

# Briefing for the incoming Minister

October 2014



**CANTERBURY EARTHQUAKE RECOVERY  
AUTHORITY (CERA)**

**BRIEFING TO THE INCOMING MINISTER for  
CANTERBURY EARTHQUAKE RECOVERY**

**2014**

## Contents

<b>Foreword from the Chief Executive</b> .....	<b>3</b>
<b>Part 1: The recovery to date</b> .....	<b>4</b>
Recovery of people .....	5
Recovery of places .....	7
<b>Part 2: About CERA</b> .....	<b>8</b>
How CERA works .....	8
Recovery Programmes .....	9
The recovery community .....	11
<b>Part 3: Key issues</b> .....	<b>12</b>
Issue 1: Maintaining recovery momentum.....	12
Issue 2: Refreshing strategic recovery governance .....	13
Issue 3: Funding the recovery .....	14
Issue 4: Driving the central city rebuild .....	15
Issue 5: Addressing constraints to residential housing recovery.....	15
Issue 6: Ensuring the planning and regulatory environment has a recovery focus.....	17
<b>Part 4: Upcoming decisions</b> .....	<b>18</b>
<b>Part 5: CERA Biographies</b> .....	<b>19</b>

### List of figures

Figure 1: The recovery pathway .....	4
Figure 2: Psychosocial phases of recovery .....	5
Figure 3: CERA organisational structure .....	8
Figure 4: Recovery Programmes and responsible lead agencies .....	10
Figure 5: The recovery community .....	11

## Foreword from the Chief Executive

Dear Minister

Congratulations on your appointment as Minister for Canterbury Earthquake Recovery. I look forward to working closely with you on the recovery of greater Christchurch.

This briefing is in five parts:-

- Part 1 outlines the current state of the recovery and progress made to date
- Part 2 provides you with brief information about the Canterbury Earthquake Recovery Authority (CERA)
- Part 3 identifies the six key recovery issues that CERA recommends government should focus on in the short term
- Part 4 provides a summary of upcoming decisions for your consideration
- Part 5 provides biographies of CERA's Chief Executive and Deputy Chief Executives.

This CERA-specific briefing is complementary to the wider recovery sector briefing, *the Greater Christchurch Recovery Briefing to Incoming Ministers*, which will also be provided to you.

I welcome the opportunity to discuss the matters in this briefing with you in more detail shortly.

Yours sincerely



Roger Sutton  
**Chief Executive**



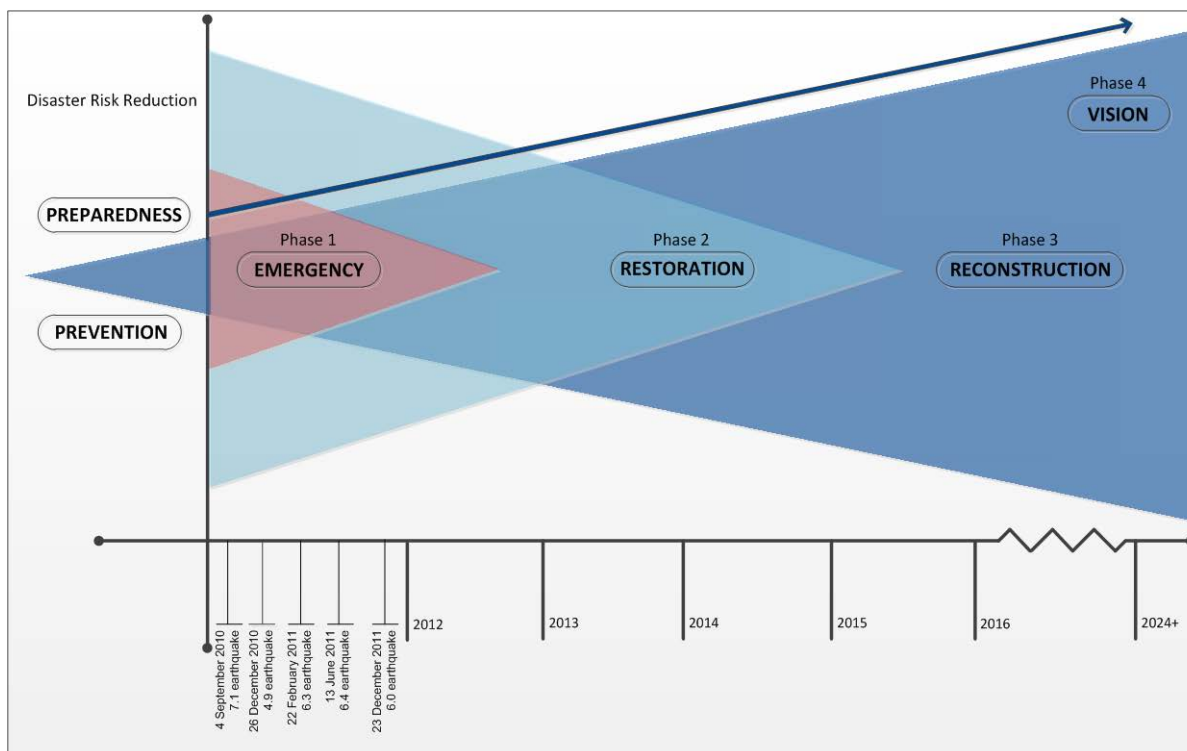
Artist impression of Te Papa Ōtākaro/Avon River Precinct

## Part 1: The recovery to date

The nature of the recovery from the Canterbury earthquake sequence has changed since the Canterbury Earthquake Recovery Authority (CERA) was established and the Canterbury Earthquake Recovery Act 2011 was passed and enacted. Recovery from a natural disaster of such magnitude typically takes decades. Four years on from the 4 September 2010 earthquake, the recovery of greater Christchurch<sup>1</sup> is progressing well, but there is still a long way to go.

The recovery pathway after a natural disaster typically involves four phases: emergency response, restoration (re-establishment of basic services and initial repairs to infrastructure and buildings), reconstruction (planning and implementing recovery and long-term development and return to psychosocial wellbeing) and improvement/vision (Figure 1).

Due to the number of significant earthquake events and the ongoing aftershocks experienced in greater Christchurch, the emergency response phase ran longer than it does after most other natural disasters worldwide. Recovery has now moved beyond immediate disaster response, where immediate safety and short-term needs were of the essence, and is moving towards the end of the restoration of services phase. As reconstruction continues over the next 10 years, a greater focus on developing and realising the vision for greater Christchurch is needed to ensure that long-term recovery is self-sustaining.



**Figure 1: The recovery pathway**

*(Adapted from Jo Da Silva OBE, Director, Arup International Development. Jo Da Silva's model was adapted from an earlier model on the United Nations Development Programme Policy on Early Recovery)*

<sup>1</sup> Greater Christchurch is defined as the districts of Christchurch City Council, Selwyn District Council and Waimakariri District Council and the adjoining coastal marine area.

Recovery from the psychosocial effects of disaster (how individuals and communities feel and relate to each other) also moves through phases (Figure 2). Psychosocial recovery can take between five and ten years, and people progress through the phases at different speeds.



Figure 2: Psychosocial phases of recovery

(Source: Australian Disaster Manual – Emergency Management Australia)

There is a complex inter-relationship between psychosocial recovery and the recovery of the built environment. Pre-existing vulnerabilities, as well as differences in the nature and extent of damage to (and the repair and rebuild of) the physical environment, mean there will be differential outcomes for individuals and communities at different times. This is occurring in greater Christchurch, where most individuals and communities are recovering well, while others are still struggling.

### Recovery of people

Overall, psychosocial recovery for many people affected by the earthquakes is going well. In 2014, 75 per cent of greater Christchurch residents rate their quality of life positively (good or very good), compared with 73 per cent in 2013. However, 7 per cent of residents indicate that their quality of life is poor, and 22 per cent report high levels of stress.

Recovery has been variable across different population groups and in different geographic areas. Population groups who are continuing to be disproportionately affected by stressors include some with pre-existing vulnerabilities (those on low incomes and those with a health condition or a disability) as well as some who are newly vulnerable (those with unresolved insurance claims and those living in temporary accommodation).

There are also geographic differences in recovery, with some parts of greater Christchurch having experienced greater earthquake and recovery impacts. People living in the eastern and southern suburbs of Christchurch city are more likely to report lower levels of emotional wellbeing than those living in other areas. These are also the areas of Christchurch that suffered the greatest housing and land damage as a result of the earthquakes. This means that some of Christchurch city's lowest socioeconomic areas were disproportionately affected by the earthquakes, and are continuing to disproportionately experience ongoing stressors such as living in damaged houses, being surrounded by construction, dealing with insurance issues, or experiencing transport problems.

The earthquakes severely disrupted greater Christchurch's social infrastructure systems, which in turn has affected people's ability to connect with and relate to each other. In greater Christchurch, 47 per cent of residents feel a sense of community with others in their neighbourhood, compared with a national rate of 53 per cent. This may be partly attributed to people having to permanently relocate, or temporarily relocate while their houses are being repaired and/or rebuilt. Many community assets, including churches, swimming pools, sports clubs, community centres, museums and libraries, required temporary closure, repair or replacement. Some of these have now either been replaced or re-opened (such as the school network), and planning for repairs or construction is underway for priority community and heritage facilities owned by the Christchurch City Council. The proportion of residents reporting a major or moderate negative impact from the loss of recreational, cultural and leisure-time facilities has dropped to 20 per cent in 2014 (compared with 34 per cent in September 2012).

Unemployment in Canterbury is lower than in the rest of New Zealand (2.8 per cent compared with 5.4 per cent nationally), and economic growth is running higher (4.8 per cent) than the national average (4.2 per cent), reflecting the increase in rebuild-related construction activity.

A total of 170,000 residential dwellings (89 per cent of greater Christchurch's 190,000 pre-earthquake housing stock) were damaged in the earthquakes and lodged an insurance claim, including an estimated 12,000 'total losses'. There were 8,061 properties, mainly residential, that were red zoned. Owners of 97 per cent (7,411) of the 7,655 eligible properties in the flat land and Port Hills residential red zones have accepted the Crown's offer. Three-quarters (5,441) of the flat land residential red-zoned properties have been cleared.

Of the Earthquake Commission's under-cap dwelling claims (up to \$100,000 of damage), 84 per cent (143,200) have now been resolved. Although the Earthquake Commission had initially forecast that all managed home repairs of under-cap dwellings (almost 70,000) would be completed by the end of 2014, it is estimated that approximately 3,000 managed repairs will remain to be done as at 30 April 2015. Approximately 14,000 land claims for increased liquefaction vulnerability and increased flooding vulnerability remain outstanding, and are expected to be settled in 2015.

Half (11,375) of the 22,662 private insurer-managed dwelling claims (damage of greater than \$100,000 in one earthquake event) have been settled. Of those settlements, 6,000 involved dwellings in the residential red zones. Of the remaining private insurer-managed claims, 21 per cent (2,327) have not yet reached the stage of an agreement on whether to pursue external resolution (cash settlement or purchase a new house elsewhere) or repair/rebuild their damaged property.

House prices in greater Christchurch have increased by 26 per cent, and rental prices have increased by 35 per cent, since January 2011. The increase in rental prices is reflected in a steep decrease in the number of available rental properties costing less than \$400 per week, and is driven in part by temporary demand for rentals from property owners whose houses are being repaired or rebuilt, and by workers involved in the rebuild. Those on fixed or low incomes are disproportionately affected by rental increases.

At 30 June 2014, 32 per cent of the residential recovery construction spend was complete<sup>2</sup>. There has been a steady increase in the number of residential building and resource consents issued, and an ongoing upswing through 2014/15 is expected. Over 13,000 new residential dwelling consents have been issued for greater Christchurch since March 2011.

---

<sup>2</sup> This refers to major repairs, ie, requiring a building consent, which excludes a large portion of minor repairs managed by the Earthquake Commission.

## Recovery of places

Overall, the recovery of the built environment – including infrastructure, commercial buildings and transport networks – and the economic sector is progressing well. Since March 2011, there has been a total of \$2.4 billion worth of new and altered non-residential consents issued in greater Christchurch (2,850 consents in total). Concrete production for Canterbury has nearly trebled since early 2011, giving a clear indication of the increase in construction activity in the region.

At March 2014, total earthquake recovery construction<sup>3</sup> was 20 per cent complete. The repair of Christchurch's horizontal infrastructure – including publicly owned water, wastewater and stormwater networks, roads, bridges and retaining walls – has reached the halfway point, and is expected to be completed in 2016. Within the central city, 71 per cent of horizontal infrastructure repairs have been completed (as at September 2014).

Over 50 per cent of buildings in central Christchurch were severely damaged in the earthquakes. To date, 95 per cent of the significant buildings<sup>4</sup> in the central city that require demolition (either due to life risk or because they are uneconomic to repair) have been demolished, and the remainder of demolitions are expected to be completed by the end of the year.

Four years on from the first earthquake, recovery within the central city is becoming more visible as an increasing amount of private- and public-sector led construction has commenced. More than 200 new commercial buildings, valued at more than \$500 million, are underway or consented. Recently there have been several high-profile commitments to the central city from tenants and developers (e.g., Vodafone and Kathmandu tenants in the Innovation Precinct).

There are 17 anchor projects in the Christchurch Central Recovery Plan, led by the Crown, the Christchurch City Council, the private sector, or a combination of these. The Crown has prioritised six of the thirteen anchor projects it is leading. Three of the six priority anchor projects (Bus Interchange, Justice and Emergency Services Precinct, Te Papa Ōtākaro/Avon River Precinct) have commenced construction, and two (Convention Centre Precinct and Metro Sports Facility) will commence site works in 2015. In 2015, the Bus Interchange will be operational. Key portions of Te Papa Ōtākaro/Avon River Precinct, including the family playground, will also be completed in 2015. Construction of the new public realm in the East Frame will commence in 2015.

The Christchurch City Council and Canterbury Cricket Trust have completed the redevelopment of the Hagley Cricket Oval anchor project. The Music Centre building in the Performing Arts Precinct will start construction in early 2015.

The private sector is making good progress in the Retail, Health and Innovation precincts. Anchor tenants, key participants and partners have committed to development and investment in the Innovation and Health precincts. One development in the Retail Precinct is complete and operating successfully (Stranges Lane) and additional construction within the Precinct by four major developers is underway. Colliers International has predicted that there will be 10,000 people working within 300 metres of the Retail Precinct within three years, and 15,000 within the next five years.

This increase in commercial activity in the central city is an indicator of improving confidence in the recovery. The number of international visitors to Christchurch is increasing, with the total number of international guest nights in the city rising by 12 per cent in the last six months.

---

<sup>3</sup> Includes residential, light and heavy commercial and civil works.

<sup>4</sup> Buildings higher than five stories, with a large footprint or with heritage value.



## Part 2: About CERA

CERA's role is to lead and coordinate the ongoing efforts across the recovery community, to enable a timely, expedited and effective recovery in greater Christchurch. CERA takes a multi-pronged approach to providing what is needed for people, communities and institutions to get back on track.

### How CERA works

CERA's current functions fall within two broad areas: strategic/policy and operational/ implementation. A fundamental aspect of CERA's work across both areas is engagement and collaboration across the recovery community (see Figure 5: The recovery community).

In the strategic/policy area, CERA:

- provides leadership and direction across the wider recovery community
- develops new policy initiatives needed to effect recovery
- identifies how ongoing and new work streams will be governed and funded
- identifies ways to increase recovery momentum and develops policy and/or operational initiatives to achieve these; and
- identifies policy initiatives where required to move work programmes forward (such as future use of the residential red zones and rebuild procurement).

At the operational/implementation level, CERA:

- implements policy decisions already made (eg, completing demolitions, managing the Residential Advisory Service (RAS), procuring and managing the construction of anchor projects); and
- supports the efficient day-to-day operations of the organisation (eg, financial management, communications, human resources).

CERA is led by a Chief Executive, who is supported by five Deputy Chief Executives (Figure 3).

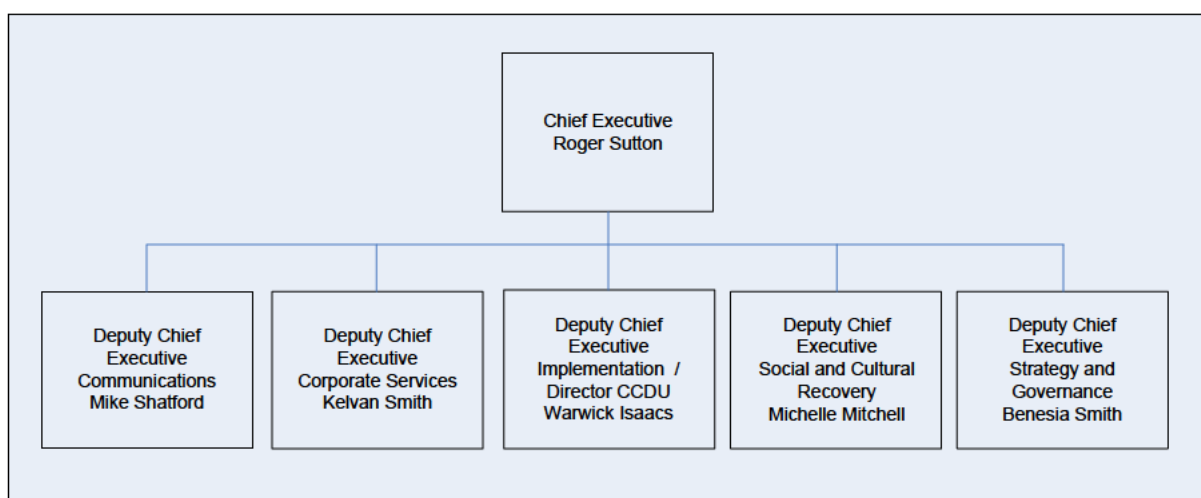


Figure 3: CERA organisational structure

CERA is a diverse and evolving organisation with 445 staff. As CERA's roles and responsibilities have changed over time, its staff numbers have adapted accordingly. As at 1 September 2014, the workforce is approximately distributed as follows:

- **40% on the recovery of the built environment**, including planning, delivery and implementation of the Christchurch Central Recovery Plan, including the anchor projects, the transport plan, residential plan, and the public realm network plan; the horizontal infrastructure rebuild programme for both Christchurch City Council and Waimakariri District Council; and supporting other agencies' rebuild programmes, such as the education renewal programme.
- **15% on residential red zone issues**, including community engagement, supporting property owners through the Crown offer process, completing clearances and demolitions and expediting insurance recoveries in the residential red zones; and ongoing land management.
- **15% on removing constraints to a timely and efficient residential rebuild**, including the provision of new and temporary housing, expediting home owners' insurance recoveries, implementing the Land Use Recovery Plan actions, and supporting the Christchurch City Council in the review of its District Plan.
- **15% in supporting improvements in community wellbeing**, including operating the call centre and the Residential Advisory Service, developing new initiatives to enhance community wellbeing (eg, the Community in Mind programme), and supporting other agencies' delivery of recovery programmes (eg, sport and recreation recovery programme).
- **15% in shared services and provisions of cross-agency advice**, including corporate finance, legal and contract services, procurement of projects, human resources, occupational safety and health, communications, information technology, project management, strategic policy, monitoring and reporting, and Ministerial support.

### Recovery Programmes

The *Recovery Strategy for Greater Christchurch: Mahere Haumanutanga o Waitaha* (the Recovery Strategy) was developed in collaboration with the strategic partners (Te Rūnanga o Ngāi Tahu, Christchurch City Council, Selwyn District Council, Waimakariri District Council and Environment Canterbury) to guide and coordinate the recovery. The Recovery Strategy is a statutory document that must be read together with, and that forms part of, documents and instruments that apply to greater Christchurch created under other Acts (including the Resource Management Act 1991 and the Local Government Act 2002).

The Recovery Strategy sets out 23 Recovery Programmes, across six recovery portfolios: built recovery, cultural recovery, social recovery, economic recovery, natural recovery, and leadership and integration. Figure 4 shows the responsible lead agency for the Recovery Programmes, and whether CERA plays a delivery, enabling or support role.

Portfolio	Recovery Programme	Lead agency	CERA's role
<b>Built</b>	Land and Land Use Programme	CERA	Deliver
	Demolition and Operations Programme	CERA	Deliver
	Housing Recovery Programme	CERA (repair and rebuild of existing houses) Ministry of Business, Innovation and Employment (new housing stock)	Enable
	Horizontal Infrastructure Programme	CERA (with the New Zealand Transport Agency and Christchurch City Council)	Deliver
	Christchurch Central Project Delivery Programme	CERA (some anchor projects are led by other government agencies)	Deliver
	Christchurch Central Development Support Programme	CERA	Deliver
<b>Cultural</b>	Arts and Culture Programme	Ministry of Culture and Heritage	Support
	Heritage Buildings and Places Programme	Ministry of Culture and Heritage	Support
	Sport and Recreation Recovery Programme	Sport Canterbury	Support
<b>Economic</b>	Greater Christchurch Business and Investment Attraction and Retention Programme	CERA	Enable
	Business Environment Programme	Ministry of Business, Innovation and Employment	Enable
	Labour Market Programme	Ministry of Business, Innovation and Employment	Support
<b>Leadership and integration</b>	Recovery Governance Coordination Programme	CERA	Deliver
	Maintaining Recovery Momentum Post-2016	CERA	Deliver
	Monitoring and Reporting Programme	CERA	Deliver
	Communications and Engagement Programme	CERA	Deliver
<b>Social</b>	Community Resilience Programme	CERA	Enable
	Residential Red Zone Programme	CERA	Deliver
	Effective Government Service Programme	State Services Commission	Support
	Education Renewal Recovery Programme	Ministry of Education and the Tertiary Education Commission	Support
	Health Transition Plan	Canterbury District Health Board	Support
	Iwi Māori Recovery Programme	Te Rūnanga o Ngāi Tahu	Support
<b>Natural</b>	Natural Environment Recovery Programme	Environment Canterbury	Support

Figure 4: Recovery Programmes and responsible lead agencies

## The recovery community

The entire recovery community is very large and the inter-relationships are complex, as shown in Figure 5 below. The recovery depends on collaboration between central and local government, businesses, iwi and non-governmental organisations. The communities of greater Christchurch, including volunteers, residents' associations, churches, community boards and neighbourhood groups, continue to play a critical role in recovery.

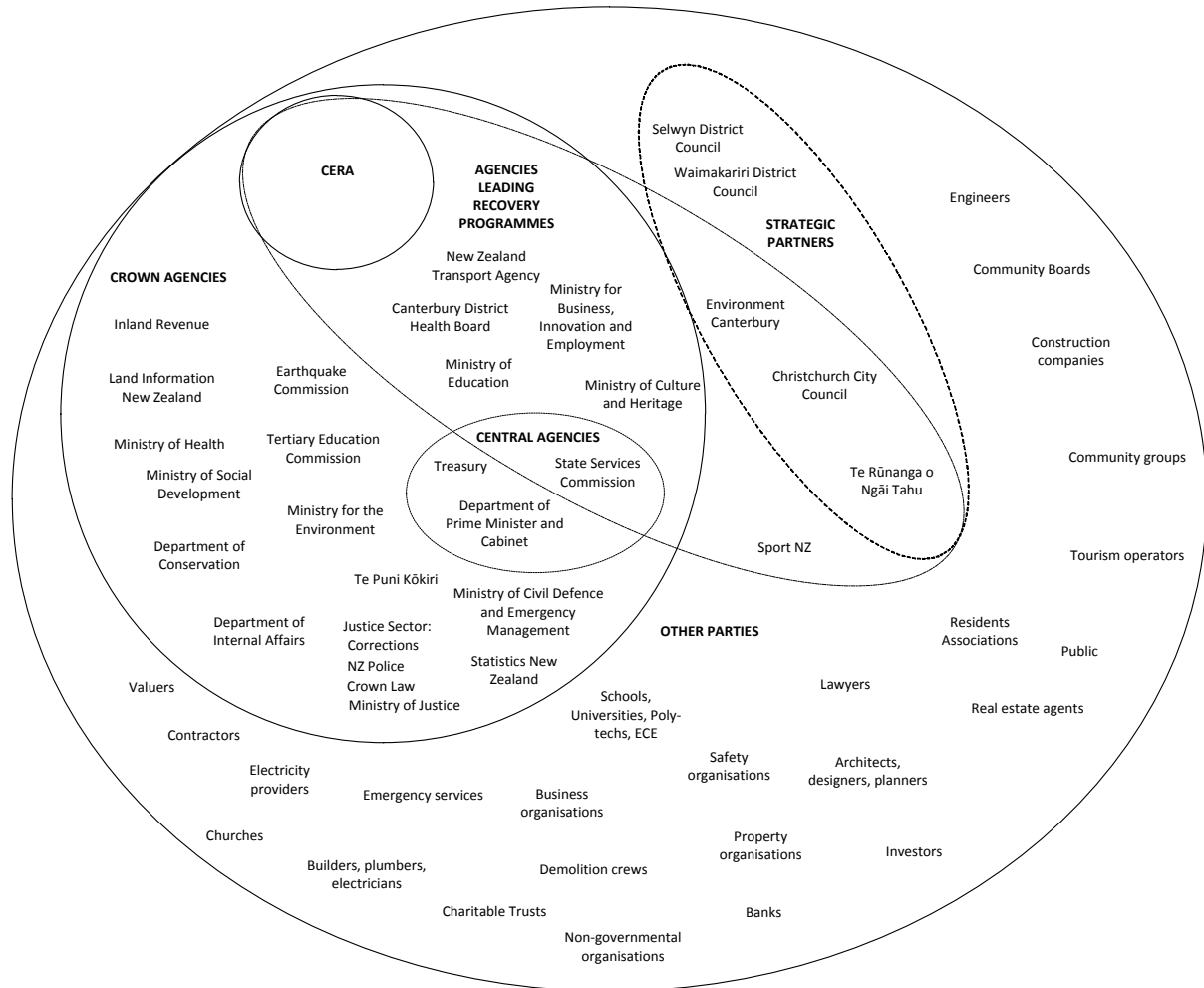


Figure 5: The recovery community

## Part 3: Key issues

As described in *Part 1: The recovery to date*, there has been some progress in the recovery of people and places in greater Christchurch but there remains a lot to do as recovery takes time. The key recovery issues now are a mix of resolving the last remaining issues in the restoration phase (particularly those that affect people's wellbeing), and ensuring the conditions and arrangements are in place for an effective reconstruction phase over the next decade or more. People and their wellbeing lie at the heart of all reconstruction and recovery effort.

Set out below are the six recovery issues that CERA recommends the government should focus on in the short term to ensure the delivery of sustainable outcomes for greater Christchurch.

### Issue 1: Maintaining recovery momentum

The recovery has shifted focus from the immediate disaster response and restoration to longer-term reconstruction and visioning for the future. Now that the focus is turning more to enduring recovery outcomes, effective long-term recovery will, over time, depend much less on the Crown, and more on the people and institutions of greater Christchurch owning and driving those outcomes.

Government should give priority to decisions on a shared plan for the effective transfer of roles and functions currently undertaken by CERA to more permanent institutions or agencies. Some ongoing legislative powers may be required for long-term recovery after the expiry of the Canterbury Earthquake Recovery Act 2011 in April 2016.

An effective transfer of CERA's roles and functions will also require ongoing central government commitment in some areas. Positioning CERA as a departmental agency within the Department of the Prime Minister and Cabinet will greatly enhance its ability to ensure that agencies with responsibility for delivery of recovery actions (such as the long-term psychosocial response through the Community in Mind strategy and the development of the associated shared Programme of Action) will remain aligned and committed to a more joined-up, whole-of-government approach to recovery.

To know if recovery momentum is being maintained in the longer term, it is necessary to monitor recovery progress in a meaningful and accurate way. Government should prioritise the development of a renewed set of recovery-wide outcomes, targets and timeframes, to be agreed with the strategic partners, so that progress is monitored and measured against agreed results. Understanding trends and identifying emerging risks will support better planning and decision-making, and will provide evidence if amendments to current policy and operational settings are required.

As CERA transfers roles and functions to others, it will be beneficial for government to capture and embed lessons from greater Christchurch's experiences to strengthen New Zealand's resilience to future disasters. Capturing lessons learnt from the earthquakes will create a better understanding of priorities for Crown investment. Embedding lessons learnt into future planning, regulatory and investment environments will ensure resilient systems are developed to safeguard current and future investment, will provide confidence to people, to businesses and to institutions and will minimise the impacts of future shocks and stressors. The issue is to understand what needs to be captured, in order to add the most value into the future, and then how to influence decision makers and asset owners to embed these lessons into their normal planning and investment cycles.

## Issue 2: Refreshing strategic recovery governance

There are a large number of different governance groups across the recovery community, some of which have been developed in an ad hoc manner to respond to specific issues (eg, flooding). No single governance group has had ultimate responsibility for providing the vision, clarity of purpose and strategic direction across the whole of the recovery effort. This has resulted in issues-based decision making rather than a more holistic view of costs, benefits and implications across the whole recovery.

A refresh of the most effective and appropriate governance arrangements across the recovery is necessary to provide clarity at national, regional and local levels of shared purpose and strategic direction for recovery, and to coordinate an effective and efficient transfer of roles and functions to more permanent institutions or agencies (see *Issue 1: Maintaining recovery momentum*).

A renewed approach to engagement with strategic partners should also consider the role of the community in decision-making processes on recovery matters. Recent Canterbury Wellbeing Index findings indicate that satisfaction with opportunities for the public to influence earthquake recovery decisions has been dropping. In September 2012, 32 per cent of residents were satisfied with opportunities provided but this dropped to 24 per cent in April 2014. These feelings are consistent with the third phase of psychosocial recovery, in which people are frustrated and disappointed (Figure 2). In order to return to equilibrium, people need to regain a sense of control over their lives. Improving community engagement will increase a sense of buy-in to decisions and their outcomes, and a sense of local ownership of the future of greater Christchurch. It will also help people along their psychosocial recovery journey.

Non-governmental organisations will play a significant role in fostering and facilitating community participation, as they have done throughout the recovery. These groups, like many members of the communities they represent and support, are also experiencing stressors such as financial pressure and fatigue at an organisational level.

CERA is of the view that, in the short term, government priority actions should include the following.

- Review and refresh current recovery governance and leadership arrangements (including the Recovery Strategic Advisory Committee). A refresh could take into account the increasing emphasis on supporting capability and capacity at local and regional levels to inherit recovery functions currently undertaken by CERA, and the capacity of non-governmental organisations to maintain their vital role in the recovery effort. This would also clarify what resources will be needed centrally and locally to maintain recovery momentum.
- Refresh governance arrangements between the Crown and Christchurch City Council. Creating a new Recovery Governance Forum between the Crown and Christchurch City Council supported by a new Joint Officials Group with representatives from central government agencies and Christchurch City Council will enable:
  - development of shared goals, priorities and timelines
  - shared decision making with local government recovery partners about how and when to transition certain functions from CERA or other Crown agencies to local institutions
  - identification of gaps or risks, including funding gaps, in the current combined effort of all agencies that will need to be addressed in order to protect the Crown's investment to date and to move recovery forward.
- Establish an Advisory Group to provide advice to Ministers on relevant proposals developed by officials on the expiry of the Canterbury Earthquake Recovery Act 2011 and the plan for the transfer of roles and functions.

### Issue 3: Funding the recovery

The total cost of the recovery of greater Christchurch is currently estimated at \$40 billion across the public and private sectors. The public sector rebuild comprises \$6.382 billion of capital investment in greater Christchurch from central and local government, spanning 2011 to 2024. The investment is in the construction or repair of greater Christchurch's social infrastructure, learning facilities, housing and major infrastructure projects designed to enable normal social and economic activity and to catalyse further private investment.

In its 2014 Pre-Election Fiscal Update, the Treasury highlighted that at the time when the 2011 Budget Update was prepared, the initial estimate of the total Crown costs of recovery was \$8.9 billion. The Pre-Election Fiscal Update forecasts estimate that operating costs have increased to \$15.8 billion (including \$7.4 billion in relation to the Earthquake Commission). In addition, capital expenditure of asset rebuilds, such as the new Canterbury hospitals, is estimated to be \$3.2 billion.

Cost-sharing agreements between the Crown and the three relevant local authorities (Waimakariri District Council, Selwyn District Council and Christchurch City Council) were negotiated to provide certainty to the local authorities for their investment planning, but also to provide private investors with certainty about the public commitment to the rebuild.

There are currently a number of risks to the overall financing of the recovery in greater Christchurch which could, if they came to pass, slow the pace or reduce the quality of the reconstruction phase. These risks include the following:

- Christchurch City Council faces a potential funding gap of between \$800 million and \$900 million, which may have a critical impact during 2017–2022. Although the Council is currently assessing its options to address this, there is a risk that it will not be able to implement options in a timely manner, and could therefore fail to meet its obligations to the Crown and to ratepayers, and fail to fund a timely rebuild of its physical assets (including community facilities, horizontal infrastructure, Council-led anchor projects and the capital assets rebuild programme) while still delivering business-as-usual services.
- The anticipated private sector proportion of the total recovery costs is not realised.
- Public sector investment crowds out private sector investment through the creation of constraints on supply of labour and materials, or cost inflation.
- Public and private sector capital constraints limit investment appetite for introducing betterment to ensure a more resilient future or to look at value for money across the whole of life of assets.
- Some recoveries from the Earthquake Commission and private insurers for properties purchased in the residential red zone remain outstanding and there is a risk that final recoveries may be less than forecast.

To minimise these risks, it is timely to review the overall financial strategy to attract enough capital across all forms of finance (public and private capital) to rebuild Christchurch's physical stock and services and systems. The Mayor of Christchurch has indicated an interest in developing a joint approach to some issues. As a priority, CERA will consider options for new arrangements between the Crown and Council, including possibly new commercial structures to enable 'best for recovery' outcomes. The Crown should also consider long-term options to deliver its own commercial functions as part of its work on maintaining recovery momentum (see *Issue 1: Maintaining recovery momentum*). CERA has begun work on developing a refreshed approach to funding and financing long-term recovery needs, including (but not limited to) the cost-sharing agreement, horizontal

infrastructure review, Christchurch City Council finances, land ownership/divestment decisions and implications, and any appropriations needed beyond April 2016.

#### **Issue 4: Driving the central city rebuild**

The challenge of successfully rebuilding a city centre after a major disaster lies in the fact that, while the private sector must ultimately lead the recovery of a central city, it will be reluctant to invest until the market conditions are considered stable and attractive.

The Crown's interventions in the central city, as set out in the Christchurch Central Recovery Plan, are intended to lead and catalyse private sector reinvestment in central Christchurch. The Crown's decision to commit funding to the anchor project programme was part of a package of interventions that also included information provision, land acquisition, and regulation.

The risk is that, combined, these interventions are not enough to catalyse the outcomes that the Crown and the people of Christchurch want. These include a value-for-money rebuild and the creation of a vibrant central city that supports the greater Christchurch recovery. While there is not strong evidence that this risk is imminent, the interventions already introduced and currently being implemented must be closely monitored and evaluated. Different forms of government intervention (including development of a commercial delivery vehicle or similar structures) may be needed to make sure that recovery stays on track and delivers on the outcomes sought.

#### **Issue 5: Addressing constraints to residential housing recovery**

The residential housing recovery in greater Christchurch is critical for stabilising the housing market (providing greater affordability and choice), as well as addressing the significant psychosocial effects of unresolved insurance claims and substandard housing. However, certain constraints remain, including complex insurance settlements and housing undersupply, particularly in the social, affordable and rental submarkets.

##### *Residential rebuild*

Government efforts to date have focused on facilitating faster settlement of claims by removing barriers and impediments to settlement (eg, regulatory initiatives, such as clarifying and simplifying planning provisions for land and dwelling repair, and guidance and support for property owners).

Insurers are now moving into a forecast peak of residential rebuild activity over 2015/16. As claims are either private contracts between owners and insurers or administered under the Earthquake Commission Act 1993, the government has a limited number of levers available to further speed up progress across the board through regulatory means.

A number of the remaining 38,000 Earthquake Commission and insurer dwelling claims are expected to be difficult to settle. Complicating factors include shared property requiring agreement between owners to progress the claim, complex technical dwelling repair or land repair matters, and Earthquake Commission and land settlements involving increased liquefaction vulnerability and/or increased flooding vulnerability. The eastern suburbs of Christchurch city, which suffered the greatest housing and land damage in the earthquakes, are now experiencing greater rebuild and insurance complexities. The residents of these areas, many of whom have pre-existing vulnerabilities such as low incomes and/or a disability, are experiencing a more challenging recovery than those in other areas of greater Christchurch.

Other issues may complicate claim resolution, such as where owners have cash settled and will therefore have to manage potentially complex rebuilds or repairs themselves in a period of cost



inflation. Under-insurance and/or deferred maintenance may mean some owners face funding shortfalls and need to make additional contributions to complete rebuild or repair.

Helping owners understand their insurance policies, rights and obligations relating to property ownership and technical aspects of their repair or rebuild is the preferred approach to resolving claims and reaching flexible solutions that meet the individual needs of the parties. CERA will therefore continue to support owners to facilitate faster resolution of insurance claims through supporting the Residential Advisory Service to provide independent information, technical advice and facilitation.

CERA recommends that the government continues to use its influence to ensure insurers achieve and maintain the fastest possible pace, while also monitoring emerging barriers and opportunities, to facilitate faster resolution of claims. Further regulatory or practical barriers may emerge as repair and rebuild activities ramp up. The government's remaining regulatory interventions that could speed up the overall resolution of insurance claims are limited without making a step-change (towards the higher end of regulation) in the nature and extent of interventions used to date, which could carry significant unintended consequences. Instead, government could target specific groups of owners for direct support and assistance over and above that offered to the general population: for example, working alongside social and health agencies and insurers to provide additional support for vulnerable owners. CERA and the Ministry of Social Development are currently investigating a more client-centric model of service to support the most vulnerable owners in decision making, relocation and temporary accommodation.

#### *New housing supply*

At the moment, there are approximately 3,000 fewer live household electricity connections in greater Christchurch than there were before the earthquakes. This shows that there continues to be a significant undersupply, despite new residential construction. The housing market in greater Christchurch is not expected to rebalance (in terms of supply and demand) until 2017/18.

Much of the newly built housing stock in greater Christchurch is located in the Selwyn and Waimakariri districts and is priced at the middle and high ends of the market. Ongoing housing undersupply in Christchurch city is disproportionately affecting renters on fixed or low incomes, leading to substandard outcomes for some of the most vulnerable individuals and families. The pressure on housing has been exacerbated by temporary demand from residents displaced by earthquake damage and subsequent repairs or rebuilds, the influx of rebuild workers to the region and the loss of Housing New Zealand and Christchurch City Council social housing. While house and rental prices are beginning to stabilise, ongoing pressure is expected from displaced residents and workers in the residential and central city rebuild.

Implementing the Land Use Recovery Plan and the current review of the Christchurch district plans are expected to address restrictive planning rules. This would create a sufficiently enabling planning environment that supports the repair and rebuilding of housing and greater choice in new houses, including social and affordable housing. A range of new supply will improve affordability in the Canterbury housing market and take pressure off particular submarkets including temporary accommodation and low-cost and rental housing, particularly in Christchurch city.

In the near future, however, there are still some shortfalls in housing supply that disproportionately affect those left most vulnerable by the earthquakes and/or their own personal circumstances.

### *Temporary housing supply*

Addressing temporary housing demand remains important to both the wellbeing of the most vulnerable and the timely completion of the most complex insurance repairs and rebuilds (as these require people to vacate their homes for a time). Current initiatives – including the Ministry of Business, Innovation and Employment’s temporary villages and the recently established emergency housing initiative by the Ministry of Social Development – will provide solutions for a small number of residents, but will not be adequate to meet the wider demand. It is expected that, without additional intervention, people on low incomes will continue to face an adverse housing environment in the medium term.

### **Issue 6: Ensuring the planning and regulatory environment has a recovery focus**

The planning and regulatory frameworks are a critical element to facilitate, enable and expedite recovery following a major disaster. The scale of the earthquakes required temporary recalibration of the usual regulatory and planning environment in greater Christchurch, through the Canterbury Earthquake Recovery Act 2011, the Land Use Recovery Plan and the Christchurch Central Recovery Plan.

Christchurch City Council is currently undertaking a comprehensive review of the two old district plans (City Plan and Banks Peninsula District Plans), due to be completed by March 2016. The most significant risk from this planning process, in terms of its potential impact on the pace and progress of recovery, is that the replacement district plan will not be appropriately drafted to efficiently facilitate and enable the rebuild and recovery. To address this, government agencies are working on an all-of-government submission that sets out a clear expectation that the replacement district plan must articulate a clear strategic direction for Christchurch city that sets out anticipated outcomes through the rebuild and recovery, and into the future.

The Lyttelton Port Recovery Plan, which is currently being developed by the Lyttelton Port Company in collaboration with Environment Canterbury, has a similarly tight timeframe for completion and implementation before the expiry of the Canterbury Earthquake Recovery Act 2011.

Some of the planning and regulatory powers set out in the Canterbury Earthquake Recovery Act 2011 may need to be extended to address the risks identified above. CERA is considering the potential effects of the 2016 expiry of the Canterbury Earthquake Recovery Act 2011 on the planning documents developed under the Act (including the Recovery Strategy, the Christchurch Central Recovery Plan and the Land Use Recovery Plan), and how this may impact on the operation of the regulatory and planning framework in greater Christchurch in the medium to longer term. This is being undertaken alongside the work being done to consider the legislative requirements to support long-term recovery after the expiry of the Act (as discussed in *Issue 1: Maintaining recovery momentum*).

## Part 4: Upcoming decisions

In the coming months, you will be asked to make decisions on a range of matters, including:

- transition planning to maintain recovery momentum
- statutory documents, such as Quarterly Updates and Reports, Baseline Updates, Annual Report, and Annual Review of the Canterbury Earthquake Recovery Act 2011
- implementation of the Christchurch Central Recovery Plan (e.g., business cases, land acquisitions, plan endorsements)
- implementation of horizontal infrastructure repair and rebuild
- implementation of the Land Use Recovery Plan and the review of the Christchurch district plans
- appointments to the Community Forum
- future use of the residential red zones and other residual red zone matters; and
- endorsement of finalised recovery programmes (e.g., Community in Mind shared Programme of Action).

We will brief you on these matters as required.

## Part 5: CERA Biographies



### **Roger Sutton**

Roger is the Chief Executive of the Canterbury Earthquake Recovery Authority and took up this position on 13 June 2011.

Before being appointed to his position at CERA, Roger was the Chief Executive Officer of Orion New Zealand Limited, the electricity utility company servicing Canterbury.

Roger is a former chairman of the Energy Efficiency Conservation Authority. He is a former Director of Energy Developments, an ASX-listed renewable energy developer, and former Director of a number of small technology and energy related businesses. He is also a keen cyclist and runner.

Roger has a Bachelor of Engineering (Mechanical) from the University of Canterbury (1986).

**DDI** [REDACTED]

**Mobile** [REDACTED]

**E-mail** [REDACTED]



### **Mike Shatford**

Mike is Deputy Chief Executive, Communications. He has held this role since July 2011. Mike was previously at the Ministry of Social Development, where he had held the position of General Manager Communications since February 2008.

Prior to that Mike was the Director of Public Relations/Head of Communications for the New Zealand Defence Force. Mike is a graduate of the SAFT Military Institute Army Officers Advanced School and the Malaysian Armed Forces Command and Staff College – Haigate.

Mike was born and raised in Christchurch. He served as a military infantry officer for 21 years holding a variety of military leadership roles in New Zealand and overseas. From a communications perspective, Mike has held regional, national and international communications and marketing roles and led the New Zealand Army recruitment organisation.

Mike is a graduate of the Australian Defence Force Academy and Royal Military College, Duntroon in Canberra, Australia.

**DDI** [REDACTED]

**Mobile** [REDACTED]

**E-mail** [REDACTED]



### **Kelvan Smith**

Kelvan is the Deputy Chief Executive, Corporate Services. He has held this role since December 2013. Prior to joining CERA, Kelvan was the Group Manager, Operations for AsureQuality Ltd with responsibility for five business units and approximately 1,000 staff within New Zealand and overseas.

He has held a range of senior leadership positions including Chief Executive for Asure NZ Ltd and Interim Chief Executive for AsureQuality. Between 1998 and 1999 he was Regional Commissioner for Work and Income New Zealand based out of Wellington, which followed a period firstly as Regional Manager and then as Area Manager for Income Support based in Christchurch.

Kelvan is a born and bred Cantabrian and, apart from a 15-month period in Wellington, he has spent the past 25 years working from Canterbury. Kelvan has a Master of Business Administration from Massey University.

**DDI** [REDACTED]

**Mobile** [REDACTED]

**E-mail** [REDACTED]



### **Warwick Isaacs**

Warwick is Deputy Chief Executive, Implementation/Director Christchurch Central Development Unit. He has managed the demolition and operations work programme – both residential and commercial – throughout greater Christchurch and is responsible for the horizontal infrastructure rebuild and the anchor projects.

Warwick has been a chief executive in local government for 14 years including previously at the Timaru District Council and the Buller District Council. That followed his time in central government, including a period with Audit New Zealand.

His role in the rebuild of Christchurch began the day after the earthquake in February 2011 when he led a team under Civil Defence. That evolved into a key role within CERA; responsibility for the deconstruction programme that precedes the rebuild.

This huge job has been challenging, but it is a challenge he has relished. He has the full support of his family who moved with him from Timaru to start new lives in Christchurch. Warwick will now use all of the experience and knowledge he has gleaned during his challenging year as CERA's operations leader, to forge a new future for Christchurch. He is looking forward to be part of creating a new and modern city with everyone who lives and works there.

**DDI** [REDACTED]

**Mobile** [REDACTED]

**E-mail** [REDACTED]



### **Michelle Mitchell**

Michelle is Deputy Chief Executive, Social and Cultural Recovery. She has been involved in earthquake response and recovery work since September 2010. Prior to the Canterbury earthquakes, Michelle was the Canterbury Regional Commissioner with the Ministry of Social Development and the chair of the Welfare Advisory Group.

She led the Welfare Planning Response after the September earthquake and, before February's earthquake, had been appointed to head the secretariat of the Canterbury Earthquake Recovery Commission. She has more than 20 years' experience in senior management roles in the Ministry of Social Development and its predecessors, mostly based in Christchurch.

Michelle has become a recognised leader in the field of welfare response and recovery. She does this while also fronting the many challenging issues that occur in a disaster environment such as briefing families of those who were killed or missing, overseeing the coordination of welfare operations and communicating decisions relating to land zoning.

To do all this she has coordinated central, local and non-governmental agencies. This has only been possible because of the strong relationships Michelle had forged in the Canterbury region before the earthquakes.

Her community wellbeing work within the Canterbury Earthquake Recovery Authority focuses on the recovery and overall wellbeing of individuals, families and their communities, ensuring the appropriate support services are in place for people affected by the earthquakes and that social infrastructure is restored within communities.

**DDI** [REDACTED]

**Mobile** [REDACTED]

**E-mail** [REDACTED]



### **Benesia Smith**

Benesia is the Deputy Chief Executive, Strategy and Governance, a role she has held since August 2013. She joined the Canterbury Earthquake Recovery Authority in June 2011 on secondment from the Department of the Prime Minister and Cabinet. She joined as Chief Advisor to the Chief Executive, a position she held for eight months prior to being appointed as General Manager, Office of the

Chief Executive in March 2012 and then Deputy Chief Executive, Corporate and Governance in November 2012.

Benesia has also previously held the positions of Leader, Canterbury Earthquake Recovery Policy at the Department of the Prime Minister and Cabinet, a special unit set up after the September 2010 Christchurch earthquake, and acting General Manager, Public Law and Director, Foreshore and Seabed at the Ministry of Justice.

Benesia joined the public service in 1995. She is a public policy entrepreneur having led and worked in teams to provide quality policy advice to successive governments on a range of matters including: foreshore and seabed reform; a review of local government legislation; moveable cultural heritage/antiquities reform; the settlement of historical Treaty settlements; and monitoring the financial and non-financial performance of the New Zealand Fire Service.

In 1994 Benesia graduated with a Bachelor of Laws from the University of Waikato. She is currently studying towards an Executive Masters in Public Administration at Victoria University.

Benesia is of Māori descent and affiliates to Ngāti Kahungunu ki Heretaunga (Hastings/Napier, North Island) and Ngāti Porou (East Coast, North Island).

**DDI** [REDACTED]

**Mobile** [REDACTED]

**E-mail** [REDACTED]