

20 AUG 2018

Sarah Baddeley
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Dear Ms Baddeley

I refer to Doug Martin's letter of 23 July 2018 regarding the State Services Commission's Inquiry into the use of external security consultants and inviting the Earthquake Commission (EQC) to undertake a self-evaluation to determine if there are any matters that should be brought to the attention of the Inquiry.

As a result of this self-evaluation, I am satisfied that there are no matters that EQC needs to bring to the attention of the Inquiry. A review of our financial payment system shows no evidence of any payments to Thompson and Clark Investigations Limited (TCIL) and its associated entities (as were listed in appendix 2 of Mr Martin's letter). A search of email records found that in March 2011, EQC was approached by TCIL to gauge our interest in a field data management system that it had created to assist with doorstep enquiries. TCIL considered this system might be a useful way for EQC's property assessors to collect information while out in the field post the February 2011 earthquake. According to our records, this was the extent of our interaction with TCIL.

We also undertook a key word search as suggested, and I have assurance that the companies that showed up in the search results were not delivering services within the scope of your Inquiry and that interactions with them were appropriate. I can also confirm that EQC does not use platforms such as Wordpress or Slack.

I would like to draw your attention to the attached letter that our interim Board Chair, Dame Annette King, provided to the State Services Commission on a 'no surprises' basis earlier this year. This letter outlines the interactions EQC had with two private investigators over the past three years to assist with our response to two separate litigation claims. As part of this current self-evaluation exercise, I can confirm that our records show these are the only instances of private investigators used for litigation purposes over the past ten years.

Please let me know if you require any further information.

Yours sincerely



Sid Miller
Chief Executive

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12 March 2018

Mr Peter Hughes
State Services Commissioner
State Services
Wellington

By email: peter.hughes@ssc.govt.nz

Dear Peter

On Wednesday 7 March you announced that you are launching an inquiry into Southern Response to look at whether its "use of a security contractor" breached integrity and standards.

In the interests of full disclosure and transparency, I feel it appropriate to inform you that EQC has hired a private investigator on two occasions in the past three years. On both of these occasions we sought information to assist in our response to two separate litigation claims. These claims were **9(2)(a) v EQC & IAG – 9(2)(a)** and, **9(2)(a) v EQC & Southern Response – 9(2)(a)**

The details regarding these instances have been requested by the media. Currently the information is subject to legal privilege.

In total we spent \$3,480.90 in fees associated with these investigations, which were carried out by Avon Investigations and the Neill Group.

In light of the media interest in the use of private investigators and the desire for transparency to build public confidence, would the States Services Commission approve the waiving of legal privilege to allow details to be released to media?

For **9(2)(a) v EQC & IAG**, EQC engaged the Neill Group to locate the previous tenants who resided at the property during the time of the earthquakes. This was because the tenants could provide information on the extent of the earthquake damage and the level of pre-existing damage. The costs associated with the private investigator for this claim totalled \$414.

The plaintiffs commenced litigation against EQC and IAG seeking \$679,000 to rebuild their house, arguing that the floor level and wall verticality differentials were caused by the earthquakes. EQC's and IAG's technical experts disagreed with the plaintiff's position regarding the requirement of a rebuild. EQC and IAG believed there was extensive pre-existing damage to the property and the extent of the earthquake damage was relatively minor.

A settlement was reached between the parties to this litigation in April 2016.

In the case of **9(2)(a) v EQC & Southern Response** there was evidence that the property was a "suburban massage parlour", at least up to the time of the earthquakes. The private insurer, Southern Response proposed to run a defence that the property was a commercial premises and therefore excluded for cover under the insurance policy (and potentially by proxy, also excluded for cover under the EQC Act).

EQC and Southern Response engaged a private investigator, Verdi van Beek of Avon Investigations, to investigate the use of the dwelling as a "suburban massage parlour" prior to the earthquakes. Mr Van Beek carried out the following enquiries;

- a credit check of the plaintiff to determine if they used the address of the property in question as their residential forwarding address;
- checked the historic electoral role which stated the plaintiff's address in 2008 was different to that of the property in question;
- made enquiries with the neighbours; and
- made enquiries with the Police and Christchurch City Council for records relating to the property.

EQC and Southern Response shared the costs associated with the private insurer equally, and a settlement was reached between the parties to this litigation in April 2016.

If you require any further information, please let me know and I will ensure that EQC provide it.

Yours sincerely



Dame Annette King
Interim Board Chair