Briefing to the Public Inquiry into the Earthquake Commission

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Canterbury Home Repair Programme

Purpose

1 The purpose of this briefing is to describe the Canterbury Home Repair Programme, a programme established to resolve certain residential building claims arising from the Canterbury earthquake sequence by managed repair.

2 Part 1 of this briefing sets out the story of the Canterbury Home Repair Programme, from its establishment following the 4 September 2010 earthquake. This section includes how the role and scope of the Canterbury Home Repair Programme changed over time.

3 Part 2 sets out detail on the following elements of the Canterbury Home Repair Programme:
   a the decision to establish the Canterbury Home Repair Programme;
   b the project management office run by Fletcher EQR;
   c the claims management process for Canterbury Home Repair Programme claims;
   d reopened claims;
   e data and system challenges;
   f communications and customer complaints; and
   g lessons learned from the Canterbury Home Repair Programme.

Executive summary

4 The Canterbury Home Repair Programme resulted in the repair of over 67,000 homes (28% of housing stock in Canterbury) at a total cost of $2.962 billion (as at February 2019). The scale and complexity of the programme was unprecedented in New Zealand.

5 For some customers, their homes were repaired to their satisfaction,¹ and this allowed them to move forward with their lives. For other customers, their experience of the Canterbury Home Repair Programme created stress, frustration and suffering. This led to mistrust and scepticism about the programme that is reflected in ongoing negative media coverage of remedial repairs. This has largely overshadowed the achievements of the programme at a macro level.

¹ According to surveys of customer satisfaction that EQC conducted immediately after repairs had been completed (over the period July 2013 to April 2015), customer satisfaction rates with the quality of repairs were consistently in the range of 80% to 90%. See Report of the Controller and Auditor-General, Earthquake Commission: Managing the Canterbury Home Repair Programme – follow-up audit (November 2015), pages 23-25 (report #31 in Appendix 1, Briefing to the Public Inquiry, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
The Canterbury Home Repair Programme successfully mitigated some of the key risks that it was set up to address. The programme effectively limited repair cost inflation, which contributed to retaining reinsurers’ confidence in the New Zealand insurance market. A managed repair approach also meant that large numbers of customers did not have to compete directly with each other for trade-qualified resources. For some customers, particularly elderly or vulnerable people, having their repairs managed for them would have been one less thing they had to sort out in the aftermath of the earthquakes.

These achievements must be balanced against the fact that, for many customers, the Canterbury Home Repair Programme is associated with feelings of anger, frustration, and mistrust. For much of the programme’s duration, it was not able to provide customers with certainty about when their homes would be repaired. Customers experienced long periods with no contact about their repairs. Customers who approached EQC or Fletcher EQR sometimes received contradictory, or patchy, information about their claim. EQC refused to give customers copies of the scope of works for their repair, so many resorted to requesting the information under the Official Information Act 1982. Even then, EQC quickly became overwhelmed with the volume of requests and customers faced further delays before they received a response.

After the majority of first time repairs had been completed through the Canterbury Home Repair Programme, the number of customer complaints leading to reopened claims began increasing significantly in 2016. These ‘remedial repairs’ had several causes, including finding damage that was missed (missed scope), incorrect or failed repair strategies, damage that was identified but not repaired (scope not completed), new damage, and poor workmanship. EQC has spent $405 million on remedial repairs to date.

From the time the Canterbury Home Repair Programme was set up, speed was the primary driver. EQC wanted to move quickly to give customers certainty so they could get on with their lives. The problem was that EQC had not prepared or planned for a large-scale managed repair programme. The scope, scale and complexity of the programme increased after the 22 February 2011 earthquake. The emphasis on speed, combined with a lack of planning, had significant downstream negative consequences. Some of these could have been mitigated if EQC had taken more time to pause, reconsider and refresh the Canterbury Home Repair Programme after 22 February 2011.

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The Canterbury Home Repair Programme had to be set up from scratch. Although Fletcher EQR had significant experience in large-scale construction projects, EQC lacked the capability and capacity to set up effective monitoring and quality control over the programme at the outset. Data and system limitations prevented staff from being able to access accurate and consistent information on individual customers’ claims. The programme missed opportunities to communicate well to customers, and to manage their expectations from the outset about how long it would take before their homes would be repaired.

Public and political pressure was relentless. EQC worked hard to complete assessments of damage to people’s homes by the end of 2011. The Canterbury Home Repair Programme worked to maintain and increase the rate of repairs. This time pressure, combined with inadequate quality controls, may have contributed to the number of remedial repairs.

EQC acknowledges the impacts of these issues on customers, and has worked to identify what it could have done differently. On reflection, it is clear that the Canterbury Home Repair Programme faced a challenge in trying to balance speed, cost, and quality, and did not always get the balance right. Based on the lessons EQC has learned from the Canterbury Home Repair Programme, whole of government preparedness planning for natural disasters should include planning for another large-scale managed repair programme. In particular:

a. EQC (or another state sector organisation) needs clear direction from the government about its expectations for undertaking a large-scale managed repair programme after a natural disaster event;

b. an organisation expected to lead a large-scale managed repair programme needs the capacity and capability (or a plan to rapidly find the capability and capacity after an event) to be an “informed principal” that can proactively and rigorously review and manage the performance of the project management office;

c. an organisation leading a large-scale managed repair programme should build in time to regularly pause, reflect and refresh the programme;

d. a framework should be developed to assist in deciding whether to establish a managed repair programme after natural disaster events of different sizes, types and location;

e. a model managed repair programme should be prepared, comprising best practice systems, governance, assessment practices, operational controls, quality assurance, risk management, key performance indicators and monitoring;

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f a panel of candidates for the project management role should be established, with a drafted template contract in place;

g integrated and inter-operable claims management, data analytics and information management systems are essential, and must be ready before an event; and

h regular, clear and reliable communication with customers is fundamental, and requires both a customer centric approach and effective interoperable systems.
PART 1: THE STORY OF THE CANTERBURY HOME REPAIR PROGRAMME

13 The scale and complexity of the Canterbury Home Repair Programme was unprecedented in New Zealand. It involved the repair of over 67,000 homes (28% of housing stock in Canterbury) at a total cost of $2.962 billion (as at February 2019).4

The Canterbury earthquake sequence was unanticipated

14 EQC’s previous experience, and therefore planning, was centred on there being one major event and a series of smaller aftershocks. EQC had no first-hand experience, nor had it observed from other international experiences, an earthquake sequence that included a series of major events in short succession.

15 Before the Canterbury events, EQC handled about 4,000-5,000 claims per year resulting from natural disasters like floods, landslips and storms. The majority of claims were cash settled. EQC had not responded to (what it then called) a large scale event, i.e. one exceeding 80,000 claims. In early 2010, EQC management’s preliminary thinking was that it could manage a cash settlement model for an event of up to 30,000 claims.5

16 Three features of the Canterbury earthquake sequence were unexpected:

   a the severity and extent of damage to land, buildings and infrastructure;

   b the number of claims generated; and

   c the fact that there were a series of multiple major events in quick succession over a 16 month period.

17 In 2009, a review of EQC’s Catastrophe Response Programme had assessed preparations against a worst case scenario of over 80,000 claims and anticipated a maximum loss scenario of 150,000 claims.6 Each of the earthquakes in September 2010 and February 2011 separately generated more claims than the estimated maximum loss scenario of 150,000 claims.

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4 Data on the number of repairs completed through the Canterbury Home Repair Programme, the number and cost of remedial repairs, and the causes of remedial repairs is taken from EQC’s financial and claims management systems. The quality of this data is variable and may not be consistent with Fletcher EQR data (see paragraphs 221-231 and Briefing to the Public Inquiry into the Earthquake Commission, Earthquake Commission data, dated 1 April 2019).

5 See Briefing to the Public Inquiry into the Earthquake Commission, Catastrophe Response Programme 2009/10, dated 13 March 2019, paragraphs 3, 4 and 50.

In 2010 and 2011, there were 14 events classified as damage-causing for claims purposes. In total, the Canterbury earthquake sequence resulted in 460,000 claims – over three times the worst case scenario. Each of these claims can be made up of sub-claims (called exposures) for damage to residential buildings, contents, and land. In total, the Canterbury earthquake sequence resulted in approximately 757,000 exposures (made up of approximately 416,500 residential building exposures, 186,500 contents exposures and 154,000 land exposures).

**Significant residential building damage after 4 September 2010 earthquake**

Prior to September 2010, EQC had generally cash settled natural disaster damage claims. It had not undertaken preparation for a large scale managed repair programme. This approach had been questioned in 2009 during an independent review of EQC’s Catastrophe Response Programme (see paragraphs 70-77 below).7

The 4 September 2010 earthquake caused damage to a high proportion of the housing stock in Christchurch. It was recognised that cash settling such a large number of residential building claims could result in repair cost inflation and inequitable access to trade-qualified resources, and would add to homeowners’ stress trying to find builders and manage their own repairs.8 A managed repair programme would also mitigate the risk that homeowners might not use their cash settlement funds to fully repair structural damage, given other financial pressures.

In September 2010, informal discussions between the government and EQC about these risks led to an agreed view that EQC should establish a managed repair programme to settle certain residential building claims. This was within EQC’s existing statutory function, but represented a significant shift from its previous practice of cash settlements. At the time, EQC knew that it (and other state sector organisations) did not have the skills or experience to undertake a large construction project on its own. EQC also recognised that it was already stretched in responding to the volume of claims arising from 4 September 2010 earthquake, and that establishing a managed repair programme would significantly stretch the organisation. More detailed information about the decision to establish a managed repair programme is included in paragraphs 78-92 below.

The EQC Board decided to release a request for proposal on 27 September 2010 and issued invitations to 14 organisations. Five proposals were evaluated. All of the organisations that responded proposed following a project management model, whereby repairs would be project managed on EQC’s behalf, without the project manager having liability for defective repairs.

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7 See Briefing to the Public Inquiry into the Earthquake Commission, Catastrophe Response Programme 2009/10, dated 13 March 2019.
On 22 October 2010, EQC signed a memorandum of understanding with Fletcher EQR, a division of the Fletcher Construction Company Limited, for Fletcher EQR to manage the repairs on EQC’s behalf, following a project management model. The EQR in Fletcher EQR was short for “earthquake recovery” and was the name originally given to EQC’s repair programme. In 2011, the programme was renamed the Canterbury Home Repair Programme because of public confusion between EQC and Fletcher EQR, and the wish for a programme name that was readily understood.  

More detailed information about the project management office run by Fletcher EQR is included in paragraphs 93-117 below.

**Initial scope and scale of the Canterbury Home Repair Programme**

The Canterbury Home Repair Programme was established to settle residential building claims where the estimated cost of repair fell between $10,000 plus GST (later increased to $15,000 plus GST) and the EQC “cap” for residential building claims, which is generally $100,000 plus GST. Claims for damage costing less than $10,000 plus GST to repair were cash settled by EQC, and claims for damage costing more than the EQC cap (known as “over cap” claims) were referred to the customer’s private insurer to settle.

At the time of EQC’s request for proposal in September 2010 it was estimated that the project management office would be responsible for 50,000 residential repairs and repair value of $1.25 billion plus GST, with completion targeted within 24 months. These parameters constituted a unique programme of unparalleled size and complexity in New Zealand.

To illustrate the scale of the repair programme, at the time of the request for proposal:

- the Department of Building and Housing advised EQC that in a typical year 9,000 building consents would be issued in Canterbury for similar residential repair/construction activities. Based on EQC’s estimates of the number of affected properties (50,000) at this level of capacity it would take approximately 5.6 years to complete repairs. This calculation did not take into account continuing ongoing business as usual construction demand or the effects of the 22 February 2011 and subsequent earthquakes; and

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9 The phrase “project management office” or PMO was commonly used in the Canterbury rebuild to refer to the project manager and/or (incorrectly) to the repair programme operated by EQC and the private insurers. These generic names were also often used interchangeably with Fletcher EQR and the Canterbury Home Repair Programme.

10 Note that the EQC “cap” is not always $100,000 plus GST. It can be less or multiples of $100,000 where there is more than one dwelling in a residential building.

11 EQC Board paper, *Reinstatement Project Management* (14 October 2010). The board briefing referred to 50,000 repairs at an average value of $25,000 per repair. At that time, although approximately 65-70,000 claims had been lodged with EQC, the Minerva loss modelling application had estimated a total claim volume of 150,000 claims and a gross loss of $1.5–$3 billion. The estimate of $25,000 per repair was a simple division of total estimated programme cost by number of houses expected to be repaired, rather than an assessment of the cost/complexity of a typical repair.

b the closest example project was considered to be Housing New Zealand’s repair/refurbishment of approximately 10,000 state houses.¹³ This project was a nationwide programme that had time to plan, and the repairs did not have the complexities of earthquake damage to address.

**After 22 February 2011 – expansion of scope and new roles**

²⁸ The 22 February 2011 earthquake caused extensive additional damage to residential buildings. Further damage was caused by major earthquakes on 13 June 2011 and 23 December 2011. The initial estimate of around 50,000 homes to repair doubled to an estimated 100,000 homes after the 22 February 2011 earthquake. Each damage-causing event meant that more properties fell within the $10,000 plus GST and $100,000 plus GST per event range for building repairs. On the other hand, some properties were pushed into the “over cap” range (over $100,000 plus GST) because of the magnitude of the damage caused by later events.

²⁹ The government reconsidered a number of elements of its overall earthquake response after the unprecedented scale of the damage caused by the 22 February 2011 earthquake. For example, it abandoned earlier proposals for area-wide land remediation, and declared certain areas “residential red zones”.¹⁴

³⁰ After the 22 February 2011 earthquake, the government directed EQC take on a number of additional roles that were outside the scope of its core business. EQC was directed to:

a undertake inspections of residential premises (insured or uninsured); and

b carry out emergency repairs on houses (insured or uninsured) that were dangerous or insecure.¹⁵

³¹ EQC was able to call on the Canterbury Home Repair Programme to assist in these additional roles, primarily the emergency repairs and delivering the winter heating programme. Neither of these initiatives was contemplated at the time the Canterbury Home Repair Programme was established.

a **Undertaking emergency repairs:** the Canterbury Home Repair Programme switched from its post-September 2010 repair schedule to focus on emergency repairs;¹⁶ and

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b. **Delivering the winter heat programme:** The Canterbury Home Repair Programme took over the installation of clean heat sources (then called the chimney replacement programme) from the Energy Efficiency and Conservation Authority. The programme’s purpose was to ensure that households who had lost their primary heating source, could stay warm, particularly through winter. Priority was given to those homes with occupants who were sick, elderly, or who had young children, or houses with no other heating source. Fletcher EQR advertised extensively and made more than 100,000 phone calls in an effort to track down all those in need of winter heating.\(^\text{17}\)

The extent to which the Canterbury Home Repair Programme evolved from what was initially contemplated and planned for is shown in **Figure 1** below. The table compares the work the Canterbury Home Repair Programme was expected to carry out in September 2010 at the time of EQC’s initial request for proposals, in January 2011 (after further scoping) and in November 2011 (after the impact of the February 2011 earthquake and other earthquakes).\(^\text{18}\)

**Figure 1: Scale of Canterbury Home Repair Programme over time\(^\text{19}\)**

<table>
<thead>
<tr>
<th></th>
<th>September 2010 estimate</th>
<th>January 2011 forecast</th>
<th>November 2011 peak forecast</th>
<th>February 2019 project actuals (rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Canterbury Home Repair Programme repairs</td>
<td>50,000</td>
<td>60,000</td>
<td>100,000</td>
<td>67,700</td>
</tr>
<tr>
<td>Average repair value</td>
<td>$25,000</td>
<td>$35,000</td>
<td>$32,000</td>
<td>$44,000</td>
</tr>
<tr>
<td>PMO repair cost (excl. PMO costs)</td>
<td>$1.25 billion</td>
<td>$2.1 billion</td>
<td>$3.2 billion</td>
<td>$2.96 billion</td>
</tr>
<tr>
<td>Number of hubs</td>
<td>12-18</td>
<td>18</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td>Number of PMO staff</td>
<td>330</td>
<td>370</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Emergency repairs (number of properties)</td>
<td>0</td>
<td>0</td>
<td>29,946</td>
<td>59,800</td>
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<tr>
<td>Clean heat sources installed (winter heat programme)</td>
<td>0</td>
<td>4,500</td>
<td>12,680</td>
<td>19,000</td>
</tr>
</tbody>
</table>


\(^{19}\) Data on the number of repairs completed through the Canterbury Home Repair Programme, the number and cost of remedial repairs, and the causes of remedial repairs is taken from EQC’s financial and claims management systems. The quality of this data is variable and may not be consistent with Fletcher EQR data (see paragraphs 221-231 and Briefing to the Public Inquiry into the Earthquake Commission, *Earthquake Commission data*, dated 1 April 2019).
For seven months after the 22 February 2011 earthquake, emergency repairs and winter heat programme delivery were given priority over full scope repairs. This had the effect of initially delaying the rate of progress on completing full scope repairs, although work on non-emergency repairs did not stop completely. These were able to be ramped up from around September 2011 as the emergency repairs and winter heating programmes wound down.\(^{20}\)

By October 2014, the majority of emergency repairs and winter heat programme work had been completed. In total, approximately 59,800 emergency repairs were completed and approximately 19,000 clean heat sources were installed as part of the winter heat programme.\(^{21}\)

The progress of completed emergency repairs compared with completed first time (non-emergency) repairs is shown in Figure 2 below:

\textbf{Figure 2: Progress of Canterbury Home Repair Programme repairs (2011-2016)}\(^{22}\)


\(^{22}\) Data on the number of repairs completed through the Canterbury Home Repair Programme, the number and cost of remedial repairs, and the causes of remedial repairs is taken from EQC’s financial and claims management systems. The
The Canterbury Home Repair Programme was both the largest player in monetary terms, and the fastest to get underway in the Canterbury residential rebuild environment. During 2012, the Canterbury Home Repair Programme repair spending was three to four times the total of all other project management office managed works.23

In the context of the ongoing aftershocks, residential repairs by private insurers were slower to start than the Canterbury Home Repair Programme. For example, by March 2014, when the Canterbury Home Repair Programme had completed approximately 56,000 first time repairs, private insurers had repaired 871 properties, rebuilt 809 properties and cash settled 8,194 properties. Some of this slowness can be attributed to the fact that private insurers had to wait for EQC to identify that a residential building claim was over cap (would cost more than $100,000 plus GST to repair), and then forward the claim to the relevant customer’s private insurer.

Impediments and delays

The challenges posed by the multiple events of the Canterbury earthquake sequence directly impacted the operation of the Canterbury Home Repair Programme. In addition to increasing the programme’s scale and scope, the multiple events created a range of challenges.

Appportionment of damage to different events

The multiple earthquake events gave rise to the question of whether EQC cover begins afresh after each occurrence of natural disaster damage. This issue was critical to determining which claims would be progressed through the Canterbury Home Repair Programme, and which would be forwarded to a private insurer.24

This issue arose after the 22 February 2011 earthquake. EQC could not reach agreement with private insurers about whether the amount of insurance under the Earthquake Commission Act 1993 for residential building damage ($100,000 plus GST) is an aggregate amount, or whether that amount was available for each occurrence of natural disaster damage. EQC and the private insurers sought a declaratory judgment from the High Court on the correct interpretation of the Earthquake Commission Act 1993.

quality of this data is variable and may not be consistent with Fletcher EQR data (see paragraphs 221-231 and Briefing to the Public Inquiry into the Earthquake Commission, Earthquake Commission data, dated 1 April 2019).

23 EQC letter to the Office of Auditor-General, dated 7 August 2013, pages 9 and 10.

41 The High Court declaratory judgment of September 2011 ruled that EQC’s insurance cover reinstates after each natural disaster event.\(^{25}\) This judgment provided clarity and certainty that the correct approach was for EQC to attribute (apportion) damage to each specific earthquake event and manage it as a separate insurance claim. Between August 2011 and April 2012, EQC developed a process for how it would apportion earthquake damage to each event.

42 The effect of the uncertainty about this issue, the need to seek a declaratory judgment, and the complexity of developing and implementing a robust apportionment process, was significant delays for customers. Sometimes properties would need to be visited multiple times, after each event, to assess subsequent damage. Customers expressed frustration about the time it was taking EQC to advise whether or not their claim would be progressed through the Canterbury Home Repair Programme, or would be forwarded to their private insurer. Despite EQC’s best efforts to manage homeowners’ expectations and communicate clearly about the rationale for this approach, many homeowners felt confused, frustrated and distressed by the multiple visits, perceived inefficiencies and delays.

43 Further delays and impediments to the progress of the Canterbury Home Repair Programme arose from:

a. **Uncertainty about when was the best time to start repairs:** The multiple events meant there was a very real prospect that repaired homes may be damaged by subsequent earthquakes, which would undo the repair work. EQC and Fletcher EQR needed to weigh up whether to proceed with repairs, or wait and possibly lose contractors and incur costs;

b. **Uncertainty about land damage:** After the 22 February 2011 earthquake, there was initial uncertainty about how badly land was damaged, and the impact that would have on repairing and rebuilding homes. The Canterbury Home Repair Programme decided to begin repairs in the western suburbs of Christchurch, which had fewer visible signs of land damage than the eastern suburbs. The uncertainty about land damage was addressed in stages, for example through the declaration of the residential red zones starting in June 2011,\(^{26}\) and the designation of green zone land into three technical categories (known as TC1, TC2 and TC3) in October 2011.\(^{27}\) The technical categories provided the circuit breaker needed for approximately 80% of repairs to progress without having to wait for specific engineering design input and deep investigation, and geotechnical assessment;\(^{28}\) and

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\(^{25}\) *Re Earthquake Commission* [2011] 3 NZLR 695 (HC). The EQC Board decided not to seek leave to appeal this decision. This High Court decision (and the Court processes adopted in achieving rapid resolution of the case) informed the later use of declaratory judgments to resolve key legal issues. See *Morley v Earthquake Commission* [2013] NZHC 230; *Earthquake Commission v Insurance Council of New Zealand Incorporated and others* [2014] NZHC 3138, [2015] 2 NZLR 381.

\(^{26}\) See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Land Programme* (24 May 2019), page 23.


c Slow processing of building consents: in July 2013, the Christchurch City Council was stripped of its power to issue building consents, in part due to concerns about the speed of its processes. In December 2014 Christchurch City Council regained its status as an official building consent authority and in the meantime consent requests were processed under the guidance of an appointed Crown Manager.

Problems arising from inadequate and poorly-aligned systems

44 EQC’s systems were set up to deal with cash settlements of damage resulting from single natural disaster events, not with managed repair of damage resulting from multiple events. EQC’s claims management system, ClaimCenter, was not set up to record information from key documents, such as scopes of works, relating to managed repair. Scopes of works had to be entered into the system as scanned PDFs, which were not searchable.

45 ClaimCenter could also not communicate effectively with Fletcher EQR’s system, which meant that even basic information and documentation about customers’ claims was often missing, or did not match in the two systems. As a result, customers would receive different answers about their claims and repairs, depending on whether they contacted EQC or Fletcher EQR.

46 Fletcher EQR and EQC operated separate customer complaints systems for several years. Neither organisation’s complaints teams could access the other’s data.

47 The misalignment of data sets between the two systems meant that it was difficult for the Canterbury Home Repair Programme to accurately predict when individual customers’ repairs would commence. This meant that customers experienced inconsistency in information and processes, as long periods without specific information about their claims, leading to a lack of certainty while waiting for repairs.

48 More detailed information about data and system challenges is included in paragraphs 217-227 below.


31 See Briefing to the Public Inquiry into the Earthquake Commission, Earthquake Commission data, dated 1 April 2019, page 13.

Increasing customer frustration

49 The inability of the Canterbury Home Repair Programme to provide certainty to customers about their repairs led to customer frustration, stress, and dissatisfaction. During 2011 and 2012, customers became more and more frustrated about the quality and quantity of proactive information they were receiving from EQC.33

50 A particular source of frustration and complaints related to scope of works documentation (see paragraph 232). A scope of works would be drawn up EQC’s assessment of damage to the property. Initially, scopes of works were hand written and paper based, and customers were sent a photocopy shortly after the site visit. That practice was discontinued, as it was considered unprofessional. The new procedure of providing customers with typed out scopes of works led to considerable delays to customers receiving the document. EQC also refused to send customers a copy of the costed scope of works (the version that included an assessment of the cost of the repairs) until a contract had been awarded for the repairs.

51 Customers increasingly began to use the Official Information Act 1982 to request information about their claims and repairs from EQC. By late 2012, the number of requests EQC was receiving sharply increased, and its ability to respond was soon overwhelmed.34 EQC began routinely breaching the statutory timeframes for responding to requests.

52 In 2013, a joint report by the Ombudsman and Privacy Commissioner noted that if EQC had been more proactive in automatically sending out assessment reports and uncosted scopes of works to customers soon after completion, then the volume of requests the Official Information Act 1982 would have been greatly reduced.35

53 More detailed information about communications and customer complaints is included in paragraphs 228-243 below.

2016 brings a focus on remedial repairs

54 By the end of 2015, the majority of first time repairs progressed through the Canterbury Home Repair Programme were completed (see Figure 2 above). From 2016 onwards, there was a significant increase in the number of claims being reopened arising from customer complaints about first time repairs.

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33 Ombudsman and Privacy Commissioner, Information fault lines – Accessing EQC Information in Canterbury (December 2013), page 11 (report #19 in Appendix 1, Briefing to the Public Inquiry, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
34 Ombudsman and Privacy Commissioner, Information fault lines – Accessing EQC Information in Canterbury (December 2013), page 55 (report #19 in Appendix 1, Briefing to the Public Inquiry, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
35 Ombudsman and Privacy Commissioner, Information fault lines – Accessing EQC Information in Canterbury (December 2013), page 55 (report #19 in Appendix 1, Briefing to the Public Inquiry, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
As at 11 June 2019, EQC has spent $405 million on remedial repairs, settled either through rework or cash settlement (see Figure 7 below). In this briefing, ‘remedial repairs’ refers to any repair or cash settlement for a reopened claim that went through the Canterbury Home Repair Programme.

There were a number of different causes of remedial repairs, including:

a. missed scope – damage not included in the original scope of works, where it was later found that it should have been included;

b. scope not completed – damage included in the original scope of works, but not repaired;

c. new damage – damage from earthquakes after repairs were completed;

d. incorrect and/or failed repair strategies – failure of building materials and/or where rework was required because the original repair strategy failed or was incorrect; and

e. work quality – repair work that was not of acceptable quality.

Based on the data EQC has available, the single largest cause of remedial repairs from the Canterbury Home Repair Programme was missed scope, accounting for 49% of EQC’s expenditure on remedial repairs (see Figure 8 below).

It is possible that issues with quality control processes could have contributed to the number of remedial repairs (see paragraphs 204-219 below). In 2013, the Auditor-General noted that there were risks with the way EQC had managed repair quality in the Canterbury Home Repair Programme, due in large part to the fact that it had failed to implement and embed important controls.36

EQC’s involvement in the establishment and early operation of the Canterbury Home Repair Programme was limited. Active monitoring and management of the programme, particularly in relation to quality control, was not put in place until 2013.37 In 2014 and 2015, EQC continued to make changes to improve its quality control process. By November 2015, however, EQC’s quality control, quality assurance and sign off processes were still considered inadequate by the Ministry of Business, Innovation and Employment.

More detailed information about reopened claims and remedial repairs is included in paragraphs 179-216 below.

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EQC in house repair programme

61 By late 2016, EQC considered that the existing project management office was no longer the best delivery model to undertake the remaining Canterbury Home Repair Programme work, the majority of which comprised remedial repairs.

62 EQC considered six delivery model options for completing the remaining the Canterbury Home Repair Programme work:38

a. a more limited Fletcher EQR model;

b. an EQC in house repair programme;

c. outsourcing remedial repairs to Southern Response Earthquake Services (the Crown agency established to manage AMI Canterbury earthquake claims);

d. a procurement process for a provider to resolve remedial repairs;

e. cash settlement of remedial repairs; or

f. a combination of the above options, for example Southern Response Earthquake Services resolving all specialised complex remedial repairs and EQC resolving all simple/cosmetic remedial repairs in-house.

63 EQC decided on a combination of an in house repair programme and cash settlement of remedial claims. EQC established a team known as the Inhouse Repair Team (subsequently renamed the Construction Team) to address remedial claims that could not be cash settled. On 1 January 2017 most of the remaining of the Canterbury Home Repair Programme work was transferred from Fletcher EQR to EQC. Fletcher EQR continued to undertake remedial repairs for recent repairs that were still within the defects liability period, as well as those remedial repairs identified through the Ministry of Business, Innovation and Employment’s Earthquake Repairs to Canterbury Homes – Home Inspection Survey Report because those properties often involved complex repairs that required further engineering evaluation (following which, the properties were likely to go over the EQC cap).

38 EQC’s Executive Leadership Team minutes dated 13 June 2016 and 15 August 2016.
PART 2: ELEMENTS OF THE CANTERBURY HOME REPAIR PROGRAMME

Decision to establish the Canterbury Home Repair Programme – Managed Repair vs Cash Settlement

65 After the 4 September 2019 earthquake in Canterbury, EQC established a managed repair programme to settle residential building claims where the repair cost fell between $10,000 plus GST and the EQC “cap” (generally $100,000 plus GST). 39 The lower limit of $10,000 plus GST subsequently increased to $15,000 plus GST. Prior to September 2010, EQC’s usual approach had been to settle these types of claims by cash payment.

*Cash settlement model before 2010*

66 The Act gives EQC the option to settle residential building claims by payment, repair, replacement 40 or relocation. 41 Although EQC’s preference before the 4 September 2010 earthquake had been to cash settle residential building claims, there had been some exceptions. For example:

a EQC occasionally carried out managed repairs on an exceptional basis for vulnerable people or where a repair sensibly involved more than one customer’s property (for example, a land slip might require a retaining wall to be installed across a number of properties); and

b following the magnitude 7.2 earthquake in Te Anau in August 2003, EQC trialled the use of a contractor, Mainzeal, to oversee certain repair work and to carry out repairs if necessary. The decision to undertake managed repair in this instance was taken largely because the claims were widely dispersed (covering all of Otago and Southland) and there was a shortage of tradespeople. 42 The cost of the managed repairs was approximately $12 million.

*EQC BOARD CONSIDERS MANAGED REPAIR CONCEPT – OCTOBER 2003*

67 In October 2003, the EQC Board considered whether to add managed repair to the Catastrophe Response Programme, so that EQC could be prepared to undertake a managed repair in response to a large number of residential building claims arising from one event.

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39 Minutes of EQC Board meeting 22 September 2010.
42 See *Earthquake Commission Catastrophe Response Programme – Te Anau Assurance Assignment* (31 May 2005) which sets out an examination and audit of this trial.
The suggestion was that a pre-selected construction project management company could:

a. oversee the repair work of a small number of large repair companies;
b. allocate costed scopes of works issued by EQC; and
c. co-ordinate available labour and material resources.

The idea was that EQC should strive for a claim settlement policy that ensured that its Catastrophe Response Programme could address whatever the customer or the government might expect EQC to do.

The EQC Board rejected the recommendation to add a large-scale project management approach to the Catastrophe Response Programme. The Board’s reasons were that such an arrangement would be outside the scope of the Earthquake Commission Act 1993, would expose EQC to potential liability, and could be viewed as anti-competitive.43

2004 EQC CLAIMS SETTLEMENT POLICY

The 2004 Claims Settlement Policy adopted by the EQC Board allowed flexibility to adopt any settlement allowed under the Earthquake Commission Act 1993 (payment, repair, replacement or relocation). Cash settlement remained EQC’s clear preference, either through cash payment to the customer or, if the customer wished, payment direct to the repairer.

2009 REVIEW OF CATASTROPHE RESPONSE PROGRAMME44

Before 2010, EQC’s assumption and preference, as set out in the Catastrophe Response Programme, was that it would cash settle claims (as opposed to managed repair).45

43 See EQC Board Paper dated 17 October 2003. Note that the Canterbury Home Repair Programme was criticised on several occasions on the grounds that it was anti-competitive. EQC was satisfied that the nature, establishment and operation of the Canterbury Home Repair Programme did not contravene the Commerce Act 1986. A complaint by the Canterbury Home Repair Programme contractor, Fix It Building Services, was dismissed by the Commerce Commission.

44 For a full discussion of the 2009 review of the Catastrophe Response Programme and EQC’s response, see the Briefing to the Public Inquiry into the Earthquake Commission, Catastrophe Response Programme 2009/10, dated 13 March 2019.

45 Review of New Zealand Earthquake Commission’s Catastrophe Response Operational Capability (May 2009), page iii (report #1 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
This cash settlement preference was questioned in the 2009 Review of the Catastrophe Response Programme. The Review panel identified the possibility that EQC might be expected:

a to take a more ‘hands on’ role in support of reconstruction activities following a large scale event, such as a Wellington earthquake; and

b to actively work with other local and central government agencies and private insurers to provide a coordinated approach to supporting home owners in reinstating damaged property.

The Review panel noted that stakeholders that they had interviewed gave the following reasons why EQC might be expected to undertake these roles following a large scale event:

a funds for reconstruction work, together with the supply of builders and materials, would likely be scarce, which would likely lead to repair cost inflation and variable quality of repairs;

b the government would be under pressure to ensure that available funds were effectively used in support of reconstruction work (and not spent by home owners on other purposes or absorbed by inflated building costs);

c while private sector insurers at that time ensured that their funds were used for reinstatement, in the event of a large scale event they may not have the capacity to do this and may settle claims by cash instead; and

d as a Crown entity, the government may expect EQC to work with other government agencies and insurance companies to facilitate reconstruction work.

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46 See Briefing to the Public Inquiry into the Earthquake Commission, Catastrophe Response Programme 2009/10, dated 13 March 2019, page 15.
47 Review of New Zealand Earthquake Commission’s Catastrophe Response Operational Capability (May 2009), page iv (report #1 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
48 Review of New Zealand Earthquake Commission’s Catastrophe Response Operational Capability (May 2009), page iv (report #1 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
The Review panel recommended that, to avoid the possibility of misaligned expectations of its role, EQC should:

a canvass and confirm (with its Minister, the Treasury and wider government agencies) expectations of its role in providing support for reconstruction following a major natural disaster; and

b consider promoting the establishment of a cluster of agencies likely to have complementary roles in reconstruction following a large scale event (including EQC, the Insurance Council of New Zealand, the Department of Building and Housing, Local Government New Zealand and the Ministry of Civil Defence and Emergency Management). 49

EQC implemented a number of initiatives and work programmes in response to the Review panel’s recommendations, including private insurance protocols, review of call centre arrangements, and evacuation procedures. 50 However, the EQC Board considered that:

a broader changes (including any decision as to what a “more hands on” role might look like) required further whole-of-government discussions; and

b any review of its 2003 decision not to include a large-scale project management approach in the Catastrophe Response Programme could not be completed ahead of those discussions.

In August 2010, the EQC Board noted that plans to facilitate discussions with other government agencies on the roles, responsibilities and resourcing regarding a managed repair programme were not expected to be completed until September 2011. 51

Accordingly, at the time of the September 2010 earthquake EQC had not fully determined its response to the 2009 recommendations, including whether EQC would reverse its 2003 decision not to add a large-scale managed repair approach to the Catastrophe Response Programme.

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49 See Review of New Zealand Earthquake Commission’s Catastrophe Response Operational Capability (May 2009), page 21 (report #1 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).

50 See Briefing to the Public Inquiry into the Earthquake Commission, Catastrophe Response Programme 2009/10, dated 13 March 2019, paragraph 50.

51 See EQC Board paper, CRP Strategy Roadmap (August 2010).
Decision to undertake managed repair following 4 September 2010 earthquake

The decision to undertake a managed repair programme was made soon after the 4 September 2010 earthquake.

Origin of the decision to undertake managed repair

The government did not formally direct EQC to undertake a managed repair programme. There are no records of a Ministerial direction (under the Earthquake Commission Act 1993 or the Crown Entities Act 2004), or a Cabinet decision that EQC should be directed to undertake a managed repair.

Records from the weeks immediately following the 4 September 2010 earthquake show that the government and EQC were both considering whether a managed repair programme was needed to address the extensive damage to residential buildings in Canterbury. On 22 September 2010, the EQC Board noted that the Chair had written to the Minister of Finance in response to a request for EQC to scope out “the establishment of a project management organisation to take responsibility for the repair and rebuilding of houses where the cost falls within the $100,000 EQC cap.” It is not clear from the record where the request to scope out this work came from.

Published EQC documents are somewhat inconsistent about the origin of the decision. For example, the 2010/11 Annual Report stated that the government “requested that EQC take direct responsibility for the repair of claimants’ houses”, whereas the December 2011 Briefing to the Incoming Minister stated that “the EQC Board determined, and Ministers agreed, that a project management office...was the best way to manage building repairs.”

In conclusion, while there were informal discussions between EQC and the government and shared agreement on the best way to proceed, there is no evidence that the government formally directed EQC to undertake managed repair after the 4 September 2010 earthquake. The EQC Board decided to establish the managed repair programme.

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52 See Briefing to the Public Inquiry into the Earthquake Commission, Ministerial Directions since 1 January 1994, dated 13 March 2019.
53 Minutes of EQC Board meeting 22 September 2010.
REASONS FOR ESTABLISHING A MANAGED REPAIR PROGRAMME

84 EQC decided to establish a managed repair programme to settle claims for damage to residential building that would cost between $10,000 plus GST and $100,000 plus GST to repair, rather than cash settle claims, to mitigate the following identified risks:

a repair cost inflation;
b availability of building materials;
c provide equitable access to trade-qualified resources; and
d ensure that damaged homes were repaired.

85 The prospect of repair cost inflation was a key concern.\(^{56}\) In its 2010/11 Annual Report, EQC noted that the decision to adopt a managed repair programme was driven by the desire to contain repair cost inflation\(^ {57}\) and ensure consistent repair quality (and thus limit the chance of future long term liability to EQC and the Crown).\(^ {58}\) Although reinsurers expressed support for the inflationary controls in place, some commentators considered that the cost inflation argument was not well-founded.\(^ {59}\)

86 The high proportion of the housing stock in Christchurch affected by the September 2010 earthquake, and the constrained labour/materials markets, also gave rise to concerns. There was a risk that a cash settlement approach would have resulted in inequitable access to trade-qualified resources, and placed an intolerable burden on customers (and on the community collectively) to manage their own repairs.\(^ {60}\) A managed repair programme would allow a project management office to bring a co-ordinated response to the repair of damaged residential buildings, in contrast to the potential inefficiency of EQC customers addressing repair challenges separately and competing with each other for resources in doing so.

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Another concern was that customers might not use cash settlement funds to fully repair their properties, and that this would have negative impacts on the housing market. For example, a customer might undertake cosmetic repairs only, and not repair structural damage, due to competing financial priorities.\(^\text{61}\)

This concern had been realised after the 2007 Gisborne earthquake. EQC had cash settled 6,000 claims, including 800 related to chimney damage. Over the following six months, the Gisborne District Council, private insurers, and local media expressed concerns that customers had not used their cash settlements to actually undertake the chimney repairs. In particular, they believed that the unrepaired chimneys significantly increased the potential fire risk and compromised future insurance cover.\(^\text{62}\) To mitigate the risk of ineffective or no repair work, EQC smoke tested over 600 chimneys.

A managed repair programme would ensure that insurance monies were actually used for repair work, which in turn would:\(^\text{63}\)

a  address concerns about the structural integrity of damaged homes;

b  increase resilience to future natural disaster events (ensuring insurability); and

c  help achieve better health and other social outcomes.

Other reasons for establishing the managed repair programme included the following:

a  it would allow for prioritisation based on need and vulnerability (as opposed to prioritising first movers or those with greater funds);

b  it would help give confidence to affected communities, banks and insurers to rebuild; and

c  it would mitigate depopulation risk and social distress by giving Cantabrians confidence that repairs would be arranged for them.\(^\text{64}\)


Risks associated with a Managed Repair Programme

91 In deciding to establish the managed repair programme, the EQC Board identified a series of risks in the delivery of the programme. These included the risks of:

a community dissatisfaction with rate and quality of repairs;

b the contingent liability on EQC from defective reinstatement works;

c EQC being unable to support and keep ahead of the project management office team;

d interface issues with a variety of other organisations, including private insurers rebuilding houses, councils repairing roads and land remediation;

e resource shortages leading to competition for resources between EQC and insurers; and

f cost escalation, through scope creep, opportunism or poor productivity.

92 These risks were well understood, and raised with the government before the programme began. EQC advised the government, in particular, that it was stretched in dealing with claims arising from the 4 September 2010 earthquake, and that establishing a managed repair programme would “further stretch the organisation.”

93 As the Controller and Auditor-General noted in 2013, the first five risks (see paragraph 89 above) were realised during the course of the Canterbury Home Repair Programme. Costs were, in general, contained throughout the programme.

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65 EQC Board paper, Reinstatement Project Management (14 October 2010), paragraph 10.
66 EQC update to the Minister of Finance dated 15 October 2010, and briefing from EQC’s Chair to the Minister of Finance, Canterbury Earthquake: Proposals for Remediation and Rebuilding, 21 September 2010.
67 Briefing from EQC’s Chair to the Minister of Finance, Canterbury Earthquake: Proposals for Remediation and Rebuilding, 21 September 2010, paragraph 7.
68 Report of the Controller and Auditor-General, Earthquake Commission: Managing the Canterbury Home Repair Programme (October 2013), Parts 3, 4 and 5 (report #18 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
Project management office run by Fletcher EQR

94 EQC decided to set up a project management office to carry out the programme of managed repair of damage to residential buildings, as it did not have the skills or experience to do the project management work.

Procurement process

95 EQC released its request for proposal on 27 September 2010. EQC undertook a selective procurement process issuing invitations to 14 organisations identified as having the potential to service EQC’s requirements.

96 The tender process\(^70\) sought proposals for a project management office, following either of two models:

\begin{itemize}
  \item[a] \textit{Full responsibility model:} with full responsibility for the building works (including engaging contractors and liability for defective works); and/or
  \item[b] \textit{Project management model:}\(^71\) to project manage the repairs on EQC’s behalf, without liability for defective repairs, where the project management office performed its project management obligations.
\end{itemize}

97 All of those who responded to the request put forward proposals following the project management model (none proposed following the full responsibility model). The reason no respondents proposed a full responsibility model is likely that it would have been challenging to price the work, due to the uncertainties in terms of number of homes, amount of damage and associated risks. If a respondent had chosen to price under a full responsibility model, they would likely have taken a conservative approach to guard against commercial and financial failure. This would likely have been more expensive than proposals following the project management model.

98 Five proposals, all following the project management model, were evaluated. Fletcher Construction was identified as the preferred supplier of project management services.

\(^{70}\) EQC’s procurement strategy is outlined in \textit{Strategy and Approach for Earthquake Emergency Procurement Response} paper.

\(^{71}\) Project management office (PMO) is a defined concept used in the construction sector to refer to a distinct category of capability/functionality/services delivered under a particular contract model, as distinct from a head contractor model.
The procurement process was undertaken under emergency procurement guidelines. These guidelines allowed direct sourcing of services in circumstances where open tendering would result in unacceptable risks to people, property, or equipment, or unacceptable delays in re-establishing services.72

The procurement team included experts in large scale procurement; construction management; building regulation and occupational licensing and probity audit sourced from the private sector and the Ministry of Economic Development and the Department of Building and Housing. EQC put together an evaluation panel who knew the market, including a senior procurement adviser seconded from the Ministry of Economic Development.

A retrospective probity audit of the tender process, commissioned by EQC, concluded that the request for proposal process was consistent with good practice and based on probity principles.73 The report also said that EQC identified and mitigated potential probity risks.74 In 2013, the Auditor-General found that the Canterbury Home Repair Programme was set up quickly and procured appropriately.

Engagement of Fletcher EQR

On 22 October 2010, a memorandum of understanding was signed between EQC and the Fletcher Construction Company Limited75 for Fletcher EQR to manage the repairs on EQC’s behalf, following a project management model (see paragraph 94 above).

In July 2011, EQC signed a formal contract with Fletcher (the PMO Services Agreement) that replaced the memorandum of understanding.76 The PMO Services Agreement was consistent with the memorandum of understanding. During the period between signing the memorandum of understanding and the full contract, the focus was on establishing the Canterbury Home Repair Programme and developing further detail relating to the contractual arrangements.

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72 Report of the Controller and Auditor-General, Earthquake Commission: Managing the Canterbury Home Repair Programme (October 2013), page 16 (report #18 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
73 McHale Group Limited, Retrospective Assurance over the Probity of the Emergency Procurement Tender Process for the Provision of Reinstatement Project Management Services (14 December 2010), (report #3 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
74 See Report of the Controller and Auditor-General, Earthquake Commission: Managing the Canterbury Home Repair Programme (October 2013), page 18 (report #18 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
76 PMO Services Agreement between the Earthquake Commission and the Fletcher Construction Company Limited (July 2011). The PMO Services Agreement was varied over the years: See paragraph 131 regarding the establishment of the technical hub pursuant to the Addendum to PMO Services Agreement – EQR Technical Support Resource (signed in or about September 2012), and paragraph 116 regarding the Variation to the PMO Services Agreement, dated 18 May 2015 and the 3rd Variation to PMO Services Agreement, dated 18 August 2017.
Fletcher EQR’s role of engaging the Canterbury Home Repair Programme contractors as EQC’s agent and managing those contractors on EQC’s behalf required delegation of authority from EQC and Ministerial approval for those delegations. The Board delegated other powers to Fletcher EQR, including authority to spend and authority to access properties and to obtain information.

FLETCHER EQR’S ROLE

Fletcher EQR’s role was to:

a establish and implement a project management office to oversee the repair of properties where the damage fell between $10,000 plus GST and $100,000 plus GST (or higher in the event of multiple claims). Repairs settled for under $10,000 plus GST per claim were settled by cash payment by EQC. Later the cash payment threshold was raised to $15,000 plus GST;

b act as EQC’s agent to:
   i enter into agreements with contractors and consultants to carry out repairs. All contractors and consultants had to meet accreditation criteria approved by EQC, and be engaged on terms approved by EQC; and
   ii project manage those repairs, with industry standard duties of care.

Fletcher EQR’s role did not include:

a identifying earthquake damage – EQC was responsible for assessing damage to properties and determining the scope of work to be repaired;

b determining the repair strategy to be followed – EQC was responsible for determining repair strategy; and

c doing the repairs – repair work was carried out by independent contractors who had completed an accreditation process. These contractors were engaged by EQC (as principal) acting by and through its agent Fletcher EQR. Fletcher EQR liaised with customers in the course of project managing the work approved by EQC.

79 Claims below this range where there was structural damage (or where there was non-structural damage but the customer had opted in to the Canterbury Home Repair Programme) were also managed through the project management office. See Earthquake Commission, Annual Report 2013/14 (2014), page 9, https://www.eqc.govt.nz/sites/public_files/Annual%20Report%202013-14_0.pdf.
Figure 3 below shows the core legal relationships in the operation of the Canterbury Home Repair Programme.

**Figure 3: Core legal relationships in the operation of the Canterbury Home Repair Programme**

As Figure 3 shows, there was no direct contractual relationship between:

- a  Fletcher EQR and the contractors carrying out the work. Fletcher EQR entered into agreements and managed the contractors on behalf of EQC as EQC’s agent; and
- b  customers and the contractors carrying out the work. However, under the Building Act 2004, homeowners have the benefit of implied warranties from the Canterbury Home Repair Programme contractors as to the quality of the work. In practice EQC customers concerned about their Canterbury Home Repair Programme repairs have sought redress from EQC rather than the contractor who undertook the work.

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80 See section 397 of the Building Act 2004 (which was repealed as from 1 January 2015, but continues to apply to contracts entered into before 1 January 2015) and the replacement section 362I.
This structure is notably different to how the project management offices established by private insurers in Canterbury operated. The private insurers generally:

a had project management offices to arrange, and often oversee, contractors to rebuild or repair damaged homes; but

b required customers to:

i contract with the contractor directly for their rebuild or repair; and

ii agree that the insurer’s payment of the build or repair price under that contract was a full and final settlement of the customer’s claim.

The effect of this difference was that:

a customers, on the face of the contract documents, carried the risk of defective work by the contractor arranged by the private insurer’s project management office; and

b the private insurers are less exposed to claims for remedial repairs.

EQC cannot utilise the managed repair structure used by the private insurers because the Earthquake Commission Act 1993 does not enable EQC to discharge a claim by obtaining the customer’s agreement that the claim is fully and finally settled.

Contracting with Fletcher

Remuneration under the PMO Services Agreement entered into between Fletcher and EQC (see paragraph 101 above) consisted of a fee and reimbursement of direct project costs. There was no additional charge for corporate overheads or provision of proprietary systems.

The PMO Services Agreement provided for a group (the Project Control Group) as having oversight of the Canterbury Home Repair Programme. The Project Control Group comprised senior representatives of both parties and was chaired by a representative of EQC. Reflecting Fletcher EQR’s role as EQC’s agent, EQC retained ultimate control and the right to direct Fletcher EQR.

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81 Fletcher EQR was initially paid a fee of 3.5% of the Canterbury Home Repair Programme repair costs.
82 The terms of reference to the Project Control Group (2013) recorded that the group comprised: EQC Representative (Chairperson), EQC Chief Executive, EQC Strategy and Policy General Manager, EQC Customer Services General Manager, EQC Corporate Services General Manager, EQC Canterbury Home Repair Manager, Fletcher Building Chief Executive – Construction, Fletcher Construction Chief Financial Officer, Fletcher EQR Chief Operating Officer, Fletcher EQR General Manager Earthquake Recovery, and a representative from the Ministry of Business, Innovation and Employment.
114 EQC could influence Fletcher EQR’s performance of its project management services at a number of levels, including:

a at the most basic level, Fletcher EQR had to perform its services in accordance with EQC’s instructions;83

b Project Control Group oversight of performance against the programme’s goals. The Group sought to identify and resolve potential issues at the earliest opportunity;84

c performance against key performance indicators9(2)(b)(ii)

d other accountability mechanisms, such as audit and inspection rights; and

e in the extreme, and without cause, EQC could introduce a second project management office or terminate Fletcher EQR’s appointment by recalling all claims allocated to it.

115 While the original PMO Services Agreement provided for reporting against key performance indicators, no financial incentives were directly attached to these key performance indicators.85 At the time of the request for proposal process the appropriate key performance indicators were unknown. Fletcher EQR developed and agreed with EQC an index of key performance indicators, and reported on performance against these key performance indicators to the Project Control Group. The key performance indicators evolved over time, and were focused on time, cost, quality and safety.

116 The PMO Services Agreement was amended in 201586 by:

a adding a performance-based remuneration component linked to Fletcher EQR’s performance against certain time, cost, quality and safety key performance indicators; and

b remunerating Fletcher EQR for jobs that were ultimately cash settled by EQC after Fletcher EQR began scoping the property for repair.

117 This variation to the PMO Services Agreement removed any suggestion that there may have been a financial incentive for Fletcher EQR to retain repairs within the Canterbury Home Repair Programme that were more appropriate to be cash settled.

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84 See PMO Services Agreement (July 2011), clause 24.
85 The PMO Services Agreement (July 2011) set out the framework for key performance indicators, but did not include the indicators themselves. It was recognised that the appropriate key performance indicators would evolve over time.
86 See Variation to the PMO Services Agreement dated 18 May 2015.
A third variation\textsuperscript{87} to the PMO Services Agreement was made in 2017 to provide an additional performance-based remuneration component linked to Fletcher EQR’s performance against certain time, cost, quality and safety key indicators.

**Canterbury Home Repair Programme contractors**

Fletcher EQR was responsible for engaging and managing contractors to carry out repair work on behalf of EQC as EQC’s agent (see paragraphs 103 and 106 above). The contracting approach for the contracts between EQC and the contractors immediately posed a range of initial issues, including:

\begin{itemize}
  \item[a] what were the appropriate contractor accreditation criteria?
  \item[b] was pricing to be on the basis of time and materials, fixed price, or some other basis?
  \item[c] what were the appropriate non-price terms?
  \item[d] was the approach to be job by job; batches of jobs; or contracts for duration?
  \item[e] would EQC, through Fletcher EQR, generally be contracting each trade/contractor or was a prime contractor/sub-contractor model to be adopted? and
  \item[f] where did the engineers’ design role sit?
\end{itemize}

These issues were being resolved at the same time that other fundamental aspects of the process were being developed, for example, the end to end process plan for claims in the Canterbury Home Repair Programme; and the overall communications strategy.\textsuperscript{88} The Canterbury Home Repair Programme sought to continue to evolve the way in which it engaged with contractors.\textsuperscript{89}

The number of accredited the Canterbury Home Repair Programme contractors peaked at 1,300 in June 2013.\textsuperscript{90}

Two key constraints on the Canterbury Home Repair Programme were the availability of some key trade labour and the need for temporary accommodation for labour from outside the region.

\textsuperscript{87} See 3\textsuperscript{rd} Variation to the PMO Services Agreement dated 18 August 2017.

\textsuperscript{88} Chapman Tripp memorandum to EQC, 3 November 2010.

\textsuperscript{89} For example, the Canterbury Home Repair Programme held a number of forums with a cross section of the Canterbury Home Repair Programme contractors. See Minutes of the Canterbury Home Repair Programme Contractor Forum, 23 January 2013.

EQC’s modelling, undertaken in conjunction with the Canterbury Earthquake Recovery Authority, showed that there was insufficient qualified trade labour in New Zealand to meet the demands of the Canterbury Home Repair Programme at an acceptable completion rate. Contractors under the Canterbury Home Repair Programme sourced trade labour progressively from the Canterbury region, the rest of New Zealand, then through training initiatives and from offshore (particularly Australia, Ireland and the Philippines).

Initially the Canterbury Home Repair Programme had limited competition for trade labour, but this changed from late 2012 as the private insurers’ residential and commercial rebuild got underway and the number of earthquakes decreased. The new build work offered by private insurers was preferred by many contractors to the smaller, and sometimes complex, repair work available within the Canterbury Home Repair Programme.

The Canterbury Home Repair Programme competed to retain contractors by offering market rates, steady work flows and regular cash flow (meaning that contractors did not have to pay subcontractors before they themselves were paid). The Canterbury Home Repair Programme was designed to be flexible and scalable, with contractors independently managing sub-contracting trades across multiple repair jobs.

Under the PMO Services Agreement, Fletcher EQR was required to ensure that all contractors and consultants were accredited and that they were engaged by EQC on a form of agreement approved by EQC. The agreement between EQC and contractors was known as the Short Form Agreement and incorporated the industry-recognised New Zealand Institute of Architects National Building Contract – Small Works. Both the Short Form Agreement and the use of that agreement were amended a number of times to reflect the evolution of the Canterbury Home Repair Programme.

Fletcher EQR regularly assessed each contractor, including how successful they were at health and safety management, completing work, and ability to take on larger jobs. Initially all contractors were treated equally and there was no distinction between contractor accreditation type. In the second half of 2013, the Canterbury Home Repair Programme implemented a new accreditation framework to address issues with safety and repair quality. The framework allocated contractors into categories according to their capability and performance. This information was used to identify and remove non-performing contractors and to prioritise work allocation to high-performing contractors.

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91 EQC Board paper, Canterbury Home Repair Programme, dated 30 November 2011.
92 See Fletcher EQR, Canterbury Labour Sourcing Plan (August 2011) and NZIER, Canterbury Labour Demand Model (29 May 2011).
94 The government used the Canterbury Home Repair Programme opportunity to kick-start the fledgling Licensed Building Practitioner (LBP) scheme (by requiring all contractors to be Licensed Building Practitioners).
95 See EQC Board paper, CHRP Review: Proposals for Change (2 May 2013).
96 See EQC Board paper, CHRP Review: Proposals for Change (2 May 2013).
Repair hubs

Repairs were managed through repair hubs located in earthquake-damaged suburbs in Christchurch, Selwyn, Waimakariri, Hurunui, Ashburton and Timaru. The number of hubs changed over time, but peaked at 22 in 2012. A central office managed the hubs. Each hub had Fletcher EQR staff and Canterbury Home Repair Programme contractors.  

The core “hub based” design of the project management office was proposed by Fletcher in its initial tender response. The hub concept stayed in place (with incremental evolution) until almost all first time repairs were completed. Hubs were intended to operate as ‘shop fronts’ to the Canterbury Home Repair Programme. Contract supervisors based at the hubs were the primary contacts for customers and the contractors appointed to undertake the work. The hubs also included community liaison officers, who provided assistance to customers where needed as part of the repair process.

While localised presence and knowledge base continued throughout the programme, it was not long before public access to hubs was restricted by security controls (including razor wire at some hubs) due to health and safety concerns for hub staff. Hub staff were often seen as the frontline ‘faces’ of the Canterbury Home Repair Programme, and bore the brunt of customer frustration. Staff regularly faced threats and unpleasant behaviour, including in some cases physical assaults. The security measures eroded the initial ‘shop front’ concept of the hubs.

Technical Services Hub – engineering resource

The Canterbury Home Repair Programme initially engaged structural engineers through a number of professional consulting firms. However, securing timely engineering advice was a substantial constraint on the Canterbury Home Repair Programme’s work allocation and operational effectiveness.

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98 Fletcher Construction, Your guide to the Earthquake Recovery repair process (September 2011), page 1.
In late 2012, the Canterbury Home Repair Programme established a technical services team (known as the Technical Services Hub) comprised principally of structural engineers. The Technical Services Hub effectively operated as an in house consulting service within the Canterbury Home Repair Programme. Fletcher EQR was not responsible for work done by the Technical Services Hub, consistent with the PMO Services Agreement, which excluded design from Fletcher EQR’s role.

While engineering resource continued to be a bottleneck within the Canterbury Home Repair Programme, the Technical Hub was successful in providing more engineering resource on a more reliable basis and at a lower cost than it would otherwise have achieved.

**Health and safety**

During the tender process, EQC identified that the pool of trade labour from which the Canterbury Home Repair Programme contractors would be sourced did not consistently have a strong health and safety culture.

During early site audits EQC and Fletcher EQR identified the inability to communicate important concepts and standards in a readily accessible manner as a key barrier to effective engagement of the construction workforce. EQC and Fletcher EQR consequently focused on a small number of key risks and brought them together under the Safe6 banner.

The Safe6 risks are:

a. falls from height;
b. confined/restricted spaces;
c. electrical danger;
d. motor vehicles;
e. personal threat; and
f. asbestos exposure.

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100 See Addendum to PMO Services Agreement – EQR Technical Support Resource. See EQC briefing paper: PMO Services Agreement – Technical Services Team addendum from Bruce Emson to Chief Executive dated 26 September 2012 for an explanation of the Technical Hub and the commercial terms on which it was provided.
The Safe6 approach was well-received by contractors, and messages were seen to be clear, simple and practicable. Reinforcing key messages across the Canterbury Home Repair Programme ensured that there was a level playing field and no financial disincentives working to the Safe6 standards.103

The success of Safe6 can be seen in Figure 4 below, which shows that frequency rate of total recordable injuries improved over time across the six risks and led to a substantial overall reduction in injuries.104

**Figure 4: Safe6 Total Recordable Injury Frequency Rate, 12 month rolling average performance across the six risks, November 2013 – October 2014**

In 2014, EQC’s National Health and Safety Manager, was named Health and Safety practitioner of the year at the New Zealand Workplace Health and Safety Awards.105 The award commended “the development of systems to protect EQC field staff working in Canterbury, the development of the Safe6 programme focusing on the six most significant risks facing home repair contractors, and the programme to monitor injury data and feed trend analysis back where it is needed”.

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103 Cosman, Mike (CosmanParkes), *Health and Safety Lessons Learnt from the Canterbury Earthquake Response* (November 2015), page 31 (report #32 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
104 Cosman, Mike (CosmanParkes), *Health and Safety Lessons Learnt from the Canterbury Earthquake Response* (November 2015), pages 30-31 (report #32 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
The Canterbury Home Repair Programme’s rigorous approach to health and safety has lifted industry practices in the residential construction sector in Canterbury and further afield, as contractors have returned to work in other parts of New Zealand. Where EQC and Fletcher EQR identified specific issues (such as unsafe electrical work) they drew it to the attention of regulators/occupational licensing bodies, helping to bring systemic health and safety issues into focus.

ASBESTOS EXPOSURE RISK

Of the six risk areas, asbestos exposure was a prominent issue. There was some confusion about the risks of asbestos in the residential rebuild. In early 2013, the Canterbury Medical Officer of Health raised concerns that asbestos risks were not being properly controlled, although this was contrary to earlier statements in August 2012.

In early 2013, WorkSafe launched an investigation into EQC/Fletcher EQR’s handling of asbestos in the Canterbury Home Repair Programme. WorkSafe found that the system under the Canterbury Home Repair Programme did not ensure that the presence of asbestos was systematically identified prior to repair works commencing in the middle of 2012. WorkSafe stated that this failure could be partially attributable to deficiencies in the overall system and the unprecedented nature of the Canterbury Home Repair Programme, which required systems to be developed under immense pressure and in response to issues of varying priority arising.

Testing carried out during the investigation and expert advice on those results showed that risks arising from non-identification of asbestos appeared to be very low for work involving textured coatings, plaster work, and plaster products. Accordingly, WorkSafe found that there was no significant risk to worker or public health, and took no enforcement action.

However, WorkSafe found there were shortcomings in the system relating to the management of asbestos risks during the Canterbury Home Repair Programme. EQC/Fletcher EQR responded by improving their guidance, with some assistance from WorkSafe, and by raising awareness of asbestos risks within the Canterbury region by holding workshops for more than 10,000 contractors involved in the Canterbury Home Repair Programme.

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107 Cosman, Mike (CosmanParkes), Health and Safety Lessons Learnt from the Canterbury Earthquake Response (November 2015), page 32 (report #32 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).


Claims management in the Canterbury Home Repair Programme

145 Once customers had made claims for residential building damage arising from the Canterbury earthquakes, EQC assessors would undertake an initial assessment of the extent of the damage. In 2011, the rapid assessment process triaged properties according to the likely cost of repairs, and identified whether the customer required emergency repairs or had lost their sole heating source (see paragraphs 152-160 below).

146 Depending on the repair cost estimated during the initial assessment, EQC assigned residential building claims to one of three primary settlement pathways:

a  cash settlement for minor cosmetic damage: claims where the repair cost was estimated to be less than $10,000 were assigned to be cash settled by EQC (the lower limit was subsequently increased to $15,000); or

b  cash settlement for claims over the EQC cap / referral to private insurer: claims where the repair cost was estimated to be greater than the EQC cap (generally $100,000 plus GST) for any single claim were cash settled by EQC and referred to the customers’ private insurer; or

c  Canterbury Home Repair Programme: claims where the repair cost fell between $10,000 and the EQC cap (generally $100,000 plus GST) were assigned to the Canterbury Home Repair Programme for repairs, unless EQC elected to cash settle the claim for other reasons (see paragraph 170 below).

147 Customers could opt out of or opt in to having their homes repaired through the Canterbury Home Repair Programme (see paragraphs 165-169 and 170-172 below).

148 If the property had complex land damage, sometimes the Canterbury Home Repair Programme repair was paused to see whether any land repair and the building repair could be carried out simultaneously.111

Summary of claim handling and repair process

149 The first Canterbury Home Repair Programme homeowner’s guide112 issued in September 2011 summarised the steps in the claims process (see Figure 5 below, split across two pages).

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111 See Briefing to the Public Inquiry into the Earthquake Commission, Canterbury Land Programme (24 May 2019), page 26 for the nine different categories of land damage arising from the Canterbury earthquakes.

112 Fletcher Construction, Your guide to the Earthquake Recovery repair process (September 2011), pages 7 and 8.
**Figure 5: The claim process (September 2011)**

1. **Claim lodged.**
2. **Assessment:** An initial assessment is carried out and agreed with the homeowner; a descriptive list of the damage is recorded and a claim file is created.
3. **Processing:** The claim is processed and allocated to the appropriate queue for cash settlement or repairs managed by Fletcher EQR. EQC reserves the right at any time to settle some or all of the balance of any claim by cash settlement if it considers that appropriate (for example, if at any time before or during the Fletcher EQR process it identifies damage or issues not arising from natural disaster damage (as defined in the Earthquake Commission Act)).
4. **Claim allocated to the Fletcher EQR office:** Where the repair value is between $10,000 and $100,000 plus gst (or possibly higher where there is more than one claim), and there is no land damage, the repairs are generally allocated to Fletcher EQR.
5. **Opt Out:** If you wish to manage your own repairs you must advise EQC, which will send you an Opt Out pack to read and sign. You cannot commence repairs until you have completed the Opt Out form provided by EQC and EQC has agreed to your opt out request (including the quote provided by your contractor).
6. **Opt In:** If you have been offered a cash settlement but would like your repairs managed by Fletcher EQR instead, you should advise EQC, which will send you an Opt In pack to read and sign.
Figure 5: The claim process (September 2011) – continued

3. LOCAL HUB

1. **Claim loaded**: Claim loaded into Fletcher EQR’s claims management system.
2. **Contract Supervisor allocated**: Your claim will be allocated to a Fletcher EQR Contract Supervisor, based in the Hub, to manage.
3. **Price package developed**: Documentation will be prepared for the contractor to use in pricing the repair works.
4. **Home visit**: Fletcher EQR will call and arrange for the Contract Supervisor and the contractor to visit the property to price the repair works. Other relevant issues are discussed, for example:
   - Building consent requirements;
   - Repair logistics;
   - Health & safety;
   - Variations to the scope of work assessed by EQC;
   - Homeowner requirements.
   You may be asked to sign a form acknowledging the points discussed.
5. **Pricing package finalised**:
   - Variations to the scope will be agreed with EQC;
   - The contractor’s price, as adjusted if necessary, will be agreed with Fletcher EQR;
   - Building consents will be obtained.
6. **Contract awarded**: Contractor appointed and repair works able to proceed.

4. CONTRACTOR AND CONTRACT SUPERVISOR

1. **Repair works start**: The contractor or Contract Supervisor will contact you to arrange a start date.
2. **Issues or concerns**: Any issues or concerns can be raised with the Contract Supervisor during the repair works.
3. **Supervisor checks**: The Contract Supervisor will inspect the works and arrange council building consent inspections.
4. **Final inspection**: On conclusion, Fletcher EQR carries out a final inspection and confirms that the work has been carried out satisfactorily.
5. **Final payment**: Fletcher EQR pays the contractor on behalf of EQC.

Your contact: Local Hub, Contract Supervisor
Your contact: Local Hub, Contract Supervisor
A simplified summary of the process (Figure 6) was included in the May 2012 update to the homeowners’ guide. Figure 6 does not distinguish between EQC’s role in assessing damage and approving the scope of works and Fletcher EQR’s role in project managing the Canterbury Home Repair Programme.

Figure 6: The claim process update (May 2012)

113 Your guide to the Canterbury Home Repair Programme (May 2012), page 7.
Customer experience of the process

151 Customers’ experience of how their residential building claims were handled by EQC and the Canterbury Home Repair Programme was sometimes less clear and less linear than Figure 5 and Figure 6 would suggest.

ASSESSMENTS OF DAMAGE

152 The process for assessing damage was the source of confusion and frustration for some customers.

153 Under the Earthquake Commission Act 1993, customers are responsible for identifying and submitting a claim for natural disaster damage to their property.¹¹⁴ EQC assessors are responsible for examining the damage to determine if it is damage covered by the Earthquake Commission Act 1993, and to make an assessment of the cost of repair.

154 EQC’s team of assessors in Canterbury had completed over 80,000 full building assessments between the 4 September 2010 and 22 February 2011 earthquakes. Before 22 February 2011, the assessments phase was on track to be completed at the end of March 2011. Assessments had to be started from scratch following the 22 February 2011 earthquake (and in some cases after other damage-causing events).¹¹⁵

155 Very soon after the 22 February 2011 earthquake, EQC decided to take a different approach to assessments because it recognised the severity of the damage and knew that the winter months were approaching. It developed the rapid assessment process to quickly triage properties into groups (no structural damage, minor structural damage, or severe structural damage), so that full assessments of the most damaged properties could be prioritised.¹¹⁶ As part of that process, EQC assessment teams also identified vulnerable households as well as those who had lost their sole source of heating (see paragraph 30 above).

Rapid assessments were much quicker and more superficial than full assessments, because the objective was to triage damaged properties in order of priority and to identify which properties needed emergency repairs in order to be habitable. The urgency of the process was partly driven by the desire to give homeowners certainty, including about when EQC would be returning to complete a full assessment. Consequently, rapid assessments were often completed without the homeowner present. In suburbs that had fewer visible signs of severe damage, some rapid assessments were completed as ‘drive bys’.

The rapid assessment programme was trialled in the week beginning 28 February 2011, and was formally launched on 11 March 2011. The target was to complete the programme within eight weeks. The programme was completed on 13 April 2011, three weeks ahead of schedule. Over 182,000 properties were assessed as part of the programme.

In April 2011, EQC turned its attention to full assessments of properties, starting with those identified through the triage process as having severe structural damage. By Christmas 2011, EQC had completed all full residential building assessments (over 196,000). Full assessments were not invasive, i.e. floor boards and coverings were not lifted, nor wall cavities opened. Underfloor assessments were often not possible, either because it was not safe (particularly during the period of ongoing aftershocks) or the area under the house was not accessible. It would have been prohibitively expensive and time consuming for EQC to undertake invasive assessments. EQC developed scopes of works identifying the damage and repairs needed based on the full assessment (see Appendix Four below).

In addition to the rapid assessment and the full assessment of residential building damage, specialist teams were also undertaking assessments of land damage in 2011. Although EQC sought to communicate the differences between these assessments, some customers were confused and felt that they were repeating the same information to several different people. Due to the delay between the rapid assessment of their properties and the full assessment, and inadequate communication about the objective of the rapid assessment programme, some customers were left with the impression that EQC had done a sub-standard job, or that EQC was seeking to minimise its liability by taking a ‘once over lightly’ approach to assessments.

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Just before repairs were due to begin, an EQC assessor would return as part of a site visit, along with the Fletcher EQR contract supervisor and the contractor. Communications material for customers on the Canterbury Home Repair Programme in 2011 and 2012 (see Figure 5 and Figure 6) did not refer to the rapid assessment process, and used different terminology to refer to the full assessments. For example, Figure 5 refers to an ‘initial assessment’ by EQC. This may have contributed to customers’ misunderstanding.

**Other Customer Experiences**

Sometimes repairs were carried out in two phases. For example, repair of customers’ living areas was sometimes carried out ahead of work requiring technical design or engineering input (such as a chimney replacement). This is an example of where the Canterbury Home Repair Programme sometimes prioritised specific customer interests over the efficiency and progress of the entire programme.

Another example that demonstrates the tension between customer needs and programme-wide efficiency is insulation. Initially, the Canterbury Home Repair Programme customers could not have new insulation installed during the repair, as EQC did not cover insulation if it was not present prior to the earthquake. Customers wanting to install new insulation had to opt out of the Canterbury Home Repair Programme (see paragraph 165 below). From 1 March 2013, EQC adopted a new approach to this common situation, enabling customers to install new insulation during their Canterbury Home Repair Programme repair so long as they met the cost and managed the installation themselves. In practice this often meant the customer engaging the Canterbury Home Repair Programme contractor to manage the installation.121

**Identifying Vulnerable Claimants for Prioritisation**

Immediately after the September 2010 earthquake, EQC established a dedicated team of 24 staff in Christchurch that dealt solely with vulnerable customers. The team sought to identify vulnerable customers by establishing referral networks with organisations including local authorities, non-governmental organisations and local Members of Parliament.122 The rapid assessment programme of all homes after the February 2011 earthquake was also tasked with identifying vulnerable customers. Initially, vulnerable people were self-identified without any formal criteria.

In November 2012, EQC began formally allocating ‘repair slots’ for repairs to vulnerable customers’ homes through the Canterbury Home Repair Programme.123 EQC sought assistance

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122 74 agencies were identified that could provide social and other assistance to vulnerable customers.

from the Ministry of Social Development to establish criteria for identifying vulnerable customers whose cases should be prioritised. Initial efforts were aimed at aligning the Ministry of Social Development’s database of clients with EQC customer records. EQC also sought public help in identifying vulnerable customers through its website and other means.124

165 Criteria used to identify vulnerable customers included:125

a dependency on others for basic personal care;
b diagnosed terminal illness;
c health condition requiring continuous monitoring or regular medication;
d recently bereaved (especially by the 22 February 2011 earthquake);
e requiring regular hospital or doctor visits;
f age, in combination with any of the above; and

g where a comparatively minor repair would significantly improve living conditions.

166 Individual cases not presenting any of the above criteria were also considered. In August 2013, approximately 5,300 claims were designated as belonging to vulnerable customers, and were assigned a case manager. The number of identified vulnerable customers rapidly increased between August 2013 and May 2014. As at 1 June 2014, EQC had identified 27,681 vulnerable customers, and had completed repairs for 76% of those customers at that time.126

167 In 2013, the Auditor-General criticised the Canterbury Home Repair Programme for being too late to allocate ‘repair slots’ to vulnerable customers, as this process had only begun around two years after the Canterbury Home Repair Programme had started (see paragraph 161 above).127 Prior to this time de facto prioritisation had always occurred, albeit on a less structured basis, and without the vulnerable terminology necessarily being applied.

Opt out policy

168 Some customers chose to opt out of the Canterbury Home Repair Programme. In effect, opting out meant that the customer asked EQC to exercise its discretion to cash settle their claims, instead of settling through managed repair. The opt out policy provided customers with the

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124 David Middleton, Case Study – The New Zealand Earthquake Commission (September 2014), page 35.
125 David Middleton, Case Study – The New Zealand Earthquake Commission (September 2014), page 35.
126 See Earthquake Commission, EQC Vulnerable Customer Dashboard as at 1 June 2014 for the period May 2014 (1 June 2014), page 2.
flexibility to manage their own repairs, including having the repair done at a time of their choosing. In total approximately 2,500 customers opted out of the Canterbury Home Repair Programme.

EQC’s opt out process evolved over time. It started with strict parameters, including that EQC iteratively approved the customer’s scope of works, quotes, and completed repair work, before releasing payments on receipt of invoices.  

Some contractors and customers criticised EQC’s initial opt out policy as overly rigid. There was a public perception that this inflexibility was a result of pressure from Fletcher EQR not to reduce the size of the Canterbury Home Repair Programme. This perception was not accurate. The initial opt out policy reflected the reasons for establishing the Canterbury Home Repair Programme, including managing the risk that customers might not use cash settlement funds to fully repair their properties, and that this would have negative impacts on the housing market (see paragraphs 82-88 above). The initial opt out process was thus designed to ensure that damaged homes were appropriately repaired.

In 2013, the Human Rights Commission reported that the opt out process had worked well for some customers, but had been unwieldy and onerous for others. It also noted that some customers who opted out had to wait months for EQC to reimburse payments the customers had made to contractors. The Human Rights Commission suggested expanding and improving customers’ ability to opt out of managed repair, and recommended that EQC must reimburse payments made by customers within 30 days, or incur a late penalty.

In February 2014, EQC changed the opt out process with the intention of improving the customer experience. The new process involved EQC making a single up-front payment once customers had approved the scope of works.

Cash settlement policy and opt in

EQC exercised its discretion to cash settle claims where it considered significant pre-existing building issues unrelated to earthquake damage should sensibly be addressed at the same time as the earthquake damage covered by EQC. EQC used the Ministry of Business, Innovation and Employment criteria to identify homes with construction features associated with

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131 Briefing to Minister Responsible for the Earthquake Commission, Planned changes to the Canterbury Home Repair Programme Opt-Out Process, dated 7 February 2014.
weathertightness issues. Some customers objected to being cash settled or their home being characterised as having or being prone to weathertightness issues.

Customers could also request that EQC cash settle their claim if they were planning significant alterations or were proposing to demolish the relevant building. In these circumstances, it would not have made sense for EQC to repair a property for it then to be demolished or altered.

Customers who were, or were proposed to be, cash settled sometimes asked to have their homes repaired through the Canterbury Home Repair Programme. EQC considered these requests on a case by case basis and agreed to customers opting in to the Canterbury Home Repair Programme where it considered the customer’s circumstances overrode EQC’s general policy reasons for cash settling.

Over cap properties

As described above, residential building claims were progressed through different settlement pathways depending on the estimated repair cost (see paragraph 144 above).

In some cases, properties being repaired through the Canterbury Home Repair Programme (where the estimated repair cost was initially thought to be under EQC’s statutory cap) were subsequently expected to go over cap. This could be identified before or part way through the repair work.

EQC and private insurers entered into a protocol (called Protocol 1) in November 2011 to address this, and other similar, situations. Protocol 1 was one of the most significant initiatives agreed between EQC and private insurers to improve the efficiency of Canterbury claims settlements.

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134 See *Canterbury Earthquake Protocol 1* signed by EQC and the Insurance Council of New Zealand (11 November 2011).
Protocol 1 set out a procedure which involved:

a. the Canterbury Home Repair Programme continuing to the repair the property (even though the cost was going to go over-cap); and

b. the customer’s private insurer reimbursing EQC for the over cap amount at a later date.

Most over cap properties repaired through the Canterbury Home Repair Programme were formally identified as being over cap only after all repairs had been completed, and costs had been apportioned across the relevant events.

Where a Canterbury Home Repair Programme property was identified as likely to go over cap during the repair process, the repairs were usually continued to ensure minimal disruption to the customer and to ensure the repairs were completed as soon as possible. This meant that Fletcher EQR and the Canterbury Home Repair Programme contractor would continue with the repairs. This could include not only properties where repairs had physically started, but also properties where investigation and review (such as an engineering analysis for consenting purposes) was already underway, and the customer had an expectation of the repair starting imminently.

EQC’s standard operating procedure for the Protocol 1 process\(^{135}\) (dealing with properties initially identified as under cap and later identified as over cap) sets out the following possible outcomes:

a. revised scope of works and costings agreed, repair continues through Fletcher EQR / Canterbury Home Repair Programme;

b. costings not agreed in detail, but repair continues through Fletcher EQR / Canterbury Home Repair Programme (with further commercial discussion required between EQC and the private insurer); or

c. not agreed in principle (repair strategy or total cost disagreement): repair handed over to private insurer.

The objective of the Protocol 1 process was “to minimise customer disruption and separate out minor commercial discussions from the completion of a physical repair, where all parties, including the customer, are happy for EQC to complete the repair”.\(^{136}\)

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\(^{135}\) Earthquake Commission, EQC/Insurer Agreement – Protocol 1: Handing over reinstatements which were incorrectly assessed as over or under cap, Standard Operating Procedure, version 1.2 (16 September 2013), page 16.

\(^{136}\) Earthquake Commission, EQC/Insurer Agreement – Protocol 1: Handing over reinstatements which were incorrectly assessed as over or under cap, Standard Operating Procedure, version 1.2 (16 September 2013), page 16.
As well as addressing Canterbury Home Repair Programme properties that were later found to be over cap (the most common scenario), Protocol 1 also covered the following situations:

a where claims originally assessed as being over cap were subsequently determined to be under cap either prior to or part way through the repair work; and

b where claims were assessed by EQC as being under cap, but the customer contacted their private insurer to say that the earthquake damage is over cap.

Reopened claims

One of the most significant issues relating to the Canterbury Home Repair Programme in recent years has been complaints from customers leading to their claims being reopened. Although the majority of first time repairs were completed by the end of 2015, from 2016 onwards there was substantial growth in the number of reopened claims arising from customer complaints.

Not all issues were identified at the time of repair

The process for sign off on repairs varied throughout the duration of the Canterbury Home Repair Programme. The policy was for customers to formally sign off on the repair work before the repair was considered completed, but this did not always occur. Usually, Fletcher EQR and the contractor signed off on the repair.

Where Fletcher EQR or the customer identified work that was not of the required standard, it was remedied by the contractor at the time. Under the Short Form Agreement contract with EQC, Canterbury Home Repair Programme contractors had to remedy any defects or ‘snag list’ items identified within 90 days after the practical completion of the project (see paragraph 124 above). Contractors continued to be liable for defective work after the expiry of that 90 day period. Not all issues were identified before the contractor demobilised or within the 90 day defect liability period.

Increase in reopened claims from 2016

From 2016, there was substantial growth in the number of reopened claims arising from customer complaints about first time repairs completed through the Canterbury Home Repair Programme.

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137 A ‘snag list’ is a colloquial expression used in the construction industry to mean a list of small faults in a building that has recently been completed.
There are a range of factors that may have played a part in the growth of customer complaints from 2016. These include:

a  **Publicity about EQC’s repair standard:** In April 2016, EQC reached a settlement with the EQC Action Group (a group of 87 homeowners who sought High Court declarations clarifying the extent of EQC’s liability under Earthquake Commission Act 1993). A joint statement by both parties reaffirmed EQC’s position that it would reinstate a house to substantially the same as (but not better or more extensive than) its condition “when new.”[^138] Publicity about this settlement may have resulted in customers questioning whether they had received their full claim entitlements;[^139]

b  **Publicity about non-compliant structural repairs:** in November 2015, the Ministry of Business, Innovation and Employment surveyed a sample of homes with structural repairs that were exempt from a building consent. The *Earthquake Repairs to Canterbury Homes – Home Inspection Survey Report* (sometimes called the CEDAR—Canterbury Earthquake Damage and Repair—report) found that a number of surveyed homes had earthquake repairs that were not compliant with the Building Code, many involving floor re-levelling using the ‘jack and pack’ repair method.[^140] The report generated considerable media attention;[^141] and

c  **EQC invoicing customers the EQC excess for their claim:** In April 2015, EQC began sending invoices to customers whose homes had been repaired through the Canterbury Home Repair Programme. Excess invoices for the Canterbury Home Repair Programme work could be up to $1,000. EQC and Fletcher EQR staff observed that each batch of invoices was followed by an increase in customer complaints about their repairs. As at April 2019, 75% of Canterbury Home Repair Programme customers have paid their excess invoice.


Total remedial repairs

190 Reopened claims arising from customer complaints about first time repairs are usually referred to as ‘remedial repairs’, or ‘call backs’. In this briefing, ‘remedial repairs’ refers to any repair or cash settlement for a reopened claim that went through the Canterbury Home Repair Programme. Not all of these reopened claims are the result of defective repair work.

191 As at 11 June 2019, EQC has spent an estimated $405 million on remedial repairs ($156 million on repairs, and $249 million on cash settlements) from the Canterbury Home Repair Programme. Figure 7 shows EQC expenditure for remedial repairs since 2011. The significant increase in remedial repairs from 2016 onwards is evident.

Figure 7: EQC expenditure for remedial repairs since 2011143

<table>
<thead>
<tr>
<th>Year</th>
<th>Confirmed Remedial Repair Cost</th>
<th>Estimated Remedial Cash Settlements</th>
<th>Total Estimated Remedial Costs</th>
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</table>

Note: Some numbers may not add due to rounding.

192 By 11 February 2019, EQC had completed physical rework on 6,047 properties. This does not include rework by contractors that was picked up within the 90 day defect liability period.

142 The terminology EQC and other agencies used for these reopened claims evolved over time.
143 Data on the number of repairs completed through the Canterbury Home Repair Programme, the number and cost of remedial repairs, and the causes of remedial repairs is taken from EQC’s financial and claims management systems. The quality of this data is variable and may not be consistent with Fletcher EQR data (see paragraphs 221-231 and Briefing to the Public Inquiry into the Earthquake Commission, Earthquake Commission data, dated 1 April 2019).
Causes of remedial repairs

The main causes of remedial repairs were:

a. missed scope – damage not included in the original scope of works, where it was later found that it should have been included;

b. scope not completed – damage included in the original scope of works, but not repaired;

c. new damage – damage from earthquakes after repairs were completed;

d. incorrect and/or failed repair strategies – failure of building materials and/or where rework was required because the original repair strategy failed or was incorrect; and

e. work quality – repair work that was not of acceptable quality.

EQC’s data on the number of remedial repairs associated with each of these causes is not reliable. This is because:

a. the data was not recorded consistently (or at all), as speed of claim resolution was considered the priority; and/or

b. there may have been more than one cause for the remedial repair at a property, but only one reason was recorded;

c. there may have been multiple causes recorded for a single property.

Figure 8 below shows the causes of remedial repairs as a percentage of the total cost of remedial repairs, and as a percentage of the number of affected properties.
Figure 8: Causes of remedial repairs

**Figure 8** shows that missed scope was the attributed reason for the greatest proportion of remedial repairs. This means that damage was not identified and included in the scope of works document that was drawn up after the full assessment undertaken by EQC (see paragraphs 152-160 above).

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**Missed Scope**

196 Figure 8 shows that missed scope was the attributed reason for the greatest proportion of remedial repairs. This means that damage was not identified and included in the scope of works document that was drawn up after the full assessment undertaken by EQC (see paragraphs 152-160 above).

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144 Data on the number of repairs completed through the Canterbury Home Repair Programme, the number and cost of remedial repairs, and the causes of remedial repairs is taken from EQC’s financial and claims management systems. The quality of this data is variable and may not be consistent with Fletcher EQR data (see paragraphs 221-231 and Briefing to the Public Inquiry into the Earthquake Commission, *Earthquake Commission data*, dated 1 April 2019).
197 The home visit was another opportunity for the scope of works (see Appendix 5) to be reviewed and updated to reflect any additional damage identified. Home visits were conducted just before repair work commenced (see Figure 5 above). They involved an EQC assessor, the Fletcher EQR contract supervisor and the contractor accompanying the customer during a site visit to the property.

198 Reasons why damage may have been missed at either stage include that:

a the damage was inaccessible – for example, underfloor and rooftop assessments were sometimes limited for health and safety reasons, particularly when aftershocks were occurring regularly;

b the damage was not identified because it was not visible at the time – often damage was only visible after wall linings or floor coverings were removed. EQC assessments were non-invasive; or

c the damage was simply overlooked.

199 Another likely cause of missed scope issues is that as time passed, it became more and more difficult to forensically assess the cause of issues identified by customers. Differentiating between damage caused by the earthquakes and other unrelated issues (such as weathertightness, deferred maintenance and original construction defects) was a particular challenge, and often a source of disagreement between EQC and customers.

200 There is a view that, as public and media concern about remedial repairs increased, this created unspoken incentives on EQC to expedite the resolution of remedial repair issues and avoid the costs of a longer Canterbury Home Repair Programme duration. This may have resulted in EQC making pragmatic decisions to accept, in good faith, customer views on the causes of damage in their homes.

201 As a result, it is possible that some damage (for example, paint cracking) may have been accepted by EQC as ‘earthquake-damage’ and attributed as missed scope, even though it was caused by other factors, such as expansion and contraction from daily and seasonal temperature fluctuations, the pre-existing condition of the property (wear and tear), and/or land or building settlement.

INCORRECT OR FAILED REPAIR STRATEGY

202 During the course of the Canterbury Home Repair Programme, repair strategies changed as more information became available over time about the impact of underlying ground conditions and the effectiveness of different repair methodologies.
For example, the initial Ministry of Business, Innovation and Employment guidance for repairing and rebuilding houses in Canterbury was not issued until 2012, and was updated nine times between 2012 and 2015. Results from the Ground Improvement Programme, which piloted different land repair techniques, contributed to updates issued in 2015.

**Contractor portfolio approach to repairs**

When poor workmanship was identified as part of a remedial repair, EQC’s initial approach was to contact the original contractor and require them to return to site and resolve the issue. Failing this, another contractor was engaged to complete the repair or EQC would cash settle the remediation cost.

The difficulties with this approach were that:

a. it resulted in delays while the contractor was contacted and provided the opportunity to remEDIATE;

b. customers sometimes did not want the contractor back in their home; and

c. contractors often disputed the characterisation of their work as defective, meaning more delays, project management office costs and customer dissatisfaction.

To avoid these difficulties, the contractor portfolio approach was adopted. This approach focused on Fletcher EQR negotiating with those the Canterbury Home Repair Programme contractors who had done the most original repairs. A pilot study had reinforced the performance data showing that the level of workmanship issues by those contractors was low.

The contractor portfolio approach:

a. incentivised contractors to accept and remediate without dispute any alleged poor workmanship, by offering the prospect of being paid to repair the rest of the property;

b. enabled a high level of recovery and also a larger number of repairs on a greater number of properties to be implemented in a relatively short timeframe;

c. delivered greater project management efficiencies; and

d. reduced disruption and inconvenience to customers.

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146 See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Land Programme* (24 May 2019), page 60.
By denying smaller builders the opportunity to fix their poor workmanship, EQC lost the ability to recover its remediation costs from those contractors. However, the benefits of a faster settlement of customer complaints and reduced administration costs were considered to outweigh the foregone recovered funds.

**Quality assurance processes**

It is possible that there could have been fewer remedial repairs overall if EQC had robust monitoring and quality control processes from the beginning of the Canterbury Home Repair Programme. Reviews of the Canterbury Home Repair Programme by the Auditor-General in 2013 and 2015 identified that EQC’s approach to ensuring the quality of repairs needed improvement.

**QUALITY CONTROLS IN CONTRACTUAL ARRANGEMENTS**

EQC was aware that, as with any major building programme, defective works would be identified through the course of the Canterbury Home Repair Programme. At the time of entering into the memorandum of understanding with Fletcher EQR in October 2010, EQC’s Board noted that two of the risks associated with delivery of the programme were that the community might be dissatisfied with the quality of repairs, and that this would create a contingent liability on EQC. The Board also noted:

> Fletcher Construction as PMO will manage the remediation of defective works identified at the time of construction, but there may be little practical remedy for defective works identified at sometime in the future. Attributing responsibility for defects identified in the future will be difficult as work may have been properly completed only for subsequent land settlement or other events to occur. Claims that EQC’s reinstatement works have also caused unrelated problems can also be expected.\(^{147}\)

Under the October 2010 memorandum of understanding and the subsequent PMO Services Agreement, Fletcher EQR’s role was to act as EQC’s agent to engage contractors to carry out repairs (see paragraphs 103-104 above). The contractors had to meet accreditation criteria approved by EQC, and were engaged through a contract approved by EQC (see paragraph 124 above). This contract, which was consistent with industry standards, required the contractor to remedy any defects or ‘snag list’ items identified within 90 days of practical completion of the repairs. Contractors continued to be liable for defective work after the expiry of that 90 day period.

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\(^{147}\) EQC Board paper, *Reinstatement Project Management* (14 October 2010), paragraph 9.5.
As part of its project management office role under the PMO Services Agreement, Fletcher EQR was responsible for (amongst other things) periodically monitoring the work of contractors in order to:

a. assess contractors’ performance and determine what action should be taken to remedy any defective works;

b. be reasonably satisfied that the work is being performed in accordance with the scope of works and is of the quality required; and

c. assess the work quality, timeliness and value provided by each contractor with a view to identifying and incentivising better performance by contractors.148

Fletcher EQR was also responsible for monitoring the rectification of defective works during the 90 day period after the completion of works.149

While the original PMO Services Agreement required Fletcher EQR to report against key performance indicators (these evolved over time, but were focused on safety, value for money, quality and rate of repair), there were no financial incentives attached directly to performance (see paragraphs 113-116 above).150 Fletcher EQR reported to the Project Control Group against key performance indicators.

In 2015 and 2017, variation to the PMO Services Agreement added performance-based remuneration components whereby Fletcher EQR would be paid variable amounts depending on performance against time, cost, quality and safety indicators (see paragraphs 114-115 above).151

**EQC’s Monitoring and Quality Control Processes**

In 2013, the Auditor-General’s report on the Canterbury Home Repair Programme stated that:

*In our view, there are risks with the way in which EQC has managed repair quality in the programme to date, due in a large part to the late implementation of some important controls and the need for some of these controls to be fully embedded and functional.*

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148 **PMO Services Agreement** between the Earthquake Commission and the Fletcher Construction Company Limited (July 2011).

149 **PMO Services Agreement** between the Earthquake Commission and the Fletcher Construction Company Limited (July 2011).

150 **PMO Services Agreement** between the Earthquake Commission and the Fletcher Construction Company Limited (July 2011).

151 **Variation to the PMO Services Agreement** dated 18 May 2015 and 3rd **Variation to the PMO Services Agreement** dated 18 August 2017
This reflects the view held by some senior staff who were involved in the Canterbury Home Repair Programme that EQC did not actively monitor and manage the quality of repairs, particularly in the first few years of the Programme.

By 2013, EQC had identified “substandard repairs” as a main risk to the Canterbury Home Repair Programme and had put the following quality assurance processes in place:152

a. site monitoring by contract supervisor staff;

b. monthly auditing of about a quarter of all completed repairs against set repair work standards;

c. a post-repair completion survey (started in February 2013); and

d. a quality assurance team (started in March 2013) set up to review quality concerns raised by customers.

The Auditor-General recommended in 2013 that EQC “continue to improve its approach to auditing repairs in the home-repair programme so the Commission is well informed about the scale and type of repair quality risks, can mitigate those risks where possible, and can match the resourcing of its quality assurance processes to the significance of those risks”. 153

In response to this and other recommendation, EQC made significant changes to the Canterbury Home Repair Programme during 2014. By December 2014, EQC considered there was greater visibility of the quality of repairs completed than there had been in 2011, because of increased experience in the Programme and an improved control framework.154 A Quality Assurance Inspection Programme, independent of the Canterbury Home Repair Programme, was established to provide additional oversight.155

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In 2015, the Ministry of Business, Innovation and Employment’s *Earthquake Repairs to Canterbury Homes – Home Inspection Survey Report* (see paragraph 182 above) concluded that quality control, quality assurance and sign-off processes for repair work exempt from building consent were inadequate. The report made recommendations for organisations and/or their project management offices (including EQC and Fletcher EQR) to:

a. ensure that inspection and quality assurance procedures for current and future foundation repair work are robust; and

b. undertake a review of completed repair work exempted from a building consent, targeting houses where the repair works involved jacking and packing repair, to ensure compliance with the Building Code.

**Data and systems challenges**

A fundamental challenge for the operation of the Canterbury Home Repair Programme (and EQC, more generally) was data and management systems that were not fit for purpose, and did not align or communicate.

**EQC’s systems were set up to cash settle claims**

EQC’s claims management system, ClaimCenter, was designed to cash settle insurance claims. This meant that it was not fit for purpose to deal with a large-scale managed repair programme such as the Canterbury Home Repair Programme. Consequently, manual processes or inefficient workarounds were developed to enable ClaimCenter to manage claims being progressed through the Canterbury Home Repair Programme.

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158 See Briefing to the Public Inquiry into the Earthquake Commission, *Earthquake Commission data*, dated 1 April 2019, pages 8 and 12.
For example, following the February 2011 earthquake, EQC advised customers to arrange minor urgent repairs\(^\text{159}\) themselves and have the contractor invoice EQC direct. By late 2011, EQC had received over 60,000 invoices. EQC’s did not have systems in place to pay invoices at that volume. In some cases, the rapid growth of businesses to cater for the increased repair demand resulted in contractors having insufficient processes of their own to meet the requirements (such as valid tax details or a fully itemised description of the work completed) for EQC to make payment. This all led to delays in payment, and criticism of EQC.\(^\text{160}\)

\textit{EQC and Fletcher EQR systems were not aligned}

Fletcher EQR and EQC systems generally operated independently because they had been developed for different roles:

\begin{enumerate}[a]
\item EQC’s system was claim-based (with multiple claims possible for each property); and
\item Fletcher built its own in house claims management application for use by Fletcher EQR. The system was property based and tracked repairs (which could relate to multiple claims).
\end{enumerate}

As the Fletcher EQR and EQC systems could not communicate effectively with each other:

\begin{enumerate}[a]
\item considerable duplication of function and effort was required; and
\item it was often difficult to get a quick and/or reliable data set as:
\begin{enumerate}[i]
\item data was often recorded differently by EQC and Fletcher EQR; and
\item EQC and Fletcher EQR information did not always match;
\item extensive, often manual, data reconciliations and manipulations were required from various systems to get a proxy answer; and
\item workarounds (such as the use of Excel spreadsheets) were often adopted. These workarounds, in turn, introduced further opportunity for data error and reduced security. For example, in 2013 an Excel spreadsheet containing claim details for thousands of the Canterbury Home Repair Programme customers was inadvertently emailed to a person outside EQC.\(^\text{161}\)
\end{enumerate}
\end{enumerate}

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\(^{159}\) Initially there was a $2,000 cap on the total cost of these minor urgent repairs, but this amount was increased and not consistently applied.

\(^{160}\) Earthquake Commission media release, \textit{EQC will take action over fraudulent invoicing} (10 July 2011), \url{https://www.eqc.govt.nz/news/eqc-will-take-action-over-fraudulent-invoicing}.

These system shortcomings had the effect of significantly hindering the Canterbury Home Repair Programme’s ability to provide tailored and timely communications to individual customers. Customers could receive different information on their file depending upon whether they were communicating with Fletcher EQR or EQC, and customers were routinely passed from one team to the other. For a long time EQC and Fletcher EQR operated separate complaint teams, neither of which could access the other’s data.

Another effect of system inadequacy (in the case of EQC’s ClaimCenter) and misalignment between EQC and Fletcher EQR’s systems was that Canterbury Home Repair Programme documentation—including scopes of works, variations to scopes of works, and agreements reached with customers and contractors—was often missing or incomplete. Oral variations from onsite conversations between assessors, customers and/or contractors, were sometimes not documented. This made it very difficult, and often impossible, for Fletcher EQR and EQC to respond to requests for information from customers, and to contractor disputes, audit inquiries and complaints from customers (including subsequent owners).

In 2013, the Auditor–General found a lack of clarity, consistency and transparency in EQC’s systems and decision-making. In particular, there was considerable inconsistency in the repair process and in the information recorded (including about contact with homeowners) in the repair files.\(^{162}\)

Claims arising from multiple events in the Canterbury earthquake sequence created specific data challenges. The fact that EQC’s system was based on a ‘claims view’ and Fletcher EQR’s system was based on a ‘property view’ meant that the two systems had different sets of data about the number of repairs. For example, the repair of a single property with three residential building claims (due to three events) would be reported in EQC’s system as three building exposures closed, and in Fletcher EQR’s system as one property repair closed.\(^{163}\)

In February 2013, EQC noted that there were ongoing concerns about the quality of the data being exchanged between EQC and Fletcher EQR.\(^{164}\) For example:

\[\text{Data about whether or not a claim has been sent to EQR does not exist in ClaimCenter (other than through flags that are unreliable – refer discussion above). Nor does it exist in the staging tables held on EQC’s reporting server. Rather we rely on a weekly data extract from EQR.}\]


\(^{163}\) See Briefing to the Public Inquiry into the Earthquake Commission, *Earthquake Commission data*, dated 1 April 2019.

The paper went on to note that there remained some (in the order of hundreds) small differences in the records relating to completed repairs, and that there were internal differences between Fletcher EQR and EQC data metrics. These challenges were to be an ongoing feature of the Canterbury Home Repair Programme as both sides had to undertake manual counts at times to reconcile their data.

**Communications and customer complaints**

**Communicating with customers**

For much of the Canterbury Home Repair Programme, EQC and Fletcher EQR were unable to answer the question customers commonly asked – “when will my house be repaired?” This caused significant frustration for customers. EQC often did not communicate well with customers during periods of uncertainty (see paragraphs 39-43 above):

“I don’t think we did enough of saying, ‘Actually we don’t know, so therefore we can’t tell you.’ People assume and fill a gap, we saw that. And because we couldn’t communicate what we were doing because actually we were trying to make sense of that complexity, I think that drove a lot of legitimate frustration from both customers and the community but also staff.”

EQC used its website, the media, its Community Contact Team, social media, an outbound calling programme, and EQC staff attendance at public meetings to communicate with homeowners. In September 2011 the Canterbury Home Repair Programme published its first homeowner guide entitled *Your guide to the Earthquake Recovery repair process* (**Appendix 2**). This guide was provided to all customers at the beginning of the Canterbury Home Repair Programme process and was updated a number of times through the duration of the Canterbury Home Repair Programme.

From September 2012, all Canterbury Home Repair Programme customers received a welcome pack containing, in addition to the homeowner guide, a *Welcome letter* (**Appendix 3**) and *Work commencement form* (**Appendix 4**), which customers were asked to sign before repairs began. These materials outlined the repair process in some detail, and provided information and advice to customers.

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Two common sources of customer concern and complaint were:

a. EQC was not providing customers with their scope of works detailing the damage identified by EQC and the repairs to be carried out (see **Appendix 5** for an example scope of works). Initially scopes of work were paper based, and customers were sent a photocopy after the assessment. This practice was discontinued as it was considered unprofessional. However, it was a considerable time before EQC could provide copies of electronic scopes of work to customers in a readily understandable format;166 and

b. EQC’s refusal to provide customers with a copy of the costed scope of works (the assessment of the cost of repairs) until a contract had been awarded for those repairs. This policy was to ensure that EQC was not disadvantaged when agreeing pricing with Canterbury Home Repair Programme contractors. The assessment of costs was also commercially sensitive where customers were considering opting out of the Canterbury Home Repair Programme. While EQC’s policy was approved by the Ombudsman and the Privacy Commissioner,167 many customers felt that they should be entitled to know the expected cost of their repairs before EQC had awarded a contract for those repairs.168

Fletcher EQR and EQC’s joint internal audit report in May 2013 concluded that at that time the Canterbury Home Repair Programme was not successful in managing customer expectations and that the quality of the relationship with the customer did not receive enough attention.169 EQC has had a mixed performance in terms of customer interactions and experiences meaning the Canterbury Home Repair Programme has not been fully effective in the circumstances for some customers, including some vulnerable people.170

In 2013, EQC completed a 90-day programme for communicating with all claimants about their claims.171 This programme was intended to be repeated every 3 months and to provide customers with an update on their current status in the Canterbury Home Repair Programme and expected repair timelines. The decision to implement this programme was the subject of debate within EQC. Some staff saw it was an essential customer-centric step, but others saw it as slowing the progress of repairs.

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166 Electronic scopes of works were generated by assessors on iPads using Comet software.
168 EQC’s assessment of costs was also commercially sensitive vis a vis customers considering opt out.
EQC’s 2014 review\(^{172}\) of progress against the Auditor-General’s recommendations found that:

\(\text{a}\) the Canterbury Home Repair Programme’s communications continued to attract negative feedback and publicity, but keeping customers up to date had become an embedded part of the Canterbury Home Repair Programme processes;

\(\text{b}\) the goal of transparent communications for all repairs continued to be challenged by complex repair and customer issues;

\(\text{c}\) as management and quality of data improves in the Canterbury Home Repair Programme, more bespoke communications could replace generic communications; and

\(\text{d}\) a concerted effort had resulted in key improvements in providing customer certainty and vulnerable customer management.

Like EQC, the Canterbury Home Repair Programme featured regularly in the media, notably The Press newspaper and a national television current affairs programme. EQC provided proactive communications including press releases, backgrounders and full page advertorials in the Christchurch Press to provide information to customers on what EQC was doing.\(^{173}\)

EQC attempted to improve its communication with homeowners by:

\(\text{a}\) seeking advice on how to improve its customer interactions and making that advice publicly available;

\(\text{b}\) introducing a certainty campaign so every customer would know the status of their claim;

\(\text{c}\) changing its stance to allow customers in formal dispute with EQC to access advice from the Residential Advisory Service;

\(\text{d}\) implementing initiatives for vulnerable customers including taking a case management-like approach and personalising interactions;\(^{174}\)

\(\text{e}\) setting up a customer query team to manage queries about finalised claims; and

\(\text{f}\) participating in the ‘In the Know Hub’ initiative.\(^{175}\)


\(^{173}\) David Middleton, *Case Study – The New Zealand Earthquake Commission* (September 2014), page 64.


Customer complaints

242 From 2012 to 2013 the Office of the Ombudsman received an increasing number of complaints about EQC and Fletcher EQR relating to delays, lack of responses to requests for information, and lack of communication generally.176

243 EQC received thousands of Official Information Act requests from customers seeking information about their repair and, in particular, the scope of works to be repaired (see paragraph 232 above). EQC established a large team to respond to these requests. However, EQC did not act early enough to address the wave of information requests, and for some time its response team was not adequately resourced or focused.

244 EQC and Fletcher EQR only began integrating complaints information from late November 2012 but their complaints systems were not technically connected, which caused inconsistent complaints processes between repair hubs.177

245 The Auditor-General’s 2013 report was critical of EQC’s lack of communication and stated that 1265 complaints had been made to EQC between September 2012 and August 2013. Of these complaints, 62 per cent were in relation to quality of repair work.178 When homeowners questioned the standard of work, some alleged that they found themselves being bullied by the Canterbury Home Repair Programme contractors.179

246 In 2015, the Auditor-General acknowledged a number of improvements made by EQC to how it manages complaints, however the Auditor-General stated that EQC still:

a could not separately identify some complaints;

b had no formal process for using complaints information to improve its processes;

c had too much focus on closing rather than fully resolving complaints, with too many repeat or multiple complaints; and

d had not fully integrated EQC and Fletcher EQR’s complaints systems.180


EQT and Fletcher EQR made the following improvements to their complaints management following the 2013 audit and prior to the 2015 follow-up audit:181

a determined the number of claims that could be potentially resolved by the Residential Advisory Service;

b centralised complaints to one team;

c “triaged” complaints into three categories;

d introduced “circuit breaker” meetings;

e commissioned an external review of end-to-end customer interactions – the nature of EQC’s customer interactions was the subject of many complaints; and

f aligned EQC and Fletcher EQR complaints team.

Lessons learned

The lessons learned below have been developed from interviews with a number of key former and current EQC staff, as well as the findings of the five key external reviews that relate to repairs carried out in the Canterbury Home Repair Programme:182

a the 2013 report by the Controller and Auditor-General;183

b the 2015 report by the Controller and Auditor-General;184

c Worksafe New Zealand’s Investigation into EQC’s and Fletcher EQR’s Asbestos Management Practices (December 2014);185

d Cosman Parkes, Health and Safety Lessons Learnt from the Canterbury Earthquake Response (November 2015);186 and

182 See Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019.
185 Worksafe New Zealand, Investigation into EQC’s and Fletcher EQR’s Asbestos Management Practices (December 2014) (report #25 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, External Reviews of the Earthquake Commission since 2010, dated 4 March 2019).
e the Ministry of Business Innovation and Employment’s Earthquake Repairs to Canterbury Homes – Home Inspection Survey Report (August 2015)\(^{187}\) (sometimes called the CEDAR report).

**Which organisation should undertake a managed repair programme?**

249 A decision to establish a future managed repair programme following a natural disaster event will be influenced at the time by:

a the nature and extent of the natural disaster event(s) being responded to;

b the availability and willingness of suitable candidates for the project management role, which may be influenced by the construction industry’s awareness of the Canterbury Home Repair Programme experience; and

c the circumstances (including economic and political) that will affect the commercial settings for any contract.

250 Whole of government preparedness should include clear direction from government about its expectations of EQC (or another organisation) to undertake a future large-scale managed repair programme. Although EQC has recent experience in the form of the Canterbury Home Repair Programme, other state sector organisations may be better placed now or in the future to manage a large-scale construction project. For example, state sector organisations with experience in managing large-scale capital projects include the New Zealand Transport Agency and the Ministry of Housing and Urban Development (KiwiBuild Unit).

251 It is likely that no one state sector organisation has, or will have, all the skills and experience needed. Government direction on expectations of a preferred organisation to run a large-scale managed repair programme should include expectations on the capability and capacity required.

APPROPRIATE CAPABILITY AND CAPACITY

252 The organisation leading a large-scale managed repair programme needs the capacity and capability to be an “informed principal”, proactively and rigorously reviewing, and managing, the performance of the project management office. This means it needs the following expertise:

a. current and relevant construction, commercial and project expertise; and

b. expertise and experience in actively monitoring, managing and leading a project management office provider

c. public sector expertise (including in the machinery of government, procurement, public finance and working with Ministers); and

d. customer communication skills.

253 If the organisation does not have this existing capability and capacity, or not enough people with these skills, then it needs a plan to rapidly fill this gap after an event. This could include a pre-selected group of staff from other state sector organisations who could be redeployed quickly. Engaging senior commercial expertise prior to an event may not be practical because it is expensive; the job may not provide the challenges required to obtain and retain the best people; and undeployed staff may not retain the market exposure, relationships and experience necessary for them to effectively deploy in an emergency.

A future managed repair programme

254 Setting aside the question of what organisation(s) might undertake a managed repair in the future, whole-of-government preparedness planning should include consideration of:

a. a framework to assist in deciding whether to establish a managed repair programme, including the principles, objectives and parameters;

b. the scale and location of response, and requisite capacity/capability, that might be required. For example:

i. individual property or small scale managed repair;

ii. town or urban suburb level managed repair; and

iii. city or regional level response; and

c. how the capacity and capability of private insurers might be appropriately utilised.
For a managed repair programme at a city or regional level, uncertainty about the full scope (including the number of homes and amount of damage) might limit the willingness of any candidate to propose a full responsibility approach to project managing the repairs. Based on the Canterbury experience, candidates are more likely to propose a project management model to limit their commercial risk (see paragraph 95 above).

**PREPARATION**

Better planning is required. The best time to do the planning for a managed repair programme (including identifying optimal governance and monitoring arrangements) is in “peacetime” and not in the immediate aftermath of a major event.

While no two natural disaster events will be the same, the pressures to get things underway are likely to be present in any catastrophe. Mitigating this risk requires far greater scenario and system planning before an event. Preparedness planning is needed despite the fact that there will always be uncertainty and no advance plan will be perfect or necessarily right.

A model managed repair programme should be prepared as part of whole-of-government preparedness planning. This model should comprising best practice in systems, governance of the programme, assessment practices, operational controls, quality assurance, risk management, key performance indicators and monitoring.

This model could be constructed so that it was adaptable for a range of natural disasters – in terms of type, size and location. The model could draw upon the experiences of EQC during the Canterbury Home Repair Programme, the recommendations of the Auditor-General, as well as the Inquiry’s findings, and should include:

- the establishment of a panel of candidates for the project management role, regularly reviewed and updated;
- a detailed and robust procurement process, including an evaluation panel;
- a drafted template project management office contract, able to be adapted for different types, sizes and locations of events. This draft could be socialised with the candidate panel ahead of time;
- an approach to ensuring alignment of systems and processes (particularly information management, data and claims management systems) between EQC (or other government organisation) and a project management office. This alignment needs to be:
  - at a contractual, governance and operational level; and
  - focused on, and able to deliver, a single view of the customer.
Alignment between the principal organisation and the project management office provider is fundamental at every level – including having clearly established:

a. shared vision and objectives;

b. agreed priorities, milestones and accountability; and

c. clear understanding of organisational roles and responsibilities.

A private sector project management office may not be as mindful of the wider programme objectives as a state sector organisation. It may also be frustrated by, or slower to adapt to, changes in priority.

Physical co-location also helps integrate organisations and reduces the risk of an adversarial relationship.

An organisation cannot simply appoint a third party as its agent and expect successful delivery of its requirements. The organisation must be an “informed principal”, proactively and rigorously monitoring the establishment and performance of its project manager and the programme against:

a. the programme’s quality, safety, time and cost objectives

b. the agreed key performance indicators;

c. the programme’s broader social, fiscal, environmental and other objectives; and

d. the government’s wider recovery strategy and activities.

Programme priorities (as well as the legal, policy and regulatory settings applicable to a rebuild) and the requirements of a managed repair programme can change over time. It is important to:

a. continually review the programme objectives with a view to both incremental and transformative changes to better achieve those objectives; and

b. if appropriate, pause and reset the delivery model.
Systems

265 Systems must be a key focus point in future planning. Integrated and inter-operable claims management, data analytics and information management systems are essential for a managed repair programme to operate efficiently and on a customer-centric basis.

266 Having these systems in place before an event occurs (or before the programme commences) is important. The volume of data, claims and properties dealt with in a catastrophe response means that it is very difficult to ‘cleanse’ (e.g. remove duplicates) and reconcile data once repairs are underway. The risk of updating or changing systems midstream may be unacceptable.

Communications

267 Managing customer expectations with regular, clear and reliable communication is fundamental. This requires:

a. a customer-centric approach providing information that is tailored, specific and relevant to each customer;

b. effective interoperable systems (claims management, data analytics and information management) that facilitate communication flow between EQC and the project management office, and with customers.

268 Wider communications need to focus at a suburban rather than city-wide level. For example, in Canterbury, the issues facing Sumner residents were quite different to those in the west of Christchurch.

The Time / Cost / Quality Equation

269 A project management office seeks to maximise the time, cost, quality and safety outputs of its programme. However, trade-offs are often required, as improving one performance metric may be at the expense of one or more of the other metrics.

270 Regard must always be had to what is “best for project” over the programme’s lifetime. For example, a drive to improve the rate of completion may prejudice the required quality standard – requiring a judgement call that may only be tested with hindsight.
REMEDIAL REPAIRS

271 Some remedial repairs will be inevitable. The number and cost of remedial repairs can be mitigated by:

a  strict contractor accreditation and selection criteria;

b  appropriately calibrated quality assurance systems, supported by audited processes;

c  prompt removal of contractors who are not meeting expected standards;

d  obtaining customers’ written confirmation:

  i  that, prior to undertaking repairs, the customer is not aware of any earthquake damage that is not included in the scope of works; and

  ii that, on completion of repairs, the customer is satisfied with the scope and quality of the repairs, so that issues are raised at the time of the repair when they can be addressed by the contractor during the defects liability period;

e  recognising that customer satisfaction or lack of objection, in itself, is not an assurance of acceptable repair quality;

f  invoicing excesses at the time of repair;

g  following up with dissatisfied customers early;

h  comprehensive record keeping (including all changes in the scope of works) in case of future disputes with customers, subsequent purchasers or contractors; and

i  clear roles and responsibilities for the project management office.

272 The social and political pressures to expedite repairs may be better managed through improved communications, rather than streamlined processes that may prove counter-productive.

273 Consideration should also be given to a statutory limit on when claims can be made against EQC (as opposed to the relevant contractor) after completion of the repairs so that EQC can achieve the ‘full and final’ settlements available to private insurers.
ASSESSMENTS OF DAMAGE

274 Better communication about the respective responsibilities of customers and EQC regarding the identification of natural disaster damage would assist in managing customers’ expectations.

275 More invasive assessments, or investment in new technologies that allow more thorough damage assessment without causing consequential damage (e.g. lifting floor boards and carpeting, removing wall linings), may be warranted in future. Although this would be costly and time consuming initially, it could significantly mitigate the instances of missed scope remedial repairs.

VULNERABLE CUSTOMERS

276 The identification of vulnerable customers needs to be proactive because many elderly and other vulnerable people are often stoic and do not ask to be prioritised.

277 The changes in the Earthquake Commission Amendment Act 2019 (which came into force on 19 February 2019) have improved EQC’s ability to share information. Specifically, the changes mean EQC may release information that it holds to prevent or lessen a threat to public health or public safety or to the life or health of any individual. This change will assist EQC to quickly identify vulnerable customers.

SHOULD THE PROGRAMME BE COMPULSORY?

278 An effective opt out policy requires a clear understanding of the policy rationale underpinning the programme. Clear articulation of the reasons for the policy will reduce customer confusion or dissatisfaction but will not eliminate it where government policy outcomes are preferred over customer choice. An alternative arrangement to consider is an opt in scheme where customers are cash settled by default but have the option, subject to certain criteria, of having EQC settle their claim by managed repair. Concerns about inequitable access to trade-qualified resource are addressed, but not the risk of insurance entitlements not being applied to structural repairs. The effect on demand surge or cost inflation is not clear, but it must be a greater risk with an opt in scheme.

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Your guide to the Earthquake Recovery repair process
Given the amount of damage caused by the September 2010 earthquake, The Earthquake Commission (EQC) established a Project Management Office and appointed Fletcher Construction to run it. The Project Management Office (PMO)'s mandate also covers damage caused by subsequent earthquakes or aftershocks.

The project management office is referred to as Fletcher EQR (with EQR signifying Earthquake Recovery). It is operated from a central office based in Christchurch, with Hub offices and construction teams based in the community.

Fletcher EQR manages repairs to houses where the damage has been assessed at between $10,000 plus gst and $100,000 plus gst (or higher in some cases where there is more than one claim). Since the February 22 earthquake it has also been managing emergency repairs valued at $2,000 or more plus gst. Based on present indications it is likely about 100,000 claims will be assigned to it over the recovery period.

Fletcher Construction is not carrying out the repair or building work itself. This is being done by independent contractors who have completed our accreditation process. This takes account of professional and trade qualifications, experience and other factors to ensure that appropriate standards are maintained.

Hub offices
Fletcher EQR now has 19 Hubs in communities affected by the earthquakes, in the five council areas of Christchurch, Selwyn, Waimakariri, Hurunui and Ashburton.

Contract Supervisors based at the Hubs are the primary contacts for affected homeowners and the contractors appointed to undertake the work. Hubs also house financial and administrative staff, including Community Liaison Officers who provide assistance to homeowners where needed as part of the repair process. Hubs also provide a focal point for council officers, consultants and community and government service groups.

Visit www.eqr.co.nz for a detailed list of Hubs, the areas they cover and their contact details.
What Fletcher EQR will do for you

Fletcher EQR will normally repair the earthquake damage to your home on a like-for-like basis meeting relevant building codes and statutory requirements. This will involve a range of processes depending on individual circumstances, including:

• Screening contractors and suppliers to ensure quality standards can be met;
• Negotiating reasonable rates with contractors, based on assessment of market conditions;
• Obtaining any expert advice required from engineers, architects, designers and other consultants;
• Managing contractors and their scopes of work;
• Compliance with the building codes and consenting requirements, and obtaining code compliance certificates for the work where required by building consents;
• Quality assurance to ensure works and materials meet required standards;
• Programming contractors, consultants and procurement to complete repairs in a timely fashion;
• Paying contractors, suppliers and consultants on behalf of EQC.

Visiting your property and getting the work under way

Before your repair work gets under way a Fletcher EQR team will visit you to confirm the scope of your repairs and discuss other practical aspects of the work, including:

• The timing and duration;
• Access to the property;
• Hours of work;
• Any requirement for temporary security provisions;
• Any need to vacate the premises while work is underway;
• Insurances – it is important you notify your insurers that Fletcher EQR will be starting work on your property;
• Any hazards or other issues at your property that you are aware of (for example, asbestos or weather resistance issues that are not earthquake related);
• Health and safety requirements;
• Any accessibility features or modifications at the property;
• The code of conduct for all Fletcher EQR representatives, contractors and their staff;
• The process for building consents, if these are required;
• Any historical classification that applies to the building;
• Your options under the Chimney Replacement Programme;
• Any earthquake damage not listed on the Statement of Claim during the EQC assessment of your property;
• Any other information you or the contractor wishes to record at this time;
• Any questions or concerns you might have on the process;
• Your ongoing communication with Fletcher EQR.

We may document some or all of this discussion, provide you with a copy, and ask you to sign another copy to confirm your agreement with these matters.

Managing the repairs

Your Contract Supervisor will oversee all works undertaken by the appointed contractor and will be the first point of contact for any issues or queries.

All personnel representing Fletcher EQR and/or the contractor (including tradespeople working under the contractor’s supervision) will carry a unique Fletcher EQR photo identity card which is to be worn at all times while working at the property. Anybody claiming to represent Fletcher EQR who is unable to produce this identity card should not be allowed to enter the property. If you have any concerns about the identity of a contractor who does not have appropriate identification, you should contact the police immediately.

Accredited contractors only

An accreditation process has been established to validate the qualifications and experience of contractors employed to do the work. Those with recognised industry accreditation (such as Master Builders, Certified Builders or Licensed Building Practitioners) are given priority in the accreditation process. Where possible, contractors and labour for repair works are currently sourced from the local community.

No Fletcher employees are completing repairs to houses. Fletcher’s role is to manage repairs to houses. Further information is available at www.eqr.co.nz.

Building consent issues

Earthquake repair work will fall into one of two categories specified under the Building Act 2004:
• Work requiring a building consent, and
• Work exempted from a building consent as described under Schedule 1 of the Act (such work, however, must still comply with the NZ Building Code).

The Act defines that the building owner (or their agent) is required to apply for a building consent, or decide that the intended building work is exempt.

To assist homeowners in this regard, Fletcher EQR will manage these processes. In the case of a building consent being required, it will engage professional consultants to act as agents for the homeowner, managing the consent process right through to obtaining the code compliance certificate for the work from the relevant council. Any costs involved in obtaining these documents will form part of your EQC claim.

Where the repair work is under the exemption provisions of the Act, Fletcher EQR will also manage and determine compliance for the homeowner. If the homeowner wishes, Fletcher EQR will make the relevant documents describing the repair work available for the homeowner to lodge with the local council to update the relevant property file.
Under certain circumstances, homeowners may be required to notify other parties that the repair work, along with compliance processes, is intended to be performed. These parties may include, for example, insurers, mortgage holders and Trustees. It is likely a council inspector or other professionals may visit the property during the repair process to complete a series of inspections that monitor compliance with various construction related codes and standards. Such persons will carry appropriate identification.

Health & safety
Each contractor is responsible for all aspects of health and safety for its work on your property. Each contractor will discuss relevant safety issues with you, and you must comply with the contractor’s safety requirements.

Sign-off of the repair works
The contract for the repairs is between the contractor doing the work and Fletcher EQR as agent for EQC, so the Contract Supervisor will sign-off completion with the contractor. This will be done in conjunction with you where possible.

The building contract includes a 90-day maintenance period, during which any defects you might have discovered can be brought to the contractor’s attention for repair.

Complaints process
Should you be dissatisfied with any aspect of the repair work, including final sign-off, the matter should be taken up with the Contract Supervisor, who will involve other Fletcher EQR personnel if required.

Fletcher EQR endeavours to provide all homeowners with a high level of service, but should a problem occur or should you be unhappy with Fletcher EQR’s service, we would like to hear from you.

Complaints about any aspect of our dealings with you can be made through our Central Office by phoning +64 3 341 9900, by e-mailing queries@eqr.co.nz, or by writing to us:

Complaints Officer
Earthquake Recovery
PO Box 80105
Riccarton
Christchurch, 8440
New Zealand

Urgent repairs
If your claim has urgent safety, weather resistance, sanitary or other habitability issues, please make sure that we are aware of this. Urgent repairs to resolve these issues can be made prior to the full repair being undertaken. Please advise us by telephone on 0800 DAMAGE (0800 326 243) or by contacting your Contract Supervisor.

Winter heating
If your chimney has been significantly damaged, you may qualify for the Chimney Replacement Programme, which allows for your old log burner or open fire to be replaced with an efficient and clean heating appliance such as a heat pump. Fletcher EQR will manage this process as part of your repairs.

If you have lost the primary means of heating your home, we may be able to install a new heating system in advance of the full repairs as part of our Winter Heating Programme. If you require a replacement heat source please make us aware of this by phoning 0800 DAMAGE or e-mailing queries@eqr.co.nz.
Accessibility features
Where houses previously modified to include accessibility features have sustained earthquake damage, Fletcher EQR will work with Enable New Zealand to prioritise repairs. This will allow people with disabilities to move back into their homes as soon as possible. If you qualify for this category, or if you have sustained an injury and now need to modify your home to include accessibility features, you should notify Enable New Zealand (0800 171 995 or urgent@enable.co.nz) and also notify the Fletcher EQR Hub. Where possible we will employ the selected Enable New Zealand accredited contractor to complete the repairs alongside their accessibility work. If we cannot, we will co-ordinate with that contractor so that we may complete the repair work simultaneously.

When EQC decides how to settle your claim
EQC has referred your claim to Fletcher EQR because your claim appears suitable for managed repair by Fletcher EQR. This referral is not a decision by EQC to repair your property, and further information may come to light during the Fletcher EQR process resulting in EQC cash settling part or all of your claim.

EQC is likely to cash settle your claim where there are significant issues not insured under the Earthquake Commission Act 1993 (EQC Act) (for example pre-existing construction defects or weather tightness issues).

For the purposes of the EQC Act, EQC will only decide to reinstate any part of a property with damage or issues not covered under the EQC Act when it commences or continues to repair the relevant part of the property with full knowledge of the damage or issues not insured under the EQC Act.

Your options
You can choose not to take advantage of the Fletcher EQR process by opting out, or you may nominate a specific contractor to carry out your works within the Fletcher EQR process.

Please let us know as soon as possible if you wish to change your current status by choosing either of these options, on which further information is included below.

The benefits to you of remaining in the Fletcher EQR scheme are significant:
• There is no cost to you if, in completing the repair works, the actual cost exceeds the EQC estimate;
• Fletcher EQR is responsible for managing the completion of the repair works covered by the Earthquake Commission Act 1993 in a proper and professional manner in accordance with that Act;
• All work carried out by Fletcher EQR will be completed in accordance with the Building Act;
• Quality audits will be carried out as repairs proceed;
• If required, building consents will be obtained and, at the conclusion of repairs, all appropriate code compliance certificates will be obtained and a copy forwarded to you;
• We will deal with winter heating issues caused by earthquake damage as part of the repair process.

Opting out
There is no requirement for you to have your repairs managed by Fletcher EQR. Should you prefer, you can manage the repairs
yourself with your own contractor. This is known as ‘Opting Out’ of the Fletcher EQR project management process. If you wish to opt out, please call EQC on 0800 DAMAGE to request an ‘Opt Out’ information pack. This documentation will outline the steps you need to follow and the form you need to sign and return to EQC to confirm your decision to manage the repairs.

If, having considered the above, you wish to proceed with opting out you need to be satisfied that repairs to your property are completed correctly. You will need to obtain a fully detailed quotation from your builder. This quotation must cover the same areas as those detailed in the scope of works completed by the EQC estimators. The quotation, in its entirety, must be submitted to EQC for approval before proceeding with any repair work.

When acceptance of the quotation has been given by EQC the builder may start the repair work. Progress payments may be made by EQC at its discretion, subject to a valid tax invoice for the costs of completed work only. No invoices are to be submitted for advance work.

As the property owner you will need to obtain any building consents required and ensure all repairs comply with the Building Act.

If additional damage is discovered during the repair process you must immediately notify EQC. No further work should proceed until the additional damage has been inspected and authorised by EQC, and the cost agreed.

All invoices must specify the relevant EQC claim number, be itemised and be valid GST invoices in the name of the claimant(s) and addressed to EQC.

If you have not already had an excess deducted from your EQC claim settlement, or the amount of that deduction is less than the full amount of excess required, the excess will be deducted by EQC from the first payment(s) made to the builder. The minimum excess is $200 for repairs up to $20,000 in value. For higher value repairs the excess is one percent of the repair cost.

Where a building consent is required, at the conclusion of repairs you will need to obtain a code compliance certificate before the final payment is made by EQC. A Producer Statement should also be obtained from your builder for the contractor’s work. These documents will need to be forwarded to EQC along with the final invoice.

It is important to note, as stated above, that you will have to ensure that all repairs are carried out to a satisfactory standard and comply with the Building Act.

Any disputes regarding non-performance of the builder, substandard repair work, charging or any other matter are your responsibility as the property owner.

Before deciding to opt out of Fletcher EQR you should read and consider carefully the Opt Out form and related materials provided by EQC.

**Nominated repairer**

Alternatively, you may remain in the Fletcher EQR process with your own contractor, provided that the contractor is accredited with Fletcher EQR. In this case you would retain all the benefits of the scheme, as previously listed, while using the builder of your choice.

If your preference is to have your repairs managed this way, please check that your own contractor is accredited with Fletcher EQR and notify your Hub. If your own contractor is not accredited we recommend that you discuss this option with them, and encourage them to contact us about accreditation by e-mailing contractor@eqr.co.nz.
The claim process

1. **Claim lodged.**

2. **Assessment:** An initial assessment is carried out and agreed with the homeowner, a descriptive list of the damage is recorded and a claim file is created.

3. **Processing:** The claim is processed and allocated to the appropriate queue for cash settlement or repairs managed by Fletcher EQR. EQC reserves the right at any time to settle some or all of the balance of any claim by cash settlement if it considers that appropriate (for example, if at any time before or during the Fletcher EQR process it identifies damage or issues not arising from natural disaster damage (as defined in the Earthquake Commission Act)).

4. **Claim allocated to the Fletcher EQR office:** Where the repair value is between $10,000 and $100,000 plus gst (or possibly higher where there is more than one claim), and there is no land damage, the repairs are generally allocated to Fletcher EQR.

5. **Opt Out:** If you wish to manage your own repairs you must advise EQC, which will send you an Opt Out pack to read and sign. You cannot commence repairs until you have completed the Opt Out form provided by EQC and EQC has agreed to your opt out request (including the quote provided by your contractor).

6. **Opt In:** If you have been offered a cash settlement but would like your repairs managed by Fletcher EQR instead, you should advise EQC, which will send you an Opt In pack to read and sign.

Your contact: 0800 DAMAGE

Your contact: 0800 DAMAGE
1. **Claim loaded**: Claim loaded into Fletcher EQR’s claims management system.

2. **Contract Supervisor allocated**: Your claim will be allocated to a Fletcher EQR Contract Supervisor, based in the Hub, to manage.

3. **Price package developed**: Documentation will be prepared for the contractor to use in pricing the repair works.

4. **Home visit**: Fletcher EQR will call and arrange for the Contract Supervisor and the contractor to visit the property to price the repair works. Other relevant issues are discussed, for example:
   - Building consent requirements;
   - Repair logistics;
   - Health & safety;
   - Variations to the scope of work assessed by EQC;
   - Homeowner requirements.

   You may be asked to sign a form acknowledging the points discussed.

5. **Pricing package finalised**:
   - Variations to the scope will be agreed with EQC;
   - The contractor’s price, as adjusted if necessary, will be agreed with Fletcher EQR;
   - Building consents will be obtained.

6. **Contract awarded**: Contractor appointed and repair works able to proceed.

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1. **Repair works start**: The contractor or Contract Supervisor will contact you to arrange a start date.

2. **Issues or concerns**: Any issues or concerns can be raised with the Contract Supervisor during the repair works.

3. **Supervisor checks**: The Contract Supervisor will inspect the works and arrange council building consent inspections.

4. **Final inspection**: On conclusion, Fletcher EQR carries out a final inspection and confirms that the work has been carried out satisfactorily.

5. **Final payment**: Fletcher EQR pays the contractor on behalf of EQC.
1. What exactly is Fletcher Construction’s role in the earthquake recovery process?
Under the agreement between the Earthquake Commission (EQC) and Fletcher Construction, the company is acting as an agent for EQC. The project is being operated under the name Fletcher Earthquake Recovery (Fletcher EQR).
Fletcher Construction has been appointed by EQC to project manage claims for repair and rebuilding of houses damaged in the earthquake, where the damage is estimated to be in the range from $10,000 to $100,000 plus gst (or greater in some cases where there is more than one claim). Since the February 22 earthquake Fletcher EQR has also been managing emergency repairs estimated at more than $2,000 plus gst.
Fletcher EQR is also helping to manage repairs to deal with chimney replacement needs resulting from earthquake damage. Homes needing these repairs are being identified through claims received from EQC and from direct contact with homeowners.

2. Who is doing the building work?
The repair and rebuilding work is being carried out by accredited contractors, not by Fletcher Construction. Fletcher EQR is committed to ensuring that local tradespeople and businesses have the first opportunity to be involved in the work.

3. How are you selecting and screening the contractors?
The accreditation process assesses contractors for their professional qualifications, capabilities and previous work history to determine their suitability to work on the project.

4. What is the quality assurance process?
It is a straightforward project management process:
• The scope of work to be carried out on each property is agreed between Fletcher EQR and the homeowner, and aligned with the EQC initial assessment;
• Work is carried out by an accredited contractor;
• A nominated Fletcher EQR Contract Supervisor oversees all work undertaken on each project and checks that quality standards are being met. The Contract Supervisor is the homeowner’s and the contractor’s first point of contact for any issues or queries they might have;
• When the work is completed it is inspected and signed off by Fletcher EQR. If there are any later problems with the work, they should be directed to Fletcher EQR for rectification during the 90-day defect period;
• A council inspector may visit the property from time to time to complete a series of inspections that monitor compliance with construction codes and standards where consents are required;
For any work that requires a building consent, Fletcher EQR is responsible for obtaining a code compliance certificate prior to completion of the work.

5. What are the timeframes for EQC full assessments?

Full assessments were prioritised, starting with the worst damaged homes in the worst hit areas. EQC’s first priority was visiting homes identified as having severe structural damage. These assessments finished in July. Assessments of homes with moderate damage were completed by mid-September.

Homes identified as having minor structural or no structural damage will be assessed concurrently, and the completion date for these remains mid-December 2011.

6. I would like to discuss an issue or concern regarding my claim, who do I talk to?

Contact EQC at claims@eqc.govt.nz or freephone 0800 DAMAGE for any claim enquiries, or to advise of urgent safety, weather resistance or heating issues. Urgent heating issues can also be notified through queries@eqr.co.nz.

If your claim has been assessed, is valued at between approximately $10,000 and $100,000 plus GST (or higher in some cases where there is more than one claim) and involves structural damage, it is likely to be allocated to Fletcher EQR. Enquiries regarding claims with Fletcher EQR should continue to be directed to EQC until a Fletcher EQR Contract Supervisor is appointed to your claim.

The Contract Supervisor at the appropriate Fletcher EQR Hub will contact you prior to visiting your property to advise you of their contact details and to outline the repair process.

7. Where do I find more information about land zones?

The Government has released information to clarify the effect of land damage on the repair process in specific geographical areas. If you are in any doubt about the status of your property, you can review this information at www.landcheck.org.nz.

8. How is it decided which houses are repaired first?

Repair work is co-ordinated from the Hubs as claims are forwarded to Fletcher EQR by EQC. Once all claims have been received, Fletcher EQR will structure its rollout geographically, and will communicate with homeowners about how this will work.

9. Do I get to approve the proposed repairs before the works start?

The damage resulting from the earthquake is confirmed by you as the homeowner within the EQC assessment process. If changes are required in the assessment as a result of aftershocks or other factors, these will need to be approved by EQC prior to repair work commencing.
10. Can I have a copy of the EQC assessor’s cost estimate?
This will be kept confidential to Fletcher EQR and EQC until costs for the repair works have been agreed with the contractor and the contract awarded.

11. Can I select my own contractor to carry out the work?
You may use a contractor of your choice: (a) by opting out of the Fletcher EQR process or, (b) by nominating your own contractor to work within the Fletcher EQR Programme.

(a) Opting out of the Fletcher EQR process involves you, as the homeowner, accepting the following risks:
• You will need to obtain a fully detailed quote from your builder. The quote must cover the same areas as those detailed in the scope of works completed by the EQC estimators. The quotation, in its entirety, must be submitted to EQC for approval before proceeding with any repair work. Once EQC has accepted the quote, the builder may begin the repair work. Progress payments can be made by EQC after receiving valid and itemised tax invoices to cover the costs of completed work only;
• You are responsible for ensuring the work is undertaken to appropriate building and construction standards, and for securing a code compliance certificate for works requiring a building consent;
• You carry the risk of the repair costs exceeding the EQC estimate. As EQC will not pay more than its estimate of the value of the repairs, you would be required to pay the difference;
• Any warranty or defect work will be your responsibility;

(b) Nominating your contractor to work with Fletcher EQR involves:
• The contractor being accredited under the Fletcher EQR scheme;
• The work being managed by Fletcher EQR using your nominated contractor;
• The additional assurance provided by Fletcher EQR for workmanship and building/ construction quality standards.

If you would like to take one of these options please advise us as soon as possible. To opt out, contact EQC on 0800 DAMAGE to request an Opt Out pack. To nominate your own contractor, contact your local Fletcher EQR Hub.

12. Can I instruct the contractor directly regarding the work that needs to be done at my property?
No. The contractor has been appointed by Fletcher EQR. Any contractual correspondence – for instance, relating to the scope of the works or affecting the cost of the works – must be communicated through Fletcher EQR. Your Contract Supervisor will be available to help you with any issues.
13. Can I get works outside the scope agreed by EQC done on my house at the same time?
Due to the volume of works required, the Fletcher EQR appointed contractor will not be completing works outside the scope of the EQC claim.
You can, of course, carry out other works unrelated to your claim, using your own contractor at your own cost.

14. My chimney was damaged in the earthquakes. How do I know if I qualify for a heat pump or other clean heat system under the Chimney Replacement Programme?
If your chimney has been damaged significantly, you might qualify to have your old log burner or open fire replaced with a heating appliance such as a heat pump that produces little or no air pollution and is efficient to run.
The Chimney Replacement Programme (CRP) allows the EQC insurance money that would have been spent on rebuilding your chimney to be spent on an efficient heating system approved by the Energy Efficiency and Conservation Authority (EECA).
The CRP is available to claimants regardless of location. You can find out more by visiting EQC website www.eqc.govt.nz, calling 0800 DAMAGE or e-mailing queries@eqr.co.nz.

15. Will installation of a clean heating appliance under the Chimney Replacement Programme be managed by Fletcher EQR?
Yes. If repairs to your house are being managed by Fletcher EQR this will include any installation of heating systems under the CRP.
16. What if additional earthquake damage is discovered once construction works start?
If additional earthquake damage is discovered – for instance, after a wall lining has been removed – this will be repaired as part of the claim after additional Fletcher EQR assessment.

17. What if my house is damaged by an aftershock after all the repairs have been completed?
If this happens you should lodge a new claim with EQC.

18. What if repair work carried out by Fletcher EQR uncovers other damage or issues not related to the earthquakes, but necessary to repair to complete the Fletcher EQR work?
Repairs not associated with the earthquakes or aftershocks will not be paid for by EQC; but, depending on the situation, the repairs may be completed as one job managed by Fletcher EQR.
Where the additional works are minor they may be handled as a variation to the agreed scope and will be paid for either by you, as the homeowner, or your private insurer.
Any such situations will be reviewed and decided on a case-by-case basis.
Referral of your claim to Fletcher EQR or the commencement of work on your property by Fletcher EQR is not a decision to repair any damage that EQC or Fletcher EQR was not aware of at the time when your claim was referred to Fletcher EQR or when work commenced.
EQC may at any time settle part or all of any of your claim by cash settlement if it considers it appropriate. EQC is likely to do so where its assessors or Fletcher EQR identify significant weather resistance issues, construction defects or other issues not arising from the earthquakes or other natural disaster damage.

19. What happens if my house has had illegal building work done?
Some houses have undergone alterations without building consents, or which are otherwise non-compliant with the Building Code. Examples include subdivision into two or more flats, or sleep-outs where sanitary fittings and/or kitchen facilities have been installed.
Where earthquake damage has occurred to such features, it would be illegal for Fletcher EQR contractors to carry out repairs on them, as this would compound their illegality and place the homeowner and Fletcher EQR in breach of the law. In such circumstances Fletcher EQR is obliged to return the claim to EQC for further action, and EQC will consult with the homeowner to arrive at an appropriate decision. It is likely that EQC will look to cash settle the balance of the homeowner’s claim.
Where such illegal building work is known to the homeowner, the homeowner is obliged to declare it to Fletcher EQR at the earliest opportunity.
20. What if I have to move out of my house while repairs are being made?
If this is the case you will be given as much notice as possible and the Fletcher EQR Community Liaison Officer will be able to advise on the options available.
EQC does not cover the cost of alternative accommodation, but your private insurance might include this benefit under either your dwelling or contents insurance policy.
Fletcher EQR will programme the works and order materials in advance so that the time you need to be out of your property is minimised.

21. Is there an excess within the EQC insurance policy, and if so how is it calculated?
Yes, there is an excess payable on each claim. If your claim is for $20,000 or less, the excess will be $200. If it is for more than $20,000, the excess will be one percent of the claim value.

22. What happens if my property is damaged by Fletcher EQR or their contractors in the course of my repairs?
You should notify your Fletcher EQR Contract Supervisor and your insurer.

23. What happens if I make a complaint?
All complaints are acknowledged, the details are recorded in our database and the issues that have led to the complaint are investigated. We may seek further information from you during this process. Once the investigation is complete, Fletcher EQR will work with you to resolve the issues.

The latest set of frequently asked questions is at www.eqc.co.nz
# WEBSITES

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# CENTRAL GOVERNMENT

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<tr>
<td>Canterbury Earthquake Temporary Accommodation Assistance Service</td>
<td><a href="http://www.quakeaccommodation.govt.nz">www.quakeaccommodation.govt.nz</a> or 0800 673 227</td>
</tr>
</tbody>
</table>

# CANTERBURY LOCAL GOVERNMENT

<table>
<thead>
<tr>
<th>Council</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Canterbury</td>
<td><a href="http://www.ecan.govt.nz">www.ecan.govt.nz</a></td>
</tr>
<tr>
<td>Christchurch City Council</td>
<td><a href="http://www.ccc.govt.nz">www.ccc.govt.nz</a></td>
</tr>
<tr>
<td>Selwyn District Council</td>
<td><a href="http://www.selwyn.govt.nz">www.selwyn.govt.nz</a></td>
</tr>
<tr>
<td>Waimakariri District Council</td>
<td><a href="http://www.waimakariri.govt.nz">www.waimakariri.govt.nz</a></td>
</tr>
<tr>
<td>Hurunui District Council</td>
<td><a href="http://www.hurunui.govt.nz">www.hurunui.govt.nz</a></td>
</tr>
<tr>
<td>Ashburton District Council</td>
<td><a href="http://www.ashburtondc.govt.nz">www.ashburtondc.govt.nz</a></td>
</tr>
</tbody>
</table>

# FLETCHER EQR HUBS

<table>
<thead>
<tr>
<th>Hub Name</th>
<th>Address Details</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addington Hub</td>
<td>300 Lincoln Road</td>
<td>341 9909</td>
</tr>
<tr>
<td>Akaroa Satellite Hub</td>
<td>62 Rue Lavaud, Akaroa</td>
<td>341 9985</td>
</tr>
<tr>
<td>Aranui Satellite Hub</td>
<td>250 Pages Road (located at the back of the Nga Hau e Wha National Marae)</td>
<td>341 0136</td>
</tr>
<tr>
<td>Beckenham Hub</td>
<td>66 Colombo Street</td>
<td>341 9934</td>
</tr>
<tr>
<td>Body Corp Hub</td>
<td>1st Floor, 145 Blenheim Road, Riccarton</td>
<td>343 4891</td>
</tr>
<tr>
<td>Burnside Hub</td>
<td>340 Avonhead Road (next to Burnside Bowling Club)</td>
<td>341 0137</td>
</tr>
<tr>
<td>Darfield Hub</td>
<td>3 McMillan Street</td>
<td>341 9978</td>
</tr>
<tr>
<td>Fendalton Hub</td>
<td>5 Idris Road</td>
<td>341 9919</td>
</tr>
<tr>
<td>Ferrymead Hub</td>
<td>1091 Ferry Road, Ferrymead</td>
<td>341 0139</td>
</tr>
<tr>
<td>Kaiapoi Hub</td>
<td>11 Cass Street</td>
<td>341 9910</td>
</tr>
<tr>
<td>Lincoln Hub</td>
<td>Hurunui Building, Gate 3, Springs Road</td>
<td>341 9981</td>
</tr>
<tr>
<td>Lyttelton Hub</td>
<td>41 Winchester Street</td>
<td>341 9956</td>
</tr>
<tr>
<td>Moarehau Hub</td>
<td>280 Westminster Street</td>
<td>341 9995</td>
</tr>
<tr>
<td>Middleton Hub</td>
<td>1st Floor, 116 Wrights Road</td>
<td>341 9955</td>
</tr>
<tr>
<td>North New Brighton (QEII) Hub</td>
<td>245 Bower Avenue, North New Brighton</td>
<td>341 9979</td>
</tr>
<tr>
<td>Rangiora Hub</td>
<td>1st Floor, 94 Victoria Street</td>
<td>341 9890</td>
</tr>
<tr>
<td>Rolleston Hub (including Ashburton)</td>
<td>14 Kidman Street</td>
<td>341 9907</td>
</tr>
<tr>
<td>Southern Regional Hub</td>
<td>13 Thedosia Street, Timaru</td>
<td>345 9464</td>
</tr>
<tr>
<td>Woolston Hub</td>
<td>145 Blenheim Road, Riccarton (Temporarily relocated)</td>
<td>341 9954</td>
</tr>
</tbody>
</table>

*September 2011 – This Homeowners Guide is amended and reprinted as new information becomes available. For the latest edition, and information on the Fletcher EQR Residential Repair Process, please visit www.eqr.co.nz.*
Dear <Customer name>

Your building repairs will be managed as part of the Canterbury Home Repair Programme, run by Fletcher EQR as agent for the Earthquake Commission (EQC).

Your repairs will be managed by Fletcher EQR’s <name of hub> Hub. This letter explains:

• what happens next
• what to do if you have tenants in your damaged building
• more about the repair process
• how to prepare for the repair work and fill out the Work Commencement Form.

Next steps: we will be visiting you soon to discuss the repair work

A team including the Fletcher EQR Contracts Supervisor and the contractor expect to visit you within approximately the next eight weeks. Fletcher EQR will contact you ahead of time to arrange this visit.

During this visit the team will review the damage identified in the EQC assessment and discuss the proposed repair work with you. After the visit it will submit the repair quote for approval at the Hub.

Once the quote is approved, you will be notified and a start date will be discussed with you.

Do you have tenants in your damaged building?

If your home is tenanted, you may have obligations when visiting the home with the contractor and for the subsequent repair work. Please ensure that you are familiar with these obligations.

Building and Housing provides useful information for both landlords and tenants. You can read about landlord and tenant rights and responsibilities on their website: www.dbh.govt.nz/your-rights-and-responsibilities

More about the repair process: Your Guide to the Canterbury Home Repair Programme

Your Guide is included with this letter. It provides an overview of the repair process, including answers to some frequently asked questions. Please read it carefully.
Preparing for the repair work: the Work Commencement Form

We have included two copies of the Work Commencement Form, one for you to keep and the other to sign and return. It describes the terms and conditions for the repair, what you need to do before the repair work can start, your responsibilities and those of the contractor. Please read it before the contractor’s first visit to your home.

Please initial each page of the Work Commencement Form and sign the last page in the boxes provided, then post the form to EQC using the enclosed envelope.

Opting out

It is important to note that your last opportunity to opt out of The Canterbury Home Repair Programme is when Fletcher EQR contacts you to book a scoping appointment. Your commitment to proceed at this point enables us to allocate the project management and contracting resources needed to repair your home.

If you have any questions about the process described in this letter, please contact the Hub on <insert contact number>. If you have questions about the enclosed Work Commencement Form, please contact 0800 DAMAGE (0800 326 243).

Yours sincerely

Bruce Emson
EQC General Manager Customer Services

David Peterson
General Manager, Fletcher EQR
# Work commencement form

**How this form works**

Each section of this form gives an explanation and a set of terms and conditions. Read the explanation first. Then read the terms and conditions. Make sure you understand them and agree to them.

| Health and safety | 1. I agree to comply with any health and safety direction or requirement given by:  
|                  | • the Fletcher EQR Contracts Supervisor  
|                  | • any Fletcher EQR accredited contractor or their sub-contractors.  
|                  | I will also require any person permitted on the property to comply.  
|                  | 2. I am not aware of any health and safety or environmental risks (such as a dog or asbestos) on my property other than those I have previously notified to Fletcher EQR or EQC. |

| Building consent | 3. If a building consent is necessary to carry out the repairs, I authorise Fletcher EQR, its contractors, or anyone acting on their behalf to apply for the consent in my name. |

| Claim excesses | 4. I agree to pay the excess amount on my managed repair on receipt of an invoice from EQC. |

---

**Claim No.** [insert all claims mentioned in this letter]

---

Initial here:
## Moving building contents to allow repair

Contractors may need to move some contents in your home to access areas for repair. Fletcher EQR will make separate arrangements with you if any of your contents need to be moved off site.

5. I agree the Fletcher EQR accredited contractors and sub-contractors may move any items on my property where reasonably necessary to protect them during the repair works.

## Damage not covered under the Earthquake Commission Act

EQC insurance only covers damage caused by earthquakes and other 'natural disasters' as defined in the Earthquake Commission Act.

EQC has referred your claim/s to Fletcher EQR because it appears to meet the criteria for our managed repair programme.

Fletcher EQR will refer your property back to EQC if during the repair work any pre-existing damage or other issue not insured under the EQC Act is discovered (for example, problems with weather tightness or construction defects). In this situation EQC may elect to cash settle part of all of your claim/s.

6. Aside from any issues I have already notified Fletcher EQR or EQC, I am not aware of my property having any:
   - weather tightness issues ('leaky homes')
   - pre-existing construction defects (including any works that were undertaken without a required building consent or which otherwise did not comply with the applicable laws at that time).

7. I acknowledge that EQC’s referral of my property to Fletcher EQR is not a final decision to complete repairs on my property. EQC may still decide to cash settle part or all of any claim if it identifies any damage or other issues not insured under the EQC Act.

## Insurance while your building is repaired

Tell your insurance company about the repair work.

Insurers want to hear about certain types of repair work so they can give their consent.

Without this consent, home insurance policies may not cover your home while work is done.

8. I acknowledge that I have been advised to notify my insurer of the repair work to be managed by Fletcher EQR, and make any necessary insurance arrangements, prior to work starting on my home.

## Signing on behalf of another claimant

You may not be the only person named in this claim, or you may be signing this form on someone else’s behalf.

If this is the case, you need approval from the other people to act on their behalf.

9. Where there is more than one claimant (person/s named on the property insurance policy) or the person signing this form is not a claimant, I undertake that I am authorised to:
   - sign this form for and on behalf of each claimant
   - give any instruction or authorisation to EQC, Fletcher EQR or any contractor in relation to the claim and/or the works managed by Fletcher EQR.

### Print name:

### Signature:

### Date:
Document explanatory note:
This document provides a summary of the earthquake damage identified by the EQC assessment team. Land, building and room by room damage is listed along with an indication of how this damage is to be repaired. A glossary of terms describing the type of damage that may be listed on your Scope of Works is provided at the end of this document.

### Assesment of Property

#### Site

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land (Exposed - Soil - 1583.00 m²)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land (Under dwelling - Soil - 270.30 m²)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Access (Drive - Concrete - 150.00 m²)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Services

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewerage (Town Connection - PVC Pipe - 25.00 l/m)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Water Supply (Town Connection - Plastic - 25.00 l/m)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

#### Main Building

#### Exterior

**Elevation (North)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 60.00 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint 60.00 m²</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 60.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (North level 1)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 18.40 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint 18.40 m²</td>
</tr>
<tr>
<td>Wall Cladding (Weatherboard - Cedar - 6.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 18.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (West)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 48.60 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint 48.60 m²</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 48.60 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Element</td>
<td>Damage</td>
<td>Repair</td>
</tr>
<tr>
<td>---------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 26.40 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 26.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (South)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 43.20 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 43.20 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall framing (Block - Concrete - 17.60 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (South level 1)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 32.40 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 32.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (East)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 27.00 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint</td>
</tr>
<tr>
<td>Wall framing (Block - Concrete - 17.60 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (East level 1)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 35.10 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 35.10 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Roof**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Foundations**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interior**

**Ground Floor - Hallway (Includes main entry)**

Room Size: 1.00 x 25.00 = 25.00 (length(m) x width(m) = Area Size(m²))

Stud Height: 2.40 m

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Built in wardrobe (Wardrobe - MDF - .60 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Ceiling (Gib - Paint - 25.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Door (External) (Single solid Door - Timber - 3.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Floor (Concrete - Tiles - 25.00 m²)</td>
<td>Cosmetic damage</td>
<td>Remove, dispose and install tiles</td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 124.80 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint</td>
</tr>
</tbody>
</table>

**Ground Floor - Room (Other) (Library)**
Room Size: 3.20 x 4.60 = 14.72 (length(m) x width(m) = Area Size(m²))

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 14.72 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Door (Internal) (Double glass panel door - MDF - 1.00 No of)</td>
<td>Cosmetic damage</td>
<td>Realign door 1.00 No of</td>
</tr>
<tr>
<td>Floor (Concrete - Carpet - 14.72 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Wallpaper - 37.44 m²)</td>
<td>Cosmetic damage</td>
<td>Remove, dispose and replace wallpaper 37.44 m²</td>
</tr>
<tr>
<td>Window (Aluminium Casement - Pane single glazed - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

Ground Floor - Bedroom (1; Next to build in wardrobe in the hallway)

Room Size: 3.00 x 4.60 = 13.80 (length(m) x width(m) = Area Size(m²))

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 13.80 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Door (Internal) (Single Hollow Core MDF - 2.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Floor (Concrete - Carpet - 13.80 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 36.48 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint 36.48 m²</td>
</tr>
<tr>
<td>Window (Aluminium Casement - Pane single glazed - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

Ground Floor - Walk In Wardrobe (Attached to bedroom 1)

Room Size: 1.40 x 1.60 = 2.24 (length(m) x width(m) = Area Size(m²))

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bathroom Sink (Basin - Medium specification - 1.00 item)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Ceiling (Gib - Paint - 4.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Door (Internal) (Cavity Slider - MDF - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Floor (Concrete - Laminate - 4.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Shower (Cubical shower unit - Acrylic shower - 0.64 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Toilet (Standard - Standard Spec - 1.00 Item)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 20.16 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Window (Aluminium Awning - Pane single glazed - 1.00 No of)</td>
<td>Cosmetic damage</td>
<td>Gap fill and paint jambs / sills 7.00 I/m</td>
</tr>
</tbody>
</table>

Ground Floor - En Suite (Attached to bedroom 1)

Room Size: 2.20 x 2.00 = 4.40 (length(m) x width(m) = Area Size(m²))

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 4.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

Ground Floor - Laundry

Room Size: 2.00 x 2.20 = 4.40 (length(m) x width(m) = Area Size(m²))

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 4.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>
Door (External) (Single glass door - Aluminium - 1.00 No of)

Door (Internal) (Single Hollow Core - MDF - 1.00 No of)

Floor (Concrete - Tiles - 4.40 m2)

Wall covering (Gib - Paint - 20.16 m2)

Wash Tub (Single - Stainless Steel - 1.00 item)

Window (Aluminium Awning - Pane single glazed - 1.00 No of)

Ground Floor - Toilet

Room Size: 1.10 x 1.80 = 1.98 (length(m) x width(m) = Area Size(m2))
Stud Height: 2.40 m

Element | Damage | Repair
--- | --- | ---
No Damage

Ground Floor - Internal Garage

Room Size: 6.50 x 6.70 = 43.55 (length(m) x width(m) = Area Size(m2))
Stud Height: 2.20 m

Element | Damage | Repair
--- | --- | ---
Ceiling (Gib - Paint - 43.55 m2) | Cosmetic Damage | Rake out, plaster and paint 43.55 m2
Door (External) (Single glass door - Aluminium - 1.00 No of) | No Earthquake Damage
Door (Internal) (Single Hollow Core - MDF - 1.00 No of) | No Earthquake Damage
Floor (Concrete - Concrete - 43.55 m2) | Cosmetic damage | Grind out and epoxy fill (up to 5mm) 10.00 l/m
Garage door (Rolla Door Steel - Steel - 1.00 No of) | No Earthquake Damage
Wall covering (Gib - Paint - 58.08 m2) | Cosmetic damage | Rake out, plaster and paint 30.00 m2

Ground Floor - Stairwell

Room Size: 1.00 x 5.30 = 5.30 (length(m) x width(m) = Area Size(m2))
Stud Height: 3.00 m

Element | Damage | Repair
--- | --- | ---
Ceiling (Gib - Paint - 5.30 m2) | No Earthquake Damage
Floor (Chipboard - Carpet - 5.30 m2) | No Earthquake Damage
Handrails (Bar - Other - 2.60 l/m) | No Earthquake Damage
Stairs (Internal) (Box - MDF - 5.50 l/m) | No Earthquake Damage
Wall covering (Gib - Paint - 37.80 m2) | Cosmetic damage | Rake out, plaster and paint 37.80 m2

Ground Floor - Lounge

Room Size: 5.80 x 10.10 = 58.58 (length(m) x width(m) = Area Size(m2))
Stud Height: 3.50 m

Element | Damage | Repair
--- | --- | ---
Ceiling (Gib - Paint - 58.58 m2) | Cosmetic Damage | Rake out, plaster and paint 58.58 m2
Door (External) (French doors - Aluminium - 4.00 No of) | No Earthquake Damage
Door (Internal) (Double glass panel door - Timber - 4.00 No of) | Cosmetic damage | Ease door 1.00 No of
Floor (Concrete - Carpet - 58.58 m2) | No Earthquake Damage
Wall covering (Gib - Paint - 111.30 m2) | Cosmetic damage | Rake out, plaster and paint 111.30 m2

Ground Floor - Kitchen (Includes dining)
| Room Size: 7.00 x 10.50 = 73.50 (length(m) x width(m) = Area Size(m²)) |
|-----------------------------|-------------------------|--------------------------|
| Stud Height: 2.40 m |

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 73.50 m²)</td>
<td>Cosmetic Damage</td>
<td>Rake out, plaster and paint</td>
</tr>
<tr>
<td>Door (External) (Bi Fold doors - Aluminium - 1.00 No of)</td>
<td>Cosmetic damage</td>
<td>Relign</td>
</tr>
<tr>
<td>Door (Internal) (Double Hollow Core - Timber - 2.00 No of)</td>
<td>Cosmetic damage</td>
<td>Ease and repaint door/varnish</td>
</tr>
<tr>
<td>Floor (Concrete - Tiles - 73.50 m²)</td>
<td>Impact damage</td>
<td>Remove, dispose and replace tiles</td>
</tr>
<tr>
<td>Kitchen joinery (Medium Spec - Laminate - 1.00 item)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Range ( Free standing oven ) (Electric - Standard Electric - 1.00 item)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Range Hood (Over Head - Standard spec - 1.00 item)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 64.00 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint</td>
</tr>
<tr>
<td>Window (Aluminium Awning - Pane single glazed - 2.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Work top (Kitchen work top - Granite - 8.00 I/m)</td>
<td>Impact damage</td>
<td>Remove, supply, dispose and fix granite</td>
</tr>
</tbody>
</table>

| First Floor - Hallway |
|-----------------------------|-------------------------|--------------------------|
| Room Size: 1.50 x 14.00 = 21.00 (length(m) x width(m) = Area Size(m²)) |
| Stud Height: 2.40 m |

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Built in wardrobe (Wardrobe - MDF - 1.32 m²)</td>
<td>Cosmetic damage</td>
<td>Ease door</td>
</tr>
<tr>
<td>Ceiling (Gib - Paint - 21.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Floor (Chipboard - Carpet - 21.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 74.40 m²)</td>
<td>Cosmetic damage</td>
<td>Paint wall</td>
</tr>
<tr>
<td>Window (Aluminium Awning - Pane single glazed - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

| First Floor - Bedroom (Master) |
|-----------------------------|-------------------------|--------------------------|
| Room Size: 4.00 x 4.80 = 19.20 (length(m) x width(m) = Area Size(m²)) |
| Stud Height: 2.40 m |

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 19.20 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Door (Internal) (Single Hollow Core - MDF - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Floor (Chipboard - Carpet - 19.20 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 42.24 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint</td>
</tr>
<tr>
<td>Window (Aluminium Awning - Pane single glazed - 2.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

| First Floor - En Suite |
|-----------------------------|-------------------------|--------------------------|
| Room Size: 2.50 x 2.30 = 5.75 (length(m) x width(m) = Area Size(m²)) |
| Stud Height: 2.50 m |

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bathroom Sink (Basin - Medium specification - 1.00 item)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Ceiling (Gib - Paint - 5.75 m²)</td>
<td>Cosmetic Damage</td>
<td>Rake out, plaster and paint</td>
</tr>
<tr>
<td>Door (Internal) (Cavity Slider - MDF - 1.00 No of)</td>
<td>Cosmetic damage</td>
<td>Ease and repaint door/varnish</td>
</tr>
<tr>
<td>Floor (Chipboard - Tiles - 5.75 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Shower (Tiled Shower - Tile - 1.71 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>
### First Floor - Rumpus (Over the garage)

- **Room Size:** 5.20 x 3.60 = 18.72 (length(m) x width(m) = Area Size(m²))
- **Stud Height:** 2.00 m

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
<th>Area Size(m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 18.72 m²)</td>
<td>Cosmetic Damage</td>
<td>Rake out, plaster and paint</td>
<td>18.72 m²</td>
</tr>
<tr>
<td>Door (Internal) (Single Hollow Core - MDF - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Floor (Chipboard - Carpet - 18.72 m²)</td>
<td>Impact damage</td>
<td>Lift covering, screw / nail floor and relay covering</td>
<td>18.72 m²</td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 35.20 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint</td>
<td>35.20 m²</td>
</tr>
<tr>
<td>Window (Aluminium Awning - Pane single glazed - 2.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### First Floor - Walk In Wardrobe

- **Room Size:** 2.20 x 1.70 = 3.74 (length(m) x width(m) = Area Size(m²))
- **Stud Height:** 2.10 m

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
<th>Area Size(m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Built In Shelves (Wall unit - Metal wire - 1.35 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceiling (Gib - Paint - 3.74 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Floor (Chipboard - Carpet - 3.74 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 16.38 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint</td>
<td>16.38 m²</td>
</tr>
</tbody>
</table>

### First Floor - Bedroom (room next to bathroom)

- **Room Size:** 4.00 x 3.00 = 12.00 (length(m) x width(m) = Area Size(m²))
- **Stud Height:** 2.70 m

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
<th>Area Size(m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Gib - Paint - 12.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Door (Internal) (Single Hollow Core - MDF - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Door (Internal) (Cupboard Door - Aluminium - 2.00 No of)</td>
<td>Cosmetic damage</td>
<td>Realign door</td>
<td>2.00 No of</td>
</tr>
<tr>
<td>Floor (Chipboard - Carpet - 12.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 37.80 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint</td>
<td>37.80 m²</td>
</tr>
<tr>
<td>Window (Aluminium Awning - Pane single glazed - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### First Floor - Bathroom

- **Room Size:** 3.00 x 1.60 = 4.80 (length(m) x width(m) = Area Size(m²))
- **Stud Height:** 2.10 m

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
<th>Area Size(m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Damage</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### First Floor - Bedroom (Spare bedroom, last on the right)

- **Room Size:** 3.00 x 4.00 = 12.00 (length(m) x width(m) = Area Size(m²))
- **Stud Height:** 2.60 m

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
<th>Area Size(m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Element</td>
<td>Damage</td>
<td>Repair</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>--------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Ceiling (Gib - Paint - 12.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Door (Internal) (Single Hollow Core - MDF - 1.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Floor (Chipboard - Carpet - 12.00 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wall covering (Gib - Paint - 36.40 m²)</td>
<td>Cosmetic damage</td>
<td>Rake out, plaster and paint 36.40 m²</td>
<td></td>
</tr>
<tr>
<td>Window (Aluminium Awning - Pane single glazed - 2.00 No of)</td>
<td>No Earthquake Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pool house**

**Exterior**

**Foundations**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (South)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 4.40 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint 4.40 m²</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 4.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (North)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Cladding (Monolithic - Plaster - 4.40 m²)</td>
<td>Damaged finish</td>
<td>Gap fill and paint 4.40 m²</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 4.40 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (West)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Elevation (East)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Roof**

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Damage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interior**

**Ground Floor - Room (Other) (Interior of pool room)**

Room Size: 8.40 x 2.00 = 16.80 (length(m) x width(m) = Area Size(m²))

Stud Height: 2.40 m

<table>
<thead>
<tr>
<th>Element</th>
<th>Damage</th>
<th>Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling (Fiber cement - Paint - 16.80 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Floor (Concrete - Tiles - 16.80 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td>Wall covering (Fibrous plaster - Paint - 49.92 m²)</td>
<td>Cosmetic damage</td>
<td>Gap fill cracks 6.00 l/m Paint wall 18.00 m²</td>
</tr>
<tr>
<td>Wall framing (Timber Frame - Timber - 49.92 m²)</td>
<td>No Earthquake Damage</td>
<td></td>
</tr>
<tr>
<td><strong>Scope of Works - Glossary of Terms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cosmetic Damage</strong></td>
<td>Cosmetic damage is used to record repairs to an element that can be done in situ e.g. minor cracking to plasterboard. For example a repair strategy may state &quot;rake, stop and paint&quot; and this is carried out without needing to remove or replace the damaged element. Where the plasterboard for example needs to be removed and replaced, this will be recorded as 'structural damage'.</td>
<td></td>
</tr>
<tr>
<td><strong>Impact Damage</strong></td>
<td>Impact damage is where an element or part of a building sustains earthquake damage and then breaks away or collapses causing damage to another part of the building. An example is a chimney that has collapsed and caused damage to roof tiles.</td>
<td></td>
</tr>
<tr>
<td><strong>Structural Damage</strong></td>
<td>The term structural damage is used where a repair requires an element to be removed and replaced e.g. major cracking to plasterboard or external cladding that has been dislodged. This term does not relate to the structural integrity of the building as a whole, but to the individual element only.</td>
<td></td>
</tr>
</tbody>
</table>

**Additional Information**

**Building Terms**

The Department of Building and Housing website has a comprehensive list of common building terms:

http://www.dbh.govt.nz/building-az-wxyz