

[REDACTED]
b(2)(a)

From: [REDACTED] b(2)(a)
Sent: Wednesday, 8 September 2010 1:08 p.m.
To: [REDACTED] b(2)(a) (MIN); [REDACTED] b(2)(a) @treasury.govt.nz;
[REDACTED] b(2)(a) @dpmc.govt.nz
Subject: EQC Memo to Minister
Attachments: Memo to Minister 8.9.docx

Hi,

As for yesterday, the changes are highlighted in yellow.

Cheers,

[REDACTED] b(2)(a)



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 8 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers: 29,678 as at 12pm. Total claim numbers are anticipated to be 100,000*. Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Very high loads on EQC's 3 call centres. (On Sunday of the 5,000 calls to the centres, 2,000 callers hung up before their calls were answered.)
- Currently all 3 call centres operating at full capacity (110 staff in total).
- In addition, there are 70 Datacom and ACC call centre operators currently answering EQC calls.
- Wellington Emergency Management Office and the Wellington City Council have offered up to 30 call centre seats, Salmat 50, National Bank 24 and Westpac 20. Arrangements are currently underway to begin training these operators.
- Message for claimants: Lines are still very busy and, as there is plenty of time in which to lodge a claim, people with non-structural damage can wait before lodging their claim.

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt)
 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as their claims are lodged.

4. Field Offices

- Three offices will be opened in Canterbury shortly:
 - First office to be opened by the end of this week (9-11 Deans Avenue).
 - Second two or three days later.
 - The third a week after that.
- More will be required. There will eventually be more than 10 field offices at various locations around the region, each with around 40 staff.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.

- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- 22 Australian loss adjusters will be part of this first wave of field staff.
- The locations for the second and third offices have been identified and arrangements will be finalised in the next day or so.
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- In advance of the field offices opening, 7 EQC personnel – including 3 loss adjusters and 1 geotech engineer – are currently on the ground in the Christchurch area looking at uninhabitable and non-weatherproof homes, to help set the priorities for the field office staff.
- Today a further 36 personnel are in Christchurch in training.
- By Friday all 36 trained personnel will be in the field.

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 18 staff are in place in the GB offices and are now processing claims, so the field staff can start on claim resolution as soon as the field offices open.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first cheques will be paid to claimants on Monday or Tuesday next week.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.
 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.

7. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- TVNZ and TV3 running EQC information notices.

EQC Chairman Michael Wintringham: 9(2)(a)

EQC Chief Executive Ian Simpson: 9(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 8 September 2010 4:26 p.m.
To: 9(2)(a)@treasury.govt.nz
Subject: FW: Canterbury Building Society's current and previous legal names

Hi Juston,

Ian Simpson has asked me to forward you this email . Could you please get back to him ASAP. His number is 9(2)(a)
9(2)(a)

Kind regards,

9(2)(a)
Communications Adviser

From: 9(2)(a)
Sent: Wednesday, September 08, 2010 3:13 PM
To: 9(2)(a) - CBS Canterbury
Cc: 9(2)(a) - CBS Canterbury; 9(2)(a)@gbtpa.com.au; 9(2)(a)
Subject: RE: Canterbury Building Society's current and previous legal names

Thank you for this message.

We will be requesting confirmation where payments are to be directed for all claims where a mortgage is held for the identities below. We will require a response within 7 days failing a response a cheque will be posted immediately and the owner of the property will be advised where the payment has been sent.

Please confirm the postal address for all cheques.

Regards

9(2)(a)

From: 9(2)(a) - CBS Canterbury [mailto:9(2)(a)@cbscanterbury.co.nz]
Sent: Wednesday, 8 September 2010 2:58 p.m.
To: 9(2)(a)
Cc: 9(2)(a) - CBS Canterbury
Subject: Canterbury Building Society's current and previous legal names

Good afternoon 9(2)(a)

Thank you for your phone call. Please include all these entities within your system, with payment level set at \$0 until further notice for:

Canterbury Building Society

Ashburton Building Society
Ashburton Permanent Building Society
Loan & Building Society
The Sydenham Money Club
SMC Building Society
Sydenham & Suburban Cooperative Money Club

Please note key point of contact for the EQC is :

9(2)(a)
Credit Manager
CBS Canterbury
Direct 9(2)(a)
Mobil

Thank you for your assistance.

Regards

9(2)(a)
General Manager Sales and Marketing
CBS Canterbury
Direct Dial 9(2)(a)

For great rates check our website 'www.cbscanterbury.co.nz'

This message and any attachments may contain privileged and confidential information.
If it is not intended for you please notify us immediately, destroy it and do not copy, disclose or use it in any way

[REDACTED]
b(2)(a)

From: [REDACTED]
Sent: Wednesday, 8 September 2010 4:41 p.m.
To: [REDACTED]@treasury.govt.nz
Subject: FW: RE: Canterbury Building Society's current and previous legal names
Attachments: RE: Canterbury Building Society's current and previous legal names

Hi Andrew,

Here's the email I mentioned on the phone.

Kind regards,

[REDACTED]
b(2)(a)
Communications Adviser

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, September 08, 2010 4:21 PM
To: [REDACTED]
Subject: FWD: RE: Canterbury Building Society's current and previous legal names

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 8 September 2010 3:13 p.m.
To: 9(2)(a) - CBS Canterbury
Cc: 9(2)(a) - CBS Canterbury; 9(2)(a)@gbtpa.com.au; 9(2)(a)
Subject: RE: Canterbury Building Society's current and previous legal names

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Subject: Canterbury Building Society's current and previous legal names

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- Ashburton Building Society
- Ashburton Permanent Building Society
- Loan & Building Society
- The Sydenham Money Club
- SMC Building Society
- Sydenham & Suburban Cooperative Money Club

Please note key point of contact for the EQC is :

9(2)(a)
 Credit Manager
 CBS Ca 9(2)(a)
 Direct 9(2)(a)
 Mobile 9(2)(a)

Thank you for your assistance.

Regards

(b)(2)(a)
General Manager Sales and Marketing
CBS Canterbury
Direct Dial (b)(2)(a)

For great rates check our website 'www.cbscanterbury.co.nz'

This message and any attachments may contain privileged and confidential information.
If it is not intended for you please notify us immediately, destroy it and do not copy, disclose or use it in any way

[REDACTED]
b(2)(a)

From: [REDACTED] b(2)(a)
Sent: Thursday, 9 September 2010 12:40 p.m.
To: Juston Anderson [REDACTED] b(2)(a)@treasury.govt.nz
Subject: EQC letter to Minister from EQC Chair
Attachments: SC4500235210090912350.pdf

Juston

Letter to the Minister regarding change to Investment Direction.
Who else do we need to send it to?

Thanks

Phillip

From: [REDACTED] b(2)(a)@eqc.govt.nz [mailto:[REDACTED] b(2)(a)@eqc.govt.nz]
Sent: Thursday, 9 September 2010 12:55 p.m.
To: [REDACTED] b(2)(a)
Subject: Message from C45002352



9th September, 2010

Hon Bill English
Minister in charge of the Earthquake Commission
Parliament Buildings
WELLINGTON

Dear Minister

As you are aware, as a result of the Canterbury earthquake of 4 September 2010, the Earthquake Commission will be making significant earthquake damage payments, certainly in excess of \$1 billion.

To meet the payments the Commission will, in consultation with the Treasury, follow a staged process to liquidate its holdings in global equities. This will result in considerable short term liquidity as the proceeds are held in bank bills, and other short term securities, prior to being drawn upon for earthquake damage payments.

The Responsible Minister's current direction on the investment portfolio limits of the Natural Disaster Fund sets a cap of \$250 million on EQC's holdings of bank bills.

As this cap will be exceeded, I request your agreement to modifying the Commission's investment limits to enable the Commission to maintain the liquidity required to meet its financial obligations to those affected by the earthquake. In particular I request:

- No set limits to the amount of bank bills we may hold during the process of meeting claims; and
- The flexibility to hold other bank securities, including deposits, over the same period.

I propose that, should you agree to this change to the Minister's direction:

- This change be for one year, but reviewable after 6 months;
- That the current conditions set out in EQC's Statement of Investment Policies, Standards and Procedures will apply viz. that the proceeds will be held only in Banks which are registered under the Reserve Bank of New Zealand Act and have a short term credit rating of A-1 or higher; Prime 1 or higher; and if rated by both Moody's and Standard and Poors, ratings from both which equal or exceed the foregoing ratings.
- That the funds be spread across a range of banks to reduce both Crown risk and market distortion.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Wintringham', written over a horizontal line.

Michael Wintringham

Chair Earthquake Commission

Earthquake Commission

Level 20, Majestic Centre, 100 Willis Street, Wellington, New Zealand

Corporate Mail: PO Box 790, Wellington

Claims Mail: PO Box 311, Wellington

Telephone: (04) 499-0045 Fax: (04) 499 0046

www.eqc.govt.nz

[REDACTED]
b(2)(a)

From: [REDACTED] b(2)(a)
Sent: Thursday, 9 September 2010 12:56 p.m.
To: [REDACTED] b(2)(a) (MIN); [REDACTED] b(2)(a) @treasury.govt.nz;
[REDACTED] b(2)(a) @dpmc.govt.nz
Subject: Memo to Minister 9.9
Attachments: Memo to Minister 9.9.docx

Latest memo.

Cheers,

[REDACTED] b(2)(a)



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 9 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers: 36,088 as at 12.30pm. Total claim numbers are anticipated to be 100,000*. Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Very high loads on EQC's 3 call centres. (On Sunday of the 5,000 calls to the centres, 2,000 callers hung up before their calls were answered.)
- Currently all 3 call centres operating at full capacity (110 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 70 Datacom and ACC call centre operators currently answering EQC calls.
- Wellington Emergency Management Office and the Wellington City Council have offered up to 30 call centre seats, Salmat 50, National Bank 24 and Westpac 20. We are currently training these operators.
- Message for claimants: Lines are still very busy and, as there is plenty of time in which to lodge a claim, people with non-structural damage can wait before lodging their claim.

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged (approx 800 claimants contacted to date).

4. Field Offices

- Three offices will be opened in Canterbury shortly:
 - First office to be opened by the end of this week (9-11 Deans Avenue).
 - Second two or three days later.
 - The third a week after that.
- More will be required. There will eventually be more than 10 field offices at various locations around the region, each with around 40 staff.
- The offices will contain the field staff who will inspect properties and resolve claims.

- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- 22 Australian loss adjusters will be part of this first wave of field staff.
- The locations for the second and third offices have been identified and arrangements will be finalised in the next day or so.
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 14 EQC estimators and loss adjusters on the ground this morning
- This afternoon a further 22 will be on the ground.
- Tomorrow there will be a further 25 personnel in training in Christchurch.

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 18 staff are in place in the GB offices and are now processing claims, so the field staff can start on claim resolution as soon as the field offices open.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first cheques will be paid to claimants on Monday or Tuesday next week.

6. Cash Flows

- The Commission will start receiving maturing investments on Wednesday next week and this will be followed by a steady flow of other investment redemptions (primarily global equities).

7. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.
 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - Started discussions with IRD about obtaining tax exemptions for Australian and other offshore loss adjusters.

8. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- TVNZ and TV3 running EQC information notices.

EQC Chairman Michael Wintringham: 9(2)(a)

EQC Chief Executive Ian Simpson : 9(2)(a)

b(2)(a)

From: Ian Simpson
Sent: Thursday, 9 September 2010 10:06 p.m.
To: b(2)(a)@treasury.govt.nz; b(2)(a)@med.govt.nz;
b(2)(a)@med.govt.nz; b(2)(a)@dbh.govt.nz
Cc: b(2)(a); b(2)(a); b(2)(a); b(2)(a)

Gentlemen,

You asked me to outline the proposed approach for EQC claims settlement as discussed at our meeting today.

Criteria

The settlement process must ensure that, as far as possible :

1. Funds are used to reconstruct residential property to a high standard, rather than diverted to other uses
2. Claims are settled in a timely and equitable manner
3. EQC works in full collaboration with the commercial insurance industry
4. Liability for any potential (current or future) defects in reconstruction and held by the "builder" (i.e. organisation performing the work, and not the Crown)
5. There are no/minimal changes to established EQC systems and processes (specifically the introduction of additional manual processes). EQC resources are to be focussed on claims settlement and not management of the new process (i.e. invoice matching).
6. Legislative changes are minimised, although regulation changes are more acceptable

It was explicitly stated that the method should not attempt to manage demand surge based on lack of labour or materials, or prioritise construction work between residential, commercial and public buildings (schools and prisons).

Proposed settlement method

The proposed approach splits the claims into four cases :-

1. Claims with damage over the \$100,000 + GST cap; and there is a mortgage of over \$115,000 on the property.

EQC will notify the claimant that their claim has been accepted to the maximum EQC level and that the matter has been passed to their insurer. EQC will pay \$115,000 to the mortgage lender and notify the insurer through the agreed protocol (currently established, but possibly to be refined in the next day or so). The lender and insurer will coordinate and manage the repair to the house.

Risk - Lenders will need to be encouraged to use the funds to pay for reconstruction rather than reducing debt.

2. Low risk claims:

These are claims with no structural damage, no land damage, and outside areas where Tonkin & Taylor (structural engineers) have identified a risk of land damage. These claims will typically include damage to ceilings, doors, interior walls, toilets, basins, sinks, baths, windows, hot water cylinders and all contents claims – i.e. cosmetic damage. These claims will exclude damage to exterior walls, foundations, floors, roof, services, retaining walls, bridges, culverts, anything which needs building consent.

For these low risk claims, a group of suitably qualified and trained estimators (currently being recruited) will:

- * Ring the claimant
- * Ask the claimant to describe the damage
- * Scope the damage based on the description, adding a suitable loading

- * Offer the claimant a settlement amount over the phone
- * If the settlement is accepted, the claimant will be asked to e-mail a picture of the damage
- * Claimant paid in cash once picture is received
- * NB settlement cannot be final – if further damage is discovered, or the payment is inadequate, a further (but later) payment will be required

There are two risks with this process:

- * Increased risk of fraud – mitigated by public announcement of audits, and absolutely no publicity around the details of the process (so please keep these details confidential).
- * Someone could accept payment for minor damage when, in fact, they are sitting in a severely damaged house. Mitigated to some degree by council safety inspections, but needs to be an acceptable risk if we are to settle the claims in a timely fashion.

3. Claims which are below the cap, but not low risk

Option 1: pays this amount to the mortgage lender and expect the lender to ensure the rebuild is completed to the required standards

Risk – banks and building societies are not set up to manage this many builds – what is in it for them?

Option 2: **EQC preferred option:** Three national scale construction project managers are selected (e.g. Mainzeal). EQC notifies the claimant of the proposed settlement amount and asks them to select one of the three managers (promotional material from each manager can be sent with the letter). Manager progresses and accounts for each repair on an individual basis, but with the possibility of bulk payment from EQC. The project managers retain all future liability over the work. Standard project management fees will need to be negotiated down given the scale of the work. Has the advantage of better management and prioritisation of labour and materials.

Risk – significantly reduces the claimants ability to choose their preferred supplier, large companies may lack specialist skills?? (e.g. specialist renders etc)

4. Claims for properties which have no mortgage, or a mortgage below the value of the repair

No agreement reached at the meeting, however, some options are ...

- * For payments over the cap, pay the insurer – may need regulation / legislation change
- * If option 2 in case 3 above is selected, use this method
- * Just pay the cash

Happy to discuss tomorrow – should be free after 11:00am. Lance – I know you haven't had a chance to review this, please feel free to comment to the broader group.

Cheers,

Ian.

Ian Simpson
Chief Executive

EQC

DDI 9(2)(a)

Mo

eqc.govt.nz

b(2)(a)

From: b(2)(a)
Sent: Friday, 10 September 2010 1:04 p.m.
To: b(2)(a) (MIN); b(2)(a)@treasury.govt.nz;
b(2)(a)@dpmc.govt.nz; b(2)(a)@parliament.govt.nz
Subject: Memo to Minister 10.9
Attachments: Memo to Minister 10.9.docx

FYI Scott – updates from yesterday are highlighted in yellow.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

MEMO TO: Minister in Charge of the Earthquake Commission
FROM: Chief Executive of the Earthquake Commission
DATE: 10 September 2010
SUBJECT: Earthquake Commission Response to Christchurch Earthquake

- 1. Claim numbers:** 41,023 as at 12pm. Total claim numbers are anticipated to be 100,000*. Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.
- 2. Call Centres**
 - Very high loads on EQC's 3 call centres. (On Sunday of the 5,000 calls to the centres, 2,000 callers hung up before their calls were answered.)
 - Currently all 3 call centres operating at full capacity (110 staff in total).
 - Call centre lines are available 24 hours a day, 7 days a week.
 - In addition, there are 170 Datacom, ACC, Westpac, ANZ and Salmat call centre operators currently answering EQC calls.
 - Message for claimants: Lines are still very busy and, as there is plenty of time in which to lodge a claim, people with non-structural damage can wait before lodging their claim.
- 3. Lodging claims**
 - Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243
 - Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged (approx 800 claimants contacted to date).
- 4. Field Offices**
 - The first field office in Deans Ave is open. A second office in Hazeldean Rd, Addington will be open on Monday and the third is expected to be open on Friday next week.
 - More will be required. There will eventually be more than 10 field offices at various locations around the region, each with around 40 staff.
 - The offices will contain the field staff who will inspect properties and resolve claims.
 - Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
 - We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
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- Total of 42 per office
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- There are 36 EQC estimators and loss adjusters on the ground today.
- There are 25 personnel in training in Christchurch. They will be on the ground tomorrow.
- 22 personnel will be training in Christchurch on Tuesday.

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 18 staff are in place in the GBS offices and are now processing claims, so the field staff can start on claim resolution as soon as the field offices open.
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- The Commission will start receiving maturing investments on Wednesday next week and this will be followed by a steady flow of other investment redemptions (primarily global equities).

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 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - Started discussions with IRD about obtaining tax exemptions for Australian and other offshore loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster. (Please call us if the Minister would like additional information)

8. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- TVNZ and TV3 running EQC information notices.

EQC Chairman Michael Wintringham: 9(2)(a)

EQC Chief Executive Ian Simpson : 9(2)(a)

9(2)

9(2)

From: [REDACTED]
Sent: Monday, 13 September 2010 1:36 p.m.
To: [REDACTED]@parliament.govt.nz; [REDACTED]@parliament.govt.nz;
[REDACTED]@treasury.govt.nz; [REDACTED]@dpmc.govt.nz
Subject: EQC Ministerial Memo
Attachments: Memo to Minister 13.9.docx

Hi,

[REDACTED] for your information, I have highlighted the changes made from Friday's memo.

Kind regards,

[REDACTED]



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 13 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers: 49,024 as at 12pm. Total claim numbers are anticipated to be 100,000*. Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

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 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- The first field office in Deans Ave is open. A second office in Hazeldean Rd, Addington will be open on Tuesday and the third is expected to be open on Friday.
- More will be required. There will eventually be more than 10 field offices at various locations around the region, each with around 40 staff.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators

- 2 engineers
 - 10 support staff
 - Total of 42 per office
 - The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
 - There are 90 EQC personnel (loss adjusters, estimators and office staff) on the ground today.
 - This includes 24 Australian loss adjusters.
 - 15 personnel are in training in Wellington today, 22 training in Christchurch tomorrow.
- 5. Claims processing**
- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
 - 33 staff are in place in the GBS offices and are now processing claims. This will build to 70.
 - Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- 6. Cash Flows**
- The Commission will start receiving maturing investments on Wednesday and this will be followed by a steady flow of other investment redemptions (primarily global equities).
- 7. General Issues**
- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.
 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - Started discussions with IRD about obtaining tax exemptions for Australian and other offshore loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster.
 - We have sent b(2)(a), following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according "to 1992 records, the cap on dwelling was to provide for the replacement cost of a "modal"

home taking into account possible post disaster inflation". And, that it is clear that the cap would no longer fulfil its function.

8. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.

EQC Chairman Michael Wintringham: (b)(2)(a)

EQC Chief Executive Ian Simpson: (b)(2)(a)

b(2)(a)

From: Michael Wintringham
Sent: Monday, 13 September 2010 3:38 p.m.
To: b(2)(a)@treasury.govt.nz
Cc: b(2)(a)
Subject: EQC-Modification of Ministerial Direction on Investment

Dear Juston

I have considered the draft Ministerial Direction, attached to the Minister of Finance's letter of 13 September 2010, which provides for an increase in EQC's holdings of New Zealand bank securities to accommodate the cash flow required for EQC to settle claims arising from the Canterbury Earthquake.

I confirm that I have been consulted on the direction, and am satisfied that it meets the requirements of EQC as it is now drafted.

Yours sincerely

Michael Wintringham
Chair
EQC

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 14 September 2010 1:21 p.m.
To: 9(2)(a) (MIN); 9(2)(a)@treasury.govt.nz;
9(2)(a)@dpmc.govt.nz; 9(2)(a)@parliament.govt.nz
Subject: Memo to Minister 14.9
Attachments: Memo to Minister 14.9.docx; EQC Advert CHCH Press.pdf



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 14 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers: 53,076 as at 12pm. Total claim numbers are anticipated to be 100,000*. Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Very high loads on EQC's 3 call centres.
- Currently all 3 call centres operating at full capacity (95 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 164 Datacom, ACC, Westpac, ANZ and Salmat call centre operators currently answering EQC calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- The first field office in Deans Ave is open. A second in Hazeldean Rd, Addington and a third also in Deans Ave will be open within 48 hours. A fourth site in Northwood has been secured.
- More will be required. There will eventually be more than 10 field offices at various locations around the region, each with around 40 staff.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.

- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 102 EQC personnel (loss adjusters, estimators and office staff) on the ground today.
- This includes 24 Australian loss adjusters.
- A further 60 personnel training in Christchurch on Wed/Thur and another 60 training on Fri/Sat.

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 33 staff are in place in the GBS offices and are now processing claims. This will build to 70.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.

6. Cash Flows

- The Commission will start receiving maturing investments on Wednesday and this will be followed by a steady flow of other investment redemptions (primarily global equities).

7. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
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 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster.

- We have sent 9(2)(a) [REDACTED], following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - o Please note, on page 7 of the Briefing, the comment that according "to 1992 records, the cap on dwelling was to provide for the replacement cost of a "modal" home taking into account possible post disaster inflation". And, that it is clear that the cap would no longer fulfil its function.

8. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Attached full page advertisement running in:
 - Press and Ashburton Guardian today, Thurs, Sat and again next week;
 - Christchurch Star and Timaru Mail on Wed and Sat and next week;
 - ODT tomorrow.

EQC Chairman Michael Wintringham: 9(2)(a) [REDACTED]

EQC Chief Executive Ian Simpson : [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 15 September 2010 10:29 a.m.
To: 9(2)(a) (MIN); 9(2)(a)@treasury.govt.nz;
9(2)(a)@parliament.govt.nz
Cc: 9(2)(a)
Subject: RE: EQC claims
Attachments: EQC in brief - VJM.pdf

Second page on this handout should help.

From: Juston Anderson [mailto:9(2)(a)@treasury.govt.nz]
Sent: Wednesday, September 15, 2010 9:31 AM
To: 9(2)(a)
Subject: FW: EQC claims
Importance: High

9(2)(a)

Are you able to help with this? I had a quick look on the EQC website but couldn't see anything.

Note the ridiculous deadline of 10:30 this morning...

Juston Anderson | Senior Analyst | The Treasury
Tel: 9(2)(a) | 9(2)(a)@treasury.govt.nz

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From: 9(2)(a) (MIN) [mailto:9(2)(a)@parliament.govt.nz]
Sent: Wednesday, 15 September 2010 9:29 a.m.
To: Juston Anderson
Subject: FW: EQC claims

From: 9(2)(a) (MIN)
Sent: Wednesday, 15 September 2010 8:41 am
To: 9(2)(a) Leonova (MIN)
Cc: Craig Howie (MIN)
Subject: EQC claims

Hi 9(2)(a). Could we get a run down of the number of claims and the cost to EQC of the five biggest disaster events since it was set up. Also do they hold any figures on the Bay of Plenty earthquake (1987) which I understand came under their predecessor - the Earthquake and War Damages Commission. It'd be great if we could get this by about 10.30. Thanks

9(2)(a)
Press Secretary
Office of Hon Bill English
Parliament Buildings, Wellington

EQC *in brief*

New Zealand lies on the Pacific Ring of Fire, across the boundary of the Pacific and Australian tectonic plates. As a result New Zealand is etched with fault lines and subject to many earthquakes every year.

The destructive Wairarapa earthquake in 1942 (see picture below) exposed a major weakness in New Zealand's ability to recover from natural disasters – a lack of insurance. This and the timing of the earthquake, in the middle of WWII, meant that many buildings remained unrepaired for years.



Remains of the Wairarapa Farmers' Co-operative Association building after the 1942 Wairarapa earthquake. Evening Post Collection, Alexander Turnbull Library, Wellington.

The Government decided that something had to be done to help people recover from future disasters. In 1944 it collected a premium from all holders of fire insurance and established the Earthquake and War Damage Commission to administer these funds and pay out on damage. The premium was, and still is, 5c per \$100 of cover.

Today EQC covers homes and their contents against damage from earthquakes, volcanic eruptions, landslips, tsunamis and hydrothermal activity, and from fires resulting from these. Cover for war damage was dropped from the beginning of 1994.

Luckily, the last 60 years has not seen a continuation of the previous 100-year rash of disasters, and this has allowed EQC to slowly accumulate funds even while paying out hundreds of millions of dollars on claims

from smaller events. Currently EQC manages a Natural Disaster Fund of approximately \$5.6 billion (as at 30 June 2009), has reinsurance in place that extends that fund by an additional \$2.5 billion and a Government guarantee for any costs beyond this.

Until 2001 the Natural Disaster Fund was only invested in New Zealand fixed interest securities such as Government stock.

In late 2001 there was a change to EQC's investment portfolio when, following a Ministerial direction, the Commission started to invest in international equities. The objective of this move was to ensure the Commission holds assets outside the region that will be directly affected by a major natural disaster. Investment in equities is kept within a range of 27-33 percent of the Commission's total portfolio.

In a time of disaster, EQC works through its Catastrophe Response Programme (CRP). The CRP sets out how EQC will cope with the substantial increase in resources that will be required at such a time. It includes an alternative operations site and the provision of additional staff and equipment. Management of the repair process is not a function of the Programme, although the Commission will occasionally assist property owners with this work.

EQC also encourages and funds research about matters relevant to natural disaster damage and it educates and otherwise informs people about what can be done to prevent and mitigate damage caused by natural disasters.

EQCover

EQCover is the Commission's insurance scheme for residential property.

Property Insured

- Dwellings (self-contained premises used as a home, including apartments);
- Most personal property but excluding some types (eg motor vehicles & art);
- The land immediately around the dwelling, main accessways, and retaining walls, within certain limits.

Extent of Cover

Dwellings are insured up to a maximum of \$100,000 plus goods and services tax (GST) and personal effects are insured up to \$20,000 + GST. For land, the maximum EQC can pay is the value at the time of the loss. EQC appoints a registered valuer to determine the value of the insured land.

Excesses

For claims involving a home or home and contents, the insured pays an excess of \$200 on claims of \$20,000 or less. If the claim is for more than \$20,000, the excess is one percent of the total.

For claims on contents only, the excess is \$200, whatever the amount of the claim. The excess for land claims is 10 percent of the claims settlement with a minimum of \$500 and a maximum of \$5,000.



- | | |
|---------------------|----------------------------------|
| PO Box 790 | Chairman: Michael Wintringham |
| Wellington 6140 | Chief Executive: Ian Simpson |
| Phone (04) 978-6400 | Chief Financial Officer: 0(2)(a) |
| Fax (04) 978-6431 | Insurance Manager: 0(2)(a) |
| www.eqc.govt.nz | Research Manager: Hugh Cowan |

Significant claims events

The following table shows the cost of significant events in the Earthquake Commission's history.

DATE	EVENT	MAGNITUDE	APPROX COST (in dollars of the day)	NO. OF CLAIMS
May 1952	Westport earthquake	N/A	\$240,000	N/A
March 1966	Gisborne earthquake	6.0	N/A	1,890
April 1966	Seddon earthquake	5.8	200,000	1,575
May 1968	Inangahua earthquake	7.0	2,430,000	10,500
November 1968	Wellington earthquake	5.4	136,000	2,200
January 1972	Te Aroha earthquake	5.3	150,000	1,300
January 1973	Central North Island quake	7.0	200,000	2,300
April 1974	Dunedin earthquake	4.9	400,000	2,767
March 1976	Wairoa earthquake	??	100,000	829
May 1976	Milford Sound earthquake	6.5	200,000	450
October 1980	Hawkes Bay earthquake	5.6	527,000	2,015
March 1987	Edgecumbe earthquake	6.2	20,150,000 *	4,352
August 1989	South Taranaki earthquake	N/A	100,000	2,767
February 1990	Southern Hawke's Bay quake	6.1	2,683,000	1,267
May 1990	Southern Hawke's Bay quake	6.5	7,204,000	2,632
January 1991	Westport earthquake	6.1	2,800,000	1,997
September 1991	Wanganui earthquake	6.5	2,400,000	2,142
May 1992	Marlborough earthquake	6.3	500,000	970
June 1992	Whakatane earthquake	5.7	650,000	833
August 1993	Gisborne earthquake	6.4	4,000,000	2,800
June 1994	Arthur's Pass earthquake	6.3	3,250,000	3,000
March 1995	Blenheim earthquake	5.9	1,800,000	2,041
September 1995	Mt Ruapehu eruption	N/A	4,358,000	28
November 1995	Christchurch earthquake	N/A	474,000	489
June 1997	Paekakariki earthquake	5.2	670,000	835
April 1998	Taumarunui earthquake	6.3	294,000	547
March 2000	Greytown earthquake	5.7	397,000	598
August 2001	Gisborne earthquake	7.0	503,000	448
August 2003	Pahiatua earthquake	5.4	460,000	277
August 2003	Te Anau earthquake	7.1	11,138,500	2,840
September 2003	Christchurch earthquake	4.9	746,000	550
February 2004	North Island storms	N/A	7,455,000	1,355
July 2004	Bay of Plenty storm	N/A	6,149,000	314
July 2004	Kawerau earthquake	5.4	6,650,000	1,270
August 2004	Wellington storm	N/A	2,803,500	270
November 2004	Te Anau earthquake	7.2	1,233,500	839
January 2005	Upper Hutt earthquake	5.5	1,603,500	1,077
March 2005	Opunake earthquake	6.4	549,500	268
May 2005	Tauranga storm**	N/A	22,156,500	666
May 2005	Matata debris flow **	N/A	8,068,500	142
July 2006	Wellington storm	N/A	1,850,000	144
August 2006	Wellington storm	N/A	3,610,000	177
February 2007	Orewa earthquake	4.5	1,459,000	497
March 2007	Northland storm	N/A	12,829,500	637
July 2007	Northland storm	N/A	7,306,000	330
October 2007	Milford earthquake	6.7	1,517,500	899
December 2007	Gisborne earthquake	6.8	25,344,500	6,221
July 2008	National storms	N/A	20,511,000	893
August 2008	Hastings earthquake	5.9	1,976,500	1,380
July 2009	Tuatapene earthquake	7.8	6,228,500	5,226

9(2)(a)

From: 9(2)(a) Leonova (MIN) <9(2)(a)@parliament.govt.nz>
Sent: Wednesday, 15 September 2010 10:41 a.m.
To: 9(2)(a); 9(2)(a) (MIN); 9(2)(a)@treasury.govt.nz
Cc: 9(2)(a)
Subject: RE: EQC claims

Thanks very much 9(2)(a)

From: 9(2)(a) [mailto:JIMartin@EQC.govt.nz]
Sent: Wednesday, 15 September 2010 10:29 am
To: 9(2)(a) (MIN); 9(2)(a)@treasury.govt.nz; 9(2)(a) Leonova (MIN)
Cc: 9(2)(a)
Subject: RE: EQC claims

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Importance: High

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Note the ridiculous deadline of 10:30 this morning...

Juston Anderson | Senior Analyst | The Treasury
Tel: 9(2)(a) 9(2)(a)@treasury.govt.nz

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From: 9(2)(a) (MIN) 9(2)(a) <9(2)(a)@parliament.govt.nz>
Sent: Wednesday, 15 September 2010 11:38 a.m.
To: 9(2)(a) @treasury.govt.nz; 9(2)(a) Leonova (MIN)
Cc: 9(2)(a) @treasury.govt.nz; 9(2)(a) @treasury.govt.nz; 9(2)(a)
Subject: Re: today's oral question for checking

Thanks.

9(2)(a)

From: Juston Anderson <9(2)(a)@treasury.govt.nz>
To: 9(2)(a) Leonova (MIN); 9(2)(a) (MIN)
Cc: Andrew Turner <9(2)(a)@treasury.govt.nz>; Briar Ferguson <9(2)(a)@treasury.govt.nz>; 9(2)(a) [EQC] <9(2)(a)@EQC.govt.nz>
Sent: Wed Sep 15 11:31:42 2010
Subject: RE: today's oral question for checking

EQC have suggested a couple of minor edits to the last answer below. Other than that they are ok (thanks Phillip).

Juston Anderson | Senior Analyst | The Treasury

Tel: 9(2)(a) | 9(2)(a)@treasury.govt.nz

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From: Juston Anderson
Sent: Wednesday, 15 September 2010 11:01 a.m.
To: ^MOF: 9(2)(a) Leonova; ^Parliament: 9(2)(a); 9(2)(a) [EQC]
Cc: 9(2)(a)
Subject: RE: today's oral question for checking
Importance: High

Suggested edits to the answers below.

9(2)(a) anything to add?

QUESTION FOR ORAL ANSWER
 Number 1 on 15 September 2010

Xxx to the Minister of Finance:

What steps has the Government taken to ensure EQC can meet claims arising from the Canterbury earthquake?

ANSWER

Hon BILL ENGLISH (Minister of Finance):

The Earthquake Commission is expecting up to 100,000 claims as a result of the Canterbury earthquake with a potential cost of close to \$2 billion.

This cost will be met from EQC's Natural Disaster Fund, which at June 30, 2009 held about \$5.6 billion in cash, equities and government bonds. The EQC has also purchased reinsurance from overseas, which pays out if the total cost to EQC of the Canterbury earthquake exceeds \$1.5 billion. The reinsurance provides for up to \$2.5 billion of payments to EQC. Therefore the EQC has total resources available of \$8.1 billion – far in excess of the estimated cost to EQC of the Canterbury earthquake. The EQC is also backed up by a Government guarantee which takes effect if the Natural Disaster Fund were ever to be fully used up. The Government guarantee will not be called on in relation to the Canterbury earthquake.

However under the current rules EQC is restricted in the types of short-term cash holdings it can keep as it liquidates longer-term assets in order to meet claims.

The Government has eased these restrictions through a new Ministerial direction issued this week.

Supplementary #1

Xxx to the Minister of Finance:

How does the likely cost of the Canterbury earthquake compare with other recent natural disasters?

ANSWER

Hon BILL ENGLISH (Minister of Finance):

In terms of damage to property the Canterbury earthquake is one of the most expensive natural disasters New Zealand has ever experienced.

To put this in context, the natural disasters that come closest were the Gisborne earthquake in December 2007 which spurred 6,221 claims, the Bay of Plenty earthquake in 1987 which spurred 4,352 claims and the Inangahua earthquake in 1968 which spurred 10,500 claims.

The total cost to insurers from the 1987 Bay of Plenty earthquake – converted into today's dollars - was about \$330 million. Treasury estimates the cost to EQC and other insurers as a result of the Canterbury earthquake will be over 10 times that amount. The cost to EQC of the Gisborne earthquake in 2007 was \$25 million (in 2007 dollars).

Supplementary #2

Xxx to the Minister of Finance:

What does the new ministerial direction change?

ANSWER

Hon BILL ENGLISH (Minister of Finance):

Under the 2001 Ministerial direction EQC must invest the Natural Disaster Fund in NZ Government securities, global equities and NZ bank bills. EQC was also required to consult with me if it wished to liquidate any part of the investment portfolio apart from the holdings of NZ bank bills, hold more than 35% of the value of the Fund in global equities, or hold more than \$250 million in New Zealand bank bills.

Under the new Ministerial direction EQC will be able to keep a wider range of short-term cash holdings in New Zealand banks so it has the flexibility it needs to quickly settle claims. EQC will also be able to hold up to \$2 billion in cash or short-term New Zealand bank securities, rather than the previous limit of \$250 million. These provisions will remain in place for a year.

Supplementary #3

Xxx to the Minister of Finance:

With the new ministerial direction in place how does EQC intend to meet claims?

ANSWER

Hon BILL ENGLISH (Minister of Finance):

EQC must pay the first \$1.5 billion of claims before its \$2.5 billion reinsurance cover kicks in.

EQC has advised me it intends to pay claims firstly from cash reserves, secondly from maturing investments and thirdly from selling down part of its portfolio of investments. The proceeds from maturing investments and those which are sold will be held in short-term securities in New Zealand banks which will be converted to cash as claims are paid out.

EQC will not have any cash flow problems as it settles the high number of claims.

Juston Anderson | Senior Analyst | The Treasury

Tel: 9(2)(a) | 9(2)(a)@treasury.govt.nz

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Sent: Wednesday, 15 September 2010 1:00 p.m.
To: 9(2)(a) (MIN); 9(2)(a)@parliament.govt.nz;
9(2)(a)@dpmc.govt.nz; 9(2)(a)@treasury.govt.nz;
9(2)(a)@parliament.govt.nz; Michael Wintringham; 9(2)(a), 9(2)(a)
9(2)(a)@xtra.co.nz; 9(2)(a)@bovairdpartners.co.nz; 9(2)(a)
Subject: Ministerial memo
Attachments: Memo to Minister 15.9.docx; EQC Advert CHCH Press.pdf

Here is today's Ministerial memo. For new recipients, the highlighted sections are updates from yesterday.

Cheers,

9(2)(a)

Canterbury Earthquake

EQC Claims Information

What actions have EQC taken since 4 September?

Since the 4 September earthquake, the Earthquake Commission has registered over 49,000 claims. Our immediate priority has been to ensure we have sufficient resources to lodge these claims and make contact with property owners whose houses are uninhabitable or not weatherproof.

At the same time we have been mobilising our inspection teams in Canterbury.

Once I have lodged my claim what should I receive from EQC?

Once you have lodged a claim with EQC you will receive a letter acknowledging your claim, information about the cover under the Earthquake Commission Act and an outline of the claim process. At this stage, because of the large number of claims lodged, it may take a few days for this information to be sent. If you have not received the information from EQC after 7 days please contact us.

What is happening now?

EQC has started inspecting all the properties that were damaged. We currently have 90 people involved in the inspection process. We intend to increase the numbers to over 400 as soon as we can.

Our first focus is on the 5,000 claims where property owners have indicated that their properties are uninhabitable or not weatherproof. Then our focus will move to claims where other structural damage has occurred.

We will also have a team working in parallel fast tracking the settlement of non-structural claims.

Can I get emergency repairs done now?

Yes. If you need to get emergency repairs e.g. to secure your property or fix damaged services such as water and electricity, please take a photograph if you can of the damage or damaged items. Arrange to have the work done (you need to authorise this yourself) and obtain an invoice for the work.

What about payment for emergency repairs?

When you have an invoice for those repairs then please forward this along with your claim number if you know it, the name you lodged the claim under, the damage address, an explanation of the repairs, and any photos you may have taken, to EQC at PO Box 311, Wellington. We will contact you and try to make payment to your contractor as soon as possible.

What about other repairs or professional advice?

Other than for emergency repairs, you should wait until EQC has inspected your property. We cannot guarantee any payment for work you get done or advice you obtain such as engineers' reports done without an EQC inspection and our approval.

What do I do if I have a question about my claim?

EQC is increasing the numbers of staff who can answer questions about your claim, as fast as it can. Please note that when someone calls with a query about their claim the staff member who takes it is at present stopped from the task of processing claim payments.

If your question is not urgent could you please email it to claims@eqc.govt.nz. We have a dedicated team answering these questions and will try to reply to your question within 7 days. If you have an urgent enquiry then please call **0800 DAMAGE** to talk to a claims officer.

Many property owners are asking the same questions. We are posting answers to common questions on a special page on our website (www.eqc.govt.nz).

We recognise this is a very stressful time for the people of Canterbury. Your claim is important to EQC and we are working to ensure we settle it as quickly as possible. We thank you for your patience at this trying time.

LODGING CLAIMS

Homeowners who have properties damaged by the quake (or aftershocks) can lodge a claim with the Earthquake Commission (EQC). EQC's insurance cover applies to holiday homes as well as to permanent homes.

People with house and/or contents insurance will automatically have the Earthquake Commission's cover.

Claims can be lodged by calling EQC's free phone number 0800 326 243.

Claims can also be lodged online at www.eqc.govt.nz

It is best for people to contact EQC themselves rather than getting their broker, agent or insurance company to call. We will ask who they're insured with and for an idea of the extent of damage. Once the claim is lodged, an outline of the next steps in the claims process will be sent out.

People who are unsure of their insurance situation, or don't remember who they're insured with, should contact us too on the same free phone number. We will do all we can to check their insurance details for them.

damage to your home and/or contents

If possible, take photos of the damage before moving anything.

You can make temporary repairs for safety or to prevent further damage.

If you are able to, you can get essential services, like toilets and water systems, repaired – but keep everything the repairer replaces, and keep a copy of the bill.

You can clean up spillages, or crockery and glass breakages – but keep the pieces.

You can dispose of perishables, like ruined or spilt food – but list the items as you bury, burn or dump them.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 15 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers: 55,773 as at 12pm. Total claim numbers are anticipated to be 100,000*. Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Very high loads on EQC's 3 call centres.
- Currently all 3 call centres operating at full capacity (95 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 164 Datacom, ACC, Westpac, ANZ and Salmat call centre operators currently answering EQC calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- The first field office in Deans Ave is open. A second in Hazeldean Rd, Addington will be running within 24 hours. The third, also in Deans Ave, will be open by the end of play on Friday. A fourth site in Northwood has been secured.
- More will be required. There will eventually be more than 400 staff working in field offices at various locations around the region.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.

- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 158 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- By Sunday there will be a further 125 staff on the ground.
- In Wellington there are currently 86 personnel (22 permanent staff and 64 temporary & contract staff – including 17 dealing directly with claimants).

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 50 staff are in place in the GBS offices and are now processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.

6. Cash Flows

- The Commission will start receiving maturing investments on Wednesday and this will be followed by a steady flow of other investment redemptions (primarily global equities).

7. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.
 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - Started discussions with IRD about obtaining tax exemptions for Australian and other offshore loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.

- There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster.
- We have sent [9(2)(a)], following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according “to 1992 records, the cap on dwelling was to provide for the replacement cost of a “modal” home taking into account possible post disaster inflation”. And, that it is clear that the cap would no longer fulfil its function.

8. Communications

- EQC’s website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Attached: full page advertisement running in:
 - Press and Ashburton Guardian on Tues, Thurs, Sat and again next week;
 - Christchurch Star and Timaru Mail on Wed and Sat and again next week;
 - Ashburton Courier next Tuesday.
 - ODT today.

EQC Chairman Michael Wintringham: [9(2)(a)]
EQC Chief Executive Ian Simpson : [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 22 September 2010 1:23 p.m.
To: 9(2)(a)@parliament.govt.nz; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@dpmc.govt.nz'; '9(2)(a)@treasury.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@aonbenfield.com'; Michael Wintringham;
'9(2)(a)@xtra.co.nzr'; '9(2)(a)@xtra.co.nz';
'9(2)(a)@bovairdpartners.co.nz'; '9(2)(a)@meridianenergy.co.nz';
9(2)(a)
Subject: FW: Memo to Minister 22.9
Attachments: Memo to Minister 22.9.docx

From: 9(2)(a)

Sent: Wednesday, 22 September 2010 1:15 p.m.

Subject: Memo to Minister 22.9

Today's update FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 22 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 69,083 as at 12pm.
- Total claims assessed by phone or visit: 3,577.
- 7,000+ claimants sent schedule of contents forms which we are awaiting the return of.
- Total claim numbers are anticipated to be 100,000+.
- Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Currently 4 call centres operating at full capacity to take claims (150 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 30 Salmat call centre operators currently answering EQC enquiry calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- Three field offices are operating in Christchurch. There are two in Deans Ave and one in Addington.
- A site at Lincoln University (Selwyn district) has been secured, subject to a lease document being signed, and is scheduled to open on Friday
- a site in Northwood has been secured and will open on Friday.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will

also be a mail centre and a consolidated booking office. It will be partially operational by early next week and fully operational within 7 days.

- More field offices will be required. There will eventually be more than 400 staff working in field offices at various locations around the region.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 300 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- A further 52 assessment personnel arrived in Christchurch last night and are currently undergoing training and will be out in the field from Friday.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 50 staff are in place in the GBS offices and are now processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday last week and they are being held on call for claims payments. The first global equity redemptions were received yesterday (\$70m) – also being held on call. This will be followed by a steady flow of other redemptions.

7. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.

- There are likely to be a large number of land related claims, involving both liquefaction and “conventional” landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
- Started discussions with IRD about obtaining tax exemptions for Australian and other offshore loss adjusters.
- Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC’s costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster.
- We have sent 9(2)(a) following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according “to 1992 records, the cap on dwelling was to provide for the replacement cost of a “modal” home taking into account possible post disaster inflation”. And, that it is clear that the cap would no longer fulfil its function.

8. Communications

- EQC’s website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.

EQC Chairman Michael Wintringham: 9(2)(a)

EQC Chief Executive Ian Simpson : 9(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 23 September 2010 1:31 p.m.
To: 9(2)(a)@parliament.govt.nz; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@dpmc.govt.nz'; '9(2)(a)@treasury.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@aonbenfield.com'; Michael Wintringham;
'9(2)(a)@xtra.co.nzr'; '9(2)(a)@xtra.co.nz';
'9(2)(a)@bovairdpartners.co.nz'; '9(2)(a)@meridianenergy.co.nz';
9(2)(a)
Subject: Memo to Minister 23.9
Attachments: Memo to Minister 23.9.docx

Today's update FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 22 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 70,855 as at 12pm.
- Total claims assessed by phone or visit: 3,959.
- 7,000+ claimants sent schedule of contents forms which we are awaiting the return of.
- Total claim numbers are anticipated to be 100,000⁺.
- Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Currently 4 call centres operating at full capacity to take claims (150 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 30 Salmat call centre operators currently answering EQC enquiry calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- Three field offices are operating in Christchurch. There are two in Deans Ave and one in Addington.
- A site at Lincoln University (Selwyn district) has been secured, subject to a lease document being signed, and is scheduled to open on Friday
- A site in Northwood has been secured and will open on Friday.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will

also be a mail centre and a consolidated booking office. It will be partially operational by early next week and fully operational within 7 days.

- More field offices will be required. There will eventually be more than 400 staff working in field offices at various locations around the region.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 300 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- A further 52 assessment personnel are currently undergoing training and will be out in the field from tomorrow.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 50 staff are in place in the GBS offices and are now processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday last week and they are being held on call for claims payments. The first global equity redemptions were received yesterday (\$70m) – also being held on call. This will be followed by a steady flow of other redemptions.

7. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.

- There are likely to be a large number of land related claims, involving both liquefaction and “conventional” landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
- We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
- Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC’s costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster.
- We have sent s(2)(a) following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according “to 1992 records, the cap on dwelling was to provide for the replacement cost of a “modal” home taking into account possible post disaster inflation”. And, that it is clear that the cap would no longer fulfil its function.

8. Communications

- EQC’s website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.
- Joint press advertising with local authorities and the Insurance Council begun.

EQC Chairman Michael Wintringham: s(2)(a) (away until Wednesday 29 September)

EQC Deputy Chairman s(2)(a) (from Friday 24 Sept until Wednesday 29 Sept)

EQC Chief Executive Ian Simpson: s(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 23 September 2010 5:12 p.m.
To: Juston Anderson (9(2)(a)@treasury.govt.nz);
9(2)(a)@treasury.govt.nz
Subject: Letter from EQC to Minister re timeframe
Attachments: Letter to Bill English re claim time extension.docx; SKMBT_C550_10092317010.pdf

Dear Justin and Andrew

Attached is a letter (in two formats) to the Minister from the EQC deputy chair relating to the time limits in our Act.

Thanks

9(2)(a)

23 September 2010

Hon. Bill English
Minister of Finance
Private Bag 18041
Parliament Buildings
Wellington 6160

Dear Minister

Given the unprecedented scale and impact of the 4 September 2010 Canterbury earthquake, I am writing to request an extension by regulation, to the period for the reporting of claims from 30 days to three months, as is permitted by sections 7(1)(a) and (2) of the Third Schedule of the Earthquake Commission Act 1993.

EQC expects that the number of claims (currently 71,000) could rise to approximately 100,000. Under the current legislation claimants have thirty days to lodge a claim, but in certain circumstances this can be extended to three months. There is public confusion about the timeframe for the reporting of claims to EQC and an extension to the reporting period will help to allay fears that legitimate claims may not be accepted.

EQC has notified its reinsurers of its intention to seek an extension to three months for the reporting of claims. No concerns have been raised at this point and the Commission's reinsurance brokers expectation is that the reinsurers will honour the extension.

The requested extension is not anticipated to have any financial impact on the Government.

Yours sincerely

Keith Taylor
Deputy Chairman

9(2)(a)

From: 9(2)(a)
Sent: Friday, 24 September 2010 1:44 p.m.
To: '9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@dpmc.govt.nz'; '9(2)(a)@treasury.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@aonbenfield.com'; Michael Wintringham;
'9(2)(a)@xtra.co.nzr'; '9(2)(a)@xtra.co.nz';
'9(2)(a)@bovairdpartners.co.nz'; '9(2)(a)@meridianenergy.co.nz';
9(2)(a)
Subject: Memo to Minister 24.9
Attachments: Memo to Minister 24.9.doc

Today's update FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 22 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

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- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday last week and they are being held on call for claims payments. The first global equity redemptions were received yesterday (\$70m) – also being held on call. This will be followed by a steady flow of other redemptions.

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- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.

- There are likely to be a large number of land related claims, involving both liquefaction and “conventional” landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
- We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
- Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC’s costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster.
- We have sent **9(2)(a)** following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according “to 1992 records, the cap on dwelling was to provide for the replacement cost of a “modal” home taking into account possible post disaster inflation”. And, that it is clear that the cap would no longer fulfil its function.

8. Communications

- EQC’s website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.
- Joint press advertising with local authorities and the Insurance Council begun.

EQC Chairman Michael Wintringham: **9(2)(a)** (away until Wednesday 29 September)

EQC Deputy Chairman **9(2)(a)** (from Friday 24 Sept until Wednesday 29 Sept)

EQC Chief Executive Ian Simpson: **9(2)(a)**

9(2)(a)

From: 9(2)(a)
Sent: Monday, 27 September 2010 1:37 p.m.
To: '9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@dpmc.govt.nz'; '9(2)(a)@treasury.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@aonbenfield.com'; Michael Wintringham;
'9(2)(a)@xtra.co.nz'; '9(2)(a)@xtra.co.nz';
'9(2)(a)@bovairdpartners.co.nz'; '9(2)(a)@meridianenergy.co.nz';
9(2)(a)
Subject: Memo to Minister 27.9
Attachments: Memo to Minister 27 9.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 27 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 76,083 as at 12pm.
- Total claims assessed by phone or visit: 5,701.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area and Avonhead are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- 7,000+ claimants sent schedule of contents forms which we are awaiting the return of.
- Total claim numbers are anticipated to be 100,000⁺.
- Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Currently 4 call centres operating at full capacity to take claims (150 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 30 Salmat call centre operators currently answering EQC enquiry calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission as soon as possible on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- Four field offices are operating in Canterbury. There are two in Deans Ave, one in Addington and another in Lincoln.
- A fifth is ready to go and staff are being trained for this at present.
- A sixth in Timaru is due to start operating from Wednesday.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- By this weekend there will be more than 400 staff working in field offices at various locations around the region.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 50 staff are in place in the GBS offices and are now processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received last week (\$70m) – they are also being held on call. This will be followed by a steady flow of other redemptions.

7. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage.

8. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
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 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - o EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - o Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - o There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and more than 250km distant from the nominated disaster.
- We have sent 9(2)(a) following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - o Please note, on page 7 of the Briefing, the comment that according "to 1992 records, the cap on dwelling was to provide for the replacement cost of a "modal" home taking into account possible post disaster inflation". And, that it is clear that the cap would no longer fulfil its function.
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- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has started an international search for an individual with large-scale project management experience to join EQC to oversee the project management process.

9. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - o Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.
- Joint press advertising with local authorities and the Insurance Council begun.

EQC Chairman Michael Wintringham 9(2)(a) away until Wednesday 29 September)
EQC Deputy Chairman 9(2)(a) (from Friday 24 Sept until Wednesday 29 Sept)
EQC Chief Executive Ian Simpson: 9(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 28 September 2010 1:31 p.m.
To: '9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@dpmc.govt.nz'; '9(2)(a)@treasury.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@aonbenfield.com'; Michael Wintringham;
'9(2)(a)@xtra.co.nz'; '9(2)(a)@xtra.co.nz';
'9(2)(a)@bovairdpartners.co.nz'; '9(2)(a)@meridianenergy.co.nz';
Subject: 9(2)(a)@clear.net.nz
FW: Memo to Minister 28.9
Attachments: Memo to Minister 28.9.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 28 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 78,176 as at 12pm.
- Total claims assessed by phone or visit: 6,355.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area and Avonhead are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. As of yesterday they had carried out around 500 of these (including those in Kaiapoi and Pines Beach). Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.
- 7,000+ claimants sent schedule of contents forms which we are awaiting the return of.
- Total claim numbers are anticipated to be 100,000*.
- Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Currently 4 call centres operating at full capacity to take claims (150 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 30 Salmat call centre operators currently answering EQC enquiry calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission as soon as possible on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243

- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- Four field offices are operating in Canterbury. There are two in Deans Ave, one in Addington and another in Lincoln.
- A fifth is ready to go and staff are being trained for this at present.
- A sixth in Timaru is due to start operating from Wednesday.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- By this weekend there will be more than 400 staff working in field offices at various locations around the region.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 50 staff are in place in the GBS offices and are now processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received last week (\$70m) – they are also being held on call. This will be followed by a steady flow of other redemptions.

7. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage.

8. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.
 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
- We have sent **9(2)(a)** following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according "to 1992 records, the cap on dwelling was to provide for the replacement cost of a "modal" home taking into account possible post disaster inflation". And, that it is clear that the cap would no longer fulfil its function.
- There has been confusion about the timeframe for the reporting of claims to EQC. The statutory notice period is 30 days or three months under certain circumstances. EQC has requested an extension by regulation to the period for the reporting of claims to three months. This will help allay fears that legitimate claims may not be accepted.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has started an international search for an individual with large-scale project management experience to join EQC to oversee the project management process.

9. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.

– Joint press advertising with local authorities and the Insurance Council begun.

EQC Chairman Michael Wintringham: 9(2)(a) (away until Wednesday 29 September)

EQC Deputy Chairman (from Friday 24 Sept until Wednesday 29 Sept)

EQC Chief Executive Ian Simpson 9(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 29 September 2010 1:18 p.m.
To: '9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@dpmc.govt.nz'; '9(2)(a)@treasury.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@aonbenfield.com'; Michael Wintringham;
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'9(2)(a)@bovairdpartners.co.nz'; '9(2)(a)@meridianenergy.co.nz';
'9(2)(a)@clear.net.nz'
Subject: Memo to Minister 29.9
Attachments: Memo to Minister 29.9.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 29 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 80,083 as at 12pm.
- Total claims assessed by phone or visit: 6,960.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area and Avonhead are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. As of yesterday they had carried out around 600 of these (including those in Kaiapoi and Pines Beach). Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.
- 7,000+ claimants sent schedule of contents forms which we are awaiting the return of.
- Total claim numbers are anticipated to be 100,000⁺.
- Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Currently 4 call centres operating at full capacity to take claims (150 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 30 Salmat call centre operators currently answering EQC enquiry calls.
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 - Online (www.eqc.govt.nz)
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- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- A sixth is ready to go and staff are being trained for this at present.
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- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received last week (\$70m) – they are also being held on call.
- Two global equity managers have been terminated and the proceeds will be received tomorrow (\$300m).

7. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage.

8. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.

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- Reinsurance:
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- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has started an international search for an individual with large-scale project management experience to join EQC to oversee the project management process.
- MED facilitated a positive meeting with banks yesterday. A clear process for the settlement of claims above \$100,000 was agreed and will be announced by Minister Brownlee on Friday. EQC expects to have 500 claims ready for payment at the time of the announcement.

9. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.
- Joint press advertising with local authorities and the Insurance Council begun.

EQC Chairman Michael Wintringham: 9(2)(a)

EQC Chief Executive Ian Simpson: 9(2)(a)

b(2)(a)

From: Michael Wintringham
Sent: Wednesday, 29 September 2010 5:01 p.m.
To: b(2)(a)@treasury.govt.nz; b(2)(a)@treasury.govt.nz
Subject: EQC Note for Minister
Attachments: The Minister of Finance 29 September 2010.docx

Andrew/Juston

For your information.

Michael Wintringham

Canterbury Earthquake: Progress Report

Introduction

1. This note is intended to give you an update on several matters which have progressed since we talked by phone last Thursday evening.

2. In general, and from an EQC perspective, I am reasonably satisfied where things now stand. There are a number of risks that have yet to be addressed explicitly by the Government but, from my perspective at least, there is now an officials' process in train which should ensure that these are put before the Government in a systematic and timely manner.

3. As a final introductory comment, we are well aware that there is a trade-off between a speedy response (reasonably demanded by deeply distressed people affected by the earthquake) and the likelihood of things unravelling further down the track. We are trying to balance these as we can. If we get it wrong at any stage, please let us know.

Project Management Office (PMO)

4. The RFP, for the project management of structural repairs within the EQC \$100,000 plus GST cap, went out yesterday. The pricing structure to be provided by the respondents; the liability issues involved; the nature of the service itself to be provided; and the contractual relationship of the PMO to EQC; all needed to be better defined from the draft as it stood on Thursday last. The Board approved the revised document over the weekend and it was sent to interested parties yesterday. (This was the timetable which we had anticipated after our meeting last Thursday morning.)

5. Responses are due back by midday on Monday 4 October.

6. For all practical purposes, and although we have asked respondents to price a "risk retention" option, the risks of poor performance – such as non-compliant or non-weatherproof repairs – by the reconstruction crews will inevitably transfer up to the PMO, and from there to EQC itself. In effect, this will be a Government organisation carrying out building repairs for its insurance claimants. There is little that can be done to structure the responsibility and the liability away from EQC.

7. Because the arrangements as currently proposed will almost certainly push homeowners toward leaving their repairs to the PMO, the EQC/Crown liability will be further reinforced.

8. A by-product of this arrangement is that EQC's directors are likely to have increased personal liability. We are following this up separately.

9. We are leaving open the possibility of contracting more than one project manager, although no decision on this has been taken by the Board. There are obvious advantages for benchmarking performance, (including cost, quality and timeliness of repair work), and it would give us some insurance against poor performance more generally. I would appreciate this possibility not being publicised until proposals have been received and a short list of service providers identified.

Governance

10. I have raised with the Treasury the possibility of strengthening the Board in light of the expanded responsibilities proposed for EQC. We are shaping up some governance proposals for the PMO which will try to balance the need for close alignment with the relevant Local Authorities, and risk minimisation for the Crown. In one way or another some EQC directors will be involved with the governance of the PMO. Treasury will no doubt report to you on this in due course.

Land Remediation

(a) Policy Process

11. The policy process, being led by DPMC and involving Treasury as well as EQC, seems to be pulling the issues together in a way which makes clear the limits of EQC's statutory obligations as well as the cost, equity and social implications of the land remediation options which will be put to the Government.

(b) Engineering Advice

12. The policy process, and the feasibility and cost of different remediation options, relies heavily on Tonkin and Taylor's analysis. Although we have no reason to doubt its technical quality, given the long term social implications (as well as the cost) of decisions based on that analysis, it is prudent to have Tonkin and Taylor's work peer reviewed. This is the view of officials in the DPMC-led policy process. We agree.

13. We have commissioned **9(2)(a)** an independent engineer (known and acceptable to Tonkin and Taylor), to carry out the peer review. This will be completed in about a week, although the timing may not fit with the need for the Government to make some earlier statements to the Local Authorities on the land remediation options, and their funding.

(c) Resourcing

14. Irrespective of the remediation option chosen (or the source of its funding) EQC will inevitably lead the work with the support of its engineers. In my last note to you I flagged the time and resourcing implications (not least of plant and machinery to do the work) of "Option E" – the remediation of land to a high earthquake-resistant standard.

15. If the Government and Local Authorities agree on a lesser option – such as an enhanced "Option G" – the resourcing will be more manageable for EQC. In any event, we will bring this work under its own governance and management arrangements, similar to the PMO option for structural repairs.

16. There is one further risk to flag. In the category of "business as usual" we are dealing with the slow landslip at Moeraki, and a major land slip at Whakatane. We can manage these but, given the recent weather "bomb" over the North Island, the risk of further landslips, requiring immediate engineering analysis and a response to remediate or avoid imminent loss, remains.

Other Matters

17. Ian Simpson, the Chief Executive, was interviewed by Radio NZ yesterday on, among other matters, the adequacy of EQC's caps. Notwithstanding EQC's views in the Briefing for the Incoming Minister, and various policy debates over the last decade, Ian held to the government's position on the matter.

18. Extracts from this interview have subsequently been repeated alongside the contrary views of Mr Clayton Cosgrove M.P. I am informing you of this simply to assure you that, in accordance with longstanding convention, neither Mr Simpson nor any EQC board or staff member would debate policy matters with opposition Members of Parliament.

9. This note has been prepared in conjunction with the Chief Executive of EQC.

10. A copy of this note has been sent to the Treasury.

11. I and the Chief Executive can brief you personally on these and any other matters as you wish.

Michael Wintringham

Chairman EQC

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 30 September 2010 1:40 p.m.
To: '9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@dpmc.govt.nz'; '9(2)(a)@treasury.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@parliament.govt.nz'; '9(2)(a)@parliament.govt.nz';
'9(2)(a)@aonbenfield.com'; Michael Wintringham;
'9(2)(a)@xtra.co.nz'; '9(2)(a)@xtra.co.nz';
'9(2)(a)@bovairdpartners.co.nz'; '9(2)(a)@meridianenergy.co.nz';
'9(2)(a)@clear.net.nz'
Subject: Memo to Minister 30.9
Attachments: Memo to Minister 30.9.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 30 September 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 82,410 as at 12pm.
- Total claims assessed by phone or visit: 7,573.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. As of yesterday they had carried out around 700 of these (including those in Kaiapoi and Pines Beach).
- Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage. What is clear though is that there is still some land movement occurring i.e. the land has yet to settle completely.
- 7,000+ claimants sent schedule of contents forms which we are awaiting the return of.
- Total claim numbers are anticipated to be 100,000⁺.
- Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Currently 4 call centres operating at full capacity to take claims (150 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 30 Salmat call centre operators currently answering EQC enquiry calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission as soon as possible on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:
 - Online (www.eqc.govt.nz)
 - By calling 0800 326 243

- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- A sixth is ready to go and staff are being trained for this at present.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- By this weekend there will be more than 400 staff working in field offices at various locations around the region.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 50 staff are in place in the GBS offices and are now processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received last week (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers are due to be received today (\$300m).

7. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage.

8. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.
 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
- We have sent **D(2)(a)** following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according "to 1992 records, the cap on dwelling was to provide for the replacement cost of a "modal" home taking into account possible post disaster inflation". And, that it is clear that the cap would no longer fulfil its function.
- There has been confusion about the timeframe for the reporting of claims to EQC. The statutory notice period is 30 days or three months under certain circumstances. EQC has requested an extension by regulation to the period for the reporting of claims to three months. This will help allay fears that legitimate claims may not be accepted.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed Gavin Cormack, former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- MED facilitated a positive meeting with banks on Tuesday. A clear process for the settlement of claims above \$100,000 was agreed and will be announced by Minister Brownlee on Friday. EQC expects to have 500 claims ready for payment at the time of the announcement.

9. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:

- Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.
- Joint press advertising with local authorities and the Insurance Council begun.

EQC Chairman Michael Wintringham: S(2)(a)

EQC Chief Executive Ian Simpson: [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Friday, 1 October 2010 1:45 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; 9(2)(a) @meridianenergy.co.nz;
Subject: 9(2)(a) 9(2)(a) @clear.net.nz; 9(2)(a) @parliament.govt.nz
Memo to Minister 1.10
Attachments: Memo to Minister 1.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 1 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 83,916 as at 12pm.
- Total claims assessed by phone or visit: 7,980.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. As of yesterday they had carried out around 800 of these (including those in Kaiapoi and Pines Beach). Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.
- Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage. What is clear though is that there is still some land movement occurring i.e. the land has yet to settle completely.
- 7,000+ claimants sent schedule of contents forms for contents claims.
- Total claim numbers are anticipated to be 100,000⁺.
- Our modelling indicates that there will be a higher level of land damage than initially expected. This means the cost to the Commission is likely to be at the higher end of the previously stated \$1-2 billion range.

2. Call Centres

- Currently 4 call centres operating at full capacity to take claims (150 staff in total).
- Call centre lines are available 24 hours a day, 7 days a week.
- In addition, there are 30 Salmat call centre operators currently answering EQC enquiry calls.
- Message for claimants: If you have earthquake damage to your home or your contents, lodge a claim with the Earthquake Commission as soon as possible on our free phone number **0800 326 243**. You can also lodge your claim online. Go to the Canterbury Earthquake box on our homepage - www.eqc.govt.nz

3. Lodging claims

- Claims can be lodged:

- Online (www.eqc.govt.nz)
- By calling 0800 326 243
- Commission staff are identifying and contacting those claimants with uninhabitable or non-weatherproof homes as soon as possible after their claims are lodged.

4. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- A sixth is ready to go and staff are being trained for this at present.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- The offices will contain the field staff who will inspect properties and resolve claims.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- Each office will contain:
 - 15 loss adjusters
 - 15 estimators
 - 2 engineers
 - 10 support staff
 - Total of 42 per office
- The communications equipment for linking the field offices to EQC's claims system is already in Christchurch or ready to be airlifted to Canterbury immediately.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- By this weekend there will be more than 400 staff working in field offices at various locations around the region.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

5. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 56 staff are in place in the GBS offices and are processing claims. 20 additional staff start on Monday.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.
- The first claims were paid out on Wednesday 16 September.

6. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received last week (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received yesterday (\$300m).

7. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage.

8. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - EQC will be settling claims for minor to catastrophic damage to houses. EQC does not, however, set the priorities for access to the construction resources for repair. If there is a rationing system for construction, EQC will need to ensure that our processes can align with the any such arrangements.
 - There are likely to be a large number of land related claims, involving both liquefaction and "conventional" landslip. Such claims can take hours per claim. EQC is setting up a process to address, where it is able, the building needs immediately and the land claim component in slower time.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
- We have sent **(2)(a)**, following a request from the Dominion Post, a copy of the EQC Briefing to the Incoming Minister of Finance (Nov 2008):
 - Please note, on page 7 of the Briefing, the comment that according "to 1992 records, the cap on dwelling was to provide for the replacement cost of a "modal" home taking into account possible post disaster inflation". And, that it is clear that the cap would no longer fulfil its function.
- There has been confusion about the timeframe for the reporting of claims to EQC. The statutory notice period is 30 days or three months under certain circumstances. EQC has requested an extension by regulation to the period for the reporting of claims to three months. This will help allay fears that legitimate claims may not be accepted.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed **(b)(1)(c)**, former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC is will ensure any perceived or actual conflicts of interest are managed.
- Minister Brownlee announced the process for settlement with banks today.
- Ian Simpson is meeting with Murray Sherwin, Recovery Commission Chair – designate, in Christchurch today.

9. Communications

- EQC's website has up-to-date claims numbers information available.

- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail, Ashburton Courier and ODT this week.
- Joint press advertising with local authorities and the Insurance Council begun.
- Social media monitoring continues.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.

EQC Chairman Michael Wintringham: (b)(2)(a)

EQC Chief Executive Ian Simpson: (b)(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Monday, 4 October 2010 8:32 a.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; 9(2)(a) @meridianenergy.co.nz;
9(2)(a) 9(2)(a) @clear.net.nz; 9(2)(a) @parliament.govt.nz
Subject: EQC Claims Update

As at 8 a.m. Monday: 86,523 claims; 2,956 uninhabitable and 3,462 not weatherproof.

9(2)(a)

From: 9(2)(a)
Sent: Monday, 4 October 2010 1:46 p.m.
To: 9(2)(a) @parliament.govt.nz"; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; 9(2)(a) @meridianenergy.co.nz;
9(2)(a) 9(2)(a) @clear.net.nz; 9(2)(a) @parliament.govt.nz'
Subject: Memo to Minister 4.10
Attachments: Memo to Minister 4.10.docx

Today's slim-line memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 4 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 87,079 as at 12pm.
- Total claims assessed by phone or visit: 8,662.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations.
- Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage. What is clear though is that there is still some land movement occurring i.e. the land has yet to settle completely.
- 7,000+ claimants sent schedule of contents forms for contents claims. Approximately 1,500 have been returned to EQC.
- Total claim numbers are anticipated to be 100,000*.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- A sixth is ready to go and staff are being trained for this at present.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch today.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 76 staff are in place in the GBS offices and are processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received last in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption will be received tomorrow (\$65m).
- Claims payments to date - \$18m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage. The RFP deadline closed at 12pm today. The evaluation process will begin immediately.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer is open to reinsurers until Oct 5.
- There has been confusion about the timeframe for the reporting of claims to EQC. The statutory notice period is 30 days or three months under certain circumstances. EQC has requested an extension by regulation to the period for the reporting of claims to three months. This will help allay fears that legitimate claims may not be accepted.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Minister Brownlee announced the process for settlement with banks on Friday.

- Ian Simpson met with Murray Sherwin, Recovery Commission Chair – designate, in Christchurch on Friday.

7. Communications

- EQC’s website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - o Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week.
- Joint press advertising with local authorities and the Insurance Council begun.
- Social media monitoring continues.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC’s operation.

EQC Chairman Michael Wintringham: (b)(2)(a)

EQC Chief Executive Ian Simpson: (b)(2)(a).

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 5 October 2010 1:29 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; 9(2)(a) @meridianenergy.co.nz;
9(2)(a) 9(2)(a) @clear.net.nz; 9(2)(a) @parliament.govt.nz'
Subject: FW: Memo to Minister 5.10
Attachments: Memo to Minister 5.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 5 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 88,701 as at 12pm.
- Total claims assessed by phone or visit: 9,420.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations.
- Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage. What is clear though is that there is still some land movement occurring i.e. the land has yet to settle completely.
- 8,700 claimants have been sent schedule of contents forms for contents claims. Approximately 1,500 have been returned to EQC.
- Total claim numbers are anticipated to be 100,000*.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- A sixth is ready to go when required.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch.
- In Wellington there are currently 89 personnel (22 permanent staff and 67 temporary & contract staff – including 17 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 76 staff are in place in the GBS offices and are processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received last in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received yesterday (\$65m).
- Claims payments to date - \$18m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage. The RFP deadline closed at 12pm yesterday. The evaluation process has begun.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer is open to reinsurers until Oct 5.
- There has been confusion about the timeframe for the reporting of claims to EQC. The statutory notice period is 30 days or three months under certain circumstances. EQC has requested an extension by regulation to the period for the reporting of claims to three months. This will help allay fears that legitimate claims may not be accepted.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Minister Brownlee announced the process for settlement with banks on Friday.

- Ian Simpson met with Murray Sherwin, Recovery Commission Chair – designate, in Christchurch on Friday.

7. Communications

- EQC’s website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - o Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week.
- Joint press advertising with local authorities and the Insurance Council begun.
- Social media monitoring continues.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC’s operation.

EQC Chairman Michael Wintringham: b(2)(a)

EQC Chief Executive Ian Simpson: b(2)(a).

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 6 October 2010 1:14 p.m.
To: 9(2)(a); 9(2)(a)@parliament.govt.nz;
9(2)(a)@parliament.govt.nz; 9(2)(a)@dpmc.govt.nz;
9(2)(a)@treasury.govt.nz; 9(2)(a)@parliament.govt.nz;
9(2)(a)@parliament.govt.nz; 9(2)(a)@parliament.govt.nz;
9(2)(a)@parliament.govt.nz; 9(2)(a)@aonbenfield.com; Michael
Wintringham; 9(2)(a)@xtra.co.nz; 9(2)(a)@xtra.co.nz;
9(2)(a)@bovairdpartners.co.nz; 9(2)(a)@meridianenergy.co.nz;
9(2)(a)@clear.net.nz; 9(2)(a)@parliament.govt.nz'
Subject: RE: Memo to Minister 6.10
Attachments: Memo to Minister 6.10.docx

From: 9(2)(a)
Sent: Tuesday, 5 October 2010 1:29 p.m.
To: grant.fleming@parliament.govt.nz; 9(2)(a)@parliament.govt.nz; 'stuart.brodie@dpmc.govt.nz';
9(2)(a)@treasury.govt.nz; 9(2)(a)@parliament.govt.nz; 'craig.howie@parliament.govt.nz';
9(2)(a)@parliament.govt.nz; 'kevin.taylor@parliament.govt.nz'; 'richard.trevethick@aonbenfield.com'; Michael
Wintringham; 9(2)(a)@xtra.co.nz; 9(2)(a)@xtra.co.nz; 9(2)(a)@bovairdpartners.co.nz;
9(2)(a)@meridianenergy.co.nz; 9(2)(a); 9(2)(a)@clear.net.nz; 9(2)(a)@parliament.govt.nz'
Subject: FW: Memo to Minister 5.10

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 6 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 89,723 as at 11am.
- Total claims assessed by phone or visit: 9,826.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations.
- Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage. What is clear though is that there is still some land movement occurring i.e. the land has yet to settle completely.
- 8,700 claimants have been sent schedule of contents forms for contents claims. Approximately 1,500 have been returned to EQC.
- Total claim numbers are anticipated to be 100,000*.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- A sixth is ready to go when required.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch.
- In Wellington there are currently 94 personnel (22 permanent staff and 67 temporary & contract staff – including 22 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 76 staff are in place in the GBS offices and are processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday (\$65m).
- Claims payments to date - \$25.5m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage. The RFP deadline closed at 12pm on Monday. The evaluation process has begun. A shortlist will be drawn up by Friday.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- There has been confusion about the timeframe for the reporting of claims to EQC. The statutory notice period is 30 days or three months under certain circumstances. EQC has requested an extension by regulation to the period for the reporting of claims to three months. This will help allay fears that legitimate claims may not be accepted.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.

- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Minister Brownlee announced the process for settlement with banks on Friday.
- Ian Simpson met with Murray Sherwin, Recovery Commission Chair – designate, in Christchurch on Friday.
- Land Remediation
 - o Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - o EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of the Cabinet yesterday.
 - o EQC's Board will decide on its recommendation for land remediation on Friday. The recommendation will be included in Monday's cabinet paper.

7. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - o Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week.
- Joint press advertising with local authorities and the Insurance Council begun.
- Social media monitoring continues.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.

EQC Chairman Michael Wintringham: 9(2)(a) [REDACTED]

EQC Chief Executive Ian Simpson: 9(2)(a) [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 7 October 2010 1:37 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham; 9(2)(a) @xtra.co.nz;
9(2)(a) @xtra.co.nz; 9(2)(a) @bovairdpartners.co.nz;
9(2)(a) @meridianenergy.co.nz; 9(2)(a) 9(2)(a) @clear.net.nz;
9(2)(a) @parliament.govt.nz
Subject: Memo to Minister 7.10
Attachments: Memo to Minister 7.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 7 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 90,699 as at 12pm.
- Total claims assessed by phone or visit: 10,006.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations.
- Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage. What is clear though is that there is still some land movement occurring i.e. the land has yet to settle completely.
- 8,700 claimants have been sent schedule of contents forms for contents claims. Approximately 1,500 have been returned to EQC.
- Total claim numbers are anticipated to be 100,000*.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- A sixth is ready to go when required.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being prepared for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- Although they are not principally intended to be a public office, EQC will ensure that there is assistance and the facilities for walk-in members of the public to lodge claims or receive information.
- We are trying to ensure that the offices will not be all in and around Christchurch to recognise the major impact on other locations such as Kaiapoi.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch.
- In Wellington there are currently 94 personnel (22 permanent staff and 67 temporary & contract staff – including 22 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 76 staff are in place in the GBS offices and are processing claims.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday (\$65m).
- Claims payments to date - \$32m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage. The RFP deadline closed at 12pm on Monday. The evaluation process has begun. A shortlist will be drawn up by Friday.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the Local Authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - We are looking at options for simplifying taxation compliance requirements for non-residential loss adjusters.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- There has been confusion about the timeframe for the reporting of claims to EQC. The statutory notice period is 30 days or three months under certain circumstances. EQC has requested an extension by regulation to the period for the reporting of claims to three months. This will help allay fears that legitimate claims may not be accepted.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.

- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Minister Brownlee announced the process for settlement with banks on Friday.
- Ian Simpson met with Murray Sherwin, Recovery Commission Chair – designate, in Christchurch on Friday.
- Land Remediation
 - Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of Ministers on Tuesday.
 - EQC's Board will decide on its recommendation for land remediation on Friday. The recommendation will be included in Monday's Cabinet paper.

7. Communications

- EQC's website has up-to-date claims numbers information available.
- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week.
- Joint press advertising with local authorities and the Insurance Council begun.
- Social media monitoring continues.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.

EQC Chairman Michael Wintringham 9(2)(a) [REDACTED]

EQC Chief Executive Ian Simpson: 9(2)(a) [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Friday, 8 October 2010 1:18 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; 9(2)(a) @meridianenergy.co.nz;
9(2)(a) 9(2)(a) @clear.net.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dbh.govt.nz
Subject: Memo to Minister 8.10
Attachments: Memo to Minister 8.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 8 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 91,475 as at 12pm.
- Total claims assessed by phone or visit: 10,240.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store. It will also be a mail centre and a consolidated booking office.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch.
- In Wellington there are currently 94 personnel (22 permanent staff and 67 temporary & contract staff – including 22 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 76 staff are in place in the GBS offices and are processing claims. A further 25 will start at GBS on Monday.
- Gallagher Basset is pulling in further staff from across Australia, and will call in additional staff from the USA as required and as requested by EQC.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).

- Another global equity redemption was received on Monday (\$65m).
- Claims payments to date - \$34.5m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage. The RFP deadline closed at 12pm on Monday. Yesterday two organisations were shortlisted: Fletcher Construction and a consortium consisting of BECA, Arrow International and OPUS International Consultants. It is anticipated that negotiations will conclude by October 15.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - o EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - o Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - o There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - o We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC is will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - o Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - o EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of Ministers on Tuesday.
 - o EQC's Board will decide on its recommendation for land remediation today. The recommendation will be included in Monday's Cabinet paper.

7. Communications

- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - o Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week.
- Joint press advertising with local authorities and the Insurance Council begun.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.

EQC Chairman Michael Wintringham: 9(2)(a) [REDACTED]

EQC Chief Executive Ian Simpson: 9(2)(a) [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Monday, 11 October 2010 1:25 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; 9(2)(a) @meridianenergy.co.nz;
9(2)(a) 9(2)(a) @clear.net.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dbh.govt.nz; Mike Bodnar
Subject: Memo to Minister 11.10
Attachments: Memo to Minister 11.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 11 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 92,958 as at 12pm.
- Total claims assessed by phone or visit: 10,832.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch.
- In Wellington there are currently 97 personnel (22 permanent staff and 75 temporary & contract staff – including 29 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 101 staff are in place in the GBS offices and are processing claims.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$34.5m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage
- Two organisations have been shortlisted: Fletcher Construction and a consortium consisting of BECA, Arrow International and OPUS International Consultants. It is anticipated that negotiations will conclude by October 15.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of Ministers on Tuesday.
 - EQC's Board decided on its recommendation for land remediation on Friday. The recommendation will be included in today's Cabinet paper.

7. Communications

- Internet, radio and press advertising continues.
- Full page advertisement running in:
 - Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week.
- Joint press advertising with local authorities and the Insurance Council begun.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.

EQC Chairman Michael Wintringham: [REDACTED]

EQC Chief Executive Ian Simpson: [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 12 October 2010 5:03 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; 9(2)(a) @meridianenergy.co.nz;
9(2)(a) 9(2)(a) @clear.net.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dbh.govt.nz
Subject: Memo to Minister: 12.10
Attachments: Memo to Minister 12.10.docx

Today's memo FYI – apologies for the delay.

MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 12 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 93,895 as at 12pm.
- Total claims assessed by phone or visit: 11,435.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch.
- In Wellington there are currently 97 personnel (22 permanent staff and 75 temporary & contract staff – including 29 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 101 staff are in place in the GBS offices and are processing claims.
- The target is to have settled all claims under \$10,000 contents by Christmas and to have inspected all properties with likely claims over \$10,000 by March next year. EQC is settling its part of claims over \$100,000 as they are identified. The repair work for all claims between \$10,000 and \$100,000, the ones to be managed by our Project Management Office, may take up to two years. However, this repair process will start next week. We expect reinstating damaged land to take up to 18 months.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).

- Claims payments to date - \$34.5m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage
- Two organisations have been shortlisted: Fletcher Construction and a consortium consisting of BECA, Arrow International and OPUS International Consultants. It is anticipated that negotiations will conclude by October 15.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - o EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - o Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - o There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - o We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - o Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - o EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of Ministers on Tuesday.
 - o EQC's Board decided on its recommendation for land remediation on Friday. The recommendation was included in yesterday's Cabinet paper.

7. Communications

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- Joint press advertising with local authorities and the Insurance Council begun.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.

EQC Chairman Michael Wintringham: [REDACTED]

EQC Chief Executive Ian Simpson: [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 13 October 2010 2:15 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham; 9(2)(a) @xtra.co.nz;
9(2)(a) @xtra.co.nz; 9(2)(a) @bovairdpartners.co.nz;
9(2)(a) @meridianenergy.co.nz; 9(2)(a) 9(2)(a) @clear.net.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @dbh.govt.nz
Subject: Memo to Minister: 13.10
Attachments: Memo to Minister 13.10.docx

Today's memo FYI.

MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 13 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 94,619 as at 12pm.
- Total claims assessed by phone or visit: 12,113.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
- There are 350 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch. In Wellington there are currently 97 personnel (22 permanent staff and 75 temporary & contract staff – including 29 dealing directly with claimants).

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- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 101 staff are in place in the GBS offices and are processing claims.
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4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$47.5m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage
- Two organisations have been shortlisted: Fletcher Construction and a consortium consisting of BECA, Arrow International and OPUS International Consultants. It is anticipated that negotiations will conclude by October 15.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of Ministers on Tuesday last week.
 - EQC's Board decided on its recommendation for land remediation on Friday. The recommendation was included in Monday's Cabinet paper.
 - A DPMC-led meeting with MED, NZTA and EQC was held yesterday to discuss the options for a head-agency to lead the land remediation work. A report back to the ACE Cabinet Committee on who is best placed to deliver the additional land remediation is due by 21 October.

7. Communications

- Press advertisement running in:
 - Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week, reducing next week.
 - Strip "claims prompts" advertisements most days in the above, reducing next week.
- "Claims prompts" advertisements on Facebook, Google, Stuff and The Press website.
- Radio "claims prompt" adverts on both radio networks in the region, reducing next week
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation
- Initial planning for the communications activity to accompany land remediation work is underway and involves a range of local and central agencies in an all-of-government approach.

EQC Chairman Michael Wintringham: [REDACTED]

EQC Chief Executive Ian Simpson: [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 14 October 2010 1:45 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham; 9(2)(a) @xtra.co.nz;
9(2)(a) @xtra.co.nz; 9(2)(a) @bovairdpartners.co.nz;
9(2)(a) @meridianenergy.co.nz; 9(2)(a) 9(2)(a) @clear.net.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @dbh.govt.nz
Subject: Memo to Minister: 14.10
Attachments: Memo to Minister 14.10.docx

Today's memo FYI.

MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 13 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 94,619 as at 12pm.
- Total claims assessed by phone or visit: 12,113.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
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- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
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- The target is to have settled all claims under \$10,000 contents by Christmas and to have inspected all properties with likely claims over \$10,000 by March next year. EQC is settling its part of claims over \$100,000 as they are identified. The repair work for all claims between \$10,000 and \$100,000, the ones to be managed by our Project Management Office, may take up to two years. However, this repair process will start next week. We expect reinstating damaged land to take up to 18 months.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$47.5m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage
- Two organisations have been shortlisted: Fletcher Construction and a consortium consisting of BECA, Arrow International and OPUS International Consultants. It is anticipated that negotiations will conclude by October 15.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed [REDACTED], former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of Ministers on Tuesday last week.
 - EQC's Board decided on its recommendation for land remediation on Friday. The recommendation was included in Monday's Cabinet paper.
 - A DPMC-led meeting with MED, NZTA and EQC was held yesterday to discuss the options for a head-agency to lead the land remediation work. A report back to the ACE Cabinet Committee on who is best placed to deliver the additional land remediation is due by 21 October.

7. Communications

- Press advertisement running in:
 - Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week, reducing next week.
 - Strip "claims prompts" advertisements most days in the above, reducing next week.
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- Initial planning for the communications activity to accompany land remediation work is underway and involves a range of local and central agencies in an all-of-government approach.

EQC Chairman Michael Wintringham: [REDACTED]

EQC Chief Executive Ian Simpson: [REDACTED]

9(2)(a)

From: 9(2)(a)
Sent: Friday, 15 October 2010 1:32 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham; 9(2)(a) @xtra.co.nz;
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9(2)(a) @meridianenergy.co.nz; 9(2)(a) 9(2)(a) @clear.net.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @dbh.govt.nz
Subject: Memo to Minister: 15.10
Attachments: Memo to Minister 15.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 15 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 96,149 as at 12pm.
- Total claims assessed by phone or visit: 13,250
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

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4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.

- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$48.8m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage
- Fletcher Construction announced as successful tenderer for project management office. First repairs planned to start within two weeks.
- Ian Simpson met with Fletcher Construction this morning and councils and the Department of Building and Housing this afternoon to discuss the PMO.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
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- Radio "claims prompt" adverts on both radio networks in the region, reducing next week

- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation
- Initial planning for the communications activity to accompany land remediation work is underway and involves a range of local and central agencies in an all-of-government approach.
- Mr Brownlee is holding a press conference in Christchurch at 3.15pm today to update the media on the earthquake recovery.

EQC Chairman Michael Wintringham: 9(2)(a)

EQC Chief Executive Ian Simpson: 9(2)(a)

9(2)(a)

From: Michael Wintringham
Sent: Tuesday, 19 October 2010 9:13 a.m.
To: 9(2)(a)@treasury.govt.nz
Subject: RE: Invitation to attend next Crown company / entity director development session

For Stephen Rich
COMU

Given the pressure on EQC at the moment I (and other Wellington directors) will have difficulty taking a day in Auckland for this session.

However, Denise Bovaird, one of our Auckland directors, will be attending. She will reply separately to the invitation.

I look forward to the next Wellington-based session.

Kind regards

Michael Wintringham

From: Paula Dobson [mailto:9(2)(a)@treasury.govt.nz] **On Behalf Of** Crown Ownership Monitoring Unit Mailbox
Sent: Friday, 15 October 2010 9:30 p.m.
To: Paula Dobson
Subject: Invitation to attend next Crown company / entity director development session

Greetings

This message is copied to all serving Crown company / entity directors and CEOs of the boards that COMU administers on behalf of shareholding Ministers.

This email is your formal invitation to attend COMU's next Professional Development Session (PDU) for serving Crown directors, the aim of which is *"to explore the role of Air New Zealand's Board in re-establishing an iconic New Zealand business"*.

Keynote speakers will include **Rob Fyfe**, CEO and **John Palmer**, Chair of Air New Zealand.

Details:

Venue: Auckland International Airport (exact meeting place to be confirmed)

Date/Time: Monday 22 November 2010 commencing at 10.15am and finishing at 4.30pm.

While attendance is obviously not compulsory we hope that representatives from all boards will be able to attend. We may need to limit places, so please confirm as soon as possible if you would like to be there.

Please RSVP by return email no later than 5pm on **Friday 29 October 2010**.

As previously, there will be no charge for the workshop, but attendees (or their companies / entities) will need to cover any travel costs.

Regards

**Stephen Rich | Manager – Appointments & Governance
Crown Ownership Monitoring Unit (COMU)**

Tel: 9(2)(a) [REDACTED] 9(2)(a) [REDACTED]@treasury.govt.nz

CONFIDENTIALITY NOTICE

The information in this email is confidential to the Treasury, intended only for the addressee(s), and may also be legally privileged. If you are not an intended addressee:

- a. please immediately delete this email and notify the Treasury by return email or telephone (64 4 472 2733);
- b. any use, dissemination or copying of this email is strictly prohibited and may be unlawful.

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 19 October 2010 1:39 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz'
Subject: FW: Memo to Minister: 19.10
Attachments: Memo to Minister 19.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 19 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 98,328 as at 12pm.
- Total claims assessed by phone or visit: 14,387
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead and Parklands are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
- There are 400 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch. In Wellington there are currently 97 personnel (22 permanent staff and 75 temporary & contract staff – including 29 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 101 staff are in place in the GBS offices and are processing claims.
- The target is to have settled all claims under \$10,000 contents by Christmas and to have inspected all properties with likely claims over \$10,000 by March next year. EQC is settling its part of claims over \$100,000 as they are identified. The repair work for all claims between \$10,000 and \$100,000, the ones to be managed by our project management office, may take up to two years. We expect reinstating damaged land to take up to 18 months.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.

- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$52.2m.

5. Repair Process

- The Commission has issued an RFP to major companies in New Zealand and abroad to establish a project management team for repairing housing with moderate to relatively serious earthquake damage
- Fletcher Construction announced as successful tenderer for project management office. First repairs planned to start within two weeks.
- Ian Simpson met with Fletcher Construction this morning and councils and the Department of Building and Housing this afternoon to discuss the PMO.
- Fletchers are on the ground in Christchurch. An ad for the additional resources required was placed in the Press today and also on the Gets website.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - o EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - o Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - o There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - o We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed (b)(2)(a), former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC is will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - o Under its Act EQC is able to fund repairs that see land returned to its pre-earthquake state.
 - o EQC presented the Tonkin & Taylor Geotechnical Land Damage report to a meeting of Ministers on Tuesday last week.
 - o EQC's Board decided on its recommendation for land remediation on Friday. The recommendation was included in Monday's Cabinet paper.
 - o A DPMC-led meeting with MED, NZTA and EQC was held yesterday to discuss the options for a head-agency to lead the land remediation work. A report back to the ACE Cabinet Committee on who is best placed to deliver the additional land remediation is due by 21 October.
 - o Phone calls to 1,200 of the worst-affected homeowners are being made today. This will be followed by a mailed package from EQC including a letter, Q&As and the Tonkin & Taylor geotechnical report. The report will be released publically on Thursday.

7. Communications

- Press advertisement running in:

- Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week , reducing next week.
- Strip "claims prompts" advertisements most days in the above, reducing next week.
- "Claims prompts" advertisements on Facebook, Google, Stuff and The Press website.
- Radio "claims prompt" adverts on both radio networks in the region, reducing next week
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation

EQC Chairman Michael Wintringham: 9(2)(a)

EQC Chief Executive Ian Simpson: 9(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 20 October 2010 1:47 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a)
Subject: FW: Memo to Minister: 20.10
Attachments: Memo to Minister 20.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 20 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 99,602 as at 12pm.
- Total claims assessed by phone or visit: 15,027
- 2,950 reported uninhabitable 3,699 not weathertight
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead, Parklands and Spenserville are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
- There are 400 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch. In Wellington there are currently 97 personnel (22 permanent staff and 75 temporary & contract staff – including 29 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 101 staff are in place in the GBS offices and are processing claims.
- The target is to have settled all claims under \$10,000 contents by Christmas and to have inspected all properties with likely claims over \$10,000 by March next year. EQC is settling its part of claims over \$100,000 as they are identified. The repair work for all claims between \$10,000 and \$100,000, the ones to be managed by our project management office, may take up to two years. We expect reinstating damaged land to take up to 18 months.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$52.7m.

5. Repair Process

- Fletcher Construction announced as successful tenderer for project management office. The office is responsible for organising repairs to houses with moderate to relatively severe damage. First repairs planned to start by the end of the month.
- Fletchers are on the ground in Christchurch. An ad for the additional resources required was placed in the Press yesterday and also on the Gets website.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed **S(2)(a)**, former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - A DPMC-led meeting with MED, NZTA and EQC has been held to discuss the options for a head-agency to lead the land remediation work. A report back to the ACE Cabinet Committee on who is best placed to deliver the additional land remediation is due by 21 October.
 - Phone calls to 1,200 of the homeowners with badly affected but repairable land have been completed. This will be followed by a package from EQC including a letter, Q&As and the Tonkin & Taylor geotechnical report. The report will be released publically on Thursday.
 - Yesterday and today an EQC loss adjuster and a Tonkin & Taylor geotechnical engineer visited the 16 homeowners whose land was so badly damaged that there will need to be further investigations to decide whether or not it can be repaired economically.

7. Communications

- Press advertisement running in:
 - o Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week .
 - o Strip "claims prompts" advertisements in the above.
- "Claims prompts" advertisements on Facebook, Google, Stuff and The Press website.
- Radio "claims prompt" adverts on both radio networks in the region.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.
- A second You-Tube video will be posted tomorrow to help explain the land damage and remediation situation.

EQC Chairman Michael Wintringham: s(2)(a)

EQC Chief Executive Ian Simpson: s(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 21 October 2010 1:42 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a)
Subject: Memo to Minister: 21.10
Attachments: Memo to Minister 21.10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 21 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 100,591 as at 12pm.
- Total claims assessed by phone or visit: 15,048
- 2,953 reported uninhabitable 3,725 not weathertight
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead, Parklands and Spenserville are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.
- Engineers have now inspected over 4,000 properties where liquefaction was reported. They are now going back to most of these properties and are carrying out further land evaluations. Engineers are also conducting drilling operations in eight critical suburbs to check on the depth of damage.

2. Field Offices

- Five field offices are operating in Canterbury. There are two in Deans Ave, one each in Addington, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
- There are 400 EQC personnel (including loss adjusters, estimators, engineers and office staff) on the ground in Christchurch. In Wellington there are currently 97 personnel (22 permanent staff and 75 temporary & contract staff – including 29 dealing directly with claimants).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- 101 staff are in place in the GBS offices and are processing claims.
- The target is to have settled all claims under \$10,000 contents by Christmas and to have inspected all properties with likely claims over \$10,000 by March next year. EQC is settling its part of claims over \$100,000 as they are identified. The repair work for all claims between \$10,000 and \$100,000, the ones to be managed by our project management office, may take up to two years. We expect reinstating damaged land to take up to 18 months.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September and they are being held on call for claims payments. The first global equity redemptions were received in the week beginning Sept 20 (\$70m) – they are also being held on call.
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$54.1m.

5. Repair Process

- Fletcher Construction announced as successful tenderer for project management office. The office is responsible for organising repairs to houses with moderate to relatively severe damage. First repairs planned to start by the end of the month.
- Fletchers are on the ground in Christchurch. An ad for the additional resources required was placed in the Press yesterday and also on the Gets website.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed s(2)(a), former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - A DPMC-led meeting with MED, NZTA and EQC has been held to discuss the options for a head-agency to lead the land remediation work. A report back to the ACE Cabinet Committee on who is best placed to deliver the additional land remediation is due today.
 - Phone calls to 1,200 of the homeowners with badly affected but repairable land have been completed. This will be followed by a package from EQC including a letter, Q&As and the Tonkin & Taylor geotechnical report. The report will be released publically on Thursday.
 - On Tuesday and Wednesday an EQC loss adjuster and a Tonkin & Taylor geotechnical engineer visited the 16 homeowners whose land was so badly damaged that there will need to be further investigations to decide whether or not it can be repaired economically.

- Minister Brownlee, with Ian Simpson, announced the release of the Tonkin & Taylor report in Christchurch this afternoon.

7. Communications

- Press advertisement running in:
 - Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week .
 - Strip “claims prompts” advertisements in the above.
- “Claims prompts” advertisements on Facebook, Google, Stuff and The Press website.
- Radio “claims prompt” adverts on both radio networks in the region.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC’s operation.
- A second You-Tube video will be posted as soon as it is approved to help explain the land damage and remediation situation.
- The Tonkin & Taylor report has been loaded on to the EQC website.

EQC Chairman Michael Wintringham: 0(2)(a)

EQC Chief Executive Ian Simpson: 0(2)(a)

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 21 October 2010 4:45 p.m.
To: 9(2)(a)@treasury.govt.nz
Cc: 9(2)(a)@clear.net.nz
Subject: Programme for John Whitehead - Canterbury Recovery

Hi 9(2)(a)

I've spoken to 9(2)(a), our Recovery Liaison Officer, in Christchurch, and he has suggested the following programme for Friday, 29 October.

- 9.30am – An EQC representative will pick Mr Whitehead up from MED offices to take him to our operation in Deans Avenue (I believe it's a 10 minute drive).
- 9.45am - Meeting with Ian Simpson and Recovery Team
Review of operational procedures and current status
- 10.15am - Tonkin and Taylor (geotechnical engineers) on liquefaction effects
- 10.45am - Morning tea and introduction to Fletcher Challenge
- 11.00am - Fletcher Challenge presentation
- 11.30am - Tour of office and damage sites
- 1.00pm - Lunch

Please let us know if this suits.

Regards

9(2)(a)

Executive Secretary | Earthquake Commission (EQC)
Majestic Centre | 100 Willis Street | P.O. Box 700 | Wellington
Phone 9(2)(a) [9\(2\)\(a\)@eqc.govt.nz](mailto:9(2)(a)@eqc.govt.nz)

9(2)(a)

From: 9(2)(a)
Sent: Friday, 22 October 2010 2:12 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a); Matthew C.
9(2)(a)
Subject: FW: Memo to Minister: 22.10
Attachments: Memo to Minister 22.10.docx

Today's memo FYI.

MEMO TO: Minister in Charge of the Earthquake Commission

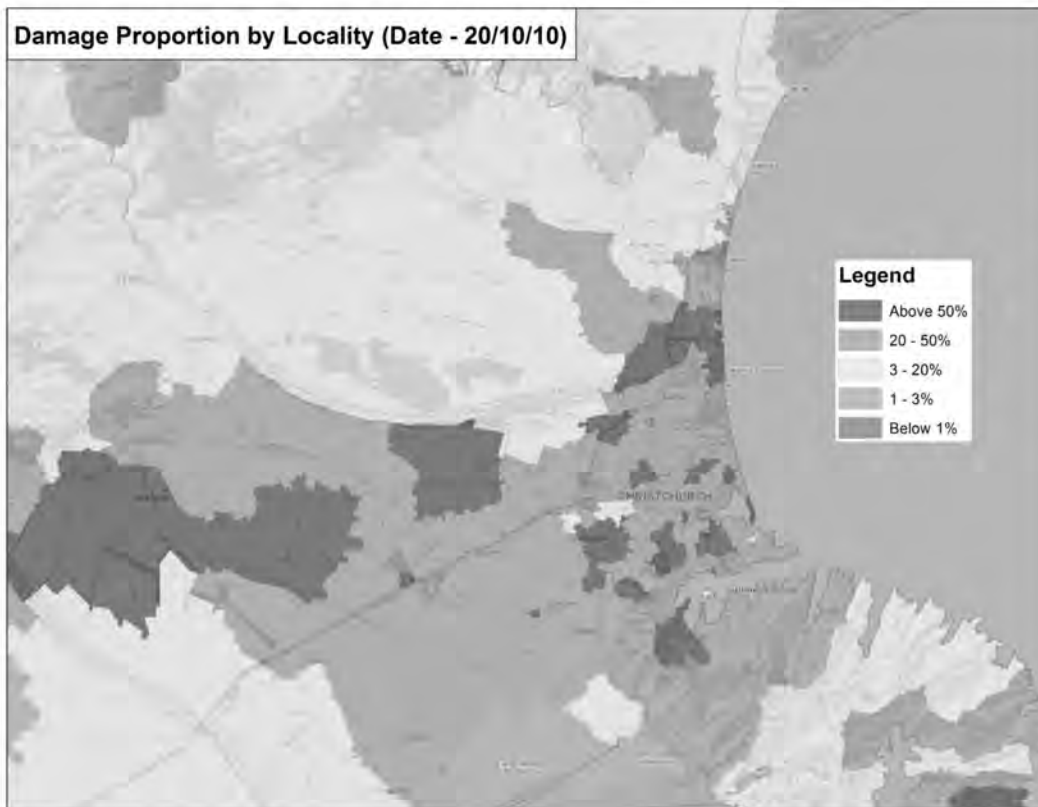
FROM: Chief Executive of the Earthquake Commission

DATE: 22 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 101,410 as at 12pm.
- Total claims assessed by phone or visit: 18,368
- 2,953 reported uninhabitable 3,744 not weathertight
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead, Parklands and Spenserville are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.



2. Field Offices

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4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September.
- The first global equity redemptions were received in the week beginning Sept 20 (\$70m).
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$56m.

5. Repair Process

- Fletcher Construction announced as successful tenderer for project management office. The office is responsible for organising repairs to houses with moderate to relatively severe damage. First repairs planned to start by the end of the month.
- Fletchers are on the ground in Christchurch. An ad for the additional resources required was placed in the Press and also on the Gets website.

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- We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
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- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed **(b)(2)(a)**, former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - A DPMC-led meeting with MED, NZTA and EQC has been held to discuss the options for a head-agency to lead the land remediation work. EQC continues to be involved in the discussions.
 - Phone calls to 1,200 of the homeowners with badly affected but repairable land have been completed. This was followed by a package from EQC including a letter, Q&As and the Tonkin & Taylor geotechnical report.
 - On Tuesday and Wednesday an EQC loss adjuster and a Tonkin & Taylor geotechnical engineer visited the 16 homeowners whose land was so badly damaged that there will need to be further investigations to decide whether or not it can be repaired economically.
- Minister Brownlee, with Ian Simpson, announced the release of the Tonkin & Taylor report in Christchurch yesterday afternoon.

7. Communications

- Press advertisement running in:
 - Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week .
 - Strip "claims prompts" advertisements in the above.
- "Claims prompts" advertisements on Facebook, Google, Stuff and The Press website.
- Radio "claims prompt" adverts on both radio networks in the region.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation.
- A second You-Tube video has been posted to help explain the land damage and remediation situation.
- The Tonkin & Taylor report and material sent to claimants has been loaded on to the EQC website.

EQC Chairman Michael Wintringham: **(b)(2)(a)**

EQC Chief Executive Ian Simpson: **(b)(2)(a)**

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 26 October 2010 2:02 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a); Matthew C.
9(2)(a)
Subject: Memo to Minister: 26.10
Attachments: Memo to Minister 26 10.docx

Today's memo FYI.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 26 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 103,259 as at 12pm.
- Total claims assessed by phone or visit: 18,368.
- 2,909 reported uninhabitable 3,754 not weathertight.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead, Parklands and Spenserville are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.

2. Field Offices

- Seven field offices are operating in Canterbury. There are two in Deans Ave, two in Addington and one each in Northwood, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.
- There are a total of 660 EQC personnel, including loss adjusters, estimators, engineers and office staff.
 - o On the ground in Christchurch there are currently 379 staff (307 field staff and 72 office/support staff).
 - o In Wellington there are currently 281 personnel (22 permanent staff and 259 temporary & contract staff).

3. Claims processing

- EQC's claims processing operation is based in Brisbane Australia, and run under contract with Gallagher Basset Services. This is the back office support for the EQC field offices in Canterbury.
- There are 96 staff in place in the GBS offices and they are processing claims.
- The target is to have settled all claims under \$10,000 contents by Christmas and to have inspected all properties with likely claims over \$10,000 by March next year. EQC is settling its part of claims over \$100,000 as they are identified. The repair work for all claims between \$10,000 and \$100,000, the ones to be managed by our project management office, may take up to two years. We expect reinstating damaged land to take up to 18 months.

4. Cash Flows

- The Commission received maturing investments on Wednesday 15 September.
- The first global equity redemptions were received in the week beginning Sept 20 (\$70m).
- Proceeds from the termination of two global equity managers were received on Thurs 30 Sept (\$300m).
- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$60.4m.

5. Repair Process

- Fletcher Construction announced as successful tenderer for project management office. The office is responsible for organising repairs to houses with moderate to relatively severe damage. First repairs planned to start by the end of the month.
- Fletchers are on the ground in Christchurch. An ad for the additional resources required was placed in the Press and also on the Gets website.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - Reinsurance:
 - EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
 - We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.
- A regulation to extend the period for reporting claims to three months was made on Oct 4.
- Assistance will be brought in from one of the four major accounting firms to ensure the project management process is robust, particularly given the short time-frames involved.
- EQC has appointed (b)(2)(a), former chief executive and former executive chair of Beca, to support EQC in overseeing the project management process. EQC will ensure any perceived or actual conflicts of interest are managed.
- Land Remediation
 - A DPMC-led meeting with MED, NZTA and EQC has been held to discuss the options for a head-agency to lead the land remediation work. EQC continues to be involved in the discussions.
 - Phone calls to 1,200 of the homeowners with badly affected but repairable land have been completed. This was followed by a package from EQC including a letter, Q&As and the Tonkin & Taylor geotechnical report.
 - On Tuesday and Wednesday last week an EQC loss adjuster and a Tonkin & Taylor geotechnical engineer visited the 16 homeowners whose land was so badly damaged that there will need to be further investigations to decide whether or not it can be repaired economically.

- Minister Brownlee, with Ian Simpson, announced the release of the Tonkin & Taylor report in Christchurch on Thursday last week.
- Ian Simpson and [redacted] will represent EQC at a series of public meetings organised by local Labour MPs to be held this week and early next week.

7. Communications

- Press advertisement running in:
 - o Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week .
 - o Strip “claims prompts” advertisements in the above.
- “Claims prompts” advertisements on Facebook, Google, Stuff and The Press website.
- Radio “claims prompt” adverts on both radio networks in the region.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC’s operation.
- A second You-Tube video has been posted to help explain the land damage and remediation situation.
- The Tonkin & Taylor report and material sent to claimants has been loaded on to the EQC website.

EQC Chairman Michael Wintringham: [redacted]

EQC Chief Executive Ian Simpson: [redacted]

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 27 October 2010 8:59 a.m.
To: 9(2)(a)@treasury.govt.nz
Subject: FW: OIA request - EQC daily briefings for 8 and 9 September

Hi Juston

Jo forwarded this onto me for comment. Was it just the briefing that was attached for comment? I'm guessing it is but want to make sure.

Thanks

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 27 October 2010 8:09 a.m.
To: 9(2)(a)
Subject: FW: OIA request - EQC daily briefings for 8 and 9 September

One for you please 9(2)(a)

From: Juston Anderson [mailto:9(2)(a)@treasury.govt.nz]
Sent: Tuesday, October 26, 2010 11:16 AM
To: 9(2)(a)
Subject: RE: OIA request - EQC daily briefings for 8 and 9 September

Draft reply attached. I intend to get this to the Minister on Thursday, so if you have any comments can you let me know by tomorrow please.

Juston Anderson | Senior Analyst | **The Treasury**
Tel: 9(2)(a) 9(2)(a)@treasury.govt.nz

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From: Juston Anderson
Sent: Wednesday, 13 October 2010 4:15 p.m.
To: 9(2)(a) [EQC]
Subject: OIA request - EQC daily briefings for 8 and 9 September

Joanna

The Minister of Finance has received an OIA request from 9(2)(a) of the Herald on Sunday. The request covers the EQC daily briefings to the MoF for 8 and 9 September, and a couple of emails from the MoF's office summarising them.

I have attached the relevant documents with the sections I think should be withheld marked up. Can you please let me know the EQC's views on this.

The OIA is due to the MoF's office by 28 October. We can extend if necessary, but this one seems relatively straightforward so I'm inclined to just get it out the door.

Juston Anderson | Senior Analyst | The Treasury

Tel: (b)(2)(a) | (b)(2)(a)@treasury.govt.nz

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9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 27 October 2010 11:41 a.m.
To: 9(2)(a)@treasury.govt.nz
Cc: Claims Coordinator (9(2)(a)r@clear.net.nz)
Subject: John Whitehead-Visit to EQC site tomorrow

Hi 9(2)(a)

I have just had an email from Louise Harris from our main field office in Christchurch. She says they have arranged a carpark for John outside the offices at 3-5 Deans Avenue – it is the last park towards the exit point at the front of the building and will be marked out with orange road cones.

Regards

9(2)(a)

9(2)(a)

Executive Secretary | Earthquake Commission (EQC)
Majestic Centre | 100 Willis Street | P O Box 790 | Wellington
Phones: 9(2)(a) eqc.govt.nz

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 27 October 2010 1:02 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a); Matthew C.
9(2)(a)
Subject: Memo to Minister - change in reporting

Good afternoon everyone

There is no daily update today.

Given the slower pace of change, Ian has suggested that the Memo to the Minister be provided on a weekly basis starting this week.

The weekly report will be distributed on Fridays.

Regards

9(2)(a) - Communications Advisor
Earthquake Commission

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 27 October 2010 3:33 p.m.
To: 9(2)(a)@treasury.govt.nz
Cc: 9(2)(a)
Subject: RE: Earthquake Disclosure for the 30 September Crown Accounts

David

Thank you for discussing the note with me.
I have amended the note as discussed. Please see below.

Thanks

Kind regards

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 27 October 2010 11:48 a.m.
To: 9(2)(a)
Subject: FW: Earthquake Disclosure for the 30 September Crown Accounts

Hi 9(2)(a)

Could you help me out by completing this.

Cheers

Joanne

From: David Hendle [mailto:9(2)(a)@treasury.govt.nz]
Sent: Wednesday, 27 October 2010 11:24 a.m.
To: 9(2)(a)
Cc: 9(2)(a)
Subject: Earthquake Disclosure for the 30 September Crown Accounts

Hi 9(2)(a)

We wish to make a disclosure in the Crown's 30 September accounts covering the cost to the Crown of the Canterbury earthquake. We have drafted the following note and would appreciate it if you could please:

1. Provide the three missing, EQC-related numbers in the first paragraph;
2. Let us know if you think there is a significant risk of these numbers changing materially between now and our publication date (8 November); and
3. Confirm you are comfortable that the note is factually correct and appropriate (as it relates to EQC) – or offer your suggested improvements

Note 20: Canterbury Earthquake

On the 4th of September the Canterbury region experienced a serious earthquake. These financial statements include an initial net provision of \$1.5 billion for the likely costs to be incurred by the Earthquake Commission (EQC). EQC's current estimate of damage to residential property covered by EQC is at the upper end of the range \$1.0 billion to

\$2.0 billion. EQC has reinsurance cover that should reimburse it for costs in excess of \$1.5 billion. The provision also includes an amount of approximately \$90 million for administration costs in respect of these claims. A significant portion of these claims are being managed by Fletcher Construction Ltd., and should be settled within two years. However, as most of these payments will occur within a year no discount has been made for the time value of these payments.

In addition to the above costs provided for, the Government has committed to reimburse a proportion of eligible restoration costs relating to critical local government infrastructure such as roads, water and sewerage systems and stopbanks. Initial estimates of this expenditure are around \$150 million for roads and \$130 million for the other infrastructure assets.

The government has also announced or incurred other expenses in relation to such items as wage subsidies, restoration of heritage buildings, community and trauma support, and other support assistance. An initial estimate for the cost of this work is \$60 million.

There has also been some damage to central government assets such as hospitals, schools, state housing and state highways. These costs are largely covered by insurance.

These costs do not include the impact on tax or other revenues as a result of the earthquake, nor do they include costs that the Government has not yet committed to, whether or not they are under active consideration, but which may yet arise in association with the earthquake.

We are looking to finalise this disclosure by the end of tomorrow, so I would appreciate your reply before then if possible please. If that timeframe presents a problem, please let me know.

We will also be liaising with the other entities involved to confirm their parts.

Thank you.

Regards,

David Hendle | Accounting Policy Analyst | The Treasury

Tel: **9(2)(a)** **9(2)(a)** @treasury.govt.nz

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9(2)(a)

From: Lynda Banks <Lynda.Banks@oag.govt.nz>
Sent: Thursday, 28 October 2010 4:48 p.m.
To: Philippa Smith; 9(2)(a); 'lyn.butler@middlemore.co.nz'; 9(2)(a); Colleen Pilgrim; Ian Simpson; Ann Webster; 'geraint.martin@middlemore.co.nz'; 'bob.russell@ird.govt.nz'; 9(2)(a)@ird.govt.nz; 9(2)(a)@treasury.govt.nz; 'geoff.bascand@stats.govt.nz'; 9(2)(a)@stats.govt.nz; 'Geraint Martin (CMDHB)'; Ian Simpson; Lyn Provost
Cc: Shelley Curtis; Kathrine Rice; 'Paul Reynolds'; 9(2)(a)
Subject: Agenda - Central Government Advisory Group Meeting, Monday 1 November 2010, 1:00-4:00pm
Attachments: Central Govt Advisory Group Mtg Agenda 1 Nov 2010.doc

Good afternoon

Please find attached the agenda for the Central Government Advisory Group meeting to be held on Monday 1 November, 1-4pm.

Venue: Office of the Controller and Auditor-General, Level 2, 100 Molesworth Street, Wellington.

Regards

Lynda Banks

Executive Assistant to the Controller and Auditor-General,
Office of the Auditor-General, *Te Mana Arotake*
100 Molesworth Street, Thorndon, PO Box 3928, Wellington 6140, New Zealand.
Ph: +64 4 917 1500 DDI: +64 4 917 1502; Fax: +64 4 917 1549
www.oag.govt.nz

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MEETING AGENDA

CENTRAL GOVERNMENT ADVISORY GROUP

Meeting details

1 November 2010, 1:00 – 4:00pm

OAG offices – Level 2, State Services Commission Building, Molesworth Street

Attendees:

- Advisory Group:* Robert (Bob) Russell (Commissioner, Inland Revenue), Geoff Bascand (Chief Executive, Statistics NZ), Geraint Martin (Chief Executive, Counties-Manukau District Health Board), Ian Simpson (Chief Executive, Earthquake Commission), Fergus Welsh (Chief Financial Officer and Chief Accountant, the Treasury).

Apology: Paul Reynolds (Chief Executive, Ministry for the Environment).
- OAG:* Lyn Provost (Auditor-General), Phillippa Smith (Deputy Auditor-General), **9(2)(e)** (Assistant Auditor-General, Parliamentary), Ann Webster (Assistant Auditor-General, Research and Development), Colleen Pilgrim (Sector Manager)

	Agenda item		See Attachment
1	Welcome and introductions	Lyn Provost	
2	Role of the Advisory Group	Lyn Provost	
3	Auditor-General's 2010-13 Central Government Sector Plan	Lyn Provost and 9(2)(a)	✓
4	Central government environmental context	Advisory Group discussion and comment	✓
5	Improving public sector performance <ul style="list-style-type: none"> Change in central government – impact and implications Performance Improvement Framework 	Advisory Group discussion and comment	✓
6	Management of the Government's balance sheet	Advisory Group discussion and comment	✓
7	OAG current performance audit programme	Phillippa Smith	
8	Closing remarks	Lyn Provost	
9	Next meeting		

Attachment

Agenda item 3: Central government 2010-13 sector plan

- High level overview of the key developments and themes across and within the central government sector that have implications for the Auditor-General
- The plan is a roadmap for the Office's work in the central government sector for the next three years – actions to monitor, mitigate or address these developments and issues

Themes	Sectors
Ongoing change in Central Government	Economic Development and Infrastructure
Infrastructure/asset management	Education and Science
Accountability & Governance	Environment
Performance Information	External
Auckland	Finance and Government Admin
Changes to Financial Reporting Standards	Health
	Justice
	Maori, other populations and cultural
	Primary
	Social Development and Housing

Agenda item 4: Central government environmental context

- Impact of global recession – continuing deficits, and increased public debt
- Long term fiscal challenges
- Policy reform – economic growth, and higher productivity
- Raising the standard of infrastructure and asset management
- Good management of the balance sheet

Agenda Item 5: Improving public sector performance

Government focus for public sector:

- Lift performance – efficiency and effectiveness, value for money
- Productivity improvement
- Constrain growth, achieve savings

a) Change in central government – impact and implications

- Structural machinery of government changes
- Alternative approaches to delivering services, e.g. greater use of the private and not for profit sectors

- A range of initiatives to improve efficiency, e.g. BASS, all of government procurement
- Focus on front-line service delivery, transformational service delivery
- ICT roadmap
- Leadership change in Central Government

Some areas for discussion and comment

- Overall framework for change
- Objectives, benefits/costs
- Impact of and implications of change
 - capability and capacity
 - financial and non-financial performance management
 - key risks – is the sector well placed to manage the risks?
- Public sector management and accountability model
- Governance of and functions across agency boundaries
- Impact of leadership change in central government

b) Performance Improvement Framework

A joint central agency initiative to help drive performance improvement across the State services. The framework consists of a comprehensive model for performance and capability improvement; and a cycle of formal performance assessments which identify priority areas for action, and a process to ensure these are addressed.

Some areas for discussion and comment

- Objectives
- Benefits
- Experiences with PIF
- Moderation processes
- Fit with other performance assessment/improvement tools (Cabinet and central agency)

Agenda item 5: Management of the Government's balance sheet

Focus on better management of balance sheet – maintaining a net worth buffer over time to absorb future shocks; beneficial to long-term fiscal position and performance.

Effective and efficient management of existing Crown assets to realise economic goals and deliver better public services; management of infrastructure assets effectively over their whole life.

Achieving improved rates of return from commercial assets.

Making effective investment decisions.

Large Government capital investment programme – transport, broadband etc.

Government initiatives – the work of the National Infrastructure Unit; improving capital asset practices and performance in capital intensive agencies; active monitoring of SOEs and CFIs; quantification of financial risk.

Asset/infrastructure management is a core area of interest for the Auditor-General because of the high value of assets involved, vital importance of these assets to the country, and the significant risks associated with these assets not being well managed.

Some areas for discussion and comment

- Current state of balance sheet management, particularly asset/infrastructure management
- Incentives and risks
- Progress with improvement initiatives
- Central vs local government asset management performance
- Use of private sector disciplines

b(2)(a)

From: b(2)(a)
Sent: Friday, 29 October 2010 1:31 p.m.
To: Juston Anderson b(2)(a)@treasury.govt.nz
Subject: FW: official information request

Juston

We received this rather long request for information today.
It would take rather a lot of time and effort to answer all of the questions.

Please can suggest some ways of dealing with it.

Thanks

Phillip

From: b(2)(a)
Sent: Friday, 29 October 2010 11:49 a.m.
To: b(2)(a)
Subject: FW: official information request

From: Martin Van Beynen (CPL) [<mailto:Martin.VanBeynen@press.co.nz>]
Sent: Friday, October 29, 2010 11:46 AM
To: b(2)(a)
Cc: Kamala Hayman (CPL)
Subject: official information request

Good morning

This is a request under the Official Information Act 1982. We would like the matter dealt with urgently as we believe the answers are relevant to the official reaction to the Canterbury earthquake and it is in the public interest to have the information available while the issue is still current and of interest.

The questions relate to the organisation and administration set up in Christchurch by the Earthquake Commission post earthquake.

Office space:

How many offices has the Commission opened since the earthquake?
How much office space has been rented and at what approximate cost per week, per month, per year?
What work has been done to the office buildings acquired and what work is planned or in progress?
What has that work cost or is projected to cost?

Staff:

How many extra staff, casual workers or contractors has the Commission hired or commissioned since the earthquake?
What positions, jobs, or work do they do and have done?
What is the personnel cost per week approx (including contractors)?

How much money has been spent on the living costs of staff, casuals or contractors since the earthquake? eg hotels, meals, allowances, rental accommodation etc

(Please provide separate costings)

How many permanent EQC staff have moved to Christchurch for the duration of the claims process?

What has been spent on permanent staff/contractors/casuals commuting by plane between other cities and Christchurch?

What is the hourly rate for casual staff?

How many staff/contractors have been hired from overseas?

What positions or work do they do?

Vehicles:

How many vehicles have been hired or purchased for EQC staff and contractors working in Christchurch?

Are some staff provided with more expensive vehicles due to their position?

What sort of vehicles are senior staff provided with?

What is the cost so far of the vehicle hireage or purchase?

Office equipment:

How much new office equipment has been purchased? desks, chairs, computers, kitchen equipment sundries

Was any second hand equipment or furniture considered?

What was the result of that consideration?

What is the cost of the new or second hand equipment? (Please provide separate costings eg desks, chairs etc)

How many people have been employed or contracted to outfit the offices?

How much has that cost?

Many thanks.

We look forward to your reply.

Martin van Beynen

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9(2)(a)

From: 9(2)(a)
Sent: Friday, 29 October 2010 2:57 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham;
9(2)(a) @xtra.co.nz; 9(2)(a) @xtra.co.nz;
9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a); Matthew C.
9(2)(a)
Subject: Memo to Minister 29 10
Attachments: Memo to Minister 29 10.docx

Today's memo FYI. This will be weekly from now – to be sent on Fridays.



MEMO TO: Minister in Charge of the Earthquake Commission

FROM: Chief Executive of the Earthquake Commission

DATE: 29 October 2010

SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Claim numbers

- 106,041 as at 12pm.
- Total claims assessed by phone or visit: 22,744
- 2,911 reported uninhabitable 3,770 not weathertight.
- Field teams have concentrated on the most seriously affected properties. Those identified in Kaiapoi, Bexley, Burwood, Dallington, Avonside and Selwyn have been seen. Properties in Halswell, Lyttelton, Brooklands, the lower Styx Road area, Avonhead, Parklands and Spenserville are currently being assessed.
- Claimants may have to wait as long as six months for an assessment of the damage to their property.

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- Seven field offices are operating in Canterbury. There are two in Deans Ave, two in Addington and one each in Northwood, Lincoln and Timaru.
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- Another global equity redemption was received on Monday 4 October (\$65m).
- Claims payments to date - \$81.0m.

5. Repair Process

- Fletchers are on the ground in Christchurch. An ad for the additional resources required was placed in the Press and also on the Gets website.
- First PMO site to be running in Halswell next week. Offices to be established in Rolleston and Kaiapoi once locations agreed with the local council. It is anticipated this will be in the week commencing 8 November.

6. General Issues

- The following are not part of the public information programme but are matters on which EQC will need some guidance or direction as the claims settlement and reconstruction processes proceed.
 - o Although EQC will settle claims on the basis of restoring the property, it may well be that the local authority will not approve restoration on the same site. This would not be a total loss in EQC's mandate. There will need to be a clear understanding of the source of any compensation.
 - o Reinsurance:
 - o EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
 - o Modelling indicates EQC's costs will be at the top of the \$1-2 bn range therefore we are likely to trigger our reinsurance.
 - o There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
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- Land Remediation
 - o A DPMC-led meeting with MED, NZTA and EQC has been held to discuss the options for a head-agency to lead the land remediation work. EQC continues to be involved in the discussions.
 - o Phone calls to 1,200 of the homeowners with badly affected but repairable land have been completed. This was followed by a package from EQC including a letter, Q&As and the Tonkin & Taylor geotechnical report.
 - o Minister Brownlee, with Ian Simpson, announced the release of the Tonkin & Taylor report in Christchurch on Thursday last week.
- Ian Simpson and (b)(2)(a) will be representing EQC at a series of public meetings organised by local Labour MPs to be held this week and early next week.

7. Communications

- Press advertisement running in:
 - o Full page advertisements in The Press, Ashburton Guardian, Christchurch Star, Timaru Mail and 10+ community newspapers this week .
 - o Strip "claims prompts" advertisements in the above.
- "Claims prompts" advertisements on Facebook, Google, Stuff and The Press website.
- Radio "claims prompt" adverts on both radio networks in the region.
- We have posted a seven-minute video on You-Tube showing how the claims process is managed in order to improve understanding of EQC's operation. A second You-Tube video has been posted to help explain the land damage and remediation situation.
- A new EQC website that provides information specific to the Canterbury Earthquake will go live next week.

EQC Chairman Michael Wintringham: s(2)(a)

EQC Chief Executive Ian Simpson: s(2)(a)