



# Independent Oversight Committee

## Independent Oversight Committee information release

October 2022

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Independent Oversight Committee  
Quarterly REPORT to the Crown  
September 2022

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Report of the Committee providing independent oversight in relation to the implementation and delivery of the Southern Response Earthquake Services Limited Pre-October 2014 Payment Package

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## A. Introduction

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The Independent Oversight Committee (the Committee) was established to ensure that the Package (as that term is defined in the Committee Terms of Reference) is implemented and delivered in accordance with the principles and processes for the Package agreed between Southern Response Earthquake Services Limited (SRES) and the Crown; and with due consideration being given to the interests of affected policyholders.

It is the view of the Committee that SRES is meeting this objective.

## B. Reports, advice and recommendations

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The Committee refers to its previous Reports to the Crown.

The Committee provided a Report to the SRES Board in June 2022.

The Committee has provided the following **advice and/or recommendations** to SRES in this reporting period.

1. As SRES has now settled over half of the over cap applications, it is commissioning a survey of policyholder experience with the Package process as useful feedback to help inform its approach to the remaining claims. The Committee supports this.
2. The Committee continues to monitor steps taken to minimise the risk of fraudulent claims under the package. This seems particularly important following OneNews publicity in July 2022 about the availability of payments under the Package. Regular KPMG audits assess controls in this regard, and the Committee also discusses this with SRES at each meeting and will continue to engage with SRES on this issue.
3. The Committee continues to seek assurances from SRES in relation to proof of identity requirements and its protections against identity fraud for Out of Scope (OOS) applications.
4. The Committee continues to monitor timelines for large scale contact with OOS policyholders and notes that systems and processes for dealing with significant volumes of claims in this area are currently being finalised. The Committee supports SRES objective to launch this contact project in the last quarter of this year.
5. The Committee continues to monitor the Package Review Process with all applications for review now included in the SRES monthly reporting data. No applications have met the review criteria to date.

6. [26]

The Committee is satisfied that the approach being taken is consistent with the general Package principle of putting policyholders who cash settled before 1 October 2014 in a similar position to those who cash settled with SRES after that date.

7. The Committee provides general advice and feedback around ensuring as many eligible policyholders as possible, are contacted by SRES over the life of the Package. Various methods and ideas are discussed with both SRES management and the Board (when present). The Committee is particularly hopeful that the Law Society (Canterbury-Westland Branch) will actively encourage its lawyer members to contact clients who may be eligible. This avenue has been pursued by SRES.
8. The Committee is pleased that issues around Market Value Policies have been resolved and that these policyholders are now being offered settlement under the Package. The

Committee is satisfied that the approach being taken by SRES to these policies is consistent with the principles of the Package.

The Committee acknowledges the responsiveness of SRES to the Committee's **recommendations and advice**.

The Committee provides SRES Management with other minor **recommendations and advice** at each monthly meeting. These are summarised in the minutes of the meetings.

## C. Summary of work performed

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The Committee met formally in July, August and September 2022 as required by the Terms of Reference. At the August meeting, the SRES Board attended (together with SRES management) for lunch and an informal discussion. The Committee finds these combined informal discussions of topical issues very useful and has asked that they be scheduled at least twice each year.

At each monthly meeting, the Committee received operational reports from the SRES General Manager and Project and/or Unit Manager as to the steps SRES is taking in implementing the Package. SRES has now settled over half of all potential over cap applications.

SRES has recommenced direct contact with policyholders who have not yet applied under the Package. As expected, this is proving very fruitful. Updated contact information is enabling successful contact in approximately 70% of cases and all policyholders contacted via this method have gone on to make an application under the Package.

Additional data continues to be provided each month to enable the Committee to monitor progress on a more detailed level. The Committee is using its Key Performance Indicator Checklist to evaluate the information it receives and to identify, and fill, any gaps in the information provided. This continues to be refined.

SRES provides updates on the following issues at each meeting as these are matters of particular interest to the Committee and are permanent Agenda items:

- implementation of and applications under the Package Review Process;
- current legal issues and discretionary decisions in relation to the Package; and
- how the Package is responding to OOS only applications. (We note that an application for leave to appeal the High Court's decision in *Sneesby v Southern Response Earthquake Services Ltd* [2022] NZHC 262 was declined under judgment dated 23 August 2022. However, an application by Trevor Ressels to be joined as plaintiff and to sue as a representative is now set down for hearing on 21 November 2022).

The Committee has received further communication from a policyholder representative in relation to a Premier House Policy where the policyholder accepted a market value settlement. The Committee has reviewed the matter and discussed it with SRES. This policyholder has now accepted settlement under the Package.

SRES is has also undertaken a wider analysis in relation to Market Value policies and their treatment under the Package. This issue has now been resolved and these policyholder applications are being processed under the Package. The Committee is monitoring to ensure SRES have sufficient resources to cope with these more resource-intensive claims.

The Committee monitors the documentation of business processes and adherence to the same, and receives regular updates on progress and compliance, including quarterly reviews completed by KPMG as internal auditor. SRES is also now providing the Committee with its in-house compliance reports.

The Committee is pleased to note that all customer facing processes have been documented and the one outstanding Package related process is due to be completed this month.

SRES continues to update staff training, streamline processes, and develop systems to address complex issues affecting multiple policyholders as they arise. This is enabling Package applications to be progressed more efficiently without jeopardising the quality of the process.

The Committee continues to note its appreciation for the quality of reports and level of cooperation provided by SRES and its advisers.

#### D. Administrative matters

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The Committee has worked with the Treasury to establish procurement arrangements for independent legal services on an 'as needed' basis as contemplated by the Terms of Reference. This is now in place with Dentons Kensington Swan.

The Communications Policy continues to be followed.

The Document Release Policy continues to work well with publication of Reports and minutes well within expected timeframes. Minutes and Crown Reports to July 2022 have now been published on the Committee web page. The Committee is pleased that the redactions to its documents remain minimal thereby enhancing transparency of the Committee's work.

The Committee has filed its June 2022 Report to the Crown with the High Court to comply with the judgment of Osbourne J in *Ross v Southern Response Earthquake Services Limited* [2021] NZHC 3497.

As a matter of good practice, the Committee has undertaken an evaluation exercise of its own performance. SRES Management and the Committee Treasury liaison have also been asked to complete the evaluation. The results will be made available to the Treasury once collated and reviewed by the Committee.

Unfortunately, Fiona Mules is leaving the Committee in December 2022. The Committee identified a potential replacement, and that candidate is awaiting ministerial approval. It is hoped that the replacement will be appointed in time to shadow Fiona before her departure.

#### E. Recommendation for changes to Terms of Reference

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The Committee has worked with both the Crown and SRES to amend its Terms of Reference to comply with the judgment of Osbourne J in *Ross v Southern Response Earthquake Services Limited* [2021] NZHC 3497 (at paragraph 78). The amendments clarify the Committee's oversight of the SRES Package Review Process and have now been approved. The updated Terms of Reference were published on the Committee web page in July 2022.

Signed by



Committee Chair, David Ayers

Date: 30 September 2022

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