

Departmental Agency Annual Report 2015



Published in October 2015 by

Canterbury Earthquake Recovery Authority
Christchurch, New Zealand
PUB342.1510

Presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989

G.66 AR (2015)

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Citation

Canterbury Earthquake Recovery Authority (2015). *Canterbury Earthquake Recovery Authority Annual Report 2015*. Christchurch: Canterbury Earthquake Recovery Authority.

ISBNs

ISBN 978-0-908343-13-3 (Print)
ISBN 978-0-908343-14-0 (Online)



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Preface

The Canterbury Earthquake Recovery Authority (CERA) was established as a departmental agency hosted by the Department of the Prime Minister and Cabinet (DPMC) from 1 February 2015.

CERA is the first departmental agency since that organisational form was introduced in the State Sector Act 1988 and the Public Finance Act 1989 by way of amendment in 2013.

Section 45AA of the Public Finance Act prescribes the contents of a departmental agency annual report in respect of the financial year to which it relates.

This report is the first Annual Report of CERA as a departmental agency, albeit it is for a period of five months, 1 February to 30 June 2015.

How this report relates to other reporting

Prior to 1 February 2015, CERA was a government department listed on Schedule 1 of the State Sector Act.

When CERA, the government department, was disestablished a report on the activities for the seven months of the financial year to 31 January 2015 was completed and published in accordance with section 45J of the Public Finance Act. That report included the Departmental Financial Statements and Schedules, and a report on the activities of the organisation for the period ended 31 January 2015. However, that report did not include a Statement of Service Performance for the Departmental Output Classes.

The Report on the Departmental Activities for the seven months to 31 January 2015, and previous Annual Reports for CERA (as a government department) are available on the CERA website.

The Public Finance Act prescribes that the financial reporting for the departmental agency be included in the Annual Report of the host department, DPMC. Therefore CERA's Departmental financial reporting, and the Statement of Service Performance for the full year, is included within the DPMC Annual Report for the year ended 30 June 2015.

Chief Executive's Foreword

CERA is in transition. It is already public knowledge that CERA's functions are transferring to other government departments, organisations or new agencies. CERA is expected to cease as a departmental agency in April 2016 when the current legislation is also due to expire.

As Acting Chief Executive, I have responsibilities for the staff of the organisation, for their care and wellbeing. Change is never easy and although staff have been on fixed term contracts, largely ending in April 2016 to coincide with the expiry of the special legislation, it becomes a reality when discussion turns to the transfer and wind-down of functions.

I would like to take this opportunity to thank the staff of CERA for their continued commitment to the task of recovery through their individual roles. It has been a busy five months for the staff with change occurring through the transition programme and with a programme of recovery and rebuild work still as our focus.

I would also like to thank the elected members and staff of our strategic partners – Christchurch City Council, Waimakariri District Council, Selwyn District Council, Environment Canterbury and Te Rūnanga o Ngāi Tahu – and those in the many agencies, non-governmental organisations and community groups who have worked alongside us during the last five months.

I want to thank businesses, investors and developers for their on-going confidence in the rebuild and development of the city. With the increasing visibility of new buildings it is now abundantly evident that the recovery of the built environment is well underway.

Finally, I would like to thank all the residents of greater Christchurch who have continued to contribute ideas and energy to the recovery.



John Ombler
Acting Chief Executive

Review of Activities

This is a report on the activities of the Canterbury Earthquake Recovery Authority (CERA) for the five months 1 February to 30 June 2015.

During this period the organisation has been focussed on three priorities:

1. Resolving impediments to recovery affecting people's wellbeing, and ensuring appropriate support remains in place
2. Ensuring recovery of the built environment
3. Developing and implementing recovery transition.

The detailed reporting of performance measures is set out in the Statement of Service Performance that is part of the financial reporting in the Annual Report of the host department, DPMC. This report is an overview of some of the highlights for the reporting period.

There were two significant features during the first half of 2015 that have had a significant impact on how CERA has undertaken its activities. First, the Supreme Court released a decision in the *Quake Outcasts*¹ case (see page 6); and second, the Minister for Canterbury Earthquake Recovery (Minister) established the Advisory Board on Transition (see page 9).

Supreme Court's *Quake Outcasts* Decision

In May 2014, the Supreme Court granted leave for a group known as Quake Outcasts and for Fowler Developments Ltd to appeal decisions of the Court of Appeal in relation to offers made by the Crown to the owners of vacant, commercial and uninsured Residential Red Zone properties under the Canterbury Earthquake Recovery Act 2011 (CER Act). The Supreme Court heard the appeals and gave its judgment on 13 March 2015.

In summary, the Supreme Court majority accepted that the CER Act provides a comprehensive regime to deal with earthquake recovery, and the procedures under the CER Act should be used when deciding on or implementing significant earthquake recovery measures. The Court emphasised the importance of the consultation and public participation provisions in the CER Act.

A decision on whether a provision is needed in a Recovery Plan before exercising other CER Act powers, or taking other measures to support earthquake recovery, depends on whether what is proposed is a significant or major earthquake recovery measure, having regard to the scale and effect of what is proposed. It is a matter of judgement whether a measure is significant enough to require a new or amended Recovery Plan.

As a result of the Supreme Court decision, the programmes and projects of work being undertaken by CERA needed to be reviewed to decide if they were significant earthquake measures and, if so, whether a new or amended Recovery Strategy or Recovery Plan was needed.

The initial assumption was that, at the very least, the Transition Plan (which was already in development by March 2015) and the Future Use of the Residential Red Zone would need to be developed as Recovery Plans.

¹*Quake Outcasts v The Minister for Canterbury Earthquake Recovery* [2015] NZSC 27 [13 March 2015]

The final issue dealt with by the Court was the appropriate relief to the Appellants. While the majority of the Court held that the June 2011 Residential Red Zone measures should have been introduced under a Recovery Plan, it was too late for this to occur. As a result, a declaration as to the unlawfulness of the June 2011 decisions would not serve any useful purpose. However, a declaration was made that the decisions relating to the uninsured and uninsurable properties in September 2012 were not lawfully made and that the Minister and the chief executive were directed to reconsider their decisions.

As a result, the *Residential Red Zone Offer Recovery Plan* was approved by the Minister in July 2015, following the process set out in the CER Act. The public were invited to comment through two rounds of public engagement on the *Preliminary Draft* in May and the *Draft Recovery Plan* in June. The final *Residential Red Zone Offer Recovery Plan* was published in July 2015. The Chief Executive then made an offer for vacant, uninsured and commercial/industrial properties in the Residential Red Zone and reopened the insured offer to those who wished to sell their properties in the residential red zone.

Social Recovery and Wellbeing

CERA has been monitoring and reporting progress of social recovery on an annual basis through the Canterbury Wellbeing Index. The Canterbury Wellbeing Index uses a range of indicators to provide information on the impacts of the earthquakes on wellbeing and to identify emerging social trends and issues.

It helps CERA and partner agencies make decisions about the most efficient way to target funds and resources. It also provides accurate and robust information to the community. The most recent Canterbury Wellbeing Index is for June 2015, and is available on the CERA website.

In summary, there are many signs of progress in people's recovery as the fifth anniversaries of the earthquakes approach. The rebuild has generated employment opportunities and in particular the region's young people are benefiting from this. The majority of residents report a high overall quality of life and this is improving over time. Residents are seeing tangible signs of progress in rebuilt and repaired private dwellings and public spaces and report a stronger sense of personal commitment to the region.

However, for some, multiple stressors and compounding pressures remain. In particular, people with unresolved insurance issues and those living in the more damaged parts of the city are experiencing greater challenges, as are people with pre-existing vulnerabilities.

Housing pressures remain a key stressor with some households living in damaged or temporary accommodation, experiencing difficulties finding affordable rentals, or continuing to negotiate settlement of their insurance claims. Households in these circumstances may have relocated several times with associated disruption to their routines and these layers of stress impact on the stability and wellbeing of the family unit.

Family wellbeing through the recovery can also be challenged by other factors including the quality of family or community support. Those who experience the greatest material losses (for example the loss of their homes) and their social networks (for example through moving to another community) are likely to experience the most psychological distress.

There are signs that people's relationships have become strained with dwelling assaults increasing. Social agencies report that the complexity of people's circumstances has grown immensely which creates more difficulty for these agencies to work with people to progress their recovery.

International evidence suggests that people's recovery can take between five and ten years after a major disaster and as we approach the fifth anniversaries of the earthquakes there are tangible signs of progress as well as a clear need for ongoing support for a proportion of the population over the next few years.

Recovery of the built environment

CERA's contribution in the recovery of the built environment is more limited than many envisage.

A large proportion of the rebuild of the commercial sector across greater Christchurch is being undertaken for private developers and building owners. Even within the public sector, CERA is but one of the agencies with specific anchor projects underway as set out in the *Christchurch Central Recovery Plan*.

Most of the large construction projects take several years to complete from scope, design through to completion and occupation. However, there are milestones along the way. In the five month period being reviewed a number of these milestones have been significant.

The opening of the first stage of the Bus Interchange on 25 May 2015 marked the second of the key anchor projects to open in central Christchurch, and was an important step in developing a region-wide transport system. The Bus Interchange provides a comfortable, high-quality, accessible transport facility. The second stage of the project was completed in mid-August 2015.

Another project that commenced construction this year was the Margaret Mahy Family Playground which is part of Te Papa Ōtākaro/Avon River Precinct. Construction works commenced in March 2015 with the expectation the playground will be completed before Christmas. A key feature of the playground is a story arc which features elements from Margaret Mahy and Elsie Locke's stories, Ngāi Tahu narratives and imagery, as well as playground equipment.

Other aspects of Te Papa Ōtākaro/Avon River Precinct have progressed through the period with a community participation process on the future design for Victoria Square and works on the banks at the Terraces. An initial round requesting public feedback on Victoria Square commenced in March 2015 in order to provide ideas for a draft restoration plan, which was subsequently released for further feedback in July. The draft plan for Victoria Square focused on making small changes that complemented the Square's layout as well as repairing damage on the site. The restoration plan is expected to be finalised by the end of September 2015, with works commenced shortly afterwards.

The work along the Terraces section of Te Papa Ōtākaro/Avon River Precinct includes the construction between Lichfield and Hereford Streets to create a promenade with grand steps and ramps down to the river's edge.

A significant milestone was reached in May 2015 with the announcement of the design for Canterbury Earthquake Memorial on the stretch of the Ōtākaro/Avon River between Montreal Street and Rhododendron Island. The design, by Slovenian architect Grega Vezjak, was chosen from a short-list of six designs. Called The Memorial Wall, it will be a tribute to those who suffered through the earthquakes, and the courage of those who participated in the rescue and recovery operations. On the north bank of the river will be an area for reflective space, which is expected to be completed in time for the fifth anniversary in February 2016, with The Memorial Wall on the south bank completed a year later.

Other behind-the-scenes work continued on other anchor projects such as the Metro Sports Facility, and the East Frame residential developments. The funding parameters for the multi-generational complex with aquatic, health and fitness, performance and training facilities were announced in August. The intention is to have some of the facility open in 2019, and the remainder in 2020.

The East Frame residential development will provide a new neighbourhood located in the city around a large, central city green space. In early July 2015, Fletcher Residential (under the Fletcher Living brand) was announced as the preferred developer. The proposal is expected to house about 2,200 people, lifting the city centre population by 45 per cent, over the expected eight or nine year construction period.

All of these anchor projects and the projects being undertaken by the Christchurch City Council, other public sector agencies and the private sector are all contributing to the framework created through the Blueprint in the *Christchurch Central Recovery Plan* to develop a greener, more accessible city with a compact core and a stronger built identity.

To date, over 40 per cent of the post-quake physical rebuild has already been completed and the halfway mark is rapidly approaching.

Advisory Board on Transition

In December 2014 the Minister for Canterbury Earthquake Recovery established an Advisory Board on Transition to Long Term Recovery Arrangements to provide advice on the:

- implications of the expiry of the Canterbury Earthquake Recovery Act on 18 April 2016; and
- transfer of functions undertaken by CERA to permanent agencies and arrangements.

The Advisory Board, chaired by the Rt Hon Dame Jenny Shipley, consists of 12 members, including representatives from the Strategic Partners and the Canterbury business and community sectors.

The Board held 13 meetings from 27 January to 30 June 2015. The members considered a wide range of material, sought advice from a variety of people and organisations and visited critical areas in greater Christchurch to help formulate their advice.

In June 2015 the Advisory Board provided its first report to the Minister. The Report focused on the 'regeneration' phase of the recovery – the five year period beginning January 2016. The Board emphasised the need for bold, upbeat and progressive thinking

across Christchurch City and greater Christchurch from all who can provide leadership and meaningful solutions. The Board provided advice on five key areas:

- Advice to the Minister as he formulates the draft Transition Recovery Plan
- Advice to the Minister on how to best support people to be living the lives they want to live post-earthquakes
- Advice to the Minister on how to regain momentum in the central city
- Advice to the Minister on legislative change to support regeneration and development
- Advice to greater Christchurch leaders: fit-for-purpose leadership arrangements
- Advice to others who can influence successful transition for greater Christchurch.

The Advisory Board will continue to consider the transition related matters and provide a final report to the Minister in December 2015.

Recovery Transition

Prior to CERA becoming a departmental agency, a programme of work was underway to maintain the momentum of the recovery to support the transfer of functions to long-term arrangements. The expectation at that time was that a draft plan would be agreed by Cabinet in April 2015, and a final plan by July 2015.

However, as noted above, this transition plan was identified as needing to be a Recovery Plan following the process set out in the CER Act. As a result further work was required in developing the *Greater Christchurch Earthquake Recovery: Transition to Regeneration (Draft Transition Recovery Plan)*. The Draft Transition Recovery Plan was released for public comment on 2 July 2015.

The Draft Plan is a discussion document seeking written comment on particular issues. It includes the key contextual information, and proposals for new recovery legislation, a set of new recovery arrangements for the central city and an approach for reporting on priority recovery issues.

The Government had already decided on the transfer of a number of recovery responsibilities of CERA to other central government agencies. These decisions were included in the Draft Plan for information, as follows:

- CERA's residential rebuild work will transfer to the Ministry of Business, Innovation and Employment, in particular:
 - Brokering solutions for emerging residential rebuild issues
 - Monitoring the pace and rate of insurance settlements
 - Participation in the Residential Advisory Service governance and operational delivery of services.
- The Ministry of Health will be the lead central government agency responsible for leading, brokering and coordinating across the wider psychosocial recovery sector in greater Christchurch. The Canterbury District Health Board, as part of its responsibility to meet the health needs of its community, will inherit the local responsibility for leadership and coordination across psychosocial recovery.

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- CERA's responsibility for demolitions and clearances will transfer to Land Information New Zealand, including:
 - Coordinating demolitions and clearances
 - Providing specialist technical advice
 - Managing contracts
 - Managing health and safety risks; and
 - Determining compensation claims where there has been damage as a result of demolitions.
 - CERA's responsibility for interim land use management in the residential red zones will transfer to Land Information New Zealand, including:
 - Performing land ownership functions (holding, acquisition, disposal, amalgamation and subdivision)
 - Undertaking day-to-day maintenance of the land; and
 - Dealing with requests for interim use of land (in consultation with DPMC).
 - The Ministry of Business, Innovation and Employment will lead work on monitoring procurement of the public sector rebuild, in particular by:
 - Analysing progress of the rebuild, including of the public sector agencies
 - Providing procurement advice and coordination functions; and
 - Informing and engaging with the construction market.
 - Residual recovery responsibilities will be transferred to DPMC, including:
 - Policy and legal advice to Ministers on regeneration of greater Christchurch, and administration of new legislation
 - Advice on future use of the residential red zones until decisions can be handed over to a new entity
 - Monitoring and reporting on the overall progress of recovery
 - Short-term critical recovery work (e.g. responsibility for the part funding and/or joint governance of horizontal infrastructure repairs).

It is proposed that responsibility for regeneration functions carried out by CERA will transfer to a new entity, Regenerate Christchurch, which will be a joint agency with Christchurch City Council. On 25 September 2015, the Minister and the Mayor of Christchurch outlined plans to establish the joint agency tasked with overseeing the long term development and enhancement of the central city, residential red zones, New Brighton and other potential regeneration zones. After five years the organisation will transfer to the Christchurch City Council as a Council Controlled Organisation. The new organisation will work in tandem with the City Council's existing Development Christchurch Ltd as a well as a further Crown-controlled company, which is being developed.

A number of CERA's recovery work programmes and responsibilities have been completed, or are set to wind-down in coming months. For example:

- Supporting other agencies to develop recovery programmes (e.g. supporting Sport New Zealand to develop the Sport and Recreation Programme)

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- Working with local government to develop the current suite of Recovery Plans (e.g. working with Environment Canterbury to review the Land Use Recovery Plan)
 - Supporting the Christchurch City Council to develop its response to flooding events in 2014
 - Transferring the Detailed Engineering Evaluation function to local authorities to manage under the Building Act 2004 and any applicable policies, as per the standard practice across New Zealand
 - Leadership of community-led recovery has been passed back to local government
 - Final offers to purchase properties in the Residential Red Zone (the final settlement being 26 February 2016)
 - Events management and communications are being scaled back
 - Corporate shared services, such as finance, human resources and information services, will scale down as other functions are transferred.

The delivery of these Recovery Plans and programmes is the responsibility of other central government agencies and/or local authorities. Some have already been completed. CERA's supporting role in these areas has already wound down, or will be wound down soon.

In parallel to the policy work related to the transition, a separate change management programme has been underway to prepare CERA staff for the changes ahead. This programme will increase as the individual functions and programmes transfer or are wound down over the coming months.

Organisational Health and Performance

CERA's structure

CERA has a distinctive set of organisational challenges that arise from its unique status as a single-purpose, time-limited central government agency located outside Wellington. Over time, the organisation's functions have changed and continue to do so with the commencement of the transition period.

CERA's organisational structure is designed to deliver the operational aspects of the work programme in the most efficient and effective way, with the agility to respond to evolving roles and responsibilities and to deliver a quality transition of its functions by April 2016.

Functionally CERA is structured into five groups, each of which is led by a Deputy Chief Executive reporting directly to the Chief Executive. These groups are:

- Implementation/Christchurch Central Development Unit
- Community Recovery
- Strategy and Recovery Policy
- Communications
- Corporate Services.

CERA's people

As at 30 June 2015, CERA employed 329 full-time equivalent staff. Because of its time-limited life span, and because of the need for the right mix of skills to respond to particular requirements and roles as and when required, CERA has staff employed under a variety of employment arrangements. The majority are on fixed-term employment agreements; they are supplemented by staff seconded from other agencies and contractors.

Key goals for People, Capability and Performance are to:

- continually monitor and review roles, responsibilities, systems and structure to ensure CERA is delivering on its recovery priorities as effectively and efficiently as possible
- reward and recognise outstanding contributions to the recovery of greater Christchurch and celebrate successes along the way
- focus on the retention and development of key staff and commit to their ongoing development in preparation for careers beyond CERA
- create a supportive culture focused on the health, safety and wellbeing of staff and key internal and external stakeholders
- develop leadership capability.

Credible and effective leadership

CERA continues to focus on developing its leadership group and on ensuring open, consultative and transparent communication from this group. CERA develops its leaders to provide strong, supportive and motivational leadership through change and ensures a particular focus on the recovery environment is embedded throughout.

CERA provides development opportunities to its leaders through the delivery of the CERA annual leadership development workshop series, 360 degree appraisal process, the leading through change development and mentoring programme and individually tailored learning and development plans.

Health, safety and wellbeing

CERA works in a demanding, deadline driven environment where expectations and public interest are very high, meaning staff work under intense pressure. This work context remains a major focus as CERA changes its responsibilities and as it moves further through the timeline for achieving its purpose.

As part of the workforce strategy, the demands and personal impacts on people are addressed through: a comprehensive CERA wellness programme; new employee support initiatives; use of secondments and project resourcing to manage workloads; and providing the tools for CERA staff and key stakeholders to feel supported and have their wellbeing addressed in the workplace.

It is also critical that CERA is focused on continually improving internal and external health and safety systems and processes and that it aligns them with the Canterbury Rebuild Safety Charter commitments as well as preparing for impending new Health and Safety legislation. CERA's aim is to be considered a leader in health and safety for the greater Christchurch rebuild and to lift standards of practice across industry.

Assessing staff engagement and organisational health

The four tools CERA uses to assess staff engagement and organisational health are:

- the employee culture and engagement index – with the goal of achieving the agreement or strong agreement of over 85 per cent of staff across all categories in the annual culture and engagement survey. In the 2015 survey, 84 per cent of staff participated in the survey and results indicated 77 per cent were engaged. There were noticeable improvements in the areas of health, safety and wellbeing, reward and recognition, team/co-worker relations, learning and development as well as performance feedback. Whilst some other areas indicated a decline from previous years, staff were engaged in developing elements of an action plan through participation in drop-in centres and a culture and engagement committee was established to address notable areas for improvement.
- the personal development and performance management system – CERA will manage and evaluate individual performance and behaviours against roles and expected standards of the department. With this information, the department's collective performance capability against departmental outcomes, including the overall and individual group work programme and government priorities, can be assessed.
- health and safety data analysis relating to staff, contractors and subcontractors, which is monitored regularly with the goal of achieving a zero harm workplace for all key stakeholders.
- voluntary staff turnover is measured and reported on a monthly basis to track any retention risks being realised across the organisation as we enter the critical period of transition. CERA experienced a small increase in turnover between February and June, with average rolling turnover increasing from 17.7 per cent to 19.2 per cent. This increase was expected as CERA entered its last year of operation. The rate is consistent with the national average for other government departments.

Equal employment opportunity reporting

In accordance with section 56(1) of the State Sector Act, the Chief Executive of CERA operates a personnel policy that complies with the principle of being a good employer.

On 1 February 2015, CERA became a departmental agency within DPMC. As part of the transition process CERA conducted an assessment of all people related policies and procedures in comparison to those already in place at DPMC and as a result CERA aligned with DPMC's 'Equal Employment Opportunities Policy' which forms part of their equality and diversity programme.

CERA places a strong emphasis on fostering a diverse workplace and inclusive culture: equality and diversity are central to the way CERA operates.

CERA offers impartial recruitment and selection processes with gender balanced interview panels, as well as fair and reasonable employment practices and policies for all staff. Gender diversity at a leadership level is evident with two of the six members of the senior management team being female, and a significant level of female representation at third-tier leadership level. While CERA does not record ethnic distribution, the integration of equality and diversity, as required by the State Sector Act, forms a key aspect of its strategic planning, and ensures the best service to the government of the day and to New Zealanders.

With regards to remuneration practices, CERA operates a robust remuneration policy. Any remuneration movements within CERA must meet the expectations for pay and employment conditions in the State Sector. All remuneration increase recommendations undergo a moderation process. Remuneration ranges are reviewed regularly.

