

The Treasury

Budget 2017 Information Release

Release Document July 2017

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	to prevent prejudice to 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	9(2)(ba)(i)
[27]	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 otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Reference: T2017/654

CM-1-3-112-1

Date: 21 March 2017

To: Minister of Finance
(Hon Steven Joyce)

Minister supporting Greater Christchurch Regeneration
(Hon Gerry Brownlee)

Deadline: None
(if any)

Aide Memoire: Southern Response: Update on process for further capital support

[25], [37]

This additional funding will not count against the budget allowances.

Background

SRES has advised Treasury that it expects to receive Finity's valuation of the outstanding claims liability as at 31 March 2017 around 10 April 2017. [25], [37]

– principally due to an increase in the number of claims current with EQC which are expected to be determined to be overcap in the future and some upward movement in the expected cost per claim due to the increasing proportion of complex issues in the claim tail.

The 31 December claims liability valuation placed SRES's balance sheet in a \$604 million negative equity position which is \$126 million more than the balance of uncalled

[25], [37]

Current claims assessment activity and outlook

SRES and EQC management are undertaking a joint review of those unresolved AMI (SRES) policyholder claims still on EQC's books with a view to determining the most effective way to appropriately and promptly settle claims still outstanding. SRES and EQC are also working on a memorandum of understanding which should enable SRES to undertake a more proactive approach with respect to these claims. Once further progressed, there will be increased transparency as to which claims are most challenging or complex and what will be involved for settlements to be completed.

In parallel to the work being undertaken by SRES and EQC management, SRES's independent actuary has been engaging with EQC's actuary and has also been undertaking separate work into the incidence and types of complex issues which are arising. These work streams will be substantially advanced by the end of this financial year (i.e. by 30 June 2017) and will help inform year end valuations, the finalising of the annual accounts and determination of financial requirements for the future. Should any adjustment to Crown support arrangements be required, we anticipate that it would occur prior to the finalisation of the annual accounts.

The Treasury and the company will update shareholding Ministers on material developments as SRES and EQC, and their actuaries, progress claims, clarify resource requirements and plan for eventual wind-down of Christchurch earthquake related activities.

David Stanley, Principal Advisor, Commercial Operations - Strategy and Policy,

[39]

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