

The Treasury

Briefing to the Minister of Finance on Toka Tū Ake EQC and Southern Response

February 2024

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**TE TAI ŌHANGA
THE TREASURY**

2023 BRIEFING TO MINISTER OF FINANCE ON TOKA TŪ AKE EQC AND SOUTHERN RESPONSE

Ko te Tai Whakarunga

Ko te Tai Whakararo

Ko te Tai Tokerau

Ko te Tai Tonga

Ko te Tai Hauāuru

Ko te Tai Rāwhiti

Tēnei ko Te Tai Ōhanga

Hui e, Tāiki e!

*There in the challenge between the
known and the unknown,*

*We find direction from the northern,
southern, western and eastern tides.*

*At the centre, Te Tai Ōhanga, the
Treasury, serving the four directions
of Aotearoa where our people live.*

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MINISTERIAL RESPONSIBILITIES

1. This briefing outlines your responsibilities for overseeing the Crown's interests in, and relationship with, Toka Tū Ake Earthquake Commission (Toka Tū Ake EQC) and Southern Response Earthquake Services Limited (Southern Response), and how Te Tai Ōhanga, the Treasury can assist you in your role. It also highlights some considerations relating to Toka Tū Ake EQC that we wish to discuss with you. It supplements briefings you will receive from Toka Tū Ake EQC. We will provide further briefings on specific topics, guided by your priorities.
2. You are required to oversee the Crown's interests in, and relationship with, Toka Tū Ake EQC.
3. From 1 July 2024 the Earthquake Commission Act 1993 (EQC Act) will be repealed and will be replaced by the Natural Hazards Insurance Act 2023 (NHI Act). We discuss in Annex A work currently underway to implement the NHI Act, this includes regulations, secondary instruments and other legal documents that will need to be in place before 1 July 2024.
4. You are responsible for the multi-year, multi-category appropriation for the On-Sold Canterbury Properties (On-Solds). This briefing provides an overview of the On-Solds programme.
5. You have responsibilities under the Crown Entities Act 2004 to provide oversight of the overall performance of Toka Tū Ake EQC. This is achieved primarily through regular reporting and the relationship with the Toka Tū Ake EQC Board, in particular with the Board Chair.
6. You can influence Toka Tū Ake EQC through the business planning cycle. The Treasury as the entity's monitor provide advice on the annual Letter of Expectations to the Board, the Statement of Performance Expectations that the Board produces each year and a Statement of Intent that the Board produces at least once every three years.
7. You appoint the Board of Commissioners, who are responsible for exercising Toka Tū Ake EQC's powers and performing its functions contained in the EQC Act.
8. Under the 'no surprises' convention, the Boards of Crown companies and entities are expected to:
 - be aware of any possible implications of their decisions and actions for wider Government policy issues,
 - advise the responsible Minister of issues that may be discussed in the public arena or that may require a Ministerial response, preferably ahead of time or otherwise as soon as possible, and
 - inform the Minister in advance of any major strategic initiative.
9. Crown entities can be required to report on their performance to Parliament and to select committees.
10. You can expect from the Treasury's institutional performance team six-monthly performance reports to highlight priority areas across financial and non-financial dimensions,

as well as actions and levers to improve performance.

11. You can also expect updates on performance issues, material projects, major transactions, and other significant developments at regular meetings and through fortnightly 'State of Play' updates.

TOKA TŪ AKE – EARTHQUAKE COMMISSION

12. Toka Tū Ake EQC is a statutory Crown entity and is subject to both the Crown Entities Act 2004 and the EQC Act.
13. Toka Tū Ake EQC administers New Zealand's main source of residential natural disaster cover and is a key contributor to the management of natural disaster risk.
14. Toka Tū Ake EQC is a first-loss insurer, covering the cost of settling a claim up to a capped value (the cap). The cap is currently set at \$300,000 plus GST per dwelling. A private insurer typically covers any cost above the value of the cap (the over-cap portion).
15. The work of Toka Tū Ake EQC is governed by a skill and competency-based Board comprising nine members, including Chair, Mr Chris Black. The Chief Executive is Ms Tina Mitchell.
16. Under the Crown Entities Act 2004, you can issue a Ministerial direction that requires Toka Tū Ake EQC to give effect to a Government policy that relates to its functions and objectives. Eight Ministerial directives, and two whole of Government directions have been issued since 2001 and are currently in effect. These are detailed in Annex C.

SOUTHERN RESPONSE

17. As a Schedule 4a Company, Southern Response is required to have two shareholding ministers. **You will need to determine appropriate shareholding arrangements for Southern Response.** When the second shareholding role has been confirmed, we will provide that Minister with information on the responsibilities of the role.
18. This briefing therefore provides an overview of Southern Response and some of the considerations relating to the company. The two shareholding ministers oversee the Crown's interests in, and relationship with, Southern Response. Shareholding Ministers appoint the Board and can influence the entity through the business planning cycle.
19. Southern Response is listed under Schedule 4A of the Public Finance Act 1989. Previously called AMI Insurance Limited, it became a Crown-owned company (and was renamed) in 2012 to ensure that it could fulfil its obligations to policyholders. It has subsequently paid out more than \$3 billion to settle claims, of which approximately \$1.6 billion has been funded by the Crown to date.
20. The work of Southern Response is governed and overseen by a skill and competence-based Board comprising four members, including Chair, Mr Alister James. The Chief Executive is Mr Casey Hurren.
21. Southern Response is working to wind down its operations in a manner that will allow it to fully discharge its obligations. It will not take on any new insurance underwriting, except to the extent that it is ancillary to its claims management business. See Annex A for further details.

INDEPENDENT OVERSIGHT COMMITTEE

22. The Southern Response Independent Oversight Committee (IOC) was established in December 2020 to oversee the delivery of a Crown Proactive Package (the Package). The Package offers further payments to eligible policyholders who cash settled before October 2014 to address inequity compared to those who settled later.
23. The IOC comprises four members, including the Chair, Mr David Ayers.
24. The IOC provides independent oversight, makes recommendations, and gives advice to the Board of Southern Response, and reports significant issues to the Crown.
25. The IOC has so far been satisfied with Southern Response's work delivering the Package. Southern Response attends part of the IOC's monthly meeting to discuss delivery of the Package and any key matters relevant. The minutes of these meetings are publicly available alongside the quarterly reports the IOC produces.

RESIDUAL CANTERBURY CLAIMS

26. The Canterbury Earthquake Insurance Tribunal (CEIT) and the NZ Claims Resolution Service (NZCRS) were set up to assist with the resolution of the remaining outstanding Canterbury earthquake claims. The Ministry of Justice and the Ministry of Business, Innovation and Employment will provide advice on the future of the CEIT and the NZCRS respectively, as the number of residual insurance claims declines. You may be consulted on this advice, given the implications for Toka Tū Ake EQC and

Southern Response. We note that it may take several years to resolve all the remaining outstanding Canterbury earthquake claims.

YOUR LEVERS

27. Toka Tū Ake EQC and Southern Response operate at arm's length from Ministers. This means that you are able to direct Toka Tū Ake EQC and Southern Response in certain respects, however, this is a mechanism that we would advise only be used in exceptional circumstances. Regular reporting and relationship meetings are better means to ensure strategic alignment between each Board and yourself, and to achieve a common understanding of entity performance.
28. Given the arm's length model, the three most important levers available to you to influence these entities' performance are:
 - being clear about the Crown's purposes for establishment and the continued operation of the entities,
 - the appointment of high-performing, effective Board members, and
 - participation in the annual business planning and reporting process, including setting clear ownership, legislative, and Ministerial expectations.

CROWN'S STRATEGY AND PURPOSE IN ESTABLISHING ENTITIES

29. The Crown's purposes for establishment and continued operation of Toka Tū Ake EQC and ownership of Southern Response provide direction for the application of

legislative and other levers (see below) and drives their engagement with you on achieving these purposes. It also guides our advice to you on the performance of, and our engagement with, Toka Tū Ake EQC and Southern Response.

- 30. For Toka Tū Ake EQC, the Crown's purposes are clear so that Toka Tū Ake EQC can deliver the insurance of residential property against damage caused by certain natural disasters, as set out in the EQC Act.

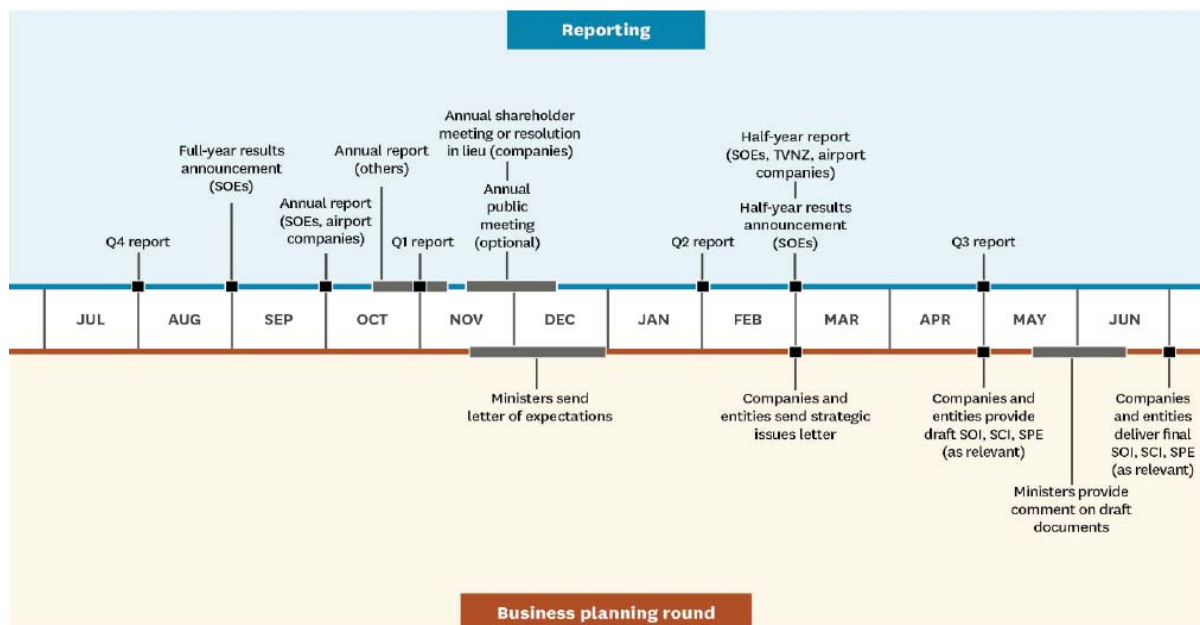
ANNUAL BUSINESS PLANNING AND REPORTING PROCESS

- 31. Your key opportunities to influence Toka Tū Ake EQC and Southern Response's strategic direction and performance

expectations, annually, are through the Letter of Expectations and signing off the Service Agreement (a statement of performance expectations) with the Boards. This is outlined in the annual business planning and reporting process in Figure 2. The Service Agreement consists of a series of intentions, performance targets and financial forecasts. It also outlines the entities' plans to deliver their strategic objectives.

- 32. Your Letter of Expectations is usually provided to Toka Tū Ake EQC and Southern Response in October/November. The boards subsequently provide the Service Agreement to you at the end of April. This allows you to sign off on the Boards' proposed performance expectations for the upcoming financial year.

Figure 2: Annual business planning and reporting process



HOW WE CAN SUPPORT YOU

33. We look forward to discussing how we can best support you.
34. The Toka Tū Ake EQC Board of Commissioners is the primary monitor of Toka Tū Ake EQC's performance. The Treasury represents the Crown's interests in Toka Tū Ake EQC and provides independent analysis, commentary and judgement to you on the governance and performance of Toka Tū Ake EQC. This independent perspective is particularly critical with respect to anything that involves financial arrangements, and statutory powers or obligations.
35. We review and provide comment on Toka Tū Ake EQC's quarterly reports biannually and the annual report. These reports are assessed against Toka Tū Ake EQC's business planning documents. We also manage the appointment process of directors on your behalf and provide advice to you on the skills required for the Toka Tū Ake EQC Board. This function sits with the Treasury's Financial and Commercial Group.
36. In addition to advice on performance and appointments, the Treasury also provides advice on Toka Tū Ake EQC-related policy matters. This function sits with the Treasury's Macroeconomics and Growth Group. Policy advice focuses on the following areas:
 - providing advice on changes to the settings of the EQC scheme or to programmes delivered by Toka Tū Ake EQC (e.g., the On-Solds programme),
 - providing advice on regulations relating to the new NHI Act,
 - monitoring the impact of the changes to the EQC scheme, and the pricing and availability of private insurance for residential property and providing advice where appropriate, and
 - providing advice on links to broader Government policy issues, including natural disaster response and recovery, and climate change adaptation.
37. We assign Performance Advisors to each company and entity to advise you on strategy, challenges, and opportunities. Performance Advisors strengthen their insights through ongoing engagement with boards and management, regular performance reporting, comparative company and industry analysis, and periodic strategic reviews. This provides Performance Advisors with a holistic evidence base on which to assess and communicate performance to you across four dimensions.
 - Strategy, investment, and alignment: Is the strategy clear, focused and aligned with ownership, legislative and Ministerial expectations? Can the strategy be executed and is it sufficient to address dynamic change, opportunities and challenges in the company's or entity's industry? What is the track record of major investments and the rationale behind current and planned investments?
 - Leadership: Is the board and management effective? Are there any gaps in the capability and diversity of, or succession planning for, the board and management? How can gaps at the board level be addressed?
 - Organisational performance: What is the organisational culture, structure, physical asset management plan and

standard of disclosure? How efficiently, effectively, and sustainably are the six capitals for value creation (financial, physical, IT/intellectual, personnel, social and natural resources) of the company or entity being harnessed? Does this vary across the scope of activities being undertaken?

- Delivery of results: Is the company or entity meeting ownership, legislative and Ministerial expectations? How does performance compare to past performance, and forecast performance? For companies and entities in a competitive market, how are they performing relative to competitors in terms of market share and competitive positioning?

MINISTERIAL SERVICING

38. The Treasury drafts responses to Ministerial correspondence, media enquiries and Official Information Act requests, as well as liaises with companies and entities to provide information to support Ministers to respond to parliamentary debates and questions. The Treasury also provides briefings when Ministers meet with companies or entities, and keeps Ministers informed of events, such as when companies or entities are scheduled to appear before select committees.

REGULAR BRIEFINGS

39. Our senior leadership and experienced advisors can be available to meet you regularly to supplement written briefings. We look forward to working with you and your office on options for what regular meetings work best for you.

OUR LEADERSHIP



SECRETARY TO THE TREASURY TE TUMU WHAKARAE MŌ TE TAI ŌHANGA

Caralee McLiesh is the Government's chief economic and financial advisor and leads the Treasury's work to help raise living standards for New Zealanders through a stable, growing economy, strong and sustainable public finances, and a high-performing public service.

[35]



Struan Little

Deputy Chief Executive and
Deputy Secretary, Budget and
Public Services
[35]



Leilani Frew

Deputy Secretary, Financial
and Commercial
[35]



James Beard

Deputy Secretary,
Macroeconomics and Growth
[35]



Dominick Stephens

Chief Economic Adviser and
Deputy Secretary
[35]



Cath Atkins

Chief Operating Officer and
Deputy Secretary, Strategy,
Performance and
Engagement
[35]



Andrew Rutledge

Director, Office of the
Secretary
[35]

YOUR KEY CONTACTS

FINANCIAL AND COMMERCIAL



Leilani Frew is responsible for the Commercial Performance and Governance directorate, the Financing, Infrastructure and Urban Development directorate and the New Zealand Debt Management directorate. Leilani is also the Chair of the Treasury's Capital Markets Advisory Committee (CMAC).

[35]



Tim Hampton

Director
Economic System
[35]

Responsible for policy relating to fiscal strategy, macroeconomic stability, financial markets, tax strategy and international connections.

Tim and his team will support you with shaping natural hazard-related policy and strategy.



Matt Gilbert

Director, Commercial
Performance and
Governance
[35]

Responsible for delivering commercial, investment, performance and governance advice for the Crown's commercial shareholdings and financial institutions.

Chris (acting for Matt) and his team will support you in your decisions on performance and governance for Crown entities.



Chris White

Acting Director,
Commercial Performance
and Governance
[35]

*Piki te kaha,
piki te ora,
piki te wairua
Hui e, tāiki e!*

*Gather your strength
Increase your wellbeing
Revitalise your inner spirit
We are in agreeance, it is affirmed!*

*Uplift, strengthen, thrive, inspire,
connect, and serve as Te Tai Ōhanga*

ANNEX A

MATTERS OF CURRENT INTEREST

BOARD APPOINTMENTS

1. The Treasury provided advice to you in December regarding the director terms ending by 30 June 2024 and vacancies on boards.
 - There are three commissioners at Toka Tū Ake EQC with terms due to end by mid-2024. Decisions will need to be sought by early December 2023 to ensure sufficient time to call for nominations over the summer holiday period and complete the board appointment process. ^[33]

Further information on the Board composition can be found in Annex B.

 - All terms for the four board members on Southern Response will expire on 30 June 2024. This is because the entity was due to complete its work at this time. This is now looking unlikely as there are outstanding claims to be worked through. ^[33]
 - Terms for three of the four board members on the Independent Oversight Committee will also expire on 30 June 2024, and one member's term is due to expire 31 March 2024. ^[33]

COMMENCEMENT OF THE NATURAL HAZARDS INSURANCE ACT (NHI ACT)

2. The NHI Act was enacted in February 2023. It comes into force on 1 July 2024 and replaces the EQC Act. The purposes of the NHI Act are:
 - to reduce the impact of natural hazards on people, property and the community,
 - to contribute to the management of the financial risk to the Crown of providing natural hazard cover, and
 - to enable the Commission to facilitate the Crown arranging reinsurance or other risk transfer products in respect of Crown risks not covered in the NHI Act.
3. Toka Tū Ake EQC is currently working to operationalise the NHI Act requirements in time for its commencement, with assistance from the Treasury.
4. The NHI Act also provides for other instruments to be created under it by the Minister, on advice from Toka Tū Ake EQC and the Treasury, and work is underway on those. For example, a Code of Insured Persons' Rights is being developed and will be made by the Minister on advice from Toka Tū Ake EQC.
5. The NHI Act also includes mechanisms which assist the Crown to manage its fiscal exposure under the guarantee of the Natural Hazard Fund (NHF) (the renamed Natural Disaster Fund). These include setting the financial caps on the cover provided under the NHI Act, and the levy paid by insured homeowners. The NHI Act requires regular review of these settings.

6. A Funding and Risk Management Statement (FRMS) must be developed every five years to provide transparency about cost-sharing between the NHF and the Crown, how the settings are determined and to communicate the strategy for funding the costs of claims. Work is currently underway to develop and publish the first FRMS by 1 July 2024. **You must present the FRMS to Parliament.**

LIMITS ON NATURAL DISASTER FUND INVESTMENTS

7. ^[33]

Ministerial Direction added this additional function to Toka Tū Ake EQC as without it Toka Tū Ake EQC would have no statutory authority to act as the Crown's agent to deliver the programme.

9. The policy intent of the On-Solds programme is to provide remedies in supporting a fair, timely and enduring resolution of the social issues arising from the uncompensated damage to On-Solds properties, as well as reducing the risk and potential cost of litigation for Toka Tū Ake EQC and affected Canterbury residents.
10. The policy provides an ex-gratia home repair grant to cover the over-cap cost of missed earthquake damage and/or failed Toka Tū Ake EQC-commissioned repairs of houses that have been sold and are not covered by private insurance policies.
11. ^[33]

ON-SOLD CANTERBURY PROPERTIES

8. On 15 August 2019, the Government announced a programme that covered the Over-Cap portion of the cost to repair natural disaster damage arising from the Canterbury Earthquake Sequence for eligible owners of On-Sold properties (On-Solds) that received inadequate repairs or missed damage because of the Toka Tū Ake EQC-led process. This programme is being administered by Toka Tū Ake EQC on behalf of the Crown, with this responsibility provided via the 2019 Services Agreement and supporting Ministerial Direction. This

RESIDUAL CANTERBURY CLAIMS

12. Toka Tū Ake EQC received around 469,000 claims after 2010 and 2011 Canterbury earthquakes and subsequent events. All have been settled, however under the EQC Scheme claims can be reopened due to poor repair quality and/or missed damage. As of 28 August 2023, Toka Tū Ake EQC advised that there are 810 reopened claims remaining. We expect that it will take several more years to resolve all the remaining outstanding Canterbury earthquake claims.

LEGAL ISSUES

13. There are several outstanding legal cases against Toka Tū Ake EQC related to the 2010 and 2011 Canterbury earthquakes and subsequent events. The Treasury has engaged with Toka Tū Ake EQC as these cases progress and any liability to Toka Tū Ake EQC (and the Crown) becomes known. One concern is that due to the nature of the cases, we cannot estimate or budget for costs. As at 30 June 2023 there were 24 open litigation cases made up of 19 Canterbury earthquake sequence claims and 5 Kaikōura earthquake claims. We will engage with your office on these legal issues as appropriate.

CROWN GUARANTEE

14. Section 16 of the EQC Act provides that, if the assets of Toka Tū Ake EQC are not sufficient to meet its liabilities, the Crown will provide Toka Tū Ake EQC with a grant or advance to meet the shortfall. You can set terms and conditions for this guarantee. Since the Canterbury and Kaikōura earthquakes,
15. Toka Tū Ake EQC has drawn down \$240 million from the Crown, with the last payment made in November 2020. Toka Tū Ake EQC currently pays the Crown an annual fee of \$10 million for this guarantee. The \$10 million annual fee will no longer be required under the NHI Act. Toka Tū Ake EQC and the Crown have a Deed in place which sets out the terms put in place to operationalise section 16 of the EQC Act. This Deed is renewed annually.
16. Toka Tū Ake EQC can request funds when it forecasts that the balance of the NDF will drop below an operational buffer of \$50

million. The Secretary to the Treasury has been delegated the authority to authorise individual payments of up to \$60 million. Any payment above this amount requires your approval. This delegation remains in place until amended or revoked by you.

RISK-FINANCING AND REINSURANCE MARKETS

17. Toka Tū Ake EQC strategically utilises reinsurance from international markets to transfer residential natural hazard risk from the Crown's balance sheet. However, due to years of losses in the reinsurance industry, markets are hardening, characterised by increasing premiums and decreasing capacity for most types of insurance. Losses stem from various natural hazard events, as well as the impacts of the COVID-19 pandemic and the conflict in Ukraine.
18. This shift has driven up reinsurance issuer prices. Additionally, the expected costs of natural hazard events covered by Toka Tū Ake EQC's risk financing program have risen due to building cost inflation and a cap increase on 1 October 2022.
19. Recognising the need to explore alternative sources of capital to meet increased capacity requirements and navigate the challenging reinsurance market conditions, Toka Tū Ake EQC's Board sought offers for a pilot Catastrophe (Cat) Bond transaction.
20. The Cat Bond placement complements the overall reinsurance program, shielding the Crown from liabilities ranging from \$2 billion to \$2.225 billion. Beyond that, the traditional reinsurance program becomes active again, safeguarding against additional risks.
21. In June 2023, Toka Tū Ake EQC achieved a record level of reinsurance, securing just

under \$8.2 billion from the international market, up from \$7.4 billion in the previous year.

FLOOD INSURANCE

22. In future, the increasingly granular risk-based pricing of flood insurance, in combination with climate change exacerbating underlying flood risks, will challenge the insurability of some assets.
23. In April 2022, Cabinet invited the Treasury to consult on these issues and to examine options to intervene in the insurance market. This work sits alongside other policy work on climate adaptation, which indirectly supports insurance access and affordability. The Treasury's most recent advice was provided in November 2022. Depending on how future work on insurance and flood risk develops, there may be implications for Toka Tū Ake EQC if Toka Tū Ake EQC becomes a vehicle for a Government policy response in the flood insurance market.
24. We will advise you as soon as it becomes apparent that further funding is required.

CYCLONE GABRIELLE CLAIMS

25. Toka Tū Ake EQC received 3,339 claims for Cyclone Gabrielle. As at 28 August 2023 Toka Tū Ake EQC advised that the total number of EQCover claims resolved was 835 (25%). We expect Toka Tū Ake EQC to continue to receive claims and for it to take several years to resolve all remaining and incoming claims.

SEVERE UPPER NORTH ISLAND FLOODING CLAIMS

26. Toka Tū Ake EQC received 4,313 claims for

the Upper North Island flooding event. As at 28 August 2023 Toka Tū Ake EQC advised the total number of EQCover claims resolved was 1,091 (25%). We expect Toka Tū Ake EQC to continue to receive claims and for it to take several years to resolve all remaining and incoming claims.

NELSON/MARLBOROUGH AUGUST 2022 SEVERE FLOODS

27. Toka Tū Ake EQC received 1,503 claims for the Nelson/Marlborough severe floods. As at 28 August 2023 Toka Tū Ake EQC advised that the total number of EQCover claims resolved was 1,237 (82%) of the claims for this event.

MONITORING MARKET RESPONSE TO THE INCREASE IN THE TOKA TŪ AKE EQC MONETARY CAP

28. The monetary cap on Toka Tū Ake EQC building cover was increased from \$150,000 (plus GST) to \$300,000 (plus GST) from 1 October 2022, phased in over 12 months as homeowners' insurance policies renew.
29. The Treasury has commissioned actuarial consultants to periodically monitor insurers' price responses to the change in the Toka Tū Ake EQC cap, and subsequent price movements. The primary purposes of this are to help evaluate if the increase in the Toka Tū Ake EQC cap achieved its policy goals, and to develop a longitudinal information set on insurance pricing and availability that will help inform future advice regarding the Toka Tū Ake EQC cap, and other related insurance matters.

SOUTHERN RESPONSE CLAIMS SETTLEMENT AND WIND-DOWN

30. Southern Response has outsourced the management of its day-to-day claims settlement activities to Toka Tū Ake EQC, whilst retaining overall responsibility and liability for the company's obligations. It now uses its residual resources to support Toka Tū Ake EQC in delivering on behalf of Southern Response, fair and enduring settlements for Cantabrians who are yet to resolve their earthquake claims. Acknowledging Toka Tū Ake EQC's role under an Agency Agreement, key decision-making regarding claims settlements and other strategic matters remains with Southern Response. Third parties, such as the New Zealand Claims Resolution Service, are also used to assist customers in settling claims and identifying solutions.
31. The Crown has provided financial support to Southern Response through an uncalled capital facility and an indemnity in relation to any present or future legal proceedings or claims against the company. The balance remaining in the uncalled ordinary share capital facility as at 30 June 2023 was \$34 million and the demands on the indemnity were \$40 million during the 2022/2023 financial year.
32. In December 2020, the Government announced the Crown Proactive Package (the 'Package'), which is intended to provide eligible policyholders who cash settled their claims prior to October 2014 with an option to receive an additional payment in relation to certain professional fees, contingency sums, interest on these amounts and in certain circumstances, a contribution to legal fees. Southern Response manages the delivery of the Package, and as at 30 June 2023, the company has settled 3,859 Package related claims at a value of circa \$214 million. The net outstanding liability for the Package as at 30 June 2023 was \$37 million. Southern Response anticipates processing the majority of payments under the Package by the end of the 2024 financial year.
33. The Treasury monitors claims settlement progress (in part through its monitoring of Toka Tū Ake EQC) and engages with Southern Response on its funding requirements via calls on the uncalled capital facility and demands on the Crown indemnity. We will provide further advice to you as required.
34. The Treasury has been working to explore options for the eventual closing of Southern Response. This work has also been outlined to Southern Response in its 2023/24 Letter of Expectations, including an expectation of working collaboratively and transparently with the Treasury. We will provide further advice on this matter as work progresses.

UPCOMING DECISIONS

Matter	Timing
You are required to present Toka Tū Ake EQC's FY22/23 annual reports alongside any outstanding FY23/24 accountability documents to the House of Representatives per relevant governing legislation.	As required
We are seeking your agreement to decisions on board positions across Toka Tū Ake EQC, Southern Response and the Independent Oversight Committee, including current vacancies and term ends due to expire before 30 June 2024.	Mid-December
We will seek your approval to regulations that accompany the Natural Hazards Insurance Act 2023 on commencement.	December

ANNEX B

TOKA TŪ AKE EQC'S BOARD

Member	Start	End	Region
Chris Black (Chair)	5 April 2022	31 March 2025	[23]
Hon Ruth Dyson (Deputy Chair)	1 May 2021	30 April 2026	
Alistair Hercus	1 March 2020	30 June 2025	
Alistair James	1 May 2021	30 April 2024	
Erica Seville	1 July 2018	30 June 2024	
Fiona Wilson	1 March 2020	31 August 2024	
Scott Lewis	1 March 2020	28 February 2026	
Ziena Jalil	1 July 2022	30 June 2025	
Andrea Brunner	5 May 2023	30 April 2026	

SOUTHERN RESPONSE'S BOARD

Member	Start	End	Region
Alistair James (Chair)	20 December 2018	30 June 2024	[23]
Captain Bevan Edward Killick	20 December 2018	30 June 2024	
Ms Aedeon Boadita-Cormican	22 December 2021	30 June 2024	
Ms Fiona Sheryl Pimm	22 December 2021	30 June 2024	

INDEPENDENT OVERSIGHT COMMITTEE

Member	Start	End	Region
Mr David Lindsay Ayers (Chair)	15 December 2020	30 June 2024	[23]
Ms Felicity Jane Caird	10 May 2023	30 June 2024	
Ms Nina Charlotte Zealandia Khouri	14 December 2020	31 March 2024	
Ms Sandra Joy Manderson	15 December 2020	30 June 2024	

ANNEX C

MINISTERIAL DIRECTIONS TO TOKA TŪ AKE EQC

Topic of Direction	Description	Date of Direction
Investments	Specific section of this direction (para v) continues in force, requiring Toka Tū Ake EQC to produce and comply with a Statement of Investment Policies, Standards and Procedures.	30 October 2001
Damage apportioned to unclaimed events	A direction allowing Toka Tū Ake EQC to make payment in relation to building damage apportioned to events that formed part of the Canterbury earthquake sequence, even where the insured person did not notify Toka Tū Ake EQC of damage for each event in the sequence.	19 December 2012
Amendment to previous direction	A direction amending the direction effective 19 December 2012 such that no excess applies in respect of the unclaimed event.	2 December 2013
Natural Disaster Fund Investment policies	A direction to ensure Toka Tū Ake EQC invests the Natural Disaster Fund only in New Zealand Government stock and bank deposits. The direction also includes requirements to notify the Minister when the Fund reaches certain financial limits.	27 July 2015
Land damage apportioned to unclaimed events	A direction allowing Toka Tū Ake EQC to pay out on land damage apportioned to events that formed part of the Canterbury earthquake sequence, even where the insured person did not notify Toka Tū Ake EQC of damage for each event in the sequence.	20 October 2015
Administering the On-Solds programme	A direction to administer the support package established by the Crown for qualifying owners of on-sold properties.	7 October 2019
Acting as agent for Southern Response Earthquake Services Limited (SRES)	A direction to Toka Tū Ake EQC that Toka Tū Ake EQC may act as agent for SRES for the purposes of administering open insurance claims against SRES in respect of damage arising from the Canterbury earthquakes, being claims that exceed, or may exceed, the cap. In performing the additional function under this direction, Toka Tū Ake EQC must act in accordance with the terms and conditions of the agency agreement dated 21 October 2019 between Toka Tū Ake EQC and SRES (as varied by agreement between the parties from time-to-time following consultation with the Minister).	21 October 2019
Replacing certain storm water and sewerage services and structures under the Canterbury earthquake sequence	A direction to pay the amount of the damage to, or replace or reinstate (at Toka Tū Ake EQC's option), any storm water and sewerage services and structures appurtenant to them that suffered damage as the direct result of one or more of the 2010-2011 Canterbury earthquake sequence.	1 December 2021

DIRECTIONS TO SUPPORT A WHOLE-OF-GOVERNMENT APPROACH

Topic of Direction	Description	Date of Direction
New Zealand Business Number	A direction from the Minister of State Services and the Minister of Finance sets out requirements for agencies to implement the NZBN. Toka Tū Ake EQC records NZBN numbers as part of new supplier registration. Our finance system has a searchable NZBN field. Existing suppliers have had their NZBN numbers updated wherever possible.	10 May 2016
Carbon Neutral Government Programme	A direction from the Minister of State Services and the Minister of Finance sets out requirements for agencies to implement the Carbon Neutral Government Programme.	27 March 2022