



Independent Oversight Committee

Independent Oversight Committee information release

February 2024

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Independent Oversight Committee Quarterly REPORT to the Crown December 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 Southern Response Independent Oversight Committee (IOC) was established in December 2020 to oversee the implementation and delivery of the Southern Response Pre-October 2014 Payment Package (the Package). The Package is intended to address the inequity of those who cash settled their claims prior to October 2014 compared to those who settled later.

The IOC has four members: Nina Khouri, Sandra Manderson, Felicity Caird and the Chair, David Ayers. Our purpose is to provide independent oversight, make recommendations and give advice to the management and board of Southern Response, and report significant issues to the Crown and the High Court in Christchurch.

We hold monthly meetings where Southern Response Earthquake Services (SRES) management provides detailed updates on all aspects of Package implementation and delivery. This includes: identifying contact information for eligible policyholders; progress on applications received and settled; discretionary decisions; legal issues and litigation; requests for review of Package offers; Package systems and processes; and outcomes of internal audits.

The Committee works to ensure that SRES is implementing and delivering the Package 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 provided Reports to the Crown, SRES Board and the Christchurch High Court in September 2023. The Committee published a Report to Policyholders in August 2023

The Committee discussed an internal audit report prepared by KPMG and confirmed to SRES how valuable these reports were in gaining assurance about SRES internal systems and controls.

At the December meeting, SRES management reported the results of the November 2023 Customer Survey about people's experiences of Out of Scope (OOS) settlements. SRES management reported the results of the November 2023 Customer Survey about the experiences of OOS settlements. Results were positive and 80% of respondents rated the experience "good". The average overall experience was rated 8.9/10.

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

C. Summary of work performed

The Committee met formally in October, November and December 2023 as required by the Terms of Reference.

At the October meeting the Committee met with the SRES Board and Treasury liaison personnel over an informal lunch. The Committee finds these informal meetings informative.

At each monthly meeting, the Committee received operational reports from SRES management as to the steps SRES is taking in implementing the Package. SRES is continuing to focus on the large numbers of OOS policyholders yet to be contacted and the few remaining over-cap applications.

As of 30 November 2023, SRES has paid \$262,157,720 to policyholders across 5,598 Package applications. Of these, 2494 related to over-cap applications. This represents over 90% of the estimated number of over-cap policyholders that may be eligible for the Package and is a significant achievement. A key focus now is SRES's processing of OOS applications and the issues arising as these applications are worked through. The Committee is working with SRES to ensure that OOS applications are processed and settled in accordance with the principles and processes agreed between SRES and the Crown and with due consideration being given to the interests of affected policyholders. This includes reviewing information provided to policyholders about eligibility criteria for OOS applications.

SRES continues to update staff training, streamline processes, and develop systems to process OOS applications as efficiently as possible without jeopardising the quality of the process. At the October meeting SRES confirmed updates to the OOS verification and identity processes. The Committee was consulted in relation to these changes and was provided with copies of the updated processes.

The Committee continues to monitor SRES reporting on over-time applications and policyholders SRES is yet to connect with and notes the steady progress that SRES is making in both areas.

SRES provides monthly updates on applications under the Package Review Process, recent discretionary decisions, current legal issues (including litigation relating to the Package) and compliance with privacy requirements as these are matters of ongoing interest to the Committee and are permanent Agenda items. On 23 November 2023 the High Court rejected Mr Ressels' application for representative class action status for his court proceeding against Southern Response (*Ressels v Southern Response Earthquake Services Ltd* [2023] NZHC 3344). On 4 December 2023 the Court of Appeal rejected Mr Ressels' application for leave to appeal against the High Court's 21 February 2023 decision denying Mr Ressels second plaintiff and representative status in Mr Sneesby's court proceeding against Southern Response (*Ressels v Southern Response Earthquake Services Ltd* [2023] NZCA 614). These decisions were discussed at the Committee's December 2023 meeting.

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 provides the Committee with its in-house compliance reports.

Use of its Key Performance Indicator Checklist enables the Committee to evaluate the information it receives and to identify, and fill, any gaps in the information provided. This enables the Committee to focus on any specific matters of concern during meetings with SRES.

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 Treasury updated IOC minutes on the Committee webpage in response to an Ombudsman's Investigation relating to an Official Information Act request in August 2021. Some redactions of earlier minutes were removed.

The updated Communications policy was added to the Committee webpage in November. This policy and the Document Release policies continue to work well with publication of Reports and minutes well within expected timeframes. Minutes and Crown Reports for September 2023 have now been published on the Committee web page.

The Committee's preference is for as much information to be publicly released as possible, restricted only by privilege and confidentiality considerations, thereby enhancing the transparency of the Committee's work.

The Committee filed its September 2023 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.

Sarah Steele resigned as secretary of the Committee in November, and we welcome Nanette Ainge as her replacement.

E. Recommendation for changes to Terms of Reference

No changes recommended this quarter.

Signed by



Committee Chair, David Ayers

Date: 20 December 2023