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Committee Council
Author Dave Humm, CFO / General Manager, Corporate Services

CentrePort recovery post Kaikoura Earthquake

1. Purpose

To update the Council on the issues arising to the operations of CentrePort Limited (CPL) from the effects of the Kaikoura earthquake and the development of a recovery plan.

2. Background

Role of CentrePort

The port is a key part of the Wellington region's infrastructure and directly and indirectly supports a large number of businesses and employment throughout the region.

The port is a critical piece of infrastructure for the region in the event of a major movement on the Wellington fault. Likely damage to road and rail infrastructure will mean that parts of the region could be cut-off for weeks if not months. Damage to our current utility networks is also likely to mean reticulated water is unavailable for a similar period of time after a major event. The port provides the only suitable deep water port in the region available to quickly bring in emergency supplies, including food and water.

Impact of the earthquake on CentrePort

The Kaikoura Earthquake on 14 November 2016 had a significant impact on the port land as well as day to day port operations and the commercial buildings. This included significant subsidence and lateral movement to areas of reclaimed land, damage to wharves and buildings.

Over the past few months, CPL has managed to recover many of the operational components of the port through alternative working arrangements and temporary repairs. Both ferry services are up and running, although with some access restrictions for Bluebridge ferry traffic; log shipments have resumed; a container service has resumed for ships using their own cranes; and

cruise ships have continued to dock (albeit with no terminal facilities). Work is underway to secure and hopefully reinstate the gantry cranes and to relocate the coldstore.

In terms of commercial buildings, Shed 39 is partially operational; however, Statistics House, Customs House and the BNZ Centre remain closed for further building inspection. Both the former Rugby Union House and Shed 35 are in the process of being demolished and are expected to be cleared by April. The G&A building and Shed 29 are also planned for demolition. The Ministry of Business, Innovation and Employment (MBIE) is expected to complete its investigation in February into the performance of Statistics House in the Kaikoura earthquake; the terms of reference for the MBIE investigation is available at <http://www.mbie.govt.nz/about/whats-happening/news/2016/mbie-releases-statistics-house-investigation-terms-of-reference>.

Wider recovery work

In response to the earthquake, central and local government has been working closely to analyse the impacts on Wellington City and other parts of the region and the reasons for these impacts.

This has included formal recovery management processes, under the provisions of the Civil Defence Emergency Management Act 2002, led by Wellington City Council (WCC) and Hutt City Council (HCC), supported by GWRC. The focus of these processes has been on buildings and the economy.

Central government has started its own Wellington resilience programme, including reviewing the initial response and reviewing departments' business continuity planning. Some short and medium term initiatives to improve the resilience of the region and to improve readiness for any subsequent event have been identified and initiatives are actively being considered for acceleration and action.

The Wellington Lifelines Group has also commenced a major project to examine the vulnerability of the region's utility networks to a major event and how best the resilience of these networks could be enhanced. This is expected to report within a 12 month period.

Port governance

Port Investments Limited (PIL), a 76.9% shareholder of CPL, each year sets out its expectations to CPL by way of a letter of expectation so that CPL can take these into consideration when preparing its annual Statement of Corporate Intent (SCI).

An SCI is a statutory accountability document required by the Port Companies Act 1988. The Act prescribes what is required to be included in the statement and this is also supplemented by the requirements of the Port shareholder.

3. Comment

Getting the port fully operational is critical to the region's economy; however, it is also important in that process to take time to consider: (a) any opportunities to enhance the effectiveness and efficiency of the port; (b) its wider connections to Wellington and Lower Hutt cities and region; and (c) its resilience to future events and its ability to provide emergency access.

In this year's letter of expectations from PIL to CPL a section in the letter was devoted to requesting that CPL develop a recovery plan.

Attached, as **Attachment 1**, is a letter from the Chair of WRC Holdings Group to the Council Chair, informing of the instructions that have been relayed to the Chair of CPL in relation to expectations for CPL to develop a long-term recovery plan focused on enhanced capability and resilience.

Port Investments Limited is scheduled to meet on 28 February to consider the draft CPL SCI for 2017/18. On the same day WRC Holdings Ltd is scheduled to meet to finalise its draft Statement of Intent (SOI) for 2017/18, which includes the draft SOI for PIL.

This meeting of the Council provides the opportunity for the Council to determine comments that it wishes to have conveyed to the Chair of the WRC Holdings Group for taking into account when the draft CPL SCI is being considered and the draft WRC Holdings Limited SOI is being finalised.

Council may want to consider providing comment on taking a broader scope to the planning process by considering a longer-term view of the opportunities for redevelopment of the port. This could include taking a wider view of the role of the port in the region and how its land holdings are best integrated into the urban fabric of the city and region. Taking a longer term view would enable possible future options for the port land and its operations to be taken into account and assist in integrating into other planning processes currently underway, including Lets Get Wellington Moving and the Port Access Business Case. This will require a strong partnership with the regional and city councils and other key stakeholder groups.

4. Communication

Any matters resolved by Council will be communicated by the Council Chair to the Chair of the WRC Holdings Group.

5. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

5.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

The Council is essentially being asked to consider comments it might wish to make to the WRC Holdings Group concerning the development of its draft Statement of intent.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

5.2 Engagement

In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

6. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes that Port Investments Limited has requested in its Letter of Expectation to CentrePort Limited, that CentrePort Limited include the development of a recovery plan in its draft Statement of Corporate Intent for 2017/18.*
4. *Determines any comments it wishes to have conveyed by the Council Chair to the Chair of WRC Holdings Group, to be taken into account by WRC Holdings Limited in finalising its draft Statement of Intent for 2017/18, and by Port Investments Limited in formulating its comments on CentrePort Limited's draft Statement of Corporate Intent for 2017/18.*
5. *Agrees that the Council Chair communicate to the Chair of WRC Holdings Group and the Chair of the CentrePort Board the desire for the planning process to take a longer term view of opportunities for redevelopment of the port and for this work to be undertaken in partnership with the regional council, local councils and other key stakeholders.*

Report prepared by:

Dave Humm
CFO / General Manager, Corporate Services

Report approved by:

Greg Campbell
Chief Executive

Attachment 1: Letter from Chair WRC Holdings to Chair of Greater Wellington Regional Council