

# *Performance Information for Appropriations*

## *Vote Canterbury Earthquake Recovery*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister for Canterbury Earthquake Recovery (M85)

ADMINISTERING DEPARTMENT: Canterbury Earthquake Recovery Authority

MINISTER RESPONSIBLE FOR CANTERBURY EARTHQUAKE RECOVERY AUTHORITY: Minister for Canterbury Earthquake Recovery

## Part 1 - Summary of the Vote

### Part 1.1 - Overview of the Vote

The Minister for Canterbury Earthquake Recovery is responsible for appropriations in Vote Canterbury Earthquake Recovery for the 2012/13 financial year.

#### *Central Business District Red Zone (Non-Departmental Appropriations)*

Making safe and demolishing of buildings in the Central Business District will continue into 2012/13 with \$24 million of funding set aside to complete this work. The cordon will remain in place to ensure that safety of the public during this time and may continue to support the rebuild phase. One million of funding is available to purchase properties to enable the deconstruction of unsafe buildings.

#### *Residential Red Zone (Departmental and Non-Departmental Appropriations)*

The majority of costs associated with the Crown's offer to red zone property owners will be incurred before 30 June 2012. Ongoing management and legal fees associated with settled properties will continue into 2012/13 with funding of \$13 million to support these activities. Ten million is set aside for the demolition of Red Zone properties.

#### *Other Departmental Appropriations*

Operating funding for the Canterbury Earthquake Recovery Authority consists of \$5.300 million for the purchase of policy advice and \$37.300 million for the management of the recovery.

A request to transfer any underspends in the 2011/12 appropriations to 2012/13 has been approved. The actual value of funding available for 2012/13 will be confirmed following the preparation of the 2011/12 audited annual accounts.

Details of these appropriations are set out in Parts 2-6 below.

### Part 1.2 - High-Level Objectives of the Vote

#### **Government Priorities and Outcomes - Links to Appropriations**

Government Priorities	Government Outcomes	Appropriations
<b>A Stronger Economy</b> Building a strong economy, based on real enduring growth, will provide New Zealanders the jobs, improved incomes, and improved living standards they desire and deserve.	<b>Economic Development and Infrastructure Sector</b> To facilitate the recovery of Canterbury following the Canterbury Earthquake on 4 September 2010 and 22 February 2011 and the subsequent aftershocks.	Managing the Recovery Policy Advice Management of Voluntarily Acquired Insured Residential Red Zone Properties

## Part 1.3 - Trends in the Vote

### Summary of Financial Activity

	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	-	-	-	6,569	170,963	100,159	43,578	34,000	77,578	38,116	31,176	32,944
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	1,038,958	597,094	517,785	-	12,000	12,000	-	-	-
Capital Expenditure	-	-	-	42	4,100	25	75	1,000	1,075	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
<b>Total Appropriations</b>	-	-	-	1,045,569	772,157	617,969	43,653	47,000	90,653	38,116	31,176	32,944
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	-	-	-	-	-	-	N/A	-	-	-	-	-

## New Policy Initiatives

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Continued operation of the Canterbury Earthquake Recovery Authority	<b>Managing the Recovery</b> Departmental Output Expenses	29,078	37,278	33,816	27,376	30,144
	<b>Policy Advice</b> Departmental Output Expenses	4,800	5,300	4,300	3,800	2,800
Establishment of the Canterbury Earthquake Recovery Authority	<b>Management of Voluntarily Acquired Insured Residential Red Zone Properties</b> Departmental Output Expenses	4,220	1,000	-	-	-
Purchase of properties in line with Crown offer to Canterbury Residential Red Zone property owners	<b>Acquisition of Canterbury Red Zone properties</b> Non-Departmental Other Expenses	453,836	-	-	-	-
	<b>Acquisition of additional Red Zone properties</b> Non-Departmental Other Expenses	3,000	-	-	-	-
Contribution to vendor solicitor fees for residential red zone acquisitions	<b>Contributions towards legal fees</b> Non-Departmental Other Expenses	3,189	2,000	-	-	-
Red Zone Property Management Costs	<b>Management of Voluntarily Acquired Insured Residential Red Zone Properties</b> Non-Departmental Other Expenses	84,729	10,000	-	-	-
Demolition of residential red zone properties	<b>Canterbury Earthquake Property Demolitions and Related Costs and Compensation</b> Non-Departmental Output Expenses	44,987	10,000	-	-	-
Demolition or partial demolition of Central Business District properties	<b>Canterbury Earthquake Property Demolitions and Related Costs and Compensation</b> Non-Departmental Output Expenses	87,878	24,000	-	-	-
Funding for the development of a temporary stadium in Christchurch	<b>Christchurch Temporary Stadium</b> Non-Departmental Other Expenses	28,000	-	-	-	-
Advance payment for infrastructure costs incurred by the Stronger Christchurch Infrastructure Rebuild Team	<b>Advance payment for the estimated Crown share of the Stronger Christchurch Infrastructure Rebuild Team's infrastructure costs</b> Non-Departmental Other Expenses	24,340	-	-	-	-

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Purchase of properties to affect demolitions	<b>Canterbury Earthquake Demolition-Related Property Purchases</b> Departmental Capital Expenditure	4,000	1,000	-	-	-

## Analysis of Significant Trends

Canterbury Earthquake Recovery Authority (CERA) was established on 29 March 2011 to facilitate the recovery of Canterbury following the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 and subsequent aftershocks.

CERA has increased its activity since the initial start up phase resulting in an increase in costs associated with the purchase of policy advice by the Minister for Canterbury Earthquake Recovery and ongoing management of the recovery.

## Part 2 - Details and Expected Performance for Output Expenses

### Part 2.1 - Departmental Output Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<b>Outcome:</b> Improved economic performance.	Policy Advice
<b>Impact:</b> Economic Development and Infrastructure Sector - To facilitate the recovery of Canterbury following the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 and the subsequent aftershocks.	Managing the Recovery Management of Voluntarily Acquired Insured Residential Red Zone Properties

#### Management of Voluntarily Acquired Insured Residential Red Zone Properties (M85)

##### *Scope of Appropriation*

This appropriation is limited to expenses associated with the acquisition, valuation and management of voluntarily acquired insured residential red zone properties in Canterbury.

##### *Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,220	2,459	1,000
Revenue from Crown	4,220	2,459	1,000
Revenue from Other	-	-	-

##### *Reasons for Change in Appropriation*

The decrease in the appropriation reflects the smaller number of red zone settlements anticipated in 2012/13.

An approval has been received to transfer any underspend in 2011/12 to 2012/13.

##### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Properties are settled in a timely manner	Crown conveyancers adequately funded to undertake settlements	Achieved	Crown conveyancers adequately funded to undertake settlements

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Establishment of the Canterbury Earthquake Recovery Authority	2011/12	4,220	1,000	-	-	-

**Managing the Recovery (M85)***Scope of Appropriation*

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

*Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	29,078	25,978	37,278
Revenue from Crown	29,078	25,978	37,278
Revenue from Other	-	-	-

*Reasons for Change in Appropriation*

The increase in the appropriation reflects the increase in activities undertaken by CERA to manage the recovery. This includes work on the central city rebuild being undertaken by the new Christchurch Central Development Unit.

An approval has been received to transfer any underspend in 2011/12 to 2012/13.

*Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Land Recovery	Complete residential zoning decisions	Majority of zoning decisions completed	All outstanding zoning decisions finalised
Economic Recovery	New Measure	New Measure	Christchurch Central rebuild programme approved
Infrastructure Recovery	New Measure	New Measure	Stronger Christchurch Infrastructure Rebuild Team rebuild programme approved and funding arrangements agreed

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Social Recovery	New Measure	New Measure	Residents have access to community hubs and the contact centre during office hours and community meetings are held regularly

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Continued operation of the Canterbury Earthquake Recovery Authority	2011/12	29,078	37,278	33,816	27,376	30,144

**Policy Advice (M85)**

*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.

*Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,800	4,800	5,300
Revenue from Crown	4,800	4,800	5,300
Revenue from Other	-	-	-

*Reasons for Change in Appropriation*

The increase in the appropriation for in 2012/13 reflects the anticipated increase in policy advice required to support the Minister for Canterbury Earthquake Recovery.

An approval has been received to transfer any underspend in 2011/12 to 2012/13.

*Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
CERA will develop quality policy advice for decision making	Minister satisfied with quality of policy advice delivered	Achieved	Minister satisfied with quality of policy advice delivered



*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Continued operation of the Canterbury Earthquake Recovery Authority	2011/12	4,800	5,300	4,300	3,800	2,800

**Part 2.2 - Non-Departmental Output Expenses****Intended Impacts, Outcomes and Objectives**

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome: Improved economic performance.</p> <p>Impact: Economic Development and Infrastructure Sector - To facilitate the recovery of Canterbury following the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 and the subsequent aftershocks.</p>	Canterbury Earthquake Property Demolitions and Related Costs Compensation

**Canterbury Earthquake Property Demolitions and Related Costs and Compensation (M85)***Scope of Appropriation*

This appropriation is limited to tasks necessary to proceed with and expedite demolitions associated with the Canterbury earthquakes and related compensation to property owners.

*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	132,865	66,922	34,000

*Reasons for Change in Appropriation*

The programme of make safe and demolition activity continues to decline prior to the rebuild and this is represented by a decrease in the appropriation.

An approval has been received to transfer any underspend in 2011/12 to 2012/13.

This appropriation records the gross cost associated with the making safe and demolishing of properties in the Central Business District. A large proportion of these costs are recovered from the property owners or their insurers.

*Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Completion of make safe and demolition programme for the Central Business District	Buildings in the programme made safe or demolished	Achieved	Buildings in the programme made safe or demolished
Properties settled within the residential red zone are demolished	Co-ordination of demolition process agreed and commenced	Achieved	Co-ordination of demolition process agreed and commenced

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Demolition or partial demolition of Central Business District properties	2011/12	87,878	24,000	-	-	-
Demolition of residential red zone properties	2011/12	44,987	10,000	-	-	-

**Summary of Service Providers for Non-Departmental Outputs**

Provider	2011/12 Budgeted \$000	2011/12 Estimated Actual \$000	2012/13 Budget \$000	Reporting Mechanism	Expiry of Funding Commitment
Various contractors through independent verification process	132,865	66,922	34,000	Section 32A	2012/13

The above table summarises funding to be allocated through Vote Canterbury Earthquake Recovery to non-departmental providers, along with an indication of the mechanism to be used for reporting actual performance and (where determined) the length of the funding commitment.

## Part 5 - Details and Expected Results for Other Expenses

### Part 5.2 - Non-Departmental Other Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p><b>Outcome:</b> Improved economic performance.</p> <p><b>Impact:</b> Economic Development and Infrastructure Sector - To facilitate the recovery of Canterbury following the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 and the subsequent aftershocks.</p>	<p>Management of Voluntarily Acquired Insured Residential Red Zone Properties</p> <p>Contribution to Legal Fees</p>

#### Contributions towards legal fees (M85)

##### *Scope of Appropriation*

This appropriation is limited to contributions towards legal fees incurred by property owners in the Red Zones in Canterbury selling properties to the Crown.

##### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,189	2,579	2,000

##### *Reasons for Change in Appropriation*

The decrease in the appropriation reflects the smaller number of red zone settlements anticipated in 2012/13.

An approval has been received to transfer any underspend in 2011/12 to 2012/13.

##### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Settlement of sale and purchase agreements includes contribution to vendors to a maximum of \$750 per property	All red zone property owners receive a contribution to settlement costs	Achieved	All red zone property owners receive a contribution to settlement costs

##### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Contribution to vendor solicitor fees for residential red zone acquisitions	2011/12	3,189	2,000	-	-	-

## Management of Voluntarily Acquired Insured Residential Red Zone Properties (M85)

### Scope of Appropriation

This appropriation is limited to expenses related to third party providers involved in transactions associated with the Crown's acquisition of voluntarily acquired insured residential red zone properties in Canterbury.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	84,729	8,870	10,000

### Reasons for Change in Appropriation

The decrease in the appropriation is temporary, as an approval has been received to transfer any underspend in 2011/12 to 2012/13.

### Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Residential red zone properties cleared and grassed pending decisions on future use in association with insurance companies, Land Information New Zealand and Christchurch City Council	Settled properties cleared	Clearance started	Settled properties cleared

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Red Zone Property Management Costs	2011/12	84,729	10,000	-	-	-

### Reporting Mechanisms

Appropriation	Reporting Mechanism
Management of Voluntarily Acquired Insured Residential Red Zone Properties	Section 32A Report

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

## Part 6 - Details and Expected Results for Capital Expenditure

### Part 6.1 - Departmental Capital Expenditure

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p><b>Outcome:</b> Economic Development and Infrastructure Sector - to facilitate the recovery of Canterbury following the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 and the subsequent aftershocks.</p> <p><b>Impact:</b> Resources in the State sector are effectively and efficiently managed.</p>	Canterbury Earthquake Recovery Authority - Capital Expenditure PLA (M85)

#### Canterbury Earthquake Recovery Authority - Capital Expenditure PLA (M85)

##### *Scope of Appropriation*

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.

##### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	100	25	75
Intangibles	-	-	-
Other	-	-	-
<b>Total Appropriation</b>	<b>100</b>	<b>25</b>	<b>75</b>

##### *Reasons for Change in Appropriation*

The anticipated capital costs for the Canterbury Earthquake Recovery Authority are under continual review. Funding has been approved of \$100,000 in 2011/12, but only \$25,000 is currently planned to be spent on a motor vehicle.

##### *Expected Results*

Initial capital injection will be used for the purchase of a motor vehicle.

## Part 6.2 - Non-Departmental Capital Expenditure

### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p><b>Outcome:</b> Improved economic performance.</p> <p><b>Impact:</b> Economic Development and Infrastructure Sector - To facilitate the recovery of Canterbury following the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 and the subsequent aftershocks.</p>	Canterbury Earthquake Demolition-Related Property Purchases

### Canterbury Earthquake Demolition-Related Property Purchases (M85)

#### *Scope of Appropriation*

This appropriation is limited to the purchase of land and buildings if required for demolition tasks ordered by the Canterbury Earthquake Recovery Authority.

#### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,000	-	1,000

#### *Reasons for Change in Appropriation*

This appropriation was established to provide the necessary funds should CERA be required to purchase properties in order to undertake the demolition of an unsafe property.

An approval has been received to transfer any underspend in 2011/12 to 2012/13.

#### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Purchase of properties to affect demolitions	2011/12	4,000	1,000	-	-	-