

CERA SAYS:

“You may in recent days have received a malicious email which makes a number of baseless assertions about the relationship between the government, the Canterbury Earthquake Recovery Authority (CERA), and Fletcher Building.

One of the assertions is that the government is the largest shareholder in Fletcher Building, and therefore stands to benefit from any recovery work it undertakes. This is incorrect.

This anonymous email’s author has discovered the Reserve Bank’s custodial service and drawn the conclusion that the Reserve Bank, and hence the government, owns the shares held in it. In reality this is a nominee company through which local and international institutions hold shares in a range of companies, one of which is Fletcher Building. It is an absolutely standard structure, common worldwide, and which has been in place for over 20 years.

This link <http://www.rbnz.govt.nz/payment/nzclear> to the Reserve Bank website sets the NZClear system out in very simple terms.

In brief, NZClear is a real-time settlement system which members access from their premises. Each member has a security account on the system which records the securities “lodged with New Zealand Central Securities Depository Limited” (NZCSD), a custodian, fully owned by the RBNZ. NZCSD becomes the legal owner of the securities on the relevant register and holds securities on behalf of the member, the beneficial owner. The inventory of securities held in the depository currently stands at around NZD92 billion.

So it’s very clear, the government is not “the beneficial owner” of Fletcher Building shares or any other shares held under the NZClear system.

A number of other assertions have been made in the form of a Q&A about the aforementioned relationships. The answers provided are also incorrect.

Fletcher Building has won just the one demolition contract, for the Hotel Grand Chancellor, and hasn’t been involved with any other demolition work in the central city. There is a vast amount of demolition work being done in and around Christchurch, almost all without Fletcher’s involvement.

Some correct answers to questions in the email which has been circulating are below:

**Q. Who appointed RCP (Resource Coordination Partnership Ltd) as Project**

Managers for the management of ‘critical buildings’ following the February 22nd earthquake? Christchurch City Council appointed RCP to help project manage the demolition process.

**Q. Who appointed Fletcher Building to manage the demolition works and then, reconstruction works?**

Fletchers have not been appointed to any such role.

**Q. Who called for the tenders for the demolition of the Grand Chancellor?**

Originally the owner, then Civil Defence was working through the tender process. Since its establishment, CERA has been coordinating the tender process.

**Q . Who was/is to be the Principle to the demolition Contract (i.e. the Payer)**

CERA is the principle. However, all costs associated with the Grand Chancellor demolition will be recovered from the owner.

**Q . Who assessed the Tenders for the Demolition of the Grand Chancellor?**

Initially Civil Defence appointed engineers in association with the owner's engineers.

It then went to CERA appointed engineers in association with the owner's engineers.

A recommendation was then made to CERA and the owner before a final decision was made.

**Q . Who has been awarded the Grand Chancellor job (at whatever price and/or conditions)?**

Fletcher Construction Company. The contract is worth in excess of \$10 million – this was stated openly by the owner of the Hotel Grand Chancellor when the contract was awarded.

**Q . Who has been blind-sided?**

The tender process was, and is, an open tender process. It was done with all due care and with impartiality. The preferred contractor was awarded the contract based on the best deconstruction solution for the Grand Chancellor. The ultimate decision was the owner's.