

# Australian Political Exchange Council

## Report of the 10<sup>th</sup> Australian Delegation to New Zealand

22 to 28 August 2015



### Delegation

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## Executive Summary

The 10<sup>th</sup> Australian Political Exchange Council delegation to New Zealand undertook its visit between 22 and 28 August 2015. During the exchange, the delegation met with several key political and economic leaders in the cities of Wellington, Christchurch and Queenstown. A broad range of issues were canvassed, each holding an interest to members of the Australian delegation and offering an opportunity to compare the differences and similarities between Australia and New Zealand.

The Australian delegation consisted of representatives drawn from the Australian Labor Party and the Liberal Party of Australia. Each delegate brought a unique and constructive perspective to discussions and benefitted greatly from their experience in New Zealand; discovering something new about a nation that for many Australians is familiar yet holds some crucial differences, both subtle and striking.

The following report explores some of the delegation's findings. The report is a collaborative product of all the members of the delegation. The report will consider some of the key themes that left an impression on the delegation, namely:

- New Zealand's place in the world and its relationship with Australia
- The foundations of the New Zealand economy
- The significance of the tourism industry to the New Zealand economy
- The New Zealand parliamentary system and Mixed Member Proportional (MMP)
- The New Zealand political landscape and its wide array of political parties
- The reconstruction efforts in Christchurch following the devastating earthquake in February 2011.

The delegation would like to thank the Australian Political Exchange Council for the opportunity to participate in this exchange. It was a valuable experience that has left a lasting, positive impression on all delegates. The visit was made all the more successful thanks to the tireless work of the Council representative Ms Suzy Domitrovic, whose organisational skills, advice and patience were of considerable assistance to the delegation.

Finally, we would like to extend our thanks and gratitude to all those in New Zealand who made the delegation's visit a success. We thank the politicians, parliamentary staff, public servants and business people for taking the time out of their busy schedules to meet with us to discuss some of the key issues of interest to the delegation. In particular, we would like to thank Ms Renee Walkinshaw, Mr Michael Carruthers, Mr Oliver Whitehead and Mr Darryl Stevens for their tireless efforts in arranging meetings, transport, accommodation and various other things that ensured the visit ran as smoothly as possible. Your efforts are much appreciated.

## **New Zealand's place in the world and its relationship with Australia**

When Prime Minister Gillard addressed the New Zealand Parliament in 2011, she observed: "Australia has many alliances and friendships around the world. Economic and defence partnerships of every kind. But New Zealand alone is family."

The reference to Australia as "family", or as being like our big brother or sister, was made on a number of occasions in our meetings. Without exception, New Zealanders we encountered – ranging from senior political figures, to shop assistants were not only very friendly towards Australians, but also incredibly knowledgeable about Australia.

Without question, Australia is considered to be the single most important relationship to New Zealand. Elements of this were dissected over many discussions about politics, the economy, security, our people, and of course, our shared interest (and rivalry) in sport.

We were particularly fortunate to spend an afternoon with representatives of the New Zealand Ministry of Foreign Affairs in Wellington, where we discussed our relationship in depth, along with New Zealand's interests in the Pacific, recent Trans Pacific Partnership negotiations and New Zealand's recent experience as members of the UN Security Council.

### **Our relationship - economic**

New Zealand's economy (which is approximately the size of Victoria's) is inexorably linked to Australia. It was over three decades ago (in 1983) that Australia and New Zealand signed the Closer Economic Relations (CER) Agreement, which eliminated tariffs on goods by 1990, created a mutual recognition of occupational standards and created an almost common market in services.

Today, Australia is New Zealand's second largest trading partner, having only been surpassed in 2013 following the recent surge of exports to China (particularly in dairy).

When it comes to foreign investment, Australia is unsurpassed in its linkage to New Zealand, with our country being, both the source of, and destination for, around 50% of their foreign investment.

Such is the importance of two-way foreign investment for New Zealand, that members of the Ministry politely lobbied us on the issue of mutual recognition of imputation credits. This is a policy change they argue would reduce distortions in Trans-Tasman investment, to the benefit of both countries.

### **Our relationship - security**

On the security front, Australia is New Zealand's only formal Defence ally. The Ministry summarised how interoperable New Zealand's Defence assets are with Australia's and how well our countries' defence forces have worked together, most recently in deployments to Bougainville, Timor, Solomon Islands, Afghanistan and Iraq. Of course, our defence ties are also forged in history, with 2015 being the centenary year of the formation of the Australia and New Zealand Army Corps (ANZAC).

While in Wellington, our delegation visited the new Australian Memorial at the Pukeahu National War Memorial Park. We also had the privilege of a guided tour of the outstanding "*Gallipoli: the Scale of our War*" exhibition at Museum of New Zealand Te Papa Tongarewa.

## **Our relationship - people**

The closeness of our countries can be further measured by the movement of our people, with around 1.3 million Australians visiting New Zealand each year and almost as many New Zealanders visiting Australia. Around 600,000 of each other's population are living in the other country at any given time.

In addition to our proximity and the economic opportunity presented by Trans-Tasman trade, this movement of people also reflects the strong affinity felt between our nations. As a Ministry official pointed out with pride, New Zealand consistently tops the Lowy poll of countries to which Australians hold warm feelings.

It was with an even greater pride that we listened to recollections of the more than 300 Australian police arriving in Christchurch within 48 hours of their recent earthquake, to a spontaneous applause at the airport.

Our close ties are nurtured through regular Trans-Tasman visits by our respective Prime Ministers and at least 50 plus Trans-Tasman ministerial visits annually.

## **New Zealand and the Pacific**

Aside from the relationship with Australia, New Zealand's foreign policy is particularly focussed around the Pacific, especially Polynesia. Around one-fifth of New Zealand's approximately 50 foreign posts are located in the Pacific and around 60% of its aid budget is dedicated to these small neighbouring countries.

We discussed with the Ministry, New Zealand's ongoing work to boost prosperity, stability, resilience and environmental sustainability within Pacific Islands. We also discussed New Zealand's present focus on the Pacific Islands Forum, upcoming Fiji elections, developments in PNG (including their hosting of APEC in 2018. and the referendum on independence for Bougainville due before 2020), and co-operative engagement with China, who are increasingly influential in the region.

## **New Zealand and the UN Security Council**

Discussions about New Zealand's membership on the UN Security Council were timely, with an announcement of Australia's bid for membership in 2029 following six weeks after our visit.

New Zealand's current membership followed Australia's membership in 2014, which the New Zealand Ministry said helped give them momentum, with a handover akin to the exchange between members of a "family".

We also discussed New Zealand's UN Security Council Presidency during July, in which they sought to demonstrate New Zealand to be a serious, credible and effective member of the Council, ensuring the Council worked well and to be a voice for small island developing states.

## **New Zealand and Free Trade**

A particular area of interest for our delegation was trade. Given the topical nature of ChAFTA in Australia, some members of our delegation were particularly interested in learning about New Zealand's experience following the signing of the New Zealand-China Free Trade Agreement in 2008, after which exports to China increased four-fold.

Coming less than a month after the Trans-Pacific Partnership negotiations in Maui, our delegation was also interested to hear of New Zealand's perspective and discuss the prospects for success.

On this, New Zealand's TPP Chief Negotiator, David Walker, offered what turned out to be a prescient observation - negotiating the TPP was like trying to land a plane - it had not been successful on the first try but we were now circling, with plenty of fuel for another attempted landing in the near future.

When it came to discussions on trade, it is worth singling out two individuals our group was privileged to meet:

- The Hon Phil Goff MP, the former (Labour) Minister for Trade who signed the agreement with China in 2008; and
- The Hon Tim Groser MP, the present (National) Trade Minister negotiating the Trans Pacific Partnership.

Both Mr Goff and Mr Groser touched on the long, detailed process involved in negotiating such trade agreements and the challenges in bringing stakeholder groups and the general population with them. For Mr Goff, this included the challenge of bringing on board elements of his Party, coalition partners in Government and the union movement. For Mr Groser, the work towards free trade had long predated his parliamentary career. He was one of the early proponents of the Trans-Pacific Strategic Economic Partnership Agreement between Brunei, Chile, Singapore and New Zealand, which was signed while he was Ambassador to the WTO in 2005. It was this agreement on which the 12 TPP negotiating countries have since sought to expand.

Despite the challenges in pursuing free trade agreements, both the National and Labour parties have maintained a history of bipartisanship. This is a credit to both parties and to dedicated Trade Ministers like Phil Goff and Tim Groser.

## **New Zealand's economy**

New Zealand's economy is a highly driven competitive economy with exports accounting for approximately 30% of its Gross Domestic Product. Agriculture and tourism make up the bulk of exports and the nation is one of the top five dairy exporters in the world.

Given New Zealand's reliance on exports, trade is vitally important to this small nation of four million people. In 2008, one of the final acts of the Helen Clark Labour Government was to sign a Free Trade Agreement (FTA) with China, boosting its dairy exports to China. This also saw New Zealand become the first OECD nation to sign an FTA with China.

What was interesting when speaking with the Trade Minister was his account of what that particular FTA with China had done for the New Zealand economy during the Global Financial Crisis (GFC). New Zealand was struck by the GFC like most other OECD countries. In fact, when the GFC occurred, New Zealand was already in recession. The country's official cash rate was at a staggeringly high 8.25%. This meant that when the GFC hit, New Zealand's Reserve Bank had plenty of room to cut interest rates to bolster demand in the economy, unlike other central banks elsewhere, which have reduced rates to close to zero.

However, according to Minister Groser, the FTA agreement with China was a big part of the nation's relatively quick rebound out of recession following the GFC. Based on the New Zealand Treasury's most optimistic forecasts at the time of signing the agreement in 2008, the benefits of the China FTA for New Zealand have been 11 times greater. It is unsurprising the New Zealand free trade deal with China enjoys bi-partisan support.

The 2011 Christchurch earthquakes had a tragic effect on the New Zealand psyche. The lives lost and damage sustained to the city were immense, and the economic impact was equally substantial. In all, the New Zealand Government estimates that \$45 billion will be spent in total recovery costs and rebuilding will continue for many more years. However, with this rebuild comes economic stimulus and employment. Elsewhere in this report, we discuss the delegation's visit to Christchurch, but it is inescapable to mention the massive stimulatory effect the Christchurch rebuild is having on the New Zealand economy as a whole.

Lastly, New Zealand's economy has benefitted from major taxation reform, stemming from the late 1980's and continuing under Prime Minister John Key's governments. The Key Government has increased the GST rate to 15% from 12.5%. The highest income tax rate has been lowered from 39% to 38% and now sits at 33% (for incomes over \$70,000). There are plans to cut this tax rate further. Middle-income (\$48,001 - \$70,000) taxation is 17.5%. New Zealand also has no tax-free threshold.

Company tax (or corporate tax) has gone from 39% and now sits at 28% to be paid on all profits and New Zealand has no land tax, nor does it have Capital Gains Tax on property, though the Government plans to introduce CGT on 1 October 2015.

Despite hurdles such as the GFC and major natural disasters, New Zealand's economic model based on free trade and lower taxation has seen the country's fiscal position strengthen in relation to other comparable nations.

## **Significance of Tourism to the New Zealand Economy**

Tourism is New Zealand's second largest export earner with Australia its number one tourist market, followed by China. New Zealand generates approximately \$1.4 billion in direct spending from local and international visitors. For a country so far from many and with an estimated resident population of just 4.6 million, in comparison to Australia's 23.7 million, the government and tourism boards of New Zealand continue to work together to make it a destination for the world.

As Australia's neighbour, New Zealand as a vacation destination continues to increase in popularity. Tourism and ease of travel, facilitated through the Trans-Tasman Travel Arrangements of 1973, between the two countries is a key part of our relationship.

While in New Zealand's tourism capital of Queenstown, the delegation had the pleasure of speaking with Destination Queenstown - the local Regional Tourism Organisation. As we learnt, the body Destination Queenstown is unique. It is self-funded through a commercial ratepayer tourism levy. This is unlike other local tourism boards around New Zealand that generally have an attachment to a local council. The local community and business involvement in Queenstown's promotion has seen \$1.4 billion direct spend from visitors to the area. Destination Queenstown provided the delegation

with an insight into how the gateway to the Southern Lakes Region has become the fastest growing airport in Australasia and is working as a community to promote the unique destination.

Queenstown has a population of just over 20,000 people, yet over two million visitors come through their airport every year. In fact, local MP Todd Barclay told the delegation that though Queenstown Airport had recently been upgraded just last year in 2014; new upgrades were already being designed due to the growing amount of tourists coming through.

It seems as though Queenstown was always destined for tourism. It was first settled for farming in 1860 and once gold was discovered there in 1862, an influx of wealth hunters descended on the town. By 1900, the gold rush was over and new industry was being sought. It became a summer getaway spot for New Zealanders until Coronet Peak, Queenstown's first ski slope, was developed in 1947, which saw the town attract visitors in the winter. By the 1970's, the international airport had opened and soon after, adventure tourism really took off, with jet boating and bungee jumping becoming popular attractions.

Australia is Queenstown's main source of tourism, with 60 flights a week from the East Coast of Australia arriving for adventure tourism or a quiet getaway. There are plans to introduce an ILS to the Queenstown Airport so as to take in evening aircraft arrivals. Due to surrounding mountains, the iconic Remarkables, aircraft are currently unable to land after dark. This would boost weekend visitors from Australia's East Coast.

The effective industry and tourist board partnerships have had a significant impact on tourism growth. This partnership has built a reputation that starts before you even land on New Zealand soil. A unique experience in travelling to, from, or within New Zealand is a flight on the national carrier, Air New Zealand. Their inflight safety videos attract worldwide attention for their use of some of the more well-known features of New Zealand such as sporting personalities, movie characters and stunning scenery.

Queenstown is not just about providing adventure to tourists. The delegation was given the opportunity to listen and witness how Queenstown is playing a key role in training the next generation of New Zealanders and international students to become professionals in the tourism sector. The delegation had the opportunity to meet with the Chief Executive and some of the students of Queenstown Resort College (QRC). QRC is New Zealand's premier Tourism and Hospitality Management College providing courses in hospitality.

QRC began educating students in 2006 and has a 90 completion rate. Established as a product to suit the environment, the organisation recognised that many students leave Queenstown to study elsewhere in New Zealand, therefore it had to be an attractive product with a long term aim to establish QRC and Queenstown as a study destination. It was very clear that QRC takes great pride in the students that graduate from their courses. They make every effort in ensuring their students are professional in presentation and attendance. They provide unique internship opportunities overseas for their students, for example in resorts on both Hayman and Hamilton Islands, with 80% of the most recent graduating class returned to employment at their internships. The success and reputation of the college for producing industry ready graduates has seen QRC educational training involvement expand to the north island of New Zealand and into Malaysia.

It was a pleasure to have morning tea with five very well-presented students with management level aspirations in the domestic and international hospitality field. From across New Zealand they had each chosen to attend QRC to learn skills and gain the experience to provide quality service to visitors when they graduate, whether being a domestic or overseas location. It was encouraging to see such passion and enthusiasm from the students for their chosen career.

With growing development in Queenstown and across New Zealand it was encouraging to see a local college invest in building a skilled workforce to support the future New Zealand tourism industry.

Whilst Queenstown was our first destination and more closely associated with tourism, New Zealand in general is a popular tourist destination. Tourism is clearly important to the sustainability and growth of the country and is something both national and local government take seriously by developing long term plans to continue to grow New Zealand into a worldwide tourism destination.

## **The New Zealand parliamentary system and MMP**

The New Zealand parliamentary system differs in significant ways from Australia. The following section of the report explores some of the key differences.

### **Mixed Member Proportional (MMP) voting system**

MMP voting system is a key feature of the unicameral parliament in New Zealand. The system was put in place in an attempt to balance the lack of upper house by creating the need for negotiation with minor parties.

The MMP system essentially involves an election of approximately half the MPs via constituency electorates and the remainder through an additional list from a national pool of candidates elected by party. This system aims to result in every party acquiring a number of seats proportional to their national popular vote. This system allows for a number of smaller parties to be elected into parliament as the threshold for entry via the list is low.

The result is that though parliament is still dominated by a main left (Labour) and a main right (National) parties, neither has been able to achieve an outright majority since the first use of MMP in 1996. Other parties like the Greens, New Zealand First and Maori parties are elected in reasonable numbers because of this system.

The list system creates more efficient campaigning abilities for the minor parties as they do not need to expend significant resources to win seats by constituency electorate. To be eligible to receive MPs from the list, a party must win either 5% of the list vote or win one constituency seat.

### **Function of Unicameralism**

The physical location of the New Zealand Upper House now serves as a function venue for the Parliament having been abolished in the 1950's. The MMP system attempts to provide a restraint on the legislature from going to extreme by requiring negotiation between parties but does see Bills move through at a more rapid pace than other jurisdictions such as Australia.

It would seem the attitude in the New Zealand Parliament is a greater focus on ensuring legislation is negotiated and crafted before entering the system to avoid it being struck back. While in parliaments such as Victoria, legislation would be amended and altered through either the lower or upper houses thus creating delay, the lack of an upper house seems to make the New Zealand Government more cautious about how and in what form legislation is introduced.

It would seem that unicameralism is functional but given its relatively limited operational period it is yet to be seen whether any examples of Government overreach will occur in a system that on paper could be exploited due to the lack of an Upper House restraint.

## **Supply arrangements, Parliamentary relationships and communication**

When meeting with the governing National Party or the minor parties such as the Greens or Maoris, there was a strong focus on the need to communicate to avoid issues. Part of this communication is regular meetings between the Prime Minister's Chief of Staff and the Chiefs of Staff from the minor parties. These meetings help maintain relationships and identify any problematic issues.

The Government acknowledged the need for minor parties to maintain their independence given their range of niche issues that they have been elected to pursue. As an outright majority is difficult to obtain in the MMP system, the first objective is to establish agreements of supply.

The current National Party Government has supply agreements with multiple minor parties (even though they are not all required to secure supply) which helps create multiple dialogs with these parties. Following this, the Government has a range of other agreements to extend freedom to these parties to oppose government Bills in certain situations.

Unlike conventional coalitions familiar to Australians, where a party would be seen to be 'breaking ranks', these parties are not chastised when they pursue these positions. This was something that minor parties such as the Maori party appreciated and spoke of very positively, and in fact examples were cited when they were allowed to take a different position to the Government to the extent that they believe the public now accepts their right to do this.

## **Petitions and Select Committees**

Petitions from citizens go to the Select Committees for review prior to proceeding to Parliament. The Office of the Clerk is responsible for managing this process and there are around 300 per Parliament.

The basic requirements are that Parliament is able to act on the issue (with the bounds of allowed legislation) and requires the petitioner's signature and that of a constituency MP. There is concern that not many members of the public are aware or fully understand the petition process and the Parliament is looking at ways of making the system easier. They are investigating other systems, such as the US model, for further inspiration on methods of petitions.

An interesting feature is that 10% of the public can cause a non-binding referendum to be called with the last one being in 2011.

## **Co-Leadership**

A unique aspect of New Zealand parliamentary arrangements was the existence of co-leadership arrangements within minor parties. The Maori and Greens both had co-leaders with a female and male leader. When asked, it was not clear how this arrangement actually functions in the event of a difference of opinion. There was no veto power of either leader meaning the ability to make decisions would depend on the leaders' support within the party room.

What would be a concern is that this arrangement would not function well in a governing situation and seemed best placed for the minor parties. A Prime Minister would need to make executive decision and it would be a concern that a co-leader arrangement would hamper this ability to act promptly.

## **The New Zealand political parties**

Currently there are 121 members of the New Zealand Parliament.

After the November 2014 election, National held 60 seats (41 electorate, 19 list), Labour 32 (27 constituent and 5 list), Greens 14 (all list), NZ First 11 (all list), Māori Party 2 (one of each) ACT Party (one constituent) and United Future (one constituent) one each.

A by-election in March 2015 in the National held seat of Northcote resulted in the Nationals losing the seat to New Zealand First – the Nationals currently have 59 seats and New Zealand First have 12.

The National Party are in Government with the support of the Māori Party, Act NZ and United Future which provides the Key Government with 63 of 121 seats.

## **How the MMP influences the way political parties operate and interact**

As discussed above, New Zealand uses a MMP voting system. Since the MMP system was adopted in 1996, no party has governed without the assistance of a coalition partner.

We met with representatives of the National Party and several of their governing partners - the ACT Party and Māori Party, along with the formal opposition, the Labour party and second largest opposition party, The Greens.

## **Leadership election model**

In our meetings with leaders from the Greens and the Māori Party, Ms Marama Fox of the Māori Party and the Greens male co-leader Mr James Shaw, both outlined how their co-leadership model worked. Both the Greens and the Māori Party elect their leaders by a ballot of delegates at their party conferences, however Ms Fox was automatically elected as female co-leader of the Māori Party because she is their only female MP.

The Labour Party has one leader, elected by a vote weighted 40% to party members, 40% caucus and 20% of affiliated unions. After the 2014 election Andrew Little was elected leader in a four-person contest. The National Party last had a leadership ballot in 2006 - only members of parliament voted and chose John Key to lead them.

## **Labour and National**

Both the Labour and National Parties are similar in ideology and policy to their Australian equivalents – the Australian Labor Party and Liberal Party of Australia.

Our meeting with the Labour Party was attended by caucus members and the Director of Communications, Neil Jones. Mr Jones said in Labour's view 'the Kiwi dream' of buying an affordable house and getting a good job was slipping out of reach for many New Zealanders. He outlined how Labour would develop a narrative and complementing policy around this theme to be communicated to the electorate.

Our meeting with Mr Wayne Eagleson, Prime Minister Key's Chief of Staff, and his Nationals colleague's identified several important factors which have contributed to Prime Minister Key governing well and being rewarded with three consecutive election victories.

They believe the core to his success with the population is his likeability and ability to keep his promises. They also said the relationships with the smaller parties were vital to their ability to govern. Mr Eagleson spoke about a 'no surprises' clause in their agreements with the smaller groups which means they must tell the National members how they will vote before they walk into the chamber and cast a ballot.

### **Māori Party, ACT Party and The Greens**

The Māori Party was formed in 2004 after Labour Māori MPs left the party in protest over a dispute about Māori claims to ownership of the seabed and foreshore.

The delegation met with female co-leader Ms Marama Fox who described how minor parties now provide support agreements with the major parties that guarantee supply and confidence in the house, but give them the right to vote against government legislation. For example, the Māori Party disagreed with a government social housing policy and voiced their opposition, but they take a pragmatic view that they can achieve more when they support the government and can influence their decisions.

Ms Fox noted the Māori Party secured nearly \$800 million from a recent budget for more welfare expenditure, the biggest rise in payments in 43 years. This policy was motivated to improve the plight of Māori children who Ms Fox says are the main recipients of welfare payments, but the payments for all children regardless of ethnicity were raised.

In our meeting with David Seymour, the lone ACT Party MP (a free market, right leaning party), he credited the weekly relationship building meetings hosted by Key's office. This allows any issues to be resolved quickly and builds, maintains and strengthens relationships between Key's office, the government and their allies.

The delegation met with the Greens male co-leader James Shaw. The Greens are similar to ideology with the Australian Greens and several of the NZ Greens attended the recent Australian Greens national conference. Mr Shaw spoke in detail about the Greens being ready to govern and the expectation from the Greens to be given cabinet seats proportionate to their parliamentary representation. t

### **Speaker and MMP**

The MMP system also helps improve the perception the Speaker of the House is truly independent, despite the Speaker being drawn from either Labour or National since the MMP system has been used.

The delegation was privileged to be hosted for dinner by the Speaker of Parliament Mr David Carter. During dinner, the Speaker explained he is a list MP so he is not responsible for a constituency. This allows the Speaker to be truly independent in their parliamentary rulings by abstaining from their party room meetings to give the public confidence they are independent. The Speaker said the recent trend was for the Speaker to be allocated the third spot on their parties list, usually behind the leader and deputy leader of the party.

## **Christchurch Earthquake: Response and Recovery**

The delegation visited Christchurch to learn and observe how the city had dealt with the aftermath of the February 2011 earthquake which claimed the lives of 185 victims.

### **Response to the Earthquake**

The earthquake caused extensive destruction to Christchurch, in particular the CBD was devastated. The immediate focus in the wake of the earthquake was search and rescue operations. Medical assistance for the injured, shelter and welfare support for those rendered homeless also became a top priority. Building safety and evaluation took place soon after so as to allow those who could return home to do so. Public information was also broadcast to the Christchurch population to ensure residents were able to access essential services or to simply keep the populace informed of events as they unfolded.

The earthquake also saw the impromptu emergence of two new groups offering assistance following the quake: the 'Farmy Army' and the 'Student Army.' The Farmy Army consisted of farmers from the surrounding region who brought their own farming equipment into Christchurch and aided response efforts. The Student Army consisted of student volunteers from the nearby University of Canterbury, who without prompting or encouragement, took it upon themselves as an act of civic duty to assist in whatever way they could. These groups provided an estimated 75,000 hours of voluntary work. The Student Army is still in existence and a popular club at the University of Canterbury.

The New Zealand government introduced an 'Earthquake Support Subsidy.' This subsidy paid employers, who intended to resume their business following the earthquake, a portion of the wages of their employees. The Mayor of Christchurch, Lianne Dalziel, credited this policy for relieving pressure on both employers and employees during a time when the focus of all was on survival and rebuilding. It ensured that employers were not forced to dismiss their workers as a consequence of the enforced closure of business due to the earthquake, thus preventing an exacerbation of an already serious situation.

Christchurch City Council moved quickly to restore basic services. Electricity was restored within weeks. Aid groups were quickly on the scene, ensuring the situation in Christchurch did not degenerate to third world levels.

### **Reconstruction Efforts to Date**

The delegation undertook a tour of the city ruins. Entire city blocks remain in rubble or serve as vacant lots used as car park locations. Many stone buildings, including the Canterbury Council buildings collapsed. Significant local landmark and tourist attraction, the Christchurch Cathedral, sustained major damage.

Yet signs of recovery are unavoidable. Christchurch is a teeming centre of truly impressive reconstruction activity. Unemployment is estimated to be in the vicinity of 3%. Buildings that survived the earthquake are being retrofitted to be better suited to sustaining earthquakes. Christchurch has become a world leader in the development and implementation of damage limiting structural systems able to absorb ground movement thus reducing damage to buildings induced by earthquakes. Indeed, Christchurch has acquired great expertise in making buildings earthquake resistant (up to a certain level on the Richter scale) with Canterbury University being one of the few universities globally to offer courses in earthquake engineering.

The reconstruction efforts are overseen by the Canterbury Earthquake Recovery Authority (CERA). Established by the New Zealand government, CERA was intended to lead and coordinate the process of reconstruction. In practice CERA has taken a top-down approach which has had the effect of speeding up the process of reconstruction. To this end, some of the Christchurch City Council's powers were assumed by CERA. A prime example is planning powers that have circumvented normal planning processes with the aim of hastening reconstruction. CERA has reduced the level of planning regulations and taken away the right of residents to delay developments via objections. Additionally, these powers were essential in rezoning and redesigning the city for a more functional objective.

The earthquake offered an opportunity to redesign the city so that it could be a more compact location. Previously, Christchurch was deemed to sprawl, without any connectivity between various activity precincts. However, the redesign of the city is hinged on a set of activity precincts, for example, a health precinct, a retail precinct, an administrative precinct and so on, with all development within those defined areas confined only to activities to be pursued in those areas. Additionally, a so-called 'red zone' has been delineated where reconstruction is not to take place. The territory within the red zone is deemed unsafe for any form of development and will be cleared of all structures, leaving the red zone vacant land and for use as open space. Up to 7,000 properties are said to have fallen within the boundaries of the red zone.

Public utilities have also been retrofitted to better sustain earthquake damage. Some had been retrofitted prior to the 2011 earthquake – one example was an electricity sub-station owned by Christchurch City Council which had been retrofitted for a cost of \$6 million but saved \$60 million in reconstruction costs. Power was restored to the city within three weeks. Indeed \$3 billion has been spent on repairing pipes and roads damaged in February 2011. According to the Mayor of Christchurch, there remains at least 8 years (though possibly as much as 20 years) of reconstruction work left.

However much of the reconstruction financing is drawn from private sources. An estimated 80% of money spent on the recovery process will be from private sources. Insurance coverage only took effect if the damage in one single event caused \$100,000 of damage. This created problems for property owners where damage was less than \$100,000, with some insisting the damage was greater than the assessed amount.

The earthquake has left an unmistakable imprint on the city, even where reconstruction efforts are well advanced. Quake City, a museum commemorating the earthquake, has opened and serves as a reminder of the earthquake and its consequences. It has received over 100,000 visitors since opening and focusses on the impact, response and future development of the area effected by the earthquake. Among its exhibits are wreckage from the quake, personal effects of its victims found among the rubble and an exhibit demonstrating the naturally occurring phenomenon known as liquefaction, which has caused great damage to buildings and infrastructure in Christchurch in the period following the earthquake. Additionally, Quake City pays tribute to the hundreds of volunteers who assisted the city to recover from the earthquake, among who are counted approximately 360 Australian volunteers.

Quake City is itself situated in a location called Re:STRAT, a unique retailing experience where businesses operate out of shipping containers. The Re:STRAT precinct represents a desire on the part of local traders, and indeed the broader community, for a return to some semblance of normalcy following the destruction induced by the earthquake. Impatient for the construction of new buildings to house retailers (believed to take years to complete), and believing Christchurch needed to bring people back into its CBD, the city's Property and Building Owners group kicked off the project. It has been a success – starting with 27 businesses in October 2011, it currently hosts over 50. Had this initiative not taken place, the Christchurch CBD would be lacking any non-construction based economic activity as approximately 80% of the CBD was ruined by the earthquake. Yet thanks

to the Re.START project the CBD's economic revival has started years before it would have otherwise taken place.

## **Conclusion**

Our delegation left New Zealand with a much deeper understanding about how New Zealanders see the world and about the factors that underpin our important and strong relationship.

We also left with warmth and pride, that these factors combine to make us not just friendly neighbours, but family.