

# The Treasury

## Material Provided to the Public Inquiry into EQC Information Release

August 2021

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### Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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**Treasury Report:** 22 February Christchurch Earthquake: Gazetting of Section 25 Expenditure

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<b>Date:</b>	27 September 2011	<b>Report No:</b>	T2011/2105
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**Action Sought**

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	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Bill English)	<b>Sign and date</b> the attached Notice for publication in the <i>Gazette</i>	Friday, 30 September 2011

**Contact for Telephone Discussion (if required)**

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>		<b>1st Contact</b>
Tim Roper	Senior Analyst, State Sector Management	[39]	[23]	✓
Peter Lorimer	Principal Advisor, State Sector Management	[39]	[23]	

**Minister of Finance's Office Actions (if required)**

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Once signed, return the Notice to the Treasury for gazetting.
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**Enclosure:**      **Yes**

## Treasury Report: 22 February Christchurch Earthquake: Gazetting of Section 25 Expenditure

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### Background and Summary

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Shortly after the Christchurch earthquake of 22 February 2011 and subsequent declaration of a state of emergency, you gave approval under section 25(2) of the Public Finance Act 1989 (PFA) for expenses or capital expenditure to be incurred without appropriation to the extent necessary to meet the declared emergency.

You further granted authority to incur these expenses or capital expenditure severally to departmental Chief Executives and the Director of Civil Defence Emergency Management (CDEM), and provided that all such expenses or capital expenditure must be managed and accounted for in accordance with requirements issued by the Treasury from time to time.

Treasury subsequently issued guidance stating, among other things, that departmental Chief Executives and the Director of CDEM would need first to seek the clearance of the Secretary to the Treasury or one of his Deputy Chief Executives before incurring any section 25 expenses or capital expenditure without appropriation.

Section 25(3) of the PFA provides that, if expenses or capital expenditure are incurred without appropriation under section 25(2), the Minister of Finance must publish a notice in the *Gazette*, stating that the expenses or capital expenditure have been so incurred.

With the completion of audited year-end accounts, we can now advise that expenses totalling \$28.062 million were incurred under section 25 without appropriation following the 22 February event. We have prepared a *Gazette* notice (attached) setting out the requisite information for your signature, if you agree.

These expenses incurred without appropriation under section 25 will also be reported in the Financial Statements of the Government for the year ended 30 June 2011.

### Analysis

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Two agencies incurred unappropriated expenditure totalling \$28.062 million (all expenses) in response to the 22 February earthquake, namely the Department of Internal Affairs and the Treasury. These expenses are detailed below.

#### ***Department of Internal Affairs***

##### *National Controller costs*

Expenses totalling **\$19.281 million** were incurred by the Department of Internal Affairs at the direction of the National Controller in the initial weeks following the 22 February earthquake, in response to the event. This was prior to Cabinet agreeing on 21 March to establish a new appropriation in Vote Emergency Management for this specific purpose.

Pre-21 March expenses were approved by the Secretary to the Treasury and are summarised in the following table:

<i>Category</i>	<i>\$ million</i>
Aircraft	0.082
Consumables (mainly chemicals)	1.014
Equipment (mainly port-a-loos, chemical toilets and fencing)	7.938
Services (mainly professional services)	1.457
Transport (mainly freight)	8.073
Travel	0.717
<b>Total</b>	<b>19.281</b>

*Advance payment for Christchurch City Council response costs*

The Guide to the National CDEM Plan allows for advance payments to local authorities in anticipation of eventual reimbursement of emergency response costs that they can expect to receive from the Government. While the significant response costs that Christchurch City Council was incurring in the immediate aftermath of the 22 February earthquake warranted it receiving advance payment, there was insufficient funding in the relevant Vote Emergency Management appropriation (“Emergency Expenses”) to provide for more than a minimal instalment.

At the request of the National Controller, the Secretary to the Treasury approved payment of **\$8.695 million** under section 25 of the PFA. This was agreed by the Minister of Finance and the Minister for Canterbury Earthquake Recovery [CAB Min (11) 9/6 refers] and paid to the Council by the Department of Internal Affairs on 28 February.

***Treasury / Earthquake Commission***

On 4 March the Secretary to the Treasury approved the Earthquake Commission (EQC) incurring expenses in relation to emergency repairs and inspections of uninsured properties affected by the 22 February earthquake.

EQC incurred **\$0.086 million** of such costs. Because these were outside the scope of what is covered under the Earthquake Commission Act 1993, they need to be funded separately by the Crown through a non-departmental other expense in Vote Finance.

## Recommended Action

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We recommend that you:

- a **note** that expenses totalling \$28.062 million were incurred without appropriation under section 25(2) of the PFA following the 22 February Christchurch earthquake
- b **note** that these expenses have been counted against the Canterbury Earthquake Recovery Fund and will also be reported in the Financial Statements of the Government for the year ended 30 June 2011
- c **sign and date** the attached Notice for publication in the Gazette, as is required under section 25(3) of the PFA

*Agree/disagree.*

Brock Jera  
**Manager, State Sector Management**

Hon Bill English  
**Minister of Finance**

## **PUBLIC FINANCE ACT 1989**

### **Statement of Expenses Incurred In Emergencies Pursuant to Section 25 of the Public Finance Act 1989**

Pursuant to section 25(3) of the Public Finance Act 1989, the Minister of Finance hereby gives notice that the following expenses without appropriation have been incurred, pursuant to section 25(2) of that Act, as a result of the 22 February 2011 earthquake and subsequent declaration of a state of emergency:

<b>Department</b>	<b>Vote</b>	<b>Non-departmental other expense</b>	<b>Amount (\$000)</b>
Internal Affairs	Emergency Management	February 2011 Christchurch Earthquake National Controller Costs	19,281
Internal Affairs	Emergency Management	Emergency Expenses	8,695
Treasury	Finance	EQC Emergency Repairs and Inspections of Uninsured Properties	86
<b>Total</b>			<b>28,062</b>

**Dated at Wellington this                      day of    2011**

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Hon Simon William English  
**Minister of Finance**