

Office of the Minister for Canterbury Earthquake Recovery

Memorandum for Cabinet

LAND DAMAGE FROM THE CANTERBURY EARTHQUAKES

Purpose

- 1 This paper sets out for noting by Cabinet a series of policy decisions that have been made in relation to Land Damage from the Canterbury Earthquakes.

Executive summary

- 2 The 4 September 2010 and 22 February 2011 earthquakes and their aftershocks represent an incomparable natural disaster in New Zealand's history. The damage in Greater Christchurch is unprecedented. It has occurred in an area of significant population and one that makes a significant economic contribution to the country (our second largest city). The aftershocks on Monday 13 June including another M6.3 only served to emphasise the repeated nature of the events and the fact that an endpoint cannot be predicted.
- 3 The government is committed to supporting a speedy recovery for people and businesses in the Greater Christchurch area, and it was with this in mind that the Canterbury Earthquake Recovery (CER) Act 2011 was enacted, to ensure that through the Canterbury Earthquake Recovery Authority (CERA) it could among other things:
 - Provide appropriate measures to ensure that Greater Christchurch and the councils and their communities respond to, and recover from, the impacts of the Canterbury earthquakes.
 - Enable a focused, timely and expedited recovery.
 - Facilitate, co-ordinate and direct the planning, rebuilding and recovery of affected communities, including the repair and rebuilding of land, infrastructure and other property.
- 4 Residents in Greater Christchurch are eager for information about the status of their land so they can plan for the recovery of their homes, neighbourhoods, and businesses. This is particularly so for those in the worst-affected suburbs, where liquefaction, flooding and disruption to services have repeatedly wreaked havoc, including after recent large aftershocks. I consider the loss of confidence and property damage is of a scale to warrant speeding up central-government decisions and announcements.
- 5 To support the recovery process, the following objectives have been established for the government in determining where rebuilding can occur or is unlikely to be possible to occur in the short-to-medium term:
 - a) **Certainty** of outcome for home-owners as soon as practicable;
 - b) Create **confidence** for people to be able to move forward with their lives;
 - c) Creating **confidence** in decision making processes (for home-owners, business-owners, insurers and investors);

- d) Using **the best available information** to inform decisions;
- e) Having a **simple process** in order to provide clarity and support for land-owners, residents, and businesses in those areas.
- 6 The distribution of the impact of natural disasters, especially earthquakes of these magnitudes, is uneven and therefore inherently unfair. The worst-affected suburbs are located in the east of Christchurch City (along the Avon and in related areas, usually associated with waterways or former waterways), in the north-east of Christchurch (e.g. Brooklands), in the beach areas of Waimakariri District (i.e. Pines and Kairaki Beach), and in Kaiapoi (both north and south of the river). The Port Hills areas on the other hand have not suffered the same type of land damage, but did suffer significant further damage as a result of the 13 June aftershocks, and will be considered separately.
- 7 While many factors influence the design of specific engineering solutions to land damage, there are two factors that are critical to remediation (note this discussion excludes areas affected by rockfall risk, which are not addressed in this paper). These factors are:
- a) **Thin crust**, which
- i. reduces the load-bearing capacity of the land (resulting in buildings sinking),
 - ii. increases the severity of liquefaction, and
 - iii. is both a cause and result of falls in land levels; and
- b) **Lateral spread** (usually occurring around waterways or over former waterways, where the land splits and slides towards the weakest point – away from built or buildable areas).
- 8 Criteria for determining the areas, drawn on a sensible basis, where rebuilding is unlikely to be practicable over the short-to-medium term, are:
- a) There is **area-wide land** damage, thereby implying some sort of area-wide solution; AND
- b) An engineering solution to remediate the land damage would:
- **be uncertain** in terms of the detailed design, its success and its possible commencement, given the ongoing seismic activity, AND
 - **be disruptive** for landowners, as the commencement date is uncertain (both in terms of confidence in the land settling sufficiently to begin remediation and the need to sequence the many areas where remediation would be required), and the length of time they would need to be out of their homes to allow remediation to occur and new homes built, AND
 - **not be timely** (for example there is also substantial replacement of infrastructure required and/or the land level needs to be significantly lifted effectively requiring work equivalent to the development of a new subdivision, and would probably lead to significant social dislocation for those communities in the short-to-medium term), AND
 - **not be cost-effective** (on a per section basis the cost of remediation is greater than the value of the land);
- c) The **health or well-being of residents** is at risk from remaining in the area for prolonged periods.
- 9 Where these criteria are met, and having regard to some boundaries being drawn on a sensible basis, the Government should consider how it can best support recovery in these areas.

- 10 Four "zones" have been identified based on the severity and extent of land damage, the cost-effectiveness and social impacts of land remediation.
- a) In the **Green Zones**, there are no significant issues which prevent rebuilding in these areas, based on current knowledge of seismic activity.
 - b) For the **Orange Zones**, further work is required to determine if land repair is practical and if the areas are suitable for rebuilding on in the short-to-medium term.
 - c) In the **Red Zones**, rebuilding may not occur in the short-to-medium term because the land is damaged beyond practical and timely repair, most buildings are generally rebuilt, these areas are at high risk of further damage to land and buildings from low-levels of shaking (e.g. aftershocks), flooding or spring tides; and infrastructure needs to be rebuilt.
 - d) The **White Zones** include the Port Hills – the earthquakes on 13 June 2011 caused further extensive damage, which needs mapping and assessment. This is underway.
- 11 I propose a staged approach to announcements and communications on the worst-affected areas, beginning with the Prime Minister and I announcing the Red, Orange, Green and White Zones to the public on Thursday 23 June.
- 12 The development of more detailed advice on the mechanics for implementing options for the Red Zone will be presented to Cabinet in a subsequent paper.

Background

Ad hoc group of Ministers with Power to Act

- 13 On Monday 20 June 2011, Cabinet authorised a group of Ministers with power to act until Monday 27 June 2011, to make decisions on Canterbury earthquake land damage and remediation issues, comprising the Prime Minister, Hon Bill English, Hon Gerry Brownlee, Hon Simon Power, Hon Nick Smith, Hon Anne Tolley, Hon Steven Joyce, and Hon Maurice Williamson [CAB Min (11) 23/19 refers].

Unprecedented land damage in Canterbury as a result of seismic activity

- 14 New Zealand has always been an earthquake prone part of the world. As the government has already acknowledged, the 4 September 2010 and 22 February 2011 earthquakes and their aftershocks represent an incomparable natural disaster in New Zealand's history. The aftershocks on Monday 13 June including another M6.3 only served to emphasise the repeated nature of the events and the fact that an endpoint cannot be predicted. Although the events of 13 June did not result in the same loss of life as 22 February (one life was subsequently lost from earthquake-related harm), there was significant further damage to land and buildings. This damage was primarily in the same areas as the 22 February earthquake, namely to buildings in the CBD and to residential areas across the wider eastern suburbs.
- 15 As followed other major seismic events, it will be important to plan, design and engineer to deal with such risks (and new Department of Building and Housing guidelines for Canterbury are due in July).

- 16 The 22 February 2011 6.3 magnitude earthquake changed the landscape significantly from the 4 September 2010 7.1 magnitude earthquake (it has not yet been possible to properly assess damage from the 13 June 2011 aftershocks). The ground accelerations recorded from this earthquake are among some of the highest recorded anywhere in the world. Damage from the recent 13 June 2011 5.6 and 6.3 magnitude earthquakes has added to the damage. The seismic factor has recently been increased for Christchurch from 0.22 to 0.3, and after the large aftershocks on Monday 13 June, work is being undertaken to consider if it should be further revised upwards. In any case, there is a reasonable chance of continued large aftershocks and this must be factored into recovery. After the aftershocks on Monday 13 June GNS has indicated the chance of a quake of magnitude between 6 and 6.9 in the region over the coming year being around 34 per cent. If no significant aftershocks or triggering events occur in the next month that likelihood will fall to around 17%.
- 17 These challenges are being addressed day and night by probably the largest team of geotechnical engineers and scientists ever to work on a single project in this country. Over a dozen agencies are working together, with the Canterbury Earthquake Recovery Authority; GNS Science, Land Information New Zealand, the University of Canterbury, EQC, private insurers, geotechnical engineers Tonkin & Taylor, the Department of Building and Housing, and the engineering and infrastructure teams of the region's three councils Christchurch City and the Selwyn and Waimakariri district councils.
- 18 Tonkin and Taylor has advised that the February damage was roughly 10 times more than September 2010 damage. Damage to infrastructure (i.e. to water and waste water pipes, electricity and gas supply lines and roads) was significant.
- 19 The damage in Greater Christchurch is unprecedented. It is damage on a scale and severity that has not been experienced in New Zealand before. It has occurred in an area of significant population and one that makes a significant economic contribution to the country (our second largest city). As such I consider the loss of confidence and property damage is of a scale to warrant a central government response. A circuit-breaker is required to arrest the current decline in confidence and to form a solid basis for recovery.

Recovery and Rebuilding Objectives

Recovery objectives

- 20 The government is committed to supporting a speedy recovery for people and businesses in the Greater Christchurch area, and it accepts that recovery will be a long-term activity and that it is important that recovery is underway quickly. It was with this in mind that the Canterbury Earthquake Recovery (CER) Act 2011 was enacted, to ensure that through the Canterbury Earthquake Recovery Authority (CERA) it could among other things:
- Provide appropriate measures to ensure that Greater Christchurch and the councils and their communities respond to, and recover from, the impacts of the Canterbury earthquakes.
 - Enable a focused, timely and expedited recovery.
 - Facilitate, co-ordinate and direct the planning, rebuilding and recovery of affected communities, including the repair and rebuilding of land, infrastructure and other property.

Recovery progress

- 21 Fortunately businesses in Canterbury are proving resilient. While there have been some job losses; consumer spending is rebounding to around 90-95% of pre-earthquake levels and rebuild activity is assisting the business sector. Many businesses have made strides to restore their businesses albeit in different ways and in different places. Certainty about land issues will allow longer term decisions to be made for business premises. However residents are finding both the continuing quakes and the resulting damage very difficult.
- 22 Whilst EQC has received a total of 361,000 claims (relating to 538,000 individual insurance exposures) for all insurable events (as of 21 June), almost 105,000 full assessments have been completed. Over \$953 million has been paid for all claims to date. Assessments on properties with serious structural damage are on schedule for completion by mid-July 2011 and assessments on properties with moderate damage have already begun. Private insurers are working hard to make assessments and resolve claims, however they have a long way to go, and they are uncertain of the nature and extent of government's role. In Waimakariri, all land remediation works have been put on hold since the June 13 aftershocks; however the Spencerville pilot scheme is continuing.
- 23 I consider there is an urgent need to provide a reasonable degree of certainty to residents in these areas in order to support the recovery process. Speeding up the process of decision-making is crucial for recovery and in order to give confidence to residents, businesses, insurers and investors. This is particularly the case in the worst-affected suburbs, where the most severe damage has repeatedly occurred.

Rebuild objectives

- 24 To support the recovery process, the following objectives have been established for the government in determining where rebuilding can occur or is unlikely to be possible in the short-to-medium term:
- a) **Certainty** of outcome for home-owners as soon as practicable;
 - b) Create **confidence** for people to be able to move forward with their lives;
 - c) Creating **confidence** in decision making processes (for home-owners, business-owners, insurers and investors);
 - d) Using **the best available information** at the time to inform decisions;
 - e) Having a **simple process** in order to provide clarity and support for land-owners, residents, and businesses in those areas.
- 25 To ensure these objectives can be delivered on, officials have worked with Tonkin and Taylor to ensure that the damaged land is mapped and information is available to allow the government to decide how it can best intervene. Tonkin and Taylor has pulled together information from a variety of sources¹ and analysed across that information. The following datasets were analysed to identify different levels of damage severity:
- *Land performance data*: Mapped land damage from 4 September 2010, 22 February 2011 and preliminary mapping from 13 June 2011; mapped lateral spreading damage; and LIDAR data (absolute levels and settlement); and

¹ Land survey data from Land Information New Zealand, other land data from local councils, Tonkin and Taylor engineering teams, private surveyors and other engineering resources. Property data has been collected from EQC and private insurers.

- *Building and infrastructure performance data:* building damage reported by insurers; and infrastructure damage reported by Christchurch City Council and Waimakariri District Council.

Worst-Affected Suburbs

- 26 The worst-affected suburbs are located in the east of Christchurch City (along the Avon and in related areas, usually associated with waterways or former waterways), in the north-east of Christchurch (e.g. Brooklands) and in the beach areas of Waimakariri District (i.e. Pines and Kairaki Beach), and in Kaiapoi (both north and south of the river).
- 27 In addition to the damage already created by the earthquakes since September 2010, there is also some further future risk posed by earthquake damage. In some areas this has resulted in a higher susceptibility to flood risk and liquefaction risk (in the low-lying areas) or rockfall/landslip risk (in the Port Hills).
- 28 This paper deals with the low-lying areas in the eastern suburbs of Christchurch City and some parts of Waimakariri District, which are characterised by a combination of current land damage and future risk. While the land in the Central Business District has also suffered damage of a similar nature, this will be addressed as part of the Central City Plan.
- 29 The Port Hills areas on the other hand have not suffered the same type of land damage, but did face suffer significant further damage as a result of the 13 June aftershocks. These areas require further land damage mapping and consideration of increased future risk due to the changed stability of rockfall outcrops/ cliffs and sloping land since the recent earthquakes. The issues on the Port Hills will be addressed in a separate paper.

Land damage

- 30 The distribution of the impact of natural disasters, especially earthquakes of these magnitudes, is uneven and therefore inherently unfair. This can be seen by the varied extent of damage to land across Canterbury in the attached map (**Appendix A**).
- 31 Some areas of low-lying land are so badly damaged that engineering remedial solutions may take years to put in place especially for area-wide solutions (such as perimeter treatment for lateral spread damage or raising land in some cases more than 1 metre to reach pre-September levels). The strength-depth profiles under some parts of Christchurch indicate typically up to 10 metres of 'liquefiable' material. Although some ground settlement may occur, the large reservoir of liquefiable material and these examples suggest that similar characteristics of ground shaking are likely to result in similar amounts of liquefaction in the future².
- 32 Meanwhile, the seismic activity anticipated over the foreseeable future will continue to lead to high levels of liquefaction and increased flooding in some of the worst-affected areas. This is clearly unacceptable for those living in these properties and a huge impediment to the recovery of Canterbury.

² **The Canterbury Earthquakes: Scientific answers to critical questions**, Office of the Prime Minister's Science Advisory Committee

Key factors of land damage

- 33 There are two critical land-damage factors that affect the timeliness of rebuilding in the short-to-medium term.³ These factors are:
- a) **Thin crust**, which
 - i. reduces the load-bearing capacity of the land (resulting in buildings sinking),
 - ii. increases the severity of liquefaction, and
 - iii. is both a cause and result of falls in land levels; and
 - b) **Lateral spread** (usually occurring around waterways or over former waterways, where the land splits and slides towards the weakest point – away from built or buildable areas).

Criteria for determining the government's role in land remediation

- 34 There are many areas in Greater Christchurch where there has been 'shake' damage or liquefaction. Following extensive discussions with Tonkin and Taylor, it has been identified that it is likely that if one of these factors occurs on an individual piece of land, cost-effective and relatively low-impact engineering solutions exist to restore the land to its pre-earthquake standard in a reasonable timeframe. In such circumstances, land-owners can continue to work with their insurers on rebuilding their properties.
- 35 However, if the two key factors of land damage exist (thin crust and/or lateral spread), then further consideration is required as the remediation solution to these factors are more complex and time-consuming, and may significantly impede the recovery of areas.
- 36 Criteria for determining the areas where rebuilding is unlikely to be practicable over the short-to-medium term, noting boundaries of such areas need to be drawn on a sensible basis⁴, are:
- a) There is **area-wide land** damage, thereby implying some sort of area-wide solution; AND
 - b) An engineering solution to remediate the land damage would:
 - **be uncertain** in terms of the detailed design, its success and its possible commencement, given the ongoing seismic activity, AND
 - **be disruptive** for landowners, as the commencement date is uncertain (both in terms of confidence in the land settling sufficiently to begin remediation and the need to sequence the many areas where remediation would be required), and the length of time they would need to be out of their homes to allow remediation to occur and new homes built, AND
 - **not be timely**: for example there is also substantial replacement of infrastructure required and/or the land level needs to be significantly lifted effectively requiring work equivalent to the development of a new subdivision, and would probably lead to significant social dislocation for those communities in the short-to-medium term, AND
 - **not be cost-effective**: on a per section basis the cost of remediation is greater than the value of the land as shown below:

³ This discussion excludes areas affected by rockfall risk, which are not addressed in this paper.

⁴ This may, for example, be to align Red Zone boundaries with roads in some areas, as the land under roads has already been compacted.

<p><i>The EQC contribution to the land remediation</i></p> <p style="text-align: center;">+</p> <p><i>The betterment cost (i.e. perimeter treatment and/or additional raising of the land)</i></p> <p style="text-align: center;">+</p> <p><i>Infrastructure removal and replacement costs</i></p>	
<p><i>If the cost of the above exceeds the value of the relevant land the area is reclassified as a Red Zone</i></p>	<p><i>If the cost of the above is less than the value of the relevant land then the area is reclassified as a Green Zone, but may require some land repair work</i></p>

- c) The **health or well-being of residents** is at risk from remaining in the area for prolonged periods.
- 37 If these criteria are met, then the government should consider how it can best support the recovery in these areas.
- 38 In some areas of significant land damage, there may be isolated pockets of land that have fared reasonably well. However, without a full area-wide land remediation solution, the largely undamaged properties may be at risk from the works involved in the substantial amount of land fill and compaction the neighbouring properties may require.
- 39 In addition, the social impacts of widespread treatment options must also be considered. Large-scale remediation programmes are likely to take from 3 to 5 years (if not longer because of the demand for resources for other recovery actions). During that time all of the residents of the affected areas will need to be relocated as area-wide remediation requires all improvements on the land to be removed to allow the work to occur. It is also uncertain whether private insurers will offer insurance to properties on land requiring this level of remediation.
- 40 I consider that the social disruption a 3 to 5+ year dislocation, or longer, adds further weight to any decisions not to commit to remediation at this stage where it currently appears not to be cost-effective.
- 41 Other factors, such as the pre-existing risk of damage from flooding and tsunami, are not included in the above criteria. As a coastal country with many water ways, these risks have been well known prior to the earthquakes, and remain risks not only to Canterbury, but all of New Zealand. Nonetheless, by retiring some land and possibly using some of that land to manage water, particularly in around the Avon River, some of the possibly increased risk of flood may be able to be mitigated to some extent. This will require further analysis.

Where does the government have a role?

- 42 Based on the criteria described in paragraph 36 and the two key factors described in paragraph 33, four zones have been identified by Tonkin and Taylor.

Colour code	Recovery zones	Description and factors
Green	Go zone	<p>Repair / rebuild process can begin</p> <ul style="list-style-type: none"> No significant land issues prevent rebuilding based on current adopted seismic standards Land damage may be present but this can be repaired on an individual basis as part of the normal insurance process Insurers can continue claim settlements on repairs and rebuilds on individual properties Department of Building and Housing (DBH) is preparing engineering guidelines for repair/ rebuild of houses in these areas Some properties may require specific engineering design to comply with the DBH guidelines Decisions on when to commence rebuild/ repairs should take account of ongoing seismic activity and potential for significant aftershocks Some isolated properties that have severe land damage where repair costs exceed the Earthquake Commission assessed land value may be reclassified as a hold zone (orange) once identified
Orange	Hold zone	<p>Further assessment required</p> <ul style="list-style-type: none"> New damage following the 13 June 2011 event requires further assessment Generally land damage ranges from moderate to very severe Many buildings are uneconomic to repair Extent of infrastructure damage is unclear Detailed assessment is required to determine whether land repair is practical Following further assessment and engineering work many of these areas may be reclassified as suitable for rebuilding i.e. Green Zone
Red	Red Zone	<p>Land repair would be prolonged and uneconomic</p> <ul style="list-style-type: none"> Land has suffered significant and extensive damage Most buildings are uneconomic to repair There is a high risk of further damage to land and buildings from low-levels of shaking (e.g. aftershocks), flooding or spring tides Infrastructure needs to be completely rebuilt Land repair solutions would be difficult to implement, prolonged and disruptive for landowners
White	Un zoned	<p>PORT HILLS – The earthquakes on 13 June 2011 caused further extensive damage. Mapping and assessment is underway.</p>

Zones have been developed around residential land, building and infrastructure damage assessments. The classified zones are targeted for residential properties and exclude all other property types e.g. schools, parks, commercial areas etc.

- 43 The first step in classifying the four zones was to assess the land damage that had occurred. This assessment looked at the severity and extent of lateral spread and liquefaction and the new land levels post-earthquakes. After classifying the extent and type of damage present, an assessment was undertaken on the likely time any remediation work would take, the likely cost-effectiveness of any treatment options available to remediate the land, and the social impacts remediation works would have. Areas were then categorised into the above four zones based on the results of these assessments.

- 44 As noted above, while flooding is not a factor in these decisions, some parts of the areas that have been classified as Red Zone may be able to be used to mitigate the increased flood risk in other areas of the Avon catchment in the future.
- 45 To date the areas identified in the Red Zones are parts of, Bexley, Horseshoe Lake, Avonside, Dallington, Burwood East, Richmond, Wainoni & Avondale, Deville Place, New Brighton, Kairaki Beach and Lower Brooklands, as shown in the attached map (Appendix A).
- 46 Even in small localised areas of relatively low damage within the Red Zones, the horizontal infrastructure is severely damaged and would need to be completely rebuilt.
- 47 In the Green Zones, the geotechnical evidence and assessment against the criteria suggests that there are no significant issues which prevent rebuilding. Although some land damage may be present on some properties, insurance claims and rebuilding/repairs can continue with reference to the Department of Building and Housing (DBH) guidance for foundation engineering design (some properties may need specific engineering design to comply). This assessment is made on the basis of current knowledge about seismicity in the region, and may need to be revisited if the seismic factor is increased in the near future.
- 48 For the Orange Zones, further work is required to determine if land repair is practical and if the areas are able to be built on in the short-to-medium term. It may be that some areas of land are not suitable for rebuilding in the near to medium term. In order to determine where rebuild should not occur, further work is needed on the possible engineering solutions that could be applied, the cost-effectiveness of any solution, and an assessment of the size and timescale of any social dislocation involved in the rebuild.
- 49 There are 5,176 Red Zone properties (with a total rating capital valuation of \$1.732b) and 9,770 Orange Zone properties (with a total rating capital valuation of (\$3.762b)⁵.

Crown offer to purchase properties in the Red Zones

- 50 The government could allow the various insurance schemes and policies in place in the Red Zones to play out without any intervention. This may result in protracted individual settlements for the affected occupants given the great uncertainty regarding when, or if, or on what terms, repairs or rebuilds could take place in these areas given the ongoing uncertainty of and risk management with respect to the underlying geotechnical state of the land. This simply would not meet the government objectives of certainty, confidence for landowners or a simplified process.
- 51 As the status quo does not meet the government's objectives, the government should act to provide the certainty, simplicity and confidence that insured residential landowners in the Red Zones require. I consider that the best mechanism for doing this is for the Crown to make an offer to purchase insured residential Red Zone properties.
- 52 As a result of these offers there is unlikely to be any justification in the near to medium term for the infrastructure and services in these areas to receive any more than temporary repairs. The relevant Councils will be asked to discuss any proposed maintenance and repair plans, for the infrastructure in these areas, or any proposed regulatory interventions for the areas.

⁵ These figures are based on all properties in the respective zones, including non-residential.

53 I propose that the following offers be extended to landowners in the Red Zones.

Insured residential properties

54 Insured residential property owners will have the choice of two offer packages:

Option A

55 The Crown will offer to purchase the entire property at the 2007 capital value rating valuation (less any land and dwelling insurance payments already made). The Crown will also take an assignment of all earthquake related insurance claims. There will be a process through which any property owners who consider that there is a material discrepancy between the 2007 rating valuation and the market value of their property (e.g. because of subsequent improvements) can raise their concerns.

OR

Option B

56 The Crown will offer to purchase the land only at the greater of the following (less any EQC land payments already made):

- a) 2007 land value rating valuation; or
- b) EQC valuation for the minimum lot size applicable.

The Crown will also take an assignment of the EQC land claim, and landowners will be free to pursue their private insurance company for any other insurance claims they have.

57 The 2007 rating valuations (as they were at 3 September 2010) will be the basis for the offers as these were the valuations that were in force immediately preceding the 4 September 2010 earthquake.

58 These offers will ensure that, as far as is possible, insured residential landowners will have the equity in their homes preserved. As I have repeatedly stated, it has always been my intention to preserve this equity to the extent possible.

59 Option A allows landowners to choose a sooner settlement by selling their property to the Crown and assigning all of the insurance claims. This will allow landowners to make a fresh start at the soonest possible opportunity, while the Crown continues to pursue insurance settlements directly, but for its own benefit.

60 Alternatively, Option B provides a chance for landowners who believe they can secure a better deal with private insurers to continue pursuing their claims, while taking the benefit of the Crown offer to purchase their land

61 Insured residential landowners will be expected to maintain their insurance payments until the time that any offer is settled. This will be necessary to preserve the current insurance arrangements in place. The government will discuss with relevant local Councils their approach to rates for the properties in the Red Zones.

Uninsured residential properties and vacant lots

- 62 Neither uninsured residential properties nor vacant lots are covered by EQC land or improvements insurance. For residential owners, the risks of not having insurance were risks that ought to have been considered when making the decision to invest in the property. Residential owners should have been aware of the risks when choosing not to purchase insurance. Vacant lot owners were not eligible for EQC or private insurance cover.
- 63 Consideration will need to be given over time to the position of these people.

Process for the offers

- 64 The timing of the offer and acceptance process will be governed by the logistics of the required steps and the need to allow landowners in some areas to make decisions sooner than others.
- 65 The detailed design of the transaction process and the delivery systems will need to be finalised and the timing of the settlement dates will need to be determined to align with conveyancing resources and new housing availability.
- 66 I propose that a formal letter of offer be sent to landowners in the Red Zones progressively from early August 2011. This will allow sufficient time for decisions and agreements with insurers and those with registered financial interests in the properties to be finalised and transaction design to be completed.
- 67 Officials have considered the appropriate time period for the acceptance window to be open. There needs to be a balance struck between the desire to progress offers and the need to allow insured residential landowners to pursue insurance claims if they wish. This time also allows insured residential landowners to make a considered decision on whether they would prefer Option A or B.
- 68 Officials recommend, and I agree, that landowners should be able to defer acceptance of the offer up to 9 months from the date they receive the offer, and with the opportunity to defer settlement up to 30 April 2013. I consider that nine months strikes the appropriate balance between the above concerns.
- 69 This allows people to opt to remain in their properties until ownership passes to the Crown. On settlement, owners must vacate their premises.
- 70 Officials recommend, subject to the prevailing conditions in an area and the specific conditions of a given property, the last settlement date available to landowners be 30 April 2013. This will provide an extended period from the final acceptance date to the final date that the premises must be vacated. In normal circumstances three months is an unusually long time between acceptance and settlement, but as this is a maximum time I consider that this is appropriate in these circumstances. In cases where the three months is required I consider it would be unduly harsh to require landowners to vacate any premises any sooner. However, we need to confirm available housing supply in order to confirm this date. This will form part of the further work referred to below.

Details to be finalised

- 71 The following matters will need to be addressed in subsequent Cabinet decisions;
- a) The treatment of commercial properties in the Red Zones;

- b) A dispute resolution process will be required to assess any market valuations, and disputes with insurers as to whether a property is a rebuild or repair;
- c) Further work will be required to determine the mechanics of a process to support people in settling their insurance claims, and rebuilding elsewhere;
- d) Further work will be required on the detailed transaction design, including the preferred final settlement date, options to streamline conveyancing options, and continuing the discussions currently underway with banks on the support they might provide for residents in the Red Zones;
- e) CERA will implement a system for processing, approving and monitoring these offers and other related aspects of the transaction and also for the disclosure of information between parties reasonably necessary for the operation of the transactions;
- f) Separate advice for Ministers is being prepared by the Ministry of Social Development on whether there is a need to provide additional temporary financial assistance for families in the Red Zones who need to move into rental accommodation in the immediate future. Some of them will face two sets of housing costs (rent on temporary accommodation on top of the mortgage on their own house), as well as relocation costs, that they may not be able to afford. Existing entitlements provided by the Canterbury Earthquake Temporary Accommodation Service and the Accommodation Supplement are currently unavailable to many of these families;
- g) Analysis is also being undertaken on likely new housing – when it will be available, its pricing, together with any barriers to bringing forward any further housing developments.

What does this mean for landowners and businesses?

The Red Zones – not likely to be practicable for rebuilding in the short-to-medium term

- 72 The decision to identify areas as Red Zones allows the landowners of these areas to move on and make decisions about their future.
- 73 The decision that this land is not likely to be practicable for rebuilding in the short-to-medium term is based on the best information that we have to date on the engineering requirements and cost estimates. The process of designing and analysing the possible engineering solutions for this land is not complete, and cannot be fully completed in a reasonable time for these decisions to be made.
- 74 For these Red Zone areas, the time required to assess the land and design engineering solutions carries undue risks for the occupants of the land. There are risks around likely further land damage, the uncertain nature of the future plans for these areas and the ongoing social impact of fractured or displaced communities. The Government has determined that it is neither practical nor reasonable for these communities to stay in the Red Zone areas during the extensive time required to fully design remediation solutions.
- 75 For the residents in these areas this will mean progressively re-locating out of the area and that new permanent infrastructure should not be installed there until this uncertainty is resolved.
- 76 There are some further considerations that need to be taken into account in respect of businesses operating in the Red Zones. The majority of businesses are residentially based, and a significant portion of these businesses are related to the rebuild of greater

Christchurch, e.g. plumbers, electricians. The treatment of commercial property presents a distinct set of issues from the issues for residential property, and the approach that the government takes to these will also need to be further assessed.

The Green Zones – rebuild can begin

- 77 The rebuild process can begin in the Green Zones, with reference to the following:
- Land damage may be present but this can be repaired on an individual basis as part of the normal insurance process
 - Insurers can continue claim settlements on repairs and rebuilds on individual properties
 - Department of Building and Housing (DBH) is preparing engineering guidelines for repair/ rebuild of houses in these areas
 - Some properties may require specific engineering design to comply with the DBH guidelines
 - Decisions on when to commence rebuild/ repairs should take account of increased seismicity and potential for significant aftershocks.
- 78 The new DBH guidelines will be communicated to the public as soon as possible after they have been certified.

The Orange Zones – further work required

- 79 Analysis of the Orange Zones is a progressive process, which will result in some Orange-Zone areas being re-classified as Red Zone, with the rest as Green Zone.
- 80 While home-owners in these Orange Zones will also be eager for clarity about the future of their land, I do not consider that the government has sufficient information to unequivocally deem this land suitable for rebuild at this time.
- 81 For areas coloured Orange, it may take some months to consider possible solutions and whether they meet the criteria for the Red Zone or not.

Announcements

- 82 I propose a staged approach to announcements and communications on the worst-affected areas. This will give clarity to residents across Canterbury about the status of their land and allow the recovery to proceed in the Green Zones.

Thursday	<ul style="list-style-type: none"> • The Prime Minister and Minister of Canterbury Earthquake Recovery to announce Red, Orange, Green, and White Zones and options to purchase Red Zone residential properties. • Government will coordinate outbound calls to Red-Zone homeowners to check they have heard the messages, understand the criteria applied, book them into the scheduled community meetings and discuss the support services available • Community meetings in the Red Zones over the next few weeks • There will be an inbound call centre for queries • Aligning messages across Government, councils, EQC and private insurers call centres • Website supplied by TradeMe - to enable people to look up their
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	own properties
Friday onwards	<ul style="list-style-type: none"> • Community meetings commence • Pastoral care for the vulnerable from after the weekend • Temporary Housing Service to assist people to source temporary housing options • Earthquake Support Service Coordinators will work with the most vulnerable households supporting them to navigate their way through multiple agencies, and coordinate services required to ensure progress towards recovery occurs • There will be meetings specifically for business owners and commercial property owners • Business Recovery Coordinators will be available and a business support line at 0800 50 50 96
After transaction design completed	<ul style="list-style-type: none"> • Personalised letter to all Red Zone property owners outlining the package offer to purchase their land • Recovery Hubs (with insurers, EQC, sub-dividers, geotechnical experts etc) operating in the Red Zone areas • Building Expo (with property developers, building firms, banking representatives to enable people to consider their future options and commence planning • Continued conversations with each of the Red Zone communities to ensure that lines of communication remain effective, people understand the decisions being made and are able to take responsibility and plan for their future

Next steps

- 83 If you agree to the criteria for determining the zones, I propose the Prime Minister and I will announce the Red, Orange, Green and White Zones to the public on Thursday 23 June as per the table above.
- 84 Subsequent advice will be prepared for Cabinet for decisions on:
- 84.1 Mechanics for implementing decisions on the Red Zones;
 - 84.2 Details of the packages;
 - 84.3 Further support available for home-owners;
 - 84.4 Issues for business owners;
 - 84.5 Issues for the uninsured; and
 - 84.6 Orange Zones

Consultation

- 85 Treasury, Department of Building and Housing, and Ministry of Social Development were consulted on a draft of this paper.

86 Department of the Prime Minister and Cabinet were informed of this paper.

Financial implications

- 87 The Crown has an incurred an obligation in 2010/11 to purchase all insured residential properties in the red zones. The Council rating database indicates that the gross cost of purchase is up to \$1.7 billion. However, the Crown can also recognise insurance receivables in 2010/11, as long as a supportable estimate of the receivables can be made. The exact quantum of receivables is yet to be confirmed, but we have previously estimated that the net costs of purchase may range from \$485-635 million. Officials will refine these estimates over the coming weeks as better information emerges. It is important to recognise, however, that these costs could increase by several hundred million dollars depending on a number of risks relating to the interpretation of insurance policies and coverage.
- 88 The net costs of land expenditure will be a charge against the Canterbury Earthquake Recovery Fund. The Government may incur additional expenditure on land in the orange zones and other areas as more information emerges. The proposed costs are affordable from within CERF without significant reprioritisation of other expenditures provided that fiscal risks in the red zone above Treasury's central estimate of costs are not realised, and provided that orange zone fiscal costs are similar to red zone fiscal costs.
- 89 As the assets to be purchased currently have a minimal value, officials advise that it is prudent to expense them at this point. The Crown may be able to recover some value from the properties at a later date, when we have a better idea about the future of the red zones. There is no further opportunity to obtain Parliamentary appropriations for this expenditure in 2011, so the gross cost of purchase will need to be validated in the Appropriations 2010/11 (Financial Review) Bill. In the interim, however, the gross costs of purchase can be met against imprest supply.
- 90 The nature of the decisions that Ministers are taking in this paper would normally trigger requirements to follow the Better Business Case standard (Cabinet Office Circular CO 10(2) refers). Given the urgency of the timeframes this has not occurred and we recommend that the proposals in this paper be exempted from those requirements. To the extent that future capital proposals requiring cabinet approval are needed, Treasury officials will work with CERA to develop business cases that, to the extent possible, are consistent with the business case standard but do not compromise decision making timelines.

Human rights implications

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

Legislative implications

- 92 There are no legislative implications arising from this paper.

Regulatory impact and compliance cost statement

- 93 A regulatory impact statement is not required at this time as there are no regulatory changes.

Gender implications

94 There are no gender implications associated with the proposals in this paper.

Disability perspective

95 Any recovery plan coming from the proposals in this paper will be developed with regard to the New Zealand Disability Strategy.

Publicity

96 This is outlined in Paragraph 82 above.

Recommendations

It is recommended that Cabinet:

Background

1 **Note** that on Monday 20 June, Cabinet:

- 1.1 **noted** the advice of the Minister for Canterbury Earthquake Recovery on the progress in considering Canterbury earthquake land damage and remediation issues, the situation following the aftershocks on 13 June 2011, and the proposed next steps;
- 1.2 **authorised** a group of Ministers, comprising the Prime Minister, Hon Bill English, Hon Gerry Brownlee, Hon Simon Power, Hon Nick Smith, Hon Anne Tolley, Hon Steven Joyce, and Hon Maurice Williamson to take decisions on matters relating to Canterbury earthquake land damage and remediation issues;
- 1.3 **invited** Minister for Canterbury Earthquake Recovery to report back to Cabinet on any decisions taken by the group of Ministers under this Power to Act.

(CAB Min (11) 23/19 refers).

Decisions taken by the ad hoc group of Ministers

2 **Noted** that on Wednesday 22 June, the ad hoc group of Ministers:

- 2.1 **Noted** the varied nature of land damage across the low-lying areas in the eastern suburbs of Christchurch City and some parts of Waimakariri District, which are characterised by a combination of current land damage and future risk as result of the earthquakes;
- 2.2 **Noted** the issues in the CBD are being progressed separately, as part of the Central City Plan;
- 2.3 **Noted** the issues on the Port Hills are of a different nature to the low-lying areas and will be addressed in a separate paper;

- 2.4 **Noted** that the earthquakes of 4 September and 22 February represent an incomparable natural disaster in New Zealand, and that the chances of an earthquake of magnitude between 6 and 6.9 in the region over the coming year is around 34 per cent (reducing to around 17% if no aftershocks or triggering events occur in the next month);

Recovery and Rebuilding Objectives

- 2.5 **Affirmed** that the Government is committed to a speedy recovery for people and businesses in Christchurch;
- 2.6 **Noted** that residents are finding the continuing earthquakes and resulting damage very difficult - especially those in the worst-affected suburbs;
- 2.7 **Agreed** that there is a need to make urgent decisions and announcements about how the government will support the recovery process in the worst-affected suburbs;
- 2.8 **Agreed** to the following objectives for determining where rebuilding can occur or is unlikely to be possible in the short-to-medium term:
- 2.8.1 **Certainty** of outcome for home-owners as soon as possible;
 - 2.8.2 Create **confidence** for people to be able to move forward with their lives;
 - 2.8.3 Creating **confidence** in decision making processes (for home-owners, business-owners, insurers and investors);
 - 2.8.4 Using **the best available information** on which to base decisions;
 - 2.8.5 Having a **simple process** in order to provide clarity and support for land-owners, residents, and businesses in those areas.

Worst Affected Suburbs

- 2.9 **Noted** that the worst affected-affected suburbs are located in the east of Christchurch City (along the Avon and in related areas, usually associated with waterways or former waterways), in the north-east of Christchurch (e.g. Brooklands) and in the beach areas of Waimakariri District (i.e. Pines and Kairaki Beach), and in Kaiapoi (both north and south of the river);
- 2.10 **Noted** that these areas have been particularly hard hit by the continued earthquakes since September 4;

Land damage

- 2.11 **Noted** that in some areas, land has been so badly damaged that rebuilding is unlikely to be practicable there over the short-to-medium term;
- 2.12 **Noted** that a combination of increased seismic activity and the characteristics of the land mean that some parts of the worst-affected suburbs will continue to see high levels of liquefaction and flooding, and damage to essential services;

- 2.13 **Noted** that the uncertainty this creates for people is unacceptable and is an impediment to the wider Canterbury recovery;

Key factors of land damage

- 2.14 **Noted** there are two critical land-damage factors that affect the timeliness of rebuilding in the short-to-medium term (note this discussion excludes areas affected by rockfall risk, which are not addressed in this paper). These factors are:

2.14.1 **Thin crust**, which

- 2.14.1.1. reduces the load-bearing capacity of the land (resulting in buildings sinking),
- 2.14.1.2. increases the severity of liquefaction, and;
- 2.14.1.3. is both a cause and result of falls in land levels; and

- 2.14.2 **Lateral spread** (usually occurring around waterways or over former waterways, where the land splits and slides towards the weakest point – away from built or buildable areas);

Criteria for determining where rebuilding can begin

- 2.15 **Noted** that while there are many areas of Christchurch that have suffered “shaking” damage or liquefaction, it is likely that much of the land in these areas can be restored to its pre-earthquake standard;

- 2.16 **Noted** that if the two key factors of land damage exist then residents in those areas are likely to face many obstacles to the resumption of normal residential activity and enjoyment in the short-to-medium term.

- 2.17 **Agreed** criteria for determining the areas where rebuilding is unlikely to be practicable over the short-to-medium term, noting boundaries of such areas need to be drawn on a sensible basis, are:

- 2.17.1 There is **area-wide land** damage, thereby implying some sort of area-wide solution; AND

- 2.17.2 An engineering solution to remediate the land damage would:

- **be uncertain** in terms of the detailed design, its success and its possible commencement, given the ongoing seismic activity, AND
- **be disruptive** for landowners, as the commencement date is uncertain (both in terms of confidence in the land settling sufficiently to begin remediation and the need to sequence the many areas where remediation would be required), and the length of time they would need to be out of their homes to allow remediation to occur and new homes built, AND
- **not be timely:** for example there is also substantial replacement of infrastructure required and/or the land level needs to be significantly lifted effectively requiring work equivalent to the development of a new subdivision, and would probably lead to significant social dislocation for those communities in the short-to-medium term, AND
- **not be cost-effective:** on a per section basis the cost of remediation is greater than the value of the land as shown below;

<p><i>The EQC contribution to the land remediation</i></p> <p style="text-align: center;">+</p> <p><i>The betterment cost (i.e. perimeter treatment and/or additional raising of the land)</i></p> <p style="text-align: center;">+</p> <p><i>Infrastructure removal and replacement costs</i></p>	
<p><i>If the cost of the above exceeds the value of the relevant land the area is reclassified as a Red Zone</i></p>	<p><i>If the cost of the above is less than the value of the relevant land then the area is reclassified as a Green Zone, but may require some land repair work</i></p>

2.17.3 **The health or well-being of residents** is at risk from remaining in the area for prolonged periods.

2.18 **Noted** that other factors such as the pre-existing risk of damage from flooding and tsunami are not included in the above criteria because these risks were known prior to the earthquakes and remain risks for all of New Zealand;

Where can rebuilding begin in the short-to-medium term?

2.19 **Noted** the four zones of land damage mapped in Appendix A, based on the severity and extent of land damage, the cost-effectiveness and social impacts of land remediation.

2.20 **Noted** that in the Green Zone there are no significant land damage issues which prevent rebuilding in these areas in the short-to-medium term and rebuilding can begin with reference to the following:

- Land damage may be present but this can be repaired on an individual basis as part of the normal insurance process
- Insurers can continue claim settlements on repairs and rebuilds on individual properties
- Department of Building and Housing (DBH) is preparing engineering guidelines for repair/ rebuild of houses in these areas
- Some properties may require specific engineering design to comply with the DBH guidelines
- Decisions on when to commence rebuild/ repairs should take account of increased seismicity and potential for significant aftershocks

2.21 **Noted** that in the Red Zone rebuilding is not likely to occur in the short-to-medium term due to the obstacles posed by the significant land and infrastructure damage and the high risk of further damage to land and buildings from low-levels of shaking (e.g. aftershocks), flooding or spring tides;

2.22 **Noted** that in the Orange Zone, further work is required to determine if rebuilding is likely to be possible in the short-to-medium term;

- 2.23 **Noted** that the White Zone is the Port Hills and, as the earthquakes on 13 June 2011 caused further extensive damage, mapping and assessment is underway;
- 2.24 **Noted** there are 5,176 Red Zone properties (with a total rating capital valuation of \$1.732b) and 9,770 Orange Zone properties (with a total rating capital valuation of (\$3.762b)⁶;

Crown offer to purchase properties in the Red Zones

- 2.25 **Agreed** that the status quo does not meet the government objectives in Recommendation 2.8;
- 2.26 **Agreed** that the Crown makes an offer to purchase insured residential Red Zone properties in order to provide the certainty, confidence and simplicity that these landowners require in the Red Zones;

Insured residential properties

- 2.27 **Agreed** that insured residential property owners will have the choice of two offered packages:

Option A

2.27.1 The Crown will offer to purchase the entire property at the 2007 capital value rating valuation as at 3 September 2010 (less any land and dwelling insurance payments already made). The Crown will also take an assignment of all earthquake related insurance claims. There will be a process through which any property owners who consider that there is a material discrepancy between the 2007 rating valuation and the market value of their property (e.g. because of subsequent improvements) can raise their concerns.

OR

Option B

2.27.2 The Crown will offer to purchase the land only at the greater of the following (less any EQC land payments already made):

2.27.2.1. 2007 land value rating valuation as at 3 September 2010; or

2.27.2.2. EQC valuation for the minimum lot size applicable.

2.27.3 The Crown will also take an assignment of the EQC land claim, and landowners will be free to pursue their private insurance company for any other insurance claims they have.

- 2.28 **Agreed** landowners will be able to defer acceptance of the offer up to 9 months from the date they receive the offer, with the opportunity to defer settlement up to 30 April 2013.
- 2.29 **Agreed** insured residential landowners will be free, if they choose, to continue negotiations with insurers in order to negotiate as high a settlement as they can.

⁶ Figures also include non-residential properties.

- 2.30 **Agreed** that insured residential landowners will be expected to maintain their insurance policies until settlement. The government will discuss with relevant local Councils their approach to rates for the properties in the Red Zones;
- 2.31 **Noted** that the infrastructure and services in these areas are unlikely to receive any more than temporary repairs;
- 2.32 **Agreed** the relevant Councils will be asked to discuss with the Canterbury Earthquake Recovery Authority any proposed maintenance and repair plans, for the infrastructure in these areas, or any proposed regulatory interventions for the areas.
- 2.33 **Noted** the following matters will need to be addressed in subsequent Cabinet decisions:
- 2.33.1 The treatment of commercial properties in the Red Zones;
 - 2.33.2 A dispute resolution process will be required to assess any market valuations, and disputes with insurers as to whether a property is a rebuild or repair;
 - 2.33.3 The mechanics of a process to support people in settling their insurance claims, and rebuilding elsewhere;
 - 2.33.4 The detailed transaction design, including the final date available for settlement, options to streamline conveyancing options and continuing the discussions currently underway with Banks on the support they might provide for residents in the Red Zones;
 - 2.33.5 A system for processing, approving and monitoring these offers by the Canterbury Earthquake Recovery Authority and other related aspects of the transaction and also for the disclosure of information between parties reasonably necessary for the operation of the transactions;
 - 2.33.6 Whether there is a need to provide additional temporary financial assistance for families in the Red Zones who need to move into rental accommodation in the short term;
- 2.34 **Noted** analysis is also being undertaken on likely new housing – when it will be available, its pricing, together with any barriers to bringing forward any further housing developments;
- 2.35 **Noted** the assessments of these zone boundaries is made on the basis of current knowledge about seismicity in the region, and may need to be revisited if the seismic factor is increased in the near future;

Financial implications

- 2.36 **Note** that the Crown has incurred an obligation in 2010/11 to purchase all insured residential properties in the red zones at a gross cost of up to \$1.7 billion;
- 2.37 **Note** that the assets to be purchased currently have a minimal value and that it is prudent to expense the gross cost of purchase them;
- 2.38 **Note** that the Crown can recognise in 2010/11 insurance receivables relating to the purchased properties, as long as a supportable estimate of the receivables can be made;

- 2.39 **Note** that officials estimate the net costs of purchase in 2010/11 may range from \$485-635 million in 2010/11, which will decrease the core Crown operating balance;
- 2.40 **Agree** that the net cost of purchasing insured residential properties in the red zones will be a charge against the Canterbury Earthquake Recovery Fund;
- 2.41 **Note** that there is no further opportunity to obtain Parliamentary appropriation in 2010/11 and that the gross cost of purchase will need to be validated in the Appropriation (2010/11 Financial Review) Bill but there is sufficient imprest supply remaining for 2010/11 to meet these expenses in the interim;
- 2.42 **Agree** that the gross costs of purchasing all insured residential properties in the red zones be met from imprest supply in 2010/11;

Announcements

- 2.43 **Agreed** to release the four-colour maps as attached to this paper (Appendix A);
- 2.44 **Agreed** to announce the offer of purchase for properties in the Red Zones;
- 2.45 **Agreed** to the following timeframe for announcement for details of the purchase offer, and social/business support options in place:

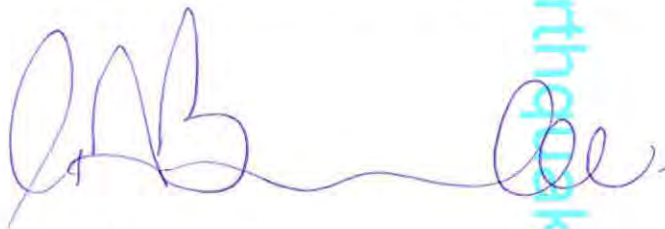
Thursday	2.45.1	The PM and Minister of Canterbury Earthquake Recovery to announce Red, Orange, Green and White Zones, and options to purchase Red-Zone residential properties
	2.45.2	Government will commence outbound calls to Christchurch Red Zone homeowners to check they have heard the messages, understand the criteria applied, book them into the scheduled community meetings and discuss the support services available
	2.45.3	Community meetings in the Red Zones over the next few weeks
	2.45.4	There will be an inbound call centre for queries
	2.45.5	Aligning messages across Government, councils, EQC and private insurers call centres
	2.45.6	Website supplied by TradeMe - to enable people to look up their own properties
Friday onwards	2.45.7	Community meetings commence
	2.45.8	Pastoral care for the vulnerable from after the weekend
	2.45.9	Temporary Housing Service to assist people to source temporary housing options
	2.45.10	Earthquake Support Service Coordinators will work with the most vulnerable households supporting them to navigate their way through multiple agencies and coordinate services required to ensure progress towards recovery occurs

	2.45.11	There will be meetings specifically for business owners and commercial property owners
	2.45.12	Business Recovery Coordinators will be available and a business support line at 0800 50 50 96
	2.45.13	
After transaction design confirmed	2.45.14	Personalised letter to all Red-Zone property owners outlining the package offer to purchase their land
	2.45.15	Recovery Hubs (with insurers, EQC, sub-dividers, geotechnical experts etc) operating in the Red Zone areas
	2.45.16	Building Expo (with property developers, building firms, banking representatives) to enable people to consider their future options and commence planning
	2.45.17	Continued conversations with each of the Red Zone communities to ensure that lines of communication remain effective, people understand the decisions being made and are able to take responsibility and plan for their future

- 2.46 **Agreed** to publicly release this Memorandum following the announcements referred to in Recommendations 2.43 and 2.44;

Next Steps

- 2.47 **Noted** the mechanics of how these decisions will be implemented and the details of offers to landowners needs to be determined;
- 2.48 **Noted** that subsequent decisions will be required on the treatment of commercial properties, and uninsured properties (including vacant lots) in the Red Zone;
- 2.49 **Agreed** that these, and further related decisions, are not subject to the usual Cabinet processes for capital investment proposals, and that CERA and Treasury will work together to ensure appropriate risk management processes are in place;
- 2.50 **Invited** the Minister for Canterbury Earthquake Recovery to provide a report detailing next steps referred to in Recommendations 2.47 and 2.48 to Cabinet.



Hon Gerry Brownlee
Minister for Canterbury Earthquake Recovery

24, 06 2011