

Briefing for the incoming Minister



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Introduction

1. The purpose of this briefing is to provide you with information about the Canterbury Earthquake Recovery Authority (CERA) and Vote Canterbury Earthquake Recovery. The briefing covers:

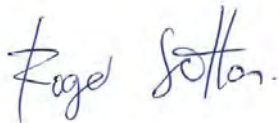
A brief overview of the context surrounding the establishment of CERA;

A summary of the role of CERA including key staff, the Minister's responsibilities under the Canterbury Earthquake Recovery Act 2011 and Vote Canterbury Earthquake Recovery; and

A summary of key themes of the recovery of greater Christchurch from the 2010 and 2011 earthquakes; and

Supporting background information.

2. There is a focus on issues that are likely to require your consideration in the next 3-4 months.
3. We welcome the opportunity to brief you in more detail on these issues and initiatives in the near future.



Roger Sutton

Chief Executive

Context

4. The Canterbury Earthquake Recovery Authority (CERA) was established in response to the impact of the two major earthquakes that struck the region in September 2010 and February 2011. It superseded the Canterbury Earthquake Recovery Commission – an advisory body - set up following the initial September 2010 event.
5. The cumulative impact of the two earthquakes (and further major damage caused by the events of 13 June 2011) resulted in unprecedented damage to housing, infrastructure and businesses in the greater Christchurch area. It was rapidly agreed after the February 22 event that a timely and effective recovery from the destruction required a dedicated central government agency that could provide leadership, act quickly on urgent priorities and co-ordinate the recovery efforts of local authorities, businesses and the wider community.
6. Accordingly, CERA was established under the State Sector Act 1988 with the relevant departmental authority. Subsequently, the Canterbury Earthquake Recovery Act 2011 (CER Act) provided the Chief Executive of CERA and the Minister for Canterbury Earthquake Recovery with additional powers. The CER Act has a limited lifespan of five years from 19 April 2011. CERA and the Canterbury Earthquake Recovery Act 2011 will be reviewed annually. A summary of the CER Act can be found at Appendix A.
7. While damage occurred throughout the greater Christchurch¹ area there are major concentrations of serious damage in Christchurch's eastern suburbs and in the central business district and in Kaiapoi that required immediate concerted action following the 22 February earthquake. Following the set-up of CERA on 29 March CERA moved quickly on urgent priorities. Those priorities have been to:

Make the CBD safe for rebuilding and recovery;

Work with technical experts (including Tonkin and Taylor and GNS) to collate material in order to provide advice to government on land damage assessments;

¹ The Canterbury Earthquake Recovery Act is concerned with "greater Christchurch" which is defined as the districts of Christchurch City Council, the Selwyn District Council, and the Waimakariri District Council, and includes the coastal marine area adjacent to those waters". As a result not all of the region of Canterbury is within the jurisdiction of the CER Act.

Provide certainty for homeowners and their insurers by determining the areas in which it is suitable for rebuilding and repair;

Inform the insurance and reinsurance markets as information has become available to assist them to make informed decisions;

Respond to ongoing operational changes as a result of the June 13 aftershocks;

Provide a framework for community input and debate about what the long-term recovery programme should look like through development of the draft Recovery Strategy for greater Christchurch;

Support the business recovery activities being undertaken by the Canterbury Business Recovery Group;

Work with the Christchurch City Council and New Zealand Transport Authority to create an alliance comprising contractors, funders and owners to enable the effective delivery of the rebuild and recovery of the roads, bridges, and three waters (drinking, storm and sewer);

Co-ordinate the efforts of other government agencies in recovery and rebuilding;

Co-ordinate and facilitate the recovery efforts of the wider community, including local government, business, Te Runanga o Ngai Tahu and community groups; and

Provide policy advice to government on the actions required to respond to the earthquakes and facilitate recovery.

8. Throughout these efforts CERA's aim has been to move at the fastest pace that is sustainable. Progress is required urgently but it must occur at a tempo that can be maintained by both CERA and the wider community over the years, rather than months, recovery will require.

9. The overall community response to the earthquakes has been robust and reflects the resilience and resourcefulness of the Canterbury region. While CERA has a central coordinating role and leads and facilitates on issues as required, it is anticipated that over time recovery will increasingly be driven and dominated by the Recovery Strategy and Recovery Plans, and by the initiatives and decisions of local authorities, businesses, Te Runanga o Ngai Tahu, NGOs, communities and families. Central government departments will continue to provide support as necessary.

CERA Role

10. CERA was established so that it could:

Provide appropriate measures to ensure that greater Christchurch and the relevant local authorities and their communities respond to and recover from the impacts of the Canterbury earthquakes;

Enable a focused, timely and expeditious recovery;

Facilitate, co-ordinate or direct the planning, rebuilding and recovery of affected communities, including the repair and rebuilding of land, infrastructure and other property; and

Restore the social, economic, cultural and environmental well-being of greater Christchurch communities

11. The agency began operations on 29 March with six foundation staff on secondment from other government agencies.

12. The agency's structure is based on key functions with General Managers (reporting to the Chief Executive) responsible for:

Economic Recovery;

Community Wellbeing;

Infrastructure;

Operations;

Strategy, Planning and Policy;

Communications;

Corporate Services; and

Ministerial and Executive Support.

(see CERA senior leadership team at Appendix B)

13. As at 12 December, CERA currently has 42.05 employees on fixed term agreements for varying periods of time, 52.7 employees on secondment agreements to CERA (from government departments, local authorities or the private sector) with an additional 103 other personnel on short term contract for services arrangements².
14. The mix of fixed and short term staff reflects the speed with which CERA has had to move to carry out key tasks since establishment and the need for flexibility as the focus of the organization changes over time. The mix of staff has at times presented challenges in maintaining continuity of institutional knowledge and delivery of business effort.
15. Since inception, CERA has carried out major efforts in:
 - demolition* (as the urban environment is made safe);
 - policy and planning development* (as the key initial responses by central government are determined on key land decisions as well as the development of the draft Recovery Strategy);
 - land and structure assessment* (to provide a foundation for rebuilding and insurance decisions); and
 - community well-being* (as communities are supported in their responses to and recovery from the earthquakes).

² These figures fluctuate from week to week and sometimes day to day. For example, as at 8 December, CERA currently had 41.45 employees on fixed term agreements for varying periods of time, 53.7 employees on secondment agreements to CERA with an additional 105 other personnel on short term contract for services arrangements.

16. Workloads and staffing levels in these areas fluctuate as key tasks required of CERA change in nature and over time. As the focus of the recovery effort moves from the response to the recovery phase, for example workloads and the staff required in other areas such as economic recovery and infrastructure may expand, as workloads and staff in operations decrease.
17. These changes in emphasis and workload will be reflected in the composition and number of staff and contractors associated with CERA during its lifespan. It is anticipated that over time CERA employee numbers will fall during its lifespan.
18. The unprecedented scale and severity of the land damage in the greater Christchurch urban area has required CERA and associated agencies to seek technical assistance from throughout New Zealand and internationally to cope with the technical problems reflect the high level of specialist technical expertise required to:
 - Assess damage to structures and to the land on which they are built;
 - Formulate the correct response to and recovery from this damage; and
 - Contract and manage technical advice, particularly engineering and geotechnical advice.
19. CERA makes extensive use of specialist engineering and geotechnical contractors to provide advice and operational expertise in these areas. CERA also co-ordinates technical input from a range of other specialist agencies such as GNS Science.
20. The need for flexibility and rapid responses mean it is unlikely CERA will ever have the staff profile of a typical central government agency.
21. Consistent with this approach and the temporary nature of the agency, CERA also contracts out to other government agencies, like the Ministry of Social Development, the operation of a number of other functions such as information technology and the provision of payroll services in order to utilise back office support functions and reduce CERA costs.

Minister for Canterbury Earthquake Recovery

22. CERA reports to the Minister for Canterbury Earthquake Recovery. The Minister has overall responsibility for coordinating the response to the earthquakes and has special powers under the CER Act to enable a timely, effective and coordinated recovery effort.
23. The role of the Minister for Canterbury Earthquake Recovery works across many Ministerial portfolio boundaries. The principle for interaction is that Ministers will retain their portfolio responsibilities and decision rights. However, portfolio Ministers will need to ensure, when exercising those decisions in relation to greater Christchurch, that decisions have been developed in collaboration with the Minister for Canterbury Earthquake Recovery so that those decisions are not inconsistent with the recovery effort.
24. The CER Act also establishes a Review Panel to provide independent scrutiny and advice on Orders in Council made under the Act. The Panel is required to scrutinise each draft order to be made and may make recommendations to the Minister on each draft order. To date, the panel has reviewed and presented a report to relevant Ministers on 12 draft Orders. The members of the panel are:
 - Convenor: Sir John Hansen (Christchurch);
 - Dame Jenny Shipley (Auckland);
 - Anake Goodall (Christchurch); and
 - Murray Sherwin (Wellington).
25. The Minister and Chief Executive of CERA are also advised by a 37 member Community Forum made up of representatives of a wide range of greater Christchurch community groups.
26. The Minister convenes a cross party parliamentary forum of Members of Parliament from the Canterbury region.

Canterbury Earthquake Recovery Authority Appropriation

27. The following table provides an overview of Vote Canterbury Earthquake Recovery:

Canterbury Earthquake Recovery Authority	Budget Estimates	Millions		TOTAL
		October Baseline Update	March Baseline Update ³	
Planning for the Recovery	16.108	0.366		16.474
Implementation for the Recovery	5.369	0.102		5.471
Management of Voluntary Acquired Insured Residential Red Zone Properties		2.491	6.862	9.353
	<u>21.477</u>	<u>2.959</u>	<u>6.862</u>	<u>31.298</u>
Canterbury Earthquake Recovery Authority - Capital Expenditure PLA	0.100			0.100
	<u>21.577</u>	<u>2.959</u>	<u>6.862</u>	<u>31.398</u>
Canterbury Earthquake Property Demolitions and Related Costs Compensation		73.889		73.889
Demolitions and Related Costs Compensation		44.061	2.784	46.845
	<u>-</u>	<u>117.950</u>	<u>2.784</u>	<u>120.734</u>
Acquisition of Canterbury Red Zone Properties		149.466	143.887	293.353
Acquisition of Additional Canterbury Red Zone Properties			3.000	3.000
Management of Voluntary Acquired Insured Residential Red Zone Properties		80.910	0.157	81.067
Contribution to Legal Fees		4.537	0.266	4.803
	<u>-</u>	<u>234.913</u>	<u>147.310</u>	<u>382.223</u>
Canterbury Earthquake Demolition Related Property Purchases		3.000		3.000
	<u>-</u>	<u>355.863</u>	<u>150.094</u>	<u>505.957</u>
	<u>21.577</u>	<u>358.822</u>	<u>156.956</u>	<u>537.355</u>

³ Approved in cabinet minutes, scheduled for ratification in March Baseline Update.

28. No estimates were made for appropriations in further years because CERA had just been established and was in no position to estimate financial requirements for additional years accurately. Good progress has been made in estimating these requirements and CERA will be in a position to seek a multi-year appropriation for Budget 2012/13 and out years.

The Challenge

29. The scale of the devastation wreaked by the series of the earthquakes that began in September 2010 is difficult to grasp.

181 people died as a result of the 22 February earthquake;

More than 100,000 homes (or approximately half the housing stock of greater Christchurch) have been damaged;

7,000 homes have been red-zoned and the government has made, or is in the process of making, an offer to purchase those properties;

More than 3,000 of the 5,000 businesses in the CBD have been displaced;

More than 1,200 demolitions of buildings in the CBD are required;

124 kms of water mains have been damaged;

300 kms of sewer pipes have been damaged;

Over 7,000 of 12,000 Canterbury District Health Board rooms have sustained damage - from cosmetic to major structural issues;

106 hospital beds at Christchurch Hospital were closed and other services and facilities including dental and mental health were closed/ vacated after 22 February;

635 rest home beds were lost, 19 community pharmacies and five general practices were lost/damaged and many small NGOs providing health services were displaced;

More than 50% of the residential road network has to be replaced or repaired;

12 schools or parts of schools have had to be relocated;

Over 1,600 projects are listed in the draft Central City Plan that will require some form of capital for repair or rebuilding to return to pre-earthquake levels of service; and

10 performing arts venues are out of action.

30. Every part of the Canterbury community has been affected. Housing, education, health, sports, culture, and infrastructure all require major efforts to return to levels of service and activity comparable to those that existed before the earthquakes. Among businesses, tourism, international education and inner city retail have been particularly hard hit.
31. Although GDP from greater Christchurch has reduced less than expected, the impact in some sectors has been dramatic. International arrivals in the months following February 22 were down by at 25%. And most of the area's hotel and backpacker capacity is located in the cordoned part of the CBD. International education facilities were also common in the CBD. Much of this area has been or will be demolished, including the 28-story Grand Chancellor hotel.
32. The education sector has been severely disrupted with major building and facility damage. The changes, both physical and demographic, to the catchments from which pupils and students are drawn are likely to have long-term effects on school networks in the future. Canterbury University has suffered a drop of 1,500 in equivalent full time student numbers in 2011 and projected to be a loss of 19,400 equivalent full time student numbers over the next nine years. Health infrastructure was also severely damaged with significant impact on service providers at all levels, from primary to tertiary. Primary health providers face issues similar to those of school networks arising from changes to population concentrations. Furthermore, in the longer term the health sector is expected to experience a shift in the types of services accessed by residents impacted by the earthquakes.
33. While damage to residential areas is widespread there are concentrations of extreme damage in certain areas, largely in the eastern suburbs of the greater Christchurch area. Particularly hard-hit areas also include Kaiapoi and Lyttelton, with only 10 of the 64 businesses in the Lyttelton business district able to operate following the 22 February earthquake and major damage to the Port's wharves, buildings and cargo handling areas. The severity of damage has also displaced business and retail activity to other centres, with Oxford, Lincoln, Rolleston and Rangiora all showing increases in retail trade.

34. The challenge is more profound than simply repairing or replacing damaged or destroyed buildings or infrastructure from the ground up. The earthquakes have revealed significant risks from seismic activity arising from the geology of the greater Christchurch area.
35. This means assessments have had to be made of the geology of each area to determine if remediation work on the land is required before rebuilding can begin or, in some cases, whether rebuilding and repair is possible and, if possible, whether to do so is cost effective in the short to medium term⁴. In some cases while repair is possible it would take too long or be too disruptive to the community to carry out effectively. Land issues add a layer of additional complexity, time and cost to recovery efforts.
36. The geological problems underlying parts of the urban area are extreme with assessments of some residential areas indicating that the work required to enable rebuilding would be too costly, take too long or be too disruptive to residents for it to be feasible in the short to medium term.
37. In these areas, known as red zones and currently containing 7,000 residential properties, property owners have been provided with assistance from Government to exit areas where the land is severely damaged and rebuilding is unlikely to be practical over the short to medium term. In some residential areas such as the small north-eastern community of Brooklands the whole suburb has been assessed as unsuitable for repair or rebuilding in the short to medium term.
38. As a result of these issues, some parts of Christchurch will never return to the position they were before the earthquakes. Some areas will no longer be suitable for building. In others, such as the CBD where more than 1,200 unsafe buildings will have to be demolished, the rebuilt areas will look quite different to the pre-earthquake city.

⁴ The area-wide land assessments place residential areas in one of three categories or zones. In the green zone owners can proceed with repairs to the land and/or repair or rebuild homes. In the red zone the area-wide damage to underlying land and the risk from further seismic activity are too great for repair or rebuilding to be feasible in the short to medium term. Property owners in the red zone are eligible for government assistance to supplement existing insurance arrangements. Properties in areas zoned orange require further assessment of the underlying land before they are placed in the green or red zones. Areas that are unmapped are known as white zones. The Department of Building and Housing has developed guidelines for use when repairs or rebuilding require work on foundations or land repair.

The Recovery

39. Despite the scale of damage or the level of complexity required to address the impacts, a robust recovery and rebuilding effort has started throughout the greater Christchurch area. Home and building owners and insurers and the Earthquake Commission are making decisions about repair or replacement, and land developers are providing new building and home sites. Retailers have moved into temporary premises in Cashel Mall and elsewhere. CERA is working to make the remainder of the CBD safe, to complete area-wide land assessments and to clear process barriers to the provision of new land for development. Infrastructure owners like local authorities, utilities and government agencies have begun or completed repair or replacement work. The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) alliance is currently developing their work programme for the rest of the 2011/12 year.

PACE AND TIMING

40. While progress has been good, the pace of the recovery work has been limited by a number of factors. The most significant is the uncertainty created by the ongoing – although declining - seismic activity. This uncertainty has delayed decisions by some landowners to repair or rebuild and resulted in a reluctance by insurers to provide cover for new building work and policies for new customers.

41. Timing issues are inevitable in a recovery project of this scale due as certain tasks are interdependent on others and cannot begin until others are completed. The recovery of the CBD, for example, cannot begin until the work of demolishing unsafe buildings is completed. The repair and rebuilding of residential property could not begin on a large scale until CERA had completed its assessment of the land conditions under Christchurch's residential areas.

42. For this reason, CERA has tried to carry out the tasks for which it has primary responsibility as rapidly as it can. For example, area-wide land assessments have been completed so that 180,000 residential properties are now able to proceed with detailed land assessment and repair or rebuilding. Fewer than 1,000 properties on the plains and 3,700 in the Port Hills require final area-wide land assessments.

43. Completing this work is CERA's highest priority. Work to make the CBD safe and allow full access is on schedule to be completed by April 2012⁵. A draft recovery strategy for greater Christchurch has been subject to public consultation and is expected to be forwarded to you by mid-January for consideration and approval⁶.
44. While work is being completed with urgency, it is also important to ensure that the work carried out by CERA is reliable and will serve as a solid basis for the decisions that will be made by property owners and residents of the area.
45. Managing the pace and timing of its contribution to the recovery is the single greatest risk CERA faces. While urgent imperatives have ensured that all stakeholders have been tightly focused on key tasks so far this concentration could diminish as the most urgent tasks are completed. For the pace of recovery to continue to escalate it will be important that recovery agencies work together collaboratively.

CONFIDENCE IN THE FUTURE OF GREATER CHRISTCHURCH

46. The people of Christchurch have worked extremely hard to recover from the earthquakes. All of CERA's efforts are focused on leading and supporting this effort.
47. As set out above, CERA has moved quickly, in consultation with other agencies as appropriate, to make the decisions and carry out the work needed to allow the recovery to move forward. The area-wide land assessments will allow building and repair work to accelerate, as will the work currently underway in the CBD. Reaching a shared view on what "recovery" entails, understanding critical interdependences, priorities and sequencing of key recovery activities will provide a clear pathway forward. The completion of the Recovery Strategy will provide a vision to aim for a wider framework for the recovery effort, and allow the specific recovery plans that implement the strategy – such as the City Central Recovery Plan prepared by the Christchurch City Council – to move forward. Monitoring the recovery effort will also need to become an integral component of CERA's future work programme.

⁵ As at 1 December 2011, 520 demolitions have been completed to date and another 155 are underway. Another 186 partial demolitions have been completed and 207 are underway.

⁶ The draft Recovery Strategy was developed with input from eight community workshops in June and July 2011. The draft was subject to public comment in September and October 2011. The draft Recovery Strategy covers five topics: community wellbeing, culture and heritage, the built environment, the economy, and the natural environment.

48. These efforts and the pace with which they are carried out are critical to the development of a wider shared vision for the recovery and the maintenance of confidence in the future of the area.
49. There will be a need to consider whether it is necessary for additional initiatives that can be taken as the recovery proceeds, which may then act as a catalyst for further stages of that recovery by relevant government agencies, local authorities, Te Runanga o Ngai Tahu, NGOs, others (e.g. the Canterbury Business Recovery Group) including CERA where necessary. CERA's role in these additional initiatives will be dependent on the initiative and may change over time. These options, which will be deployed at the appropriate time, include direct investment, the streamlining of regulatory frameworks and identification and support of the implementation of a series of 'quick and medium term wins' that attract private sector investment in the economic, social, environmental and cultural recovery of the region.
50. CERA also believes it is important the whole community has information about how to participate in relevant recovery decision making processes, the progress that is being made, the work that is being done to ensure recovery moves as quickly as possible and the forward plan and timing going forward. For these reasons, CERA takes seriously its obligation to communicate effectively with the people of the Christchurch area. These tightly targeted efforts, using all forms of communication, will continue throughout the recovery effort.
51. Above all, confidence is highest when people are well housed, are working and enjoy social, cultural and sporting activity and have good health. In each of these areas good progress is being made and will continue to be made.

THE SECURITY OF A HOME

52. Sound and secure housing is fundamental to the health of a community. The initial barriers to ensuring Christchurch residents return damaged properties to sound condition, or replace them with new housing, are the ongoing seismic activity, area-wide assessment of the land on which damaged properties are built and the slower than anticipated insurance availability and payouts.

53. Following the implementation of a area-wide land assessment programme carried out by CERA, all but a relatively small number of property owners and residents now have some certainty that either:

repair or rebuilding can occur in their neighborhoods; or

they must carefully consider moving to another area using the resources provided by their insurers, the EQC or the Government's offer for properties in areas where rebuilding is unlikely to occur in the short to medium term.

CERA will continue to monitor repair and building activity.

54. It appears the insurance market is beginning to operate as intended. Homeowners, their insurers, and the EQC are steadily reaching agreement on options and proceeding with repairs, rebuilding or seeking other properties. However, there is a reluctance to complete major repairs on badly damaged properties in some areas until seismic activity has moderated further. Also, how earthquake insurance claims processing is dealt with will be a continued focus by CERA, Treasury and the insurance market. Recently the insurance market has accepted the need for collective responsibility for processing insurance claims clusters in the green zones and identifying pilot schemes. It will therefore be important for CERA and Treasury to continue to:

work positively with insurers to continue to seek alignment of recovery objectives and resolve policy concerns; and

monitor the insurance market and assess the availability of future cover and its affordability.

55. Expert advice from GNS Science is that seismic activity is declining at anticipated rates. As the decline continues residual uncertainty among insurers and property owners may also moderate. CERA is working directly with insurers to provide them with the information they need to develop and implement suitable risk assessments.

56. CERA expects to have completed area-wide land assessments for the remaining 1,000 orange zoned residential properties by February 2012 and the 3,700 white zoned Port Hills properties by June 2012.

57. The Minister for Canterbury Earthquake Recovery has used his powers under the CER Act on several occasions, and may need to in the future, to streamline planning processes to allow land to be provided by developers for new residential development.

THE SECURITY OF A JOB

58. Economic activity and employment have maintained higher than predicted levels since the earthquakes began in September 2010⁷. Investment decisions on new, rebuilt or repaired commercial buildings are also being made and will need to continue.

59. Barriers to reinvestment are similar to those for residential property, with seismic activity and uncertainty about insurance payouts, building site insurance and future cover for property the primary reasons for delays so far. The scale of the damage in the CBD is another important inhibitor of positive reinvestment decisions. Uncertainty over building standards and the lack of a clear master plan for investment in the CBD also play roles in slowing the pace of recovery.

60. The completion of demolition work in the CBD and the completion of the CBD recovery plan by the Christchurch City Council will speed up investment decisions. Secure space in which to rebuild and clarity about the regulatory environment in the CBD will provide added certainty.

61. CERA will monitor the pace of reinvestment closely and, where required, will provide advice on whether government investment at key locations or times can act as a catalyst for other investment decisions. As part of this effort CERA has commissioned a study into the central city commercial property market.

62. The pace of rebuilding and repair has yet to create more demand for construction workers than local sources can supply, other than for those with highly specialized skills. While an anticipated 20,000-30,000 new workers may be required when the rebuilding is fully underway, the existing labour force and training providers are currently meeting demand. While it appears difficult to generate demand for higher volumes of training until there is sufficient business activity to use those skills, training throughput will need to anticipate the expected increase in demand for certain skills in the near future.

⁷ The number of wage and salary earners has decreased by 13,900 but the median weekly income has increased by \$35 per week. Job advertisements have been expanding at a higher rate than the rest of the country. Those on the unemployment benefit are now equal to levels recorded before the earthquakes following an initial increase of about 1000. EFTPOS receipts are 90-95% of pre-earthquake levels.

This will be an area of continued attention by the Department of Labour, Ministry of Economic Development, Treasury and CERA. We expect to report to you on this issue in the next quarter, as a decision on the relative pace and its impacts will be a critical aspect of the success of the recovery process.

63. Tourism appears to be the industry most severely affected by the earthquakes with so many hotels and hospitality venues damaged, or to be demolished, and international tourist flows declining dramatically⁸. This has had a large impact on secondary and part-time employment and is impacting significantly on female employment in the greater Christchurch area. The rebuilding of the Convention Centre is expected to have a major impact on reinvestment decision making by accommodation businesses. Five hotels are expected to reopen in 2012; four of them by mid year 2012, and another has been successful in gaining insurance coverage for its complete rebuild⁹. Repairs to the Port of Lyttelton are also critical in retaining cruise ship trade. The Ministry of Economic Development and CERA are focusing on developments in this sector.

THE SECURITY OF BASIC PHYSICAL AND SOCIAL INFRASTRUCTURE

64. Basic physical infrastructure was badly affected by the earthquakes, with roads, water supply, wastewater, sewage treatment, and electricity reticulation all severely damaged and service affected to large parts of the urban area.
65. Advances have been made in repairs – temporary and permanent – to these services¹⁰. This momentum has largely been the responsibility of the partners in the SCIRT Alliance. The SCIRT Alliance members include: CERA, the Christchurch City Council (CCC), the NZ Transport Agency, Fulton Hogan, Downer Construction, Fletcher Construction, MacDow New Zealand and City Care. The Alliance members are responsible for the reinstatement of all ground level and below ground horizontal infrastructure, including roads, and the three waters (drinking water, wastewater and stormwater) infrastructure.

⁸ Total international arrivals were down 25% from March to September 2011.

⁹ As at 26 October 2011, there were 823 rooms available out of 3826 of 3 star – 5 star hotel rooms.

¹⁰ 12 kms of major sewer mains have been replaced and all sewer discharges to the environment has been stopped. Repairs to the Christchurch wastewater plant are well underway. 16 kms of water main replacements are completed. 20,000 individual road repair jobs completed. 11 kms of new stopbanks completed and repair work on another 13 kms is completed.

66. The major sports stadia, most public swimming pools, central city theatres and the main city library have all been either been closed or had service badly affected. Some interim arrangements have been made to provide alternatives such as the proposal for the temporary stadium at Rugby League Park but decisions on permanent replacements will not be made for sometime. The destruction of large parts of the CBD also included many gathering places, bars and restaurants, thus limiting choices and social opportunities for residents. As the restrictions on the CBD are eased and rebuilding begins CERA will facilitate that redevelopment happens as quickly as possible. CERA is assisting by considering requests for approval of temporary buildings, including for example Cashel Mall or a temporary replacement for the Christ Church Cathedral.

MAINTAINING WELLBEING

67. Education, health and social service providers had to adapt quickly to the impact of the earthquakes, particularly the February 22 event. All have had to improvise to continue to deliver their services to students, patients and clients.

68. The improvisations have included schools sharing facilities in undamaged school buildings and the use of temporary facilities, from prefabs to tents. Work on more permanent repairs and replacements is under way in most cases but the Ministry of Education and CERA will continue to assess progress in the lead up to the 2012 school and university year to guide any additional action required.

69. Social service providers conducted a massive effort immediately after the earthquakes to contact the potentially vulnerable so as much information as possible was available about community needs to direct the provision of assistance. Over time the needs of the population will change, particularly of those for whom the disruption caused by the earthquakes has continued and will continue for some time. For example, the Christmas / New Year period (and any ongoing seismic activity) may increase the stress on vulnerable residents and families considerably. CERA is working with the Ministry of Social Development, the Canterbury District Health Board (CDHB), the Police and NGOs to ensure appropriate support mechanisms are in place. For example, CERA is working with local authorities to put together a programme of summer activities to engage communities over the Christmas/New Year period. There is also a possibility of community fatigue or 'burnout' owing to the demands placed on remaining resilient and resourceful in the face of ongoing seismic activity.

70. The CDHB is the second largest provider of tertiary services in the country and the earthquakes, particularly the 22 February event, placed great stress on health services in the region.
71. More than 100 beds at Christchurch Hospital could no longer be used and this capacity was replaced by opening unused wards at Princess Margaret Hospital. The CDHB prioritised certain services, suspended some services temporarily and based many acute services in the community. More than 18,000 people who would have been hospitalized in other areas were managed in this way. Private sector capacity was used to deliver another 1,500 elective procedures.
72. Repairs required to damaged facilities at Christchurch hospital cover the full range of clinical service delivery areas, including theatres, intensive care, radiology and wards. Providing a permanent solution to the main inpatient facility at Christchurch Hospital will require considerable reduction in capacity over a lengthy period unless a new replacement facility is built while the current one continues to operate at full capacity.
73. Aside from such long-term decisions, further transitional arrangements are needed to ensure the region's health services are able to operate effectively in the coming year. CDHB, the Ministry of Health and CERA as necessary are able to provide you with progress reports on decision-making in this area.

Outlook

74. The general outlook for the greater Christchurch area is positive. The manufacturing and agricultural sectors escaped major impacts as did large parts of the residential and suburban retail base. Economic activity and employment have exceeded expectations to date. Most services have, after interim and transitional arrangements, continued to be provided. Planning and preparation for permanent replacements or repairs are under way. A number of damaged buildings and homes are being repaired and replaced. Residents are determined to work towards rebuilding the greater Christchurch area and seek to no longer be defined by the damage that has been done to it but by how it has recovered from that damage. They are supported in this determination by central government and the wider New Zealand community. Recovery has well and truly begun. The building blocks for recovery are in place.

75. In order to maintain and create momentum for the recovery going forward will require critical decisions from recovery agencies. To support, for example, a timely residential re-build getting underway by mid 2012 there will be a need for CERA, relevant government agencies, local authorities and the private sector to focus on:

Supporting and enabling the insurance market to process earthquake claims in an effective and efficient manner;

Ensuring the labour market, particularly in the construction-related trades and specialist areas, is able to support the rebuild effort;

Enabling the supply of temporary accommodation to support demand from families (moving from their current residential properties for short periods of time to allow for repairs and rebuild), and workers (moving into the region to assist with the recovery efforts) to be provided;

Working through how to incentivise affordable housing to come to market; and

Streamlining regulatory processes.

76. Over the next year the critical question will be whether that recovery is moving fast enough to retain the confidence of residents and investors in the future of the region. CERA expects to play a leading role in monitoring progress and providing advice which identifies pivotal activities supporting the recovery or activities that are impediments to the recovery across local government, the private sector, NGOs and communities. That advice will indicate where further action by the government is required to ensure the momentum of recovery is maintained. Other government agencies, local authorities, business, Te Runanga o Ngai Tahu, NGOs, communities and families will play major roles as well in identifying issues and providing input into CERA's advice as necessary.

77. Over time, CERA expects local authorities, Te Runanga o Ngai Tahu and the private sector to dominate the recovery as the momentum of infrastructure development and investment in tourism, retail and residential property builds. The capacity and role of community groups may also expand as time passes. Until then, maintaining the momentum of recovery is critical and well-targeted interventions and facilitation by central government will play a vital role in achieving this goal.

Issues requiring your attention in the next 3-4 months

78. Set out below are some of the immediate issues that must be addressed by the Minister for Canterbury Earthquake Recovery in the next 3-4 months.

Area-Wide Land Assessments: further area-wide land assessment decisions will have to be made both before and following Christmas. This includes decisions on remaining orange zoned residential properties, white zoned residential properties and decisions relating to outstanding issues that have arisen in the red zones.

Recovery Strategy and Recovery Plans:

- The Recovery Strategy for greater Christchurch must be finalised and approved by you in the New Year.
- The Recovery Plan for the CBD (the Central City Plan) being prepared by the Christchurch City Council is near completion and will be forwarded to you before Christmas for consideration. Written comments will be sought and you will need to consider whether to approve the draft CBD plan in whole or part taking into account written comments received.
- Development of the Recovery Plans identified in the draft Recovery Strategy is at various stages of development. These plans (Education, Culture and Heritage, Infrastructure, Funding and Finance and Economic) require your approval and gazetting under the CER Act.

Increasing Vote Canterbury Earthquake Recovery appropriation: Decisions will be needed on whether to increase Vote Canterbury Earthquake Recovery to cover CERA's increased work programme, including costs associated with SCIRT both before and following Christmas.

Temporary accommodation supply for the repair and rebuild: The government's role, if any, in leading, facilitating or coordinating the provision of temporary accommodation, or affordable housing, to assist with facilitating the timely repair and rebuild of residential and commercial properties is critical.

Delivery of cornerstone rebuild projects across greater Christchurch: Decisions will be needed on the nature of government's commitment to rebuilding projects in Christchurch's CBD and across greater Christchurch, how those projects will be assessed and delivered is critical. This may mean, for example, signaling assistance with a Convention Centre, ICT/innovation hub or campus, and active engagement by government departments and other agencies as possible tenants in new projects in key locations. If they are to be effective in providing confidence they must be of clear utility, appear in a timely manner, complement private sector activity and not distract resources from other efforts. The locations of these projects will be also crucial in determining how the new and more compact CBD will initially develop. The relationships to be developed between CERA and the Christchurch City Council and the development vehicles chosen (such as public private partnerships) for delivering on these commitments must all be considered carefully before proceeding. Decisions will be needed on the nature of government's commitment to rebuilding Christchurch's CBD in order to provide momentum to other decision-makers.

Sector specific initiatives: The tourism and tertiary education sectors have been very badly affected, and may require specific recovery programmes or plans and possible government facilitation may be required.

Summary of the Canterbury Earthquake Recovery Act 2011

The Canterbury Earthquake Recovery Act 2011 (CERA Act) came into force on 19 April 2011 and expires five years after that date. The Act's purposes provide appropriate measures to ensure that greater Christchurch¹¹ responds to, and recovers from, the impacts of the Canterbury earthquakes¹² and that the Minister for Canterbury Earthquake Recovery (the Minister) and the Canterbury Earthquake Recovery Authority (CERA) can ensure that recovery, which is to be focused, timely and expedited. The aim is to restore the social, economic, cultural, and environmental well-being of greater Christchurch communities.

The Act sets out the functions and powers of the Minister and the chief executive of CERA. Those powers are to be exercised when reasonably considered necessary and in accordance with the purposes of the Act. The following summary identifies the main functions generally following the order of the CER Act.

The Minister has to establish a community forum. Information and advice from the forum must be had regard to by the Minister and chief executive. The Minister must also arrange a cross-party parliamentary forum. It provides the Minister with information and advice in relation to the operation of the Act.

The chief executive must develop a recovery strategy - an overarching long-term strategy for the reconstruction, rebuilding, and recovery of greater Christchurch – in consultation with the local authorities and Ngai Tahu. The chief executive has to submit it to the Minister for consideration and it may be approved by Order in Council. Its main effect is that RMA documents and other management plans cannot be interpreted or applied in a way that is inconsistent with a recovery strategy and that a recovery strategy is read together with those documents. Where there is an inconsistency the recovery strategy prevails. It can also identify particular matters to be addressed through recovery plans.

¹¹ The CER Act is concerned with "greater Christchurch" which is defined as "the districts of the Christchurch City Council, the Selwyn District Council, and the Waimakariri District Council, and includes the coastal marine area adjacent to those districts". As a result not all of the region of Canterbury is within the jurisdiction of the Act.

¹² "Canterbury earthquakes" means any earthquake in Canterbury on or after 4 September 2010 and includes any aftershock.

The Minister may direct a department, Crown entity or network utility operator to develop a recovery plan through a Gazette notice. The notice will specify what matters are to be dealt with and may include process including consultation requirements. The Act specifically provides that Christchurch City Council develop a plan for the CBD¹³. A draft should be provided by 19 January 2012 and has to be notified. Any written comments received along with the impact, effect and funding implications need to be considered by the Minister. The Minister can approve, make changes or withdrawal parts of a recovery plan. A recovery plan cannot be inconsistent with the recovery strategy. Once notified in the Gazette no person exercising powers under the RMA can make a decision or recommendation inconsistent with a recovery plan. A council has to amend its RMA planning documents if a recovery plan so directs. Other instruments must not be inconsistent.

The Minister, by public notice, has the power to suspend, amend or revoke documents including those under the RMA and can also suspend or cancel a resource consent without compensation. He also has the power to direct a council or council organisation to take or stop taking actions or require the performance of a function. If the direction is not complied with the Minister can undertake the function.

The chief executive has powers to require information, disseminate it, commission reports and undertake investigations. He has powers of entry to premises, but not houses, mainly for purposes of inspection. He also has the power to direct that cadastral surveys be undertaken.

The chief executive may carry out or commission works including erection and reconstruction of structures, demolition of buildings and removal or disposal of building material. An owner has the opportunity to undertake the demolition themselves, but the chief executive has the final say. Costs of demolition of dangerous buildings are met by the owner but if a non-dangerous building is demolished compensation is payable.

The chief executive's powers extend to subdividing land, authorising temporary buildings on public or private land without resource or building consents, restricting or prohibiting access to buildings or specified areas, closing roads temporarily or stopping them permanently. He can require an owner to provide a full structural survey of a building before it is re-occupied. The chief executive also has the power to require adjacent neighbours to work co-operatively.

¹³ The CBD is defined as the area within Bealey, Fitzgerald, Moorhouse, Deans and Harper Avenues.

Acquisition of property in the name of the Crown can be done by the chief executive on a normal transaction basis or by the Minister using modified powers from the Public Works Act 1981 to compulsorily acquire an interest in land. Purchase can occur before the price has been agreed. Compensation for compulsory acquisition or for demolition of buildings is for actual loss and is determined by the Minister.

Rights of appeals against decisions are specified in the CER Act. There is a general bar against appeals, with some exceptions including compensation, decisions contrary to recovery plans and decisions in relation to cadastral surveys.

The Minister must set up the Canterbury Recovery Review Panel. The function of the Panel is to provide advice on proposed Orders in Council. These Orders in Council can amend existing legislation and the Minister responsible for the legislation to be amended is also a party to any report and recommendations. It is the "relevant Minister" that recommends to the Governor-General the making of the Order while the Minister must provide a copy of the report and recommendations of the Panel to the House of Representatives.

The final subpart of the CER Act deals with miscellaneous matters – the chief executive can seek an order of compliance from the High Court if a person does not comply with a lawful direction; a court has the power to extend or shorten time periods at its discretion because of circumstances relating to the Canterbury earthquakes; there is protection from liability for those carrying out actions under the Act provided the action does not constitute bad faith or gross negligence; although some emergency provisions continued and actions of emergency personnel were declared valid, future operations under the Civil Defence Emergency Management Act 2002 are not affected by the CER Act; and provision is made for transfer of contracts between councils and the Crown.

The CER Act requires quarterly reports on the operation of the CER Act and annual reviews by the Minister on the operation and effectiveness of the Act. The annual report must include recommendations for amendments to the CER Act. The Act and any Orders in Council expire on 19 April 2016.

CERA Leadership Team and contact details

Name	Role	Contact details
Roger Sutton	Chief Executive	[REDACTED] [REDACTED] [REDACTED]
Warwick Issacs	<p>General Manager, Operations</p> <p>Heads the Operations group which undertakes physical works required to enable the economic, social and cultural recovery of greater Christchurch.</p>	[REDACTED] [REDACTED] [REDACTED]
James Hay	<p>General Manager, Corporate Services and Strategic Projects</p> <p>Heads the Shared Services and Strategic Projects group that develops and delivers enabling services and strategic projects for CERA to operate efficiently and effectively.</p>	[REDACTED] [REDACTED] [REDACTED]
Michelle Mitchell	<p>General Manager, Community Wellbeing</p> <p>Heads the Community Wellbeing group that aims to strengthen community resilience, renew greater Christchurch's unique sense of identity and enhance quality of life for residents and visitors.</p>	[REDACTED] [REDACTED] [REDACTED]
Steve Wakefield	<p>General Manager, Economic Recovery</p> <p>Heads the Economic Recovery group which provides advice on the economic recovery of greater Christchurch, ensuring the region becomes nimble, connected, attracts investment and delivers on productivity growth.</p>	[REDACTED] [REDACTED] [REDACTED]

Name	Role	Contact details
Richard MacGeorge	<p>General Manager, Infrastructure</p> <p>Heads the Infrastructure group which provides advice about restoring and improving infrastructure-related services to meet the needs of people and promote productivity. (Infrastructure is defined as physical capital assets that provide non-exclusive services.)</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
Mike Shatford	<p>General Manager, Communications and Engagement</p> <p>Heads the Communications group which aims to build trust and confidence with our people, partners and communities through effective and engaging communications.</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
Diane Turner	<p>General Manager, Strategy, Planning and Policy</p> <p>Heads the Strategy, Planning and Policy group that leads the development of strategies, plans and policies that will result in the successful recovery of greater Christchurch.</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
Benesia Smith	<p>Chief Advisor to the Chief Executive</p> <p>Heads the Office of the Chief Executive, which provides ministerial and executive support services. This position has recently been advertised.</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

Contact details have been withheld under section 9(2)(a) of the Official Information Act 1982.

