

Reference: 20230052

10 March 2023

Dear [REDACTED]

Thank you for your Official Information Act request, received on 31 January 2023. You requested:

*I'm writing on behalf of The New Zealand Herald to request documents under the Official Information Act relating to the severe rain and flooding in Auckland over the past several days.*

*Please provide copies of documents held by your executive leadership team that were created since 6am on Friday 27 January relating to this major weather event and its aftermath, such as briefings, aide-memoires, situation updates, talking points, communications plans, correspondence with other agencies, minutes of meetings, key performance indicators, and damage assessments.*

*To assist with your search, I am seeking key documents that provide an insight into the department's thinking and decision-making immediately before, during and after this city-wide emergency, which will help to scrutinise the performance of its the government's crucial public functions during that period.*

*I am open to discussing refining the request if it helps to facilitate a timely response. However, given the unprecedented significance of this event, we believe there is an overwhelming public interest in urgent and thorough scrutiny of the department's decision-making which favours a very high level of disclosure.*

The time to respond was extended by 10 working days due to time needed for consultation.

## Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	30 January 2023	Briefing Note - SBCS and Auckland Weather event	Release in part
2.	30 January 2023	Economic impact of Auckland floods	Release in full
3.	30 January 2023	Note on fiscal impact of Auckland flood event	Release in part
4.	30 January 2023	NZCRS - Advice for Ministerial consultation	Release in part

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- the maintenance of the law, under section 6(c) – to protect the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial,
- contact details of officials, under section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting Ministers, members of government organisations, officers and employees from improper pressure or harassment, and
- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,

There is a further paper that is in scope of your request and was produced by National Emergency Management Agency (NEMA). Typically, under section 14(ii) of the OIA, this part of your request would be transferred to NEMA as the information is more closely connected with the functions of that agency. However, as I am aware that you have made a similar request to NEMA, it has not been transferred.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Rose Austen  
**Team Leader, Governance and Accountability**

# OIA 20230052

## Information for release

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**The Treasury**  
***Te Tai Ōhanga***

## Briefing note

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Reference: BN2023/027, T2023/90

Date: 30 January 2023

To: Revenue Advisor, Minister of Revenue – Jason Batchelor  
Revenue Advisor, Minister of Finance – Claire McLellan  
Private Secretary, Minister of Revenue – Nikki Chamberlain  
Revenue Advisor, Parliamentary Under-Secretary to the Minister of Revenue – Mila Maxon

cc: Peter Mersi, Commissioner  
David Carrigan, Deputy Commissioner  
Emma Grigg, Policy Director  
Kerryn McIntosh-Watt, Policy Director  
Phil Whittington, Policy Director  
Joanne Petrie, Executive Support Advisor to the Commissioner  
Jill Compton, PA to Deputy Commissioner  
Governance, Ministerial & Ministerial Services  
James Beard, Deputy Secretary, Macroeconomics and Growth  
Mark Blackmore, Acting Director, Economic System

From: Carolyn Elliott and Sharyn Rea (Inland Revenue), and Stephen Bond (The Treasury)

Subject: **Small Business Cashflow (Loan) Scheme and the Auckland Weather Event**

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### Purpose

1. The Minister of Finance has asked for advice about whether it is possible to modify the Small Business Cashflow (Loan) Scheme (SBCS) to support businesses impacted by the recent flooding event in Auckland.
2. This briefing note sets out our initial thoughts on the required actions and timeline for change. The following changes (occurring simultaneously following Cabinet decisions) would need to be made to enable the SBCS to be used in these circumstances:
  - Primary legislation changes under urgency – Parliament reconvenes from 14 February 2023 (subject to securing House time),
  - Changes to existing/the creation of new SBCS contracts – around 3 weeks, and
  - System design, testing and implementation of new changes – around 4 weeks.

3. We will need to do a detailed business and customer impact assessment and resource prioritisation, which may impact this initial indicative timing. Subject to this, our initial view is that the earliest time we can deliver a new SBCS loan is four weeks from a Cabinet decision on the relevant parameters.

#### **Small Business Cashflow (Loan) Scheme**

4. The SBCS was introduced in May 2020 with the intention of providing cashflow support to small and medium businesses (SMEs) with 50 or fewer FTEs through a loan from the Crown via Inland Revenue. To qualify for a loan, the applicant must have experienced at least a 30% revenue decline due to COVID-19.
5. This scheme is currently open to applications until 31 December 2023.
6. This advice is provided on the basis that the majority of the terms of the SBCS stay the same (for example, the loan term and repayment rules, and other key requirements such as the requirement for 50FTE or less, applicable interest rates etc.), with only the criteria for revenue decline changing from COVID-19 to the Auckland weather event (and around the use of the loan). This advice also assumes the existing SBCS loans remain unchanged.

#### **Primary legislation changes**

7. The legislation that authorises the SBCS specifies that the purpose of the scheme is to assist small-to-medium businesses in the circumstances arising from the continuing impact of COVID-19 related measures or circumstances. This means that the SBCS cannot currently be used for other purposes without changes to primary legislation.
8. The legislation could be changed by a short amendment Act passed under urgency once Parliament reconvenes on 14 February 2023.
9. The legislation could be amended to include additional circumstances in which the loan can be provided (such as an emergency weather event). These additional circumstances could be declared by Order in Council. However, careful thought would need to be given to the risk of creating a precedent.

#### **SBCS contracts**

10. To access a loan, the applicant must enter into a loan contract with the Crown (comprising the application, including the applicant declaring that they meet the published eligibility criteria, and terms and conditions). Along with legislative change, new loan contracts would need to be created for the new SBCS loan to reflect the new circumstances for which the loans are being granted:
  - The declarations made by applicants that they meet the various SBCS eligibility criteria would need to be amended to refer to the revenue decline being due to the Auckland flooding. The "use of funds" declaration will also need to be refined (currently this declaration includes a reference to Covid-19).
  - The terms and conditions and published eligibility criteria would also need to be updated to refer to the Auckland flooding (in terms of the description of the SBCS, purpose of the SBCS loan, and eligibility criteria) and the use of the funds.
  - Declarations, terms and conditions, and published eligibility criteria would need to cover the interaction between the loan and any prior/other loans obtained under the SBCS (for example, whether there is a limit on the number of loans that can be obtained, and whether a default on another loan would affect eligibility for this loan).

11. Our initial thinking is that the contractual framework could be amended within 3 weeks.

### **System changes**

12. To implement a new loan, changes would be required to the SBCS loan account in Inland Revenue's START system to reflect the changes in the eligibility criteria and loan circumstances.
13. Provided the conditions are the same as existing SBCS conditions (other than the changes referred to in this paper), the system changes involved would not be as significant. We estimate that it would be around four weeks to design and test the required system changes, noting the timing is dependent on the new loan contracts being completed in the estimated timeframe of three weeks.<sup>1</sup>
14. If any fundamental changes are made to the loan conditions (for example, the interest free period, repayment parameters or loan period that would apply), these could take significantly more time to implement. Once it is clearer what terms would change, we could provide further clarity on the estimated time required.
15. Implementation of a new SBCS loan account would involve reallocation and reprioritisation of our technical and design support that are current working on other government priority initiatives, such as Budget 23. If you wish to go ahead with these changes, we will need to need to discuss timing/prioritisation of other changes.

### **Operational impacts**

16. We have not had time to fully understand the implications on Inland Revenue. This will depend on the criteria and parameters of the design, likely uptake of the loan and who would be eligible. Until these are known we are unable to assess in detail the implications on delivery or the implications on Inland Revenue's operational and implementation budget.
17. Based on our previous delivery of similar changes we indicate that supporting the implementation of a new loan would have a high short-term impact on Inland Revenue's ability to deliver services to its customers. This is due to the resource intensity of supporting loan applicants. Inland Revenue has previously had additional temporary resourcing to support payments of this type of activity that are no longer available. This is further complicated by the fact that the same staff would be providing extra support to the same affected customers through adverse events support such as instalment arrangements, interest remission, hardship relief and agreements to delay filing or paying and would also support the new SBCS and are already providing support to the existing SBCS.
18. Supporting the implementation of any new SBCS product will have longer term impact on the capacity of Inland Revenue. If the criteria of SBCS for this product are similar to the current settings, the impact on Inland Revenue will continue until five years after the loan is taken up, being December 2028.
19. The extra resource we had maintained for COVID-19 products finished their contracts at the end of 2022, which means the impact of administering a new product would have a larger comparative impact on the capacity available. The impacts or trade-offs through the supporting of this new product would be dependent on the time of implementation. Supporting this new product within the next couple of months, would put at risk the level of service Inland Revenue is able to provide at the end of the tax year and our social policy activities

s6(c)

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<sup>1</sup> This is a high-level low confidence estimate, allowing 3 weeks to design the system changes concurrently with contract changes, and a further week to test and finalise all changes once the loan contract is finalised.

s6(c)

20. To reduce the risk of customer confusion and additional customer queries and contacts, it would be important to keep the terms as similar to the existing SBCS as possible due to customer familiarity with the scheme.

### **Other considerations**

#### ***Regional targeting***

21. The current SBCS scheme is a nationwide scheme, so using this mechanism for only areas affected by the Auckland flooding would introduce issues around targeting.
22. Under this proposed SBCS change, the business would have to declare that their revenue decline is attributed to the *impact* of the Auckland flooding.
23. By targeting support through the declaration, we would be unable to restrict the support just to the Auckland area, as there could be other businesses (such as smaller businesses affected in the supply chain) who could legitimately be impacted by the weather event.
24. Drawing any firm geographical boundaries would be undesirable as it would risk excluding businesses who are impacted by the flooding even though their premises are located outside of Auckland. Inland Revenue's ability to effectively target regionally is limited based on address data provided by customers. Inaccuracy in this data can increase the risk of customers receiving loans incorrectly.
25. By design, the application process operates on a high trust model, relying on applicants to correctly declare their eligibility for the loan. Due to the volume of applicants, Inland Revenue would be unable to manually check all applications, s6(c). However, there would be several measures in place to identify applicants who may not be eligible or to support applicants to get it right.

#### ***Policy and financial considerations***

26. Treasury and Inland Revenue would not recommend amendments to allow businesses to take out SBCS loans in response to the Auckland weather event. While it would provide an immediate source of cashflow for impacted firms, we would note the following policy issues in addition to the operational challenges noted above:
  - *Concessionary terms:* the terms of SBCS loans were not tailored to the circumstances of the Auckland flooding. SBCS loans have a five-year term (two years of which are interest-free), which would extend far past the economic impacts of the flooding.
  - The concessionary terms of the SBCS were appropriate during the pandemic response due to high levels of uncertainty over the scale and timing of its economic impacts. That meant that standard cashflow management tools (such as bank overdrafts) were not sufficiently available, too limited, or considered too high-risk by lenders. That market failure is unlikely to be present in this circumstance.
  - *Fiscal cost:* any extension will have a fiscal cost and create additional fiscal risks until the scheme closes in December 2023. Given the term of these loans this cost is likely to persist long beyond the economic impacts of the flooding. If this borrowing persisted for a significant period after the floods, or at a significant level, this could also create additional inflationary pressure.



- *Alternative Government support:* alternative forms of cashflow support will be available from Government, including the deferral of tax payments (with UOMI remission) via IR. These are likely to be timelier and more in line with the scale and duration of the economic impacts.
  - *Precedent:* providing support via the SBCS in this instance would create expectations that a similar facility would be available in the face of future events and on similarly generous terms. That would create significant ongoing operational challenges for IR in addition to replicating the policy issues noted above.
  - *Clear criteria:* care would need to be given to crafting the eligibility criteria to ensure it is appropriately targeted to the affected businesses.
27. The scopes of the current SBCS appropriations are explicitly limited to businesses impacted by COVID-19. It is not possible to amend the current appropriation scope statements immediately. Accordingly, new appropriations would need to be created and funding transferred.

**Sharyn Rea**  
Segment Management Lead  
Inland Revenue  
s 9(2)(g)(ii)

**Carolyn Elliott**  
Policy Lead – Policy and Regulatory  
Stewardship  
Inland Revenue  
s 9(2)(g)(ii)

**Stephen Bond**  
Manager, The Treasury  
s 9(2)(g)(ii)

## Economic impact of Auckland floods

*Treasury note – 30 Jan 2023 (Peter Gardiner)*

- Early estimates of the economic cost of the Auckland floods are up to \$500m (infometrics – see appendix for details)
- The Treasury's HYEPU forecast an increase in economic activity in the March quarter by 0.5%.
- While we do expect that the extensive flooding in Auckland will dent growth in the March quarter, we don't yet anticipate that overall economic activity will fall as a consequence – we are still assessing the full extent of the disaster.
- We do expect a number of weeks of business disruption and for the clean up to be completed, and many months for homes & businesses and infrastructure to be repaired and restored. This will come at an economic cost (noting though that the rebuilding work will add to activity).
- The Australian Treasury estimates Natural disasters and extreme weather events wiped \$5 billion from the Australian economy in 2022, largely because of widespread disruption to the mining, agriculture, tourism and construction sectors. The disruption was equivalent to about 0.25 per cent of gross domestic product.
- Natural disasters stoked inflation. In New Zealand, weather events have been key driver of inflation last year, particularly for fruit and vegetables and other agriculture products hit with crop destruction and disruption of supply chains.
- Auckland accounts for around 37% of New Zealand's economy (based on Stats NZ Regional GDP estimates for the year ended March 2020 [here](#))
- For comparison the (nominal) cost of Auckland being in Alert Level 3 was around \$ 300 million per week (5% of GDP) relative to not being under any alert level restrictions. Note that this doesn't include any allowance for supply-chain spill-over effects on the rest of the country.

## Insurance cost of Auckland flooding

- Insurance costs are expected to exceed all such weather events including the Timaru hail storms (2019) which the Insurance council reported that insurance companies paid \$170m in claims, and the major North Island flooding event last year that cost \$120m.
- In 2021 West Auckland suffered server flooding that resulted in ~\$62m in Insurance claims. The scale of the weekend's flooding is much greater with the North Shore, West Auckland, South Auckland, and other parts of the city effected as well as areas in the Waikato and Bay of Plenty – so far over 6000 insurance claims have been lodged.
- The floods that swept through NSW and south-east Queensland in February 2022 were the fourth most-expensive natural disaster in the world last year (Munich Re's 2022 natural catastrophe report). The floods, killed almost two dozen people, costing ~\$10 billion (NZ), according to the global reinsurance company Munich Re.
- Insurance pay-outs for the 2016 Kaikoura earthquake topped \$2.2b, while the Christchurch earthquake pay-outs were over \$22b

## Appendix: Infometrics estimate (\$466m)

**From:** Brad Olsen <[brad.olsen@infometrics.co.nz](mailto:brad.olsen@infometrics.co.nz)>  
**Sent:** Monday, 30 January 2023 1:21 pm  
**To:** Peter Gardiner [TSY] <[Peter.Gardiner@treasury.govt.nz](mailto:Peter.Gardiner@treasury.govt.nz)>  
**Cc:** Gareth Kiernan <[gareth.kiernan@infometrics.co.nz](mailto:gareth.kiernan@infometrics.co.nz)>  
**Subject:** RE: Infometrics estimate of Akld floods

Hi Peter,

It's a VERY rudimentary estimate, given it's nowhere near clear what the scale of damage is like yet, but I was also keen to try and put some figure into the mix with the right caveats (whether or not the caveats are correct, or well-described by myself or media is another question...)

I was up on Auckland over the weekend, and seeing the scale of things myself, plus the various media reporting and videos on social media (Twitter, TikTok) that I could find, some of the damage looks akin to the Nelson-Tasman floods last year. [ICNZ data](#) shows that the Nelson-Tasman floods had a \$31.41m insured-loss cost. I'd note here that ICNZ data also shows that there were a total of 1,575 claims – Auckland has already had ~5,000 according to media reporting, and there's a lot more to do.

I took that \$31.41m for Nelson-Tasman and adjusted it for Auckland's population (~1.69m vs 113k for N-T), to get to my \$466m (I was doing it on the fly on Sat, and when I re-run my figures now that I'm back in Wellington I get \$470, but still. On a GDP-basis, the same estimate is \$696m.

Obviously I'm not clear on the scale of the residential or commercial damages, or the differences in types of housing/businesses (more expensive homes and fittings in Auckland in some areas perhaps), and I also haven't made any inflation adjustment.

I'm also not clear on what the broader cost to recover infrastructure will be – for example, water services and transport, which is unlikely to be in ICNZ data from memory.

Anyway, that's my back-of-the-envelope approach – happy to discuss more if needed, or send through additional details as required.

Cheers

Brad

**Brad Olsen** MInstD  
Principal Economist and incoming Chief Executive • Infometrics Limited

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## Fiscal Impacts of Auckland flood event

30 January 2023

This note provides an overview of:

- the types of fiscal impacts likely to arise from the Auckland flood event;
- the funding options available to meet the costs; and
- the authorities in place to incur these costs.

The Treasury has provided separately initial commentary on the possible economic impacts of the Auckland flood event.

*Note: This material was prepared under time constraints and current information on fiscal impacts is limited. We expect the level and quality of information to improve over coming days as relevant agencies work through the impacts of the event.*

### Fiscal impact

The likely fiscal impact can be broken down into existing Government obligations, where there is limited discretion, and discretionary support that the Government could choose to provide. In addition to the broad categories outlined below, an overview of early details provided by agencies on anticipated costs can be found in Annex A.

#### Government obligations

##### ***Obligation to meet local authorities' costs***

Under section 39 of the Civil Defence Emergency Management Act 2002 the Crown is required to reimburse local authorities for expenses relating to emergency management. Section 115A of this Act provides permanent legislative authority (PLA) to incur expenses under this obligation.

The percentage of local authorities' expenses that are met by the Crown is determined by the National Civil Defence Emergency Management Plan:

- Costs associated with the **immediate response** to an emergency – *fully reimbursed by the Government;*
- Costs associated with **essential infrastructure recovery repairs** (excluding road repairs, see below) – *generally split 60-40 between central Government and local authorities; and*
- Recovery costs aimed at improving resilience to future emergencies ('**special policies**') – *borne by local authorities in the first instance; any Government contribution is discretionary.*

The extent of the costs that require reimbursement may not be known until invoices are returned by local authorities, but given the scale are likely to be significant for the Auckland event. An estimate of the costs may need to be recognised prior to receiving invoices from councils.

### *Road repairs*

Repairs required to state highways and local roads are managed by Waka Kotahi and funded from the National Land Transport Fund (NLTF). Given current pressures on the NLTF, additional funding may be required to meet any additional repair costs s9(2)(f)(iv)

Many parts of the network are still inundated with flood waters and it is not possible to provide any reliable estimates at this stage. Waka Kotahi have provided an early estimate of s9(2)(f)(iv)

This figure is an early “order of magnitude” estimate and has yet to be verified with hard evidence. This information will continue to have a significant amount of uncertainty for some time. We are next expecting to receive updated costs from Waka Kotahi on Friday 3 February 2023.

### ***EQC contribution and impacts***

The two most relevant areas covered by EQC in this event are:

- Residential land (but not buildings) against storm and flood damage; and
- Residential buildings and associated land against landslip damage.

EQC cover is also triggered by “imminent loss”, which occurs when an insured building or land has not been damaged yet, but, as a result of damage elsewhere, is likely to be in the near future.

Following discussions with EQC, we consider that, while this is a very significant event, the insurance impacts will fall mainly on private insurers, and are unlikely to be significant for EQC. We anticipate there will be a very large number of flood claims. However, the average cost per flood claim is likely to be relatively low, as EQC building cover does not cover flood damage, and, for EQC land cover, the primary way of remediating flooded land is the removal of debris once the floods subside.

We anticipate landslip claims will be much smaller in number, but much more expensive per claim. This is because landslip damage (including retaining wall damage) is more expensive to repair, and because EQC building cover is available for buildings damaged by landslip.

### ***Other***

Other non-discretionary costs could emerge as the full impact of the event becomes clear, including impairments and repairs required to assets owned by the Government (e.g. Kāinga Ora housing stock, school property). In most cases it is expected that insurance proceeds should cover the majority of these costs, however, there may be a

timing lag between the recognition of the impairment and receiving insurance proceeds.

### **Discretionary disaster response funding**

In addition to the obligatory contributions outlined above, central Government can also provide a discretionary contribution to disaster relief funds, with any contribution exceeding \$100,000 required to go to Cabinet. We understand that an oral item will be brought to Cabinet on 31 January seeking agreement to a \$1 million contribution to the Auckland Mayoral Relief Fund, to be funded from the between-Budget contingency (BBC). This is on top of the \$100,000 already agreed by joint Ministers.

Any contribution to expenses local authorities' costs beyond what is required under the legislation will require further appropriation and the costs should be managed within the existing fiscal management approach (e.g. Budget allowances and the between-Budget contingency). A recent example was where Cabinet agreed to provide additional funding for the Buller District Council's expenses following floods in July 2021 and February 2022, with \$10.6 million funded from the between-Budget contingency [CAB-22-MIN-0229 refers].

As we move towards the recovery phase, additional funding requests may be put forward by agencies and Ministers to support the broader recovery.

### **Funding options**


The Half Year Economic and Fiscal Update showed the Government is forecast to return to surplus in the 2024/25 year and net debt remained well below 30% of GDP across the forecast period. We do not expect the Auckland flooding event to have a material impact on the Government's ability to achieve its current fiscal rules.

Recent natural disaster events have taken different approaches for fiscal management purposes. For the Canterbury earthquakes, the majority of costs were managed through a dedicated amount of funding was set aside for the response and recovery (similar to the COVID-19 Response and Recovery Fund). While for the Kāikoura earthquake response, the costs were predominately managed against the capital allowance.


The Government has a number of choices available on how to manage the fiscal implications from the Auckland flood:

#### ***Manage against Budget allowances or the BBC***


The BBC is intended to be the primary source of funding for urgent, out-of-cycle funding needs such as for responding to small-scale natural disasters. s9(2)(f)(iv)



If costs cannot be met from the BBC, they can be treated as a Budget 2023 pre-commitment. s9(2)(f)(iv)



s9(2)(f)(iv)



### ***Manage against fiscal indicators, outside of allowances***

In the past, the central Government contributions to local authorities' expenses outlined above (and covered by a PLA) have been managed outside budget allowances, therefore directly impacting key fiscal indicators.

Other costs associated with the response and recovery could also be allowed to flow directly through to the fiscal indicators. Although this option would have an impact on the operating balance before gains and losses (OBEGAL) and net debt, this is unlikely to impact on the Government's ability to achieve their fiscal rules, given the current fiscal position.

### **Parliamentary Spending Authority**

Apart from expenditure related to reimburse local councils which will be covered by a Permanent Legislative Authority, any additional expenditure incurred in the 2022/23 year will need to be charged against Imprest Supply. As at 31 December the following authority remains available under Imprest Supply (Second for 2022/23) Act 2022:

- Authority to incur operating expenditure – \$5,694 million
- Authority to incur capital expenditure – \$4,830 million
- Authority to incur capital expenditure – \$769 million

**Annex A: Anticipated costs from other key agencies**

Agency	Description		
KiwiRail	Various storm related costs.	s9(2)(f)(iv)	
City Rail Link	Various storm related costs.		
Ministry of Business Innovation and Employment	Temporary Accommodation Services (TAS)		
Ministry of Primary Industries	Adverse Events support for farmers/agricultural sector		



**New Zealand Claims Resolution Service**

<b>Title of paper</b>	Early Budget confirmation and Pre-Budget announcement to support the fast-tracked launch of the New Zealand Claims Resolution Service
<b>Minister and agency</b>	Minister of Commerce and Consumer Affairs Ministry of Business, Innovation and Employment (MBIE)
<b>Description</b>	<p>This paper requests early approval of the Budget bid (of \$7.000m per year) for the New Zealand Claims Resolution Service (NZCRS) and an agreement for a pre-Budget announcement with the launch of the service. The intention is to bring the launch forward by two months to mid-February.</p> <p>NZCRS received funding for the establishment and initial operation during the 2022/23 financial year by reprioritising the \$4.000 million of funding agreed through Budget 2022. The NZCRS provides services (information, case management support, dispute resolution) to help homeowners with unresolved residential insurance claims resulting from the Canterbury Earthquake Sequence (CES), and all other natural disasters nationally [DEV-22-MIN 0199 and CAB-MIN-0338].</p>
<b>Comments</b>	<p>The Treasury supports scaled funding of \$6.465m p.a. over the forecast period to retain all FTEs and support ongoing service. This figure is estimated to support three events per year, with each of these events similar to the 2022 floods in Nelson and averaging around 300 cases. Cabinet has previously agreed that additional funding may be sought following a major natural disaster, to enable the NZCRS to scale up its services and meet demand as required [DEV-22-MIN 0199]. MBIE has indicated that, based on current information and recent experience, existing funding is likely to meet demand from the Auckland event.</p> <p>Scaling the bid by \$2.140m over the forecast period would result in the NZCRS using fewer specialist contractors which could lead to slower resolution of claims. It would also mean the NZCRS provides less proactive education and information to the public.</p> <p>s9(2)(f)(iv)</p> <p>If Ministers decide to agree funding ahead of Budget 2023, the Treasury recommends funding is allocated either as a Budget 2023 pre-commitment against s9(2)(f)(iv), or from the Between-Budget Contingency (s9(2)(f)(iv)).</p>
<b>Consulting Minister's due date</b>	30 January 2023
<b>Cabinet or Cabinet Committee</b>	Cabinet
<b>Fiscal implications</b>	The Treasury recommends funding of \$6.465m per year (\$25.860m over the forecast period) s9(2)(f)(iv). This amount is based on the scaled option provided by the agency and corrected for inflation.
<b>Recommended action</b>	Agree NZCRS funding to be confirmed as part of Budget 2023.