Proactive Release

Published on or before: 9 November 2026

The following Cabinet papers and related Cabinet minutes have been proactively released by the Minister of Foreign Affairs

Title	Reference
Cabinet Minute of Decision – Report of the Cabinet Economic Policy Committee: Period Ended 25 September 2026	**CAB-26-MIN-0314**
Cabinet Economic Policy Committee – Minute of Decision – New Zealand House, London: Out-of-Cycle Funding Request	**ECO-26-MIN-0186**
New Zealand House, London Out-of-Cycle Funding Request	

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the OIA). Where this is the case, the relevant sections of the OIA that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to OIA redaction codes:

- 9(2)(b)(ii): to avoid prejudice to the commercial position of another party.

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Cabinet

Minute of Decision

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

Report of the Cabinet Economic Policy Committee: Period Ended 25 September 2026

On 28 September 2026, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 25 September 2026:

Out of scope

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ECO-26-MIN-0186	**New Zealand House, London: Out-of-Cycle Funding Request** Portfolio: Foreign Affairs	CONFIRMED

Rachel Hayward
Secretary of the Cabinet

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Cabinet Economic Policy Committee

Minute of Decision

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New Zealand House, London: Out-of-Cycle Funding Request

Portfolio **Foreign Affairs**

On 23 September 2026, the Cabinet Economic Policy Committee:

1 **noted** that the Government has an unconditional agreement with The Crown Estate (TCE) in the United Kingdom for TCE to redevelop New Zealand House and provide New Zealand with new 150-year leases in the building for office space, residential accommodation, a function facility, and a ground floor commercial unit;

2 **noted** that in return, the Ministry of Foreign Affairs and Trade (MFAT) will pay around £55.4 million (including VAT and agreed interest) for the new leases it will receive;

3 **noted** that the Minister of Foreign Affairs and Minister of Finance have approved the drawdown of a tagged contingency to make the payment to TCE;

4 **noted** that in 2024, Cabinet agreed to transfer NZ$5.1 million per annum, from 2026/27, to MFAT for ongoing operating costs associated with the new lease [ECO-24-MIN-0038];

5 **noted** that due to the final accounting treatment of the payment to TCE, operating costs are now expected to be approximately NZ$7.1 million per annum, due to increased capital charge and amortisation costs;

6 **noted** that the shortfall in capital charge funding is approximately $NZ1.9 million per annum from 2027/28;

7 **noted** that the Minister of Finance has approved an out-of-cycle request to fund the capital charge shortfall;

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8 **approved** funding of the shortfall in capital charge in Vote Foreign Affairs with the following changes to appropriations, with no impact on the operating balance or net core Crown debt:

Vote Foreign Affairs Minister of Foreign Affairs	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Multi-Category Expenses and Capital Expenditure: Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders MCA: (funded by revenue Crown)					
Departmental Output Expense: Representation and advocacy on New Zealand's foreign policy (funded by revenue Crown)	-	1.914	1.914	1.914	1.914
Total Operating	**-**	**1.914**	**1.914**	**1.914**	**1.914**

9 **agreed** that the expenses incurred under paragraph 8 above be charged against the between-Budget contingency established as part of Budget 2026.

Rachel Clarke
Committee Secretary

Present:
Hon David Seymour
Rt Hon Winston Peters
Hon Nicola Willis (Chair)
Hon Simeon Brown
Hon Shane Jones
Hon Brooke van Velden
Hon Louise Upston
Hon Todd McClay
Hon Simon Watts
Hon Nicola Grigg
Hon Scott Simpson
Hon Cameron Brewer

Officials present from:
Office of Hon Chris Bishop
Office of Hon Simeon Brown
Officials Committee for ECO

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In Confidence

Office of the Minister of Foreign Affairs

Cabinet Economic Policy Committee

New Zealand House, London Out-of-Cycle Funding Request

Proposal

1 This paper seeks approval for additional funding of NZ$1.9 million per annum, from 2027/28, in Vote Foreign Affairs to cover a fiscally neutral increase in capital charge. The increase has occurred due to a change in accounting treatment of the payment for new 150-year leases on New Zealand House in London.

Relation to government priorities

2 This is a routine operational adjustment that follows previous Cabinet decisions [ECO-24-MIN-0038 refers]. It addresses an ongoing operating expenditure shortfall in Vote Foreign Affairs which requires further Cabinet approval.

Background

3 New Zealand House has been the base for New Zealand's long standing and enduring interest in the United Kingdom since it was built by New Zealand in 1963. Constructed on a site owned by The Crown Estate (UK) (TCE) [1], the ground lease for New Zealand House was to expire in 2048, with limited rights to renew and no compensation due to New Zealand on expiry. The building needed substantial investment to address infrastructure issues and bring it up to a modern standard.

4 Approved by Cabinet in 2017[2] and further confirmed in 2022[3] and 2024[4] the New Zealand Government has negotiated a commercial arrangement [5] with TCE, to secure the long-term future of New Zealand House whereby:

4.1 New Zealand surrendered the ground lease on which New Zealand House sits.

4.2 s9(2)(b)(ii)

4.3 New Zealand will receive 150-year leases on the spaces we require (including the level 18 Penthouse representation space, a working residence for the High Commissioner on level 17, and two office floors, the mezzanine, ground floor reception, part of the basement, and the ground floor corner unit).

5 In addition, Cabinet agreed to establish a tagged capital contingency of NZ$125.000 million to pay the £41.675 million lease payment, as well as interest costs, and VAT costs (total around £55.4 million) to TCE [CAB-17-MIN-0437 & DEV-22-MIN-0042 refer]. The Minister of Finance and Minister of Foreign Affairs were authorised to jointly approve drawdowns from this tagged contingency.

[2] CAB-17-MIN-0437 and ERD-17-MIN-0026
[3] DEV-22-MIN-0042
[4] ECO-24-MIN-0038

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6 With the redevelopment of New Zealand House almost complete the Minister of Finance and Minister of Foreign Affairs recently approved the drawdown of the tagged contingency with payment expected to be made to TCE in October 2026.

Financial issues arising

7 Due to changes in the exchange rate the total lease payment is expected to be NZ$127.5 million. MFAT will meet the shortfall of around NZ$2.5 million from its baseline funding.

8 MFAT will incur additional ongoing operating costs from the payment to TCE. These costs are for capital charge (from the capital injection) and amortisation costs (to amortise the payments including VAT and interest to TCE over 150 years). In 2024 Cabinet transferred NZ$5.1 million per annum, from 2026/27, to fund these costs in Vote Foreign Affairs [ECO-24-MIN-0038 refers].

9 However, due to the final accounting treatment of the payment to TCE total operating costs associated with the payment to TCE are expected to be approximately $NZ7.1 million per annum. Vote Foreign Affairs is facing a shortfall of $1.9 million, for the additional capital charge, from 2027/28. Other costs will be met from baseline funding and there is sufficient funding for 2026/27.

10 The Minister of Finance recently approved our request to seek out-of-cycle funding for this shortfall. The Between Budget Contingency, established at Budget 2026, would be the source of funding for the funding.

11 It is important to progress this out of cycle funding request now to provide certainty that future costs associated with the lease arrangements can be met before the lease payment is made in October 2026. Due to this need for certainty, the request cannot wait until Budget 2027.

Cost-of-living Implications

12 There are no cost-of-living implications.

Financial Implications

13 There are financial implications from this proposal. The Minister of Finance has approved the submission of this proposal for consideration.

Legislative Implications

14 There are no legislative implications from this proposal.

Impact Analysis

15 The proposal is non-regulatory, and therefore the Regulatory Analysis Summary requirements do not apply.

Climate Implications of Policy Assessment

16 There are no climate implications from this proposal.

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Population Implications

17 There are no impacts on population groups from this proposal.

Human Rights

18 There are no human rights implications from this proposal.

Use of External Resources

19 No external resources have been used to develop this proposal.

Consultation

20 The Minister of Finance has provided approval for MFAT to submit this out-of-cycle funding request. The Treasury has also been consulted on the out-of-cycle request and this Cabinet paper.

Communications

21 This is a routine operational adjustment and hence no specific communication relating to this proposal will be made.

Proactive Release

22 The responsible Minister intends to release this Cabinet paper proactively.

Recommendations

The Minister of Foreign Affairs recommends that the Committee:

1	**note** that the Government has an unconditional agreement with The Crown Estate (TCE) in the United Kingdom for TCE to redevelop New Zealand House and provide New Zealand with new 150-year leases in the building for office space, residential accommodation, a function facility and a ground floor commercial unit;	**Yes / No**
2	**note** that in return, MFAT will pay around £55.4 million (including VAT and agreed interest) for the new leases it will receive;	**Yes / No**
3	**note** that the Ministers of Foreign Affairs and Finance have approved the drawdown of a tagged contingency to make the payment to TCE;	**Yes / No**
4	**note** that in 2024 Cabinet agreed to transfer NZ$5.1 million per annum, from 2026/27, to the Ministry of Foreign Affairs and Trade for ongoing operating costs associated with the new lease [ECO-24-MIN-0038 refers];	**Yes / No**
5	**note** that due to the final accounting treatment of the payment to The Crown Estate, operating costs are now expected to be approximately NZ$7.1 million per annum, due to increased capital charge and amortisation costs;	**Yes / No**

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6 **note** that the shortfall in capital charge funding is approximately $NZ1.9 million per annum from 2027/28; **Yes / No**

7 **note** the Minister of Finance has approved an out-of-cycle request to fund the capital charge shortfall; **Yes / No**

8 **approve** funding of the shortfall in capital charge in Vote Foreign Affairs with the following changes to appropriations, with no impact on the operating balance or net core Crown debt: **Yes / No**

Vote Foreign Affairs **Minister of Foreign Affairs**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31 & Outyears**
Multi-Category Expenses and Capital Expenditure: Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders MCA: (funded by revenue Crown)					
Departmental Output Expense: Representation and advocacy on New Zealand's foreign policy (funded by revenue Crown)	-	1.914	1.914	1.914	1.914
Total Operating	**-**	**1.914**	**1.914**	**1.914**	**1.914**

9 **agree** that the expenses incurred under recommendation 8 above be charged against the between-Budget contingency established as part of Budget 2026. **Yes / No**

Authorised for lodgement

Rt Hon Winston Peters

Minister of Foreign Affairs

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