



Earthquake Update

JUNE 2015

Understanding the tender process

Construction will soon be underway for many projects in our programme, and you may find it helpful to understand how a builder is selected and their work priced through a competitive tender process.

We prefer you get at least **two competitive tenders** from experienced builders for your project – this helps us get

a good understanding of the actual costs and confidence that these costs fairly reflect the market.

Occasionally we'll agree in advance to your preferred builder solely pricing the work. We will review the price your builder gives us and normally, if it is fair and reasonable, we will proceed. If we have concerns, we'll discuss the costs further with your preferred builder or may proceed with a competitive tender.



1) Procurement – In consultation with you, your lead consultant will manage:

- scoping, design and construction
- the process to select an appropriate builder – we prefer you get at least two competitive tenders from experienced builders.

2) Top up payments – If you've received a **pre-construction payment**, and it's looking like there are reasonable, unexpected costs that will exceed the payment amount, please **contact us** before they're incurred – we're happy to make necessary top up payments (see sidebar).

3) Payment review – We obtain expert advice to ensure the amount we pay you is sufficient for you to make progress payments to your builder, and all costs are both insured and necessary to repair earthquake damage (see sidebar on next page).



When do we make top up payments?

If unexpected costs to repair earthquake damage to your home come up during the procurement process or construction, we'll discuss any additional payments with you.

Often the best time to review the payment amount is once the agreed works have been priced and reviewed. Once the tender recommendation is finalised, we will adjust the payment as necessary.

When the works are underway, please contact us if the construction costs look like they will exceed your pre-construction payment. We'll work with you and your lead consultant to ensure we meet the costs of any insured earthquake-related damage that hasn't already been accounted for.

Understanding Beca's role

Beca coordinates the relationships with your lead consultant and builder to assist with your project. We all want your project to run smoothly, and if you or your lead consultant or builder asks for help, your Beca project manager will be there with advice.

Beca also advises us on technical matters during construction such as ongoing scope reviews during design, and variation requests during construction.

If we've made a pre-construction payment based on an estimate (without a scope of damage or proposed reinstatement approach from EQC, your lead consultant or your builder), Beca will review your project costs:

- ▮ once your lead consultant gives us the scope
- ▮ at the end of detailed design phase
- ▮ during procurement to confirm the costs to reinstate earthquake damage are reasonable
- ▮ during construction to review and approve any additional earthquake related damage on site or necessary changes to the repair methodology.

Please let us know if you have any problems getting in contact with your Beca project manager.

In the Know Hub

You can get up-to-date information from EQC to help you progress your home repair or rebuild at the **In the Know Hub** located at Eastgate Shopping Centre (next to the foodcourt).

You can talk face-to-face with EQC and other earthquake recovery agencies and support services – but make sure to call **0800 777 482** or visit canterburyresidentialrebuild.govt.nz/in-the-know-hub as not all agencies (listed below) are at the Hub every day.

The In The Know Hub hosts seminars that are recorded – you can watch the Q&A sessions, on topics such as increased flooding vulnerability, at cancern.org.nz/in-the-know-hub/.

The Hub is a community-led initiative supported by:

- ▮ CanCERN – network of community organisations offering support in areas such as EQC delays and flooding remediation
- ▮ Insurance Council of New Zealand
- ▮ Canterbury Earthquake Temporary Accommodation Service (CETAS)
- ▮ Earthquake Support Coordination Service
- ▮ Canterbury Earthquake Recovery Authority (CERA)
- ▮ Christchurch City Council
- ▮ Canterbury Community Trust
- ▮ Ministry of Business, Innovation and Employment (MBIE)



CLARIFICATION: under-cap external works settled upfront

We'd like to clarify that if your claim is under-cap, we'll settle your external works claim by an upfront cash payment that you can use to complete your repair.

We hope this update has been useful. If you have any questions, please contact us on **0800 800 627** or email info@mas.co.nz.

If you're waiting for other repairs to be completed before your external works can go ahead, you may be wondering about price escalation. Fortunately we haven't seen any evidence of significant increase in costs in the past nine months. But if price escalation or further earthquake damage is found after we've paid you, we'll assess the new costs or damage and treat it as a new claim if the new damage wasn't scoped or included in the first claim settlement.

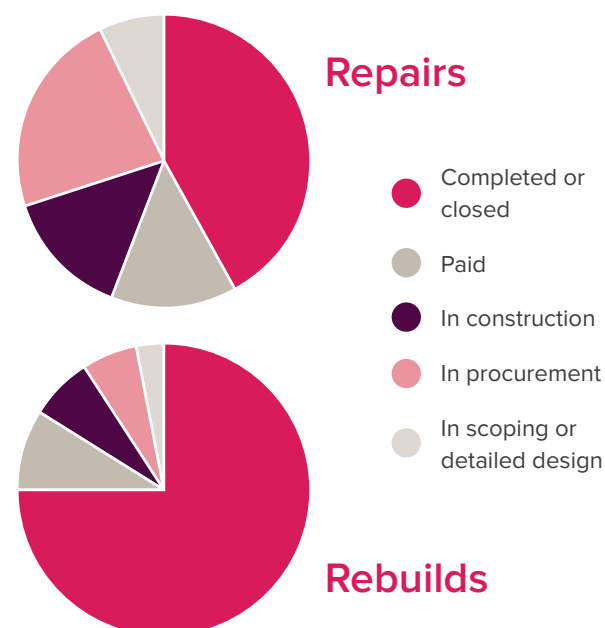
Yours sincerely,

MAS EQ Team



OUR PROGRESS

This shows the progress of MAS residential repair and rebuild claims.



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