

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 1:16 p.m.
To: Juston Anderson 9(2)(a)@treasury.govt.nz
Subject: FW: EQC - Estimated Liabilities - Draft Report
Attachments: eqc011aam.Cant_Quake_EstLiabs_Draft.rep.pdf

Juston

Here is the draft report as discussed. Please note that this is confidential.
Copies of the OIA response to The Press journalist will be sent shortly.

Kind regards

Phillip

9(2)(a)
Chief Financial Officer
Earthquake Commission, PO Box 790, Wellington
New Zealand

Level 20, Majestic Centre, 100 Willis Street, Wellington

Telephone (DDI) 9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 7:29 a.m.
To: 9(2)(a)
Subject: FW: EQC - Estimated Liabilities - Draft Report

From: 9(2)(a) [mailto:9(2)(a)@mjwactuary.co.nz]
Sent: Tuesday, 30 November 2010 9:10 PM
To: 9(2)(a)
Cc: 9(2)(a)
Subject: EQC - Estimated Liabilities - Draft Report

Hi, 9(2)(a)

Please find attached our draft report relating to EQC's estimated liabilities arising from the Darfield earthquake.

Normally I would prefer a draft report to be a lot tidier than this (particularly style and formatting!) but I hope you will forgive this in light of the tight timetable we have been working to. Once I have received feedback from you we will produce a tidier draft for your consideration before going final.

There is a lot of fairly heavy material in here and as discussed I would be very happy to fly down to Wellington to work through it with you or anyone else if required.

If you have any questions, please give me a call

And, finally, many thanks for the opportunity to work on this project for you.

Regards

9(2)(a)

9(2)(g)(i)

Released under the Official Information Act 1982

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 2:21 p.m.
To: Juston Anderson 9(2)(a)@treasury.govt.nz;
9(2)(a)@parliament.govt.nz; 9(2)(a)@parliament.govt.nz
Cc: 9(2)(a)
Subject: EQC Response to Official Information Act Request
Attachments: ChchPress-CantyEQ.pdf

For your information, we attach a copy of our response to an Official Information Act request from The Press, Christchurch.

Regards

9(2)(a)

9(2)(a)
@eqc.govt.nz



Ref: 1/1/1OIR

25 November 2010

9(2)(a)

Christchurch Press
CHRISTCHURCH

Dear Mr

9(2)(a)

Official Information Act request

Attached is our response to your questions made under the Official Information Act. We have added some questions and answers (in red italics) that may be useful.

Separate costings for hotels, meals, allowance, etc, have not been provided at this stage because, for our own data gathering purposes, these are grouped. Meeting your request would involve looking at, categorising and listing a large number of individual invoices, and if this is required we would need to charge for the time involved. If you would like us to estimate the time and cost involved, please let us know.

When presenting the information to your readers, we would appreciate it if you did point out that the expenditure comes from EQC funds generated by levies on homes and contents insurance. There is no taxpayer money involved.

Yours sincerely

9(2)(a)

9(2)(a)

Chief Financial Officer

OIA Questions from Christchurch Press – Requested 29/10 – Responses Due by 26/11/10 at the latest

1. Office space:

1.1 How many offices has the Commission opened since the earthquake?

- 8 (this figure counts the 3 floors at Hagley as one office)

Why this number?

- *based on the number of field staff requiring a base to work from and to accommodate the associated support and data entry staff.*

How were they selected?

- *premises meeting EQC's criteria which has evolved following experience from operating field offices for previous events.*
- *The location and selection of such offices is managed by the same specialist used for previous events, thus ensuring a consistent approach.*

Was this the number planned for?

- *a particular number could not be planned for as the location, timing and severity of the event cannot be pre-determined.*

1.2 How much office space has been rented and at what approximate cost per week, per month, per year?

- 3,700m². Cost \$19,119 p/wk, \$82,891 p/mth, \$994,726 p/yr or \$268m² p/yr.

How was the rental arrived at?

- *negotiated by EQC's procurement specialist*

Is the rental above/below/matching market rates?

- *in line with market rates.*

Does the cost rental come from the recovery budget?

- *all costs related to a specific event are funded from the relevant reserves held for that purpose.*

1.3 What work has been done to the office buildings acquired and what work is planned or in progress?

- EQC policy is to lease premises requiring minimal alteration.
- Very little work has been done to leased premises at EQC expense as landlords have agreed to carry out alterations at their expense.
- There has been a limited amount of partitioning (\$2500) and minor electrical and locksmith work (\$1000) completed.
- In addition card swipe security system has been installed at one premises with the cost expected to be \$4700.
- There was no additional work planned at 29 October.

What efforts were made to find buildings that didn't require this sort of work?

- *that is always the first thing considered but the reality is it is rare to find such premises*

1.4 What has that work cost or is projected to cost?

- The projected total cost is \$8,000.

2. Staff:

2.1 How many extra staff, casual workers or contractors has the Commission hired or commissioned since the earthquake?

- 810 casual workers and contractors have been hired directly by EQC.
- Note – field staff are generally rostered 3 weeks on and 1 week off.
- An additional 90 Loss Adjusters and Estimators (total) are due to be hired by 01 December 2010.
- EQC understands that “commissioned” means casual workers or contractors engaged by third party organisations. The only organisation commissioned by EQC as at 29 October 2010 is Tonkin and Taylor, Consulting Engineers.
- Currently Tonkin and Taylor have 25 staff in Canterbury involved with the event.

2.2 What positions, jobs, or work do they do and have done?

- Field staff consist of loss adjusters and estimators.
- Other support staff in field offices consist of managers and administration and those inputting information into EQC's computer system.
- Tonkin and Taylor conduct geotechnical surveying and investigation as consultants to EQC and the New Zealand Government.

2.3 What is the personnel cost per week approx (including contractors)?

- \$ 2,129,319
- (NB – calculated on numbers on the ground as at 29/10/10 x the daily rate)
- (16 Pods of 23, plus Supervisors and Support Managers)

2.4 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)

- \$661,460 – separate costings are not available
- (NB – the above includes \$221,890 for “Reimbursements” which also includes an unidentified portion for air travel costs incurred which should be included in the answer for Q2.6.)
- (Details ex David Hyland – based on invoices processed as at 11/11/10)

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

- Nil. Senior managerial staff from Wellington visit Christchurch as may be required.

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

- \$45,027 (Domestic)
- \$60,248 (Trans Tasman)

Was any thought given to chartering buses or using private vehicles/rental vehicles?

- *the process followed was consistent with the CRP which has evolved as a result of experience with previous events.*

2.7 What is the hourly rate for casual staff?

- The average hourly rate for casual staff is \$16.04 employed on a PAYE type basis.

2.8 How many staff/contractors have been hired from overseas?

- 201 personnel have been supplied from agencies in Australia.

Why weren't more hired from within New Zealand?

- *EQC is already using as many NZ based loss adjusters as are available and bearing in mind that commercial insurers are also using loss adjusters thus reducing the pool available.*

What attempts were made to find such people from within NZ?

- *EQC already has contractual arrangements in place to maximise the use of NZ based personnel and to supplement those with overseas resource.*

2.9 What positions or work do they do?

- Loss adjusting – inspecting and reporting on damage and loss.

3. Vehicles:

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

- No vehicles had been purchased as at 29/10/10. (30 were ordered on 1/11 for use by Fletchers)
- For period 7/9 – 29/10/10, 274 vehicles had been hired and returned.
- As at 29/10/10, 204 vehicles were still out on hire

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

- No – the type of vehicle hired depends on the purpose for which it was required.

- See answer to 3.4 below for more information on types of vehicles.

3.3 What sort of vehicles are senior staff provided with?

- EQC does not have a policy of providing different vehicles for senior staff. However, if a senior staff member was for example, escorting dignitaries or travelling a long distance, a larger vehicle may be hired.

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

- For the 274 vehicles for which hireage has completed, the GST exclusive cost was \$276,936.
- Of the 274 vehicles, all but 13 were Toyota Corollas – see below for details.
- 56 days hire of Toyota Previas and a Hi-Lux van used for shifting Records and stores
- 1 day hire of a 12-seater for transporting a group
- 3 days hire of Falcon for an out of town trip
- 13 days hire of a 4WD Rav4 for out of town work
- 30 days hire of a motor cycle for a technical specialist making frequent visits to multiple sites.

How does this cost compare with that planned in the CRP?

- *a particular number could not be planned for as the location, timing and severity of the event cannot be pre-determined*

Is this cost taking money away from claimants?

- *no – the costs associated with the event are covered by EQC reserves set aside for that purpose and through its reinsurance covers.*

4. Office equipment:

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

- Desks – 45, Chairs – 195, Trestles used as desks – 144, Laptop computers – 60

Why was new furniture etc deemed necessary?

- *only if it was the appropriate cost effective solution and no other options were available.*

4.2 Was any second hand equipment or furniture considered?

- Yes, but the need for some consistency with quality and reliable sources of supply, made purchase or hiring cost effective and time efficient.
- However, generous offers of loaned items was of considerable help. 648 items of furniture was loaned to EQC by Solid Energy, Christchurch City Council, Environment Canterbury, Lincoln University, Canterbury District health Board and Millenium Hotel.

4.3 What was the result of that consideration?

- We only started purchasing office equipment when sources for borrowing were exhausted.

- Purchase of office equipment proved to be a better option than hire or lease as the pay back period was relatively short and well within the time frame expected to complete the settling of claims.
- Kitchen equipment has been hired where not supplied by landlords or borrowed.
- The use of borrowed used equipment avoided considerable expense. It is estimated that the furniture loaned by Solid Energy alone was worth in excess of \$100,000.
- The 60 new computers supplemented the 15 existing computers owned by EQC and shipped to Christchurch

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

- Desk and chair sets \$14,940, chairs \$10234, trestles \$31,404, filing system \$108,029, computers \$90,000.
- The majority of items were purchased new at discount rates.
- Hire furniture was considered but the cost of purchase was more economical than hire.
- Some items being used had been retained from a previous earthquake event (owned by EQC) and were therefore able to be commissioned at an early stage.

How does this cost compare with that planned in the CRP?

- *a particular number could not be planned for as the location, timing and severity of the event cannot be pre-determined.*

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

- At various stages up to eight people were involved. This number includes the cost of locating offices to lease as well as outfitting.

4.6 How much has that cost?

- \$95,691

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 2:28 p.m.
To: Juston Anderson 9(2)(a)@treasury.govt.nz
Subject: FW: EQC - Estimated Liabilities - Draft Report - Additional table in Section 7.1 Results
Attachments: eqc011aan.Cant_Quake_EstLiabs_Draft_UPDATE_S7.1.rep.pdf

Juston

Revised draft – still confidential.

Regards

9(2)(a)

9(2)(a)
Chief Financial Officer
Earthquake Commission, PO Box 790, Wellington
New Zealand

Level 20, Majestic Centre, 100 Willis Street, Wellington

Telephone 9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 1:55 p.m.
To: 9(2)(a)
Subject: FW: EQC - Estimated Liabilities - Draft Report - Additional table in Section 7.1 Results

From: 9(2)(a) [mailto:9(2)(a)@actuary.co.nz]
Sent: Wednesday, 1 December 2010 10:52 AM
To: 9(2)(a)
Cc: 9(2)(a)
Subject: EQC - Estimated Liabilities - Draft Report - Additional table in Section 7.1 Results

Hi, 9(2)(a)

The attached draft report is exactly the same as the one I sent to you yesterday but I have dropped a new table into Section 7.1 Results.

The new table illustrates the results by claim type in claims cost bands that you are familiar with.

Regards

9(2)(a)

9(2)(a)
Melville Jessup Weaver

9(2)(g)(i)

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 4:53 p.m.
To: Juston Anderson 9(2)(a)@treasury.govt.nz;
 9(2)(a)@parliament.govt.nz; 9(2)(a)@parliament.govt.nz
Cc: 9(2)(a)
Subject: Further Official Information Act request from The Press, Christchurch

For your information, we attach our response to a further Official Information Act request from The Press (see email beneath our response below).

Regards

9(2)(a)

Executive Secretary | Earthquake Commission (EQC)
 Majestic Centre | 100 Willis Street | P.O. Box 780 | Wellington
 Phone: 9(2)(a)@eqc.govt.nz

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 4:45 p.m.
To: 9(2)(a)@press.co.nz
Cc: 9(2)(a)
Subject: FW: official information request

9(2)(a)

Please refer to the table below which answers your questions.

I understand that Ian Simpson has left a message with you to discuss your questions and provide comment.

Here are the approximate figures for accommodation allocated to EQC staff in Canterbury (including Loss Adjustors, Estimators, Engineers, Valuers, Head Office staff, Management, Supervisors, Specialty Visitors) for tonight, Wednesday 1st December 2010:

Airport Gateway M/L	5
Benvenue Hotel, Timaru	21
Chateau On The Park	43
Copthorne Central	42
Copthorne Commodore	51
Grand Chancellor	36
Heritage Hotel	19
Holiday Inn City Centre	38
Holiday Inn on Avon	43
Latimer Hotel	19
Marque Hotel	15
Millennium Hotel	25
Novotel	34
Rydges	1
Sudima Hotel	26
Grand Total	418

We have 33 staff being either Loss Adjustors, Field Office Supervisors or Estimators who are local and in their own accommodation which is not being paid by EQC.

9(2)(a)
Chief Financial Officer
Earthquake Commission, PO Box 790, Wellington
New Zealand

Level 20, Majestic Centre, 100 Willis Street, Wellington

Telephone (DDI) 9(2)(a)

From: 9(2)(a) [redacted]@press.co.nz
Sent: Wednesday, 1 December 2010 12:54 p.m.
To: 9(2)(a) [redacted]
Subject: RE: official information request

Thanks for the response 9(2)(a) [redacted]

One point which 9(2)(a) [redacted] might like to comment on is why staff are still accommodated in Christchurch's top hotels. We intend to publish tomorrow so we need his comment quickly.

So the questions are:

How many ECQ staff are currently housed in hotel accommodation?

Which hotels?

Some might see this as overly generous but there might be reasons_comment please.

I will need a response by 4.30pm today.

Many thanks and thanks again for the response.

9(2)(a) [redacted]

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 1 December 2010 5:19 p.m.
To: Juston Anderson 9(2)(a)@treasury.govt.nz
Subject: FW: EQC estimates

The answer to your question.

9(2)(a)

Chief Financial Officer
Earthquake Commission, PO Box 790, Wellington
New Zealand

Level 20, Majestic Centre, 100 Willis Street, Wellington

Telephone 9(2)(a)

From: 9(2)(a) [mailto:9(2)(a)mjwactuary.co.nz]
Sent: Wednesday, 1 December 2010 5:18 p.m.
To: 9(2)(a)
Subject: RE: EQC estimates

Hi, 9(2)(a)

Yes, the estimates are net of excess.

I'll make that clearer for the next draft.

Cheers

9(2)(a)

From: 9(2)(a) [mailto:9(2)(a)@EQC.govt.nz]
Sent: Wednesday, 1 December 2010 5:12 p.m.
To: 9(2)(a)
Subject: EQC estimates

9(2)(a)

Do the estimates make any provision for the excess that we deduct from the claims payments?

Regards

9(2)(a)

9(2)(a)
Chief Financial Officer
Earthquake Commission, PO Box 790, Wellington
New Zealand

Level 20, Majestic Centre, 100 Willis Street, Wellington

9(2)(a)

From: 9(2)(a)
Sent: Friday, 3 December 2010 3:54 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)
9(2)(a) 9(2)(a) 9(2)(a) 9(2)(a) 9(2)(a)
Subject: Report to Minister 3.12
Attachments: Ministerial Weekly Report 3.12.doc

This week's Ministerial report FYI.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

TO: Minister in Charge of the Earthquake Commission
FROM: Chief Executive of the Earthquake Commission
DATE: 3 December 2010
SUBJECT: Earthquake Commission Response to Canterbury Earthquake

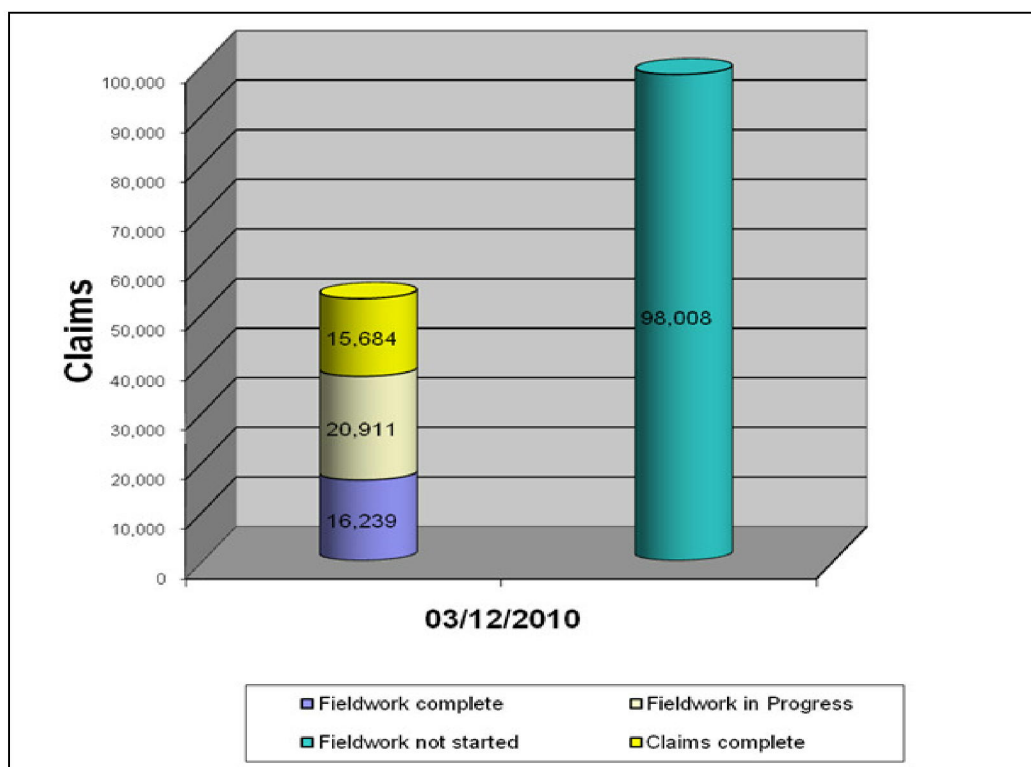
1. Summary Data

Claims	
Claims lodged	151,902
Claims resolved	15,684
Uninhabitable	2,265
Not weatherproof	3,931

Building claims analysis - excludes contents & land (as at 2/12)			
	Numbers	Payments	Average
Over the cap (multiple dwellings e.g. body corporates)	14	\$4,508m	\$321,989
At the cap	2,370	\$269,825m	\$113,850
Under the cap	14,194	\$50,754m	\$3,576

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	125,493	29,087	\$332,77m
Contents	43,765	20,056	\$41,24m
Land	15,238	11	\$10,717
			Total paid to date: \$374,01m

Claims settlement status



N.B. This chart does not include today's internet claims which are integrated into the EQC claims system overnight.

EQC Resources	
No. of Canterbury field offices	7
Staff numbers:	
• Wellington	146
• Christchurch	643
• GBS	130
• Call centres	237
Total	1,156

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
– Inspect all claims > \$10,000	– March 2011
– Settle claims > \$100,000	– As identified

2. Operations

2.1 Progress

- The majority of properties with the most serious damage have now been assessed.
- We are now working through the region, suburb-by-suburb and town-by-town.
- PMO: There are 2 site offices currently operating in Halswell and Rolleston. A third, in Kaiapoi, is expected to be operational by mid-December. Fletchers are planning to establish further sites in Fendalton, Waimariri and Rangiora.

2.2 Information

- 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.

2.3 Cash Flows

- EQC has \$503m on call and invested in short-term bank bills.
- The \$65m Treasury bill that matured on 30 November has already been used to meet claims liabilities.
- A steady flow of other redemptions from Natural Disaster Fund investments will continue as required.

3. Communications

3.1 Planned communications and releases

- Press advertisements:
 - Info ads in The Press, Ashburton Guardian, Christchurch Star, Timaru Herald, and ODT.
- An EQC newsletter providing an overview of the last 3 months is planned for release next week.
- A letter outlining the land remediation and claims process will be sent to all claimants who live outside the three local authority areas of Christchurch, Waimakariri and Selwyn.
- EQC is preparing another YouTube video outlining the Fletcher's PMO claims management process.

4. General Issues

4.1 Loss estimate

- EQC's initial modelling estimates showed the Commission's loss from the quake at \$1.5bn (50th percentile) – \$2.5bn (66th percentile). We are currently reviewing our estimates based on the claims history we have to date. We have engaged consulting actuaries Melville, Jessup, Weaver to assist us with this process.
- We have communicated to EQC's reinsurers that costs are likely to be over \$2bn.

4.2 Reinsurance

- EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
- 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 reinstated 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 were scaled back to meet EQC's requirements.

4.3 Land Remediation

- Working with Treasury and DPMC, EQC is making good progress with the Christchurch and Waimakariri councils on the principles that will underpin the MOU for land remediation.
- EQC is setting up a dedicated delivery group of technical personnel to work with T&T on a concept design report. The report will facilitate the lodging of resource consent applications and promote understanding and coordination of relevant work by EQC, councils and private insurers.
- The Stage 2 Tonkin & Taylor land remediation report was released on Wednesday. Most Canterbury claimants have been sent a letter, questions and answers, timelines and a fact sheet to support the release. The remainder will receive the material next week.

4.4 Other

- EQC is assisting with the DPMC-led Canterbury recovery policy work programme.

9(2)(a)

From: Ian Simpson
Sent: Friday, 10 December 2010 7:59 a.m.
To: 9(2)(a)@treasury.govt.nz
Cc: 9(2)(a) (MIN)
Subject: Media announcements on EQ costs

Andrew,

Would it be possible for EQC to get advance warning of press releases such as this one ...

<http://www.stuff.co.nz/business/industries/4442594/Earthquake-damage-estimates-on-the-rise>

We had really good engagement with Juston while he was working on the numbers, so absolutely not problem there – but we are about to pull the trigger on a letter to our reinsurers over our latest estimates and the Reserve Bank announcement makes it look like we went to the press first. I'm not suggesting the RB would change the timetable of their releases, but we might have been able to change our timing to accommodate. Our ability to maintain the confidence of the reinsurers now will have a significant impact on the cost of our renewal next year.

I have copied in 9(2)(a) her EQ comms coordination role, as there may already be a mechanism in place.

Cheers,

Ian.

Ian Simpson
Chief Executive
EQC
DDI: 9(2)(a)
Mobile: 9(2)(a)
eqc.govt.nz

9(2)(a)

From: 9(2)(a)
Sent: Friday, 10 December 2010 5:19 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)
9(2)(a) (a) . 9(2)(a) 9(2)(a) ; 9(2)(a) 9(2)(a) 9(2)(a) (9(2)(a))
(MIN)
Subject: Report to Minister 10.12
Attachments: Ministerial Weekly Report 10 12.doc

This week's Ministerial report FYI.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

TO: Minister in Charge of the Earthquake Commission
 FROM: Chief Executive of the Earthquake Commission
 DATE: 10 December 2010
 SUBJECT: Earthquake Commission Response to Canterbury Earthquake

1. Summary Data

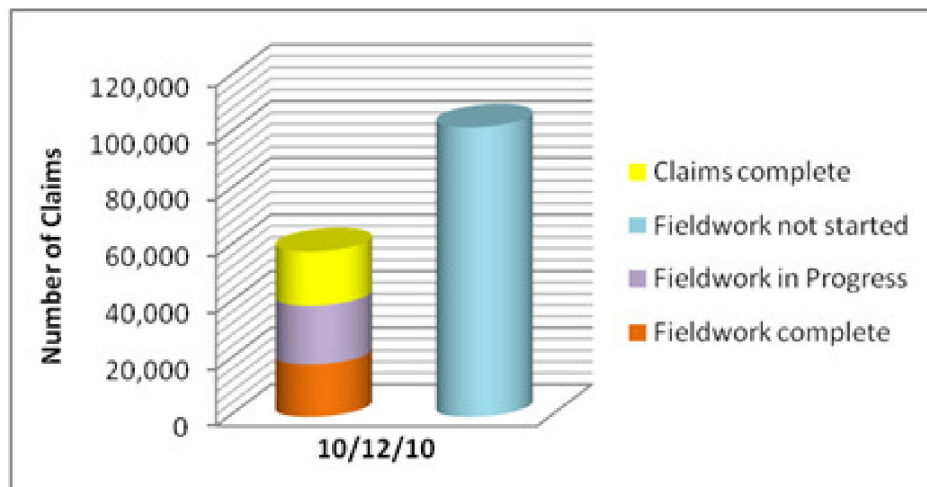
Claims	
Claims lodged	160,851
Claims resolved	19,170
Uninhabitable	2,193
Not weatherproof	3,897

Building claims analysis - excludes contents & land (as at 9/12)			
	Numbers	Payments	Average
Over the cap (multiple dwellings e.g. body corporates)	18	\$4,992m	\$277,328
At the cap	2,762	\$314,454m	\$113,850
Under the cap	16,917	\$62,920m	\$3,719

Note: Claims are still being lodged. Of these, the claims that are for the September 4th event will be declined. Claims for aftershocks, within the three-month lodgement deadline, will be accepted.

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	132,772	33,793	\$388,97m
Contents	45,666	23,650	\$48,21m
Land	16,050	14	\$14,040
			Total paid to date: \$437,18m

Claims settlement status



EQC Resources	
No. of Canterbury field offices	7
Staff numbers:	
• Wellington	142
• Christchurch	679
• GBS	129
• Call centres	105 FTEs
Total	1,055

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
– Inspect all claims > \$10,000	– March 2011
– Settle claims > \$100,000	– As identified

Note: These targets were set when the claims number estimate was 100,000. With 160,000 claims now lodged, we are currently re-evaluating the targets.

2. Operations

2.1 Progress

- The deadline for submitting claims has now passed. Almost 161,000 claims were received by the 4 December 2010 deadline.
- The majority of properties with the most serious damage have now been assessed.
- We are now working through the region, suburb-by-suburb and town-by-town.
- EQC representatives have attended community engagement meetings organised by local councils.
- PMO: There are two site offices currently operating in Halswell and Rolleston. A third, in Kaiapoi, is expected to be operational by mid-December. Fletchers are planning to establish further sites in Fendalton, Waimairi and Rangiora.

2.2 Information

- 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.

2.3 Cash Flows

- EQC has \$454m on call and invested in short-term bank bills.
- The \$65m Treasury bill that matured on 30 November has already been used to meet claims liabilities.
- A steady flow of other redemptions from Natural Disaster Fund investments will continue as required.

3. Communications

3.1 Planned communications and releases

- Press advertisements:
 - Info ads in The Press, Ashburton Guardian, Christchurch Star, Timaru Herald, and ODT.
- An EQC newsletter providing an overview of the last three months was released today.
- A letter outlining the land remediation and claims process will be sent to all claimants who live outside the three local authority areas of Christchurch, Waimakariri and Selwyn.
- Catalyst Communication Consulting has been employed to develop a strategic communication plan for managing the key communication milestones over the next 2 years. A draft plan is expected to be ready next week.
- Production is underway for the EQC YouTube video outlining the Fletcher’s PMO claims management process.
- A press statement will be released next Monday detailing the latest estimates of EQC’s expected liabilities (see 4.1 Loss Estimate).

4. General Issues

4.1 Loss estimate

- EQC’s initial modelling estimates showed the Commission’s loss from the quake at \$1.5bn (50th percentile) – \$2.5bn (66th percentile). We are currently reviewing our estimates based on the claims history we have to date. We have engaged consulting actuaries Melville, Jessup, Weaver to assist us with this process. We will release these estimates to EQC’s reinsurers before making these figures public.
- We have already communicated to EQC’s reinsurers that costs are likely to be over \$2bn.

4.2 Reinsurance

- EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
- 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 reinstated 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 were scaled back to meet EQC’s requirements.

4.3 Land Remediation

- Working with Treasury and DPMC, EQC is making good progress with the Christchurch and Wamakariri councils on the principles that will underpin the MOU for land remediation.
- EQC is setting up a dedicated delivery group of technical personnel to work with T&T on a concept design report. The report will facilitate the lodging of resource consent applications and promote understanding and coordination of relevant work by EQC, councils and private insurers.
- The Stage 2 Tonkin & Taylor land remediation report was released on Wednesday last week.

4.4 Other

- EQC is assisting with the DPMC-led Canterbury recovery policy work programme.
- Commission officials attended the Commerce Select Committee EQC financial review on Thursday.

9(2)(a)

From: 9(2)(a)
Sent: Monday, 13 December 2010 9:02 a.m.
To: 9(2)(a)@treasury.govt.nz
Subject: Flights to Christchurch tomorrow
Attachments: Bryan Dunne-2010-012-14-Wn-Ch.pdf

Hi Bryan

Attached is confirmation of your flights tomorrow. The meetings will be held at our Christchurch premises at 7 Dean's Avenue, Christchurch – but Ian will be on the same flight from Wellington so you can probably share a cab.

Regards

9(2)(a)

9(2)(a)

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



A member of the House of Travel Group

**Itinerary especially prepared for
MR BRYAN DUNNE**

Tuesday 14 December 2010

 **Flight Wellington to Christchurch**



7:55 AM Final check-in time

8:40 AM Air New Zealand - Flight NZ433

Depart:	Wellington - 8:40 AM (0840 hrs)	Airline Ref:	GEAIZH
Transit:	No Stops	Arrive:	Christchurch - 9:25 AM (0925 hrs)
Fare Type:	Flexi Plus (see Fare Conditions below)	Flight Time:	45 mins
Status:	Confirmed	Class:	Economy
Ticket no:	Ticketing commences 13 December 2010		
Notes:	Please present a form of photo identification at check-in to receive your boarding passes. For Kiosk check-in, insert any card with your name on it e.g. Airpoints, Koru Club or major credit card.		

 **Flight Christchurch to Wellington**



4:45 PM Final check-in time

5:30 PM Air New Zealand - Flight NZ496

Depart:	Christchurch - 5:30 PM (1730 hrs)	Airline Ref:	GEAIZH
Transit:	No Stops	Arrive:	Wellington - 6:15 PM (1815 hrs)
Fare Type:	Flexi Plus (see Fare Conditions below)	Flight Time:	45 mins
Status:	Confirmed	Class:	Economy
Ticket no:	Ticketing commences 13 December 2010		
Notes:	Please present a form of photo identification at check-in to receive your boarding passes. For Kiosk check-in, insert any card with your name on it e.g. Airpoints, Koru Club or major credit card.		

Orbit Amadeus Reservation Number - 4EQ3DA

Orbit Corporate Travel is pleased to be able to offer our clients up to date itinerary information relating to your travel, directly to your mobile phone. Powered by our technology partner Amadeus this application only needs to be installed once to your mobile device and is ready to use every time you travel. By entering your name and your Orbit reservation number for each trip all the relevant information will be downloaded on to your mobile device. Your travel itinerary will be saved on your mobile to be reviewed (in offline mode) at any time (no connection cost) and you will be able to connect to the service at any time to update information relating to this trip.

To download CheckMyTrip Mobile, [Click Here](#) via your internet capable mobile phone and follow the prompts.



A member of the House of Travel Group

Fare Conditions

Air New Zealand Flexi Plus

Amendments:	Changes permitted for a NZD \$10.22 fee plus any difference in the fare. Fare upgrade may apply. On the day of departure changes permitted at the airport free of charge subject to availability.
Cancel/refund:	Fully refundable up to the day of departure - unless previously upgraded from a Domestic Smart Saver fare to a Domestic Flexi Plus fare where only the upgrade portion is eligible for refund. After the scheduled date of departure: Cancellation permitted for NZD \$60.22. No Show incurs a penalty of NZD \$60.22.
Baggage Allowance:	Carry On Baggage: 1 bag up to 7kg - per adult/child. Checked Baggage: 2 pieces weighing up to 23kg each - per adult/child. Airpoints Gold Elite, Gold, Star Alliance Gold & Koru members receive one additional piece of luggage weighing up to 23kg.
Frequent Flyer Points:	Airpoints Dollars and Status Points accrual permitted. Refer www.airnz.co.nz for further details. Please contact partner airlines directly for their individual frequent flyer points

Pricing

Total Ticket Price including GST (where applicable)

\$629.00*Please note, this is not an invoice*

Notes

Should you need to change your travel arrangements please call 496 3288 within Wellington, 0800-496 3288 outside Wellington or 0064-4-496 3288 outside New Zealand. Orbit does not charge for this service, however airline and supplier fees may apply

Important Information - Domestic

FINAL CHECK-IN TIMES:

45 minutes before departure.

DEPARTURE TAXES:

Any prepaid taxes are now included and shown in the price of your airline ticket, however, some airports require you to pay upon departure. Please note that for domestic departures from Palmerston North, Hamilton and Rotorua Airports, a \$5.00 departure tax needs to be paid prior to boarding the aircraft.

PLEASE NOTE:

All information is accurate at the time of printing. It is important that you are familiar with all "Terms and Conditions" of your travel. Please ask us if you have any questions concerning this.

FREQUENT FLYER:

If you are a member of a Frequent Flyer Programme it is imperative that you advise your membership number to the airline upon check-in and retain all boarding passes and tickets to check your points against your next statement.

AIRLINE SEATING:

All airlines allow seat requests but do not guarantee seat numbers until check-in. Any seat numbers shown on this itinerary are therefore subject to confirmation at time of check-in.

IDENTIFICATION FOR E-TICKETS:

All passengers travelling on an E-Ticket will require identification.

**Orbit Corporate Travel Wellington, 11th Floor, Novell House, 89 The Terrace, Wellington
Phone 4-496-3288, Fax 4-494-6133**



A member of the House of Travel Group

IATA CONDITIONS OF CONTRACT AND OTHER IMPORTANT NOTICES

This Ticket is Not Valid and Will Not Be Accepted for Carriage Unless Purchased from Issuing Carrier or its Authorised Agent.

Notice

If the passenger's journey involves an ultimate destination or stop in a country other than the country of departure the Warsaw Convention may be applicable and the Convention governs and in most cases limits the liability of carriers for death or personal injury and in respect of loss of or damage to baggage. See also notices headed "Advice to International Passengers on Limitation of Liability" and "Notice of Baggage Liability Limitations".

Conditions of contract

- As used in this contract "ticket" means this passenger ticket and baggage check, or this itinerary/receipt if applicable, in the case of an electronic ticket, of which these conditions and the notices form part, "carriage" is equivalent to "transportation", "carrier" means all air carriers that carry or undertake to carry the passenger or his baggage hereunder or perform any other service incidental to such air carriage, "electronic ticket" means the Itinerary/Receipt issued by or on behalf of Carrier, the Electronic Coupons and, if applicable, a boarding document. "Warsaw Convention" means the Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw, 12th October 1929, or that Convention as amended at the Hague, 28th September 1955, whichever may be applicable.
- Carriage hereunder is subject to the rules and limitations relating to liability established by the Warsaw Convention unless such carriage is not "international carriage" as defined by that Convention.
- To the extent not in conflict with the foregoing carriage and other services performed by each carrier are subject to: (i) provisions contained in the ticket; (ii) applicable tariffs; (iii) carrier's conditions of carriage and related regulations which are made part hereof (and are available on application at the offices of carrier), except in transportation between a place in the United States or Canada and any place outside thereof to which tariffs in force in those countries apply.
- If the passenger is acquiring carriage or other services to which these conditions apply for the purpose of a business, the provisions of the Consumer Guarantees Act 1993 (NZ) shall not apply to the supply of that carriage or those services.

CARRIER RESERVES THE RIGHT TO REFUSE CARRIAGE TO ANY PERSON WHO HAS ACQUIRED A TICKET IN VIOLATION OF APPLICABLE LAW OR CARRIER'S TARIFFS, RULES OR REGULATIONS.

- Carrier's name may be abbreviated in the ticket, the full name and its abbreviation being set forth in carrier's tariffs, conditions of carriage, regulations or timetables; carrier's address shall be the airport of departure shown opposite the first abbreviation of carrier's name in the ticket; the agreed stopping places are those places set forth in this ticket or as shown in carrier's timetables as scheduled stopping places on the passenger's route; carriage to be performed hereunder by several successive carriers is regarded as a single operation.
- An air carrier issuing a ticket for carriage over the lines of another air carrier does so only as its Agent.
- Any exclusion or limitation of liability of carrier shall apply to and be for the benefit of agents, servants and representatives of carrier and any person whose aircraft is used by carrier for carriage and its agents, servants and representatives.
- Checked baggage will be delivered to bearer of the baggage check. In case of damage to baggage moving in international transportation complaint must be made in writing to carrier forthwith after discovery of damage and, at the latest, within seven days from receipt; in case of delay, complaint must be made within 21 days from date the baggage was delivered. See tariffs or conditions of carriage regarding non-international transportation.
- This ticket is good for carriage for one year from date of issue, except as otherwise provided in this ticket, in carrier's tariffs, conditions of carriage, or related regulations. The fare for carriage hereunder is subject to change prior to commencement of carriage. Carrier may refuse transportation if the applicable fare has not been paid.
- Carrier undertakes to use its best efforts to carry the passenger and baggage with reasonable dispatch. Times shown in timetables or elsewhere are not guaranteed and form no part of this contract. Carrier may without notice substitute alternate carriers or aircraft, and may alter or omit stopping places shown on the ticket in case of necessity. Schedules are subject to change without notice. Carrier assumes no responsibility for making connections.
- Passenger shall comply with Government travel requirements, present exit, entry and other required documents and arrive at airport by time fixed by carrier or, if no time is fixed, early enough to complete departure procedures.
- No agent, servant or representative of carrier has authority to alter, modify or waive any provision of this contract.

ADVICE TO INTERNATIONAL PASSENGERS ON LIMITATION OF LIABILITY

Passengers on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination. For such passengers on a journey to, from or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of certain carriers, parties to such special contracts, for death of or personal injury to passengers is limited in most cases to proven damages not to exceed US\$75,000 per passenger, and that this liability up to such limit shall not depend on negligence on the part of the carrier. For such passengers travelling by carrier not a party to such special contracts or on a journey not to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passengers is limited in most cases to approximately US\$10,000 or US\$20,000.

The names of carriers, parties to such special contract, are available at all ticket offices of such carriers and may be examined on request. Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitation of the carrier's liability under the Warsaw Convention or such special contracts of carriers. For further information please consult your airline or insurance company representative.

Note: The limit of liability of US\$75,000 above is inclusive of legal fees and costs except that in the case of a claim brought in a state where provision is made for separate award of legal fees and costs, the limit shall be the sum of US\$58,000 exclusive of legal fees and costs.

NOTICE OF BAGGAGE LIABILITY LIMITATIONS

Liability for loss, delay, or damage to baggage is limited unless a higher value is declared in advance and additional charges are paid. For most international travel (including domestic portions of international journeys) the liability limit is approximately US\$9.07 per pound (US\$20.00 per kilo) for checked baggage and US\$400.00 per passenger for unchecked baggage. For travel wholly between US points, Federal rules require any limit on an airline's baggage liability to be at least US\$3000.00 per passenger. Excess valuation may be declared on certain types of articles. Some carriers assume no liability for fragile, valuable or perishable articles. Further information may be obtained from the carrier.

NOTICE OF GOVERNMENT IMPOSED TAXES, FEES AND CHARGES

The price of this ticket may include taxes, fees and charges which are imposed on air transportation by government authorities. They may represent a significant portion of the cost of air travel and are either included in the fare, or shown separately in the "TAX/ FEE/CHARGE" box(es) of this ticket. You may also be required to pay taxes or fees or charges not already collected.

The following notice does not apply to tickets sold in the United States for transportation originating in the United States. **DENIED BOARDING BY OVERBOOKING.** In those countries where Denied Boarding Compensation regulations are in force, carriers operate compensation plans for passengers with confirmed reservations who are denied boarding because of non-availability of seats caused by overbooking. Details of these plans are available at the airlines' offices.

Check-in Times

The times shown on this ticket or itinerary/receipt if applicable are the departure times of the aircraft. Check-in times, as advised by your carrier, or in the airline's timetable, are the latest times at which passengers can be accepted for travel, allowing the necessary time to complete all formalities. Flights cannot be held up for passengers arriving late, and no responsibility can be accepted in such cases.

BAGGAGE: Checked Baggage: Passengers are usually permitted a free checked baggage allowance, the limit of which may differ by airline, class, and/or route. Extra charges may apply for checked baggage in excess of the permitted allowance. Cabin Baggage: Passengers are usually permitted a free cabin baggage allowance, the limit of which may differ by airline, class, route, and/or aircraft type. It is recommended that cabin baggage be kept to a minimum. Please ask your travel agent or airline for more specific information. Refer to <http://www.iata.org/bags> for information and links to airline websites.

Dangerous Articles in Baggage

For safety reasons, dangerous articles must not be packed in checked or carry-on baggage. Restricted articles include but are not limited to: compressed gases, corrosives, explosives, flammable liquids and solids, radioactive materials, oxidising materials, poisons, infectious substances, and briefcases with installed alarm devices.

NOTICE OF LIABILITY LIMITATIONS

The Montreal Convention or the Warsaw Convention system may be applicable to your journey and these Conventions govern and may limit the liability of air carriers for death or bodily injury, for loss of or damage to baggage, and for delay.

Where the Montreal Convention applies, the limits of liability are as follows:

- There are no financial limits in respect of death or bodily injury;
- In respect of destruction, loss of, or damage or delay to baggage, 1,000 Special Drawing Rights (approximately EUR 1,200; US \$1,470) per passenger in most cases.
- For damage occasioned by delay to your journey, 4,150 Special Drawing Rights (approximately EUR 5,000; US \$6,000) per passenger in most cases.

EC Regulation No. 889/2002 requires European Community carriers to apply the provisions of the Montreal Convention limits to all carriage by them of passengers and their baggage by air. Many non-European Community carriers have elected to do so in respect of the carriage of passengers and their baggage.

Where the Warsaw Convention system applies, the following limits of liability may apply:

- 18,600 Special Drawing Rights (approximately EUR 20,000; US \$20,000) in respect of death or bodily injury if the Hague Protocol to the Convention applies, or 8,300 Special Drawing Rights (approximately EUR 10,000; US \$10,000) if only the Warsaw Convention applies. Many carriers have voluntarily waived these limits in their entirety, and US regulations require that, for journeys to, from or with an agreed stopping place in the US, the limit may not be less than US \$75,000.
- 17 Special Drawing Rights (approximately EUR 20; US \$20) per kg for loss of or damage or delay to checked baggage, and 332 Special Drawing Rights (approximately EUR 400; US \$400-) for unchecked baggage.
- The carrier may also be liable for damage occasioned by delay.

Further information may be obtained from the carrier as to the limits applicable to your journey. If your journey involves carriage by different carriers, you should contact each carrier for information on the applicable limits of liability. Regardless of which Convention applies to your journey, you may benefit from a higher limit of liability for loss of, damage or delay to baggage by making at check-in a special declaration of the value of your baggage and paying any supplementary fee that may apply. Alternatively, if the value of your baggage exceeds the applicable limit of liability, you should fully insure it before you travel.

Time limit for action: Any action in court to claim damages must be brought within two years from the date of arrival of the aircraft, or from the date on which the aircraft ought to have arrived. Baggage claims: Written notice to the carrier must be made within 7 days of the receipt of checked baggage in the case of damage, and, in the case of delay, within 21 days from the date on which it was placed at the disposal of the passenger.



9(2)(a)

From: Ian Simpson
Sent: Monday, 13 December 2010 4:29 p.m.
To: 9(2)(a)@treasury.govt.nz; 9(2)(a)
Subject: FW: Letter to Reinsurers 10 Dec (2)
Attachments: Letter to Reinsurers 10 Dec _2_ _2_.pdf; eqc012aac.Cant_Quake_EstLiabs.rep.pdf

Andrew, 9(2)(a)

As discussed earlier, please find attached the MJW actuarial review of EQC's claims costs along with our covering letter. A press release will go out shortly.

Thanks,

Ian.



9(2)(a)

Aon Benfield New Zealand
 Level 1 / 70 Shortland Street
 Auckland
 New Zealand

10th December 2010

Dear 9(2)(a)

Re: 4 September 2010 Darfield Earthquake**Current Claims Position**

As at 7th December, EQC had received 160,660 claims. The following tables show both the geographical distribution of these claims, the types and status of these claims, and the severity of damage.

Geographical Distribution of Claims (as at 7th December)

Christchurch City	Selwyn	Waimakariri	Timaru	Ashburton	Other	Total
125,951	11,716	11,904	4,140	3,590	3,359	160,660

Type and Status of Claim (as at 7th December)

	Lodged	Open	Closed	No. of Payments	Paid to Date
Building Claims	133,838	123,927	9,911	31,647	\$371.9m
Contents Claims	45,340	38,196	7,144	22,080	\$45.6m
Land Claims	16,017	15,197	820	12	\$12,131
Total Resolved Claims	17,288			Total Paid to Date	\$417.6m

Note: Some of the 160,660 claims are multiple claims for building, land and contents.

Severity Distribution (as at 7th December)

Damage Type	Number of Claims	Damage Type	Number of Claims
Minor	123,479	Habitable	158,399
Moderate	29,248	Non-Habitable	2,261
Serious	7,933	Weatherproof	156,694
		Non-Weatherproof	3,966

Claim Lodgements

Claimants had until Saturday 4th of December to lodge a claim. After legal advice, EQC was required to accept claims up to midnight on the next working day – Monday 6th December – in accordance with the Interpretations Act 1999. The number of new claims lodged leading up to the deadline increased significantly and exceeded our earlier estimates. Claims lodgement had settled at 500-1,000 a day but reached 30,000 in the final week.

Claims from the 4th September quake lodged after the deadline will be declined by EQC. Claims are still being accepted from the two aftershocks and these claims will be stripped out of the 4th September 2010 catastrophe claim.

Catastrophe Response Plan

Current staff numbers as part of the Catastrophe Response Plan (CRP), total 1,187 across all locations:

Locations	Staff Numbers
Wellington	142
Christchurch	679
Gallagher Bassett Services (Brisbane)	129
Call Centres	237
Total	1,187

EQC continues to communicate with policyholders with regular advertisements in local press and radio, and via web media such as Facebook. We are preparing a second video for YouTube, outlining the Fletcher's PMO claims management process.

At peak staffing levels, the CRP is costing approximately \$10m per month. As the assessment and settlement of claims progresses over the coming year, operations will be scaled down and the final cost of the CRP is currently estimated to cost between \$150m to \$250m.

Project Management Office

There are currently two site offices operating in Halswell and Rolleston. A third office, Kaiapoi, is expected to be operational by mid-December and Fletchers are planning to establish further sites in Fendalton, Waimakiriri and Rangiora.

Fletcher's current assessment and repair workload is approximately 2,500 jobs underway at any one time which represents their peak capacity. Labour rates are being capped at fair market prices with major suppliers and negotiations are continuing to lock in material costs for the next 12 months.

Quality is assured by appointing qualified contractors, using materials from approved suppliers and merchants that comply with NZ Standards, providing clear scopes of work and agreed standards, management and overview by skilled supervisors, and with a completion sign-off and certification process prior to final payment. The Government is fast-tracking revised processes for consenting, given the situation in Canterbury, and Fletcher Construction is working closely with the Department of Building and Housing to align with these revisions.

The current estimated cost of the PMO is between \$100m to \$150m. It will reduce post-event inflation by helping to control costs. It will not be a net addition to claims costs as it will largely replace the project management component which would have applied in each of the 50-60,000 individual claim settlements.

Land Damage and Remediation

The extensive damage to land caused by the event has been widely reported. In response to this damage EQC commissioned Tonkin and Taylor (T&T) to provide a report on the nature, cause and extent of land damage, the areas affected and to provide solutions to fix damaged land. The Stage 1 of the report was released on the 21st October and can be downloaded from EQC's website at: www.eqc.govt.nz.

Stage 2 of the report was released on 30th November and is also available on EQC's website. Copies of the Stage 2 report, along with Q&A sheets, have been sent to claimants this week.

The Stage 2 report provides background information on how and why remediation options have been chosen for each mapped suburb, how recovery zones were determined and T&T's indicative repair/rebuilding timeframes for each zone. The report extracts below summarise each zone:

- Zone A land has not been damaged within most properties, and therefore does not require remediation. The first repair/rebuilt houses are anticipated to be completed by end of 2010.
- Zone B land has mostly suffered some land damage as a result of liquefaction. T&T engineers consider that this land has now mostly returned to its pre-earthquake strength, although the ground surface may be disturbed and require minor surface levelling and compaction. The first repair/rebuilt houses are anticipated to be completed by May 2011.
- Zone C is the land which has generally suffered very severe or major land damage, or is close to the areas of major remedial works. It includes a buffer area, where required, to provide adequate space to undertake the works and protect neighbouring buildings. Zone C also includes some areas of moderate land damage which require a wider-scale, coordinated remediation programme than the land in Zone B. Land remediation and building work in Zone C will require suburb-specific geotechnical reporting, engineering design and major remediation works. These will differ from suburb to suburb to meet the target land performance standard as adopted by the Government. Repair or rebuilding of houses in this area will need to be staged so that repairs and rebuilding work can be undertaken in association with land and infrastructure remediation. The first remediated land could be completed by April 2011 and it is anticipated the first repair/rebuilt houses completed by August 2011.

EQC are currently working with T&T to produce a further report to facilitate the lodging of resource consent applications and promote understanding and coordination of relevant work by EQC, councils and private insurers.

Total FGU Claim Estimate

EQC engaged consulting actuaries, Melville Jessup Weaver (MJW), to assist in reviewing the total fgU claim estimate. This report was completed in early December and a full copy is attached for your information.

Whilst the report is thorough in the description of the data and methodology used in the analysis, we feel it is necessary to highlight several points:

- MJW report uses all claims data up to 24 November, which includes claims lodged for the two large events post-4/9/10 (19/10/10 and 4/11/10). EQC will be stripping these claims out of the 4/9/10 catastrophe claim.
- A factor of 15% has been added to building claims for demand surge.
- The results of the analysis are an estimated total claims cost range of \$2.248bn to \$3.089bn (at the 50% confidence interval), a mean result of \$2.754bn and a median result of \$2.599bn.
- The estimated costs of the PMO and CRP are not included in the analysis.

The MJW report clearly states there is a high level of uncertainty over the results, particularly due to the lack of historical claims experience, the current number of assessed claims (especially in the \$10,000 to \$100,000 band) and that many levels of assumptions have been made as a consequence of these uncertainties. As the claims settlement process progresses we will gain more certainty in the variants contributing to the loss estimated. EQC can only provide its best estimate at this point and as such we are revising the total fgu claims estimate to a range of \$2.75bn to \$3.5bn, including the current estimated costs for the PMO and CRP.

To date EQC has paid out \$417.6m in settlements, plus the additional costs of claims handling. As per the Loss Settlement clause in our reinsurance contracts, can you please instigate the initial advanced funding for the loss on Layer 1 of the programme, based on our revised claim estimate.

EQC is committed to being open with its reinsurance panel and we welcome any feedback on the MJW report. Please let us know if you or reinsurers have any questions as we are happy to provide further clarification or information where possible.

We will look to provide the next update to you at the end of January.

Yours sincerely,



Ian Simpson
Chief Executive

9(2)(g)(i)



9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 15 December 2010 10:41 a.m.
To: 9(2)(a)@treasury.govt.nz
Subject: EQC Actuals November - Eliminations Doc uploaded - EOM

Regards

9(2)(a)

Canterbury Earthquake Reporting Manager, Finance

Earthquake Commission
Level 20, Maiestic Centre, 100 Willis Street, Wellington 6140
Phone 9(2)(a) 1
Mobile

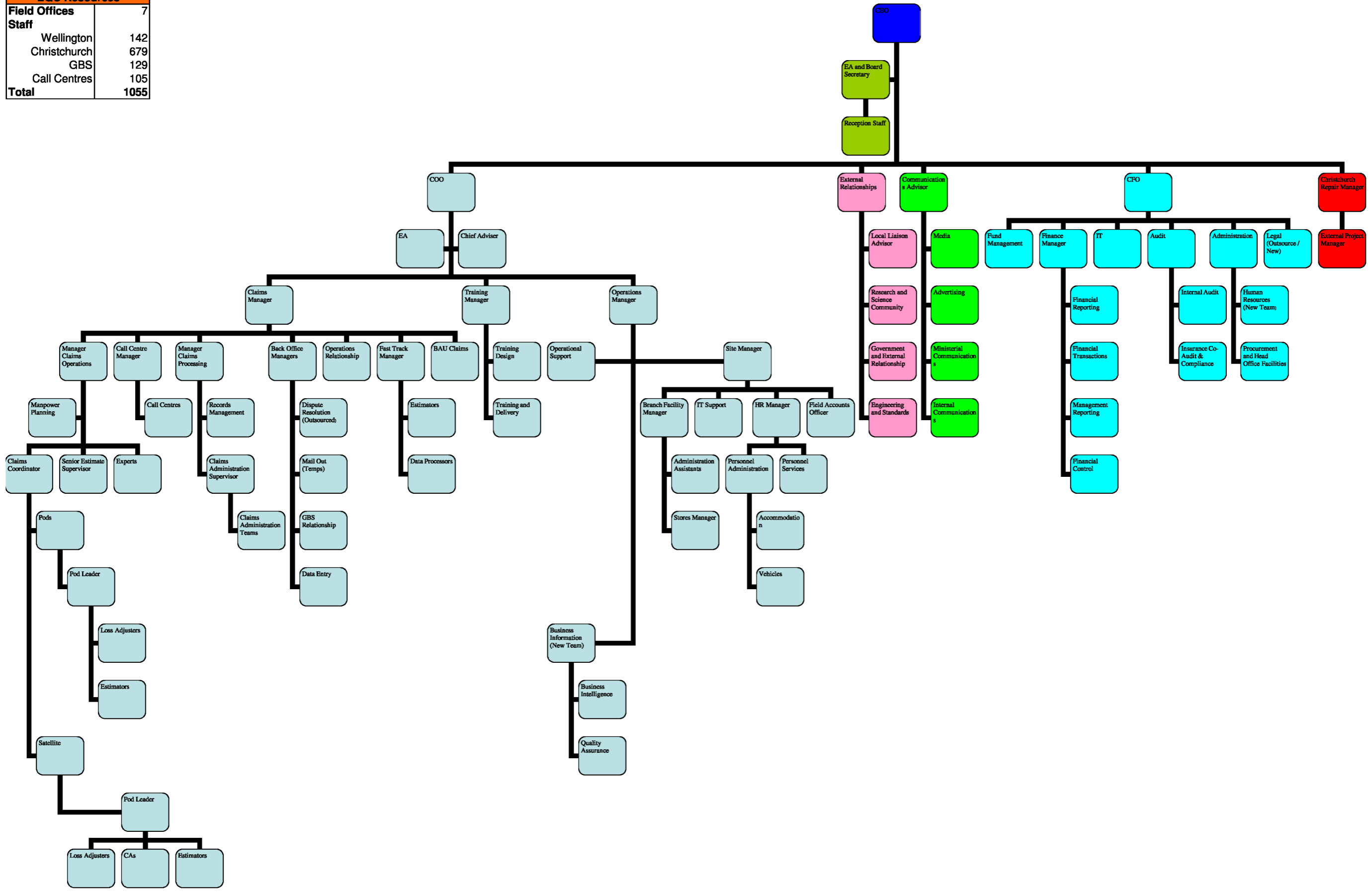
9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 15 December 2010 5:10 p.m.
To: 9(2)(a)@treasury.govt.nz; 9(2)(a) (9(2)(a))@treasury.govt.nz;
9(2)(a) (9(2)(a))@treasury.govt.nz; 9(2)(a)@treasury.govt.nz;
9(2)(a); 9(2)(a)@med.govt.nz
Subject: EQC information
Attachments: CE Spreadseheet 4.xls

The attached information is being sent to you for discussion at tomorrow's meeting.
Regards

9(2)(a)
Executive Secretary | Earthquake Commission (EQC)
Majestic Centre | 100 Willis Street | P.O. Box 780 | Wellington
Phone: 9(2)(a)@eqc.govt.nz

EQC Resources	
Field Offices Staff	7
Wellington	142
Christchurch	679
GBS	129
Call Centres	105
Total	1055



9(2)(a)

From: 9(2)(a)

Sent: Thursday, 16 December 2010 10:25 a.m.

To: 9(2)(a)@treasury.govt.nz; 9(2)(a) (9(2)(a))@treasury.govt.nz;
 9(2)(a) (9(2)(a))@treasury.govt.nz; 9(2)(a)@treasury.govt.nz;
 9(2)(a); 9(2)(a)@med.govt.nz

Subject: EQC information

Attachments: EQC info-20-12-16 mtg.xls; Organisation chart Nov 2010-CRP.doc; Organisation chart Nov 2010.doc

On checking the version of the information sent last night, I found the odd typo, so attached is an amended version together with a clearer and updated organisation chart which is spread over two pages.

Apologies for inconvenience.

Regards

9(2)(a)

Executive Secretary | Earthquake Commission (EQC)
 Majestic Centre | 100 Willis Street | P O Box 790 | Wellington
 Phone: +64 4 9(2)(a)@eqc.govt.nz

From: 9(2)(a)

Sent: Wednesday, 15 December 2010 5:10 p.m.

To: 9(2)(a)@treasury.govt.nz; 9(2)(a) (9(2)(a))@treasury.govt.nz; 9(2)(a) (9(2)(a))@treasury.govt.nz; 9(2)(a)@treasury.govt.nz; 9(2)(a)@treasury.govt.nz; 9(2)(a)@treasury.govt.nz; 9(2)(a)@med.govt.nz

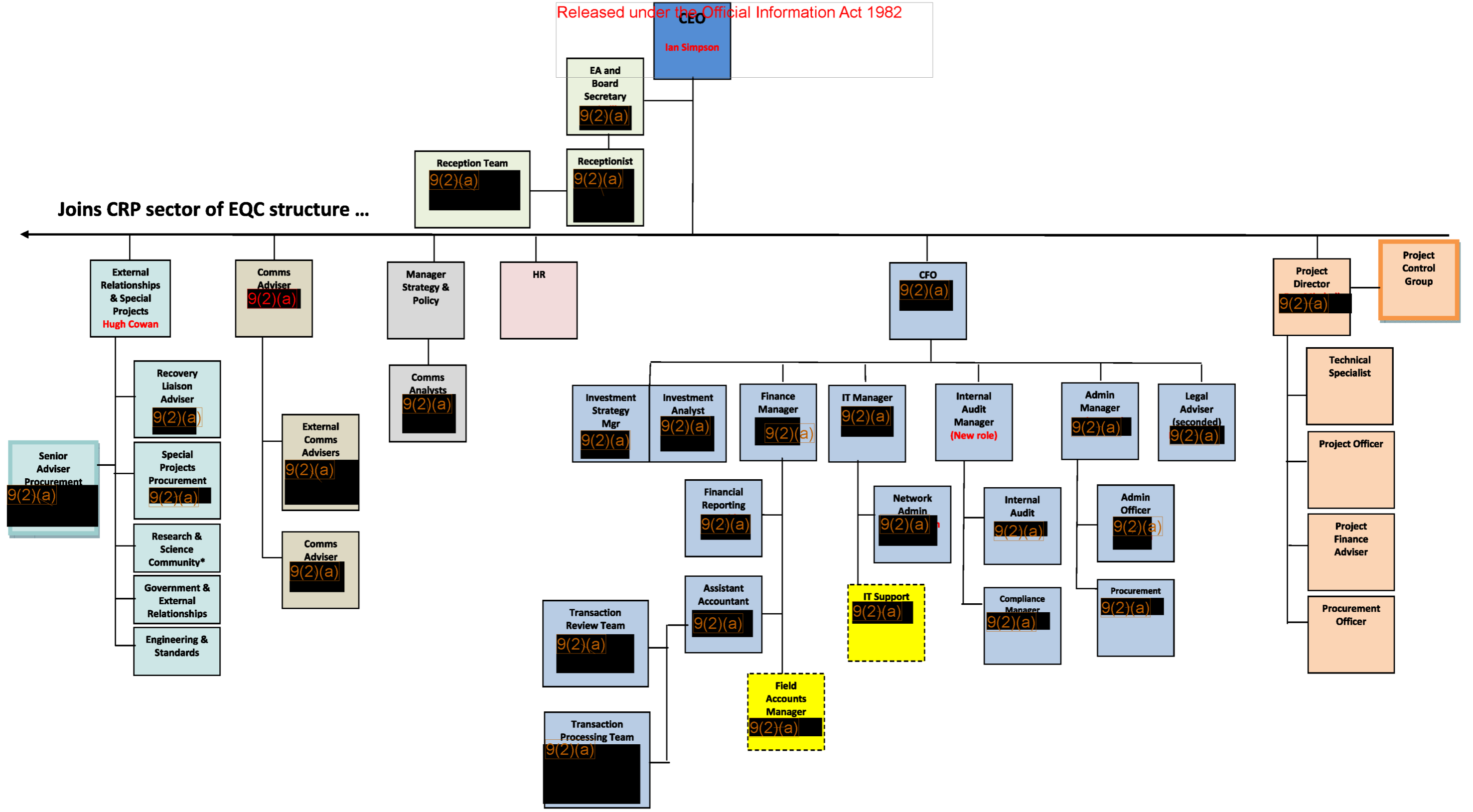
Subject: EQC information

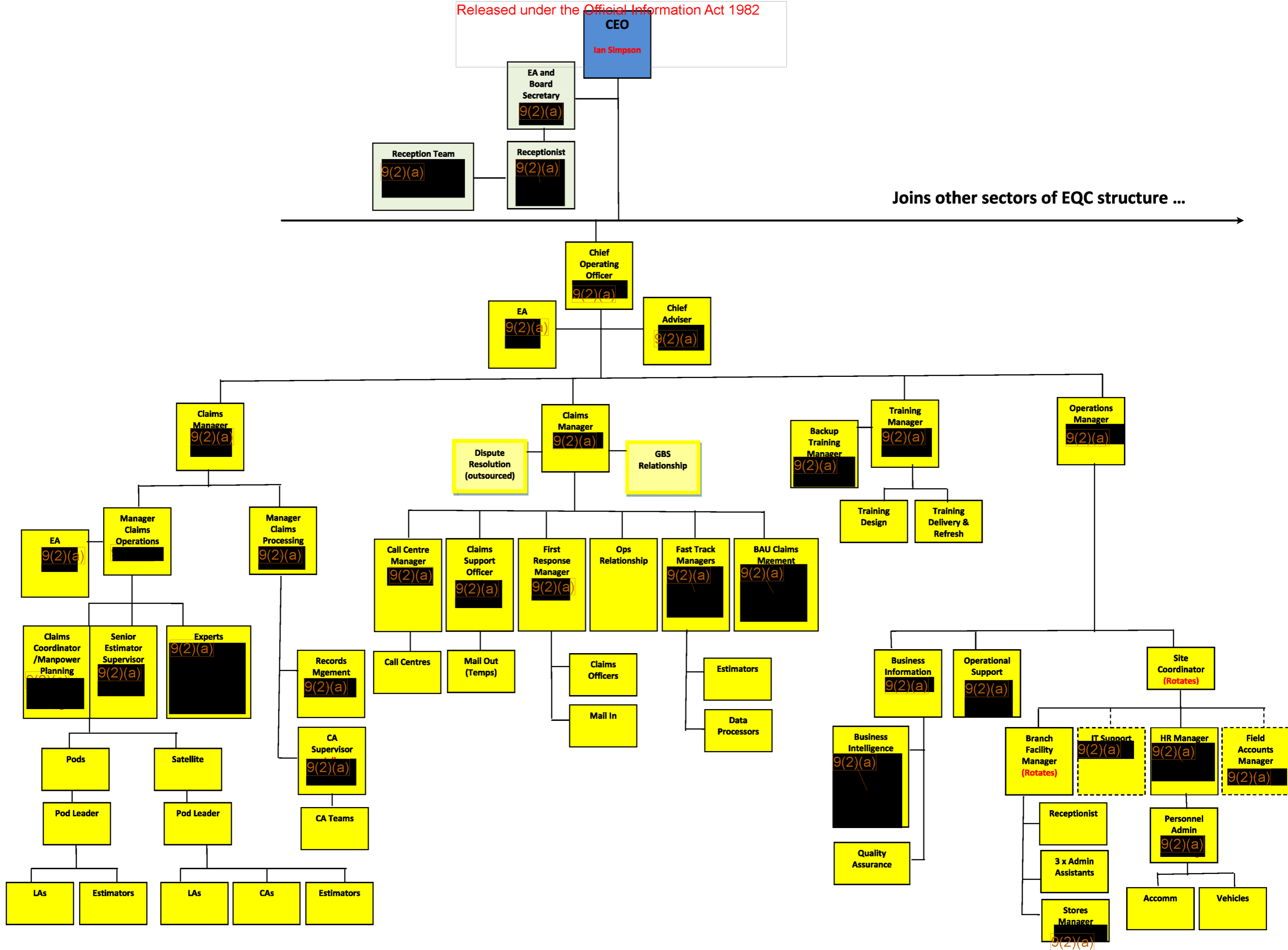
The attached information is being sent to you for discussion at tomorrow's meeting.

Regards

9(2)(a)

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





9(2)(a)

From: 9(2)(a)
Sent: Thursday, 16 December 2010 2:55 p.m.
To: Juston Anderson 9(2)(a)@treasury.govt.nz
Cc: Ian Simpson
Subject: FW: Confirmation Unrepairable.
Attachments: Draft Cab paper on the other 5 worst affected affected properties (rev2) (8).doc

Juston,

When possible can we get a copy of the decision.

Thanks

9(2)(a)

From: 9(2)(a) [mailto:9(2)(a)@med.govt.nz]
Sent: Thursday, 16 December 2010 12:25 p.m.
To: 9(2)(a)
Cc: Bevan Lye
Subject: RE: Confirmation Unrepairable.

Hi 9(2)(a)

I understand the paper was approved at ACE on Tuesday night but I don't have a copy of the decision yet. It would probably be more appropriate for Treasury to provide you with a copy of the decision once it comes out.

The paper that went to the Minister's office for signing is attached.

Cheers,

9(2)(a)

9(2)(a)

Canterbury Earthquake Recovery Policy Team
Department of the Prime Minister and Cabinet

DDI: 9(2)(a)

Hosted by the Ministry of Economic Development

From: 9(2)(a) [mailto:9(2)(a)@EQC.govt.nz]
Sent: Thursday, 16 December 2010 12:02 p.m.
To: 9(2)(a)
Subject: Confirmation Unrepairable.

Hayden,

Can you let me have copy of decision and final paper for our records.

Lance.

DRAFT

In Confidence

**OFFICE OF THE MINISTER
FOR CANTERBURY EARTHQUAKE RECOVERY**

The Chair
AD HOC CABINET COMMITTEE ON CANTERBURY EARTHQUAKE RECOVERY

CANTERBURY EARTHQUAKE: EQC PAYMENTS TO OWNERS OF THE VERY WORST AFFECTED LAND**PROPOSAL**

- 1 This paper seeks agreement for the Earthquake Commission (EQC) to make payments to the very worst affected owners for the insured value of their land where the cost of proposed land remediation work is greater than the insured value of the land.

EXECUTIVE SUMMARY

- 2 On 11 October 2010 Cabinet agreed to fund additional remediation to land most affected by the Canterbury Earthquake (beyond the statutory minimum land remediation that EQC must provide), as a precautionary and prudent approach in order to give confidence to affected communities, local government, banks and insurers to rebuild. The Crown has agreed an appropriation of \$140 million for the additional land remediation work.
- 3 On 29 November 2010, Joint Ministers (the Minister of Finance, Minister for Canterbury Earthquake Recovery, Minister for the Environment, and the Minister of Labour) with Power to Act agreed to fund the additional land remediation required in respect of six of the very worst affected properties (the Spencerville land remediation pilot).
- 4 Five further properties have been identified where it is not possible or probably not economically viable (ie, the cost of the proposed work is more than the insured value of the land) to complete the proposed work. Under current proposals these owners will not receive any benefit from the large scale land remediation work the Crown has agreed to fund.
- 5 In a normal event (eg, a significant landslide), the EQC would compare the cost of reinstating the affected land with the insured value of the section, and pay the land owner the lesser amount. Under current arrangements the five identified property owners will only receive payments from EQC for the cost of levelling their land, as this will return it to its 'pre-earthquake state' as required under the Earthquake Commission Act 1993 (the EQC Act). This translates to approximately \$20,000 per property. This is much lower than the insured value of the land at \$2.55 million (note that the rateable value of this land is \$6.15 million).

- 6 To address the significant fairness issues this would create for these owners, compared to other affected land owners who will benefit from the proposed large scale land remediation work funded by the Crown, this paper proposes that the EQC be authorised to make payments to these owners for the insured value of their land where the cost of proposed land remediation work is greater than the insured value of the land. This would cost \$2.55 million for the five affected properties identified.
- 7 Before any such payments are made I propose that EQC, in consultation with the Treasury and the Canterbury Earthquake Response Policy Team of the Department of the Prime Minister and Cabinet, provide advice to the Minister of Finance and the Minister for Canterbury Earthquake Recovery on the specific site investigations undertaken in respect of each of the affected properties identified and recommendations for approval.
- 8 In addition to these five properties above, two additional properties are also currently under investigation. As further site investigations are undertaken it is possible that additional properties may be identified where it is not possible or not economically viable to complete proposed additional land remediation work.
- 9 I propose that an appropriation be established now that covers the five properties we are currently aware of, and any other properties that emerge in this category further down the track. Although the final number of properties will take time to emerge, I am confident that the costs of land insurance payments can be managed within an appropriation of \$5 million.

BACKGROUND

- 10 On 11 October 2010 Cabinet agreed to fund additional remediation to land most affected by the Canterbury Earthquake (beyond the statutory minimum land remediation that EQC must provide), as a precautionary and prudent approach in order to give confidence to affected communities, local government, banks and insurers to rebuild. The Crown has agreed an appropriation of \$140 million for the additional land remediation work.
- 11 Preliminary investigations by EQC had identified 16 properties where it was considered not possible or probably not economically viable to complete the higher standard of land remediation agreed to by Cabinet on 11 October 2010 (ie, the cost of the proposed work is more than the insured value of the land). This number fell in subsequent investigations (the composition of the affected properties also changed) and now stands at seven.
- 12 Five of the affected properties are from the original list and are located in Fendalton (4) and Kaiapoi (1). In these cases it has been established that it is not possible or probably not economically viable (ie, the cost of the proposed work is more than the insured value of the land) to complete the proposed work¹.
- 13 Two additional properties in Kaiapoi are also currently under investigation.

¹ Note that in the Tonkin & Taylor Stage 2 Report, the Fendalton properties are not separately identified from land Zone B.

The Spencerville properties

- 14 On 29 November 2010, Joint Ministers (the Minister of Finance, Minister for Canterbury Earthquake Recovery, Minister for the Environment, and the Minister of Labour) with Power to Act agreed to fund the additional land remediation required in respect of the six affected properties in Spencerville (up to a maximum of \$1.1 million) after noting that:
- the latest information from EQC was that these properties could be remediated within the insured value of the land
 - remediation of these properties would help to achieve community understanding and buy-in to the concepts to be applied elsewhere in Canterbury, and
 - resource consent applications were about to be lodged for the land remediation work (resource consents have now been lodged).

FIVE AFFECTED PROPERTIES IN FENDALTON AND KAIAPOI

- 15 In a normal event (eg, a significant landslide), the EQC would compare the cost of reinstating the affected land with the insured value of the section, and pay the land owner the insured value of the land if this was the lesser amount.
- 16 In total the insured value of the land (as defined under the Earthquake Commission Act) for the five affected properties identified in Fendalton and Kaiapoi is \$2.55 million (Fendalton \$2.38 million, Kaiapoi \$165,000). This is not the 'market value' or the rateable value of the land. In total, the rateable value of the land is approximately \$6.15 million (Fendalton \$5.99 million, Kaiapoi 160,000).
- 17 Under current arrangements the five affected owners will only receive payments from EQC for the cost of levelling their land as this will return it to its 'pre-earthquake state' as required under the EQC Act. Preliminary estimates are that this would be around \$20,000 per property.
- 18 I am informed that it is EQC's consulting engineer's view that unless additional land remediation is undertaken it will be very difficult for the affected owners to achieve Building Code compliance should they attempt to rebuild. If councils are not satisfied any natural hazards have been mitigated sufficiently they will either not issue building consents or issue building consents under section 72 of the Building Act 2004, which means a natural hazard notice will be placed on the title of the property. This will reduce the property's value and often make it uninsurable for that risk. Banks will be unlikely to provide mortgage finance.
- 19 If nothing is done, the affected property owners will be substantially disadvantaged compared to other land owners affected by lateral spreading of land who will benefit from the proposed additional land remediation work funded by the Crown. While these owners may receive payments for the insured value of their homes (the buildings), they will face a significant loss of equity with respect to their land. Some of these owners may not have sufficient equity to

pay for the additional land remediation work required to rebuild and may be forced to relocate.

- 20 I am informed that the affected owners in Fendalton want to rebuild and are currently discussing their options with engineers.

PREFERRED APPROACH FOR ADDRESSING THE ISSUE

- 21 The following options have been identified to address this issue.

- Option 1: The Crown could pay for the affected land to be remediated to the higher standard agreed to by Cabinet.
- Option 2: The Crown could offer to purchase the affected properties.
- Option 3: The Crown could authorise EQC to make payments to affected owners for the insured value of their land where the cost of proposed land remediation work is greater than the value of the land (or where additional land remediation work is not possible).

Option 1 – Crown pays for affected land to be remediated

- 22 It is possible to undertake perimeter land protection work in respect of some of the properties. The latest information from EQC is that this could be achieved for the Fendalton properties at a cost of approximately \$700,000 per property (approximately \$2.8 million in total). However advice received from EQC is that this work may not be possible for the property identified in Kaiapoi.
- 23 This option would cost more than making payments to owners for the insured value of their land and may not be possible in respect of some of the affected properties. For these reasons, this option is not recommended.

Option 2 – Crown offers to purchase affected properties

- 24 Purchasing the affected properties would create substantial fiscal costs as well as a number of risks for the Crown and officials inform me that at least some of the affected owners do not wish to relocate and want to rebuild. If the Crown were to purchase the properties the affected owners may expect to be paid the rateable value of the land (approximately \$6.15 million for the five properties identified).
- 25 Other costs associated with the retention and possible sale of the land would also be incurred. The land itself would not be suitable for social housing purposes given the likely costs involved in developing it for this use (for this to occur the Crown would need to pay both for the land and costs for addressing land stability). Careful communication would also be needed to limit any potential risks that other property owners affected by the earthquake would use this as a precedent for the Crown purchasing other damaged land.
- 26 For the reasons outlined above, this option is not recommended.

Option 3 – Crown makes payments up to the insured value of the affected property

- 27 The Crown could authorise EQC to make payments to affected owners for the insured value of their land where the cost of proposed land remediation work is greater than the insured value of the land (or where additional land remediation work is not possible).
- 28 This option would involve making payments to owners in Fendalton of approximately \$595,000 per property on average, and a payment of \$165,000 to the affected owner in Kaiapoi. This option would cost \$2.55 million for the five properties identified (ie, the insured value of the land).
- 29 Consideration has been given to insisting that payments be used towards land repair but this is not viable as in most cases there is a shortfall. In the case of the Kaiapoi claim I am advised this would be in the hundreds of thousands of dollars.
- 30 If EQC had been required to undertake the proposed additional land remediation work under the EQC Act, I am informed that this is the option it would have adopted.
- 31 While justified on the basis that payments relate to the insured value of the land, the size of the payments to the owners in Fendalton may create optic risks for the Crown that will need to be managed.
- 32 There is a risk that some owners may choose to use the money for purposes other than land remediation and leave the affected land unremediated or under-remediated (where it is possible to remediate the land to achieve a viable building platform). There is also a risk that the affected land may become derelict, and could become a future issue for councils and/or neighbouring residents. Mitigating these risks is advice I have received from EQC that some of the affected owners wish to rebuild and do not wish to relocate.
- 33 On balance, this option is recommended for all affected properties identified.
- 34 However, before any such payments are made I propose that EQC, in consultation with the Treasury and the Canterbury Earthquake Response Policy Team of the Department of the Prime Minister and Cabinet, provide advice to the Minister of Finance and the Minister for Canterbury Earthquake Recovery on the specific site investigations undertaken in respect of each of the affected properties identified and recommendations for approval.

OTHER ISSUES

- 35 In addition to the five properties discussed earlier, two additional properties in Kaiapoi are also currently under investigation. As further site investigations are undertaken it is possible that additional properties may be identified where it is not possible or not economically viable to complete proposed additional land remediation work.

- 36 There are two options for dealing with this uncertainty:
- a The Minister of Finance and the Minister for Canterbury Earthquake Recovery could be authorised to approve payments to other affected property owners consistent with the approach outlined above on an as-needs basis.
 - b The Government could establish an appropriation now that covers the five properties we are currently aware of, and any other properties that emerge in this category further down the track. Although the final number of properties will take time to emerge, I am confident that the costs of land insurance payments can be managed within an appropriation of \$5 million.
- 37 On balance, I recommend we establish an upfront appropriation to deal with all properties where it is not possible or not economic to undertake proposed additional land remediation work. While there is always a chance that we may set the appropriation at either too high or too low a level, it would be extremely time-consuming and inefficient for Ministers to approve additional appropriations on a property-by-property basis, especially given that the status of individual properties may change further during the course of further site investigations and assessment.

CONSULTATION

- 38 The Treasury, the Department of Building and Housing and the Earthquake Commission have been consulted.

FISCAL IMPLICATIONS

- 39 The estimated cost of the proposal for the five affected properties is \$2.55 million (ie, the insured value of the land for the affected properties identified). As the engineering work progresses, however, it is possible that other properties may be assessed as being beyond economic repair. I recommend that we establish an upfront appropriation of \$5 million to cover these five properties and any others that emerge during the course of the engineering works.
- 40 If agreed, the cost of this proposal will be charged against the 2010 general between Budget contingency.

HUMAN RIGHTS

- 41 The proposals in this paper are not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

LEGISLATIVE IMPLICATIONS

- 42 There are no legislative implications arising from the proposals in this paper.

REGULATORY IMPACT ANALYSIS

- 43 The Regulatory Impact Analysis (RIA) requirements do not apply to this paper as the paper does not propose options that would involve creating, amending, or repealing either primary legislation or delegated legislation.

PUBLICITY

- 44 Any publicity around the proposals in this paper will be undertaken as part of the wider communications strategy for the Canterbury earthquake response in relation to additional remediation of land.

RECOMMENDATIONS

- 45 It is recommended that the Committee:

Background

- 1 **Note** that on 11 October 2010, Cabinet agreed to fund additional remediation to land most affected by the Canterbury Earthquake (beyond the statutory minimum land remediation that the Earthquake Commission (EQC) must provide), as a precautionary and prudent approach in order to give confidence to affected communities, local government, banks and insurers to rebuild [CAB Min (10) 36/11]
- 2 **Note** that five properties have been identified where it is not possible or probably not economically viable to complete the proposed works (ie, the cost of the proposed works is more than the insured value of the land), and under current proposals these owners will not receive any benefit from the proposed large scale land remediation work funded by the Crown
- 3 **Note** that two further properties in Kaiapoi are also currently under investigation and as further site investigations are undertaken it is possible that additional properties may be identified where it is not possible or not economically viable to complete proposed additional land remediation work

EQC payments to owners of the very worst affected land

- 4 **Note** that in a normal event (eg, a significant landslide), the EQC would compare the cost of reinstating the affected land with the insured value of the section, and pay the land owner the lesser amount
- 5 **Note** that under current arrangements the five affected property owners will only receive payments from EQC for the cost of levelling their land as this will return it to its pre-earthquake state as required under the Earthquake Commission Act 1993, ie approximately \$20,000 per property

- 6 **Note** that this will create significant fairness issues for the owners of the very worst affected land compared to other affected land owners who will benefit from the proposed large scale land remediation work funded by the Crown
- 7 **Agree** that the EQC may make payments to the very worst affected owners for the insured value of their land where the cost of proposed land remediation work is greater than the insured value of the land
- 8 **Agree** that before any such payments are made the EQC, in consultation with the Treasury and the Canterbury Earthquake Response Policy Team of the Department of the Prime Minister and Cabinet, provide advice to the Minister of Finance and the Minister for Canterbury Earthquake Recovery on the specific site investigations undertaken in respect of each affected property identified and recommendations for approval

Establishment of appropriation for payments

- 9 **Agree** to establish a new non-departmental other expense appropriation, "Earthquake Commission – Land Insurance Payments", in Vote Finance
- 10 **Agree** that the scope of this appropriation be: "This appropriation is limited to insurance payments to the owners of damaged land in the Canterbury region where the cost of land remediation is greater than the insured value of the land"
- 11 **Approve** the following change to appropriations for land insurance payments to owners of the five identified properties and any other properties that emerge in this category as the engineering work progresses, with a corresponding impact on the operating balance:

Vote Finance Minister of Finance	\$m – increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15& Outyears
Non-departmental other expense: Earthquake Commission – Land Insurance Payments	5.000	-	-	-	-

- 12 **Agree** that the proposed change to the appropriation for 2010/11 above be included in the 2010/11 Supplementary Estimates and that in the interim, the increase be met from Imprest Supply

- 13 **Agree** to charge the cost of the land insurance payments against the 2010 general between Budget contingency.

Hon Gerry Brownlee
Minister for Canterbury Earthquake Recovery

Date signed: _____

DRAFT

9(2)(a)

From: 9(2)(a)
Sent: Friday, 17 December 2010 7:49 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)
9(2)(a) 9(2)(a) 9(2)(a) 9(2)(a) 9(2)(a) (MIN); 9(2)(a)
(MIN)
Subject: Report to Minister 17.12
Attachments: Ministerial Weekly Report 17 12.doc

This week's Ministerial report FYI.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

TO: Minister in Charge of the Earthquake Commission
 FROM: Chief Executive of the Earthquake Commission
 DATE: 17 December 2010
 SUBJECT: Earthquake Commission Response to Canterbury Earthquake

1. Summary Data

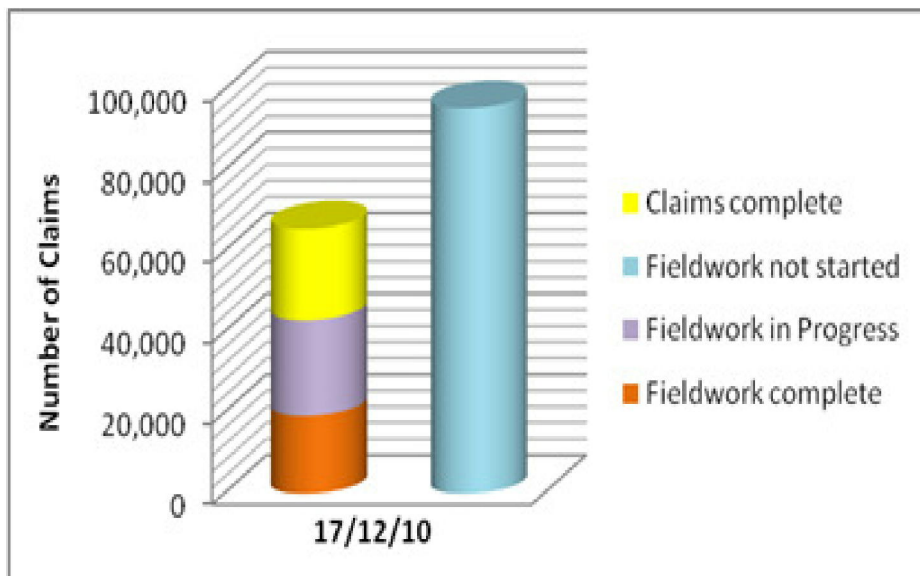
Claims	
Claims lodged	161,131
Claims resolved	22,666
Uninhabitable	2,080
Not weatherproof	3,801

Building claims analysis - excludes contents & land (as at 16/12)			
	Numbers	Payments	Average
Over the cap (multiple dwellings e.g. body corporates)	22	\$6,198m	\$281,725
At the cap	2,945	\$355,288m	\$113,850
Under the cap	19,343	\$73,316m	\$3,790

Note: Claims are still being lodged. Of these, the claims that are for the September 4th event will be declined. Claims for aftershocks, within the three-month lodgement deadline, will be accepted.

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	148,220	38,371	\$425,65m
Contents	50,073	26,869	\$53,24m
Land	21,764	17	\$19,103
			Total paid to date: \$478,9m

Claims settlement status



EQC Resources	
No. of Canterbury field offices	7
Staff numbers:	
• Wellington	169
• Christchurch	688
• GBS	135
• Call centres	105 FTEs
Total	1097

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
– Inspect all claims > \$10,000	– March 2011
– Settle claims > \$100,000	– As identified

Note: These targets were set when the claims number estimate was 100,000. With 160,000 claims lodged, we are now reassessing them.

2. Operations

2.1 Progress

- The deadline for submitting claims has now passed. Almost 161,000 claims were received by the 4 December 2010 deadline. Claims are still being accepted for damage resulting from the 19 October and 14 November aftershocks. The claim deadlines are 19 January 2011 and 14 February 2011 respectively.
- EQC representatives attended community engagement meetings organised by local councils.
- PMO
 - There are now 5 site offices currently operating in Halswell, Rolleston, Kaiapoi, Fendalton and Rangiora. The last 2 sites, whilst operational, are not yet visible to the public.
 - Further sites in Spreydon Heathcote and Hagley Ferrymead are due to be established in January and February respectively.
 - There is also an additional non-geographical hub carrying out emergency repairs for habitability, safety, weather-tightness etc. This is currently the busiest hub.

2.2 Information

- 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.
- Over 250 EQC staff will be working over the Christmas and New Year period processing claims.
- The new complaints management process went live on Monday handle the volumes arising from the Canterbury earthquake.

2.3 Cash Flows

- EQC has \$403m on call and invested in short-term bank bills.
- The \$65m Treasury bill that matured on 30 November has already been used to meet claims liabilities.

- A steady flow of other redemptions from Natural Disaster Fund investments will continue as required.

3. Communications

3.1 Planned communications and releases

- Press advertisements:
 - Information ads in The Press, Ashburton Guardian, Christchurch Star, Timaru Herald, and ODT.
- The mail out of information to claimants in the three local authority areas of Christchurch, Waimakariri and Selwyn is scheduled for completion early next week. This will be followed by a letter to the 10,000 claimants in other areas before the end of next week.
- There will be a press release next Tuesday providing updated information on claims, assessments and payouts.

4. General Issues

4.1 Loss estimate

- EQC's initial modelling estimates showed the Commission's loss from the quake at \$1.5bn (50th percentile) – \$2.5bn (66th percentile). We have reviewed our estimates based on the claims history we have to date. We engaged consulting actuaries Melville, Jessup, Weaver to assist us with this process.
- We released the revised estimate, \$2.75bn-\$3.5bn, to reinsurers on Saturday.
- As our reinsurers will soon be releasing their annual results, this information will soon become public. We recommend that a press release is issued next week.

4.2 Reinsurance

- EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
- 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 reinstated 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 were scaled back to meet EQC's requirements.
- We have requested our reinsurance broker to instigate the initial advanced funding for the loss on Layer 1 of the programme, based on our revised claim estimate.

4.3 Land Remediation

- Working with Treasury and DPMC, EQC is making good progress with the Christchurch and Wamakariri councils on the principles that will underpin the MOU for land remediation.
 - The Christchurch City Council discussed its obligations under the proposal on Thursday and agreed to the principles underpinning the MoU.
- EQC has established a dedicated delivery group of technical personnel to work with T&T on a concept design report. The report will facilitate the lodging of resource consent applications and promote understanding and coordination of relevant work by EQC, councils and private insurers.

4.4 Other

- EQC met with Treasury and DPMC officials this week to discuss expectations, priorities and responsibilities for Canterbury recovery work programme.

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 23 December 2010 4:56 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)
9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a) (MIN); 9(2)(a)
(MIN)
Subject: Report to Minister 23.12
Attachments: Ministerial Weekly Report 23 12.docx

This week's Ministerial report FYI.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

TO: Minister in Charge of the Earthquake Commission
 FROM: Chief Executive of the Earthquake Commission
 DATE: 23 December 2010
 SUBJECT: Earthquake Commission Response to Canterbury Earthquake

1. Summary Data

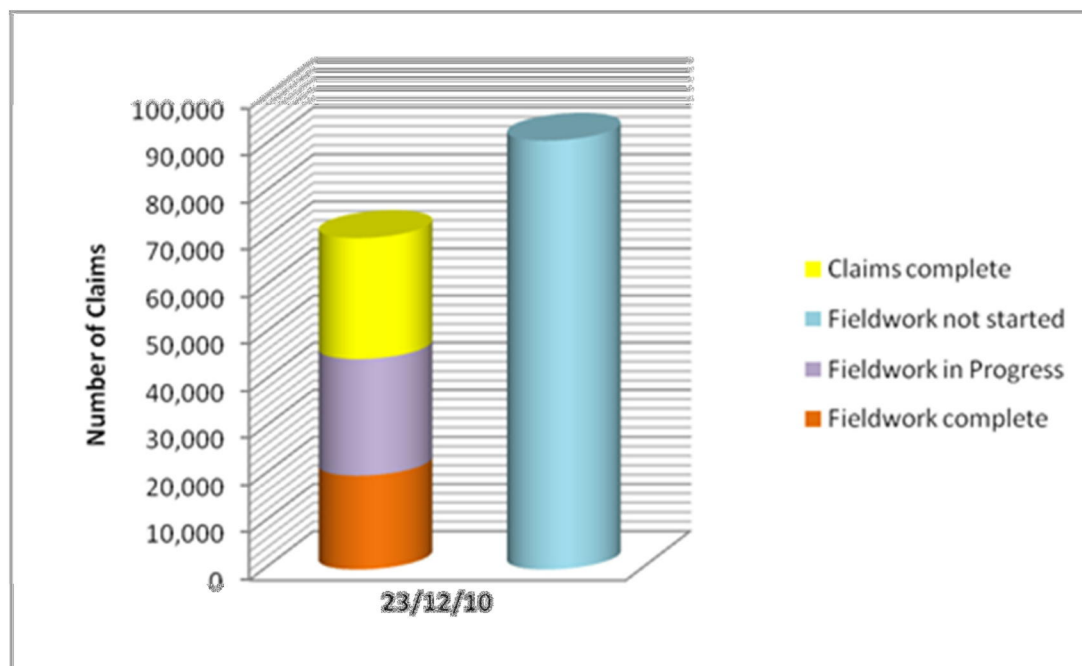
Claims	
Claims lodged	161,445
Claims resolved	25,642
Uninhabitable	1,964
Not weatherproof	3,714

Building exposures analysis (as at 23/12)			
	No. of payments	Total Payments	Average
Over the cap (multiple dwellings e.g. body corporates)	31	\$8.330m	\$268,710
At the cap	3,284	\$373.883m	\$113,850
Under the cap	22,876	\$89.845m	\$3,927

Note: Claims are still being lodged. Of these, the claims that are for the September 4th event will be declined. Claims for aftershocks, within the three-month lodgement deadline, will be accepted.

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	148,627	44,272	\$472.419m
Contents	50,539	31,271	\$61.209m
Land	21,963	17	\$19.103
			Total paid to date: \$533.628m

Claims settlement status



EQC Resources	
No. of Canterbury field offices	7
Staff numbers:	
• Wellington	177
• Christchurch	736
• GBS	135
• Call centres	105 FTEs
Total	1,153

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
– Inspect all claims > \$10,000	– March 2011
– Settle claims > \$100,000	– As identified

Note: These targets were set when the claims number estimate was 100,000.

2. Operations

2.1 Progress

- Claims are still being accepted for damage resulting from the 19 Oct and 14 Nov aftershocks. The claim deadlines are 19 Jan and 14 Feb 2011 respectively.
- PMO:
 - Site offices are currently operating in Halswell, Rolleston, Kaiapoi, Fendalton and Rangiora.
 - There is also a non-geographical hub carrying out emergency repairs for habitability, safety, weather-tightness etc. This is currently the busiest hub.
 - Repair work has begun in Halswell and Rolleston and will start in other areas in January.
 - Further sites in Spreydon Heathcote and Hagley Ferrymead are due to be set up in January and February respectively.

2.2 Information

- 225 loss adjusters and estimators plus support staff will be working through the Christmas and New Year period.
- During this time, we will work through a pool of claimants we know will be at home during this time. The normal suburb-by-suburb assessment will resume from Monday 17 January.
- Call centres will remain staffed 24 hours a day and seven days a week throughout the period.
- Payments and other EQC staff will be working through as well.

2.3 Cash Flows

- EQC has \$254m on call and invested in short-term bank bills.
- A steady flow of other redemptions from Natural Disaster Fund investments will continue as required.

3. Communications

3.1 Planned communications and releases

- Press advertisements:
 - Information ads in The Press, Ashburton Guardian, Christchurch Star, Timaru Herald, and ODT.

- EQC now has a regular weekly slot on Newstalk ZB in Christchurch to discuss progress on the recovery programme.
- Claimants in Zone C have been sent letters and emails with the name and contact details of their claims manager.

4. General Issues

4.1 Loss estimate

- The revised loss estimate stands at \$2.75bn-\$3.5bn. A media release was issued on Tuesday.

4.2 Reinsurance

- We have requested our reinsurance broker to instigate the initial advanced funding for the loss on Layer 1 of the programme, based on our revised claim estimate.

4.3 Land Remediation

- EQC has established a dedicated delivery group of technical personnel to work with T&T on a concept design report. The report will facilitate the lodging of resource consent applications and promote understanding and coordination of relevant work by EQC, councils and private insurers.
- Representatives from EQC, DPMC and Christchurch City Council met on 23 December to plan the legal and policy work to be undertaken in January 2011 on land remediation.
- Works to mitigate the lateral spreading to properties in Spencerville has begun. Daniel Smith Industries have been contracted to undertake this work.

4.4 Other

- EQC has signed an MoU with EECA on the chimney replacement programme and the installation of clean heating devices.