or gift) component be increased to \$25 million to allow ~~the Trust~~ it ~~potentially~~ to participate in a Consortium bidding for the transfer of Government social housing properties and tenancies to a community housing provider ~~the Government's Social Housing Reform process.~~

#### **Who is the Trust and what does it do?**

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Over time, Council's expectations are that the Trust will also ~~develop~~ more social housing for Christchurch.

In funding the Trust, the Council wants:

- The experience of tenants to be the same or better than when Council was landlord;
- The Trust to succeed as a property manager;
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- Social housing to be provided at no cost to ratepayers; and
- Existing social housing assets to be used directly or indirectly to deliver the same amount or more social housing opportunities than today.

The Trust believes that there is benefit it in being able to expand its operations if successful in the Government's process. Expanding its operations would enable it to better develop tenant support programmes through leveraging economies of scale and employing specialist staff across a larger property portfolio.

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**Previous asset transfer context and decisions**

In 2015, and following extensive consultation, Council resolved to fund the Trust through the progressive transfer of up to \$50 million of social housing assets.

As these assets are progressively transferred from the Council to the Trust, this was to be structured as \$5 million equity and as a \$45 million interest free loan. Council took this approach as it largely sought to protect the community's interest in Council's social housing assets by retaining the ability to require repayment of the loan in the event that the Trust was wound up or the Trust lost its Community Housing Provider status.

Council considered the risk of the Trust being wound up and formed the view that these risks were mitigated by the fact that the housing assets could only be applied to community purposes.

**What is the Social Housing Reform Programme?**

The Government's Social Housing Reform programme-Programme involves the sale-transfer of up to 2500 state housing Housing New Zealand properties and tenancies in Christchurch to a New Zealand registered community housing provider. The community housing provider will be required to continue providing social housing under contract with the Ministry of Social Development. According to the Government, while ownership of the social houses will change, "nothing changes for the tenants, their rent remains the same, as do their rights, and they remain eligible for social housing for the duration of their need."

~~The Trust wants to participate as the community housing provider and as a partner in a New Zealand based bid for the houses. Council considers it important that there is a Newzealand based bid to ensure local ownership and a commitment to reinvesting in Christchurch community housing.~~

**Why has the Trust requested more equity?**

The Government's reform programme creates two roles for a community housing provider like the Trust. The first role is as a service provider providing tenancy services. Secondly, as a community housing provider that can own the houses, either alone or with partners.

The size and likely value of the proposed transfer means that ~~The the Trust, or most community housing providers,~~ cannot participate in the ~~transaction process~~ alone. Partners are required to assist with financing the transfer.

The Trust has been approached to be the community housing provider in a consortium led by a New Zealand investor seeking to invest in social infrastructure. ~~The Trust requires sufficient capital to ensure that its balance sheet is able to support its involvement in the Consortium purchase a meaningful share in the consortium.~~ It proposes that the increased capitalisation comes from ~~converting an additional \$20 million of Council's existing capitalisation commitment from "loan" to "gift".~~

~~Ultimately the Trust would like to have an opportunity to secure the properties for long term social housing purposes.~~

~~The Trust requires sufficient capital to purchase a meaningful share in the consortium. It proposes that the increased capitalisation comes from converting an additional \$20 million of Council's existing capitalisation commitment from "loan" to "gift".~~

Council owned organisation Christchurch City Holdings Limited is aware of the proposal and is evaluating the opportunity to invest in partnership with the ~~New Zealand led equity~~ investors.

### What is Council's position?

Turning to the specific question of funding the Trust, Council wants:

- ~~— The experience of tenants to be the same or better than when Council was landlord;~~
- ~~— The Trust to succeed as a property manager;~~
- ~~— The Trust to be able to generate surpluses to develop new social housing units and improve existing properties (either those owned by the Trust or those owned by Council);~~
- ~~— Social housing to be provided at no cost to ratepayers; and~~
- ~~— Existing social housing assets to be used directly or indirectly to deliver the same amount or more social housing opportunities than today;~~
- ~~— The proposal to increase the amount of properties gifted to the Trust assists Council achieve these goals;~~

~~Council has not formed a position on the merits or otherwise of the Government's social housing reform programme. Regardless of this, and recognising that the process is underway, Council believes that it is important that local voices are heard through the participation of a Christchurch community housing provider. Council's preference is for local leadership on matters affecting Christchurch citizens.~~

~~A Christchurch community housing provider will bring local knowledge and experience to managing the properties and assisting the tenants. A local provider will bring greater understanding of the distinctive issues in the Christchurch social housing market resulting from the earthquakes and subsequent rebuild. They will have established relationships that will help achieve results more efficiently and quickly than a new entrant to Christchurch.~~

Overseas based community housing providers are able to participate in the Crown process, as long as they obtain New Zealand registration. An overseas bid may be backed by foreign investors, with any investment returns potentially flowing out of New Zealand. Having a Christchurch based community housing provider directly involved (both as a service provider and equity partner) allows some of the investment returns from the Housing New Zealand properties to remain in Christchurch and be reinvested in social housing. This reinvestment would be in addition to the 150 extra units required to be delivered by the successful bidder by the Government

Council also sees benefits for tenants if the Trust is involved. A larger scale Trust, managing double the number of units it currently does, will be able to better develop tenant support programmes, through leveraging economies of scale and employing specialist staff across a larger property portfolio.

Council is unable to participate directly in the Government's Transfer process as it cannot register as a community housing provider. However, Council does see benefits for tenants where a new community housing provider is better able to support tenants and improve existing properties as well as deliver more social housing at no cost to rate payers.

buying this social housing due to financial constraints and other priorities (e.g. completing the rebuild, ongoing renewal of assets and the creation of community facilities to meet emerging demands). The Trust's proposal allows Council indirectly to demonstrate local leadership, with no impact on rates or borrowings.

Irrespective of the Trust's involvement and its request for changes to its funding, the Council has no role in supporting any specific bid for the transfer of Government social housing. The Council has a statutory responsibility to respond fairly and transparently to any bidder who may seek information required to support development of new social housing. Turning to the specific question of funding the Trust, Council wants:

- The experience of tenants to be the same or better than when Council was landlord;
- The Trust to succeed as a property manager;
- The Trust to be able to generate surpluses to develop new social housing units and improve existing properties (either those owned by the Trust or those owned by Council);
- Social housing to be provided at no cost to ratepayers; and
- Existing social housing assets to be used directly or indirectly to deliver the same amount or more social housing opportunities than today;
- The proposal to increase the amount of properties gifted to the Trust assists Council achieve these goals.

#### Other options considered

Council, the Ōtautahi Ōtautahi Community Housing Trust and CCHL, considered other options for local involvement in the Government's Transfer process proposed transaction. These options included other investment partnerships and also the option of either Council or CCHL leading a bid on their own. However, because of the size of the transaction, the option of bidding alone was not seen as being affordable for Council or CCHL, given other priorities and commitments.

# COMMUNICATION AND PROBITY PROTOCOLS BETWEEN THE TREASURY, THE MINISTRY OF SOCIAL DEVELOPMENT AND CHRISTCHURCH CITY COUNCIL AND BETWEEN THE COUNCIL AND POTENTIAL RESPONDENTS REGARDING THE TRANSFER OF SOCIAL HOUSING PROPERTIES IN CHRISTCHURCH

## PURPOSE

The purpose of this document is to establish protocols that will enable communications to occur between the Christchurch City Council (the **Council**) and Treasury and Ministry of Social Development (**MSD**) personnel involved in the social housing transfer in Christchurch (the **Christchurch Transfer**), in order that information can be exchanged to facilitate the performance of those parties' respective roles in the Christchurch Transfer while maintaining probity.

This document also establishes protocols to enable appropriate communications between the Council and potential participants in the procurement process for the Christchurch Transfer (**Potential Respondents**) in order that information can be exchanged to assist Potential Respondents to develop their response to the procurement while ensuring that probity in the procurement process is maintained.

## BACKGROUND

### About the parties

- A. The Council is the local government authority which meets local needs in Christchurch and provides the resources and services it needs to grow and develop. The Council consists of the Mayor and 16 councillors who represent 16 different wards in the Christchurch area. A wide range of teams within the Council carry out the Council's day to day operations including providing services and advice to the public.
- B. Ōtautahi Community Housing Trust (the **Trust**) is a charitable trust which was established by the Council in 2016. The Trust was formed in order to provide the Council with a more financially sustainable model for its social housing portfolio and to enable it to be eligible to receive income related rent subsidy from MSD. The Trust is a registered community housing provider (**CHP**) and is a Potential Respondent.
- C. In May 2014 the Government provided a mandate to The Treasury and the Ministry of Business, Innovation and Employment to create a unit within The Treasury to report to the Ministers of Finance and Social Housing on how to grow a sustainable social housing market. As a result the Transactions Unit - Social Housing Reform (**Transactions Unit**) was established within The Treasury. Its role is to explore, consider, and understand what is required to develop a fair, efficient and effective social housing market and implement this through, amongst other things, the transfer of Housing New Zealand Limited assets to the social housing sector (**Transfers**).
- D. As the purchaser of social housing places and a party to capacity contracts with CHPs, MSD plays an important role in supporting the Transactions Unit to successfully complete the Transfers.
- E. A large number of Potential Respondents have shown an interest in the Christchurch Transfer. Potential Respondents may be individual entities or consortia made up of a number of entities including, for example, CHPs, investors and developers.

### Rationale for communications between the Council and the Procuring Agencies

- F. The Treasury and MSD (together, the **Procuring Agencies**) are progressing a number of Transfers throughout the country as part of the Social Housing Reform Programme, including the Christchurch Transfer.

DRAFT



- G. Although the Council is not directly involved in the Christchurch Transfer, the Procuring Agencies have had, and will continue to have on occasion, discussions with the Council about the procurement process as the Christchurch Transfer is being carried out within the Council's boundary. Discussions between the parties may in certain circumstances include the sharing of information which has not been shared with Potential Respondents.

#### **Rationale for communications between the Council and Potential Respondents**

- H. As part of the development of their response to the procurement process Potential Respondents will may need to discuss aspects of their response with the Council including, for example, the types of consents they need to obtain and the compliance requirements they need to meet.

#### **Probity risk**

- I. It is acknowledged that the sharing of information by personnel from the Procuring Agencies with the Council and between Potential Respondents and the Council creates a number of probity risks which need to be managed in order to ensure the integrity of the work carried out by the parties is maintained.
- J. It is acknowledged that public statements by the Council on the transfer process ~~or the~~ have the potential to create probity risks which need to be managed in order to ensure the integrity of the procurement process.
- K. It is further acknowledged that ~~any~~ probity breaches may result in the Procuring Agencies ~~having exercising rights~~ to exclude the Trust from participating in the procurement process.
- ~~I.L.~~ The probity risks which could arise from the sharing of information ~~about~~ in relation to the Christchurch Transfer are elaborated below.

#### *Communications between the Procuring Agencies and the Council*

- ~~J.M.~~ It is anticipated that the Trust will be a Potential Respondent. As the Trust was set up by the Council to manage its property portfolio and the Council appoints three Trustees to the Trust (two of these being sitting councillors and one a former councillor), it is likely that other Potential Respondents will perceive that the Council is not independent of the Trust and that it has an interest in the outcome of the Christchurch Transfer.
- ~~K.N.~~ Procurement processes are designed to provide information to participants in an even-handed way. Further, the Procuring Agencies are bound by the Government Rules of Sourcing, which require government agencies to carry out procurement processes in a manner that treats all participants fairly.
- ~~L.O.~~ In this regard there is a risk that information provided to the Council by the Procuring Agencies is inadvertently or otherwise passed on to the Trust, putting the Trust at an unfair advantage over other Potential Respondents.

#### *Communications between Potential Respondents and the Council*

- ~~M.P.~~ Throughout the procurement process Potential Respondents will may need to discuss aspects of their response with different Council teams. Potential Respondents may have concerns that the Council will not be unbiased or even-handed in its engagement with Potential Respondents due to a perception that the Council has an interest in the procurement process as a result of the Trust being a Potential Respondent.
- ~~N.Q.~~ Potential Respondents may be concerned that confidential aspects of their proposal which they need to share with the Council in order to receive meaningful advice could inadvertently or otherwise be shared with the Trust, putting them at an unfair disadvantage.

R. There is a risk that Potential Respondents will be reluctant, or choose not, to disclose relevant information when seeking advice from the Council to inform the development of their proposal out of a concern that this information will be shared with the Trust. This could result in a Potential Respondent's proposal being incomplete or less detailed than other proposals, putting it at a disadvantage when the Procuring Agencies evaluate their response.

Public Statements by the Council about the pProcurement pProcess

S. As noted above, Potential Respondents may have concerns that the Council will not be unbiased or even-handed in its engagement with Potential Respondents due to a perception that the Council has an interest in the procurement process as a result of the Trust being a Potential Respondent.

Q.T. If the Council makes public statements which suggest or indicate it is favouring one or more of the Potential Respondents then the other Potential Respondents will have concerns that the Council will not be unbiased or even-handed in its engagement with Potential Respondents.

## PROTOCOLS

1. In light of the above probity risks, these protocols (**Protocols**) have been established to ensure that any engagement between the Procuring Agencies and the Council and between Potential Respondents and the Council regarding the Christchurch Transfer aligns with probity principles (in particular fairness, impartiality and transparency). Further, these Protocols are designed to promote appropriate communication rather than discourage engagement, as a lack of such engagement could hinder the Procuring Agencies in carrying out a successful transfer in Christchurch as well as have a negative effect on Council successfully achieving its own social housing objectives.
2. These Protocols apply to all those Procuring Agencies' personnel or advisers involved in the Christchurch Transfer and all Council personnel.

### ***Protocols between the Procuring Agencies and the Council***

3. The Procuring Agencies will only share commercially sensitive information with the Council (of a type that would advantage a Potential Respondent in preparing its proposal) where this is deemed necessary, and after taking probity advice (as appropriate), in order to advance the Christchurch Transfer or to progress discussions with the Council in relation to matters requiring the Council's involvement.
4. The Procuring Agencies will not provide, and the Council will not seek, information about what the Procuring Agencies are seeking in relation to each of the procurement response requirements or how proposals will be evaluated against the response requirements (beyond information made available to all Potential Respondents in the procurement documentation itself).
5. The Procuring Agencies will not provide, and the Council will not seek, information about Potential Respondents unless this information can be shared in a way which does not identify the Potential Respondent and does not reveal any information which is commercially sensitive to the Potential Respondent.
6. The Council will identify those of its personnel who are engaging with the Procuring Agencies and who are likely to engage with Potential Respondents. Where these personnel are different the Council will put in place information barriers between those personnel engaging with the Procuring Agencies and personnel engaging with Potential Respondents to ensure that information and records are not able to be accessed by personnel on the other side of the information barrier. The Council will also ensure that those personnel engaging with the Procuring Agencies sign a confidentiality undertaking restricting their ability to share information provided by the Procuring Agencies with other Council personnel or any other person.

7. All Council personnel engaging with the Procuring Agencies and Potential Respondents will keep records of each interaction so that the Council can review the records and ensure that Potential Respondents are being treated fairly and that confidential information provided by the Procuring Agencies is not shared with the Trust or other Potential Respondents.
8. The Probity Auditor for the Christchurch Transfer will be involved in discussions and meetings between the Council and the Procuring Agencies (on an as required basis) in order to monitor the information being shared during these interactions to ensure that these Protocols are being complied with and to test whether information which is shared with the Council also needs to be provided to Potential Respondents.

#### ***Protocols between the Council and Potential Respondents***

9. The Council will notify all Potential Respondents who approach the Council for advice in relation to the Christchurch Transfer that the Council may also be providing advice to the Trust which, although an independent entity, has three Council appointed Trustees and maintains the Council's property portfolio. In doing so the Council will inform Potential Respondents of the existence and nature of these Protocols in order to reassure Potential Respondents that probity risks in this regard are being appropriately managed.
10. The Council will ensure that all of its staff are aware of and adhere to the communication protocols which are in place between the Council and the Trust.
11. The Council will ensure that any engagement with a Potential Respondent is notified to the Procuring Agencies' point of contact and that all meetings between the Council and Potential Respondents take place in the presence of a Treasury representative (at the Procuring Agencies' discretion) who will observe the meeting and provide assurance that all Potential Respondents are treated fairly. The Council will otherwise inform the Procuring Agencies of the subject matter of any engagement with a Potential Respondent and co-operate with the Procuring Agencies, including by taking any steps the Procuring Agencies consider appropriate to further manage probity in relation to such engagement.

#### ***Protocols for Public Statements by Council***

12. For the duration of the procurement process the Council will not make any public statement to any third party in relation to any aspect of the procurement process without the Procuring Agencies' prior written consent.

#### **Points of contact**

All communications between the Procuring Agencies and the Council are required to go through each party's point of contact named below.

#### ***The Procuring Agencies***

Name: Karen Mitchell

Title: Transaction Lead

Phone number:

Email address:



***The Council***

Name:

Title:

Phone number:

Email address:

Dated ~~April~~June 2016

DRAFT

26.05.2017

Notes of phone conversation with Karin Mitchell, Transaction Lead, The Treasury [REDACTED]

- Received the consultation document yesterday from Steve Penny, Morrison and Co, who was raising concerns around probity
- Concern that statements in the document could potentially be interpreted as undermining the integrity of the procurement process relating to Government Social Housing Reform. It could be read as a public body supporting a proposal bid including suggesting/presenting the process to favour local provision
- KM understands that the City Council may have a view on local provisions but the document conveys it in an way that there is a public body that favouring a particular proposal bid
- Document states support/ preference and/or a view of the other bidders; comments like local provision; other bidders and their status, their interest and their approach,; potential for the profit to go offshore are not helpful
- KM understands the \$5/\$45m establishment funding between CCC and OCHT and also the role of CCHL
- KM suggest that the wording might in the end undermine the procurement process – and that Treasury needs to give this careful consideration; Hence they need more time to group up internally and consult with Ministers on this issue.
- Want to ensure that all parties are treated fairly
- Aware of Prime Minister English's comments – however does not believe that are similar to what we have written
- Confirm that we had already began consultation; firstly on Tuesday with the initial consultation document; which was taken down and a second consultation document was posted on our website yesterday for about 8 hours. We took these down as a result of probity queries coming from Treasury.
- KM confirms that they only saw the document yesterday – so it may not have been as a result of probity queries from Treasury on Tuesday (NB AC has confirmed that it was Consortium queries on probity that was the impetus for removing the consultation document Tuesday, re-wording and then putting back up yesterday; We took it down again last night as a result of the feedback from Treasury back to the Consortium late yesterday afternoon).
- KM indicated that her reading, the consultation document is very explicit in the City Council supporting the proposal bid from the consortium
- KM confirmed that they had been in discussion with Paul Cottam and John Scanlon (both CCC staff) re the Communication Protocol that treasury are wanting us to agree to; That they had specifically asked in the meeting with CCC staff (including Brendan A) and were told that CCC has not role in supporting a bid.
- KM understood that CCC/OCHT have an arm's length relationship however any assessment of this would sit with the Regulator
- KM suggesting that this poses issues for the EOI Invitation to bidders which current states that Council has no role in supporting any proposal submitted in respect of the Transfer; This statement may have to be removed
- KM talked to the wording is of concern, they need to be prudent in their assessment and perception is a powerful thing
- Treasury are still looking to come to Christchurch and have further conversations around the Transfer (related to the Communication protocol and other matters) rather than this specific issue

- Believes this consultation document puts the Consortium bid at risk
- Treasury has people/legal looking at this today – and meeting later this afternoon to discuss; also looking to advise the Ministers; Will provide us with an indication of their view later today.

During the course of the conversation I advised that:

- We are not in a 'parent' relationship with the Trust
- That CCC has capitalised OCHT to establish – which was the \$5/\$45m; however in order for OCHT to form part of the Consortium as their CHP they need to have a stronger balance sheet
- We do not see ourselves as supporting any bid
- We are required to undertake this consultation as the Trust has requested a change to the capitalisation model to \$25/\$25m; we need to be able to inform our community of why – and this is the basis of our statements
- The Mayor and CCC have publicly stated our position on local ownership of social housing

AC agreed to forward through the latest version of the consultation document (completed via email)

Also suggested it was prudent for KM to speak with Brendan A on the Communication protocol document.

Anne Columbus

GM Corporate Services

Christchurch City Council

From: Karen Mitchell [TSY] <[REDACTED]>  
Sent: Friday, 26 May 2017 9:25 a.m.  
To: Columbus, Anne  
Subject: RE: CCC Consultation document

[UNCLASSIFIED]

Thanks Anne

I will get back to you this afternoon.

Regards  
Karen

Karen Mitchell | Transaction Lead | The Treasury  
[REDACTED]

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From: Columbus, Anne [REDACTED]  
Sent: Friday, 26 May 2017 9:13 a.m.  
To: Karen Mitchell [TSY] <[REDACTED]>  
Subject: CCC Consultation document

Morning Karin

Thanks for our conversation and the clarity of your concerns.

Please find attached the current final version of the consultation document. This was on our Council website yesterday for approximately 8 hours; no print collateral has been distributed publicly.

Kind regards

**Anne Columbus**  
General Manager - Corporate Services  
Christchurch City Council  
**Your partner enabling the best outcomes ... shaping a great place where people want to be**  
[REDACTED]  
[REDACTED]  
[REDACTED]  
Web: [www.ccc.govt.nz](http://www.ccc.govt.nz)  
Christchurch City Council  
Civic Offices, 53 Hereford Street, Christchurch  
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From: Karen Mitchell [TSY] <[REDACTED]>  
Sent: Friday, 26 May 2017 2:36 p.m.  
To: Columbus, Anne  
Subject: Christchurch City Council public consultation on OCHT capitalisation

[IN-CONFIDENCE]

Dear Anne

Thank you for forwarding the public consultation document that the Christchurch City Council wishes to publish regarding proposed changes to how the Ōtautahi Community Housing Trust is funded. The Procuring Agencies require further time to consider their position and obtain legal advice.

The Procuring Agencies are committed to ensuring that all Respondents are treated fairly and equitably throughout the Procurement Process. Ōtautahi Community Housing Consortium's ongoing participation in the Procurement Process will be at risk if the Council chooses to go ahead and publish the document prior to receiving a final response from the Procuring Agencies.

Regards  
Karen

[Karen Mitchell | Transaction Lead | The Treasury](#)  
[REDACTED]

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From: Karen Mitchell [TSY] <[REDACTED]>  
Sent: Friday, 26 May 2017 3:33 p.m.  
To: Columbus, Anne  
Subject: Re: Christchurch City Council public consultation on OCHT capitalisation

Follow Up Flag: Follow up  
Flag Status: Completed

Thanks Anne

I'll get back to you on Monday regarding progress on getting you our response.

Regards  
Karen

Sent from my iPhone

On 26/05/2017, at 2:50 PM, Columbus, Anne <[REDACTED]> wrote:

Thanks Karen.

I really appreciate you coming back to me so quickly - signalling the Procuring Agencies need for further time to consider and obtain legal advice.

I can give you an undertaking that we will not put this document into public circulation until after we have received your final response.

Can you please advise as to when you may be in a position to provide this final response. This is for two reasons - one we have an urgent need to commence our consultation process so we can provide advice to Council on 22 June on any decision to reframe our capitalisation of Ōtautahi Community Housing Trust, and secondly we would like the opportunity for our own legal advice on the Procuring Agencies position.

Kind regards

Anne

### Anne Columbus

General Manager - Corporate Services

Christchurch City Council

Your partner enabling the best outcomes ... shaping a great place where people want to be

[REDACTED]  
[REDACTED]  
[REDACTED]

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Christchurch City Council

Civic Offices, 53 Hereford Street, Christchurch

PO Box 73016, Christchurch, 8154

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From: Karen Mitchell [TSY] ([REDACTED])  
Sent: Friday, 26 May 2017 2:36 p.m.  
To: Columbus, Anne  
Subject: Christchurch City Council public consultation on OCHT capitalisation

[IN-CONFIDENCE]

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The Procuring Agencies are committed to ensuring that all Respondents are treated fairly and equitably throughout the Procurement Process. Ōtautahi Community Housing Consortium's ongoing participation in the Procurement Process will be at risk if the Council chooses to go ahead and publish the document prior to receiving a final response from the Procuring Agencies.

Regards  
Karen

Karen Mitchell | Transaction Lead | The Treasury  
[REDACTED]

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From: Cate Kearney <[REDACTED]>  
Sent: Monday, 23 January 2017 10:19 a.m.  
To: Rendall, Bruce  
Subject: RE: Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

Hi Bruce,  
I've discussed with the Board. We're happy to provide an informal briefing in regard to the Trust's progress and include in that any opportunities or directions we are exploring. It's been suggested that I arrange this via Bev or Ruth?

Kind regards, Cate

---

From: Rendall, Bruce [mailto:[REDACTED]]  
Sent: Thursday, 19 January 2017 9:10 p.m.  
To: Cate Kearney <[REDACTED]>  
Subject: FW: Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

Cate

I've headed this off.

The Mayor has asked for information on the Trusts' position on the proposed Christchurch social housing transfer. I suspect it more appropriate that the Trust respond directly to the Mayor rather than CCC staff commenting on our understanding of the Trust's position.

This might be through you (I'm happy to be post man) or the trustees (Governance to governance). I suspect that while the Mayor has used the term "report" we should initially consider a briefing (cf with a public report).

Happy to discuss

Bruce

---

From: Jordan, Rosie  
Sent: Thursday, 19 January 2017 5:25 p.m.  
To: Rendall, Bruce  
Subject: FW: Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

---

From: Orchard, Rob  
Sent: Thursday, 19 January 2017 5:01 p.m.  
To: Jordan, Rosie  
Subject: RE: Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

Hi Rosie,

As discussed, OCHT haven't decided whether they will be involved in anything further than the information memorandum phase at present. I take this to mean that they are engaged in the initial conversation. They (OCHT) have a board meeting tomorrow, but it is unlikely any further decisions will be made until additional information gathering has occurred.

In regards to receiving reports from the Trust in this regard. The Trust (and CCC) are under pressure to ensure that clear lines of separation are established in order to maintain OCHT status as a CHP. However, I will continue to monitor any development in this space.

Please let me know if you require anything else at this stage.

Kind regards

**Robert Orchard**

**Manager Social Housing**  
Facilities, Property and Planning

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Web: [www.ccc.govt.nz](http://www.ccc.govt.nz)

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From: Edwards, Karleen  
Sent: Thursday, 19 January 2017 3:25 p.m.  
To: Orchard, Rob  
Subject: FW: Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

And this from the Mayor ... can you advise please.

Thanks  
Rosie

From: Dalziel, Lianne  
Sent: Thursday, 19 January 2017 3:24 p.m.  
To: Edwards, Karleen

Cc: Buck, Vicki; Bruorton, Adair  
Subject: Fwd: Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

Not sure who is monitoring this.  
Is the Otautahi Community Housing Trust signed up for this? I'm assuming it's done. How do we trigger a report to Council from them? Because there should be publicity about why.

---

From: Social Housing [TSY] <[socialhousing@treasury.govt.nz](mailto:socialhousing@treasury.govt.nz)>  
Sent: Thursday, January 19, 2017 3:02 PM  
Subject: Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

[UNCLASSIFIED]

Kia ora, thank you for your interest in the progress of the Social Housing Reform Programme.

Reminder: Due February 3 - Market Sounding responses for proposed Christchurch social housing transfer

3 February 2017 is the deadline for written responses to questions set out in the Information Memorandum relating to a proposed transfer of up to 2500 social houses in Christchurch. This proposed transfer offers a unique opportunity for Community Housing Providers to support tenants in both social and affordable housing, and make a meaningful difference to the provision of social housing in Christchurch.

We are looking for providers who can bring innovation to how tenants are supported, and how properties are managed and reconfigured to better match demand.

There are also opportunities that would allow the development of additional social, affordable and market dwellings. As well as community housing providers, we want to hear from third party investors, debt providers and developers interested in working with community housing providers.

If you are interested in participating in this proposed transfer we encourage you to provide us with your views on this opportunity.

If you would like to participate in this Market Sounding process, please note:

- 1 You must be subscribed to the GETS notice by 3 February 2017.
- 1 Written responses to the questions must be submitted to [SHRPChristchurch@treasury.govt.nz](mailto:SHRPChristchurch@treasury.govt.nz) by no later than 3 February 2017.
- 1 You may be offered the opportunity to provide feedback in person. No additional information about the proposed transaction will be provided, and a probity auditor will be present to ensure that is the case.

To register on the Government Electronic Tendering Service (GETS). Please go [here](#) to do so.

The Information Memorandum can then be accessed [here](#).

The written responses to the market sounding questions may be used to refine our approach to this proposed transfer prior to commencing a formal procurement process.

Participating in this Market Sounding process is not a pre-requisite for participating in any subsequent procurement process relating to this proposed transfer.

Regards,

Social Housing Transactions Unit | The Treasury

Social housing transfers are one aspect of the Government's Social Housing Reform Programme. For information about the programme see [www.socialhousing.govt.nz](http://www.socialhousing.govt.nz)  
If you don't wish to receive emails from the Social Housing Transactions Unit please reply to this email with "Unsubscribe" in the subject line.

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Christchurch City Council  
<http://www.ccc.govt.nz>

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From: Rendall, Bruce  
Sent: Wednesday, 24 May 2017 9:07 p.m.  
To: Cate Kearney  
Cc: Munro, Paul; Columbus, Anne  
Subject: HPRM: RE: Otautahi Social Housing Trust PIL - PROOF 03 (003).pdf

Cate

Happy to hold off until the morning.

Bruce

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From: Cate Kearney [mailto: ]  
Sent: Wednesday, 24 May 2017 6:02 p.m.  
To: Rendall, Bruce < >  
Cc: Munro, Paul < >; Columbus, Anne < >  
Subject: Re: Otautahi Social Housing Trust PIL - PROOF 03 (003).pdf

Hi Bruce

Can you hold off uploading to website until tomorrow. I'm not sure if we can proceed under these conditions and need to seek advice.

Thank you

Cate

Sent from my Samsung Galaxy smartphone.



From: Columbus, Anne  
Sent: Friday, 26 May 2017 2:52 p.m.  
To: 'Cate Kearney'; Rendall, Bruce; Munro, Paul; Scales, Leah  
Subject: HPRM: FW: Christchurch City Council public consultation on OCHT capitalisation

FYI our response below.

**Anne Columbus**

**General Manager - Corporate Services**

Christchurch City Council

**Your partner enabling the best outcomes ... shaping a great place where people want to be**

[Redacted]

Email: [Redacted]

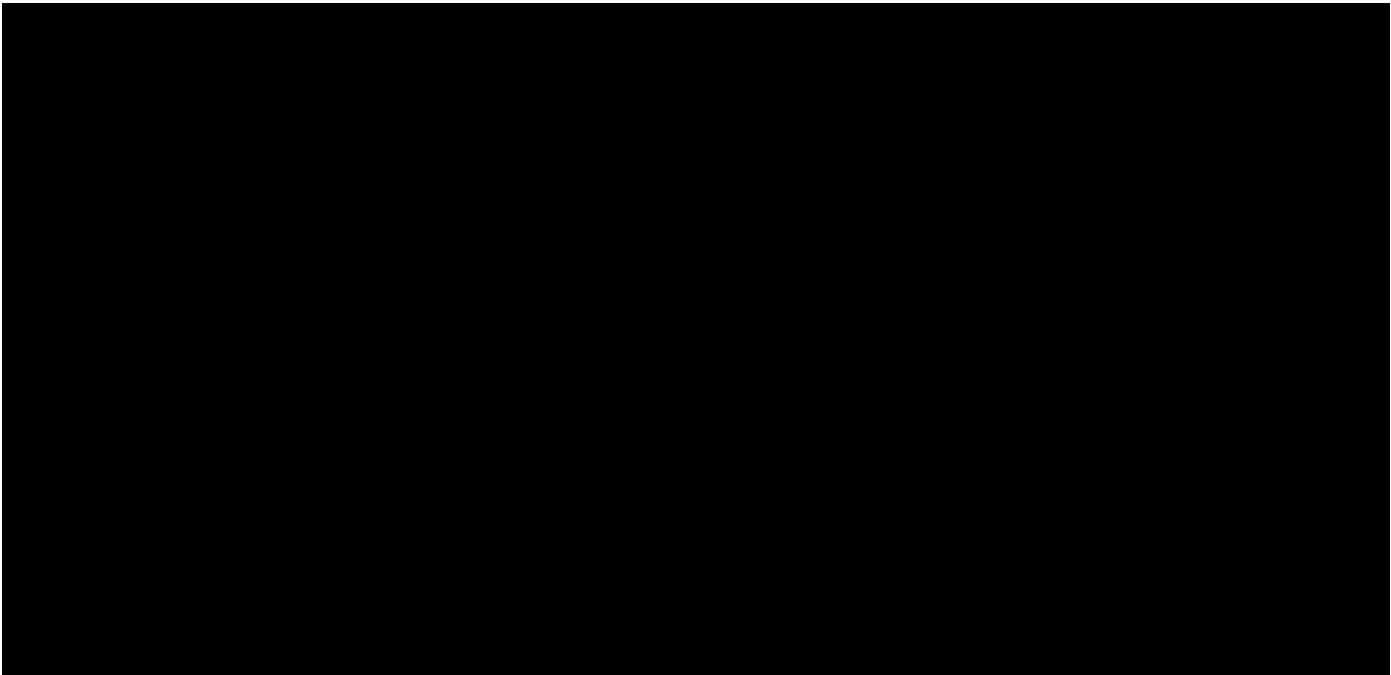
Web: [www.ccc.govt.nz](http://www.ccc.govt.nz)


**Christchurch City Council**

Civic Offices, 53 Hereford Street, Christchurch

PO Box 73016, Christchurch, 8154

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From: Columbus, Anne  
Sent: Thursday, 25 May 2017 8:28 p.m.  
To: Cate Kearney; Rendall, Bruce; Munro, Paul  
Subject: Re: Updated Christchurch City Council public consultation on OCHT capitalisation

Hi

Just spoken with Karleen. She will brief the Mayor shortly. We will continue to build our understanding and manage in the morning.

Anne

Sent from my Samsung Galaxy smartphone.

