

24 May 2019

Public Inquiry into EQC  
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New Zealand

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Christchurch City Council submission on the Public Inquiry into the Earthquake Commission

### Introduction

1. Christchurch City Council (the Council) appreciates the opportunity to provide comment on the Public Inquiry into the Earthquake Commission.
2. The Council acknowledges the practical successes achieved by EQC in the immediate aftermath of the earthquakes and the successful public education efforts put into the 'Fix, Fasten, Don't Forget' campaign.
3. It is now over eight years since the Canterbury earthquake sequence started. A significant number of homes in greater Christchurch remain in unsafe and unsound condition; additionally many claims remain unresolved which highlights the need for this inquiry.
4. The Council wishes to highlight four areas of concern in particular for the review to consider:
  - a. The importance of effective and efficient customer service that is fair and reasonable;
  - b. The need for EQC to take responsibility for assessing and repairing service laterals;
  - c. Land damage where global solutions are required;
  - d. The need for appropriate EQC processes to enable the protection of heritage buildings and items.

### Recommendations

5. That the EQC Inquiry recommend to the government that:
  - a. Consideration be given to the establishment of an appropriate dispute resolution mechanism in the wake of a large scale insurance event;
  - b. EQC be required to resource the investigation and necessary repair of private lateral damage caused by the Canterbury Earthquake Sequence, in order to ensure that the work has been undertaken and to ensure that there are no legacy issues for the city to inherit;
  - c. EQC legislation be reviewed to ensure that any land damage compensation be made available in the first instance for area wide mitigation or remediation, where a global solution is the most effective mechanism for addressing the consequences of the land damage. EQC would, under this scenario, be required to negotiate directly with the relevant local authority.

- d. EQC be required to provide compensation to the Christchurch City Council for the proportion of works undertaken to mitigate against the increased flood risk caused directly by the earthquake induced land damage.

#### Customer experiences for Christchurch residents

6. The Council's submission to MBIE on the [Insurance Contract Law Review](#) provided many examples of concerns and frustrations that Christchurch residents dealt with following the Canterbury earthquake sequence.
7. While the Insurance Contract Law Review process is separate to this Inquiry, the Council reiterates the recommendations included in its submission to the Review as being highly relevant to EQC, including the need for EQC to create an organisational culture that enables it to effectively:
  - understand the negative psychological effects of protracted claim settlements;
  - have transparency and honesty at the heart of the settlement process;
  - have clear processes, with consistent and ongoing communication with reasonably defined timelines to avoid undue delays, and a joined up approach with private insurers;
  - consistently brief all professionals undertaking assessments and repairs. The untrained and rushed nature of assessments and repairs immediately following the earthquakes led to confusion for all parties and a perceived lack of understanding of construction methods by EQC.
8. The Council also recommends that EQC work with local authorities, other government agencies, insurers, and community groups to establish community contact hubs with urgency following a major event. This will ensure citizens, particularly those with complex claims or special needs, are given the service and support needed to have their claim progress to resolution as quickly as possible and in a way that is fair and equitable.
9. It would have been useful to establish a claims resolution service early on. The situation was complicated by the declaratory judgment regarding the reinstatement of claims, and it would be worth traversing the challenges this created, in terms of retrospectively having to show that more than \$100,000 worth of damage was done in a single event. This was a feature of the decision to allow EQC to be the primary assessor of damage, when the insurance contract was with the insurance company. People had to fight EQC before they started to fight with their insurer. Time and energy were wasted alongside the financial drain – battle fatigue became a constant reality for many.

#### Infrastructure damage

10. Private wastewater laterals were often not assessed by EQC as part of the damage scoping exercise. In many instances, property owners did not undertake any investigation as they weren't aware that there may be damage - with no loss of service and the pipes being buried damage was rarely obvious. There was little information provided to make property owners aware that they should have pipes checked and could lodge a claim with EQC for earthquake damage. The need to organise and pay for a CCTV inspection upfront, presented an additional hurdle to the establishing the extent of damage and getting repairs undertaken.
11. SCIRT undertook CCTV inspections of private wastewater laterals in areas where the gravity wastewater system was replaced with pressure sewer and vacuum sewer systems. SCIRT designed the systems assuming that wastewater laterals would be repaired, and inflow and infiltration would be low. However, many wastewater laterals were not repaired and the resulting inflow and infiltration means the Council has to use sucker trucks to pump out vacuum sewer systems in storm events. SCIRT provided CCTV information on private wastewater laterals

to EQC, but EQC did not proactively advise property owners of their right to make a claim and have the damage repaired.

12. Where an investigation was undertaken and the damage deemed to be earthquake-related, there was generally a cash settlement, rather than EQC undertaking the repair. Often no repair was completed, particularly in the case of houses being sold "as is where is". Large scale unrepaired damage to service laterals has compromised the functionality of the Council's infrastructure, resulting in significantly more groundwater and stormwater infiltration into the wastewater network and thereby increasing the frequency of wastewater overflows with the associated negative effects on public health and the environment.
13. For future events, the Council recommends that EQC includes CCTV inspections of private wastewater laterals as part of its damage assessment, particularly for those areas where there is known damage to the Council's below ground infrastructure.
14. To deal with the legacy of earthquake damaged wastewater laterals, the Council recommends that a proactive method to determine damage is initiated and funded by EQC and that EQC undertakes the necessary repairs, or requires evidence that these have been completed. A practical solution would be for EQC to simply fund Christchurch City Council to undertake the investigations and the repairs.

#### Land damage

15. Early on in the investigation of increased flooding vulnerability across the city following the Canterbury earthquake sequence there was an assessment of catchments to explore the possibility of the Council and EQC cooperating to have remedial land drainage works undertaken to restore the pre-earthquake level of flood risk. In the end no joint projects were undertaken as it was not possible to provide a one to one matching of land drainage engineering works and the benefit for each of the individual households affected. There were also concerns about the timeliness of delivery of catchment scale works.
16. Where EQC have paid out for increased flooding vulnerability and the Council has undertaken remedial drainage works in a catchment, such as the Dudley Creek scheme, property owners have received a double benefit. The increased flooding vulnerability payments have been made directly to property owners, and the Council works have mitigated most or all of the increased risk of flooding, depending on the exact location of the property.
17. The Council recommends that where a global solution is required to remediate land damage that the EQC settlement should be initially directed to the Territorial Local Authority to ensure the work is undertaken in a timely manner, and to a standard that doesn't negatively impact the surrounding area. This will entail a change to the legislation.
18. EQC should provide compensation to the Christchurch City Council for the elements of the area-wide remediation they have undertaken in affected residential areas.

#### Heritage

19. Provision for the protection and best practice principles and processes for heritage buildings, places and structures was inadequate. Scopes and specifications for repairs, including pricing, often did not acknowledge the regulatory and best practice requirements of heritage buildings. Many repairs were undertaken in a manner which resulted in further, often significant, avoidable loss of heritage fabric and values of the historic heritage resource.
20. The Council recommends EQC adopts and utilises best practice emergency response guidance for heritage items and all scheduled heritage. This includes details such as methodologies, examples of temporary protection, conservation approaches and repair strategies.

The Council would appreciate the opportunity to talk with the Inquiry about our submission. For any clarification on points raised, please contact Brendan Anstiss, General Manager Strategy and Transformation at [Brendan.Anstiss@ccc.govt.nz](mailto:Brendan.Anstiss@ccc.govt.nz)

Yours faithfully

A handwritten signature in blue ink, appearing to read "Lianne Dalziel", with a long horizontal flourish underneath.

Lianne Dalziel  
Mayor of Christchurch

14 June 2019

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## Christchurch City Council supplementary submission on the Public Inquiry into EQC

### Introduction

1. Christchurch City Council (the Council) thanks Inquiry for the opportunity to provide additional comment to its submission of 24 May 2019 on the Inquiry into the Earthquake Commission.

### Submission

2. This supplementary submission provides further information regarding the *Customer experiences for Christchurch residents* section of our earlier submission. In particular, the need to establish advocacy services early on and with urgency following major events.
3. The Council was acutely aware of the concerns of Christchurch residents about time delays and frustrations with resolving insurance matters. In 2013, the Council agreed to a \$200,000 grant from the Christchurch Earthquake Mayoral Relief Fund to set up the Canterbury Insurance Advisory Service, with a further \$50,000 grant in July 2016 to continue the service.
4. The Canterbury Insurance Advisory Service was set up in parallel to the (non-advocacy at that time) Residential Advisory Service. The objective of the service was to assist residents to deal with earthquake-related residential property deadlocks, and was staffed with people with the appropriate expertise in resolving property insurance dispute case-work.
5. We refer the Inquiry to item 16 on the [agenda](#) and [minutes](#) of the 24 April 2013 Council meeting for further information about the Canterbury Insurance Advisory Service, and ask that the Inquiry note the work of the Service and consider such services as an important tool for communities after major events.

Thank you again for agreeing to receive this supplementary submission.

Yours faithfully



Brendan Anstiss  
**General Manager Strategy and Transformation**  
**Christchurch City Council**