

# The Treasury

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

August 2021

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- [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
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- [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
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Reference: T2013/1953

CM-1-3-15-1

Date: 29 July 2013

To: Minister Responsible for the Earthquake Commission  
(Hon Gerry Brownlee)

Associate Minister of Finance  
(Hon Dr Jonathan Coleman)

Deadline: Monday 5 August at 5.30pm

## **Aide Memoire: EQC Act Review: Further Options for Land Cover**

This aide memoire responds to your request for further options for land cover. We are meeting with you at 5.30pm on Monday 5 August to discuss these options. EQC officials will also attend the meeting.

This aide memoire contains three attachments:

- Annex A outlines a revised land cover option for you to consider.
- Annex B provides you with further information on the value of land cover.
- Annex C provides a series of case studies to illustrate the impact of the status quo, the original Treasury proposal for land cover, and the revised Treasury proposal for land cover. The case studies have been developed by EQC on the basis of historical claims information. Officials from EQC will attend the meeting to talk to the case studies.

If you are comfortable with the revised Treasury proposal for land cover, we will prepare a follow-up Treasury report seeking confirmation of your decisions.

**Bevan Lye**, Senior Analyst, Financial Markets, <sup>[39]</sup>

**Steve Cantwell**, Principal Advisor, Financial Markets, <sup>[39]</sup>

## Appendix A: Land Options

[Land options \(Treasury:2698422v1\)](#) [Add to worklist](#)

## APPENDIX A: ALTERNATIVE OPTION FOR LAND COVER

### PURPOSE OF TODAY'S DISCUSSION

You have raised some questions about the Treasury proposal for change to land cover. We would like to:

- Discuss an alternative option for land cover that responds to your concerns.
- Test your thoughts on including this option in the discussion document.

### Recap: We proposed to combine building & site works

- A single cap of \$250k + GST would cover all building & site works needed to fix or rebuild the house.
- A separate land payment of up to \$220k + GST if it is not possible or practicable to rebuild on site.
- EQC would not cover land damage that does not affect the ability to fix or rebuild the house.

### You liked the simplicity of the single cap...

- It will streamline EQC/insurer interaction after a disaster.
- It focuses EQC cover on the Government's housing goal.
- It avoids EQC involvement in minor land damage.

### ...but thought it presented political economy challenges

- The exclusion of severe land damage around the house.
- The potential gap between the cost of fixing severe land damage & the value of the single cap.
- The potential for homeowners to experience wealth loss.

*You told us that EQC land cover must better protect homeowners & repair severe land damage around the house in order to meet public expectations for assistance after a disaster.*

### ALTERNATIVE OPTION: IMPROVED STATUS QUO

#### Overall obligation

*EQC must determine the least cost option to fix or replace the house, taking into account building & site works. As a first priority, land payments must be directed towards site works that support the reinstatement of the building.*

#### Building cover

Pays for foundation works & excavations for foundation works.

**Value:** \$200k + GST  
**Excess:** \$2k excess

#### Basic land cover

Pays for any other site works, including repair of land within 8 metres of house & under access way. No land cover for appurtenant structures.

**Value:** \$220k + GST  
**Excess:** \$2k excess

#### Top-up land cover

Additional voluntary land cover on same terms & conditions as basic land cover.

**Value:** \$500k + GST  
**Excess:** Nil

#### **Key point 1: The 'overall obligation' is critical to making this option work.**

The relation between land & building cover in the Act is subject to dispute.

The 'overall obligation' will clarify EQC's obligations & reduce potential disputes with insurers. It is needed for the success of the option.

#### **Key point 2: Separate land cover requires an area-based entitlement.**

An area entitlement (like the 8-metre rule) is needed to limit EQC's liability for land damage around the house.

This is awkward, but other approaches to limiting land cover are complex & hard to communicate.

**You have choices about the area & value of cover.**

**But do you think the structure of this option addresses your concerns?**

**Do you want us to work up this option for the discussion document?**

## APPENDIX B: VALUE OF BASIC LAND COVER

### There are three main choices

You have asked for more choices on the value of basic land cover. There are three choices:

- **A single national cap based on national land values** (say \$220k+GST)
- **A single national cap based on Auckland land values** (say \$350k+GST)
- **Regional caps** for Auckland & the rest of NZ

### Issues to consider

- How much money is needed to re-establish housing.
- Fiscal risk and affordability for the Crown.
- Scheme pricing and affordability for households.
- Solidarity / community acceptance.

*There are modelling gaps for non-earthquake perils & land risks, so the fiscal risk & pricing associated with each option is not known.*

### How the options line up

	<b>Lower national cap \$220k + GST</b>	<b>Higher national cap \$350k + GST</b>	<b>Regional caps \$220k / \$350k</b>
<b>Covers...</b>	2/3 of national section values.	85-90% of national section values	2/3 of national section values
	35-40% of Auckland section values.	2/3 of Auckland section values	2/3 of Auckland section values
<b>Equity issues</b>	All homeowners get the same value of cover	All homeowners get the same value of cover	Lower 2/3 of properties will be covered in all regions
	Potential wealth loss for top 60-65% of Auckland sections, compared to top 1/3 of other homeowners.	Potential wealth loss for top 1/3 of Auckland homeowners, compared to top 10-15% of other homeowners.	Auckland homeowners will get more coverage for same types of damage, despite paying same rate as other homeowners.
<b>Pricing issues</b>	Lower total cost. Lower pressure for differential pricing.	Higher total cost Lower pressure for differential pricing.	Medium total cost. Higher pressure for differential pricing.

### Higher caps increase fiscal risk, but regional caps may be hard to defend

- Higher caps will increase EQC's exposure to a risk that is poorly understood and modelled. This will increase fiscal risk to the Crown.
- Different regional caps will create boundary and equity issues and increase pressure for differential pricing across the scheme. This may undermine the solidarity design principle that underpins social acceptance for the scheme.
- Regional caps may be hard to defend after a disaster if homeowners feel they are missing out on assistance that other homeowners can access simply because of where they live. This will increase the chance of unfunded extensions to the scheme after a disaster.

### Treasury's first best advice is to recommend a lower national cap

*But if you are concerned about the adequacy of cover in Auckland, **we suggest you introduce a higher national cap.** Very high value sections can be managed through voluntary top-up land cover.*

This approach will preserve the solidarity design principle that underpins the scheme and reduce the chance of unfunded scheme extensions after a disaster.

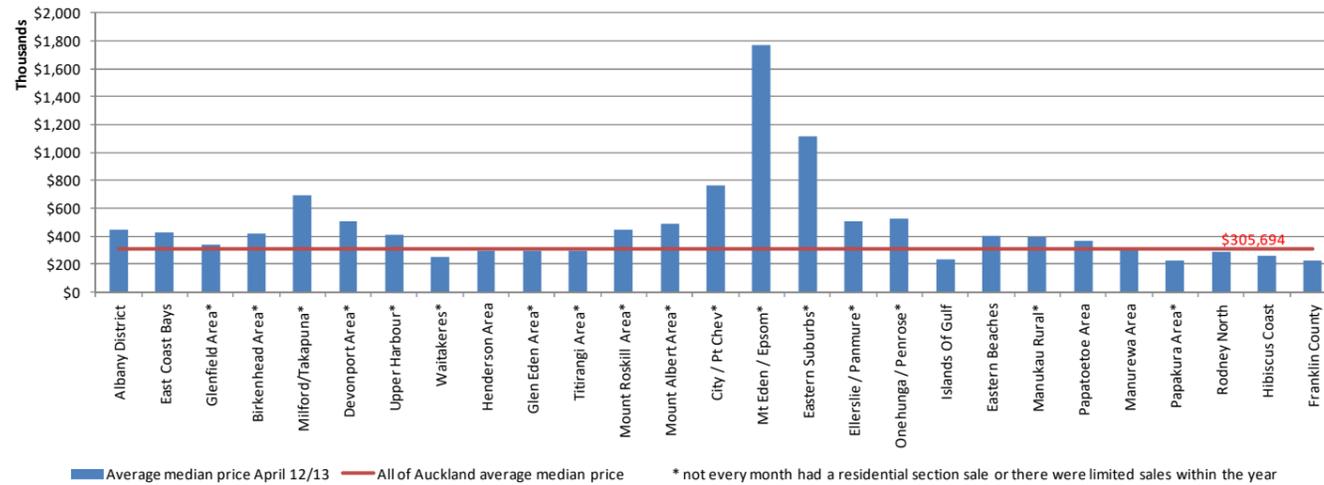
The next page provides information on land values to help you decide on an appropriate value for land cover.

## **Annex B: Value of Land Cover**

[Value of land cover \(Treasury:2698507v1\)](#) [Add to worklist](#)

## SETTING A DOLLAR CAP FOR LAND COVER

**Chart 1: Average median residential vacant section price 2012/2013**



The average median residential section sale price in the REINZ Auckland region was \$305,694 from May 2012 to April 2013. However, there are large price deviations within Auckland. Some of these areas had few residential sales, with none in some months. This means these results may not accurately reflect the average median price in these areas.

### Price increases in residential sections

- In the five years through to April 2013 the median sale price for a residential section in Auckland has increased on average by 2.3% annually. In the last year however, it has increased by 4.8%.
- New Zealand as a whole has decreased by 1.1% annually over the last five years and increased 2.9% in the last year through to April 2013.

### Data sources

Chart 1: Real Estate Institute of New Zealand (REINZ) Market Facts website

<http://apps.reinz.co.nz/reportingapp/?RFOPTION=Report&RFCODE=R100>

All data May 2012 to April 2013 unless specified.

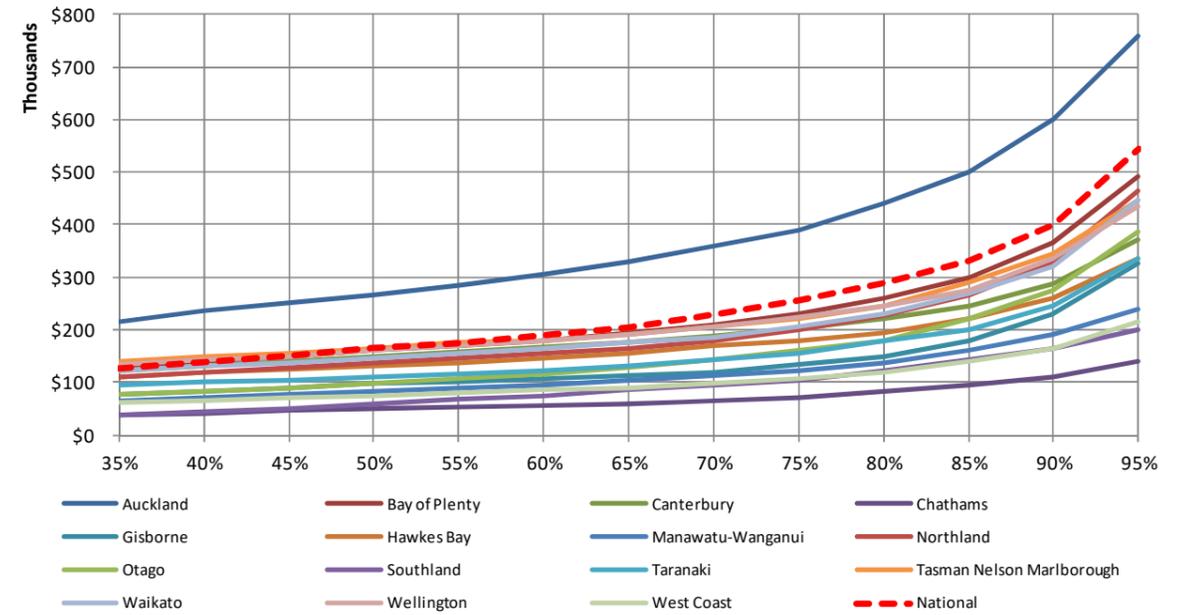
Note 1: REINZ Auckland region also includes Thames and Coromandel.

Charts 2-3: QV courtesy of EQC. All data is GST exclusive and from QV's August 2012 valuation. This data has been purchased by EQC and is not publically available.

Note 2: Charts 2-3 show a percentile break down of the land component of the RV of the existing housing stock, not the price of residential sections.

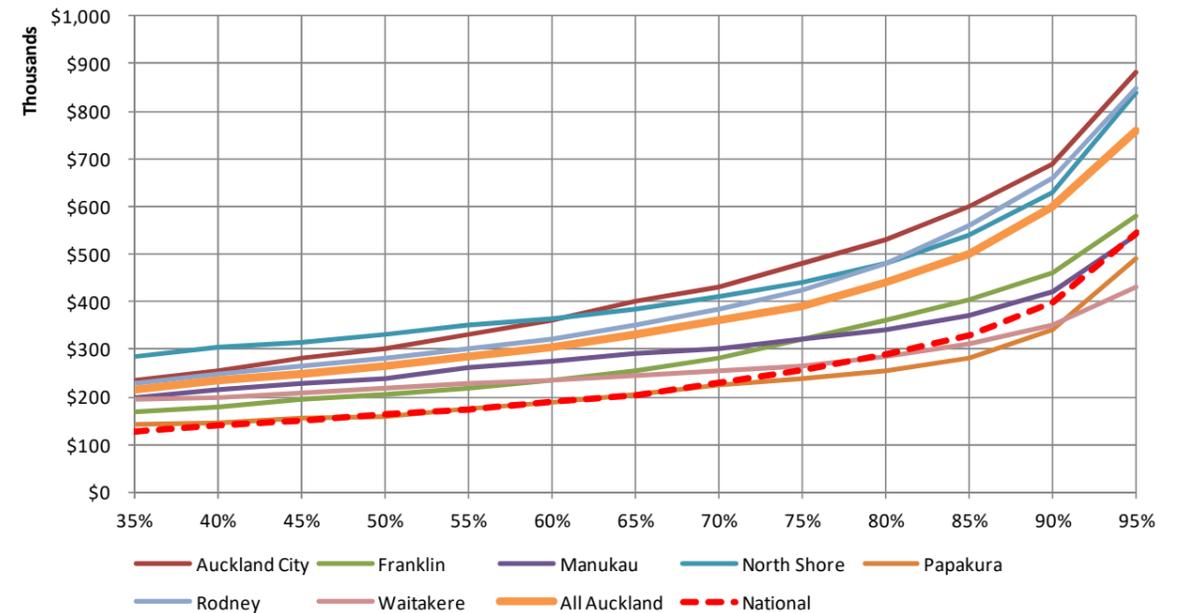
Note 3: These results exclude some property classes (public communal, multi-use within residential, multi-use within rural industry, arable farming, store livestock, specialist livestock, multi-unit, market gardens & orchards, multi-unit – lifestyle, multi-use within lifestyle, stock finishing & dairying). Most of these classes have very large land areas, such as arable farming or market gardens & orchards. Multi-units have also been excluded as the data reports some household units with no land and others with the whole land value, which can lead to misleading statistics.

**Chart 2: New Zealand residential land values by region (excl. GST)**



The only region with a higher valued distribution than the national distribution is Auckland. This is because the large number of much higher Auckland values pulls the national average above the rest of the country. This suggests that a nationally based cap will not cause difficulties outside Auckland.

**Chart 3: Residential land values within the Auckland region (excl. GST)**



The distributions for Auckland City, Rodney, and the North Shore are above the average for the Auckland region. The other areas of Auckland are broadly comparable to the national distribution. This suggests a lower national cap could cause difficulties for some but not all Auckland homeowners.

## **Annex C: Scenarios**

[EQC Scenarios \(Treasury:2701024v1\)](#) [Add to worklist](#)

[23]

[23]

Cliff-top site (beach below) with a block of units. Claim related to <sup>[23]</sup> Landslip (a large area of land moved and fell off the front of the property) caused both actual and imminent damage to the unit and the land.

- **Building settlement:** Actual damage to the unit was about \$60,000, but imminent risk damage was assessed as a 'total loss' and therefore exceeded the building cap. Consequently the building settlement was \$100,000 less excess.
- **Land settlement:** A percentage of common land area was allocated to this claim and \$415,000 less excess, was paid.

Current EQC cover	\$ (GST excl)	Original Treasury proposal	\$ (GST excl)	Revised Treasury proposal	\$ (GST excl)
<b>Part 1: Buildings</b>		<b>Single reinstatement cap and total loss top up</b>		<b>Part 1: Buildings</b>	
The home (including outbuildings and services) - <b>assuming a building floor area of 100m<sup>2</sup> and rebuild cost of \$2200 per m<sup>2</sup></b>	\$100,000	The home (including outbuildings and services) - <b>assuming a building floor area of 100m<sup>2</sup> and rebuild cost of \$2200 per m<sup>2</sup></b>	\$220,000	The home (including outbuildings and services) - <b>assuming a building floor area of 100m<sup>2</sup> and rebuild cost of \$2200 per m<sup>2</sup></b>	\$200,000
<b>Part 2: Land</b>				<b>Part 2: Land</b>	
Land under the home or separate building, within 8 metres, or under/supporting the main accessway; and retaining walls, bridges and culverts (indemnity value only) within the insured land area.	\$415,000	Siteworks to reinstate or replace damaged home, land under/supporting the main accessway and retaining walls, bridges and culverts to 'as new' condition as necessary to reinstate or replace damaged home, services, or the land under/supporting the main accessway	\$0	Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures')	\$220,000
		Total loss top up – <i>paid at cap (ie, assuming a land value greater than the top up cap)</i>	\$220,000		
Debris removal	\$0	Debris removal	\$0	Debris removal	\$0
<b>Subtotal</b>	<b>\$515,000</b>	<b>Subtotal</b>	<b>\$440,000</b>	<b>Subtotal</b>	<b>\$420,000</b>
<b>Excess deductible</b>		<b>Excess deductible</b>		<b>Excess deductible</b>	
<b>Buildings:</b> For claims of \$20,000 or less, EQC will deduct an excess of \$200. For more than \$20,000, EQC will deduct an excess of 1%.	\$1,000	EQC will deduct an excess of \$2000 from the reinstatement payment.	\$2,000	<b>Buildings:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Land:</b> For claims of \$5,000 or less, EQC will deduct an excess of \$500. For more than \$5,000, EQC will deduct an excess of 10% (up to a maximum of \$5,000).	\$5,000	No excess deductible will apply to any total loss top up payment.	\$0	<b>Land:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Total EQC settlement amount</b>	<b>\$509,000</b>	<b>Total EQC settlement amount</b>	<b>\$438,000</b>	<b>Total EQC settlement amount without voluntary additional land cover</b>	<b>\$416,000</b>
				<b>Part 3: Land (voluntary additional cover).</b>	
				Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures')	\$195,000
				<b>Total EQC settlement amount if voluntary additional land cover applies</b>	<b>\$611,000</b>

**Comments**

- **Revised proposal:** Where voluntary additional land cover has been purchased, the settlement amount is slightly higher than under the current scheme due to the different levels of excess deductibles. Without the voluntary additional land cover the owner would still receive a settlement amount sufficient to purchase a basic replacement home elsewhere.

[23]

[23]

Landslip: Substantial land movement damaged a retaining wall and the dwelling on the site.

- **Building settlement:** Dwelling damage costed at \$27,255.
- **Land settlement:** Reinstatement of insured land required repair and rebuild of several retaining walls (costed at \$261,000). Settled for \$206,500 based on indemnity value of walls (\$70,000) plus value of insured land (\$136,500).

Current EQC cover	\$ (GST excl)	Original Treasury proposal	\$ (GST excl)	Revised Treasury proposal	\$ (GST excl)
<b>Part 1: Buildings</b>		<b>Single reinstatement cap and total loss top up</b>		<b>Part 1: Buildings</b>	
The home (including outbuildings and services)	\$27,255	The home (including outbuildings and services)	\$27,255	The home (including outbuildings and services)	\$27,255
<b>Part 2: Land</b>				<b>Part 2: Land</b>	
Land under the home or separate building, within 8 metres, or under/supporting the main accessway; and retaining walls, bridges and culverts (indemnity value only) within the insured land area.	\$206,500	Siteworks to reinstate or replace damaged home, land under/supporting the main accessway and retaining walls, bridges and culverts to 'as new' condition as necessary to reinstate or replace damaged home, services, or the land under/supporting the main accessway ( <i>ie, the balance of the reinstatement cap, assuming that repair/rebuild works are necessary for one or all purposes described</i> )	\$222,745	Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures')	\$220,000
		Total loss top up	\$0		\$0
Debris removal	\$0	Debris removal	\$0	Debris removal	\$0
<b>Subtotal</b>	<b>\$233,755</b>	<b>Subtotal</b>	<b>\$250,000</b>	<b>Subtotal</b>	<b>\$247,255</b>
<b>Excess deductible</b>		<b>Excess deductible</b>		<b>Excess deductible</b>	
<b>Buildings:</b> For claims of \$20,000 or less, EQC will deduct an excess of \$200. For more than \$20,000, EQC will deduct an excess of 1%.	\$272	EQC will deduct an excess of \$2000 from the reinstatement payment.	\$2,000	<b>Buildings:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Land:</b> For claims of \$5,000 or less, EQC will deduct an excess of \$500. For more than \$5,000, EQC will deduct an excess of 10% (up to a maximum of \$5,000).	\$5,000	No excess deductible will apply to any total loss top up payment.	\$0	<b>Land:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Total EQC settlement amount</b>	<b>\$228,483</b>	<b>Total EQC settlement amount</b>	<b>\$248,000</b>	<b>Total EQC settlement amount without voluntary additional land cover</b>	<b>\$243,255</b>
				<b>Part 3: Land (voluntary additional cover).</b>	
				Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures')	\$41,000
				<b>Total EQC settlement amount if voluntary additional land cover applies</b>	<b>\$284,255</b>

**Comments**

- **Original Proposal:** Most of the repair cost of retaining walls will be met by the proposed cover (ie, as opposed to indemnity value only under the current cover). This is a key factor for the higher settlement amount under proposed cover.
- **Revised proposal:** Where voluntary additional land cover has been purchased, the settlement amount would be higher than under both the current scheme and the original proposal. This is due to the total cost of repairing the retaining walls being met. In this case, even without the voluntary additional cover, the settlement amount would be significantly more than under the current scheme.

Landslip: Major impact damage to the dwelling, major debris inundation, imminent risk and damage to three retaining walls.

- **Building settlement:** Dwelling damage costed at \$98,260 (GST excl).
- **Land settlement:** Total area of affected landholding is 670 m<sup>2</sup> and minimum lot size in the area is 350 m<sup>2</sup>. Reinstatement of insured land area requires half share (\$350,000) of new retaining wall. A neighbouring property with similar damage will pay the other half share. The value of the minimum lot size in this area is \$600,000.

Current EQC cover	\$ (GST excl)	Original Treasury proposal	\$ (GST excl)	Revised Treasury proposal	\$ (GST excl)
<b>Part 1: Buildings</b>		<b>Single reinstatement cap and total loss top up</b>		<b>Part 1: Buildings</b>	
The home (including outbuildings and services)	\$98,260	The home (including outbuildings and services)	\$98,260	The home (including outbuildings and services)	\$98,260
<b>Part 2: Land</b>				<b>Part 2: Land</b>	
Land under the home or separate building, within 8 metres, or under/supporting the main accessway; and retaining walls, bridges and culverts (indemnity value only) within the insured land area.	\$350,000	Siteworks to reinstate or replace damaged home, land under/supporting the main accessway and retaining walls, bridges and culverts to 'as new' condition as necessary to reinstate or replace damaged home, services, or the land under/supporting the main accessway ( <i>ie, the balance of the reinstatement cap, assuming that new wall is necessary for one or all purposes described</i> )	\$151,740	Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures'.	\$220,000
		Total loss top up	\$0		\$0
Debris removal ( <i>included in land payment</i> )	\$0	Debris removal	\$0	Debris removal	\$0
<b>Subtotal</b>	<b>\$448,260</b>	<b>Subtotal</b>	<b>\$250,000</b>	<b>Subtotal</b>	<b>\$318,260</b>
<b>Excess deductible</b>		<b>Excess deductible</b>		<b>Excess deductible</b>	
<b>Buildings:</b> For claims of \$20,000 or less, EQC will deduct an excess of \$200. For more than \$20,000, EQC will deduct an excess of 1%.	\$982	EQC will deduct an excess of \$2000 from the reinstatement payment.	\$2,000	<b>Buildings:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Land:</b> For claims of \$5,000 or less, EQC will deduct an excess of \$500. For more than \$5,000, EQC will deduct an excess of 10% (up to a maximum of \$5,000).	\$5,000	No excess deductible will apply to any total loss top up payment.	\$0	<b>Land:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Total EQC settlement amount</b>	<b>\$442,278</b>	<b>Total EQC settlement amount</b>	<b>\$248,000</b>	<b>Total EQC settlement amount without voluntary additional land cover</b>	<b>\$314,260</b>
				<b>Part 3: Land (voluntary additional cover).</b>	
				Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures')	\$130,000
				<b>Total EQC settlement amount if voluntary additional land cover applies</b>	<b>\$444,260</b>

### Comments

- **Original Proposal:** Under the current scheme the cost of the new retaining wall is only justified by the high land value. Under the proposed cover any costs over and above the EQC reinstatement cap will need to be met through private insurance cover and/or the owner's other means.
- **Revised proposal:** Where voluntary additional land cover has been purchased, the settlement amount is slightly higher than under the current scheme due to the different levels of excess deductibles. Without the voluntary additional land cover the owner would need to be met the shortfall through other means.

[23]

[23]

Technical category 3 site referred to Fletchers EQR.

- **Building settlement:** Total of \$59,000 made up of estimated dwelling repairs of \$36,000 and services repairs (which have already been completed) of \$23,000.
- **Land settlement:** Category 1-7 land damage (ie, visible damage such as ground cracking or undulations) yet to be finally quantified but current estimate is \$2,415.

Current EQC cover	\$(GST excl)	Original Treasury proposal	\$(GST excl)	Revised Treasury proposal	\$(GST excl)
<b>Part 1: Buildings</b>		<b>Single reinstatement cap and total loss top up</b>		<b>Part 1: Buildings</b>	
The home (including outbuildings and services)	\$59,000	The home (including outbuildings and services)	\$59,000	The home (including outbuildings and services)	\$59,000
<b>Part 2: Land</b>				<b>Part 2: Land</b>	
Land under the home or separate building, within 8 metres, or under/supporting the main accessway; and retaining walls, bridges and culverts (indemnity value only) within the insured land area.	\$2,415	Siteworks to reinstate or replace damaged home, land under/supporting the main accessway and retaining walls, bridges and culverts to 'as new' condition as necessary to reinstate or replace damaged home, services, or the land under/supporting the main accessway ( <b>Assuming that none of the land damage requires repair to enable reinstatement of the dwelling</b> )	\$0	Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures').	\$2,415
		Total loss top up	\$0		\$0
Debris removal ( <i>included in land payment</i> )	\$0	Debris removal	\$0	Debris removal	\$0
<b>Subtotal</b>	<b>\$61,415</b>	<b>Subtotal</b>	<b>\$59,000</b>	<b>Subtotal</b>	<b>\$61,415</b>
<b>Excess deductible</b>		<b>Excess deductible</b>		<b>Excess deductible</b>	
<b>Buildings:</b> For claims of \$20,000 or less, EQC will deduct an excess of \$200. For more than \$20,000, EQC will deduct an excess of 1%.	\$590	EQC will deduct an excess of \$2000 from the reinstatement payment.	\$2,000	<b>Buildings:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Land:</b> For claims of \$5,000 or less, EQC will deduct an excess of \$500. For more than \$5,000, EQC will deduct an excess of 10% (up to a maximum of \$5,000).	\$500	No excess deductible will apply to any total loss top up payment.	\$0	<b>Land:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Total EQC settlement amount</b>	<b>\$60,325</b>	<b>Total EQC settlement amount</b>	<b>\$57,000</b>	<b>Total EQC settlement amount without voluntary additional land cover</b>	<b>\$57,415</b>
				<b>Part 3: Land (voluntary additional cover).</b>	
				Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures')	\$0
				<b>Total EQC settlement amount if voluntary additional land cover applies</b>	<b>\$57,415</b>

**Comments**

- **Original Proposal:** The difference in the settlement value between current cover and proposed cover is due to the assumption that land works are not related to dwelling reinstatement and higher excess deductible.
- **Revised proposal:** The settlement amount is a little less than under the current scheme due to the different levels of excess deductibles.

[23]

[23]

**Building settlement:** Dwelling repairs at \$30,900 (including foundation damage of \$7,700). Repairs to services cost is \$3,270.

**Land settlement:** Land damage cost of \$2,614 is for liquefaction removal only.

Current EQC cover	\$ (GST excl)	Original Treasury proposal	\$ (GST excl)	Revised Treasury proposal	\$ (GST excl)
<b>Part 1: Buildings</b>		<b>Single reinstatement cap and total loss top up</b>		<b>Part 1: Buildings</b>	
The home (including outbuildings and services)	\$34,170	The home (including outbuildings and services)	\$34,170	The home (including outbuildings and services)	\$34,170
<b>Part 2: Land</b>				<b>Part 2: Land</b>	
Land under the home or separate building, within 8 metres, or under/supporting the main accessway; and retaining walls, bridges and culverts (indemnity value only) within the insured land area.	\$0	Siteworks to reinstate or replace damaged home, land under/supporting the main accessway and retaining walls, bridges and culverts to 'as new' condition as necessary to reinstate or replace damaged home, services, or the land under/supporting the main accessway ( <b>Land damage does not affect reinstatement of the dwelling</b> )	\$0	Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures').	
		Total loss top up	\$0		\$0
Debris removal ( <b>included in land payment</b> )	\$2,614	Debris removal	\$0	Debris removal	\$2,614
<b>Subtotal</b>	<b>\$36,784</b>	<b>Subtotal</b>	<b>\$34,170</b>	<b>Subtotal</b>	<b>\$36,784</b>
<b>Excess deductible</b>		<b>Excess deductible</b>		<b>Excess deductible</b>	
<b>Buildings:</b> For claims of \$20,000 or less, EQC will deduct an excess of \$200. For more than \$20,000, EQC will deduct an excess of 1%.	\$341	EQC will deduct an excess of \$2000 from the reinstatement payment.	\$2,000	<b>Buildings:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Land:</b> For claims of \$5,000 or less, EQC will deduct an excess of \$500. For more than \$5,000, EQC will deduct an excess of 10% (up to a maximum of \$5,000).	\$500	No excess deductible will apply to any total loss top up payment.	\$0	<b>Land:</b> EQC will deduct an excess of \$2000	\$2,000
<b>Total EQC settlement amount</b>	<b>\$35,943</b>	<b>Total EQC settlement amount</b>	<b>\$32,170</b>	<b>Total EQC settlement amount without voluntary additional land cover</b>	<b>\$32,784</b>
				<b>Part 3: Land (voluntary additional cover).</b>	
				Land under the home or within 8 metres of home, or under/supporting the main accessway; and retaining walls, bridges and culverts that support or protect the building (replacement value) within the insured land area. (NB: No land cover for 'appurtenant structures')	\$0
				<b>Total EQC settlement amount if voluntary additional land cover applies</b>	<b>\$32,784</b>

### Comments

- **Original Proposal:** The difference in the settlement value between current cover and proposed cover is due to the higher excess deductible.
- **Revised proposal:** The settlement amount is a little less than under the current scheme due to the different levels of excess deductibles.