



16 May 2017

Mr Peter Hughes
State Services Commissioner
State Services Commission
PO Box 329
Wellington 6140

Dear Peter

Allegations made against three former CERA staff

In early April the State Services Commission (SSC) raised with me allegations that were made against three former staff of the Canterbury Earthquake Recovery Authority (CERA). These allegations surfaced during the investigation undertaken by Mr Michael Heron QC into conflicts of interest regarding former CERA staff Mr Simon Nikoloff and Mr Gerard Gallagher.

I am writing to inform you that, having looked into the matters raised, I have found no basis to the allegations.

As you recall, I was advised that Mr Nikoloff and Mr Gallagher told Mr Heron there were other individuals at CERA who had significant private interests and dealings that may also warrant investigation.

As the Chief Executive of the Department of the Prime Minister and Cabinet, which had responsibility for CERA during that time, you asked me to make an assessment as to whether a full SSC investigation was necessary.

While these allegations were unspecific and unsupported by corroborating information, I took them seriously but was mindful there may not be any substance to them.

As a result, my staff from the Department of the Prime Minister and Cabinet (DPMC) made a range of enquiries and collected and considered documents pertinent to the allegations. To strengthen the enquiries already being made by my staff, Beattie Varley Limited (BVL), was contracted to provide independent expertise and assurance of a thorough investigation.

BVL was asked to:

- a. provide advice on the methodology and scope of document search;
- b. complete any remaining pre-investigation enquiries;
- c. interview the various parties and their ex-managers if necessary; and
- d. reach a view and advise as to whether further investigation work was warranted.

Our approach was consistent with the methodology employed in similar investigations by other agencies. It included a range of interviews, reviewing publicly available information and other relevant CERA records.

In the interviews that BVL conducted, they found people to be cooperative and open in answering questions and they were also willing to provide any further information if it was considered necessary.

Investigators from BVL also spoke to Mr Gallagher and Mr Nikoloff who could not expand on their written submissions at their interviews with Mr Heron and advised that they had no specific knowledge in support of the allegations made.

Based on the work of DPMC and BVL, I am satisfied that the allegations raised have been thoroughly investigated and I have concluded that no further investigation is warranted.

It would, of course, be appropriate for me to reconsider this decision if new information was to become available.

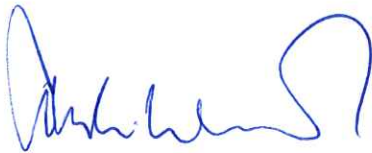
DPMC is advising all the relevant parties that I do not intend to look into this matter further.

Given the public interest in the matters raised and the need to ensure that people's trust and confidence in the public service is maintained, I intend to make a public statement regarding the conclusion I have reached.

I will not be making public any of the names, titles or roles of the three individuals to whom the allegations relate. I will release part of the BVL report, but will not release the full report as this would easily lead to identification of the individuals concerned.

I intend to publicly release this letter along with a media statement regarding the investigation. I would be grateful to receive your views on the matter.

Yours sincerely



Andrew Kibblewhite
Chief Executive, Department of the Prime Minister and Cabinet