



# Independent Oversight Committee

## Independent Oversight Committee information release

**April 2024**

This document has been proactively released by the Independent Oversight Committee on the Treasury website at

<https://www.treasury.govt.nz/information-and-services/company-and-entity-performance-advice/portfolio-companies-and-entities/independent-oversight-committee>

### **Information Withheld**

No information has been withheld from this document.

### **Copyright and Licensing**

Cabinet material and advice to Ministers from the Treasury and other public service departments are © Crown copyright but are licensed for re-use under Creative Commons Attribution 4.0 International (CC BY 4.0) [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

### **Accessibility**

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to [information@treasury.govt.nz](mailto:information@treasury.govt.nz).



Independent Oversight Committee  
REPORT to the Southern Response  
Earthquake Services Limited Board  
March 2024

---

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 SRES Board, Crown and the Christchurch High Court in December 2023. The Committee published a Report to Policyholders in August 2023.

At the February meeting, 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. In March, the committee was briefed on measures taken to combat cybersecurity risk.

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

## C. Summary of work performed

---

The Committee met by circular resolution in January and formally in February and March 2024 as required by the Terms of Reference.

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

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 Out of Scope (OOS) policyholders yet to be contacted and the few remaining over-cap applications.

As of 29 February, 2024, SRES has paid \$267,694,439 to policyholders across 6,647 Package applications. Of these, 2,528 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.

Of the 6,647 Package applications SRES has paid, 4,119 related to OOS applications. This represents 52% of the estimated number of policyholders that may be eligible. Updated forecasting for the 2024/2025 year is expected for the May meeting of the Committee.

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 and to streamline processes. They have developed systems to process OOS applications as efficiently as possible without jeopardising the quality of the process.

The Committee continues to monitor the numbers of Package applications that are subject to delays and the numbers of policyholders with whom SRES is yet to connect. The steady progress that SRES is making in both areas is noted.

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.

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. In March the committee was briefed on measures taken to combat cybersecurity risk, including penetration testing.

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 Committee continues to adhere to its Communication Policy and its Document Release policy. These policies are working well with publication of reports and minutes well within expected timeframes. Minutes and Crown Reports for December 2023 have been published on the Committee's 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.

IOC Reports to the Crown are filed with the High Court to comply with the judgment of Osbourne J in *Ross v Southern Response Earthquake Services Limited* [2021] NZHC 3497.

The next report to the SRES Board is planned for July 2024.

#### 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 written over a light blue circular stamp.

Committee Chair, David Ayers

Date: 27 March 2024