



DEPARTMENT of the
PRIME MINISTER and CABINET

Te Tari o Te Pirimia me Te Komiti Matua

Annual Report

for the year ended 30 June 2015

and Report by the Minister of Canterbury Earthquake Recovery on
Vote Canterbury Earthquake Recovery Non-departmental Appropriations

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Chief Executive's Overview

The past year has continued the theme of change that we have seen in recent years. On 1 February 2015 the Canterbury Earthquake Recovery Authority (CERA) became the Government's first departmental agency, housed within the Department of Prime Minister and Cabinet (DPMC). This move was the first step in the process of transitioning CERA to its long-term arrangements once the legislation that established it expires in 2016. At the time of writing this, there are still a number of decisions that need to be made about the transfer of CERA's functions to DPMC, but it is clear that a number of CERA's functions will fit well with DPMC and its existing functions around civil defence and emergency management and recovery from disasters, all aimed at lifting the resilience of New Zealand's communities. The Department also provided advice and support services during the lead-up to the 2014 General Election, and assisted the post-election Government to establish its post-election work programme.

The past year has seen DPMC fully integrate the Ministry of Civil Defence and Emergency Management as a business unit within the Department. There are already clear synergies between the work it does and the work around national security done by other parts of the organisation.

The Department has led a project to lift the quality of policy advice across the State sector, and this has generated some momentum in recent months.

It has continued to be a busy year for the security and intelligence group, with the structures established at the start of 2014 bedding down. DPMC has established a national security policy unit which considers policy relating to both traditional national security threats as well as civil defence and emergency management. A considerable amount of work has been put in to improve the products we produce to support the decision-making of officials and Ministers, and to be more responsive to the end users of intelligence assessments.

DPMC has continued to fill a coordinating role to help the State sector work more effectively together, in order to achieve progress toward the Government's Better Public Services results.

Several policy areas have been a particular focus for our advice over the past year, including the Canterbury recovery, children living in hardship, housing, and national security priorities.

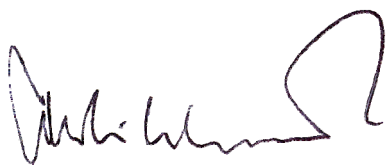
Changes made to New Zealand's national security system over the past two years, including a reorganisation of the way the Officials Committee for Domestic and External Security Coordination (ODESC) system is organised, have bedded in. The system is now better coordinated, more forward-leaning, and effective.

DPMC has continued to support the Governor-General Sir Jerry Mateparae and Lady Janine during a busy period of international and domestic commemorations and visits. The visit by HRH Prince Harry, which was supported by both the Cabinet Office and Government House, was one such event, as well as supporting the Governor-General to host almost 3,000 guests at the annual Bledisloe Garden Reception on Waitangi Day. His Excellency played a leading role in the opening of the Pukeahu National War Memorial Park and the centennial commemorations on ANZAC Day in both Wellington and Canberra. These commemorations were, literally, once in a lifetime events.

The CabNet project, which transforms the current paper-based system by establishing an electronic system to support Cabinet processes, has largely been completed and implementation is well underway. Cabinet material can now be accessed in a more efficient, timely and secure way.

The Department has also supported the process to consider the changing of New Zealand's flag and in particular has hosted the Secretariat for the Flag Consideration Panel.

It has been a positive year for the Department, albeit one of considerable change. I would like to thank the staff at both DPMC and CERA for the tremendous work they have done in the service of New Zealand.



Andrew Kibblewhite
CHIEF EXECUTIVE

Strategic and Operational Performance – Vote Prime Minister and Cabinet

What we sought to achieve: Supporting the Government's goals

DPMC exists to support New Zealand's Governor-General and Head of State in the conduct of their responsibilities, and the effective conduct of executive government by the Prime Minister and members of the Cabinet.

DPMC plays a role in coordinating and leading the work of government departments and agencies, and other entities as appropriate, to ensure that decision-making takes account of all relevant viewpoints and that advice is as coherent and complete as possible. This ensures that executive decision-making is supported by high-quality advice that is:

- timely,
- responsive to the directions set by the Government,
- forward-looking,
- cognisant of changing circumstances and emerging issues, and
- gives assurance that policies are being delivered in an effective and coordinated manner.

DPMC draws on close relationships with other departments and agencies, Crown entities, local government, business, iwi and the wider community.

Underpinning our leadership and coordination role are our values and what we stand for. DPMC aims at all times to lead and act with integrity, galvanise action, broker solutions and integrate advice and insights to provide decision advantage to policymakers. DPMC provides free and frank advice, and effective support, systems and processes in its support of the government of the day.

DPMC contributes to the Government's priorities by providing continuity in constitutional and administrative services that support New Zealand's parliamentary democracy. It plays a role as both the "constitutional and institutional glue" that holds the system together and the "oil" that allows the free flow of information, advice and policy for government decision-making.

How we went about achieving it: Strategic direction, objectives and impacts

DPMC's strategic focus is "advancing a confident, well-governed and secure New Zealand". DPMC business units operate across a wide variety of areas, as can be seen in the department's five objectives. Each objective aims to have an impact that, taken together, will maintain and improve the functions of government and the public service, helping to achieve the Department's purpose and the Government's priorities. Underlying these objectives and impacts are nine strategic priorities, which help to focus DPMC's efforts on what really matters, and helps the Department to go beyond "business as usual".

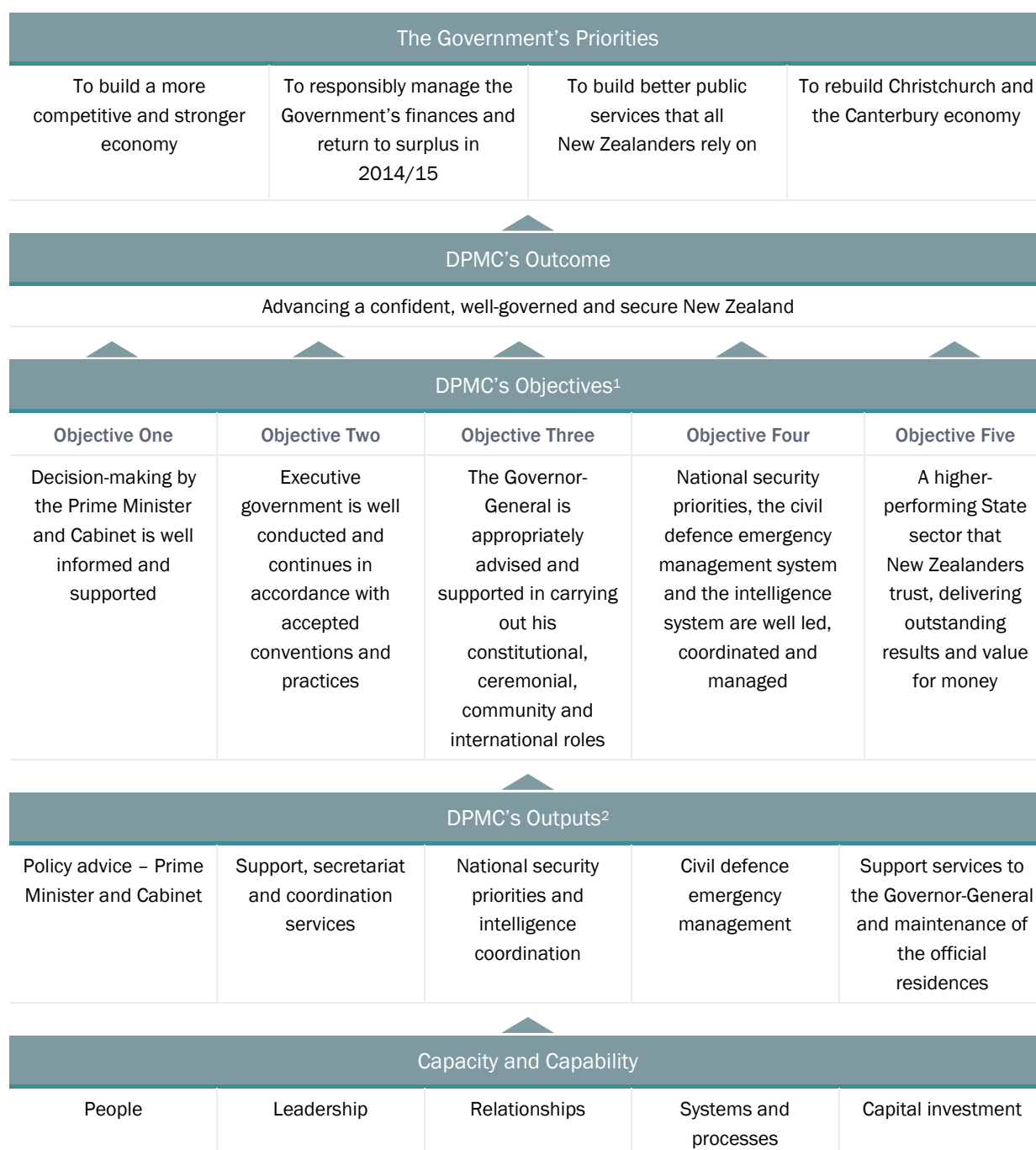
DPMC has recently updated its strategic framework for the 2015–16 year. This new version can be found in DPMC's 2015–19 Strategic Intentions.

Measuring DPMC's impact

This Annual Report contains two methods of performance measurement. First, DPMC assesses the progress and achievements it has made during the year, particularly in light of what it set out to do in the Statement of Intent 2014–18. Second, DPMC made extensive use of stakeholder surveys to measure its performance. These surveys went to the Prime Minister, Ministers and senior officials, asking them to indicate their satisfaction with the services they received from DPMC.

Performance results are summarised for each objective under the headings "What we have achieved" and "The impact we made". In the Information Supporting the Estimates for 2014–15, DPMC established a series of specific measures by which we would measure our performance. We report on those measures in the Reporting against Appropriations section.

STRATEGIC FRAMEWORK



¹ DPMC has recently refreshed its Strategic Intentions to reflect Cabinet's decision to establish CERA as a departmental agency housed within DPMC as well as the ongoing work relating to the transfer of functions from CERA to other agencies with CERA's disestablishment in April 2016. DPMC's Strategic Intentions for 2015-2019 can be found on the DPMC website: www.dPMC.govt.nz

² DPMC has an additional fixed-term responsibility: Science Advisory Committee.

STRATEGIC OBJECTIVES AND IMPACTS

OBJECTIVE 1: Decision-making by the Prime Minister and Cabinet is well informed and supported

Impact to be achieved	The Prime Minister and Cabinet are confident that the advice, assessments and processes supporting their decision-making are world class.
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OBJECTIVE 2: Executive government is well conducted and continues in accordance with accepted conventions and practices

Impact to be achieved	Confidence in the integrity and effectiveness of New Zealand's system of government is maintained.
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OBJECTIVE 3: The Governor-General is appropriately advised and supported in carrying out his constitutional, ceremonial, community and international roles

Impact to be achieved	The Office of the Governor-General is strengthened as a symbol of national unity and leadership.
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OBJECTIVE 4: National security priorities, the civil defence emergency management system and the intelligence system are well-led, coordinated and managed

Impact to be achieved	New Zealand has world-class processes in place to identify and deal with national security events and emergencies and to build national resilience.
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Impact to be achieved	The New Zealand Intelligence Community is viewed as trusted, integrated, customer-oriented and crucial to building national resilience.
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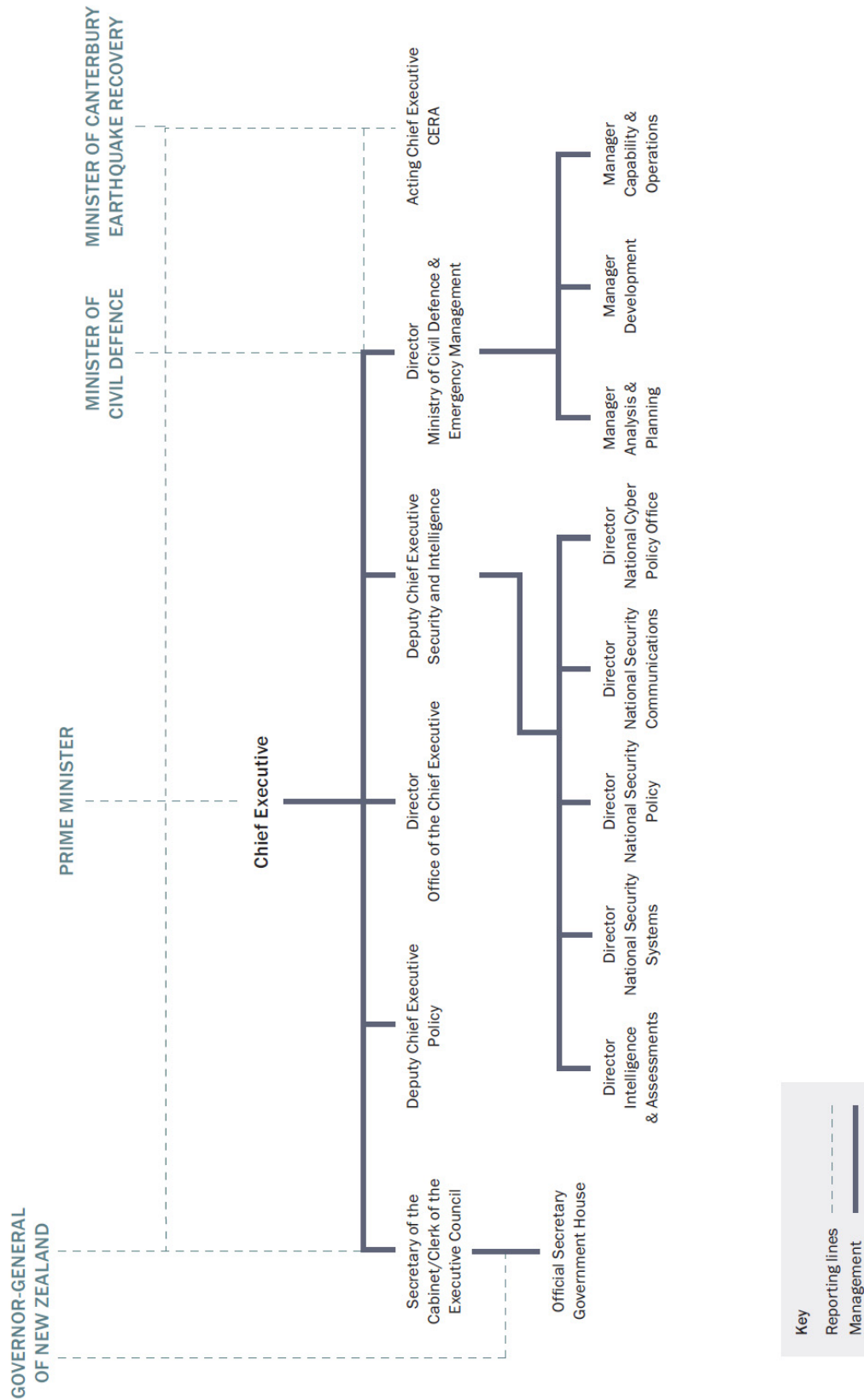
OBJECTIVE 5: A higher-performing State sector that New Zealanders trust, delivering outstanding results and value for money

Impact to be achieved	The central agencies are providing collective leadership to achieve outstanding results for New Zealanders.
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Strategic priorities for 2014/15

Enhancing the public service system's understanding, and delivery of the Prime Minister's policy priorities	Increasing New Zealand's resilience through our engagement with communities, business and the public sector and having a world class ODESC system		Leading an integrated, customer-oriented and trusted intelligence community	New Zealanders enjoying a secure cyber space in which they can prosper and play with confidence
Lifting the resilience and security of the Cabinet system to meet the needs of Ministers and the public servants who support them	Lifting the quality of policy advice across the public service system	Supporting Ministers so that they are well equipped to carry out their roles and functions	Enhancing New Zealand's sense of nationhood	Transitioning CERA to long term arrangements

ORGANISATIONAL STRUCTURE



PROGRESS TOWARDS OBJECTIVES AND IMPACTS

The Department has six impacts spread across five objectives, which are explained in our 2014 Statement of Intent. In our 2015 Strategic Intentions these objectives and impacts were refreshed into five medium-term impacts that the Department is seeking to achieve. The following objectives are laid out differently to those in the 2015 Strategic Intentions reflecting how the objectives were in place during the 2014–15 year.

OBJECTIVE ONE

Decision-making by the Prime Minister and Cabinet is well-informed and supported.

Impact: What success will look like

The Prime Minister and Cabinet are confident that the advice, assessments and processes supporting their decision-making are world class.

Why is this important?

The Prime Minister and the Cabinet are the centre of executive government in New Zealand. By chairing Cabinet, the Prime Minister leads and coordinates government and oversees its general policy direction. Ministers work together as the Cabinet and in Cabinet committees to discuss issues, make decisions and exercise a critical national leadership function.

What we have achieved

DPMC through the Policy Advisory Group (PAG) provided advice to the Prime Minister on all policy-relevant Cabinet and Cabinet committee papers to support his consideration of proposals in Cabinet or Cabinet committee meetings. PAG coordinated and advisors participated in all officials' committees that support and advise the chairs of Cabinet committees.

DPMC provided timely advice to the Prime Minister and other members of the Cabinet on issues of interest and in support of significant whole-of-government issues, including the Better Public Services results, Auckland, food security, support for the Ministerial Committee on Poverty, Crown/Māori matters, housing, corrections issues and the Budget package on children living in hardship. DPMC also monitored the implementation of the Prime Minister's "Tackling Methamphetamine" Action Plan and the Youth Mental Health Project. Canterbury earthquake recovery continued to be a focus this year for the PAG, while the Office of the Chief Executive worked closely with CERA on transition planning.

The Prime Minister's Chief Science Advisor, Sir Peter Gluckman, advised the Prime Minister and Cabinet Ministers on a range of matters, such as child obesity, and worked with departmental science advisors to coordinate advice, as well as leading international dialogue on scientific matters of importance to New Zealand.

Through the Policy Project, DPMC is working to lift the quality of policy advice across the public service through improved capability, standards and enhanced policy design. The Policy Project work programme has been co-developed with the network of deputy chief executives with policy responsibilities and other thought leaders. Progress has been made in four key areas: system leadership, people capability, policy products and services; and policy leadership.

The Cabinet Office continued to provide consistent and high-quality secretariat services to Cabinet and Cabinet committees in support of New Zealand's government decision-making process. The CabNet project, which modernises the current paper-based system by establishing an electronic system to support Cabinet processes, is progressively being implemented.

In addition, the Leader of the House was provided with advice and support on the preparation and management of the Government's legislation programme for the 2014 and 2015 calendar years.

The impact we made

Surveys have shown that stakeholders understand that DPMC's role is to support the Prime Minister and other Ministers by providing "free and frank" policy advice on issues of the day, provide second-opinion advice on policy from other departments and to engage with departments early in the policy process to lift the quality of their advice. PAG is seen as a small unit of highly capable individuals who have good relationships with their stakeholders.

PAG's impact over the last year was evidenced in the Prime Minister being well briefed about issues, and in its ability to bring many parties together to ensure a coordinated approach to policy development. The Prime Minister provided positive feedback and expressed his high level of confidence in the advice he had received.

The Child Hardship package that formed the centrepiece of Budget 2015 is an example of the leadership and coordination role that PAG plays: PAG leadership of this project brought together expertise from across the system to deliver a coherent package to government specifications.

The Policy Project, now into its second year, has gained support and active participation from the leaders in the policy community. The project is seeking to be transparent about its performance and impacts, and project outputs have been made publicly available online as they are prepared. A performance monitoring approach, including impact measures, is being finalised.

Cabinet and Cabinet committee decision-making continues to operate in an effective and efficient manner.

CabNet will transform the way agencies, Ministers' offices and the Cabinet Office provide support for Cabinet decision-making by enhancing productivity and security.

OBJECTIVE TWO

Executive government is well conducted and continues in accordance with accepted conventions and practices

Impact: What success will look like

Confidence in the integrity and effectiveness of New Zealand's system of government is maintained.

Why is this important?

At the heart of New Zealand's democratic, political and economic systems is stable executive government, accountable to an elected House of Representatives. The executive branch of government comprises the Governor-General, the Prime Minister, Ministers of the Crown and the public service. Through the Cabinet Office, DPMC undertakes to maintain and strengthen executive government through the advice and support it provides to the Governor-General and Prime Minister.

What we have achieved

Advice and support were provided on a range of matters relating to constitutional issues and the functioning of executive government. Key achievements in 2014/15 included:

- the delivery of an enhanced induction and briefing programme for new Ministers following the 2014 election
- the delivery of advice and guidance in the pre-and post-election period, including matters relating to:
 - government decisions and actions in the pre-election period
 - constitutional procedures after the general election
 - management of parliamentary business after the dissolution of Parliament
 - government decision-making during the period of caretaker government
 - arrangements for transition to the new administration
 - consultation and operating arrangements for the new administration, and
- support for the process to consider changing the New Zealand flag.

The Honours Unit advised and assisted the Prime Minister and the Cabinet Appointments and Honours Committee on the compilation of honours lists. A full list of honours can be seen at www.dpmc.govt.nz.

Advice and support on the visit of His Royal Highness Prince Harry in May 2015 were provided to the Royal Household, the Governor-General, the Prime Minister, government agencies, private organisations and members of the public.

- New Year Honours List 2015: 183 recipients.
- Queen's Birthday Honours List 2015: 188 recipients.
- Special honours list of New Zealand Gallantry Awards: 9 recipients.
- Seven individuals were granted use of the title "The Honourable" for life.

The impact we made

Executive government has continued to operate smoothly, and the Prime Minister and Governor-General have received the advice and support required to fulfil their roles. Feedback from the Prime Minister and the Governor-General, both formal and informal, has been positive. The Governor-General provided his feedback to the Clerk of the Executive Council at regular six-weekly meetings and through formal feedback surveys undertaken twice during the year. The Prime Minister's satisfaction was also assessed through discussion at regular meetings, his responses to a stakeholder survey, as well as through the Office of the Prime Minister's input into formal performance reviews.

OBJECTIVE THREE

The Governor-General is appropriately advised and supported in carrying out his constitutional, ceremonial, community and international roles.

Impact: What success will look like

The Office of the Governor-General is strengthened as a symbol of national unity and leadership.

Why is this important?

As the representative of New Zealand's Head of State, the Governor-General fulfils important constitutional, ceremonial and international roles as well as a community leadership role. As a key contributor to the New Zealand system of government, the Governor-General requires high-quality advice and support from the Clerk of the Executive Council (responsible for liaison between the Governor-General and the Government) and from the Official Secretary and Government House.

What we have achieved

The Clerk of the Executive Council and Cabinet Office staff provided policy and advisory support for His Excellency in a variety of areas including his constitutional and ceremonial roles, his relationship with the Government, and international travel undertaken by the Governor-General as Head of State. The Official Secretary and Government House staff provided advisory, administrative and household support for Their Excellencies' domestic and overseas programmes, as well as at Government House Wellington and Government House Auckland. The programmes, developed at the Governor-General's request, were shaped around the themes of "families and peace" in 2014 and "nationhood" in 2015.

Highlights for the year included the Governor-General's exercise of his constitutional role in the dissolution of the House of Representatives, the general election and the commissioning and swearing-in of a new Ministry. His Excellency formally welcomed HRH Prince Harry on his first visit to New Zealand at a ceremony at Government House Wellington, and joined him in some elements of the Prince's tour in Wellington, Whanganui and Auckland. His Excellency led the nation in major commemorative events – the opening of the Pukeahu National War Memorial Park, and the centennial commemorations on ANZAC Day. Their Excellencies hosted the Governor-General of Australia at the Dawn Service at Pukeahu on ANZAC Day, and were then his guests at a ceremony in Canberra later that day.

Abroad, Their Excellencies represented New Zealand at the opening of the Commonwealth Games in Glasgow, and made a State Visit to Australia. The Governor-General also expressed condolences on behalf of New Zealand at the commemoration of the late King Abdullah of Saudi Arabia and, separately, the funeral of Lee Kuan Yew, the founding Prime Minister of Singapore. His Excellency formally welcomed the President of the People's Republic of China, the Chancellor of Germany and the Prime Minister of Canada.

The domestic programme included Auckland, Marlborough, Hawkes Bay and the sub-Antarctic islands. Their Excellencies hosted 140 events at Government House Wellington and Government House Auckland, with 18,059 people in total participating as guests. The Governor-General's ceremonial programme included Waitangi Day activities and 20 investiture ceremonies for the recipients of the 2014 Queen's Birthday honours and 2015 New Year honours. Their Excellencies continued to accept new patronages, ending the year with 175.

More details on Government House achievements and activities for the year can be found at www.gg.govt.nz and on the Governor-General's Facebook page.

The impact we made

DPMC's activities in support of the Governor-General have seen an increasing number of members of the public engaging with the Office: as invited guests at events; visitors on tours and open days; and through social media. Responses from these visitors are overwhelmingly positive. These are important indicators that the Department is continuing to make progress in strengthening public perceptions of the office as a symbol of national unity and leadership, and as an essential part of New Zealand's system of constitutional government. The use of social media continues to represent a key way of engaging with the public at large and offers considerable promise for broadening that engagement even further. Furthermore, the theme of Nationhood was particularly relevant for 2015 as the year of the 175th anniversary of the Treaty of Waitangi and also the Gallipoli centennial, and the Governor-General's leading role in the ANZAC Day ceremonies formed a key part of the nation's remembrance.

Feedback from Their Excellencies and guests confirms that events were well organised and maintained the dignity and standard expected of the Office of the Governor-General. Overall, the feedback from the Governor-General showed a generally high level of satisfaction with the services, advice and support provided to him, with some areas for improvement.

Support to the Governor-General – key figures

- 172 speeches, 43 media releases and 60 other messages – book forewords, messages for annual reports and sport teams etc – provided to the Governor-General.
- The Governor-General's Facebook page had been liked by 24,591 people, up from 13,430 a year before.
- Twitter followers rose from 5,343 to 7,296 over the period.
- 4,415 visitors through the Government House Wellington Visitor Centre (down from 5,299).

OBJECTIVE FOUR

National security priorities, the civil defence emergency management system and the intelligence system are well led, coordinated and managed.

Impact One: What success will look like

New Zealand has world-class processes in place to identify and deal with national security events and emergencies and to build national resilience.

Why is this important?

DPMC's work is focused on managing risks and building resilience. This is undertaken by assessing the key risks and opportunities affecting New Zealand's national security interests, noting that New Zealand takes an all hazards and risks approach to national security. DPMC's role in national security is to ensure that potential risks to New Zealand are assessed, risks are reduced where possible, readiness is built and maintained, and response to and recovery from emergencies is timely, coordinated and effective. Through the National Cyber Policy Office, DPMC leads the development of cyber security policy advice and advises on the investment of government resources in cyber security. Secure, dependable information communication technology is fundamental to New Zealand's prosperity and security.

What we have achieved

Given the breadth of our national security interests, and the large number of players involved, coordination of the national security system is vital. DPMC has continued to lead within the system through its role in, and in support of, the Officials Committee for Domestic and External Security Coordination (ODESC), the inter-agency mechanism used to deal with national security issues, which is chaired by the Chief Executive of DPMC. As well as supporting the Cabinet National Security Committee (NSC), DPMC has also supported the three key bodies that make up the governance of the national security system:

- ODESC(G): the national security system's key governance board responsible for the identification and governance of strategic national risks and resilience
- Security & Intelligence Board: providing governance for the security and intelligence sector, and
- Hazard Risk Board³: providing governance for overseeing national significant hazards that are threats to New Zealand. Hazards and risks of national significance are hazardous events that challenge sovereignty, wellbeing, the economy, the environment or nation-wide law and order.

More specialised meetings were held as required during the reporting period to deal with urgent matters, and a number of sub-committees or watch groups were formed to deal with issues as they arose. An example of this was DPMC's role in coordinating the all-of-government response to the blackmail threat to contaminate dairy products.

As well as providing high-level governance for the ODESC system, DPMC also provides the system with secretariat and other support through a dedicated unit (National Security Systems).

During the reporting year, DPMC maintained a watching brief to identify emerging issues and worked with the departments responsible to ensure that arrangements were in place for quick and effective management when required. DPMC has also helped to lead the process to better identify and articulate the risks, threats and hazards that challenge New Zealand's national security, and what that means for the sector's priorities.

By developing a strategic "all-of-government" view, DPMC has been able to highlight the security priorities that are most important for the Government and New Zealand. Combined with a National Exercise Programme, this approach helps to ensure that risks receive appropriate attention, the right capabilities are developed, and lessons are learnt and applied.

³ The Hazard Risk Board was previously known as the Readiness and Response Board.

During the year DPMC played a coordinating role within the sector to help manage risks relating to a number of major events, including the U20 FIFA World Cup, the Cricket World Cup and ANZAC commemorations.

DPMC plays a leadership and sector co-ordination role in relation to national security policy, and this was demonstrated in the development and support through to enactment of the Countering Terrorist Fighters Legislation Bill 2014. This urgent legislation was developed in response to the rapidly evolving threat of global and local terrorism, and to implement relevant UN Security Council resolutions.

DPMC's work through the Ministry of Civil Defence and Emergency Management (MCDEM) is closely related to the work DPMC does leading the wider national security system. For instance, DPMC's National Security Policy team covers both traditional national security issues relating to security and intelligence, as well as policy relating to civil defence emergency management (CDEM).

In 2014–15, DPMC's CDEM work focused on five specific areas:

Improving the strategic framework for CDEM

- Completion of the review of the National CDEM Plan.
- Completion of most of the actions in the Christchurch Earthquake Response Corrective Action Plan.
- Strengthening the recovery framework for New Zealand by developing proposed amendments to the CDEM Act 2002, and starting a review of supporting guidance and the lessons learnt legacy review for Canterbury.

Improving capability of the CDEM stakeholders and public education

- Undertaking CDEM group capability assessments to inform the development of a national capability assessment report.
- Published several national guidelines aimed at improving capability and capacity of stakeholders.
- Supported exercise programmes and established a new tailored Controller's Development Programme.
- Worked nationally and with regions to coordinate public education activity, themes and resources, including launching the upcoming New Zealand Shakeout national earthquake drill.

Improving our approach to risk reduction

- Providing input into the development of the Sendai Framework for Disaster Risk Reduction and hosting the New Zealand Symposium on Disaster Risk Reduction

Response and recovery

- Responded to emergencies including supporting CDEM groups in response and recovery, for the Northland floods (July 2014), Tropical Cyclone Pam (May 2015) and the Dunedin, Taranaki and Manawatu-Wanganui floods and severe weather (June 2015).
- Maintaining operational readiness of the National Crisis Management Centre (NCMC) and Emergency Management Information System (EMIS), and developing the business case for a national public alerting system.

International work

- A Partnership Arrangement which includes three memoranda of understanding signed with the Ministry of Foreign Affairs and Trade to support:
 - i New Zealand's relationship with UN Disaster Assessment and Coordination programme
 - ii rapid response capability to support Pacific Island nations during emergencies, and
 - iii disaster risk management activities across five specific Pacific Island nations.

Over the last year the National Cyber Policy Office (NCPO) has progressed the refresh of New Zealand's Cyber Security Strategy, including work on a detailed Action Plan and initiatives to address cybercrime. Work on a new strategy involves multiple agencies and has been developed in close consultation with a broad range of Connect Smart public and private partners. Through the NCPO and in collaboration with other agencies, such as the National Cyber Security Centre in the Government Communications Security Bureau (GCSB), DPMC has continued to develop advice on how

best to provide New Zealanders, businesses and government agencies with a single place to report cyber incidents and receive trusted and authoritative advice on cyber security.

The Connect Smart cyber capability campaign and public-private partnership continues as a strong platform from which to drive cyber security. Connect Smart partners are increasingly active in promoting key messages and technical advice about cyber security through their own business channels and to their staff and customers. A number of Connect Smart partners have contributed through thought leadership articles for the Connect Smart website and held business forums for cyber security discussion. A monthly newsletter on cyber security issues is provided to Connect Smart partners and encourages dialogue.

A concerted cyber security campaign was held in the last week of June 2015 – but activities, business outreach and media engagement to promote the cyber security message are now a year-round effort.

There are now more than 120 Connect Smart public-private sector partners, including:

- banks (e.g. ASB, ANZ)
- telecoms (e.g. Spark)
- IT companies (e.g. HP, Datacom Dimension Data)
- insurance companies (e.g. Marsh)
- software companies (e.g. Microsoft)
- social media (e.g. Facebook), and
- government agencies, non-government organisations and business associations.

The impact we have made

Through MCDEM, DPMC has overseen the implementation of a corrective action plan following the independent review of the response to the Christchurch earthquake. At the same time, the Ministry reviewed and revised the National CDEM Plan, with the new Plan coming into effect on 1 December 2015. Generating these products provided opportunities to establish and build relationships where they did not exist and to strengthen existing relationships. Strong relationships are key to civil defence emergency management as they enable collaboration and coordination, the identification of synergies and efficiencies, and alignment of work programmes and effort across the 4R's of reduction, readiness, response and recovery.

The overarching outcome is a more robust, complete and well understood set of arrangements for CDEM across the 4Rs and a greater commitment by agencies to deliver on their roles and responsibilities. Our annual research measuring people's disaster preparedness shows there is still work to be done to lift the levels of preparedness in New Zealand:

- 84% have emergency survival items
- nearly a third of all New Zealand residents are prepared at home for an emergency, a similar result to the past four years
- 15% of all residents are fully prepared for an emergency, in line with the previous year, and
- 82% are aware of the types of disasters that could occur, and 82% have an understanding of the effects if a disaster struck.

Connect Smart statistics to 30 June 2015

- 120+ partners
- 16,637 visits to the Connect Smart website, with a total of 12,195 unique users
- 3,191 visits to the website during Connect Smart Week, with a total of 2,792 unique users
- approximately 33,000 Twitter impressions during Connect Smart Week, with 400+ followers
- 48,197 views of Facebook Connect Smart cyber security videos
- 364 views of YouTube Connect Smart cyber security videos, and
- \$317,659 worth of media coverage (equivalent advertising value) gained during Connect Smart Week

DPMC has commissioned on-going survey research on the cyber security behaviour of New Zealanders so that we can measure progress in cyber security awareness and capability. Work is underway to support small and medium enterprises to improve their cyber security.

Impact Two: What success will look like

The New Zealand intelligence community (NZIC) is viewed as trusted, integrated, customer-oriented and crucial to building national resilience.

Why is this important?

New Zealand's core intelligence agencies are the GCSB, New Zealand Security Intelligence Service (NZSIS) and elements of DPMC's Security and Intelligence Group, including the National Assessments Bureau (NAB). The wider NZIC comprises these groups and additionally the intelligence capabilities of the New Zealand Defence Force (NZDF), NZ Police, NZ Customs and the Immigration Service (Ministry of Business, Innovation and Employment). A primary departmental customer is the Ministry of Foreign Affairs and Trade (MFAT). DPMC plays a leadership and coordination role within the NZIC. This role involves DPMC:

- providing advice and assessments to the Prime Minister and other senior decision-makers on intelligence
- leading and coordinating the NZIC's requirements, priority setting and performance reporting
- producing all-source assessments on national security and foreign policy priorities, and
- coordinating communications for the NZIC and the ODESC system.

What we have achieved

Many of the current plans and goals reflect the findings of DPMC's Performance Improvement Framework (PIF) review in June 2013, the PIF review for the NZIC which was released in June 2014 and DPMC's PIF follow-up review, published in 2015. One of the key findings in these documents was that the other departments and agencies in the intelligence sector wanted and expected DPMC to step up to a more explicit and active role of leadership and coordination. After a period of review, DPMC has made several changes to enhance its leadership, coordination, priority-setting and measurement function within the national security sector.

Through the NAB, DPMC has continued to produce written and verbal assessments covering topics of interest to national security and foreign policy decision-makers. These assessments have been provided to the Prime Minister and relevant Ministers as well as decision-makers across the New Zealand Government.

DPMC has led NZIC efforts to improve service delivery to customers. This has included launching new written products and briefings that bring together assessments, intelligence and operations. DPMC has led reform of the National Assessments Committee into a new National Intelligence Coordination Committee charged with overseeing the delivery of New Zealand's national intelligence priorities.

A statutory independent review of the NZIC is currently being conducted. DPMC will play a key role supporting the Government and the intelligence community to implement any changes that the review may recommend.

The impact we have made

DPMC has led the review of intelligence priorities and risk assessment work within the NZIC. Both of these processes are nearing completion and will enable a greater focus on allocating NZIC resources in line with priorities and risk. DPMC has been able to provide a broader lens to this work than would necessarily have been the case with agencies working on their own.

The centralised strategic communications function based within DPMC has brought a greater focus on sector wide planning and responses to issues with the aim of building awareness and public confidence in the NZIC. The Communications team has also led the process for the public release of NZIC information and the website www.nzic.govt.nz is an example of this work.

A stronger focus on customer needs and policy relevance has led to NAB producing a range of new reports, resulting in a doubling of written report output and a 50% increase in oral briefings provided. The Intelligence and Assessment team has also been leading work across the NZIC to improve customer engagement.

OBJECTIVE FIVE

A higher-performing State sector that New Zealanders trust, delivering outstanding results and value for money.

Impact: What success will look like

Central agencies are providing collective leadership to achieve outstanding results for New Zealanders.

Why is this important?

New Zealand's State sector faces a range of challenges – from the difficult international economic environment to changing public expectations of service design and delivery. The Government's goal has been to achieve a fundamental shift in the way the New Zealand State sector operates in order to meet these challenges. DPMC, collectively with the Treasury, the State Services Commission (SSC) and other whole-of-system leaders such as the Government Chief Information Officer, has worked to lead the State sector and to help it to identify and implement new ways of working in terms of business design, culture and collaboration with other agencies.

What we have achieved

DPMC has applied its close understanding of the Government's collective ambitions, preferences and priorities to assist its central agency partners deliver the Government's Better Public Service results. Primarily through the PAG, DPMC has continued to support the Government's State sector reform programme by working jointly with the Treasury and SSC to provide assurance on the 10 priority result areas set out in the Better Public Services programme. DPMC also leads and hosts a cross-agency project to lift the quality of policy advice across the public sector. The Chief Executive of DPMC plays a more formal leadership role within the policy community through his role as the Head of the Policy Profession.

DPMC has worked closely with the Treasury and SSC on individual agency performance (for instance, through the programme of PIF reviews) and a range of policy issues, including wider State sector reform issues.

On 1 February 2015, the Canterbury Earthquake Recovery Authority became the Government's first Departmental Agency, housed within DPMC. This is the first step in the process of transitioning CERA to its long-term arrangements once the legislation that established it expires in 2016. Positioning CERA within DPMC places it within a central agency that is involved across the full range of government business and policy. The arrangement strengthens the alignment between lessons learned from a very real example of recovery, and planning for a response to any future large scale emergencies.

The impact we made

The efforts of the central agencies have a system-wide effect, making detailed measurement of our shared impact difficult. The central agencies use two benchmarks for gauging the success of its system-level work: the overall progress toward achieving the Better Public Services results, and the Kiwis Count survey.

The Government has set 11 targets to be achieved over the next two to three years within 10 result areas. Progress towards the results targets is publicly reported every six months on the SSC website. Good progress is currently being made on many results, with six of the result areas on track to achieve their targets.

Kiwis Count is a comprehensive survey that measures New Zealanders' perceptions of the quality of 42 frequently used public services. The results are used to calculate a Service Quality Score (SQS). The overall SQS for the September 2014 quarter was 73, the same as the September 2013 quarter.

While there are still a number of decisions that need to be made about the transfer of CERA functions to DPMC for the longer term, placing CERA within DPMC is enabling a well-planned and managed transition of CERA as a departmental agency to effective long-term arrangements that will:

- maintain and accelerate recovery momentum
- strengthen local governance and local institutions, so they can inherit functions and roles from CERA
- meet social needs and promote economic growth, and
- draw on lessons experienced from Canterbury, to strengthen future resilience.

Departmental Health and Capability

At the heart of DPMC's success has been the high calibre of staff it employs. It is critical that we continue to attract and retain staff of this calibre. We aim to create a workplace where staff are treated – and treat each other – fairly and with respect, are well managed and have personal development opportunities, are strongly encouraged and supported, and where unhelpful barriers to work are removed as much as possible. Because staff are crucial in ensuring that a small agency such as DPMC is efficient and high achieving, each individual's striving for achievement needs to be supported with efficient and effective tools and systems and processes.

Our people

Our people are our most important asset. We take pride in the high calibre of our workforce, and aim to be an employer of choice, attracting talented staff (including secondees from across the public service and the private sector). DPMC conducted a staff engagement survey in September 2014, which indicated that engagement has lifted across all business units with more staff feeling engaged and somewhat engaged at 93% (compared with 88%, in 2012).

Equal employment opportunities

DPMC actively seeks to become a more diverse organisation. The Department considers diversity to cover ethnicity, gender, disability, age, and experience. During the year, the Chief Executive continued to chair a working group which is looking at diversity within the Department. This working group has worked to refresh DPMC's diversity-related policies, including its bullying and harassment policies, develop unconscious bias training for managers and staff involved in recruiting, establish a women's network within the Department and support a woman's network in the wider national security and intelligence sector.

Staff recruitment, performance and development

Our selection process recognises the need to find highly experienced staff who can adapt quickly to the changing nature of our workload and be able to lead by example across the State sector. We maintained our in-depth induction programme which ensures that staff understand quickly the expectations of their role and the wider DPMC working culture. Central Agencies Shared Services (CASS) Human Resources provided support in the recruitment of new staff this year, including the transfer of all CERA staff, who were previously employed by CERA, onto DPMC employment contracts.

DPMC managers continued to use individual development plans generated through the performance management process to create a matrix of core development needs that will form the foundation for our learning and development programme over the next 12 months. DPMC continues to place a very high value on the development of leadership and management capabilities and to utilise the Leadership Development Centre (LDC) tools and courses, as well as providing staff with access to a number of other personal and professional assessment and development tools.

Our working environment

Creating a healthy and safe work environment is an ongoing departmental priority. Our staff are encouraged to participate in a wide variety of health and wellbeing activities. We provide comprehensive occupational health support to all staff. This includes free vaccination against influenza, eye tests, a health and exercise subsidy and a hazards register for identifying issues and ergonomic assessments for all new staff, with further assessments upon request. In addition, we are committed to the public service code of conduct and ensure that staff are protected against harassment and bullying. We provide for flexible work arrangements, when requested, for staff to balance the needs of DPMC with their personal commitments.

Risk-assurance processes

DPMC's Risk and Assurance Committee provides challenge and assurance services to the Chief Executive. During 2014/15 the Committee continued to meet quarterly to review and assess areas of potential risk, DPMC's progress toward mitigating those risks, and a range of other capability and strategic issues. The current committee consists of two external members and one DPMC representative.

Official Information

The Department completed 369 responses to requests made under the Official Information Act 1982 and Privacy Act 1993 in the 2014 calendar year. In the 2013 calendar year, DPMC completed 410 responses, and in the 2012 year it completed 341 responses.

In addition to responding to requests that DPMC receives directly, the Department has an administrative function in drafting and preparing responses to Official Information Act requests on behalf of the Prime Minister's Office when required.

Statutory and Formal Responsibilities

Chief Executive

The responsibilities of the Chief Executive of DPMC are:

- the statutory responsibility to appoint such officers as may be required to assist the Intelligence and Security Committee of Parliamentarians (established under the Intelligence and Security Committee Act 1996) to carry out its duties, and
- coordination responsibilities in the response phase of an emergency under the International Terrorism (Emergency Powers) Act 1987.

Secretary of the Cabinet and Clerk of the Executive Council

The statutory and formal responsibilities of the Secretary of the Cabinet and the Clerk of the Executive Council are to:

- administer the Letters Patent Constituting the Office of Governor-General of New Zealand 1983
- preserve and maintain the official records of Cabinet, and to administer the convention on access to documents of a previous administration
- administer the Governor-General Act 2010
- administer the Seal of New Zealand Act 1977
- administer the Royal Titles Act 1978
- administer the Oath of Allegiance and the Executive Councillors' Oath under the Oaths and Declarations Act 1957
- administer the Statutes of The Queen's Service Order (2007), The Order of New Zealand (1987) and The New Zealand Order of Merit (1996)
- administer the Royal Warrants of the New Zealand Gallantry Awards and the New Zealand Bravery Awards (1999)
- certify certain instruments executed by Ministers under the Official Appointments and Documents Act 1919, and
- countersign certain documents under the New Zealand Government Property Corporation Act 1953.

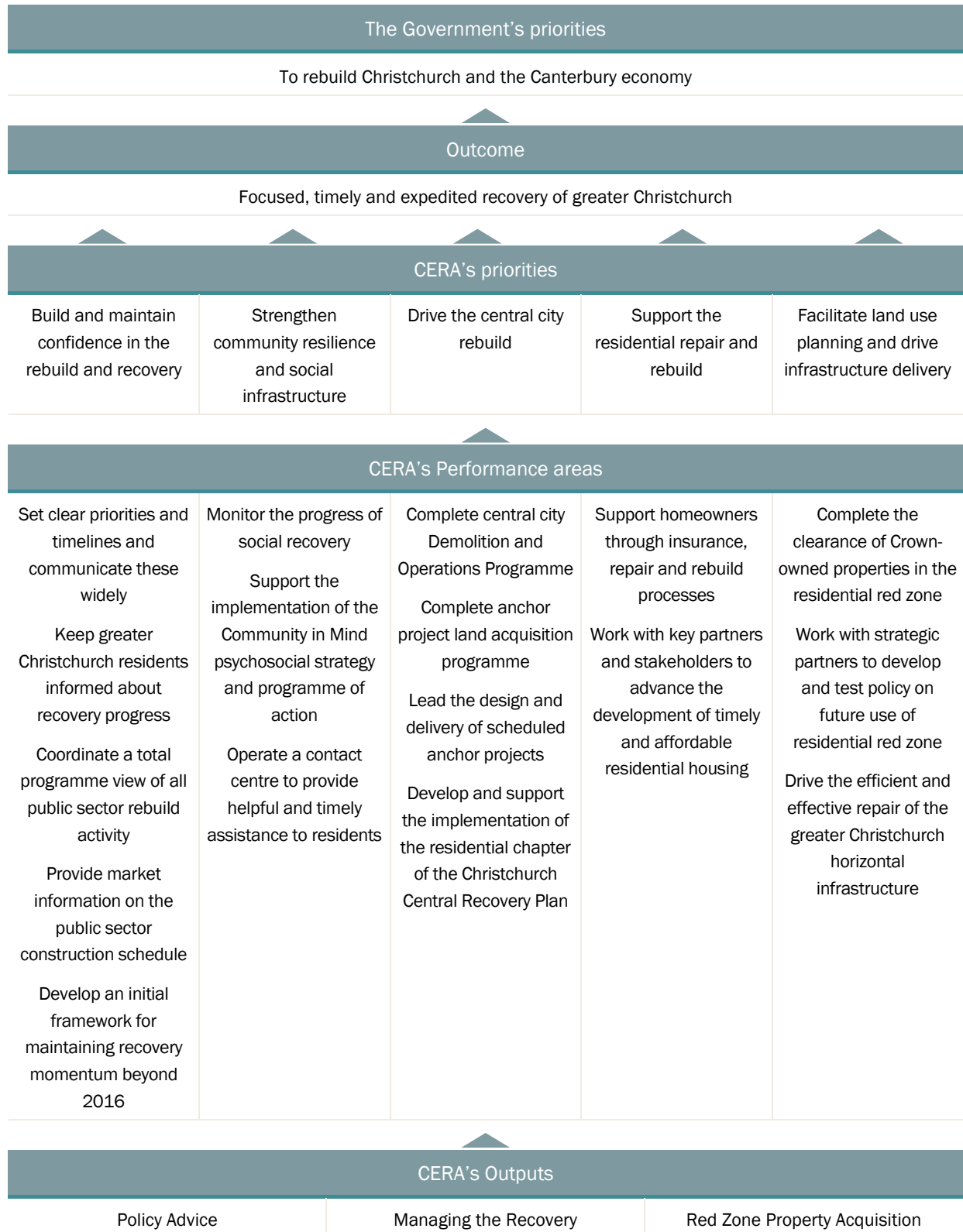
Director, Ministry of Civil Defence & Emergency Management

Under the Civil Defence and Emergency Management Act 2002, the functions of the Director are to:

- provide advice to the Minister on matters relating to civil defence emergency management
- identify hazards and risks that the Director considers are of national significance
- monitor and evaluate the national civil defence emergency management strategy
- develop, monitor, and evaluate the national civil defence emergency management plan
- develop, in consultation with the relevant persons and organisations that have responsibilities under this Act, any guidelines, codes, or technical standards that may be required for the purposes of this Act
- monitor the performance of Civil Defence Emergency Management groups and persons who have responsibilities under this Act
- promote civil defence emergency management that is consistent with the purpose of this Act, and
- during a state of national emergency, direct and control for the purposes of this Act the resources available for civil defence emergency management.

Strategic and Operational Performance – Vote Canterbury Earthquake Recovery

STRATEGIC FRAMEWORK



PROGRESS TOWARDS OBJECTIVES AND IMPACTS

Managing the Recovery

Performance measures and standards in the CERA 2014–2018 Statement of Intent

Priority area – Build and maintain confidence in the rebuild and recovery.

Performance Information	Standard	Actual Result (and comparison where relevant)
Set clear priorities and timelines and communicate these widely.	CERA priorities agreed annually and communicated.	This standard has been met. CERA has agreed three strategic priorities: resolve impediments to recovery affecting people's wellbeing; ensure recovery of the built environment; and develop and implement recovery transition. These priorities have been communicated widely internally. The Briefing to the Incoming Ministers (2014) sets out the priority issues to be addressed at that time. The Briefing was available on the CERA website.
	This is a new reporting measure for 2015.	
Keep greater Christchurch residents informed about recovery progress.	Greater Christchurch Recovery Update published monthly.	This standard has been met. This year CERA merged publications with Christchurch City Council and now jointly produces the <i>Future Christchurch Update</i> . This publication is monthly.
	In 2014, 11 issues of <i>Greater Christchurch Recovery Update</i> were published.	
Coordinate a total programme view of all rebuild activity funded by the public sector.	Establish and maintain a programme performance and monitoring group.	This standard has been met. A performance and monitoring team has been established.
	Report on programme performance to Ministers and agencies quarterly.	Four quarterly reports have been prepared covering the rebuild programmes of 11 public sector agencies and reported to Chief Executives and joint Ministers.
	This is a new reporting measure for 2015.	
Provide market information on the public sector construction schedule.	Master schedule updated quarterly.	This standard has been partially met with public sector intentions released in Q2 2014.
	This is a new reporting measure for 2015.	
Develop an initial framework for maintaining recovery momentum beyond 2016.	Initial framework developed and tested with stakeholders.	This standard has been met. A Draft Transition Recovery Plan was released on 2 July 2015 seeking public comment. It was developed in consultation with the Advisory Board on Transition, CERA's strategic partners and central government agency stakeholders and sets out proposals for transitioning to long-term rebuild and recovery arrangements.
	This is a new reporting measure for 2015.	

Performance Information	Standard	Actual Result (and comparison where relevant)
Support Government to deliver better public services to greater Christchurch residents.	Coordinate a partnership project with Christchurch City Council to facilitate co-located central and local government services in two geographic locations. Innovative service design focus incorporated in key government property co-location projects.	This standard has been met. The Effective Government Services Programme was closed on June 2015 after achieving its programme milestones.
	Stage two of the Planning and Community Toolset project publicly available.	This standard has been met. The <i>Community Tool Kit</i> is available on the CERA website.
	This is a new reporting measure for 2015.	

Priority area – Strengthen community resilience and social infrastructure

Performance Information	Standard	Actual Result (and comparison where relevant)
Monitor the progress of social recovery.	Conduct a CERA Wellbeing Survey biannually until April 2016. Update the Canterbury Wellbeing Index at least once per year. Reports use the Index and Survey data to provide information on emerging social trends and issues.	This standard has been met. CERA publicly released the June 2014 Canterbury Wellbeing Index and the April 2014 CERA Wellbeing Survey (both published on the CERA site on 14 July 2014) as well as the September 2014 CERA Wellbeing Survey (published on 9 December 2014). The Survey and Index show an improvement in people's recovery for many. For a small, but significant number of people, multiple stressors and compounding pressures remain.
	In 2014 the Wellbeing Survey was carried out twice.	
Support the implementation of the Community in Mind psychosocial strategy and programme of action.	Monthly report to cross-sectoral governance group.	This standard has been met. Reporting continues on a monthly basis to Greater Christchurch Psychosocial Committee. Series of additional Collective Impact Work-shops for the Committee have taken place. Committee recognised in Draft Transition Plan.
	Development and implementation of Integrated Service Delivery Model across Ministries of Health, Education, Social Development and Canterbury District Health Board.	This standard has been met. Integrated Service Delivery Model report completed. Other psychosocial activities have all been included in Shared Programme of Action that was launched on 15 May 2015.
	Regular communication with community about social services and supports available.	This standard has been met. Series of community workshops have taken place and more are planned on psychosocial recovery, providing information about supports available and delivered through partners (Mental Health Education and Resource Centre, New Zealand Red Cross, Methodist Mission, IHC). Additional community workshops provided over 10 days with Dr Rob Gordon. Citizens Stories project underway with University of Canterbury capturing stories of personal and community resilience.
	This is a new reporting measure for 2015.	

Performance Information	Standard	Actual Result (and comparison where relevant)
Operate a CERA contact centre to help residents in a timely manner.	98% of calls are answered first time (low percentage of calls are lost).	This standard has been met. 98.6% of the 12,671 calls to the 0800 RINGCERA line were answered.
	Positive feedback is received after interactions with customer service staff.	This standard has been met. No complaints were received from callers to the 0800 RINGCERA line.
	This is a new reporting measure for 2015.	

Priority area – Drive the central city rebuild

Performance Information	Standard	Actual Result (and comparison where relevant)
Demolition of all necessary central city buildings in Anchor Projects so that construction can proceed as scheduled.	Demolitions completed by 31 August 2014.	This standard has not been met. There were 23 demolitions in the period 1 July to 31 October 2014, and 14 demolitions in the period 1 November 2014 to 30 June 2015.
	This is a new reporting measure for 2015.	
Demolition of all residual central city buildings in Anchor Project precincts.	Demolitions completed by 30 June 2015.	This standard has not been met. Thirty-seven building demolitions were completed over the period. The demolition of remaining buildings in the central city on designated land is progressing well. In isolated cases specific demolitions remain outstanding, but none of these are holding up the Crown's developments. Specific examples of outstanding demolitions include buildings on the site designated for the Stadium. Those buildings that the Crown owns are being leased out on a short-term basis until further progress is made on the Stadium Project.
	This is a new reporting measure for 2015.	
Complete Anchor Project land acquisition programme.	Acquisitions completed by 30 June 2015.	This standard has not been met. Acquisition of land required for the Anchor Projects is substantially complete. Some acquisition is outstanding, particularly in the South Frame and Stadium Project areas. For the South Frame, acquisition will be progressed following confirmation of the design of the public realm, and for the Stadium upon confirmation of the timing for delivery of the Stadium Project.
	This is a new reporting measure for 2015.	
Support the implementation of the transport chapter of the Christchurch Central Recovery Plan.	Begin delivery of the first phase transport projects.	This standard has been met. Five projects (Lichfield Street, Colombo Street, Tuam Street, Hospital Corner and Hagley/Moorhouse intersection) have commenced. The design of the remaining major projects, being Cambridge Terrace/Durham Street, Manchester Street and Armagh/Colombo Streets, are well advanced with construction scheduled to commence in October 2015.
	This is a new reporting measure for 2015.	

Performance Information	Standard	Actual Result (and comparison where relevant)
Lead the design and delivery of scheduled Anchor Projects.	Milestones and financial targets are met for each project.	<p>The standard has been partially met.</p> <p>In particular, the Bus Interchange opened operations on 25 May 2015, Avon River Precinct and An Accessible City (Phase 1) works have commenced. In addition, design progress has been achieved on Convention Centre master planning, Earthquake Memorial and East and South Frame Public Realm.</p> <p>Some challenging design issues have impacted on progressing construction on some Avon River Precinct work packages.</p> <p>Business case approval was scheduled for the Metro Sports Facility in November or December 2014. Further work has been required to refine this business case including the preferred procurement model. In August 2015, Cabinet agreed to fund the recommended option in the business case.</p>
	This is a new reporting measure for 2015.	

Priority area – Support the residential repair and rebuild

Performance Information	Standard	Actual Result (and comparison where relevant)
Support home owners through their insurance, repair and rebuild processes.	Support a sustainable Residential Advisory Service that meets the current needs of residents.	<p>This standard has been met.</p> <p>The Residential Advisory Service (RAS) has continued to provide support to property owners, with over 10,000 enquires received since its inception in May 2013. In May 2015 it was announced that the Service would be extended for another year to May 2016.</p>
	Produce quarterly reports monitoring progress in residential insurance, rebuild and repair processes.	<p>This standard has been met.</p> <p>These reports have helped CERA understand the pace and rate of insurance settlements and determine how this affects the wider residential recovery.</p>
	Provide support to ensure delivery of the “Let’s Find and Fix” service.	<p>This standard has been met.</p> <p>“Let’s Find and Fix” service repaired over 400 homes in need of temporary earthquake repairs.</p>
	Ensure the “Make it Right” service is able to be activated in response to weather events as required.	<p>This standard has been met.</p> <p>CERA renewed capacity with its partners for the “Make it Right” emergency repair programme in 2014/15.</p>
	This is a new reporting measure for 2015.	
Work with key partners and stakeholders to advance development of timely and affordable residential housing.	Continue to support partner agencies to progress the Awatea/ Carrs Road affordable housing development.	<p>This standard has been met.</p> <p>In late 2014 a successful developer was announced, with ground breaking occurring in 2015.</p>
	This is a new reporting measure for 2015.	

Priority area – Facilitate land use planning and drive infrastructure delivery

Performance measure	Standard	Actual Result (and comparison where relevant)
Complete the clearance of Crown-owned properties in the Residential Red Zone.	Complete clearance of all Crown-owned dwellings on the flat land Residential Red Zone by 31 December 2014.	This standard has not been met. Clearances were not completed by 31 December 2014. However, 99% of Crown-owned dwellings were cleared by 30 June 2015.
	Residual built structures and features cleared from Crown-owned properties on the flat land Residential Red Zone by 30 June 2015.	This standard has not been met. Clearances of residual built structures on the flat lands are now on track for completion by 18 April 2016. As at 30 June 2015, 30% (2,062) of residual structures had been demolished.
	Complete clearance of 50% of Crown-owned dwellings in the Port Hills Residential Red Zone by 30 June 2016.	This standard is on track to be met. The clearance of Port Hills Residential Red Zone properties is progressing as planned. As at 30 June 2015, 30% (or 136) of Crown-owned Residential Red Zone houses on the Port Hills had been cleared.
	This is a new reporting measure for 2015.	
Work with strategic partners to develop and test policy on future use of Crown-owned residential property.	Complete initial community engagement on future use of the Residential Red Zone by 31 December 2014.	This standard has been partially met. Initial community engagement (Canvas) was completed for Waimakariri Residential Red Zone by target date. Christchurch engagement has been deferred until key infrastructure scenarios are confirmed (in line with Cabinet priorities).
	This is a new reporting measure for 2015.	
Drive the efficient and effective repair of the greater Christchurch horizontal infrastructure.	Monitor and report monthly on the performance of the horizontal infrastructure repair programme against time and budget.	This standard has been met. Monthly programme progress reports have been provided over the past 12 months. The June 2015 report currently shows the Horizontal Infrastructure Rebuild Programme is progressing on time and on budget. A scheduled construction completion date of December 2016 for the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) programme is still targeted. Assurance has been obtained over the efficiency of the construction pricing (Morrison Low Total Outturn Cost Review – September 2014) and continued reductions in earthquake related temporary maintenance costs illustrate the effectiveness of the rebuild programme.
	This is a new reporting measure for 2015.	

Policy Advice

Performance measures and standards in the CERA 2014–2018 Statement of Intent

Priority area – All priority areas

Performance measure	Standard	Actual Result (and comparison where relevant)
Develop high-quality policy advice to support decision-making.	Minister satisfied with quality of policy advice.	This standard was not able to be measured.
	In 2012, 2013 and 2014 the standard was met.	

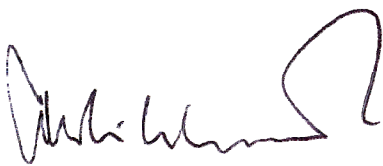
Statement of Responsibility

I am responsible, as the Chief Executive of the Department of the Prime Minister and Cabinet (the Department), for:

- the preparation of the Department's Financial Statements, and Statements of Expenses and Capital Expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the Department is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report, and
- the accuracy of any end-of-year performance information prepared by the Department, whether or not that information is included in the Annual Report.

In my opinion:

- the Financial Statements fairly reflect the financial position of the Department as at 30 June 2015 and its operations for the year ended on that date, and
- the Forecast Financial Statements fairly reflect the forecast financial position of the Department as at 30 June 2016 and its operations for the year ending on that date.



Andrew Kibblewhite
CHIEF EXECUTIVE

Date: 12 October 2015

Reporting Against Appropriations

VOTE PRIME MINISTER AND CABINET

Overview of the Vote

Vote Prime Minister and Cabinet (the Vote) is administered by DPMC. The Prime Minister is responsible for most appropriations in the Vote, however the Minister of Civil Defence is responsible for appropriations associated with civil defence matters and the Deputy Prime Minister is responsible for NZ Flag.

With the implementation of the Public Finance Amendment Act 2013 for Budget 2014, all multi-class output appropriations (MCOAs) expired at the end of 2013/14. The legislation effectively replaces them with multi-category appropriations (MCAs). The comparative figures for 2014 were incurred as MCOA's with slightly different titles.

The Vote for 2014/15 comprises:

- nine Non-departmental Other Expense appropriations totalling \$5.371 million, including depreciation on Crown assets, payments to local authorities in relation to civil defence, and expenditure to support the Governor-General
- two capital expenditure appropriations totalling \$5.004 million, of which \$4.994 million is Departmental for DPMC, and \$10,000 is Non-departmental for the Government Houses
- a departmental output expense appropriation totalling \$4.386 million for supporting the NZ Flag consideration process
- an MCA for Emergency Management of \$11.979 million to enhance the capacity and capability of communities to manage civil defence emergencies
- an MCA for Policy Advice and Support Services of \$25.401 million to fund support and advice to the Prime Minister, Cabinet and the Governor General, and
- an MCA for Government House Buildings and Assets consisting of \$1.687 million capital expenditure and \$1.412 million in Non-departmental Other Expenses.

Scope of Supporting the NZ Flag Consideration Process Appropriation

This appropriation is limited to advice and services to support public engagement and decision-making in the process to consider New Zealand's flag.

Performance Information

The Department has also supported the process to consider the changing of New Zealand's flag and in particular led the establishment of the process, approved by Cabinet in October 2014, managed the appointment of the Flag Consideration Panel in February 2015 and hosted the Secretariat for the Flag Consideration Panel.

Performance Information	Standard 2014/15	2013/14	2014/15
The public engagement process is on track according to the plan approved by the Responsible Minister.	Achieved	New measure	Achieved

Scope of Departmental Capital Expenditure Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Department of the Prime Minister and Cabinet, as authorised by section 24(1) of the Public Finance Act 1989.

What was intended to be achieved

This appropriation is intended to achieve the renewal, upgrade or redesign of assets in support of the delivery of the department's services.

What was achieved with this appropriation

Performance Information	2015 Actual \$000	2015 Main Estimates \$000	2015 Supp. Estimates \$000
Property, plant and equipment	273	100	550
Intangibles	4,163	-	4,444
Total appropriation	4,436	100	4,994

The most significant expenditure is the development of the CabNet system. CabNet transforms the current paper-based system by establishing an electronic system to support Cabinet processes. It has largely been completed and implementation is well underway. Cabinet material can now be accessed in a more efficient, timely and secure way. Expenditure was in accordance with the department's capital asset management plan.

Scope of Policy Advice and Support Services Appropriation

National Security Priorities and Intelligence Coordination

This category is limited to leadership and coordination around national security matters, leading collaboration within the New Zealand intelligence community and providing intelligence assessments to support national security priorities.

Policy Advice – Prime Minister and Cabinet

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by the Prime Minister and the Cabinet.

Support, Secretariat and Coordination Services

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities including support for the coordination of the Government's legislation programme; secretariat services to the Executive Council, Cabinet and its committees; and administration of the New Zealand Honours system.

Support Services to the Governor-General and Maintenance of the Official Residences

This category is limited to financial, administrative, communications and advisory services for the Governor-General, and services to maintain the Governor-General's residences.

Science Advisory Committee

This category is limited to the purchase of high-quality scientific advice to the Prime Minister.

Output expense: Policy Advice and Support Services (MCA)

Performance Information	Standard 2014/15	2013/14	2014/15
Increasing proportion of Better Public Services result areas on track to achieve their targets.	At least 8 out of 10	New measure	Not achieved (6 out of 10 on track) (see note 1 below)
Overall service quality of Public Services improves over time.	Improvement in the overall service quality score in the Kiwis Count survey (73% – 2013) (see note 2 below)	New measure	Achieved (74% – to June 2015)

Notes:

1. In February 2015, more ambitious targets were set for three results where targets were on track for achievement. The failure to meet the 8 out of 10 standard is due in part to the extension of these targets.
2. This measure records the score of the “Satisfaction with Public Services” component of the Kiwis Count survey. Due to the timing of the release of results of this survey (e.g. the September results for 2014 were released in February 2015), the results that cover most of the 2014/15 year will be reported on in the 2015/16 Annual Report.

Performance Information by Category*National Security Priorities and Intelligence Coordination*

Through its Security and Intelligence Group, DPMC provided impartial advice to the Prime Minister on security and intelligence matters and led and coordinated the agencies of the NZIC in terms of requirements, priority setting, risk management and performance reporting. The Intelligence and Assessments Group made objective assessments of events and developments relevant to New Zealand’s national security and the international environment; exercised a coordination and leadership role in relation to certain parts of the NZIC, and particularly the assessments community; and produced reports to inform members of the interdepartmental watch groups that coordinate New Zealand’s responses to external crises and threats. The National Security Systems team coordinated New Zealand’s national security system. This includes preparing for and responding to security crises, emergencies and natural disasters; and dealing with national security threats that affect New Zealand and its interests, both onshore and offshore. The National Security Policy and National Cyber Policy Office provided advice to the Prime Minister and other Ministers relating to national security, emergency management and cyber policy.

Performance Information	Standard 2014/15	2013/14	2014/15
Assessments provided to inform Ministers and senior officials of risks and opportunities relating to New Zealand interests are accurate and succinct.	Not less than 95%	99.65%	99.5% (see note 1 below)
Ministers and senior officials have confidence that assessments provided are of high quality and of policy relevance to New Zealand, assessed as the proportion of stakeholders whose expectations are met or exceeded (see note 2 below).	Prime Minister: Exceeded expectations	Prime Minister: Exceeded expectations	Prime Minister: Exceeded expectations
	Ministers: Exceeded expectations	Ministers: Met expectations	Ministers: Met expectations (see notes 3 and 4 below)
	Senior officials: Met expectations (see note 5 below)	Senior officials: Met expectations	Senior officials: Met expectations
All-of-government responses to national crises and events are effectively coordinated and managed, assessed as the proportion of stakeholders whose expectations are met or exceeded (see note 2 below).	Satisfaction with DPMC support for the national security system meets expectations or above (see note 5 below)	DPMC support for the Officials Committee for Domestic and External Security Coordination: Met expectations	DPMC support for the Officials Committee for Domestic and External Security Coordination: Met expectations
		DPMC support for the Readiness and Response Board: Met expectations	DPMC support for the Readiness and Response Board: Met expectations
		DPMC support for the Security and Intelligence Board: Expectations not met	DPMC support for the Security and Intelligence Board: Met expectations (see note 6 below)
Advice and guidance on policies and preparation for strengthening national security is fully integrated, timely and of high quality.	Prime Minister's and Minister's satisfaction exceeds expectations or above	Prime Minister's satisfaction with national security advice and guidance: Far exceeded expectations	Prime Minister's satisfaction with national security advice and guidance: Far exceeded expectations (see note 7 below)
		Ministers' satisfaction with national security advice and guidance: Not measured in 2013/14	Ministerial satisfaction with national security advice and guidance: Expectations not met (see note 8 below)

Notes:

1. This measure records the percentage of assessments published by the NAB which do not require subsequent revision or correction. In the 2014/15 year, only two minor factual corrections to reports needed to be made, out of a total of 423 complete reports issued during the financial year.
2. Stakeholders were asked to rate the service they received from DPMC on a scale of 1–10. 9–10 is associated with “Far exceeded expectations”, 7–8 is associated with “Exceeded expectations”, 5–6 is associated with “Met expectations”, and 3–4 is associated with “Expectations not met”.
3. Expectations of Ministers have increased, especially as the NZIC works harder to deliver value for them.
4. DPMC achieved a stakeholder satisfaction score of 4.6 for this measure, which has been rounded to the nearest whole number in order to ensure the score matches the scale used on the stakeholder survey. This has resulted in a “Met expectations” standard.
5. In DPMC's Estimates for 2014–15, the standard set for this performance measure was 90%. However, in order to ensure that standards are comparable across all of DPMC's measures, the standard will in future be expressed in terms of “Met expectations” or similar wording.
6. DPMC achieved a stakeholder satisfaction score of 4.8 for this measure, which has been rounded to the nearest whole number in order to ensure the score matches the scale used on the stakeholder survey. This has resulted in a “Met expectations” standard.

7. DPMC achieved a stakeholder satisfaction score of 8.7 for this measure, which has been rounded to the nearest whole number in order to ensure the score matches the scale used on the stakeholder survey. This has resulted in a “Far exceeded expectations” standard.
8. The National Security Policy Directorate was established during the review period and has been building capability. In its initial development form it was primarily directed at foreign terrorist fighters and national security policy issues otherwise had limited visibility before Ministers.

Policy Advice – Prime Minister and Cabinet

Through the Policy Advisory Group, DPMC provided coherent and impartial advice on issues of the day directly to the Prime Minister and, on occasion, to other Ministers; led ad hoc special projects of high priority for the Prime Minister; contributed to policy development across the full range of government business, including coordinating the provision of advice across agencies; and, operating as the central agencies together with the Treasury and SSC, led DPMC’s involvement on State sector performance.

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
The satisfaction of the Prime Minister and Cabinet with the policy advice service, as per the common satisfaction survey (see notes 1–4 below).	At least 80%	New measure	Achieved. Rated as ‘Far exceeded expectations’ (see note 1 below for comparable numerical value)	Achieved. Rated as ‘Exceeded expectations’ (see note 1 below for comparable numerical value)
Technical quality of policy advice papers assessed by a survey with a methodology robustness of 90% (see note 4 below).	At least an average of 90%	New measure	Achieved. Rated as ‘Far exceeded requirements’ (see note 1 below for comparable numerical value)	Achieved. Rated as ‘Exceeded expectations’ (see note 1 below for comparable numerical value)
The total cost per hour of producing outputs (see note 5 below).	\$105	New measure	\$96	\$72

Notes:

1. Stakeholders were asked to rate the service they received from DPMC on a scale of 1–10. 9–10 is associated with “Far exceeded expectations”, 7–8 is associated with “Exceeded expectations”, 5–6 is associated with “Met expectations”, and 3–4 is associated with “Expectations not met”.
2. This year’s reporting has focused on policy advice provided to the Prime Minister by the PAG, which provides the bulk of DPMC’s policy advice function. Stakeholder satisfaction relating to cyber and national security policy is reflected in the measure “Advice and guidance on policies and preparation for strengthening national security is fully integrated, timely and of high quality”.
3. DPMC used a modified version of the common satisfaction survey to measure stakeholder satisfaction. The survey asked the Prime Minister to rate the policy advice he received on a 10-point scale covering the following headings: meets needs; timeliness; quality; and overall satisfaction. The common satisfaction survey contains additional questions which we considered would not produce useful feedback given that we were only asking for feedback from one stakeholder.
4. This year’s reporting measured the quality of DPMC’s policy advice by asking the Prime Minister to rate his satisfaction with the quality of advice, considering its accuracy, clarity, analytical rigour, fitness for purpose and relevance to the wider context. Given the nature of most of DPMC’s policy advice, we would be unable to submit the advice to third parties to provide an external assessment of the technical quality of the advice.
5. In the 2014/15 year, the formula used to calculate this figure was changed and the cost per hour using the new and the old formulae was published. The standard using the old formula was \$150 but, due to the change in formula, a revised standard of \$105 is now used, and this is the standard that will now be reported on in future years.

Support, Secretariat and Coordination Services

The Secretary of the Cabinet provided impartial secretariat services to Cabinet and Cabinet committees, provided impartial advice to the Governor-General, Prime Minister and other Ministers on certain constitutional, policy and procedural issues, especially those contained in the Cabinet Manual, assisted in the coordination of the Government’s legislative programme and administered the New Zealand Royal Honours system, including the Honours lists.

The Clerk of the Executive Council provided impartial secretariat services to the Executive Council and acted as a channel of communication between the Governor-General and the Government, and had overall responsibility for policy and administration of Government House.

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
Cabinet and Cabinet committee minutes requiring subsequent amendment (excluding amendments made as the result of Cabinet decisions).	No more than 0.5%	0.27%	0.3%	0.19%
Papers for Cabinet and Cabinet committee meetings will be delivered by the close of business, two business days before the meeting (subject to on-time delivery to the Cabinet Office).	90%	77%	79%	88% (see note 1 below)
Cabinet minutes will be issued within three business days of the Cabinet meeting.	95%	92%	94%	88% (see note 2 below)
Formal feedback from the Governor-General and the Prime Minister on services provided.	Overall expectations are met or exceeded	New measure	Satisfaction of the Governor-General: Exceeded expectations	Satisfaction of the Governor-General: Exceeded expectations
			Satisfaction of the Prime Minister: Far exceeded expectations	Satisfaction of the Prime Minister: Exceeded expectations (see note 3 below)

Notes:

1. The result achieved in this reporting year is substantially improved on the previous year, and we expect to continue to lift performance in this area over the next year.
2. The causes of the reduction in performance from last year will be examined and addressed. In addition, the implementation of CabNet is expected to deliver efficiencies in this measure in future years.
3. DPMC achieved a stakeholder satisfaction score of 6.7 for this measure, which has been rounded to the nearest whole number in order to ensure the score matches the scale used on the stakeholder survey. This has resulted in a "Exceeded expectations" standard.

Support Services to the Governor-General and Maintenance of the Official Residences

The Clerk of the Executive Council provided impartial secretariat services to the Executive Council and acted as a channel of communication between the Governor-General and the Government, and had overall responsibility for policy and administration of Government House.

The Official Secretary managed the running of Government House to ensure effective support of the Governor-General, including planning and organising all official engagements and functions to ensure that the Governor-General is well supported in all settings; and had overall responsibility for the management, control and maintenance of the buildings, grounds and assets of Government House Wellington and Government House Auckland.

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
Support to the Governor-General is efficient and effective (see note 1 below).	The Governor-General's overall expectations are met or exceeded	Governor-General feedback positive	Satisfaction with Cabinet Office service: Exceeded expectations	Satisfaction with Cabinet Office service: Exceeded expectations (see note 2 below)
			Satisfaction with Government House service: Proficient	Satisfaction with Government House service: Proficient
Events at the Government House are well organised (see note 1 below).	The Governor-General's overall expectations are met or exceeded	Governor-General feedback positive	Excellent	Excellent
The Governor-General's official residences are well maintained with maintenance, heritage and gardening plans adhered to (see note 1 below).	Plans are adhered to	Plans were adhered to	Plans were adhered to and Governor-General rated satisfaction as Proficient	Plans were adhered to and Governor-General rated satisfaction as Proficient
Management of the Governor-General's domestic and international programme is appropriate and well balanced (see note 1 below).	Governor-General's expectations met or exceeded	New measure	Proficient	Proficient

Notes:

1. The Governor-General provided feedback and was asked to indicate his satisfaction with the service provided by Government House staff on a 10 point scale. Ratings out of 10 had a corresponding descriptor: 9–10 is “Excellent”, 6–8 is “Proficient”, and 4–6 is “Competent”. The rating for his satisfaction with service provided by Cabinet Office staff is on a scale of 1–10, where 9–10 is associated with “Far exceeded expectations”, 7–8 is associated with “Exceeded expectations”, 5–6 is associated with “Met expectations”, and 3–4 is associated with “Expectations not met”.
2. DPMC achieved a stakeholder satisfaction score of 6.7 for this measure, which has been rounded to the nearest whole number in order to ensure the score matches the scale used on the stakeholder survey. This has resulted in a “Exceeded expectations” standard.

Science Advisory Committee

The Science Advisory Committee is a one-person committee where the sole member is the Prime Minister's Chief Science Advisor (PMCSA). DPMC funds the PMCSA, and the office that supports that position, in order that the PMCSA can provide the Prime Minister with high-quality and independent science advice.

Performance Information	Standard 2014/15	2013/14	2014/15
Advice produced is relevant to policymaking, and is high quality, and meets the Prime Minister's expectations.	Prime Minister's expectations are met or exceeded	New measure	Achieved

Emergency Management Appropriation

Scope of Emergency Management Appropriation

Emergency Sector Support and Development

This category is limited to developing and implementing operational policies and projects, advice, assistance and information to the civil defence and emergency management sector.

Management of Civil Defence Emergencies

This category is limited to management of national emergency readiness, response and recovery, including support to local civil defence emergency management organisations, maintaining the National Crisis Management Centre in a state of readiness, national training and exercises, coordination and management of central government's response and recovery activities and administration of related expenses.

Community Awareness and Readiness

This category is limited to the development and delivery of long-term national programmes to raise individual and community awareness and preparedness.

Policy Advice – Emergency Management

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to civil defence and emergency matters.

Output expense: Emergency Management (MCA)

Performance Information	Standard 2014/15	2013/14	2014/15
New Zealand communities are aware of their hazards and risks, are prepared and able to respond and recover from an emergency.	85% of the specific performance measures (as below) will be achieved	New measure	Achieved 86%

Performance Information by Category

Emergency Sector Support and Development

DPMC developed and implemented operational policies and projects, advice, assistance and information for the civil defence and emergency management sector.

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
Director Guidelines, Technical Standards, Codes and other civil defence and emergency management sector information publications maintained.	4–7 (of 25)	4	4	4
Satisfaction, assessed as “Good” or “Very good”, in relation to: <ul style="list-style-type: none"> coverage of the Guidelines, Technical Standards, Codes and other publications. (see note 1 below) 	At least 80%	64%	65%	65% (see note 2 below)
<ul style="list-style-type: none"> quality of the Guidelines, Technical Standards and Codes and other publications. (see note 1 below), and 	At least 80%	73%	80%	82.4%

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
<ul style="list-style-type: none"> the quality of the newsletters/updates – 16–20 issues. (see note 1 below). 	At least 80%	67%	80%	94.4%
Attendee satisfaction with civil defence and emergency management training courses (see note 1 below).	At least 90%	93%	Q4: 91% (of 41) Q2: 80% (of 120)	97%

Note:

- CDEM Group stakeholders and course attendees are asked to assess the quality of services and information received on a five point scale: “Very good”, “Good”, “Satisfied”, “Poor”, “Very poor”.
- The quality and coverage of Guidelines, Technical Standards, Codes and other publications are appraised through an online survey, which has provided DPMC with a number of potential methods of improving the results of this measure.

Management of Civil Defence Emergencies

DPMC managed national emergency readiness, response and recovery. This included supporting civil defence emergency management groups, maintaining the readiness of the NCMC and national training and education. We coordinated and managed central government’s response and recovery activities and the administration of related expenses.

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
National Warning System tests conducted.	At least 4	4	4	4
National warnings issued within 30 minutes after the notification of a pending event that exceeds the thresholds.	All	100%	100%	No events
National warning distribution list – accuracy of contact details (at each warning or test).	At least 95%	96%	99% for Q4 (96.7% for Q1 to Q3)	99%
Stakeholder satisfaction with the timing and content of national warning messages.	Assessed as “Satisfied” or better by at least 85% (of 200)	63%	74%	94.1%
NCMC managed, during activations, with:				
<ul style="list-style-type: none"> staffing in place according to the activation mode within two hours 	All	100%	100%	100% (of 2)
<ul style="list-style-type: none"> essential information technology systems available and operating at agreed performance levels 	All	Not achieved	Q4: Not achieved (see note 1 below) Q3: Achieved Q2: Achieved Q1: Achieved	Achieved (see note 1 below)
<ul style="list-style-type: none"> back-up information technology systems and equipment fully functional, and 	At least 99.8%	100%	100%	100% (of 2)
<ul style="list-style-type: none"> coordination and management consistent with the Response Concept of Operations for extended activations. 	All (no variations)	No extended activations in 2012/13	No extended activations in 2013/14	No extended activations in 2014/15

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
NCMC activations reviewed:				
<ul style="list-style-type: none"> mode 2 or higher activations – within three months, and 	All	100%	100%	100% (of 2)
<ul style="list-style-type: none"> approved recommendations (lessons identified) actioned – within set timeframes. 	All	100%	100%	100% (of 2)

Note:

- The Emergency Management Information System (EMIS) was down in April 2014. Despite the transfer of MCDEM to DPMC, the Department of Internal Affairs (DIA) retained responsibility for the EMIS during Q4.

Community Awareness and Readiness

DPMC developed and delivered long-term national programmes to raise individual and community awareness and preparedness.

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
Advertising reaches the targeted audience demographic (assessed quarterly)				
<ul style="list-style-type: none"> television, and 	At least 70%	Not achieved	Q1: 81.5% Q2: No activity Q3: 84.1% Q4:78%	89.1%
<ul style="list-style-type: none"> radio. 	At least 45%	Not achieved	Not achieved (see note 1 below)	Not achieved (see note 1 below)
Availability of the civil defence website 24 hours a day, 7 days a week.	At least 99.9%	99.91%	99.91%	99.97%
Each year increase the percentage of New Zealanders who describe themselves as “fully prepared”, which means: have an emergency survival plan that includes what to do when not at home: have emergency items and water; and regularly update emergency survival items.	Baseline to be established in 2014/15	New measure	New measure	15% (see note 2 below)
Each year increase the percentage of New Zealanders who describe themselves as “prepared at home”, which means: have an emergency survival plan that includes what to do when at home; have emergency items and water; and regularly update emergency survival items.	Baseline to be established in 2014/15	New measure	New measure	29% (see note 2 below)

Notes:

- Although some local CDEM groups maintained radio advertising, a lack of funding for radio advertising meant MCDEM funds that were available were reallocated to television advertising. As a result, no radio advertising was purchased.
- This is a new measure for 2014/15, and consequently DPMC is using the 2014/15 level to set a baseline for future years.

Policy Advice – Emergency Management

DPMC provided advice and services to Ministers to enable them to discharge their portfolio responsibilities relating to civil defence and emergency management.

Performance Information	Standard 2014/15	2012/13	2013/14	2014/15
Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment.	Agreed quality criteria and standards met	Achieved	Q4: Not measured in 2013–14	Not measured in 2014–5 (see note 1 below)
Minister’s satisfaction with the quality of policy advice (quarterly) assessed as “satisfied” or better.	100%	Q1: Good Q2: Good Q3: Satisfied Q4: Satisfied	Q4: Not measured in 2013–14 Q3: 7 Q1–2: 7	Exceeded expectations (see note 1 below)
Total cost of an hour of professional staff time devoted to policy unit outputs.	\$90–\$120	New measure	\$138 (see note 2 below)	See whole-of-DPMC measure above

Notes:

- When MCDEM moved to DPMC, it was decided that DPMC would not continue the same independent review of policy advice that DIA undertook, while the structure of DPMC’s national security policy function – which covers both national security and civil defence and emergency management policy advice – was established. Because of these changes and the combination of these two policy functions into one team, it was decided that, over 2015/16 DPMC would review how best to measure the quality of the Department’s policy advice function. DPMC has moved to yearly measures where the Minister was asked to rate the policy advice service they received from DPMC on a scale of 1–10. 9–10 is associated with “Far exceeded expectations”, 7–8 is associated with “Exceeded expectations”, 5–6 is associated with “Met expectations”, and 3–4 is associated with “Expectations not met”.
- This is a new measure and the standard that was set for the 2013/14 year was based on a hypothetical estimate by DIA. From 1 April 2014, this measure is a whole-of-DPMC figure.

Partners in resilience

A key objective is to enhance resilience in our communities. This can only be achieved by participation and commitment at all levels and across multiple disciplines. Leadership from DPMC facilitates coordination and helps drive progress.

This is achieved in a number of ways:

- governance of the National Security ODESC system
- administration of the Civil Defence and Emergency Management Act 2002, Strategy and National CDEM Plan, that has a central focus on building resilience
- working with other government agencies and local authorities on the range of policy, regulations, practices and behavioural incentives that support risk reduction
- working with over 70 agencies that have responsibilities in the National CDEM Plan, including central government agencies, emergency services, local government, lifeline utilities, non-governmental organisations and the private sector, and
- providing national public education and supporting local authorities in their community resilience building activities.

FINANCIAL PERFORMANCE

Explanation on variances is provided in note 10 on pages 69-70.

2014		2015	2015	2015	2016
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000	Unaudited Forecast (as per BEFU 2015) \$000
	VOTE PRIME MINISTER AND CABINET				
	POLICY ADVICE AND SUPPORT SERVICES (MCA)				
	Revenue				
23,133	Crown	23,833	22,103	23,833	25,425
734	Other	1,667	30	1,568	30
23,867	TOTAL REVENUE	25,500	22,133	25,401	25,455
	Expenses				
7,672	National Security Priorities and Intelligence Coordination	8,629	8,860	9,309	8,870
5,706	Policy Advice – Prime Minister and Cabinet	5,166	4,131	5,682	4,131
3,618	Support, Secretariat and Coordination Services	4,710	4,478	5,569	7,790
4,206	Support Services to the Governor-General and Maintenance of the Official Residences	3,946	4,139	4,316	4,139
435	Science Advisory Committee	445	525	525	525
21,637	TOTAL EXPENSES	22,896	22,133	25,401	25,455
	EMERGENCY MANAGEMENT (MCA)				
	Revenue				
3,875	Crown	11,779	10,872	11,779	10,660
21	Other	126	230	200	230
3,896	TOTAL REVENUE	11,905	11,102	11,979	10,890
	Expenses				
682	Emergency Management Transition	-	-	-	-
572	Community Awareness and Readiness	1,503	1,713	1,713	1,938
784	Emergency Sector Support and Development	4,914	4,272	4,951	3,804
995	Management of Civil Defence Emergencies	4,183	4,183	4,381	4,205
63	Policy Advice – Emergency Management	893	934	934	943
3,096	TOTAL EXPENSES	11,493	11,102	11,979	10,890
	SUPPORTING FLAG CONSIDERATION PROCESS				
-	TOTAL REVENUE	4,386	-	4,386	5,213
-	TOTAL EXPENSES	3,333	-	4,386	5,213

VOTE CANTERBURY EARTHQUAKE RECOVERY

Overview of the Vote⁴

The Minister for Canterbury Earthquake Recovery is responsible for \$88.641 million of departmental and \$528.5 million of Non-departmental, Vote Canterbury Earthquake Recovery expenditure for the 2014/15 financial year for annual appropriations covering:

- \$88.641 million of departmental output expenses
- \$194.6 million of Non-departmental other expenses, and
- \$333.9 million of Non-departmental capital expenditure.

In addition, the Minister is responsible for \$81.228 million of Non-departmental multi-year appropriations (MYA) for Vote Canterbury Earthquake Recovery.

During the 2014/15 year the appropriation structure for Vote Canterbury Earthquake Recovery was amended. The MYAs were re-structured into four MCAs. A summary of the re-structure is provided in the Supplementary Estimates restructure table.

In reporting against appropriations, the MCA tables in the Annex restate historical comparatives as they relate to that activity, including performance measures:

- Canterbury Earthquake Recovery Land Ownership and Management (MCA)
- Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)
- Development of Central City Anchor Projects (MCA), and
- Ownership and Operation of Central City Anchor Project (MCA)

For details of the appropriations refer to the Statement of Department and Non-departmental Expenditure and Capital Expenditure against Annual and Permanent Appropriations on pages 44-47.

⁴ CERA's Departmental financial reporting for the five months from 1 February 2015 to 30 June 2015, and the Reporting against Appropriations for the full year, is included within the DPMC Annual Report for the year ended 30 June 2015. For further detail on the strategic and operational performance of CERA, please refer to the Report on the Departmental Activities for the seven months to 31 January 2015, the CERA departmental agency annual report for the five months to 30 June 2015 and previous Annual Reports for CERA (as a government department) which are available on the CERA website.

Reporting Against Appropriations

Scope of Departmental Capital Expenditure Appropriation – Canterbury Earthquake Recovery Authority – Capital Expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the Canterbury Earthquake Recovery Authority, as authorised by section 24(1) of the Public Finance Act 1989.

What was intended to be achieved

This appropriation is intended to achieve the successful procurement of assets in a way to facilitate the department's primary role of managing the earthquake recovery.

What was achieved with this appropriation

Performance Information	2015 Actual \$000	2015 Main Estimates \$000	2015 Supp. Estimates \$000
Property, plant and equipment	191	1,000	194
Total appropriation	191	1,000	194

2014/15			
Performance Information	Estimates Standard	Supp. Estimates Standard	Actual Result
Departmental assets acquired	All of Government procurement rules met	All of Government procurement rules met	All of Government procurement rules met

Output expense: Managing the Recovery

Scope of Appropriation

This appropriation is limited to expenses incurred in managing the recovery from the Canterbury earthquakes.

Output performance measures and standards in Budget documentation

2014/15			
Performance Information	Estimates Standard	Supp. Estimates Standard	Actual Result
Land recovery	All outstanding zoning decisions finalised.	All outstanding zoning decisions finalised.	This standard has been partially met. <i>Residential Red Zone Offer Recovery Plan: Draft</i> was issued in June 2015 outlining proposed offer to commercial, vacant and uninsured property owners. Final <i>Residential Red Zone Offer Recovery Plan</i> issued 30 July 2015.
In the year ended 30 June 2014 this standard was partially met.			
Economic recovery	Construction commenced for Anchor Projects with approved funding.	Construction commenced for Anchor Projects with approved funding.	This standard has not been met. Final decision on funding for Anchor Projects outstanding, resulting in delays in letting construction contracts.
In the year ended 30 June 2014 this standard was not met.			

Performance Information	2014/15		
	Estimates Standard	Supp. Estimates Standard	Actual Result
Social recovery	Residents have access to community hubs and the contact centre during office hours and community meetings are held regularly.	Residents have access to community hubs and the contact centre during office hours and community meetings are held regularly.	This standard has been partially met. The <i>In the Know</i> hub has operated at Eastgate Shopping Centre and through a website to provide information on residential repairs and rebuilds. Access to the contact centre remains in place.
In the year ended 30 June 2014 this standard had been met.			
Infrastructure recovery	Review and monitoring of monthly reporting for Christchurch City Council and Waimakariri District Council work programme.	Review and monitoring of monthly reporting for Christchurch City Council and Waimakariri District Council work programme.	This standard has been met. The infrastructure work programmes for both Christchurch City and Waimakariri District are been reviewed monthly.
In the year ended 30 June 2014 this standard had been met.			

FINANCIAL PERFORMANCE

2014		2015	2015	2015	2016
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000	Unaudited Forecast (as per BEFU 2015) \$000
	Revenue				
61,765	Crown	80,882	81,033	80,882	75,409
98	Other	833	-	789	-
61,863	TOTAL REVENUE	81,715	81,033	81,671	75,409
59,014	TOTAL EXPENSES	72,577	81,033	81,671	75,409

Output expense: Policy Advice

Scope of Appropriation

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to the Canterbury Earthquake Recovery.

Output performance measures and standards in Budget documentation

Performance Measures	2014/15		
	Estimates Standard	Supp. Estimates Standard	Actual Result
CERA will develop quality policy advice for decision-making.	Minister is satisfied with the quality of policy advice delivered.	Minister is satisfied with the quality of policy advice delivered.	This standard was not able to be measured.
In the year ended 30 June 2014 this standard had been met.			

FINANCIAL PERFORMANCE

2014		2015	2015	2015	2016
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000	Unaudited Forecast (as per BEFU 2015) \$000
5,365	TOTAL REVENUE	6,096	3,800	6,096	5,200
4,096	TOTAL EXPENSES	4,843	3,800	6,096	5,200

Output expense: Red Zone Property Acquisition Costs

Scope of Appropriation

This appropriation is limited to the costs associated with the management of Canterbury Red Zone properties before settlement.

Transfer of appropriation

As a result of the Supplementary Estimates of Appropriations submission for 2014/15, the Red Zone Property Acquisition Costs appropriation was transferred to Acquisition and Disposal Expenses.

Acquisition and Disposal Expenses is a Departmental Output Expense category within the Canterbury Earthquake Recovery Land Ownership and Management MCA.

Output performance measures and standards

Performance Measures	2014/15		
	Estimates Standard	Supp. Estimates Standard	Actual Result
Properties are settled in a timely manner.	All remaining properties are acquired.	All remaining properties are acquired.	This standard has not been met. However sufficient funds transferred to Crown conveyancers weekly to ensure timely settlements occur for all remaining Red Zone owners.
In the year ended 30 June 2014 the standard was that Crown conveyancers adequately funded to undertake settlements which was met.			

FINANCIAL PERFORMANCE

2014		2015	2015	2015	2016
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000	Unaudited Forecast (as per BEFU 2015) \$000
1,731	TOTAL REVENUE	305	1,000	305	-
957	TOTAL EXPENSES	305	1,000	305	-

Output expenses: Canterbury Earthquake Recovery Land Ownership and Management (MCA) – Acquisition and Disposal Expenses

Overarching purpose

The overarching purpose of this appropriation is to support the recovery of Canterbury through the purchase, clearance, maintenance and management of land affected by the Canterbury Earthquakes.

Category scope

This category is limited to the Crown's costs incurred in transferring land and buildings in Canterbury.

Transfer of appropriation

As a result of the Supplementary Estimates of Appropriations submission for 2014/15, the Red Zone Property Acquisition Costs appropriation was transferred to Acquisition and Disposal Expenses.

Acquisition and Disposal Expenses is a Departmental Output Expense category within the Canterbury Earthquake Recovery Land Ownership and Management MCA.

Output performance measures and standards

The performance measure reporting in respect of this departmental output expense is included in the Non-departmental reporting on the Canterbury Earthquake Recovery Land Ownership and Management MCA.

FINANCIAL PERFORMANCE

2014		2015	2015	2015	2016
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000	Unaudited Forecast (as per BEFU 2015) \$000
-	TOTAL REVENUE	569	-	569	900
-	TOTAL EXPENSES	97	-	569	900

Statements of Departmental and Non-departmental Expenses and Capital Expenditure

Statement of Budgeted and Actual Departmental and Non-departmental Expenses and Capital Expenditure Against Appropriations

for the year ended 30 June 2015

	2015		
	Actual 12 month \$000	Supp. Estimates \$000	Location of end-of- year performance information
VOTE PRIME MINISTER AND CABINET			
DEPARTMENTAL OUTPUT EXPENSES			
Supporting Flag Consideration Process	3,333	4,386	DPMC annual report
TOTAL DEPARTMENTAL EXPENSES	3,333	4,386	
NON-DEPARTMENTAL OTHER EXPENSES			
Depreciation Expenses on Crown assets	304	304	Exempt
Ex-gratia payment to the University of Auckland	149	150	
Loss on sale of Crown assets	-	-	
Emergency Expenses	834	2,000	
Emergency Management Preparedness Grants	418	946	
Governor-General – Salary and Allowance (PLA)	373	376	
Governor-General's Programme (PLA)	1,170	1,089	
Governor-General's travel outside New Zealand (PLA)	130	432	
Fees for the Commissioner of Security Warrants (PLA)	53	74	
TOTAL NON-DEPARTMENTAL OTHER EXPENSES	3,431	5,371	
NON-DEPARTMENTAL CAPITAL EXPENDITURE			
Government House – Capital Investment	7	10	Exempt
TOTAL NON-DEPARTMENTAL CAPITAL EXPENDITURE	7	10	
DEPARTMENTAL CAPITAL EXPENDITURE			
Department of the Prime Minister and Cabinet – Capital Expenditure (PLA)	4,436	4,994	DPMC annual report
TOTAL DEPARTMENTAL CAPITAL EXPENDITURE	4,436	4,994	
MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE			
Policy Advice and Support Services (MCA)			
Departmental Output Expenses			DPMC annual report
National Security Priorities and Intelligence Coordination	8,629	9,309	
Policy Advice – Prime Minister and Cabinet	5,166	5,682	
Support, Secretariat and Coordination Services	4,710	5,569	
Support Services to the Governor-General and Maintenance of the Official Residences	3,946	4,316	
Science Advisory Committee	445	525	
TOTAL POLICY ADVICE AND SUPPORT SERVICES (MCA)	22,896	25,401	

	2015		Location of end-of-year performance information
	Actual 12 month \$000	Supp. Estimates \$000	
Emergency Management (MCA)			DPMC annual report
Departmental Output Expenses			
Community Awareness and Readiness	1,503	1,713	
Emergency Sector and Support and Development	4,914	4,951	
Management of Civil Defence Emergencies	4,183	4,381	
Policy Advice – Emergency Management	893	934	
TOTAL EMERGENCY MANAGEMENT (MCA)	11,493	11,979	
Government House Buildings and Assets (MCA)			Exempt
Non-departmental Other Expenses			
Depreciation of Crown Assets	409	688	
Government House – Maintenance	203	554	
Loss on Disposal of Crown Assets	-	170	
Non-departmental Capital Expenditure			
Government House – Capital Investment	54	1,687	
TOTAL GOVERNMENT HOUSE BUILDINGS AND ASSETS (MCA)	666	3,099	
VOTE PRIME MINISTER AND CABINET TOTAL ANNUAL AND PERMANENT APPROPRIATIONS	46,262	55,240	
VOTE CANTERBURY EARTHQUAKE RECOVERY			
DEPARTMENTAL OUTPUT EXPENSES			
Managing the Recovery	72,577	81,671	DPMC annual report
Policy Advice	4,843	6,096	
Red Zone Property Acquisition Costs	305	305	
TOTAL DEPARTMENTAL OUTPUT EXPENSES	77,725	88,072	
NON-DEPARTMENTAL OTHER EXPENSES			
Contributions towards legal fees	34	34	Annex in DPMC Annual Report
Mitigation of landslide hazards in the Port Hills	44	44	
Costs in Respect of Indemnity for Response and Recovery Costs (PLA) (see page 111)	16,040	-	
Anchor Project Land Acquisition Expenses	9,593	9,593	
TOTAL NON-DEPARTMENTAL OTHER EXPENSES	25,711	9,671	
NON-DEPARTMENTAL CAPITAL EXPENDITURE			
Anchor Project Land Acquisitions	75,291	75,291	Annex in DPMC Annual Report
Christchurch Bus Interchange	30,088	30,088	
TOTAL NON-DEPARTMENTAL CAPITAL EXPENDITURE	105,379	105,379	

	2015			
	Actual 12 month \$000	Supp. Estimates \$000	Location of end-of- year performance information	
Departmental Capital Expenditure				
Canterbury Earthquake Recovery Authority – Capital Expenditure (PLA)	191	194	DPMC annual report	
TOTAL DEPARTMENTAL CAPITAL EXPENDITURE	191	194		
MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE				
Development of Central City Anchor Projects (MCA)			Annex in DPMC Annual Report	
Non-departmental Other Expenses				
Christchurch Bus Interchange and associated Transport Infrastructure – Operating	1,491	2,684		
Christchurch Convention Centre – Operating	1,298	3,223		
Earthquake Memorial – Operating	344	806		
Metro Sports Facility – Operating	450	2,133		
Public Space – Operating	4,407	17,746		
Non-departmental Capital Expenditure				
Christchurch Bus Interchange and associated Transport Infrastructure – Capital	10,937	18,644		
Public Space – Capital	1,507	23,500		
TOTAL DEVELOPMENT OF CENTRAL CITY ANCHOR PROJECTS (MCA)	20,434	68,736		
Ownership and Divestment of Anchor Projects (MCA)				Annex in DPMC Annual Report
Non-departmental Other Expenses				
Christchurch Bus Interchange and associated Transport Infrastructure	692	3,500		
Leasing Anchor Project Land	-	4,000		
Metro Sports Facility	-	2,000		
Public Space	2,515	26,800		
Sale of Land	1,676	4,100		
TOTAL OWNERSHIP AND DIVESTMENT OF ANCHOR PROJECTS (MCA)	4,883	40,400		
Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)			Annex in DPMC Annual Report	
Non-departmental Other Expenses				
Procurement of Land and Assets – Operating	32,114	53,057		
Pre-Development Holding Costs – Operating	493	2,509		
Non-departmental Capital Expenditure				
Land and Asset Acquisition – Capital	10,186	186,347		
TOTAL PROCUREMENT AND PREPARATION OF LAND AND OTHER ASSETS FOR THE DEVELOPMENT OF ANCHOR PROJECTS (MCA)	42,793	241,913		

	2015		
	Actual 12 month \$000	Supp. Estimates \$000	Location of end-of- year performance information
Canterbury Earthquake Recovery Land Ownership and Management (MCA)			Annex in DPMC Annual Report
Departmental Output Expenses			
Acquisition and Disposal Expenses	97	569	
Non-departmental Other Expenses			
Demolition of Built Structures	6,353	13,885	
Management and Clearance of Land	1,031	8,445	
Vendor Legal Fees	17	566	
Purchase of Land and Buildings – Operating	0	38,496	
Mass Movement of Land	459	949	
TOTAL CANTERBURY EARTHQUAKE RECOVERY LAND OWNERSHIP AND MANAGEMENT (MCA)	7,957	62,910	
TOTAL MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE	76,067	413,959	
VOTE CANTERBURY EARTHQUAKE RECOVERY TOTAL ANNUAL AND PERMANENT APPROPRIATIONS	285,073	617,275	

*Reporting on multi-year appropriations is contained in the following statement on page 48.

Statement of Non-departmental Expenditure Against Multi-Year Appropriations

for the year ended 30 June 2015

	HC \$000	II \$000	APDC – CC \$000	APDC – MS \$000	APDC – TPO/AR \$000	APDC – CF \$000	APDC – TP \$000	TS \$000	APDC – BI \$000	CEQM \$000	RRZ Demo \$000	RRZ Mgmt \$000	BDD \$000	Total \$000
Duration	1/7/13 – 30/6/17	1/5/14 – 30/6/17	1/7/13 – 30/6/17	1/7/13 – 30/6/17	1/7/13 – 30/6/17	1/7/13 – 30/6/17	1/7/13 – 30/6/16	1/5/14 – 30/6/16	1/10/13 – 30/6/17	1/5/14 – 30/6/17	1/7/14 – 30/6/17	1/7/14 – 30/6/17	1/3/15 – 30/6/17	-
Original Appropriations	19,000	51,000	7,000	9,000	90,000	71,000	12,000	64,000	52,400	10,000	31,000	70,000	500	486,900
Adjustments 2013/14	866	-	1,967	984	23,065	(11,664)	(11,000)	11,000	-	-	-	-	-	15,218
Adjustments 2014/15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Funding 2014/15	-	-	7,000	-	-	-	-	660	-	-	22,610	23,949	-	54,219
Transfer to new MCA categories 2014/15	(15,009)	-	(3,223)	(7,133)	(96,312)	(56,508)	(660)	(71,519)	(51,225)	(9,576)	(20,975)	(83,745)	-	(415,885)
Total Adjustments 2014/15	(15,009)	-	3,777	(7,133)	(96,312)	(56,508)	(660)	(70,859)	(51,225)	(9,576)	1,635	(59,796)	-	(361,666)
Adjusted Appropriation	4,857	51,000	12,744	2,851	16,753	2,828	340	4,141	1,175	424	32,635	10,204	500	140,452
Total Cumulative Expenditure	4,857	51,000	12,744	2,851	16,753	2,828	340	4,141	1,175	424	32,635	10,204	147	140,099
Remaining appropriation	-	-	-	-	-	-	-	-	-	-	-	-	353	353
Current year expenditure	2,260	11,225	10,758	1,213	7,871	653	-	3,485	-	424	32,635	10,204	147	80,875
Current Year forecast	2,260	11,225	10,758	1,213	7,871	653	-	3,485	-	424	32,635	10,204	300	81,028

End of Year performance information is included in the Annex on pages 93 – 109 against the new MCA's .

Key	Appropriation	Key	Appropriation	Key	Appropriation
HC	Holding Costs for Land Acquired for Anchor Projects	APDC – TPO/AR	Anchor Project Development Costs for Te Papa o Ōtākaro / Avon River Precinct	APDC – BI	Anchor Project Development Costs for the Bus Interchange
II	Impairment of Improvements	APDC – CF	Anchor Project Development Costs for the City Frame	CEQM	Canterbury Earthquake Memorial
APDC – CC	Anchor Project Development Costs for the Convention Centre	APDC – TP	Anchor Project Development Costs for the Transport Plan	RRZ Demo	Residential Red Zone Property Demolition
APDC – MS	Anchor Project Development Costs for the Metro Sports Facility	TS	Implementation of transport solutions to deliver An Accessible City in Christchurch	RRZ Mgmt	Red Zone Property Management Costs
				BDD	Bad and Doubtful Debts

Statement of Departmental and Non-departmental Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority for the year ended 30 June 2015

VOTE PRIME MINISTER AND CABINET

For the year ended 30 June 2015 there has been no unappropriated expenditure in Vote Prime Minister and Cabinet (2014: nil).

VOTE CANTERBURY EARTHQUAKE RECOVERY

\$37.049 million of unappropriated expenditure was incurred in 2014/15 against the Main Estimates. The expenditure was subsequently approved as part of the 2014/15 Supplementary Estimates and therefore was unappropriated against Main Estimates as a result of timing only. The unappropriated expenditure will be validated in the 2014/15 Appropriation (Financial Review) Act. There was no unappropriated expenditure against Supplementary Estimates for the year ended 30 June 2015. The values included in the table below have been included in the Statement of Budgeted and Actual Departmental and Non-departmental Expenses and Capital Expenditure against Appropriations for their respective Multi-Category Appropriations on pages 44-47. The unappropriated expenditure is included in the actual and budgeted values for those MCAs and the joint Ministerial papers establishing those MCA's anticipated that. For 2013/14 the majority of the \$139.669 million unappropriated expenditure against Supplementary Estimates reflected critical assumptions made at the time of the preparation of original budgets.

2014				2015	2015
Unappropriated Expenditure \$000	Expense Description or Appropriation	Explanation	Included in 2014/15 Supp. Estimates Appropriations	Unappropriated Expenditure \$000	Authority at the time of breach \$000
NON-DEPARTMENTAL CAPITAL EXPENDITURE					
3,093	Christchurch Bus Interchange	The unappropriated expenditure was a result of expenditure being reclassified from capital to operating expenditure.	Christchurch Bus Interchange	3,505	-
NON-DEPARTMENTAL OTHER EXPENSES					
24,955	Anchor Project Land Acquisition Expenses	The unappropriated expenditure was a result of expenditure being reclassified from capital to operating expenditure.	Anchor Project Land Acquisition Expenses	4,582	-
-	Cost of vesting land to the Christchurch City Council	An appropriation did not exist for this expenditure at the time it was incurred.	Ownership and Divestment Expenses for Anchor Projects (MCA) Non-departmental Other Expenses	4,119	-
-	Crown Asset Depreciation	An appropriation did not exist for this expenditure at the time it was incurred.	Christchurch Bus Interchange and associated Transport Infrastructure (\$0.381 million), Public Space (\$2.515 million) and Sale of land (\$1.676 million).	453	-

2014				2015	2015
Unappropriated Expenditure \$000	Expense Description or Appropriation	Explanation	Included in 2014/15 Supp. Estimates Appropriations	Unappropriated Expenditure \$000	Authority at the time of breach \$000
-	Impairment of Improvements	An appropriation did not exist for this expenditure at the time it was incurred.	Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA) Non-departmental Other Expenses Procurement of Land and Assets – Operating	24,390	51,000
4,003	Movement in demolition debt provision	An appropriation did not exist for this expenditure at the time it was incurred.		-	-
35,454	Movement in provision for vesting of anchor project land	An appropriation did not exist for this expenditure at the time it was incurred.		-	-
9,095	Reimbursement of interest costs incurred by the CCC	An appropriation did not exist for this expenditure at the time it was incurred.		-	-
63,069	Impact of Crown decisions on the valuation of land and buildings	An appropriation did not exist for this expenditure at the time it was incurred.		-	-
139,669	TOTAL			37,049	51,000

Statement of Departmental Capital Injections

for the year ended 30 June 2015

	2015	2015	2015
	Actual capital injections \$000	Mains Estimates \$000	Supp. Estimates \$000
VOTE: PRIME MINISTER AND CABINET			
Capital injection	3,994	-	3,994

Capital injection consisted of \$1.844 million for the CabNet system and the transfer of \$2.150 million representing a net asset transfer from CERA when it joined DPMC as a departmental agency from 1 February 2015.

Statement of Departmental Capital Injections Without, or in Excess of, Authority

for the year ended 30 June 2015

DPMC has not received any capital injections during the year without, or in excess of, authority.

Departmental Financial Statements

Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2015

The Statement of Comprehensive Revenue and Expenses details the revenue and expenses relating to all outputs (goods and services) produced by the DPMC during the financial year ended 30 June 2015. Total expenses equals total departmental output classes expenditure and appropriations in the Statement of Departmental and Non-departmental Expenses and Capital Expenditure against Appropriations on pages 44-47.

2014			2015	2015	2015	2015	2015	2015	2015	2016
DPMC Actual \$000		Note	DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
	INCOME									
27,008	Revenue Crown – Non-exchange		39,998	45,276	85,274	32,975	39,998	45,276	85,274	122,807
755	Other Revenue – Exchange	2	1,793	300	2,093	260	1,768	256	2,024	260
27,763	TOTAL INCOME		41,791	45,576	87,367	33,235	41,766	45,532	87,298	123,067
	EXPENSES									
14,950	Personnel Costs	3	19,897	17,269	37,166	14,761	19,523	14,968	34,491	60,265
108	Depreciation and Amortisation Expense		161	152	313	610	199	26	225	1,227
227	Capital Charge		325	72	397	240	399	72	471	571
9,448	Other Operating Expenses	4	17,339	17,962	35,301	17,624	17,670	31,207	48,877	61,004
24,733	TOTAL EXPENDITURE		37,722	35,455	73,177	33,235	37,791	46,273	84,064	123,067
3,030	NET SURPLUS/(DEFICIT)		4,069	10,121	14,190	-	3,975	(741)	3,234	-

Explanations for major variance against the budget are provided in note 10. Group Unaudited Forecast will be impacted by the proposed change in organisational form post April 2016 as described in note 11. The accompanying notes and policies form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2015

2014		2015		2015	2015	2015	2015	2015	2016
DPMC Actual \$000		DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
3,000	BALANCE AT 1 July 2014	4,065	2,150	6,215	4,063	4,065	2,150	6,215	8,059
	COMPREHENSIVE REVENUE/(EXPENSE)								
3,030	Surplus for the Year	4,069	10,121	14,190	-	3,975	(741)	3,234	3,975
1,065	Capital Injection	1,844	-	1,844	-	1,844	0	1,844	-
-	Capital Transfer of Net Assets from CERA	2,150	-	2,150	-	2,150	-	2,150	-
-	Capital Transfer of Net Assets to DPMC	-	(2,150)	(2,150)	-	0	(2,150)	(2,150)	-
(3,030)	Return of Operating Surplus to the Crown	(4,069)	(10,121)	(14,190)	-	(3,975)	741	(3,234)	(3,975)
4,065	BALANCE AT 30 JUNE 2015	8,059	-	8,059	4,063	8,059	-	8,059	8,059

Group Unaudited Forecast will be impacted by the proposed change in organisational form post April 2016 as described in note 11. The accompanying notes and policies form part of these financial statements.

Statement of Financial Position

as at 30 June 2015

2014			2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		Note	DPMC \$000	CERA \$000	Group Actual \$000	DPMC Main Estimates \$000	DPMC Supp. Estimates \$000	CERA Supp. Estimates \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
	ASSETS									
	CURRENT ASSETS									
4,678	Cash and Cash Equivalents		9,280	10,415	19,695	2,996	1,392	12,102	13,494	13,521
6,624	Debtor Crown		1,870	22,082	23,952	1,020	4,020	-	4,020	5,020
724	Debtors and Other Receivables		451	539	990	40	724	32	756	756
1	Prepayments		128	105	233	30	-	1	1	1
100	Inventory	5	100	-	100	100	100	-	100	100
12,127	TOTAL CURRENT ASSETS		11,829	33,141	44,970	4,186	6,236	12,135	18,371	19,398
	NON-CURRENT ASSETS									
199	Inventory	5	187	-	187	300	199	-	199	199
235	Intangible Assets	6	4,398	-	4,398	2,080	4,370	-	4,370	3,581
350	Property, Plant and Equipment	6	310	475	785	247	431	605	1,036	797
784	TOTAL NON-CURRENT ASSETS		4,895	475	5,370	2,627	5,000	605	5,605	4,577
12,911	TOTAL ASSETS		16,724	33,616	50,340	6,813	11,236	12,740	23,976	23,975

2014			2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		Note	DPMC \$000	CERA \$000	Group Actual \$000	DPMC Main Estimates \$000	DPMC Supp. Estimates \$000	CERA Supp. Estimates \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
	LIABILITIES									
	CURRENT LIABILITIES									
3,947	Creditors and Other Payables		5,261	18,002	23,263	1,686	3,458	8,459	11,917	11,916
3,030	Provision for Repayment of Surplus		4,069	10,121	14,190	-	-	-	-	-
-	Provisions		-	1,231	1,231	140	-	953	953	953
1,556	Employee Entitlements	7	1,155	2,112	3,267	650	1,556	1,178	2,734	2,734
8,533	TOTAL CURRENT LIABILITIES		10,485	31,466	41,951	2,476	5,014	10,590	15,604	15,603
	NON-CURRENT LIABILITIES									
313	Employee Entitlements	7	330	-	330	274	313	-	313	313
313	TOTAL NON-CURRENT LIABILITIES		330	-	330	274	313	-	313	313
8,846	TOTAL LIABILITIES		10,815	31,466	42,281	2,750	5,327	10,590	15,917	15,916
4,065	NET ASSETS		5,909	2,150	8,059	4,063	5,909	2,150	8,059	8,059
	EQUITY									
4,065	Taxpayers' Funds			8,059		4,063		8,059		8,059
4,065	TOTAL EQUITY			8,059		4,063		8,059		8,059

Group Unaudited Forecast will be impacted by the proposed change in organisational form post April 2016 as described in note 11. The accompanying notes and policies form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2015

The Statement of Cash Flows summarises the cash movements in and out of the Department during the financial year. It takes no account of money owed to the Department or owing by the Department and therefore differs from the Statement of Comprehensive Revenue and Expenses on page 51.

2014			2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		Note	DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
	CASH FLOWS FROM OPERATING ACTIVITIES									
22,920	Receipts from the Crown		44,752	23,194	67,946	32,975	39,643	45,276	84,919	121,807
430	Receipts from Other Revenue		2,066	238	2,304	260	1,768	226	1,994	260
(8,012)	Payments to Suppliers		(15,404)	(11,442)	(26,846)	(17,646)	(21,544)	(32,969)	(54,513)	(60,901)
(15,027)	Payments to Employees		(20,306)	(15,779)	(36,085)	(14,739)	(19,624)	(14,648)	(34,272)	(60,368)
(227)	Payments for Capital Charge		(325)	(72)	(397)	(240)	(399)	(72)	(471)	(571)
(38)	Goods and Services Tax (net)		(714)	1,668	954	-	-	943	943	-
46	NET CASH FLOWS FROM OPERATING ACTIVITIES	8	10,069	(2,193)	7,876	610	(156)	(1,244)	(1,400)	227
	CASH FLOWS FROM INVESTING ACTIVITIES									
(5)	Purchase of Property, Plant and Equipment		(118)	-	(118)	(100)	(100)	(3)	(103)	(100)
(71)	Purchase of Intangible Assets		(4,163)	-	(4,163)	(436)	(4,448)	-	(4,448)	(100)
(76)	NET CASH FLOWS FROM INVESTING ACTIVITIES		(4,281)	-	(4,281)	(536)	(4,548)	(3)	(4,551)	(200)

2014			2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		Note	DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
	CASH FLOWS FROM FINANCING ACTIVITIES									
(281)	Repayment of Net Surplus to the Crown		(3,030)	(742)	(3,772)	-	(3,030)	(1)	(3,031)	-
762	Capital Contribution		1,844	-	1,844	-	4,448	-	4,448	-
481	NET CASH FROM FINANCING ACTIVITIES		(1,186)	(742)	(1,928)	-	1,418	(1)	1,417	-
451	Net Increase/(Decrease) in Cash and Cash Equivalent		4,602	(2,935)	1,667	74	(3,286)	(1,248)	(4,534)	27
4,227	Cash and Bank Balances at the Beginning of the Year		4,678	13,350	18,028	2,922	4,678	13,350	18,028	13,494
4,678	CASH AND BANK BALANCES AT YEAR END		9,280	10,415	19,695	2,996	1,392	12,102	13,494	13,521

Group Unaudited Forecast will be impacted by the proposed change in organisational form post April 2016 as described in note 11. The accompanying notes and policies form part of these financial statements.

Statement of Commitments

as at 30 June 2015

Capital commitment

At 30 June 2015 the Department has no capital commitments (2014: nil)

Non-cancellable operating lease commitments

DPMC – The Department leases premises in Wellington, Auckland and Christchurch. In Wellington, the Department leases the 17th floor of Bowen House and the second floor of Pipitea House. A civil defence centre is also leased in Auckland. The amounts disclosed as future commitments are based on the current rental rates. Other operating commitments include contracts for garden maintenance services.

CERA – The Departmental agency leases premises in Wellington and Christchurch. In Wellington, the Department leases the 14th floor of Charles Fergusson Tower. In Christchurch, the departments leases level 2, level 4- level 8 of HSBC building and part level 1 of 6 Hazeldean Road. The amounts disclosed as future commitments are based on the current rental rates. Other operating commitments include contracts for leasing 10 vehicles.

There are no restrictions placed on the Department or the departmental agency by any of the operating leasing arrangements.

2014		2015	2015	2015
Actual \$000		DPMC Actual \$000	CERA Actual \$000	Group Actual \$000
	OPERATING COMMITMENTS			
	NON-CANCELLABLE OPERATING LEASE COMMITMENTS			
782	No later than one year	796	2,408	3,204
3,033	Later than one year and not later than 5 years	2,717	6,665	9,382
1,640	Later than five years	1,135	1,828	2,963
5,455	TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	4,648	10,901	15,549
	OTHER NON-CANCELLABLE COMMITMENTS			
37	No later than one year	37	-	37
37	TOTAL OTHER NON-CANCELLABLE COMMITMENTS	37	-	37
5,492	TOTAL COMMITMENTS	4,685	10,901	15,586

The accompanying notes and policies form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets

as at 30 June 2015

Contingent liabilities – At 30 June 2015 the Department has no contingent liabilities (2014: Nil).

Contingent assets – At 30 June 2015 the Department has no contingent assets (2014: Nil).

The accompanying notes and policies form part of these financial statements.

Notes to the Departmental Financial Statements and Non-departmental Schedules

for the year ended 30 June 2015

1. Statement of Accounting Policies for the Year Ended 30 June 2015

Reporting entity

The Department of the Prime Minister and Cabinet (“the Department”) is a New Zealand government department as defined by the Public Finance Act 1989. The Department has hosted the Canterbury Earthquake Recovery Authority (CERA) as a departmental agency from 1 February 2015.

In addition, the Department has reported separately, in the Non-departmental Schedules, financial information on public funds managed by the Department, including CERA as a departmental agency, on behalf of the Crown. The Department became the appropriation administrator for Vote Canterbury Earthquake Recovery from 1 February 2015 but is responsible for reporting on the full financial year.

The primary objective of the Department is to provide services to the public rather than making a financial return. Accordingly the Department has designated itself as a public benefit entity for the purposes of New Zealand Public Benefit Entity International Public Sector Accounting Standards (NZ PBE IPSAS).

The financial statements of the Department are for the year ended 30 June 2015. The unaudited Forecast Financial Statements are for the year ended 30 June 2016. These Financial Statements were authorised for issue by the Chief Executive of the Department on 12 October 2015.

The Departmental Financial Statements and the financial information reported in the Non-departmental Schedules are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2015.

Statement of compliance

The Departmental Financial Statements and unaudited Departmental Forecast Financial Statements of the Department have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practices (NZ GAAP), Treasury Instructions and Treasury Circulars. These Financial Statements have been prepared in accordance with Tier 1 NZ PBE accounting standards.

Measurement and recognition rules applied in the preparation of the Non-departmental Supplementary Financial Schedules are consistent with NZ GAAP and Crown accounting policies and are detailed in the Financial Statements of the Government.

Basis of preparation

The principal accounting policies applied in the preparation of the Departmental Financial Statements and Non-departmental Schedules.

Measurement base

The Departmental Financial Statements and Non-departmental Schedules have been prepared on historical-cost basis. The accrual basis of accounting has been used.

Functional and presentation currency

The Departmental Financial Statements and Non-departmental Schedules are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Department is New Zealand dollars.

Changes in accounting policies

The Department has adopted the PBE IPSAS 1 which has the effective date of 1 January 2016. There are no changes resulting from this adoption of policy.

These financial statements are the first Financial Statements presented in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Non-departmental activity for Vote Canterbury Earthquake Recovery

In respect of the non-departmental activity for Vote Canterbury Earthquake Recovery, management has made significant accounting estimates for the following items reported in the Non-departmental schedules:

- estimation of the Residential Red Zone property insurance recoveries (refer note 13)
- estimation of the fair value of land and the impairment of improvements on Anchor Project land (refer note 14)
- estimation of the Residential Red Zone property settlement provision (refer note 15)
- estimation of the three waters component of the horizontal infrastructure response and rebuild cost liability (refer note 15)
- estimation of the provision for the public realm portion of Anchor Project land (refer note 15)
- estimation of the provision for compulsory acquired Anchor Project land (refer note 15).

Other estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to below.

Retirement and long-service leave

Note 7 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

Significant accounting policies

The following significant accounting policies, which materially affect the measurement of financial results and financial position, have been applied consistently to all periods presented in these financial statements.

Revenue Crown – Non-exchange – departmental

Revenue from the Crown is measured based on the Department's funding entitlement for the reporting period.

The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date. There are no conditions attached to the funding from the Crown. However, the Department can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Revenue – Non-departmental: Vote Canterbury Earthquake Recovery

The Canterbury Earthquake Recovery Authority administers revenue on behalf of the Crown. The revenue includes recovery of demolition costs from property owners, insurance recoveries in relation to the Residential Red Zone, and contributions from Christchurch City Council under the cost share agreement.

Revenue is recognised on the recovery of demolition costs from property owners which reflects deconstruction work completed at balance date and management of Crown of properties.

For insurance recoveries on Residential Red Zone properties, revenue is recognised at the time the Government policy on zoning is announced and there is a reliable estimate of the revenue.

For contributions from Christchurch City Council, revenue is recognised at the time the Government policy on zoning is announced and there is a reliable estimate of the revenue.

Property, plant and equipment

Property, plant and equipment is initially recognised at cost, plus incidental costs directly attributable to acquisition if it is probable that future economic benefits or service potential associated with the item will flow to the Crown. Where an asset is acquired at no or a nominal cost, it is recognised at fair value at the date of acquisition.

Subsequent measurement is at cost, less accumulated depreciation and impairment losses, except for land and buildings, which are revalued to fair value annually.

Depreciation is provided on a straight-line basis to allocate cost or revalued amounts, net of any estimated residual value, over the estimated useful life. The useful lives of major classes of assets have been estimated as follows:

Type of Asset	Estimated Life (years)
Buildings	50 years

Revaluations

Fair value is determined by reference to market based evidence, which is the amount for which the asset would be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arms-length transaction at valuation date. Fair value is reported less any costs that would be necessary to sell the assets.

If an asset's carrying amount is increased as a result of a revaluation, the increase will be recorded to an asset revaluation reserve in equity, unless the increase reverses a previous revaluation decrease that was recognised in the Statement of Comprehensive Income.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease will be recorded in the Statement of Comprehensive Income. However the decrease will be taken directly to equity to the extent of any revaluation surplus existing for that asset.

Revaluations are completed on an asset basis and movements are evaluated on an asset class basis.

Revaluations are conducted at least every three years, or whenever the carrying amount differs materially from fair value. Land and buildings are revalued annually.

De-recognition

An item of property, plant and equipment is de-recognised when it is disposed of, or when no future economic benefits are expected from its use. Any gain or loss on de-recognition is included in the surplus or deficit in the year the asset is de-recognised.

Any revaluation reserve relating to the asset being disposed of is transferred directly to retained earnings.

Property held for sale

Assets are recognised as held for sale if the Crown will recover its carrying amount principally through a sale transaction rather than through continuing use. These assets are recognised at the lower of the carrying amount and fair value less costs to sell.

Intangible assets

Software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct costs include software acquisition and customisation costs by consultants or staff. Staff training costs are recognised as an expense when incurred. Intangible assets with finite lives are subsequently recorded at cost, less any amortisation and impairment losses. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when an asset is available for use and ceases at the date that an asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income. The useful life and associated amortisation rate of computer software is as follows:

Type of Asset	Estimated Life (years)
Customised software	5 years

Impairment

At each reporting date, the carrying amounts of all tangible and intangible assets are assessed to determine whether there is any indication they have suffered an impairment loss. If such indications exist for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the asset and are recognised in the surplus or deficit.

The estimated recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is determined as the depreciated replacement cost of the asset.

Financial Instruments

Financial assets

Cash and cash equivalents includes cash on hand, bank accounts and deposits with a maturity of up to three months. Cash assets are carried at the face value of the amounts deposited or drawn, which closely approximates fair value.

Debtors and other receivables are classified as 'loans and receivables'. Initial measurement is at cost. Subsequent measurement is at amortised cost, less impairment losses, if any.

Financial liabilities

The major financial liability type is accounts payable which is designated at amortised cost using the effective interest rate method. Financial liabilities entered into with durations of less than 12 months are recognised at their nominal value.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that expenditure will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Goods and services tax

All items in the financial statements, including the appropriation statements, are stated exclusive of GST, except for receivables and payables. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as an expense and eliminated against GST revenue upon consolidation of the Government financial statements.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts entered into at balance date are disclosed as commitments to the extent there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

Budget figures

The budget figures are those included in the Department's Budget Estimates for the year ended 30 June 2015, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates.

Forecast figures

Basis of preparation

Forecast financial statements have been prepared in accordance with the accounting policies expected to be used in the future for reporting historical general purpose financial statements.

These forecast financial statements have been prepared in accordance with NZ PBE IPSAS and are unaudited.

These financial forecasts are based on Budget Economic and Fiscal Update (BEFU) and have been prepared on the basis of assumptions as to future events that the Department reasonably expects to occur, associated with the actions it reasonably expects to take. They have been compiled on the basis of existing government policies and ministerial expectations at the date that the information was prepared.

The actual results will remain substantially the same as the previous year. The main assumptions were as follows:

- The activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities.
- Personnel costs were based on current wages and salary costs, adjusted for anticipated remuneration changes.
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the best estimate of future costs that will be incurred.

Additional factors that could lead to material differences between the forecast financial statements and the 2015/16 actual financial statements include changes to the baseline budget through new initiatives, transfer of funding across financial years, or technical adjustments.

Authorisation statement

The departmental forecast financial statements were authorised for issue by the Chief Executive of the Department of the Prime Minister and Cabinet on 28 April 2015. The Chief Executive is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations maybe material.

Statement of cost accounting policies for Departmental Financial Statements

The Department has determined the cost of outputs using the cost allocation using the following cost allocation system:

- Direct costs are expenses incurred from activities in producing outputs. These costs are charged directly to the related appropriations.
- Indirect costs are expenses incurred by Corporate Services and by the Office of the Chief Executive. Indirect costs are allocated to appropriations based on full time equivalent personnel numbers. Indirect costs include those costs incurred by Central Agencies Shared Services (since March 2012) and then recovered from DPMC.

There have been no changes in cost accounting policies since the date of the last audited financial statements.

Comparatives

When presentation or classification of items in the Departmental Financial Statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Related parties

The Department is a wholly owned entity of the Crown. The government significantly influences the roles of the Department as well as its source of revenue.

The Department undertakes transactions with other departments, Crown entities, and state-owned enterprises. These transactions are carried out at an arm's length basis and are not considered to be related-party transactions except for rent for part of department located at the Beehive where no rental is being incurred.

Apart from those transactions described above, the Department has not entered into any related-party transactions.

2. Other Revenue

2014		2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
74	Rental income	-	-	-	30	207	-	207	30
660	Revenue Department – Secondment Recovery	805	-	805	230	-	-	-	-
21	Revenue Department – Other	988	300	1,288	-	1,561	256	1,817	230
755	TOTAL OTHER REVENUE AND GAINS	1,793	300	2,093	260	1,768	256	2,024	260

3. Personnel Costs

2014		2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
13,908	Salaries and Wages	18,460	15,344	33,804	14,084	18,468	15,777	34,245	58,191
548	Employer Contributions to Defined-Contribution Plans	669	371	1,040	572	813	(158)	655	1,155
312	Increase/(Decrease) in Employee Entitlements	(561)	496	(65)	-	-	(438)	(438)	-
113	Restructuring	-	-	-	-	-	-	-	-
69	Other ¹	1,329	1,058	2,387	105	242	(213)	29	919
14,950	TOTAL PERSONNEL COSTS	19,897	17,269	37,166	14,761	19,523	14,968	34,491	60,265

1. Other includes recruitment, staff training and attendance at conferences and seminars.

4. Other Operating Costs

2014		2015		2015	2015	2015	2015	2015	2016
Actual \$000		DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
54	Audit Fees for Audit of Financial Statements	60	205	265	54	60	80	140	204
613	Premises Rental	810	1,229	2,039	864	801	1,204	2,005	1,889
552	Facilities Costs	434	14	448	457	550	10	560	455
125	Inventories Consumed	141	-	141	110	115	-	115	115
1,215	Consultancy	2,282	8,889	11,171	488	1,793	25,918	27,711	34,134
668	Travel Costs	1,118	814	1,932	893	1,385	700	2,085	1,551
675	Building and Ground Maintenance Costs	610	-	610	668	658	-	658	591
390	Promotion and Publicity Costs	3,468	1,451	4,919	1,006	896	1,000	1,896	4,271
174	Photocopying and Printing Costs	296	218	514	284	249	200	449	406
156	Cell Phone and Telephone	217	121	338	181	178	100	278	547
415	IT related Costs	210	1,062	1,272	179	713	1,000	1,713	1,113
3,705	CASS	6,828	-	6,828	6,949	7,524	-	7,524	6,749
706	Other Operating Expenses	865	3,959	4,824	5,491	2,748	995	3,743	8,979
9,448	TOTAL OTHER OPERATING COSTS	17,339	17,962	35,301	17,624	17,670	31,207	48,877	61,004

5. Inventory

2014		2015	2015		2016
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000	Unaudited Forecast (as per BEFU 2015) \$000
100	Current	100	100	100	100
199	Non current	187	300	199	199
299	TOTAL INVENTORY	287	400	299	299

Inventory includes Honours insignia, medals and ribbons. The carrying amount of inventory held for distribution at cost is \$0.287 million as at 30 June 2015 (2014: \$0.299 million). The write-down of inventory held for distribution amounted to \$nil as at 30 June 2015 (2014: \$nil). There have been no reversals of write-downs. The loss in service potential of inventory held for distribution is determined on the basis of obsolescence. No inventory has been pledged as security for liabilities (2014: nil).

6. Property, Plant and Equipment

	Furniture and fittings \$000	Motor vehicles \$000	Plant and equipment \$000	Intangible Assets \$000	Total \$000
COST					
Balance at 1 July 2013	179	117	810	164	1,270
Additions	80	195	13	71	359
Balance at 30 June 2014	259	312	823	235	1,629
Balance at 1 July 2014	259	312	823	235	1,629
CERA Assets Transfer 1 February 2015 (net value)	437	31	4	-	472
Additions	234	-	39	4,163	4,436
Disposals	-	-	(5)	-	(5)
Other Movements	15	-	(15)	-	-
Balance at 30 June 2015	945	343	846	4,398	6,532
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 July 2013	170	117	649	-	936
Depreciation Expense	13	44	51	-	108
Balance at 30 June 2014	183	161	700	-	1,044
Balance at 1 July 2014	183	161	700	-	1,044
Depreciation Expense	180	68	65	-	313
Disposals	-	-	(8)	-	(8)
Balance at 30 June 2015	363	229	757	-	1,349
CARRYING VALUE					
At 1 July 2013	9	-	161	164	334
At 30 June and 1 July 2014	76	151	123	235	585
At 30 June 2015	582	114	89	4,398	5,183
At 30 June 2015		785		4,398	5,183

Intangibles consists of the development of the CabNet system, which transforms the current paper-based system by establishing an electronic system to support Cabinet processes. This project initiated in 2012/13 and was put on hold in 2013/14. It was then restarted in 2014/15 and has largely been completed with implementation go live in August 2015. The value of CabNet has been reviewed at year end with no impairment provided for.

7. Employee Entitlements

2014		2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		DPMC \$000	CERA Actual \$000	Group Actual \$000	DPMC Main Estimates \$000	DPMC Supp. Estimates \$000	CERA Supp. Estimates \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
	CURRENT EMPLOYEE ENTITLEMENTS								
431	Salary accrual	-	-	-	237	-	-	-	-
113	Termination benefit	-	-	-	-	-	-	-	-
898	Annual Leave	903	1,569	2,472	489	1,169	1,178	2,347	2,348
48	Long-service Leave	27	-	27	7	17	-	17	17
44	Retirement Leave	28	-	28	123	295	-	295	295
22	Sick Leave	20	-	20	31	75	-	75	75
-	Other Employee Benefits	177	543	720	-	-	-	-	-
1,556	TOTAL CURRENT LIABILITIES	1,155	2,112	3,267	887	1,556	1,178	2,734	2,735
	NON-CURRENT EMPLOYEE ENTITLEMENTS								
76	Long-service Leave	76	-	76	40	46	-	46	46
237	Retirement Leave	254	-	254	234	267	-	267	267
313	TOTAL NON-CURRENT LIABILITIES	330	-	330	274	313	-	313	313
1,869	TOTAL EMPLOYEE ENTITLEMENTS	1,485	2,112	3,597	1,161	1,869	1,178	3,047	3,048

The present value of the retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis using some assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary-inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability. In determining the appropriate discount rate the Department adopts the central table of risk-free discount rates and Consumer Price Index (CPI) assumptions provided by the Treasury.

8. Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

2014		2015	2015	2015	2015	2015	2015	2015	2016
Actual \$000		DPMC Actual 12 months \$000	CERA Actual 5 months \$000	Group Actual \$000	DPMC Main Estimates 12 months \$000	DPMC Supp. Estimates 12 months \$000	CERA Supp. Estimates 5 months \$000	Group Supp. Estimates \$000	Group Unaudited Forecast (as per BEFU 2015) \$000
3,030	NET SURPLUS (DEFICIT)	4,069	10,121	14,190	-	3,975	(741)	3,234	-
	ADD/(LESS) NON-CASH ITEMS								
108	Depreciation and Amortisation	161	152	313	610	199	26	225	1,227
108	TOTAL NON-CASH ITEMS	161	152	313	610	199	26	225	1,227
	ADD/(LESS) WORKING CAPITAL MOVEMENT								
(5,019)	(Increase)/Decrease in Receivables and Prepayments	4,899	(21,646)	(16,747)	-	(4,330)	(529)	(4,859)	(1,000)
11	(Increase)/Decrease in Inventories	12	-	12	-	-	-	-	-
745	Increase/(Decrease) in Creditors and Other Payables	2,026	8,717	10,743	-	-	-	-	544
575	Increase/(Decrease) in GST	(714)	(14)	(728)	-	-	-	-	-
-	Increase/(Decrease) in Provisions	-	(19)	(19)	-	-	-	-	-
596	Increase/(Decrease) in Employee Entitlements	(384)	812	428	-	-	-	-	(544)
(3,092)	TOTAL NET MOVEMENT IN WORKING CAPITAL ITEMS	5,839	(12,150)	(6,311)	-	(4,330)	(529)	(4,859)	(1,000)
-	Add/(Less) Movements in Non-current Liabilities	-	(316)	(316)	-	-	-	-	-
46	NET CASH FLOWS FROM OPERATING ACTIVITIES	10,069	(2,193)	7,876	610	(156)	(1,244)	(1,400)	227

9. Related Party Transactions

All related party transactions have been entered into on an arm's length basis and therefore such transactions and balances with related parties are exempt from the need for disclosure.

DPMC (including CERA as a Departmental agency) is a wholly-owned entity of the Crown and received funding from the Crown of \$85.274 million to provide services to the public for the year ended 30 June 2015 (2014: \$27.008 million). The Government significantly influences the roles of the Department as well as being its major source of revenue.

In conducting its activities, the Department is required to pay various taxes and levies to the Crown and entities related to the Crown. The payment of these taxes and levies (other than income tax) is based on the standard terms and conditions that apply to all tax and levy payers. The Department is exempt from paying income tax.

There are no related-party transactions involving key management personnel (or their close family members).

Key management personnel – DPMC [DPMC Leadership Team, including the Chief Executive]

2014		2015	
Actual		Actual	
\$000		\$000	
2,068	Remuneration	1,941	
8	Full-time Equivalent Staff	6	

Key management personnel – CERA since joining 1 February 2015 [Leadership Team, including the Chief Executive]

		2015
		Actual
		\$000
	Remuneration	910
	Full-time Equivalent Staff	6

The above key management personnel compensation excludes the remuneration and other benefits for the Prime Minister and other Cabinet Ministers. The Ministers remuneration and other benefits are not received only for their roles as a member of key management personnel of DPMC. The Ministers remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, and not paid by DPMC.

Related party transactions involving key management personnel (or their close family members)

There were no related-party transactions involving key management personnel or their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2014: nil).

10. Explanations of Major Variances against Budget

Explanation for major variances from the Department's original 2014/15 budget figures and comparison to 2013/14 year actuals are as follows:

Statement of Comprehensive Revenue and Expenses

The 2014/15 actual expenditure is higher by \$48.444 million and revenue is higher by \$59.604 million than in 2013/14 due to a full year of activity for the emergency management function which transferred from the DIA into DPMC in April 2014 (\$8.397 million in total expenditure) and due to the inclusion of 5 months of activity of CERA (\$35.455 million in total expenditure) which became departmental agency of DPMC on 1 February 2015. In addition, new additional expenditure was incurred supporting the NZ Flag consideration process (\$3.333 million in total expenditure) and developing CabNet (\$0.794 million in total expenditure).

The 2014/15 actual expenditure was lower than 2014/15 Supplementary Estimates budgets by \$10.887 million primarily related to CERA incurring lower consultancy expenditure (\$17.029 million) offset by slightly higher personnel expenditure (\$2.301 million) associated with its future disestablishment and with more of this activity now anticipated to occur in 2015/16. In addition there were also timing variations for expenditure incurred in supporting the NZ Flag consideration process (\$1.053 million) and developing CabNet (\$1.000 million).

Statement of Financial Position

The major variations between the 2014/15 and the 2013/14 adjusted actuals are due to the increase in assets, liabilities and equity with the transfer of \$2.150 million of net assets into DPMC with the integration of CERA as a departmental agency. Assets increased by \$37.429 million of which \$33.616 million related to the CERA integration and the remainder was due to a higher level of DPMC creditors and cash.

The 2014/15 actuals were lower than 2014/15 Supplementary Estimates budgets primarily related to CERA anticipating higher expenditure associated with its future disestablishment which was deferred to 2015/16 resulting in a higher Debtor Crown. Assets were higher by \$26.364 million of which \$22.082 million related to higher Debtor Crown for CERA activities.

11. Change in Organisational Form

Announcement in respect of transition impacting on departmental and non-departmental activities

The Canterbury Earthquake Recovery Act 2011 (CER Act) and its associated Orders in Council expire on 18 April 2016. CERA was established under the State Sector Act 1988 and, as a result, did not have in itself an expiry date. Uncertainty therefore existed as to what would happen to the roles and functions of CERA on the expiration of the CER Act.

An Advisory Board on Transition was established in December 2014 to advise on transition of roles and functions from CERA to other agencies and a framework for legislative review. The Advisory Board reported to Hon Gerry Brownlee, Minister for Canterbury Earthquake Recovery on 3 June 2015.

The approach for transition from the CER Act was made public in an announcement by Rt Hon John Key, Prime Minister on 2 July 2015. The management and employees of CERA were advised of the approach to transition on the same day.

The Prime Minister also announced that by April 2016 most of CERA's functions will either have ended or have been transferred to other government agencies with a small set of key on-going roles moved into a business unit within the DPMC. This announcement reflected decisions made by Cabinet on 29 June 2015 that functions would transfer to the Ministry of Business, Innovation and Employment (MBIE), Land Information New Zealand (LINZ) and Ministry of Health (MOH). The Cabinet minute is available on CERA's website. MBIE will support the residential recovery and monitor and report on procurement of the public sector rebuild. LINZ will undertake interim land management in the residential red zone areas and manage the demolitions and clearances in the central city and residential red zones. MOH will be the lead central government agency for psychosocial recovery. In addition some functions will transfer from CERA as a departmental agency into a business unit within DPMC; being the provision of policy and legal advice on the regeneration of greater Christchurch and the administration of the new legislation, the monitoring and reporting on the overall progress of recovery and completion of critical short-term recovery functions, including part funding and joint governance of horizontal infrastructure repairs. It further noted that a draft Transition Recovery Plan would be released on proposals to transition and transfer recovery functions to local institutions.

A draft Transition Recovery Plan *Greater Christchurch Earthquake Recovery: Transition to Regeneration* was released for consultation which contained proposals for the transition of central government's role in the recovery to long-term arrangements. Submissions closed on 31 July 2015. A final plan has not yet been released.

The financial impact of those transfers on the Departmental Group Unaudited Forecast for 2015/16 has not yet been finalised. The transfers will also impact the Non-departmental appropriations administered by DPMC but final decisions and transfers have not yet been approved.

12. Breach of legislation

DPMC was unable to meet the statutory obligation under the Public Finance Act (section 45D) to provide the annual report to the Auditor-General to audit within two months after the end of the financial year. This meant that the Auditor-General was unable to provide an audit report within three months after the end of the financial year. Delivery of information to Audit New Zealand was delayed due to the additional complexity involved in consolidating the new departmental agency.

Non-departmental Financial Schedules

for the year ended 30 June 2015

The following statements and schedules record the expenses, revenues, assets, liabilities, commitments and contingent liabilities that the Department manages on behalf of the Crown. Although CERA became a departmental agency of DPMC from 1 February 2015, the responsibilities as the administering department for Non-departmental transferred as effective for the full financial year. Reporting below therefore covers the period 1 July 2014 to 30 June 2015 for Vote Prime Minister and Cabinet and Vote Canterbury Earthquake Recovery.

Schedule of Non-departmental Expenses

for the year ended 30 June 2015

The Schedule of Expenses summarises expenses that the Department administers on behalf of the Crown.

2014		2015		
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	VOTE PRIME MINISTER AND CABINET			
2,749	Non-departmental Other Expenses	1,705	6,701	3,400
1,805	Non-departmental Other Expenses: Permanent Legislative Authority (PLA)	1,726	1,570	1,971
-	Multi-category Appropriation: Non-departmental Other Expenses	612	-	1,412
4,554	TOTAL VOTE PRIME MINISTER AND CABINET NON-DEPARTMENTAL EXPENSES	4,043	8,271	6,783
	VOTE: CANTERBURY EARTHQUAKE RECOVERY			
23,862	Non-departmental Output Expenses	-	-	-
179,849	Non-departmental Other Expenses	9,671	21,000	9,671
	Non-departmental Other Expenses: Permanent Legislative Authority (PLA)	16,040	-	-
-	Multi-category Appropriation: Non-departmental Expenses	53,340	-	184,899
59,224	Non-departmental Multi-year Appropriation Expenses	80,875	312,574	81,028
	REMEASUREMENTS:			
-	Loss on Valuation of Land	63,316	-	-
-	Movement in Provision for Vesting of Anchor Project Land	(17,617) ¹	-	-
	Canterbury Earthquake Recovery Land Ownership and Management Multi-category Appropriation (MCA)			
-	Purchase of Land and Buildings – Operating	(24,848) ¹	-	-
262,935	TOTAL VOTE CANTERBURY EARTHQUAKE RECOVERY NON-DEPARTMENTAL EXPENSES	180,777	333,574	275,598
267,489	TOTAL NON-DEPARTMENTAL EXPENSES	184,820	341,845	282,381

1. Negative expenses recorded in 2014/15 resulted from, actuarial remeasurement of the Residential Red Zone settlement obligation for the purchase of Red Zone land and buildings; and reversal of the vesting provision for assets being transferred to Christchurch City Council and concessionary leases.

The accompanying notes and policies form part of these financial schedules.

These Non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2014/15.

Schedule of Non-departmental Revenue and Receipts

for the year ended 30 June 2015

2014		2015	2015	2015
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	VOTE PRIME MINISTER AND CABINET			
1	Cost Recoveries	-	-	-
2,050	Other Revenue	69	-	150
2,051	TOTAL VOTE PRIME MINISTER AND CABINET NON-DEPARTMENTAL REVENUE AND RECEIPTS	69	-	150
	VOTE CANTERBURY EARTHQUAKE RECOVERY			
1,251	Interest Revenue	1,116	-	-
(69,074) ¹	Insurance Recoveries from Red Zone Properties	(6,570) ¹	-	2,000
3,739	Recovery of Demolition Costs from Property Owners	6,852	-	5,203
701	Property Management Income	1,266	-	-
10,840	Contribution from Christchurch City Council for Red Zoning	17,139	179,292	-
-	Contribution from Mayoral Relief Fund for the Earthquake Memorial	1,000	-	1,000
17	Recovery of costs incurred	6,271	-	-
531	Revenue Recognition for Land Vested by Third Parties	789	-	-
(51,995)	TOTAL VOTE CANTERBURY EARTHQUAKE RECOVERY NON-DEPARTMENTAL REVENUE AND RECEIPTS	27,863	179,292	8,203
(49,944)	TOTAL NON-DEPARTMENTAL REVENUE AND RECEIPTS	27,932	179,292	8,353

1. The negative income in the insurance recoveries from Red Zone properties recorded above resulted from an adjustment to the actuarial remeasurement for the recovery of insurance proceeds from insurers and the EQC, associated with purchases of Red Zone properties.

The accompanying notes and policies form part of these financial schedules.

These Non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2014/15.

Schedule of Non-departmental Assets

as at 30 June 2015

2014	2014	2014			2015	2015	2015
DPMC Actual \$000	CERA Actual \$000	Group – Restated Comparatives \$000		Note	Group Actual \$000	Group Main Estimates \$000	Group Supp. Estimates \$000
			ASSETS				
			CURRENT ASSETS				
5,397	65,032	70,429	Cash in Bank		72,590	200,938	21,160
157	18,061	18,218	Debtors and Other Receivables	13	38,035	398	17,761
-	72,330	72,330	Insurance Recoveries	13	21,389	-	367,870
-	21,017	21,017	Prepayments		5,248	-	-
-	26,213	26,213	Property Held for Sale	14	29,448	-	29,978
5,554	202,653	208,207	TOTAL CURRENT ASSETS		166,710	201,336	436,769
			NON-CURRENT ASSETS				
-	3,764	3,764	Land Held for Sale	14	4,370	-	-
91,758	282,490	374,248	Land, Property, Plant and Equipment	14	397,874	697,986	653,788
-	330,535	330,535	Insurance Recoveries	13	322,800	-	-
91,758	616,789	708,547	TOTAL NON-CURRENT ASSETS		725,044	697,986	653,788
97,312	819,442	916,754	TOTAL NON-DEPARTMENTAL ASSETS		891,754	899,322	1,090,557

The accompanying notes and policies form part of these financial schedules.

These Non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2014/15.

Schedule of Non-departmental Liabilities

as at 30 June 2015

2014	2014	2014		2015	2015	2015
DPMC Actual \$000	CERA Actual \$000	Group – Restated Comparatives \$000	Note	Group Actual \$000	Group Main Estimates \$000	Group Supp. Estimates \$000
			LIABILITIES			
			CURRENT LIABILITIES			
1,073	22,258	23,331	Creditors and Other Payables	33,519	14,637	22,309
-	8,502	8,502	Provision – Compulsory Land Acquisition	8,011	-	-
-	65,654	65,654	Residential Red Zone Property Settlement Provision	3,271	-	-
-	200,335	200,335	Provision – Horizontal Infrastructure – Three Waters	131,858	200,891	203,804
-	35,454	35,454	Provision – Public Realm Anchor Project Land	21,956	-	95,254
1,073	332,203	333,276	TOTAL CURRENT LIABILITIES	198,615	215,528	321,367
			NON-CURRENT LIABILITIES			
-	193,469	193,469	Provision – Horizontal Infrastructure – Three Waters	102,320	-	-
-	193,469	193,469	TOTAL NON-CURRENT LIABILITIES	102,320	-	-
1,073	525,672	526,745	TOTAL NON-DEPARTMENTAL LIABILITIES	300,935	215,528	321,367
			REVALUATION RESERVES			
23,002	-	23,002	Property Revaluation Reserves	30,855	11,931	26,130
23,002	-	23,002	TOTAL REVALUATION RESERVES	30,855	11,931	26,130

The accompanying notes and policies form part of these financial schedules.

These Non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2014/15.

Schedule of Non-departmental Commitments

as at 30 June 2015

As at 30 June 2015, there are no capital and operating commitments in Vote Prime Minister and Cabinet, (2014: nil).

2014		2015
Actual \$000		Actual \$000
	VOTE CANTERBURY EARTHQUAKE RECOVERY	
	Operating Commitments	
2,258	Demolition Contractual Commitments	1,490
268	Property and Vehicle Lease Commitments	223
-	Anchor Project Development Contractual Commitments	4,855
2,526	Total Operating Commitments	6,568
	Capital Commitments	
8,463	Anchor Project Land Purchase Commitments	16,367
39,372	Anchor Project Construction Contracts Commitments	2,627
47,835	Total Capital Commitments	18,994
50,361	Total Commitments	25,562

In addition to the contracted commitments above, the Crown entered into a cost-sharing agreement with the Christchurch City Council on 26 June 2013 which included the future development of Anchor Projects as part of the Christchurch Central Recovery Plan. The Crown's exposure to the development of the Anchor Projects is estimated at \$1.088 billion.

The accompanying notes and policies form part of these financial schedules.

These Non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2014/15.

Schedule of Non-departmental Contingent Liabilities and Contingent Assets

as at 30 June 2015

VOTE PRIME MINISTER AND CABINET

Vote Prime Minister and Cabinet, on behalf of the Crown, has the following unquantifiable contingent liability as at 30 June 2015. There have been no quantifiable contingent liabilities as at 30 June 2015, (2014: nil). There has been no contingent assets in the current year, (2014: nil).

New Zealand Local Authorities – unquantifiable

Section 39 of the Civil Defence Emergency Management Act 2002 provides for the Governor-General, by Order in Council and on recommendation of the Minister, to make a national civil defence emergency management plan (the National CDEM Plan). The National CDEM Plan sets out the principles of Government financial support to local authorities, and its accompanying Guide sets out the criteria and arrangements for this support as set by government policy. The Guide states that, with the approval of the Minister, the Government will reimburse local authorities, in whole or in part, for certain types of welfare, response and recovery costs incurred as a result of a local or national emergency. The Guide is approved and issued by the Director of Civil Defence Emergency Management. As at 30 June 2015 there were three specific events for reimbursement of welfare, response and recovery costs being: impacts of Cyclone Pam which occurred on 17 March 2015 for which a small response cost claim is expected; flooding in Dunedin on 3-4 June 2015 for which a small welfare cost claim is expected and severe weather and flooding in the Manawatu-Wanganui and Taranaki Regions and the West Coast of the South Island on 18-20 June 2015. The latter impacts the territorial authorities in New Plymouth District, Stratford District, South Taranaki District, Wanganui District, Rangitikei District, Ruapehu District, Manawatu District, Tararua District, Palmerston North City, and Horowhenua District and the costs are unquantifiable pending engineering assessments.

VOTE CANTERBURY EARTHQUAKE RECOVERY

2014/15 Contingent Liabilities

Vote Canterbury Earthquake Recovery, on behalf of the Crown, has the following quantifiable contingent liabilities as at 30 June 2015. There were no unquantifiable contingent liabilities as at 30 June 2015.

Residential Red Zone – quantifiable

Subsequent to balance date, the Residential Red Zone Offer Recovery Plan was approved. As a result of the approval a number of vacant, insured commercial and uninsured properties, are entitled to new Crown offers. The Crown's liability for property settlements under the terms of the new offer have been determined by an actuarial valuation prepared by Linda Caradus of Melville Jessup Weaver, a firm of consulting actuaries. The liability arising as a result of the new offer has been determined to be \$48.496 million. As at 30 June 2015 the liability was contingent on ministerial approval of the new offer and as a result the liability is not recorded in the financial statements as at this date. For more details in respect of the Residential Red Zone Offer Recovery Plan refer to note 16 – events after the balance date.

2013/14 Contingent Liabilities

The Canterbury Earthquake Recovery Authority, on behalf of the Crown, had no quantifiable contingent liabilities, but had four unquantifiable contingent liabilities as at 30 June 2014 being

Residential red zone – Fowler Developments Ltd v The Chief Executive of the Canterbury Earthquake Recovery Authority (Quake Outcasts) – Court of Appeal judgment ordered that the Minister and Chief Executive reconsider the offer made to uninsured landowners in the Christchurch residential red zone decision.

Demolition disputes – included a claim lodged in arbitration by Nikau Contractors in relation to the demolition of part of St George’s Hospital arising from the discovery and removal of asbestos from the building and two claims arising out of the demolition of the property located at 2 Cathedral Square. These works were commissioned by CERA, but stopped due to the discovery of asbestos. One claim relates to the delivery of works under the contract awarded to Hawkins Construction and second to costs associated with the removal and disposal of asbestos prior to the work being halted.

2014/15 Contingent Assets

Vote Canterbury Earthquake Recovery, on behalf of the Crown, has the following quantifiable contingent assets as at 30 June 2015.

Residential Red Zone – quantifiable

The new offer as detailed above includes the acquisition of the property title along with a beneficial interest in any insurance policies under the terms of the offer. The insurance recoveries receivable has been determined by an actuarial valuation prepared by Linda Caradus of Melville Jessup Weaver, a firm of consulting actuaries. The receivable arising as a result of the new offer has been determined to be \$5.5 million. As at 30 June 2015 the asset was contingent on ministerial approval of the new offer and as a result the receivable is not recorded in the financial statements as at this date. For more detail in respect of the Residential Red Zone Offer Recovery Plan refer to note 16 – events after the balance date.

2013/14 Contingent Assets

The Canterbury Earthquake Recovery Authority, on behalf of the Crown, had no quantifiable contingent assets, but had one unquantifiable contingent asset as at 30 June 2014 related to a demolition disputes in regard to St George’s Hospital whereby if the claim lodged by Nikau Contractors in relation to the demolition of part of St George’s Hospital is successful the contract with the owner would allow CERA to make a claim against the building owner.

The accompanying notes and policies form part of these financial schedules.

These Non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2014/15.

Notes to Non-departmental Schedules

Explanatory notes provide details of significant Vote Prime Minister and Cabinet and Vote Canterbury Earthquake Recovery Non-departmental expenditure, revenue, assets and liabilities. All Non-departmental balances are included in the Financial Statements of the Government of New Zealand.

13. Receivables

Included in \$38.035 million is a net receivable of \$9.728 million representing the amount of costs to be recovered from the Ministry of Justice (\$6.271 million) and demolition costs to be recovered from building owners or their insurers for buildings demolished in the central city. The net receivable includes a provision for impairment of \$5.520 million has been calculated based on a line-by-line review of overdue receivables.

The receivable from the Christchurch City Council (the Council) of \$27.979 million included in \$38.035 million, is an estimate of the amount receivable for Residential Red Zone properties in the Port Hills, subject to rock-fall or rock-roll. The cost sharing agreement signed in June 2013 provides that the Crown and the Council will share the costs of these properties equally between them. The quantum of this receivable is subject to uncertainty due to:

- the total number of properties subject to rock fall/rock-roll has not been agreed between the Crown and the Council, and
- determining the net cost of these properties utilises considerable judgement, particularly around the recovery of land damage, as EQC is yet to formally assess the land damage for these properties.

Insurance recoveries of \$344.189 million relate to the Residential Red Zone. The Government's offer for insured Residential Red Zone properties includes the acquisition of the property title along with a beneficial interest of the property owner's insurance policy.

The insurance recoveries receivable is determined by an actuarial valuation prepared by Linda Caradus of Melville Jessup Weaver, a firm of consulting actuaries. The valuation relies on information provided by CERA, Southern Response, EQC and the Treasury.

The balance of the receivable represents the value of the insurance and EQC recoveries due to the Crown for the Residential Red Zone properties.

There is inherent uncertainty in any estimation of future events. Estimates are based on assumptions derived from analyses of past experience and reliance is placed on information relating to past recoveries as a base from which to estimate future recoveries. Deviations from estimates are normal and are to be expected.

In particular, there are significant uncertainties in the valuation of recoveries from EQC for land damage, which makes up the majority (\$322.8 million) of the receivable amount. No recoveries have been received for land damage, which means there is no historic data on which to place reliance. This element of the receivable is based on historic assumptions that require a significant level of judgement. It is acknowledged that the eventual recovery received may ultimately be based on a negotiated settlement.

The actuarial valuation of the insurance recoveries is based on assumptions that, if different, could alter the receivable significantly. The valuation as at 30 June 2015 includes the impact of four key assumptions:

- the amount of land damage to properties
- future land recoveries from EQC
- land repair cost, and
- future building recoveries.

Melville Jessup Weaver has included the impact of changes in these assumptions in their sensitivity analysis. The maximum impact of changing a single variable on the actual insurance recovery receivable could range from \$64.5 million lower to \$91.6 million higher.

14. Property, Plant and Equipment (PPE) and Property Held for Sale

Actual 2014 \$'000					Actual 2015 \$'000			
PPE – Government House	PPE – Residential Red Zone	PPE and Work in Progress – Anchor Project Land and Buildings	Property Held for Sale		PPE – Government House	PPE – Residential Red Zone	PPE and Work in Progress – Anchor Project Land and Buildings	Property Held for Sale
79,730	17,430	100,914	--	Opening Balance at 1 July 2014 – Net Book Value	91,758	21,900	260,590	29,977
1,021	3,800	287,305	-	Value of Assets Acquired During the Year	186	477	86,266	-
(581)	-	(359)	-	Value of Assets Disposed of During the Year	(596)	-	(1,755)	-
121	-	3,093	-	Increase in Work in Progress	25	-	42,532	-
7,818	670	(60,005)	-	Revaluation Gain/(Loss)	7,787	(4,852)	(65,523)	-
4765	-	-	-	Reversal of Accumulated Depreciation	541	-	-	-
-	-	(39,775)	-	De-recognition of Improvements	-	-	(36,230)	-
(1,116)	-	-	--	Depreciation Expense	(712)	-	(679)	-
-	-	(30,583)	-	Properties Transferred to “Held for Sale”	-	(21)	(3,820)	-
-	-	-	29,977	Properties Transferred from Property, Plant and Equipment	-	-	-	3,841
91,758	21,900	260,590	29,977	Closing Balance at 30 June 2015	98,989	17,504	281,381	33,818
-	-	-	26,213	Current Portion of the Property Held for Sale	-	-	-	29,448
-	-	-	3,764	Non-current Portion of the Property Held for Sale	-	-	-	4,370
		374,248	29,977	Total Property, Plant and Equipment			397,874	33,818

Depreciation

Depreciation is provided on a straight-line basis to allocate cost or revalued amounts, net of any estimated residual value, over the estimated useful life. The useful lives of major classes of assets have been estimated as follows:

Type of Asset	Estimated Life (years)
Buildings	50 years

Property held for sale

The Crown has entered into an agreement with the Canterbury Regional Council (ECAN) for the sale of a piece of land in the South Frame. Settlement and transfer of title will not occur until August 2018; meanwhile ECAN has begun construction of a building on the site. During construction of the building, the Crown has granted a licence to ECAN to access the property. The final settlement price will be determined when final survey is completed.

A memorandum of understanding has been prepared between the Ministry of Justice and CERA for the transfer of land (between Crown entities) for the development of a new Justice and Emergency Services Precinct in the South Frame.

The fair value of the properties held for sale is measured at the lower of the carrying value or the sale price recorded in the sale and purchase agreements.

Residential Red Zone

The Crown's financial obligation in relation to the Residential Red Zone is triggered by each public announcement, as this creates a reasonable expectation that a Crown offer will be made to eligible property owners. At the time the offers are made, the Crown's liability is established. The Residential Red Zone properties acquired are initially expensed as incurred. The land acquired by the Crown is then revalued annually by an independent valuer to recognise the fair value of the asset. The value of the land is deducted from the expense incurred.

Acquisitions as a result of the Residential Red Zone settlement have resulted in the Crown holding a total of 496.6 hectares of land as at 30 June 2015.

The valuation of Residential Red Zone land was performed by an independent valuer, Marius Ogg of CBRE Limited as at 30 June 2015. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arm's-length transaction at the date of valuation, in accordance with standards issued by the International Valuation Standards Committee.

No decision has been made on the ultimate use of the land, suffice to say that utility is significantly impacted by the application of red land zoning, to the extent that residential, commercial or other permanent development of the land cannot be envisaged. As such, the core value is most closely related to rural zoned land, albeit the location is more convenient and may imply some alternative amenity value, including park land.

A further 8.243 hectares of land was under contract but not settled as at 30 June 2015. This land has been valued at \$0.1 million. No adjustment for this amount has been included in the financial statements.

CERA has not undertaken an independent valuation of the estimated 96 hectares of land in the Red Zone that the Crown has not acquired at 30 June 2015 (including those to be transferred from local authorities and other Crown entities, and those properties that are now subject to offer resulting from the Residential Red Zone Offer Recovery Plan announced subject to balance date (see note 16 – events after the balance date)). However, if the independent valuation above was extrapolated, the land value of these properties (96 hectares) could be estimated at \$3.4 million. No adjustment for this amount has been made in the financial statements.

Anchor Projects

The earthquakes of 2010 and 2011 created widespread destruction and grief for the people of greater Christchurch, but they also presented the city with a unique opportunity. It was an opportunity to start again by building a modern, green, vibrant, accessible city with people at the centre of everything that is done.

The Christchurch Central Recovery Plan (CCRP) released in July 2012, sets out a bold vision and plan for the redevelopment of Christchurch's central city. The CCRP identified a number of Anchor Projects and precincts that would serve the public and encourage the private sector to build and invest around. The CCRP incorporates a spatial blueprint reflecting the community's desire for a more compact central city, and concentrates redevelopment in an area that better matches demand for space in the short-to-medium term. It was apparent very early that such a large undertaking would need to be led by the Crown and it has subsequently identified land to be acquired to facilitate the development of the Anchor Projects.

Negotiation for the purchase of properties focused on gaining bare land sites, however in some cases it has been necessary to acquire both land and any residual improvements. In many cases these improvements will be demolished to clear the land for the Anchor Project development. As a result, the cost of these improvements has been recorded as de-recognition, charged to the income statement.

Land and buildings are revalued to fair value as determined from the report (completed effective 30 June 2015) by an independent registered valuer, Marius Ogg of CBRE. The fair values are based upon market evidence in respect of property sales and analysis of lease contracts with regards to market rentals.

Revaluations are conducted at least every three years, or whenever the carrying amount differs materially from fair value. Land and buildings are revalued annually.

The valuation completed at 30 June 2015 has resulted in a net land and buildings valuation decrease of \$65.5 million. The main reasons for the decrease are:

Overall demand

As at 30 June 2015 there is a reasonable volume of land available to the market for purchase. Demand, and achievable price point, is impacted by the location of the blocks or individual sites and the developments that surround them. The overall demand, and hence value levels, for land blocks or individual sites have reduced over the 12 to 18 months to 30 June 2015.

Valuation of land in amalgamated blocks rather than individual titles

The vision for the central city, as set out in the CCRP, will require the amalgamation of multiple land titles into larger blocks to advance the development of the Anchor Projects. The valuer has assumed a “discount” in the valuation of larger blocks, as large blocks tend to have longer development timeframes, so must allow for holding costs and the risks associated with a larger project. This is reflected in the comparable sales data used in the valuation.

The valuation of the land component of an Anchor Project precinct may transition to an amalgamated block basis when the stage of planning indicates a high degree of confidence around the spatial plans for the project.

This will also have an impact on future years’ valuations, as the planning for remaining Anchor Projects becomes more advanced and the land valuation transitions to larger blocks, rather than individual titles.

Allowance for the impact of designations over Anchor Project land

A designation is a provision in a district plan which provides notice to the community that a requiring authority intends to use land in the future for a particular work or project.

Land for Anchor Projects is acquired through sale and purchase agreements with individual vendors. The purchase is supported by individual property valuations, which specifically exclude the impact of any designations over the land, as required by the terms of the Public Works Act.

The valuation of land in these financial statements includes an allowance for the impact of designations over Anchor Project land. Designations “attach” to the land and essentially limit the type of development that can take place on it. The valuer has considered the impact of designations, to the extent they are in place over land held at balance date.

Property, plant and equipment revaluation reserve

Government House land and buildings have been revalued to fair values as at 30 June 2015 by independent registered valuers from ANZIV and QV Valuations, giving the closing balance of \$30.855 million in the Asset Revaluation Reserve. The revaluation gain of \$7.787 million relates to Government House in Wellington and Auckland.

15. Provisions

Actual 2014 \$000					Actual 2015 \$000			
Residential Red Zone Settlements	Horizontal Infrastructure (Three Waters)	Public Realm Anchor Project Land	Compulsory Land Acquisition		Residential Red Zone Settlements	Horizontal Infrastructure (Three Waters)	Public Realm Anchor Project Land	Compulsory Land Acquisition
221,350	768,779	-	-	Opening Balance at 1 July	65,654	393,804	35,454	8,502
29,085	-	35,454	8,502	Additional Provision Recognised	-	-	4,118	-
(157,200)	(391,233)	-	-	Payments Made During the Year/Provision Used for the Year	(32,085)	(175,666)	-	(491)
(8,165)	-	-	-	Passive Insurance Recoveries	(1,745)	-	-	-
(19,416)	16,258	-	-	Actuarial and Other Valuation Adjustments	(28,553)	16,040	(17,616)	-
65,654	393,804	35,454	8,502	Closing Balance at 30 June	3,271	234,178	21,956	8,011
65,654	200,335	35,454	8,502	Current Portion of the Provision	3,271	131,858	21,956	8,011
-	193,469	-	-	Non-current Portion of the Provision	-	102,320	-	-

Residential Red Zone Settlements Provision

On 23 June 2011 the Government announced various zones of land damage in Christchurch and parts of Waimakariri district resulting from earthquakes. Residential Red Zones were declared in areas where there was significant damage. An engineering solution to remediate the land damage would be uncertain, disruptive, take a considerable amount of time, and be cost-prohibitive. The land in the Residential Red Zone was considered so badly damaged that rebuilding was unlikely to be practicable in the short-to-medium term. In addition, the combination of increased seismic activity and the characteristics of the land meant that some parts of the worst-affected suburbs were likely to continue to be susceptible to liquefaction and flooding, and damage to essential services.

On the same day as the initial land zoning decision, the Government also announced that it was prepared to purchase insured residential property in the Residential Red Zone and that formal offers to home owners would be made following the announcement. These offers were designed to provide some certainty to home owners in the worst-affected residential suburbs and allow them to move on with their lives.

The Crown's financial obligation in relation to the Residential Red Zone is triggered by each public announcement, as this creates a reasonable expectation that a Crown offer will be made to eligible property owners. At the time the offers are made, the Crown's liability is established by estimating the proportion of likely acceptance under Option 1 and Option 2 as follows:

- under Option 1, the purchase price is based on the 2007 rating valuation for land (dependent on property type), buildings and fixtures and the Crown takes over all insurance claims for the damage to property
- under Option 2, the purchase price is the 2007 rating valuation for the land (dependent on property type) and the Crown will take over the EQC claim for land damage only.

During the 2013/14 year a further zoning announcement was made covering the Port Hills Zoning Review.

The Crown's liability for property settlements is determined by an actuarial valuation prepared by Linda Caradus of Melville Jessup Weaver, a firm of consulting actuaries. The valuation relies on information provided by CERA, Southern Response, the EQC and the Treasury.

The closing balance of the liability represents the outstanding property settlements from announced zoning decisions as at 30 June 2015.

No provision has been made in these financial statements for costs associated with any further red zoning decisions after 30 June 2015. Any subsequent offer to residents in earthquake-affected zones to purchase property will result in increased costs to the Crown (and potentially increased revenue from insurance recoveries). The extent of these costs will depend on the details of such offers. Subsequent to balance date the Residential Red Zone Offer Recovery Plan was approved and will enable the Crown to make new offers for vacant, insured commercial and uninsured properties in the Residential Red Zone. As the approval of the Recovery Plan was made subsequent to 30 June 2015, the provision has not been adjusted at balance date to reflect the new offer. Further detail of this revised offer is included in note 16 – events after the balance date.

The actuarial valuation is by its nature, based on assumptions that if proved different, could significantly alter the provision. Melville Jessup Weaver has considered the impact of changes in assumptions as part of sensitivity analysis. After considering the valuation and the associated risks and sensitivities as at 30 June 2015, CERA has relied on the base actuarial valuation and amended the closing value of outstanding property settlements accordingly.

Horizontal Infrastructure (Three Waters) Provision

In significant emergency events, the Crown may provide financial support to local authorities for response and rebuild costs to damaged infrastructure. The Civil Defence Emergency Management Plan stipulates how the Crown may contribute to these costs. The Crown's contribution to response and rebuild costs for Three Waters (waste, storm and fresh) infrastructure is typically up to 60% of the total cost.

CERA has recognised a liability on behalf of the Crown for its remaining share of the Three Waters infrastructure response and recovery costs following the Canterbury earthquakes of 2010 and 2011. Other government agencies, including the DIA, have already contributed to these costs for emergency repairs immediately after the events.

The liability recorded by CERA, on behalf of the Crown as at 30 June 2015 is based on two components:

- the Three Waters component of the cost-sharing agreement with the Council explained above, and
- the recovery of Three Waters as per the cost-sharing agreements with Waimakariri District Council and Selwyn District Council and the repairs to the Canterbury Regional Council's river management systems.

Given the scale of damage to infrastructure assets in Christchurch city, the Crown's largest exposure is to the rebuild of assets owned by the Christchurch City Council (the Council). On 26 June 2013 the Crown entered into a cost-sharing agreement with the Council, which estimated the Crown's contribution to total infrastructure response and rebuild costs at a maximum of \$1.8 billion (subject to later review). Similar agreements have been signed with Waimakariri District Council and Selwyn District Council and a specific agreement has been prepared for river management systems with the Canterbury Regional Council (Environment Canterbury).

The Crown's \$1.8 billion share for the Council includes the estimated split of Three Waters and road infrastructure rebuild costs and impacts on three government agencies: the Ministry of Civil Defence and Emergency Management, the New Zealand Transport Agency (NZTA) and CERA.

The cost-sharing agreement provided for an independent review of the Council's infrastructure recovery costs and delivery programme by December 2014. This review was completed in May 2015. At the time of the cost sharing agreement, the estimate for the total programme was \$3.248 billion. In May 2015, the independent assessment revealed the revised programme cost to be \$2.9 billion (including eligible Crown contributions to land drainage costs for years one to three). This represents a \$348 million reduction from the estimate proposed by the Council at the cost-sharing negotiations. The independent assessor was not charged with apportioning costs between the funders. At balance date CERA, after considering the content and recommendations of the independent assessor's report, has not

changed the original estimate of Council's Three Waters eligible costs of \$958 million as a result of uncertainty over policy decisions in respect of the funding of land drainage and horizontal infrastructure renewals. These policy decisions may result in the recommendations of the independent assessor not being fully adopted. There is no change to the components of the provision relating to other councils. CERA therefore considers the \$234 million balance at year end, which has cumulative payments to all Councils deducted from it, is the appropriate provision.

However, the determination of this liability is subject to a considerable amount of estimation and uncertainty, particularly around the ongoing validation of payments made to confirm eligibility, possible programme scope and cost change, and clarification of policy positions and estimates in relation to aspects of eligible costs. As detailed above policy decisions in respect of the funding of land drainage and horizontal infrastructure renewals are currently under consideration. The decisions in respect of these items, together with the other uncertainties, could impact the provision. The potential impact of these items means that the provision could range from around \$50 million lower to \$100 million higher than is reflected at balance date.

The Crown and Council are currently in the process of confirming their respective shares required to complete the programme.

Public Realm Anchor Project Land Provision

The vision for the redevelopment of Christchurch's central city is set out in the CCRP released in July 2012. The CCRP incorporates a spatial blueprint reflecting the community's desire for a more compact central city, and concentrates redevelopment in an area that better matches demand for space in the short-to-medium term. The CCRP identified a number of Anchor Projects to advance the redevelopment of the central city.

Some of the land purchased by the Crown for the Anchor Projects, rather than being built on, will become new public space for the people of greater Christchurch and visitors to enjoy. Under the cost-sharing agreement signed by the Crown and the Christchurch City Council ("the Council") in June 2013, any land purchased for Anchor Projects that forms part of the "public realm" will vest in and be maintained by the Council. The vesting date is yet to be determined. The creation of this space will be an asset for the people of Christchurch for generations to come.

Planning within some projects is far enough advanced to have a high degree of confidence around the spatial design. A portion of land within these projects has been identified as being for "public realm", which will therefore vest with the Council at some point in the future. The value of this land is included in property, plant and equipment, as it has not yet vested with the Council at balance date. The Crown has therefore recognised a provision for the value of the land that will be transferred to the Council at a future date.

A key judgement in determining the value of land vesting with the Council is the current spatial plan for that anchor project. While the various Anchor Projects are at an advanced stage of their planning and have a high degree of confidence of the spatial plan, it is recognised that these could be subject to change.

Compulsory Acquisition of Land Provision

The Crown has acquired land or other instruments through proclamation for the future development of Anchor Projects. The compensation payment for the acquisition of land for nine properties has yet to be agreed. As part of the compensation agreement process, the Crown has sought a valuation of the affected properties pursuant to Part 5 of the Public Works Act. These valuations have been adopted to recognise an obligation to make settlement payments to relevant owners. Other instruments including electrical or right of way easements have been acquired by proclamation but have no outstanding settlement obligation to the Crown.

16. Events after the Balance Date

Residential Red Zone Offer Recovery Plan

Following the earthquakes of 2010 and 2011, and after an area-wide process for categorising properties, the Crown made offers to buy properties in the worst affected areas, which would become known as the Residential Red Zone, or the "Red Zone".

The offers were to purchase property and needed to take into account what the Crown was purchasing. When offering to buy insured Red Zone properties at 100% of the 2007/08 rateable value the Crown could receive the benefit of any insurance recoveries for the property. Over 98% of insured residential property owners in the flat land Red Zone areas and 92% in the Port Hills Red Zone areas accepted the Crown's offer.

For Red Zone properties that were vacant land, insured commercial properties or uninsured improved properties, the process was different. For the flat land Red Zone properties in these categories, the Crown made an offer in September 2012 based on 50% of the 2007/08 rateable land value. This offer took into account matters like fairness to other property owners and the risk that paying 100% of the rateable land value could reduce the incentive for property owners to insure in the future.

That offer was challenged in the courts and in March 2015 the Supreme Court ruled that the Crown offer to the "uninsured and uninsurable" had not been lawfully made. The Supreme Court directed the Minister for Canterbury Earthquake Recovery and the CERA Chief Executive to reconsider those decisions.

The Draft Residential Red Zone Offer Recovery Plan was issued and considers the Crown's original offer to buy vacant, insured commercial and uninsured improved properties in the Red Zone and what has happened since then, including the matters raised in the Supreme Court judgment. It looks at what the public told CERA was important for the Crown to consider for any new offers, through the first round of engagement on the Preliminary Draft Recovery Plan.

Considering the information received to date, the Draft Recovery Plan was issued in June 2015 and sets out the five key criteria for determining new Crown offers to buy vacant, insured commercial and uninsured improved properties in the Red Zone, and the Acting Chief Executive's preliminary views on new offers.

Comments on the Draft Recovery Plan closed at 5pm, Thursday 9 July 2015. The comments were reviewed and a final offer to the uninsured and uninsurable was considered by Cabinet on 27 July 2015.

On 30 July 2015 it was announced that the Recovery Plan had been approved and new Crown offers could now be made for vacant, insured commercial and uninsured properties in the Residential Red Zone.

The new offers outlined in the Recovery Plan are as follows:

- For vacant properties (sections with no buildings): a new Crown offer at 100% of the 2007/08 rateable land value.
- For insured commercial properties: a new Crown offer at 100% of the 2007/08 rateable land value and 100% of the 2007/08 rateable improvements value for the insured improvements (such as buildings). Property owners may choose not to accept any payment for the improvements and keep the benefits of their insurance claims.
- For uninsured properties: a new Crown offer at 100% of the 2007/08 rateable land value. No payment will be made for uninsured improvements (such as buildings). Property owners may choose to relocate, salvage or sell any uninsured improvements, or they could elect for the Crown to remove the improvements, with the Crown meeting the cost.

For other affected property owners the Recovery Plan confirms the following Crown offers:

- For 10 privately-owned Red Zone properties at Rāpaki Bay: new Crown offers on the same basis as any new offers for vacant, uninsured improved and insured Red Zone properties, and the Crown will agree with the property owners to apply to the Māori Land Court to set aside the land as Māori reservation, if the owners wish to accept a Crown offer.
- For other privately-owned Red Zone properties: the Crown will consider buying the properties, only if offered for sale by the owners, with payment on the same basis as the original Red Zone Crown offers (depending on the property category) for insured properties, underinsured properties, properties under construction and properties owned by not-for-profit organisations.

A contingent liability and associated contingent asset results as at 30 June 2015 as a result of the revised offer being issued subsequent to balance date. Refer to the Schedule of Non-departmental Contingent Liabilities and Contingent Assets.

Appendix – Cabinet Office Statistics

Summary Table

	2015 Actual	2014 Actual	2013 Actual
MEETINGS			
Executive Council	30	38	38
Cabinet	39	44	43
Cabinet committees*	121	184	192
SUBMISSIONS			
Summary cover sheets to Cabinet and Cabinet committee papers	1,374	2,060	1,998
Submissions received from departments within the Cabinet Office deadline for lodging papers	83%	84%	80%
Papers to be delivered to Ministers' offices by the close of business two days before the meeting	88%	79%	77%
CABINET AND CABINET COMMITTEE MINUTES			
Cabinet and Cabinet committee minutes	1,523	2,316	2,259
Cabinet and Cabinet committee minutes requiring an amendment by the Cabinet Office**	3	7	6
Cabinet minutes issued within three days of the Cabinet meeting	88%	94%	92%
Cabinet committee minutes prepared in time for the next meeting of Cabinet	100%	100%	100%
OTHER SERVICES			
Cabinet Office circulars	11	6	6
Briefing seminars to departments, Ministers' offices and other interested parties on the Cabinet decision-making process	16	13	22
Enquiries and requests from Ministers' offices and departments about Cabinet papers and related information	232	165	226

* Note the 2014 Election falls with this time period and impacts these figures.

** Excludes amendments to Cabinet and Cabinet committee minutes made as a result of a Cabinet decision.

Meeting statistics for the year ended 30 June 2015

	Number of meetings	Number of agenda items	Average number of items per meeting
Executive Council	30	254	8
Cabinet	39	751	19
TOTAL CABINET COMMITTEE MEETINGS	121	814	7
Cabinet Committee Meetings			
Cabinet Strategy Committee	8	9	1
Cabinet Committee on Treaty of Waitangi Negotiations	6	16	3
Cabinet Economic Growth and Infrastructure Committee	22	229	10
Cabinet Social Policy Committee	20	109	5
Cabinet External Relations and Defence Committee	8	23	3
Cabinet Legislation Committee	17	133	8
Cabinet Appointments and Honours Committee	18	227	13
Cabinet Committee on Domestic and External Security (became Cabinet National Security Committee)	5	8	2
Cabinet Business Committee	2	7	4
Cabinet Committee on State Sector Reform and Expenditure Control	15	53	4

New Zealand Honours for the year ended 30 June 2015

The Order of New Zealand	
Ordinary Member	1
The New Zealand Order of Merit	
Knight Grand Companion	1
Dame Companion	5
Knight Companion	10
Companion	24
Officer	63
Member	103
Honorary Member	5
The Queen's Service Order	
Companion	8
The Queen's Service Medal	139
New Zealand Gallantry Awards	
The New Zealand Gallantry Star	2
The New Zealand Gallantry Decoration	2
The New Zealand Gallantry Medal	5
New Zealand Bravery Awards	
The New Zealand Bravery Medal	1
The New Zealand Antarctic Medal	
The New Zealand Antarctic Medal	1
The New Zealand Distinguished Service Decoration	
The New Zealand Distinguished Service Decoration	10
TOTAL	380
Other honours and appointments	
Grant of the title "The Honourable" for life	7
GRAND TOTAL	387

Independent Auditor's Report

**TO THE READERS OF
THE DEPARTMENT OF THE PRIME MINISTER AND CABINET'S
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

The Auditor-General is the auditor of the Department of the Prime Minister and Cabinet (DPMC). The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf of:

- the financial statements of DPMC on pages 51 to 70, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the departmental financial statements and non-departmental schedules that include accounting policies and other explanatory information;
- the performance information prepared by DPMC for the year ended 30 June 2015 on pages 6 to 15 and 26 to 43;
- the statements of expenses and capital expenditure of DPMC for the year ended 30 June 2015 on pages 44 to 50 and;
- the schedules of non-departmental activities which are managed by DPMC on behalf of the Crown on pages 58 to 63 and 71 to 85 that comprise:
 - the schedules of: expenses, and revenue and receipts for the year ended 30 June 2015;
 - the schedules of: assets; liabilities; commitments; contingent liabilities and assets as at 30 June 2015; and
 - the notes to the departmental financial statements and non-departmental schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of DPMC:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year ended on that date;
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand equivalents to Public Benefit Entity Standards.

- the performance information of DPMC:
 - presents fairly, in all material respects, for the year ended 30 June 2015:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure;
 - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of DPMC on pages 44 to 50 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by DPMC on behalf of the Crown on pages 58 to 63 and 71 to 85 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the expenses, and revenue and receipts for the year ended 30 June 2015; and
 - the assets; liabilities; commitments; contingent liabilities and contingent assets as at 30 June 2015.

Our audit was completed on 12 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities, and we explain our independence.

We draw attention to important disclosures in the annual report

Without modifying our opinion, we draw your attention to:

- Note 13 on page 78 which describes the uncertainties associated with valuing the residential red zone insurance recoveries from the Earthquake Commission (the EQC) for land damage arising from the Canterbury earthquakes. These insurance recoveries arose from the Government's offer to purchase properties in the Canterbury residential red zone. The note explains that no recoveries have been received from the EQC for land damage, so there is no historical data available to assist in determining the valuation. There are also uncertainties in the assumptions used in the actuarial valuation of the insurance recoveries. We consider these disclosures to be adequate.
- Note 15 on pages 82 to 84 which describes the uncertainties associated with valuing the horizontal infrastructure (three waters) liability, which reflects the Government's share of the horizontal infrastructure response and recovery costs following the Canterbury earthquakes of 2010 and 2011. We consider these disclosures to be adequate.
- Note 12 on page 70 which describes the expected changes when the Canterbury Earthquake Recovery Authority (CERA) ceases to exist on 19 April 2016. We consider these disclosures to be adequate.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the information we audited. If we

had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to DPMC's preparation of the information we audited in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DPMC's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- the appropriateness of the reported performance information within DPMC's framework for reporting performance;
- the adequacy of the disclosures in the information we audited; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements that present fairly DPMC's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of DPMC, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by DPMC on behalf of the Crown.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

The Chief Executive is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in DPMC.

Karen Young

Karen Young
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

ANNEX – Vote Canterbury Earthquake Recovery: Non-departmental Reporting Against Appropriations

During the 2014/15 year the appropriation structure for Vote Canterbury Earthquake Recovery was amended. The MYAs were re-structured into four MCAs. A summary of the re-structure is provided in the Supplementary Estimates restructure table. In reporting against appropriations, the MCA tables restate historical comparatives as they relate to that activity, including performance measures.

Canterbury Earthquake Recovery Land Ownership and Management (MCA)

Financial

MCA	Canterbury Earthquake Recovery Land Ownership and Management						
Category	Acquisition and Disposal Expense	Management and Clearance of Land	Demolition of Built Structures	Vendor Legal Fees	Purchase of Land and Buildings – Operating	Mass Movement of Land	
Type of Expenditure	Departmental Output Expense \$000	Non-departmental Other Expense \$000	Non-departmental Other Expense \$000	Non-departmental Other Expense \$000	Non-departmental Other Expense \$000	Non-departmental Other Expense \$000	Total \$000
Expenses							
Total Appropriated	6,331	117,207	87,028	6,068	1,988,168	8,500	2,213,302
Actual Expenditure							
Operating Expenditure (restated history)	4,557	33,257	23,418	4,061	1,939,672	-	2,004,965
Operating Expenditure 2014/15 (restated appropriations)	402	11,235	38,988	51	-	503	51,179
Expenditure to date	4,959	44,492	62,406	4,112	1,939,672	503	2,056,144
Forecast Expenditure							
Operating Expenditure 2015/16	1,372	29,715	24,622	1,956	48,496	7,997	114,158
Operating Expenditure 2016/17	-	43,000	-	-	-	-	43,000
Total Projected Expenditure	6,331	117,207	87,028	6,068	1,988,168	8,500	2,213,302

The forecast expenditure in the table includes the anticipated transfer of unspent appropriation in 2014/15 into future years and any anticipated re-phasing across future years. The figures therefore do not match those published in Budget 2015 Main Estimates.

There have been Receipts for Demolition of Built Structures of \$113,057,000 between 2011/12 through to 2014/15, with no further receipts forecasted. Receipts for Purchases of Land and Buildings was \$201,161,000 between 2011/12 through to 2014/15 and forecast of \$344,189,000 for 2015/16.

Comment on variance and expected results

Canterbury Earthquake Recovery Land Ownership and Management (MCA)

The overarching purpose of this appropriation is to support the recovery of Canterbury through the purchase, clearance, maintenance and management of land affected by the Canterbury earthquakes.

This appropriation is intended to achieve a comprehensive solution to issues relating to Residential Red Zone property owners in both flat lands and Port Hills.

Appropriation Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Residential Red Zone property owners have received an offer and agreements are made for the acquisition of remaining properties.	100%	95%
	<p>This performance measure was not met at 30 June 2015.</p> <p>Offers to join the settlement programme had been made to all Residential Red Zone property owners, with the exception of vacant, insured commercial and uninsured property in the Port Hills. However a number of these initial offers to join the programme had expired as at 30 June 2015.</p> <p>The Residential Red Zone Offer Recovery Plan was issued on 30 July 2015. The plan has enabled an offer to be made to the owners of vacant, insured commercial and uninsured property in the Port Hills and has re-opened all expired offers not previously accepted.</p>	

Category Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Departmental Output Expenses		
Acquisition and Disposal Expense		
<p>This category is limited to the Crown's costs incurred in transferring land and buildings in Canterbury.</p> <p>This category is intended to achieve timely settlement for all Red Zone property owners who have accepted a Crown offer to purchase land and improvements.</p>		
Properties are settled in a timely manner.	100%	100%
	This performance measure was met at 30 June 2015.	
Non-departmental Other Expense		
Management and Clearance of Land		
<p>This category is limited to costs arising from the ownership of Crown land in Canterbury affected by the earthquakes. This category is intended to achieve a simple and practical process in order to provide clarity and support for land-owners, residents and businesses in those areas, to recover insurance claims on behalf of the Crown and manage the Residential Red Zone and leave the land in a clear of structures and grassed state prior to decisions on the future use of the damaged land are made.</p>		
All Residential Red Zone properties cleared and grassed pending decisions on future use.	85%	27%
	<p>This performance measure was not met at 30 June 2015.</p> <p>132ha of 480ha Crown-owned land clearance complete as at 30 June 2015. Delays have resulted because of insurance matters and the subsequent removal of dwellings taking longer than anticipated.</p> <p>100% completion in respect of current Crown-owned properties is expected by 31 March 2016.</p>	

	2014/15	
Category Performance	Supp. Estimates Standard	Actual Result
Insurance and Earthquake Commission (EQC) recoveries for property and land damage received.	80%	Property 77% Land 0%
	This performance measure was not met at 30 June 2015. As at 30 June 2015 the Land Claims project is yet to commence as EQC has not started their analysis of the Red Zone EQC Land Damage. This analysis is estimated to start in April 2016.	
Demolition of Built Structures		
This category is limited to removal and making safe of built structures on Crown land in Canterbury. This category is intended to achieve a managed, safe and timely demolition of built structures on Crown land acquired as part of the Residential Red Zone Programme.		
Number of built structures demolished on Crown-owned flat lands.	7,000	6,945
	This performance measure was not met at 30 June 2015. 99% achieved. Some properties were sold for relocation, or had other issues which made them unavailable for demolition by 30 June 2015.	
Number of built structures demolished in the Port Hills.	130	136
	This performance measure was met at 30 June 2015.	
Vendor Legal Fees		
This category is limited to a contribution towards vendor's legal fees when selling land and buildings in Canterbury to the Crown. This category is intended to achieve a robust settlement process by assisting property owners in seeking their own independent legal advice when they sell their Red Zone property to the Crown.		
Owners of former Red Zone properties have received a contribution to the vendors legal fees to a maximum of \$750 per property.	100%	100%
	This performance measure was met at 30 June 2015.	
Purchase of Land and Buildings – Operating		
This category is limited to the purchase of land and buildings in Canterbury affected by the earthquakes excluding land and buildings for anchor projects. This category is intended to achieve a robust settlement process for the Crown's offer to purchase Red Zone properties. It will provide certainty, confidence and simplicity that these land owners require in the Red Zone too.		
Ensuring that Crown conveyancers are adequately funded to undertake settlements.	100%	100%
	This performance measure was met at 30 June 2015.	
Mass Movement of Land		
This category is limited to the assisting the Christchurch City Council to respond to the landslide hazards in the Port Hills exacerbated by the Canterbury earthquakes. This category is intended to achieve a coordinated approach between the Crown and the Christchurch City Council for the mitigation of the landslide hazards in the Port Hills.		
The percentage of agreed work programme for the mitigation of landslide hazards in the Port Hills underway or completed.	10%	10%
	This performance measure was met at 30 June 2015.	

Cabinet has approved the transfer of any 2014/15 under spends within the Development of Central City Anchor Projects MCA to 2015/16, subject to the Audited Financial Statements.

Financial (this table details the expenditure reported on page 93 by appropriation)	2014/15		
	Actual Result \$000	Supp. Estimates \$000	Comment
Acquisition and Disposal Expense	402	874	The delay in the announcement of Port Hills Red Zone offers to vacant, commercial and uninsured properties resulted in an underspend in this category.
<i>Departmental Output Expenses: Red Zone Property Acquisition Costs</i>	305	305	
<i>Canterbury Earthquake Recovery Land Ownership and Management MCA: Departmental Output Expenses: Acquisition and Disposal Expenses</i>	97	569	
Management and Clearance of Land	11,235	18,649	Given the increase in the area under management, a more competitive maintenance contract has been secured for the management of the flat land.
<i>Non-departmental Other Expenses: Red Zone Property Management Costs (MYA)</i>	10,204	10,204	
<i>Canterbury Earthquake Recovery Land Ownership and Management MCA: Non-departmental Other Expenses: Management and Clearance of Land</i>	1,031	8,445	
Demolition of Built Structures	38,988	46,520	A larger number of properties have been subjected to relocation as opposed to demolition than was initially envisaged. In addition, the contracts for demolition have attracted more competitive pricing.
<i>Non-departmental Other Expenses: Residential Red Zone Property Demolition (MYA)</i>	32,635	32,635	
<i>Canterbury Earthquake Recovery Land Ownership and Management MCA: Non-departmental Other Expenses: Demolition of Built Structures</i>	6,353	13,885	
Vendor Legal Fees	51	600	The delay in the announcement of Port Hills Red Zone offers to vacant, commercial and uninsured properties resulted in an underspend in this category.
<i>Non-departmental Other Expenses: Contributions towards legal fees</i>	34	34	
<i>Canterbury Earthquake Recovery Land Ownership and Management MCA: Non-departmental Other Expenses: Vendor Legal Fees</i>	17	566	
Canterbury Earthquake Recovery Land Ownership and Management MCA: Non-departmental Other Expenses: Purchase of Land and Buildings – Operating	-	38,496	The delay in the announcement of Port Hills Red Zone offers to vacant, commercial and uninsured properties resulted in an underspend in this category.
Mass Movement of Land	503	993	The Crown is working with Christchurch City Council on the appropriate schedule of works to remediate the land affected by land slips in the Port Hills.
<i>Non-departmental Other Expenses: Mitigation of landslide hazards in the Port Hills</i>	44	44	
<i>Canterbury Earthquake Recovery Land Ownership and Management MCA: Non-departmental Other Expenses: Mass Movement of Land</i>	459	949	

Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)

Financial

MCA	Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects			
Category	Pre-development Holding Costs – Operating	Procurement of Land and Assets – Operating	Land and Asset Acquisition – Capital	
Type of Expenditure	Non-departmental Other Expense \$000	Non-departmental Other Expense \$000	Non-departmental Capital Expenditure \$000	Total \$000
Expenses				
Total Appropriated	19,500	142,005	681,295	842,800
Actual Expenditure				
Operating Expenditure (restated history)	2,731	24,955	-	27,686
Capital Expenditure (restated history)	-	-	396,887	396,887
Operating Expenditure 2014/15 (restated appropriations)	2,753	52,932	-	55,685
Capital Expenditure 2014/15 (restated appropriations)	-	-	85,477	85,477
Expenditure to Date	5,484	77,887	482,364	565,735
Forecast Expenditure				
Operating Expenditure 2015/16	8,016	64,118	-	72,134
Capital Expenditure 2015/16	-	-	198,931	198,931
Operating Expenditure 2016/17	6,000	-	-	6,000
Total Projected Expenditure	19,500	142,005	681,295	842,800

The forecast expenditure in the table includes the anticipated transfer of unspent appropriation in 2014/15 into future years and any anticipated re-phasing across future years. The figures therefore do not match those published in Budget 2015 Main Estimates.

There have been Receipts for Predevelopment Holding Costs of \$1,266,000, and Land and Asset Acquisition of \$789,000 for 2014/15, with no further receipts forecasted.

Comment on variance and expected results

Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)

The single overarching purpose of this appropriation is procurement of land and other assets for anchor projects covered by the Christchurch Central Recovery Plan, making the lands and assets safe, and the holding of that land and those assets prior to development.

This appropriation is intended to achieve the successful procurement of land and other assets for anchor projects covered by the Christchurch Central Recovery Plan and making the lands and assets safe, and the holding of that land and those assets prior to development or a divestment decision is made on the land.

Appropriation Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Anchor Project developments can commence as land necessary for the development has been acquired through agreement or taken by proclamation.	100%	88%
This performance measure was not met at 30 June 2015.		
Acquisition of land required for the anchor projects is substantially complete. Some acquisition is outstanding particularly in the South Frame and Stadium Project areas. For the South Frame, acquisition will be progressed following the design of the public realm, and for the Stadium upon confirmation of the timing of the Stadium Project.		

Category Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Non-departmental Other Expenses		
Pre-Development Holding Costs – Operating		
This category is limited to the maintenance, operation and ownership of anchor project land and assets prior to commencement of developments.		
This category is intended to achieve the comprehensive management of land and improvements held by the Crown pending future ownership decisions.		
Management of land and improvement held by the Crown in accordance with the best practice.	100%	100%
This performance measure was met at 30 June 2015.		
Procurement of Land and Assets – Operating		
This category is limited to the purchase, acquisition and clearance of land and assets for anchor project development.		
This category is intended to achieve the successful purchase of land and assets and the clearance and making ready of land for development or sale.		
The transaction costs associated with the acquisition of land and improvements have been incurred in line with the scope of the appropriation.	100%	100%
This performance measure was met at 30 June 2015. There was a breach prior to the creation of the MCA.		
Non-departmental Capital Expenditure		
Land and Asset Acquisition – Capital		
This category is limited to the cost of land and assets acquired for anchor project development.		
This category is intended to achieve the timely and comprehensive acquisition of land and assets necessary to start the development of Anchor Projects.		
Land is purchased or taken in time to allow the development of Anchor Projects.	100%	100%
This performance measure was met at 30 June 2015. There have been no delays to Anchor Projects resulting from land acquisition.		

Cabinet has approved the transfer of any 2014/15 under spends within the Development of Central City Anchor Projects MCA to 2015/16, subject to the Audited Financial Statements.

Financial (This table details the expenditure reported on page 97 by appropriation)	2014/15		
	Actual Result \$000	Supp. Estimates \$000	Comment
Pre-development Holding Costs	2,753	4,769	Forecast expenditure is lower than appropriation due to the timing of and change in the nature of expenditure.
<i>Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects</i>	493	2,509	
<i>MCA: Non-departmental Other Expenses: Pre-development Holding Costs – Operating</i>			
<i>Non-departmental Other Expenses: Holding Costs for Land Acquired for Anchor Projects (MYA)</i>	2,260	2,260	
Procurement of Land and Assets	52,932	73,875	Costs anticipated for the acquisition of South Frame land and compensation claims for land taken by Proclamation will now occur in 2015/16.
<i>Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects</i>	32,114	53,057	
<i>MCA: Non-departmental Other Expenses: Procurement of Land and Assets – Operating</i>			
<i>Non-departmental Other Expenses: Anchor Project Land Acquisition Expenses</i>	9,593	9,593	
<i>Non-departmental Other Expenses: Impairment of Improvements (MYA)</i>	11,225	11,225	
Land and Asset Acquisition	85,477	261,638	Final decisions on the acquisition of land in the South Frame remain outstanding.
<i>Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects</i>	10,186	186,347	
<i>MCA: Non-departmental Capital Expenditure: Land and Asset Acquisition – Capital</i>			
<i>Non-departmental Capital Expenditure: Anchor Projects Land Acquisitions</i>	75,291	75,291	

Development of Central City Anchor Projects (MCA)

Financial

MCA	Development of Central City Anchor Projects						
Purpose	The single overarching purpose of this appropriation is to support the development and delivery of Anchor Projects that form part of the Christchurch Central Recovery Plan.						
Category	Christchurch Bus Interchange and associated Transport Infrastructure			Public Space			
Component	Bus Interchange \$000	Infrastructure \$000	Sub-total \$000	Te Papa Ōtākaro / Avon River Precinct \$000	City Frame \$000	Performing Arts \$000	Sub-total \$000
Expenses							
Total Appropriated	52,400	76,000	128,400	116,000	61,000	2,000	179,000
Actual Expenditure							
Operating Expenditure (restated history)	1,175	996	2,171	11,817	3,839	-	15,656
Capital Expenditure (restated history)	3,093	-	3,093	-	-	-	-
Operating Expenditure 2014/15 (restated appropriations)	-	4,976	4,976	11,511	1,420	-	12,931
Capital Expenditure 2014/15 (restated appropriations)	41,025	-	41,025	1,507	-	-	1,507
Expenditure to Date	45,293	5,972	51,265	24,835	5,259	-	30,094
Forecast Expenditure							
Operating Expenditure 2015/16	5,707	37,428	43,135	81,165	19,241	-	100,406
Capital Expenditure 2015/16	1,400	2,000	3,400	10,000	24,000	2,000	36,000
Operating Expenditure 2016/17	-	30,600	30,600	-	-	-	-
Capital Expenditure 2016/17	-	-	-	-	12,500	-	12,500
Total Projected Expenditure	52,400	76,000	128,400	116,000	61,000	2,000	179,000

MCA	Development of Central City Anchor Projects				
Purpose	The single overarching purpose of this appropriation is to support the development and delivery of Anchor Projects that form part of the Christchurch Central Recovery Plan				
Category	Christchurch Stadium \$000	Christchurch Convention Centre \$000	Metro Sports Facility \$000	Earthquake Memorial \$000	Total \$000
Expenses					
Total Appropriated	4,000	18,000	10,000	11,000	350,400
Actual Expenditure					
Operating Expenditure (restated history)	-	3,019	1,654	-	22,500
Capital Expenditure (restated history)	-	-	-	-	3,093
Operating Expenditure 2014/15 (restated appropriations)	-	12,056	1,663	768	32,394
Capital Expenditure (restated appropriations)	-	-	-	-	42,532
Expenditure to Date	-	15,075	3,317	768	100,519
Forecast Expenditure					
Operating Expenditure 2015/16	4,000	1,925	5,683	462	155,611
Capital Expenditure 2015/16	-	1,000	1,000	9,770	51,170
Operating Expenditure 2016/17	-	-	-	-	30,600
Capital Expenditure 2016/17	-	-	-	-	12,500
Total Projected Expenditure	4,000	18,000	10,000	11,000	350,400

The forecast expenditure in the table includes the anticipated transfer of unspent appropriation in 2014/15 into future years and any anticipated re-phasing across future years. The figures therefore do not match those published in Budget 2015 Main Estimates.

There have been Receipts for Earthquake Memorial of \$1,000,000 for 2014/15, with no further receipts forecasted.

Comment on variance and expected results

Development of Central City Anchor Projects (MCA)

The single overarching purpose of this appropriation is to support the development and delivery of Anchor Projects that form part of the Christchurch Central Recovery Plan.

This appropriation is intended to achieve the co-ordinated delivery of Anchor Projects as described in the Christchurch Central Recovery Plan.

Appropriation Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Development of Anchor Projects are on schedule for completion as determined by each individual business case.	50%	Not able to measure
	<p>This performance measure was not met at 30 June 2015 as it was not able to be measured.</p> <p>Given the varying size, budgets, complexities and status of each of the Anchor Projects it is not possible to provide a global result for the projects as a collective as at 30 June 2015.</p> <p>The performance measures for each category are detailed below and provide an indication as to the status of each individual Anchor Project.</p>	

Category Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Non-departmental Other Expenses		
Christchurch Bus Interchange and associated Transport Infrastructure – Operating		
<p>This category is limited to the development of the Christchurch Bus Interchange and associated transport infrastructure.</p> <p>This category is intended to achieve the delivery of integrated transport solutions for the recovery of the central city and associated Anchor Projects including the successful development over the 13 months to June 2015 of a new Bus Interchange to provide greater Christchurch with a transport hub and offer an easy commute into the central city. The new interchange will support the integration of transport services across greater Christchurch.</p>		
Construction of flexible traffic flows and other solutions (includes cycle lanes and pedestrian friendly zones). Designs for transport solutions completed and construction completed by June 2015	100%	15%
	This performance measure was not met. Designs for the components of Phase 1 of the project completed and other elements are underway.	
Construction of Manchester Street and Hospital super stops Construction completed by May 2015	100%	0%
	This performance measure was not met. Final land purchases incomplete and design elements are being created.	
Public Space – Operating		
<p>This category is limited to the development of the Crown owned public space.</p> <p>This category has a number of key intentions to achieve based on elements of the Christchurch Central Recovery Plan including the Te Papa Ōtākaro /Avon River Precinct and the Frame</p> <p>See the Public Space Capital Expenditure category for measures.</p>		

Category Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Christchurch Convention Centre – Operating		
<p>This category is limited to the development of the Christchurch Convention Centre.</p> <p>This category is intended to achieve the development of an Australasian class facility that contributes to economic recovery of Canterbury. The staged development includes the preparation of a robust business case and selection of the lead consortia to support the construction of the Christchurch Convention Centre and the adjacent precinct.</p>		
Business plan for the development of the Christchurch Convention Centre is completed successfully.	50%	85%
	<p>This performance measure was partially met at 30 June 2015.</p> <p>A business plan for the development of the Christchurch Convention Centre was completed during the year to 30 June 2015; however, it is subject to revision as a result of changes to the overall plan for the project.</p>	
Metro Sports Facility – Operating		
<p>This category is limited to the development of Metro Sports Facility.</p> <p>This category is intended to achieve the development of a facility that contributes to social recovery of Christchurch. The staged development includes the preparation of a robust business case and selection of the preferred supplier to support the construction of the Metro Sports Facility.</p>		
Business case for the development of the Metro Sports Facility is completed successfully.	85%	90%
	<p>This performance measure was met at 30 June 2015.</p> <p>Cabinet approved the business case for the Metro Sports Facility on 4 August 2015.</p>	
Earthquake Memorial – Operating		
<p>This category is limited to the development of the Canterbury Earthquake Memorial.</p> <p>This category is intended to achieve a suitable commemorative memorial following the earthquakes in Canterbury that affected many people, locally, nationally and internationally. One hundred and eighty-five people died in Christchurch as a result of the 22 February 2011 earthquake, and many others were seriously injured. As a national memorial, the Canterbury Earthquake Memorial will honour all those affected, and form part of the greater Christchurch recovery.</p>		
Public consultation and selection process for the Canterbury Earthquake Memorial is completed successfully.	100%	100%
	<p>This performance measure was met at 30 June 2015.</p> <p>On 13 May 2015, Minister for Canterbury Earthquake Recovery, Hon Gerry Brownlee announced “The Memorial Wall” as the selected design for the Canterbury Earthquake Memorial.</p>	
Non-departmental Capital Expenditure		
Christchurch Bus Interchange and associated Transport Infrastructure – Capital		
<p>This category is limited to the capital development of the Christchurch Bus Interchange and associated transport infrastructure.</p> <p>This category is intended to achieve the delivery of integrated transport solutions for the recovery of the central city and associated Anchor Projects including the successful development over the 13 months to June 2015 of a new Bus Interchange to provide greater Christchurch with a transport hub and offer an easy commute into the central city. The new interchange will support the integration of transport services across greater Christchurch.</p>		
Christchurch Bus Interchange is on schedule for completion on 30 June 2015 according to its business case.	100%	90%
	<p>This performance measure was not met at 30 June 2015.</p> <p>Stage 1 of the Bus Interchange was opened by the Minister for Canterbury Earthquake Recovery, Hon Gerry Brownlee on 25 May 2015.</p> <p>Stage 2 was opened on 20 August 2015.</p>	

Category Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Public Space – Capital		
This category is limited to the capital development of the Crown owned public space.		
This category has a number of key intentions to achieve based on elements of the Christchurch Central Recovery Plan including the Te Papa Ōtākaro / Avon River Precinct and the Frame.		
Te Papa Ōtākaro / Avon River Precinct		
The successful development of Te Papa Ōtākaro / Avon River Precinct in conjunction with the Christchurch City Council and Te Runanga o Ngai Tahu will tie new compact central business district of the city back to river.		
Te Papa Ōtākaro / Avon River Precinct has been delivered successfully.	25%	36%
	This performance measure was met at 30 June 2015. Construction of Te Papa Ōtākaro / Avon River Precinct has commenced. The main construction procurement will occur in September 2015.	
“Margaret Mahy Playground” element of Precinct has been delivered successfully.	50%	60%
	This performance measure was met at 30 June 2015. Work commenced on the Margaret Mahy Playground in May 2015. The playground is expected to open in December 2015.	
“In River” works of the Precinct has been delivered successfully.	40%	100%
	This performance measure was met at 30 June 2015. In river works were completed in March 2015.	
“The Terraces” element of the Precinct has been delivered successfully.	25%	50%
	This performance measure was met at 30 June 2015. Construction of The Terraces element of the Precinct commenced in October 2014.	
“Victoria Square” element of the Precinct has been delivered successfully.	10%	10%
	This performance measure was met at 30 June 2015. Associate Canterbury Earthquake Recovery Minister Nicky Wagner released the Draft Victoria Square Restoration Plan for feedback on 15 July 2015. The final Victoria Square restoration plan will be released to the public at the end of September 2015.	
Design of the Victoria Square to Avon Loop elements has been completed.	10%	90%
	This performance measure was met at 30 June 2015. Final design of the Victoria Square to Avon Loop element of the Precinct is to be included as part of the Early Contractor Involvement process with tender occurring in September 2015.	
The City Frame		
The successful development of a new green space, a public realm and central park adjacent to the eastern and southern borders of a new compact central business district. Included in the eastern frame a new residential community will be developed in the park environment with distinctively landscaped public areas, large enough for the wider community to share, but small enough to feel safe and comfortable.		
Residential developer to construct a mix of housing options has been selected.	90%	100%
	This performance measure was met at 30 June 2015. In advance of 30 June 2015 the decisions to appoint Fletcher Residential as the preferred developer for the East Frame neighbourhood was made. The decision was announced on 2 July 2015.	

Category Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Development plans submitted by recovery partners within the Innovation Precinct in the southern frame have been approved.	80%	80%
	This performance measure was met at 30 June 2015.	

Cabinet has approved the transfer of any 2014/15 under spends within the Development of Central City Anchor Projects MCA to 2015/16, subject to the Audited Financial Statements.

Financial (This table details the expenditure reported on pages 100-101 by appropriation)	2014/15		
	Actual Results \$000	Supp. Estimates \$000	Comment
Christchurch Bus Interchange	4,976	6,169	Development activity with the delivery of transport solutions to support an accessible city is being shared with the Christchurch City Council. The result is a change in expenditure profile for the costs associated with streetscape changes.
<i>Development of Central City Anchor Projects MCA: Non-departmental Other Expenses: Christchurch Bus Interchange and associated Transport Infrastructure – Operating</i>	1,491	2,684	
<i>Non-departmental Other Expenses: Implementation of transport solutions to deliver An Accessible City in Christchurch (MYA)</i>	3,485	3,485	
Public Space	12,931	26,270	Delays in the development of the public realm elements resulted in lower than forecast expenditure. Activities deferred to 2015/16.
<i>Development of Central City Anchor Projects MCA: Non-departmental Other Expenses: Public Space – Operating</i>	4,407	17,746	
<i>Non-departmental Other Expenses: Anchor Project Development costs for Te Papa o Ōtākaro /Avon River Precinct (MYA)</i>	7,871	7,871	
<i>Non-departmental Other Expenses: Anchor Project Development Costs for the City Frame (MYA)</i>	653	653	
Christchurch Convention Centre	12,056	13,981	Master planning for the Christchurch Convention Centre continues toward final funding agreements with the Crown.
<i>Development of Central City Anchor Projects MCA: Non-departmental Other Expenses: Christchurch Convention Centre – Operating</i>	1,298	3,223	
<i>Non-departmental Other Expenses: Anchor Project Development Costs for the Convention Centre (MYA)</i>	10,758	10,758	
Metro Sports Facility	1,663	3,346	Final business case development for the Metro Sports Facility continues toward final funding agreements with the Crown.
<i>Development of Central City Anchor Projects MCA: Non-departmental Other Expenses: Metro Sports Facility – Operating</i>	450	2,133	
<i>Non-departmental Other Expenses: Anchor Project Development Costs for the Metro Sports Facility (MYA)</i>	1,213	1,213	
Earthquake Memorial	768	1,230	A delay in the proposed delivery of the memorial has resulted in a slowdown of activity to coincide with the Avon River development in the area adjacent to the proposed memorial.
<i>Development of Central City Anchor Projects MCA: Non-departmental Other Expenses: Earthquake Memorial – Operating</i>	344	806	
<i>Non-departmental Other Expenses: Canterbury Earthquake Memorial (MYA)</i>	424	424	

Financial (This table details the expenditure reported on pages 100-101 by appropriation)	2014/15		
	Actual Results \$000	Supp. Estimates \$000	Comment
Christchurch Bus Interchange and associated Transport Infrastructure	41,025	48,732	The Christchurch Bus Interchange is being delivered in two phases. Phase one was handed over on 25 May 2015 with phase two scheduled for hand over in the first quarter of the 2015/16 year as opposed to the planned date of June 2015.
<i>Development of Central City Anchor Projects MCA: Non-departmental Capital Expenditure: Christchurch Bus Interchange and associated Transport Infrastructure – Operating</i>	10,937	18,644	
<i>Non-departmental Capital Expenditure: Christchurch Bus Interchange</i>	30,088	30,088	
Development of Central City Anchor Projects MCA: Non-departmental Capital Expenditure: Public Space – Capital	1,507	23,500	Delays in the construction of the public realm elements resulted in lower than forecast expenditure. Activities deferred to 2015/16.

Ownership and Divestment of Anchor Projects (MCA)

Financial

MCA	Ownership and Divestment of Anchor Projects						
Purpose	The single overarching purpose of this appropriation is the management of Anchor Projects and the divestment of land and Anchor Projects that form part of the Christchurch Central Recovery Plan.						
Category	Christchurch Bus Interchange and associated Transport Infrastructure	Christchurch Convention Centre	Leasing Anchor Project Land	Metro Sports Facility	Public Space	Sale of Land	Total
Type of Expenditure	Non-departmental Other Expense \$000						
Expenses							
Total Appropriated	13,900	500	6,000	2,200	108,200	4,500	135,300
Actual Expenditure							
Operating Expenditure 2014/15	692	-	-	-	2,515	1,676	4,883
Expenditure to Date	692	-	-	-	2,515	1,676	4,883
Forecast Expenditure							
Operating Expenditure 2015/16	7,208	-	6,000	2,200	89,285	2,824	107,517
Operating Expenditure 2016/17	2,000	500	-	-	16,200	-	18,700
Operating Expenditure 2017/18	2,000	-	-	-	100	-	2,100
Operating Expenditure 2018/19	2,000	-	-	-	100	-	2,100
Total Projected Expenditure	13,900	500	6,000	2,200	108,200	4,500	135,300

The forecast expenditure in the table includes the anticipated transfer of unspent appropriation in 2014/15 into future years and any anticipated re-phasing across future years. The figures therefore do not match those published in Budget 2015 Main Estimates.

Comment on Variance and Expected Results

Ownership and Divestment of Anchor Projects (MCA)

The single overarching purpose of this appropriation is the management of Anchor Projects and the divestment of land and anchor projects that form part of the Christchurch Central Recovery Plan.

This appropriation is intended to achieve the successful management of Anchor Projects and the divestment of land and anchor projects that form part of the Christchurch Central Recovery Plan.

Appropriation Performance	2014/15		
	Estimates Standard	Supp. Estimates Standard	Actual Result
Operation of completed development is fully catered for and divestment of land and or developments is recorded appropriately for all Anchor Projects.	-	100%	100%
This performance measure was met at 30 June 2015.			
Category Performance	2014/15		
	Estimates Standard	Supp. Estimates Standard	Actual Result
Non-departmental Other Expenses			
Christchurch Bus Interchange and associated Transport Infrastructure			
This category is limited to the capital development of the Crown owned public space. This category is intended to achieve the orderly operation and or divestment of the Christchurch Bus Interchange and associated Transport Infrastructure.			
Land set aside for laneways, roads or other public amenities is recorded at the correct value for the Bus Interchange and associated Transport Infrastructure.	-	100%	100%
This performance measure was met at 30 June 2015.			
Leasing Anchor Project Land			
This category is limited to the financial impact of granting concessionary leases over Anchor Project land. This category is intended to achieve the recognition of the decisions made in leasing land and or developments to non-Crown entities.			
Land and/or developments are recorded at the correct value taking into regards the impact of leases in place.	-	100%	100%
This performance measure was met at 30 June 2015.			
Metro Sports Facility			
This category is limited to the maintenance, operation, ownership and divestment of the Metro Sports Facility. This category is intended to achieve the orderly operation and or divestment of the Metro Sports Facility.			
Land set aside for laneways, roads or other public amenities are recorded at the correct value.	-	100%	100%
This performance measure was met at 30 June 2015.			
Public Space			
This category is limited to the maintenance, operation, ownership and divestment of the public space owned by the Crown in Christchurch City. This category is intended to achieve accurate recognition of ownership and divestment costs associated with the Public Space including the Avon River Precinct, North, South and East Frames and the Performing Arts Precinct.			
Costs associated with the land and/or improvements in the Public Space is recorded appropriately.	-	100%	100%
This performance measure was met at 30 June 2015.			

Category Performance	2014/15		
	Estimates Standard	Supp. Estimates Standard	Actual Result
Sale of Land			
This category is limited to the financial impact from the divestment of land and transaction costs incurred in the preparation for sale and the sale of land.			
This category is intended to achieve the recognition of the financial impact of divestment of surplus land within the central city.			
Land and/or developments are recorded at the correct value taking into regards the impact of divestment decisions made by the Crown.	-	100%	100%
This performance measure was met at 30 June 2015.			

Cabinet has approved the transfer of any 2014/15 under spends within the Development of Central City Anchor Projects MCA to 2015/16, subject to the Audited Financial Statements.

Financial (This table details the expenditure reported on page 107 by appropriation)	2014/15		
	Actual Result \$000	Supp. Estimates \$000	Comment
Ownership and Divestment of Anchor Projects: Non-departmental Other Expenses			
Christchurch Bus Interchange and associated Transport Infrastructure	692	3,500	Costs anticipated from the transfer of the Christchurch Bus Interchange to the Christchurch City Council did not eventuate. Transfer is now expected in 2016/17.
Christchurch Convention Centre	-	-	As at 30 June 2015 development of the Christchurch Convention Centre has not commenced.
Leasing Anchor Project Land	-	4,000	No additional land has been impacted by new leases.
Metro Sports Facility	-	2,000	As at 30 June 2015 development of the Metro Sports Facility has not commenced.
Public Space	2,515	26,800	Delays in the construction of the public realm elements have resulted in a lower than forecast vesting provision. Activities deferred to 2015/16.
Sale of Land	1,676	4,100	Costs anticipated from the transfer of the Library land to the Christchurch City Council did not eventuate. Transfer is now expected in 2015/16.

Non-departmental Other Expenses: Bad and Doubtful Debts (MYA)

Description of activities

This appropriation is intended to achieve accurate reporting of the value of Crown receivables for various programmes managed by the Canterbury Earthquake Recovery Authority.

Scope of Appropriation

The appropriation is limited to recognition of bad and doubtful debts arising from the implementation of the central city recovery plan.

Intended impacts, outcomes and objectives

Intended impacts, outcomes or objectives of appropriations	Appropriations
Outcomes: Improved economic performance Impacts: Economic Development and Infrastructure Sector – To facilitate the recovery of Canterbury following the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 and subsequent aftershocks.	Bad and Doubtful Debt

Financial

Expenses	\$000
Total Appropriated	500
Actual Expenditure – Operating expenditure 2014/15	147
Forecast Expenditure – Operating expenditure 2015/16	353
Total Projected Expenditure	500

The forecast expenditure in the table includes the anticipated transfer of unspent appropriation in 2014/15 into future years and any anticipated re-phasing across future years. The figures therefore do not match those published in Budget 2015 Main Estimates.

Comment on variance and expected results

Appropriation Performance	2014/15	
	Supp. Estimates Standard	Actual Result
Bad and doubtful debts are recognised appropriately within the financial statements.	100%	100%
	This performance measure was met at 30 June 2015.	

This MYA increased by \$300,000 for 2014/15 and \$200,000 for 2015/16. The increase mainly relates to a transfer of \$500,000 from Non-departmental Other Expense – Holding Costs for Land Acquired for Anchor Projects.

Financial	2014/15		Comment
	Actual Result \$000	Supp. Estimates Standard \$000	
Bad and Doubtful Debts	147	300	Recoveries exceeded expectations in relation to receivables in the Residential Red Zone.

Non-departmental Other Expenses: Costs in Respect of Indemnity for Response and Recovery Costs PLA

Description of activities

This appropriation covers the Crown costs for three waters infrastructure response and rebuild costs.

Scope of Indemnity

Pursuant to section 65ZD(3) of the Public Finance Act 1989, the Minister of Finance makes the following statement:

Original Indemnity: "On 2 May 2011, I, The Honourable Simon William English, Minister of Finance, on behalf of the Crown, gave an indemnity to Christchurch City Council, Waimakariri District Council, Selwyn District Council, and Canterbury Regional Council, in relation to the government's share, under the National Civil Defence Emergency Management Plan, of response costs and recovery costs resulting from the Canterbury earthquakes of 4 September 2010 and 22 February 2011."

On 21 June 2011 the scope of indemnity was amended to also include response and recovery costs resulting from the 13 June 2011 earthquake and any future earthquake in the Canterbury region that is classified by GNS Science as part of the aftershock sequence of any of those earthquakes.

On 18 March 2012 further administration related amendments were made but the scope remained the same.

On 26 June 2013 the Crown entered into a cost-sharing agreement with Christchurch City Council (CCC) and this indemnity was revoked as it relates to CCC from 1 October 2013.

Financial Summary over Period of the Indemnity

Expenses	\$000
Original Provision	553,940
Historical Cash Settled	(571,373)
Historical Discounting of Liability	(25,584)
Historical Additional Provisions	436,821
Opening Balance 1 July 2014	393,804
2014/15 Cash Settled	(175,666)
2014/15 Discounting of Liability	16,040
Closing Balance 30 June 2015	234,178
<i>Current Portion of the Provision</i>	131,858
<i>Non-current Portion of the Provision</i>	102,320

Further detail is available on pages 83-84.

Appropriation Performance

No standard established as expenditure reflects technical accounting revision reflecting valuation movements in the provision. Valuation movements fall within the scope of the original and revised indemnity.

			2014/15
Financial	Actual Result \$000	Supp. Estimates Standard \$000	Comment
Costs in Respect of Indemnity for Response and Recovery Costs PLA	16,040	-	Valuation movement reflects variation in discount rates applied to the forecasted payment profile

Summary of Service Providers – Vote Canterbury Earthquake Recovery

This table summarises cash payments made to the top 15 Non-departmental service providers through Vote Canterbury Earthquake Recovery, the MCA to which the funding relates and the length of the funding commitment. Estimates and Supplementary Estimates are excluded from the table as the budget is not completed to the supplier level.

Service Provider (top 15)	2014/15					Total \$000	Expiry of Resourcing Commitment
	Canterbury Earthquake Recovery Land Ownership and Management (MCA)	Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)	Development of Central City Anchor Projects (MCA)	Ownership and Divestment of Anchor Projects (MCA)	Non-MCA funding		
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000		
Stronger Christchurch Infrastructure Rebuild Team (SCIRT)	-	-	1,625	-	155,978	157,603	2016/17
Thiess Southbase Joint Venture	-	-	37,862	-	-	37,862	2015/16
Christchurch City Council	2,448	1,843	1,259	-	16,505	22,055	2016/17
Protranz Earthmoving Ltd	4,477	161	1,572	-	-	6,210	2015/16
City Care Ltd	1,446	21	4,181	-	-	5,648	2015/16
Sicon Ferguson Ltd	4,480	153	-	-	-	4,633	2015/16
Plenary Origination PTY	-	-	3,656	-	-	3,656	2019/20
Waimakariri District Council	-	-	-	-	3,068	3,068	2016/17
Scope Demolition	2,921	3	-	-	-	2,924	2015/16
Jamon Construction & Civil Ltd	1,972	941	-	-	-	2,913	2015/16
The Piano Centre for Music & the Arts	-	2,589	-	-	-	2,589	2014/15
Coffey Projects NZ Ltd	-	-	2,440	-	-	2,440	2015/16
Frews Contracting Ltd	2,203	-	-	-	-	2,203	2015/16
Aurecon New Zealand Ltd	1,961	-	113	-	-	2,074	2015/16
Smith Crane & Construction Ltd	1,569	489	-	-	-	2,058	2015/16

The table above details cash payments made to suppliers against liabilities recorded in the balance sheet arising from horizontal infrastructure obligations and other capital project expenditure recognised in previous years and therefore does not match expenditure reported in 2014/15.

Total Operating Expenditure 2014/15	51,179	55,685	32,394	4,883	144,141
Total Capital Expenditure 2014/15	-	85,477	42,532	-	128,009
Total Expenditure 2014/15	51,179	141,162	74,926	4,883	272,150

The differences between the total Non-departmental other expenses and capital expenditure for Vote Canterbury Earthquake Recovery in the Statement of Budgeted and Actual Departmental and Non-departmental Expenses and Capital Expenditure against Appropriations represent non-cash expenditure recognised in the period arising from land and building and other balance sheet valuations.

List of Acronyms

BEFU	Budget Economic Forecast Update
CASS	Central Agencies Support Services
CCRP	Christchurch Central Recovery Plan
CDEM	Civil Defence Emergency Management
CERA	Canterbury Earthquake Recovery Authority
CPI	Consumer Price Index
DIA	Department of Internal Affairs
DPMC	Department of the Prime Minister and Cabinet
ECAN	Canterbury Regional Council
EMIS	Emergency Management Information System
EQC	Earthquake Commission
GCSB	Government Communications Security Bureau
LDC	Leadership Development Centre
MBIE	Ministry of Business, Innovation and Employment
MCAs	Multi-category Appropriations
MCDEM	Ministry of Civil Defence and Emergency Management
MCOAs	Multi-class Output Appropriations
MFAT	Ministry of Foreign Affairs and Trade
MYA	Multi-year Appropriations
NAB	National Assessments Bureau
NCMC	National Crisis Management Centre
NCPO	National Cyber Policy Officer
NSC	National Security Committee
NZ GAAP	New Zealand Generally Accepted Accounting Practices
NZ PBE IPSAS	New Zealand Public Benefit Entity International Public Sector Accounting Standards
NZDF	New Zealand Defence Force
NZIC	New Zealand Intelligence Community
NZSIS	New Zealand Security Intelligence Service
NZTA	New Zealand Transport Agency
ODESC	Officials Committee for Domestic and External Security Coordination
ODESC(G)	Officials Committee for Domestic and External Security Coordination Group
PAG	Policy Advisory Group
PIF	Performance Improvement Framework
PMCSA	Prime Minister's Chief Science Advisor
SCIRT	Stronger Christchurch Infrastructure Rebuild Team
SOEs	State-owned Enterprises
SSC	State Services Commission
SQS	Service Quality Score