



Independent Oversight Committee

Independent Oversight Committee information release

April 2023

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Independent Oversight Committee
Quarterly REPORT to the Crown
March 2023

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

A. Introduction

The Independent Oversight Committee (the Committee) provides independent oversight of the implementation and delivery of the Southern Response Earthquake Services Limited (SRES) pre-October 2014 Payment Package. The Committee works to ensure that SRES is carrying this out in accordance with the principles and processes agreed between it 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

The Committee refers to its previous Reports to the Crown.

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

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

1. The Committee is pleased to receive and review SRES's internal audit reports on a regular basis. The Committee has advised SRES that, in the few cases where the reports reveal over or underpayments to policyholders under the Package, the reports should include explanations as to how these errors occurred and what has been done to prevent them happening again.
2. The KPMG Final Q2 FY23 Internal Audit Report suggested that Suspicious Transaction Analysis testing be completed annually rather than quarterly. The Committee acknowledges that the testing results in false positives but would prefer the regular assurance of at least six-monthly testing.
3. SRES is updating its policies and documentation to improve management of information and to minimise breaches of privacy. The Committee gave feedback to SRES on its handling of privacy matters and has asked to be advised of all privacy breaches relating to the Package. SRES agreed to add this step to the documentation update.
4. The Committee has advised SRES to accelerate the settlement of Out of Scope (OOS) claims.

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

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

C. Summary of work performed

The Committee met in January (by Circular Resolution) and formally in February and March 2023 as required by the Terms of Reference. The SRES Board and the Treasury liaison team joined the February meeting for an informal discussion over the lunch period. The Committee finds these regular sessions with the Board and Treasury useful.

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. The Committee is pleased to note that over 2200 over-cap claims have now been settled.

The High Court has now approved changes to SRES's web page in relation to OOS claims. The Committee expects that the number of OOS applications and settlements will now increase.

SRES continues to provide additional data each month to enable the Committee to monitor progress with settlements on a more detailed level. This is now focused on the few remaining over-cap claims and the large numbers of OOS policyholders yet to be contacted. 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 enables the Committee to focus on specific matters of concern during meetings with SRES.

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:

- applications under the Package Review Process;
- current legal issues and discretionary decisions in relation to the Package; and
- processing of OOS applications. (The Committee notes the ongoing *Sneesby* and *Ressels* litigation and receives reports in relation to these each month.)

The Committee has received a request under the Official Information Act 1982 and has worked through the required process.

The Committee previously recommended SRES review the research completed by Bell Gully about comparable New Zealand and overseas schemes to focus on how such schemes have been brought to an end. This was because the focus of activity is shifting from over-cap applications to OOS applications. The Committee received an interim briefing on this at its March meeting and looks forward to receiving the final report.

The Committee receives regular updates on adherence to business processes and compliance with Package procedures, including quarterly reviews completed by KPMG as internal auditor. SRES also now provides the Committee with its in-house compliance reports. A particular focus of the February 2023 meeting was to review these reports, including their data sampling of selected settlements.

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

The Committee continues to work with the Treasury to secure a replacement for Fiona Mules who left the Committee at the end of October 2022. Pending a permanent replacement, Fiona has agreed to return as a temporary member of the Committee. The Committee is grateful to Fiona and to the Treasury for facilitating this.

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 December 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 filed its December 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.

E. Recommendation for changes to Terms of Reference

No changes recommended this quarter.

Signed by

A handwritten signature in blue ink, appearing to read 'D Ayers', is positioned above the printed name of the Committee Chair.

Committee Chair, David Ayers

Date: 29 March 2023