



BRIEFING

Budget 2022: Insurance Claims Resolution Initiative

Date:	1 December 2021	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2122-1964

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Associate Minister of Finance	<p>Agree to the title and description of the Insurance Claims Resolution Budget 2022 initiative, and the funding amount sought.</p> <p>Agree to sign and send to the Minister of Finance the annexed Ministerial letter to formally submit the proposed Insurance Claims Resolution Budget 2022 initiative.</p>	8 December 2021

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Darren Wright	Director, Greater Christchurch Claims Resolution Service	Privacy of natural persons	✓
Ingrid Bayliss	General Manager, Building and Tenancy, MBIE		

The following departments/agencies have been consulted
The Treasury

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Budget 2022: Insurance Claims Resolution Initiative

Date:	1 December 2021	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2122-1964

Purpose

To provide you with information about the Budget 2022 bid initiative for the Insurance Claims Resolution appropriation.

This briefing also seeks your agreement to:

- the title and description of the Insurance Claims Resolution Budget 2022 initiative (Budget 2022 initiative);
- sign and send the annexed Ministerial letter to the Minister of Finance, to submit the proposed Budget 2022 initiative.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** that on 22 October 2021, you were invited by the Minister of Finance to submit a Budget 2022 initiative to address cost pressures in the Greater Christchurch Claims Resolution Service (GCCRS) and Residential Advisory Service (RAS); both services have time-limited funding and would cease operations before the end of 2022 without additional funding. *Noted*
- b **Note** that the Budget 2022 initiative will enable GCCRS and RAS to continue helping homeowners to resolve their residential insurance claims resulting from the Canterbury earthquakes, and other national natural disasters, for the 2022/23 financial year. *Noted*
- c **Note** that MBIE is currently under significant fiscal pressure with the loss of third-party revenue and that these additional pressures are limiting the scope to further re-prioritise within existing baselines to address funding gaps. *Noted*
- d **Note** that the following proposed funding is sought to ensure the continued operation of GCCRS and RAS: *Noted*

Operating funding sought (\$m)	2021/22	2022/23	2023/24	2023/24	2025/26 & outyears	Total
GCCRS	--	3.800				3.800
RAS	--	0.200				0.200
Total	--	4.000				4.000

Noted

- e **Agree** to the title and description of the Budget 2022 initiative as follows:

Title: Continuing support for homeowners affected by Canterbury Earthquakes and other natural disasters.

Description: This initiative will enable the Greater Christchurch Claims Resolution Service (GCCRS) and the Residential Advisory Service (RAS) to continue to provide services to help homeowners with their unresolved residential insurance claims resulting from the Canterbury earthquakes, and other natural disasters nationally. GCCRS and RAS provide independent and personalised case management, expert advice, and dispute resolution services; contributing to the timely, fair and enduring resolution of insurance claims. Both services are unfunded beyond June 2022.

Agree / Disagree

- f **Agree** to sign and send the annexed Ministerial letter to the Minister of Finance by 5pm Friday, 10 December 2021, in order for the proposed Budget 2022 initiative to be formally submitted.

Agree / Disagree

- g **Note** that, upon your approval, the annexed initiative summary will be submitted to The Treasury by 5pm Friday, 10 December 2021.

Noted

- h **Note** that you will shortly receive advice on the recommendation from the Public Inquiry into the Earthquake Commission to develop a standing service to support claimants after a natural disaster; this may impact the future of RAS and GCCRS.

Noted



Ingrid Bayliss
General Manager, Building and Tenancy

30 / 11 / 2021
..... / /



Hon Dr Megan Woods
Associate Minister of Finance

8 / 12 / 21
..... / /

Background

1. The Insurance Claims Resolution Budget 2022 initiative seeks funding for the continued operation of the Greater Christchurch Claims Resolution Service (GCCRS) and the Residential Advisory Service (RAS) for the 2022/23 financial year.
2. GCCRS and RAS help homeowners with their unresolved insurance claims allowing them to repair or rebuild their homes following the Canterbury earthquake sequence, and other natural disasters nationally. These services provide independent and personalised case management, expert advice and dispute resolution services to support homeowners through the claims process. These independent services work closely with each other as well as with the Earthquake Commission, Southern Response, and other insurers to facilitate a transparent claims process for homeowners to achieve fair, timely and enduring settlements.
3. GCCRS and RAS sought funding for the first time in Budget 2019, in which it received funding for two years to June 2021. In Budget 2021, it sought funding for a further two years to June 2023, but only received funding for one year to June 2022.
4. A Budget 2022 funding initiative will enable GCCRS and RAS to continue for an additional year.

Budget 2022 process

5. Budget 2022 is an invitation-only process, focusing on critical cost pressures and high-priority, time-sensitive manifesto commitments.
6. You requested consideration from the Minister of Finance to invite a submission of an Insurance Claims Resolution budget initiative in a letter dated 23 September 2021. The Hon Grant Robertson responded to you in a letter dated 22 October 2021, inviting the initiative.
7. In his letter of invitation, the Minister of Finance advised that he considers this initiative to be low-risk involving a small quantum of funding. Therefore this Budget 2022 initiative only requires completion of the delivery aspects of the value-for-money information and analysis in the initiative template.
8. Ministers seeking funding through Budget 2022 are required to send a letter to the Minister of Finance, providing an overview of all invited initiatives submitted in their Portfolio. MBIE has drafted a letter outlining the costs for this initiative for you to approve, sign and send to the Minister of Finance by 5pm Friday, 10 December 2021 (see Annex One).

Insurance Claims Resolution Budget 2022 Bid

9. The Budget 2022 initiative seeks a total of \$4.000 million in funding; \$3.800 million for GCCRS and \$0.200 million funding for RAS for one year (see Annex Two). The table below provides an overview of the proposed bid:

Operating funding sought (\$m)	2021/22	2022/23	2023/24	2023/24	2025/26 & outyears	Total
GCCRS	--	3.800				3.800
RAS	--	0.200				0.200
Total	--	4.000				4.000

Funding the ongoing demand for GCCRS

10. GCCRS has resolved over 2,600 cases since its establishment in October 2018. The service is currently working on just under 850 open cases, and currently registers around 50 new cases a month. GCCRS' effectiveness can be demonstrated by the fact that 94 per cent of homeowners who have used the service would recommend it to others.
11. Approval of this initiative will enable GCCRS to continue to provide a homeowner-centric claims handling and case management service, focused on timely, fair and enduring settlements of their Canterbury claims. Continued GCCRS funding would also provide support to those entitled to pursue settlement through the Government's On-sold and Southern Response payment packages.
12. Overall, case numbers are gradually declining, and subject to no significant changes it is anticipated that no further funding will be required for GCCRS after the 2022/23 financial year.

Funding the continuation of RAS

13. RAS has supported nearly 6,500 homeowners throughout Aotearoa, offering practical, people-centred solutions, and responding to claimants needs. RAS offers homeowners advice and technical information to help them understand the factors that may impede their repairs and rebuilds.
14. Funding RAS for an additional year allows for current cases to be resolved, and for RAS to be more adequately prepared to respond to future natural disasters. RAS currently has over 100 active cases; around 70 of these are homeowners affected by the West Coast flooding with the remaining homeowners located in Canterbury, Kaikōura, Napier and Marlborough.

EQC Inquiry recommendation – implications for GCCRS and RAS

15. The Public Inquiry into the Earthquake Commission considered how the response to the Canterbury Earthquakes was handled, and how it can be best prepared for future events.
16. Recommendation 8.1.1 from the Inquiry promotes a more efficient and fair resolution of disputes in case of another major natural disaster:

Develop a standing dispute resolution mechanism that is robust, accessible, timely and responsive to complainants, drawing on the experience of the Canterbury earthquakes, including the experiences of EQC and claimants; this may include enacting legislation to support such a mechanism.
17. The Government accepted the recommendation in principle, subject to further consideration. The Minister Responsible for the Earthquake Commission directed MBIE to provide advice on options, including preferred options, for a standing dispute resolution mechanism by the end of 2021.
18. RAS has always had the potential to be an enduring insurance claims resolution service for New Zealand, while the intention for GCCRS has been for the service to phase-out as the Canterbury earthquake cases are resolved.
19. You will shortly receive advice on the development of a standing service to support claimants after a natural disaster, which may impact the future of RAS and GCCRS. Should a new national service be established, any active RAS and GCCRS cases would be transferred and funding received through this Budget 2022 initiative could be re-purposed. The scope of the Insurance Claims Resolution appropriation would still be valid.

Next steps

20. Subject to your agreement, MBIE will submit the Insurance Claims Resolution Budget 2022 initiative to the Treasury by 5pm Friday, 10 December 2021.
21. If you approve the annexed Ministerial letter, send the letter to the Minister of Finance by 5pm Friday, 10 December 2021.
22. MBIE will continue to align this Budget 2022 initiative with decisions to be made on the Inquiry recommendation to develop a standing dispute resolution mechanism.

Annexes

Annex One: Portfolio Minister's Submission Letter

Annex Two: Budget 2022 Initiative Summary

Annex One: Portfolio Minister's Submission Letter

(Attached)

Annex Two: Budget 2022 Initiative Summary

(Attached)

Hon Dr Megan Woods

MP for Wigram

Minister of Housing

Minister of Energy and Resources

Minister of Research, Science and Innovation

Associate Minister of Finance



Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Grant

I am submitting the initiative outlined below for the Finance portfolio for consideration as part of the Budget 2022 process. I confirm that you have invited me to submit this initiative.

Total amount of funding sought:

Continuing support for homeowners affected by Canterbury Earthquakes and other natural disasters

Operating Funding Sought (\$m)	2020/21		2021/22		2022/23		2023/24		2024/25 & outyears		Total
					4.000						4.000
Capital Funding Sought (\$m)	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total

This initiative will enable the Greater Christchurch Claims Resolution Service (GCCRS) and the Residential Advisory Service (RAS) to continue to provide services to help homeowners with their unresolved residential insurance claims resulting from the Canterbury earthquakes, and other natural disasters nationally. GCCRS and RAS provide independent and personalised case management, expert advice, and dispute resolution services; contributing to the timely, fair and enduring resolution of insurance claims. Both services are unfunded beyond June 2022.

Without funding in the 2022/23 financial year, GCCRS and RAS will cease and homeowners will lose much needed support to settle unresolved claims, potentially resulting in adverse mental health and wellbeing impacts.

I look forward to working with you through the Budget 2022 process.

Yours sincerely

Hon Dr Megan Woods
Associate Minister of Finance

Budget 2022 Initiative Summary

Continuing support for homeowners affected by Canterbury Earthquakes and other natural disasters

Section 1: Overview

This section must be completed for all initiatives.

Section 1A: Basic Initiative Information

Lead Minister	Hon Dr Megan Woods, Associate Minister of Finance				
Department	Ministry of Business, Innovation, and Employment				
What type of initiative is this?	<i>Critical cost pressure initiative</i>	X	<i>Manifesto commitment initiative</i>	<i>Health and Disability System Reform initiative</i>	
	<i>Climate Emergency Response Fund initiative</i>		<i>Savings initiative</i>	<i>Non-Spending initiative</i>	
Initiative description [max 800 Characters]	This initiative will enable the Greater Christchurch Claims Resolution Service (GCCRS) and the Residential Advisory Service (RAS) to continue to provide services to help homeowners with their unresolved residential insurance claims resulting from the Canterbury earthquakes, and other natural disasters nationally. GCCRS and RAS provide independent and personalised case management, expert advice, and dispute resolution services; contributing to the timely, fair and enduring resolution of insurance claims. Both services are unfunded beyond June 2022.				
Is this a Cross-Vote initiative?	N				
Department contact	Privacy of natural persons				
Treasury contact					

Section 1B: Total Funding Sought

Operating funding sought (\$m)	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears	Total
		4.000				4.000

Capital funding sought (\$m)	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total

BUDGET SENSITIVE

Section 1C: Initiative Classifications

Is this initiative seeking funding from the Climate Emergency Response Fund (CERF)? [max 300 characters in CFISnet].	N								
Is this initiative climate-related, but not seeking funding from the CERF? [max 300 characters in CFISnet].	Y	Severe weather events result in insurance claims to repair damaged homes. Unresolved claims cause significant detrimental effects on the health, wellbeing and finances of families, and on the local economy. The initiative supports claimants to process/resolve their claims in a timely manner. Climate forecasts indicate an increase in response need.							
Does this initiative align with the Crown's obligations under the Treaty of Waitangi?	Weak	This initiative recognises the importance of co-governance and representation through Ngāi Tahu representation on its Homeowner Advisory Group. The initiative is currently working through its obligations with local iwi. The initiative is a minimum viable cost pressure to continue an existing service.							
Specify if this initiative will help reduce child poverty and describe the impact [max 300 characters in CFISnet].	No impact								
Does this initiative align with the Child and Youth Wellbeing Strategy?	Y	This initiative supports the following outcomes from the Child and Youth Wellbeing strategy: <ul style="list-style-type: none"> Children and young people have what they need - they live in stable housing that is affordable, warm and dry. Children and young people are happy and healthy - they have spaces and opportunities to play, and they live in healthy, sustainable environments. 							
Does the initiative include funding to procure from NGOs?	Y	GCCRS and RAS engage local community support through a multi-year relationship with Community Law Canterbury. This initiative will continue to support that local relationship allowing flexible and tailored support to homeowners. Legal advice to homeowners is provided by an existing service and by those who know their community.							
Does the initiative include funding to support digital and data related investments?	N								
Is this a regulatory or legislative initiative (according to the guidance provided)?	N								
Is this a significant investment initiative per the definition at section 4.8 of the Budget 2022 guidance?	N	<i>If yes, please specify the type of significant initiative below</i>							
	N	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Data / Digital / ICT</td> <td style="width: 25%;">N</td> <td style="width: 25%;">Physical Infrastructure</td> <td style="width: 25%;">N</td> <td style="width: 25%;">Organisational Transformation</td> <td style="width: 25%;">N</td> <td style="width: 25%;">Specialised Equipment</td> </tr> </table>	Data / Digital / ICT	N	Physical Infrastructure	N	Organisational Transformation	N	Specialised Equipment
	Data / Digital / ICT	N	Physical Infrastructure	N	Organisational Transformation	N	Specialised Equipment		
<u>See Annex A for further questions – mandatory to complete for all significant initiatives</u>									

Section 2: Cost pressure information

This section must be completed for all cost pressure initiatives. Skip this section for Manifesto Commitment, Savings, Non-Spending, Health and Disability System Reform (HDSR), Climate Emergency Response Fund (CERF) and Pre-Commitment initiatives.

See **section 4.2** of the Budget 2022 guidance for more information on cost pressure initiatives.

Answers must not exceed 1-2 paragraphs per section.

Cost pressure driver	X	Volume	Price	Personnel (driven by volume/price)
Cost pressure description		<p>It is forecast that GCCRS and RAS will require a total of \$4.000 million in 2022/23 for GCCRS and RAS to continue to respond to the expected levels of demand in the coming year. These services are unlikely to have any funding available beyond June 2022. Additional funding of \$4.000 million is needed in order for GCCRS to remain operational for the last remaining Canterbury cases and for RAS to maintain its services to support homeowners through other disasters in the rest of New Zealand.</p> <p>Note that GCCRS has now resolved a large proportion of its cases and demand for GCCRS services is declining. As such, the total operating costs for GCCRS is forecast to be less than last year.</p> <p>Should funding not be received, GCCRS and RAS will need to stop accepting cases in February 2022 in order to wind up the services ahead of 2022/23.</p> <p>GCCRS</p> <p>GCCRS was established in October 2018 and is currently working on around 850 unresolved residential insurance claims. The Canterbury On-sold Programme (which received registrations from August 2019 to October 2020) and the Southern Response compensation package (announced in December 2020) significantly increased uptake of GCCRS services over and above that originally forecast in mid-2018.</p> <p>Many of GCCRS's outstanding cases represent the most complex cases and continue to affect homeowners' mental health and wellbeing; a number of claims have been outstanding for close to a decade. Ensuring that these homeowners have access to assistance with the insurance claims process has facilitated more timely, fair, enduring and cost-effective settlements and been proven to benefit the wellbeing of homeowners and allow them to move on with their lives.</p> <p>Whilst new case numbers have been declining in recent months, GCCRS must be prepared for any potential uptick in demand from, for example, a class action.</p> <p>RAS</p> <p>RAS requires funding in order to continue supporting homeowners with insurance issues related to natural disaster events nationwide for one more year. With the recent increase in natural flooding disasters, RAS has experienced a significant increase in demand. RAS operates on a limited budget because it is able to leverage off GCCRS resources; the two services are co-located. Failure to fund GCCRS would result in RAS requiring additional funding to continue operating.</p>		
Cost pressure management		<p>MBIE is currently reliant on Crown support through the use of Crown injections to continue to meet its obligations to its people and suppliers after the loss of a significant portion of its third-party funding. The level of Crown support MBIE will receive for 2022/23 remains uncertain, and MBIE has a number of areas with time limited-funding ending in June 2022 (for example MIQ). MBIE's financial position is also exposed to the ongoing costs that have been absorbed to ensure it remains a good public service employer and costs associated with becoming a carbon neutral public service. These additional uncertainties are limiting MBIE's scope to fund activities within existing baselines.</p> <p>GCCRS, RAS, and the Canterbury Earthquake Insurance Tribunal (CEIT) mediation services are demand driven services, which are funded out of the Insurance Claims Resolution Services appropriation (the Appropriation).</p> <p>In the 2021/22 financial year, GCCRS services were able to be partly funded through leveraging underspends between the functions and active management of its funding. However, there are currently no available underspends from this financial year, and both GCCRS and RAS are unlikely to have any funding available beyond June 2022. Budget 22 funding is sought for the total cost of the initiative in 2022/23.</p> <p>Note, CEIT which received multi-year funding up to June 2023 (\$0.815 million for 2022/23) does not require any further funding at this time.</p>		
Case for funding		<p>The Report of the Public Inquiry into EQC highlighted that GCCRS and RAS are valuable because they offer information, technical support, mediation and binding determination in a far less costly and a more relaxed setting than a court.</p>		

GCCRS and RAS are the only services currently offering a case management approach where experienced case managers work alongside homeowners to navigate the insurance process and provide support should a dispute resolution service be required.

Funding core services through the Crown gives both GCCRS and RAS the ability to retain their independence from insurers, resulting in better trust and buy-in from homeowners.

GCCRS

GCCRS has resolved over 2,600 cases since its establishment in October 2018. The service is currently working on just under 850 open cases, and currently registers around 50 new cases a month. GCCRS's effectiveness can be demonstrated by the fact that 94 per cent of homeowners who have used the service would recommend it to others.

A successful Insurance Claims Resolution Budget 22 funding initiative would enable GCCRS to continue to provide a homeowner-centric claims handling and case management service, focused on timely, fair and enduring settlements. The funding would allow GCCRS to continue to provide homeowners with free access to psychosocial support, expert technical and legal advice, and dispute resolution services; enabling homeowners to make decisions and move forward with confidence.

Continued GCCRS funding would provide support to the On-sold and Southern Response payment packages, helping people still experiencing frustration with residual insurance issues from the Canterbury earthquakes to move forward.

Overall, case numbers are gradually declining and subject to no significant changes, it is anticipated that no further funding is required for GCCRS after the 2022/23 financial year.

RAS

RAS is a successful national model and has supported nearly 6,500 homeowners throughout Aotearoa, offering practical, people-centred solutions, and responding to claimants needs. RAS offers homeowners advice and technical information to help them understand the factors that may impede their repairs and rebuilds.

Funding RAS for an additional year allows for current cases to be resolved, and for RAS to be more adequately prepared to respond to future natural disasters. RAS currently has over 100 active cases; around 70 of these support homeowners affected by the West Coast flooding with the remaining homeowners located in Canterbury, Kaikōura, Napier and Marlborough.

Advice on the future form of Government-led claimant support is being provided to the Minister responsible for the Earthquake Commission and the Associate Minister of Finance in December 2021, as a result of the EQC Inquiry recommendation for a standing dispute resolution mechanism to be developed.

If a new advisory mechanism were to be established, it is proposed that any GCCRS and RAS cases that are still active at that time would be transferred to the new national service.

Subject to the timing of decisions and implementation, any funding received through this initiative could be re-purposed to fund a new mechanism in its first year. The scope of the appropriation would remain the same.

Section 3: Value - Exempt

Section 3 must be completed for all initiatives, unless exempted by the Minister of Finance in the invitation letter. Further information on the questions in this section can be found at Annex Two of the Budget 2022 guidance.

This section explains the initiative's value, drawing on elements of He Ara Waiora (section 3A) and the Living Standards Framework (Section 3D). For explanations of these two frameworks, please see the accompanying guidance.

Explanation

Intervention logic terms such as outputs, impacts, and goals can have different definitions. Please see table below for how the Treasury defines these concepts.

Explanation Table

This explanation table is for your reference only. Do not fill out the sections.

	Definition	Example
Outputs	The good or service the initiative is purchasing.	<p>The purchased goods are localised curriculum resources in te reo Māori, as well as the services of publishers, designers and story tellers.</p> <p>Costs cover the design, development, distribution and maintenance of online tools, interactive electronic and hard copy resources to promote and provide teachers, students and whānau, and external providers with quality tools and resources to enable effective teaching and learning from offsite or the workplace using a range of online, distance and place-based delivery modes.</p>
Impact	The direct effect of the initiative.	<ul style="list-style-type: none"> • Increased whānau involvement in education which is a key driver to lifting student engagement and achievement. • Improved student engagement and achievement in education that better reflects their identity, language and culture. • Increased visibility of te reo Māori at schools and in the community. • Learning programmes supported by quality te reo Māori resources.
Goals	What this initiative aims to achieve.	<ul style="list-style-type: none"> • Normalisation of te reo Māori used by teachers in the classroom, wider school and home. • Increased student and whānau participation in and retention of te reo Māori learning. • Increase in the quality of te reo Māori used by teachers and students. • Attitudinal shift in the wider education community that te reo Māori is recognised as being for everyone.

BUDGET SENSITIVE

Section 3A: Opportunity/Problem

Opportunity/Problem

What is the overarching opportunity or problem this initiative is responding to?

Section 3B: He Ara Walora

Tikanga- decisions are made by the right decision-makers, following a tikanga process, according to tikanga values

Outline how the policy and implementation plan for this initiative have been or will be designed, developed and/or delivered in partnership with iwi and Māori, relevant agencies, and with affected communities and groups. If not, please indicate the reasons why.

Manaakitanga- focus on improved wellbeing and enhanced mana for iwi and Māori, and for other affected communities and groups, demonstrating an ethic of care and mutual respect

Demonstrate the department's understanding of the distinctive priorities, values and aspirations of iwi and Māori, and affected communities and groups, in relation to this initiative, and how these are being accommodated. If not, please indicate the reasons why.

Section 3C: Outputs – The good or service the initiative purchases

Output

Description

Name each output here (80-100 words)

Describe each output in detail. (Add additional lines to the table for more outputs)

Section 3D: Impacts – The direct effect of the initiative

Please repeat these questions for each impact

Impact 1	Description of the impact	<p><i>Please provide more detail on the impacts of the initiative, including any possible negative associated impacts. Will the initiative impact people and/or have other impacts e.g. improved environmental outcomes?</i></p> <p><i>If the impacts are on people, are different groups impacted differently, and why? Examples may include different age-groups, location/regions, different service-requirements. For more-specific questions on distributional effects, please see section 3F below.</i></p>
	Quantification	<p><i>Please quantify the impacts in a way that puts the number in context (e.g. percentage of land affected, proportion of people affected in relation to the population size). Please also monetise the present value gain or loss of the impacts if possible (CBAX model can help).</i></p> <p><i>If quantification is not possible, please define and provide a qualitative assessment of the impacts (e.g. low, moderate, high).</i></p>
	Supporting Evidence	<i>Provide relevant evidence (data/other information) for the impacts and outcomes you have identified.</i>
	Gaps in Evidence	<i>Are there gaps, or uncertainties in applying the evidence that make it difficult to evaluate this initiative's value?</i>
	Assumptions	<i>Please state any assumptions you are using.</i>
	Implications	<i>Do the assumptions or gaps in evidence imply risks to the initiative achieving its impacts and outcomes?</i>

		<p><i>If the initiative is in an innovative policy or an early-stage initiative, what is your approach to understanding whether the initiative will achieve desired impacts?</i></p>
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Section 3E: Goals – What this initiative aims to achieve

Please repeat these questions for each goal

<p>Goal 1</p>	<p>Description</p>	<p><i>Please describe in more detail the goal(s) of this initiative and how they link to the impacts described above¹. Please define them in terms of the LSF wellbeing domains and where relevant alignment to the He Ara Waiora principle of manaakitanga. In CFISnet, please identify the primary LSF domain and whether there is alignment with the He Ara Waiora principle of manaakitanga, referring to the guidance for the definitions of the 12 wellbeing domains. If you have identified any other goals, you may include them also.</i></p>
	<p>Quantification</p>	<p><i>Please quantify the goals of the initiative, if possible.</i></p>
	<p>Timeframes</p>	<p><i>Indicate if the goal will be realised in the short (<5 years), medium (5-10 years), or long term (>10 years). Please indicate whether, and why, goals vary across different timeframes.</i></p>
	<p>Evidence and Assumptions</p>	<p><i>If there is any additional information on evidence and assumptions beyond what has been identified through the impacts table above, please provide any additional evidence (data/other information) and assumption for the identified goals, including any gaps or uncertainties.</i></p>
	<p>Implications</p>	<p><i>Do the assumptions or gaps in evidence imply risks to the initiative achieving its goals?</i></p> <p><i>If the initiative is in an innovative policy or an early-stage initiative, what is your approach to understanding whether the initiative will achieve desired goals?</i></p>

¹ You are welcome to submit an intervention logic map to support the explanation of the relationship between outputs, impacts and outcomes.

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Section 3F: Distributional Analysis					
Question 1: Does the initiative have the following types of distributional impacts for Māori?	A	Direct	Indirect	Y	No Impact
		<i>If direct, please complete Question 1B. If indirect or no impact, please progress to Question 2.</i>			
	B	Targeted and tailored for Māori	Disproportionate positive impact		Other (explain)
<i>Please explain why the initiative falls under the category identified in B above [max. 300 characters in CFISnet].</i>					
Question 2: Does the initiative have the following types of distributional impacts for Pacific Peoples?	A	Direct	Indirect	Y	No Impact
		<i>If direct, please complete Question 2B. If indirect or no impact, please progress to Question 3.</i>			
	B	Targeted and tailored for Pacific Peoples	Disproportionate positive impact		Other (explain)
<i>Please explain why the initiative falls under the category identified in B above [max. 300 characters in CFISnet].</i>					
Question 3: Does the initiative have the following types of distributional impacts for children?	A	Direct	Indirect	Y	No Impact
		<i>If direct, please complete Question 3B. If indirect or no impact, please progress to Question 4.</i>			
	B	Targeted and tailored for children	Disproportionate positive impact		Other (explain)
<i>Please explain why the initiative falls under the category identified in B above [max. 300 characters in CFISnet].</i>					
Question 4: Does the initiative have direct impacts on any other population groups?	N	<i>If yes, please list population groups impacted, e.g. "People with disabilities" [max 300 characters in CFISet].</i>			
Question 5: What region is this initiative expected to impact?	Y	All of New Zealand	Gisborne	Northland	Tasman
		Areas outside regions	Hawke's Bay	Offshore	Waikato
		Auckland	Manawatu-Whanganui	Otago	Wellington
		Bay of Plenty	Marlborough	Southland	West Coast
	Y	Canterbury	Nelson	Taranaki	

Section 4: Alignment - Exempt

Section 4 must be completed for all initiatives, unless exempted by the Minister of Finance in the invitation letter. Further information on the questions in this section can be found at Annex Two of the Budget 2022 guidance.

Section 4A: Strategic Alignment

How does this initiative link with your strategic intentions/statement of intent?	<i>Outline how the initiative aligns with agency strategy.</i>
Does this Initiative link with other sectoral or whole-of-government strategies (e.g. the Pacific Wellbeing Outcomes Frameworks)?	<i>If yes, state the name of the strategy and briefly describe how the initiative aligns to or contributes to the strategy.</i>
Does this Initiative impact other agencies directly or indirectly? If so, how?	<i>Outline impacts and interdependencies of your initiative on other organisations and individuals in the policy areas, sectors, or systems your agency operates in.</i>

Section 4B: Alignment to Government's goals

The Government's goals for this term are:

- 1) Continuing to keep New Zealand safe from COVID-19
- 2) Accelerating the recovery and rebuild from the impacts of COVID-19
- 3) Laying the foundations for the future, including addressing key issues such as our climate change response, housing affordability and child poverty

Alignment to Government goals	<i>What Government goal(s) does this initiative align with? Answers must not exceed 1-2 paragraphs.</i>
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Section 4C: Contribution to the Government's Wellbeing Objectives

The Government's five wellbeing Objectives are:

- **Just Transition:** supporting the transition to a climate-resilient, sustainable, and low-emissions economy
- **Future of Work:** enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation
- **Physical and Mental Wellbeing:** supporting improved health outcomes for all New Zealanders, including protecting New Zealanders from the impacts of COVID-19
- **Māori and Pacific:** lifting Māori and Pacific incomes, skills, and opportunities, including through access to affordable, safe, and stable housing
- **Child Wellbeing:** reducing child poverty and improving child wellbeing, including through access to affordable, safe, and stable housing

Please note: these objectives have been agreed by Cabinet subject to wider consultation. The final versions of the objectives will be published in the Budget Policy Statement in December 2021.

Contribution to Wellbeing Objective(s)	<i>Which wellbeing objective(s) does this initiative contribute to and how? Is it a direct or indirect contribution? Answers must not exceed 1-2 paragraphs.</i>
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Section 5: Delivery

*Section 5 must be completed for all initiatives. Further information on the questions in this section can be found at **Annex Two** of the Budget 2022 guidance.*

Section 5A: Fit with existing activity	
<i>The answer must not exceed 1-2 paragraphs.</i>	
How does the initiative link with existing initiatives with similar objectives?	<p>GCCRS is part of a wider government response to resolving outstanding Canterbury earthquake insurance claims. Other initiatives include:</p> <ul style="list-style-type: none"> • Christchurch High Court's Canterbury Earthquake List: aims to expedite earthquake-related cases by encouraging early identification of issues and exchange of expert reports. Approximately 93% of cases settle before trial. The List prioritises cases with precedent value, which enables other cases to settle. • Canterbury Earthquakes Insurance Tribunal: provides Canterbury homeowners with a fair, speedy, flexible and cost-effective way to resolve their long-standing claims with insurers, however the tribunal will not consider issues with on-sold properties. • Standard dispute resolution processes: including private mediation and financial service providers' dispute resolution schemes. Complaints about EQC can be made to the Parliamentary Ombudsman. • Public Inquiry into EQC: considered how the response to the Canterbury Earthquakes was handled, and how it can be best prepared for future events – see below for more details. • Investigating the use of test cases and judicial rulings: to resolve legal ambiguity in Canterbury-earthquake related cases. • Amending the Earthquake Commission Act 1993: to simplify and speed up the handling of claims, and to enable EQC to publish all property-related information that it holds. <p>EQC Inquiry recommendation 8.1.1 promotes a more efficient and fair resolution of disputes in case of another major natural disaster:</p> <p style="padding-left: 40px;"><i>Develop a standing dispute resolution mechanism that is robust, accessible, timely and responsive to complainants, drawing on the experience of the Canterbury earthquakes, including the experiences of EQC and claimants; this may include enacting legislation to support such a mechanism.</i></p> <p>The Government accepted the recommendation in principle, subject to further consideration. The Minister Responsible for the Earthquake Commission directed MBIE to provide advice on options, including preferred options, for a standing dispute resolution mechanism by the end of 2021.</p> <p>RAS has always had the potential to be an enduring Insurance claims resolution service for New Zealand, while the intention for GCCRS has been for the service to phase-out as the Canterbury earthquake cases are resolved.</p> <p>Should Ministers decide to establish a new permanent national service, it is proposed that any active RAS and GCCRS cases would be transferred to the new service, and funding be re-purposed.</p>
Is the initiative an expansion or a cost pressure for an existing initiative?	<p>Y</p> <p>The funding sought is for cost pressure for an existing initiative. GCCRS continues to receive new cases at a steady but slowing rate. Funding is required to ensure insurance claims continue to be resolved. The demand for RAS continues as disaster events, especially floods, appear to be occurring more frequently or at least not abating.</p> <p><i>If no, move on to section 5B.</i></p>

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Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.											
	Operating Funding profile (\$m)										Total
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears						
Existing funding for this/similar initiatives	8.140	0.815									8.955
Total funding sought for this initiative		4.000									4.000
% change between existing funding and funding sought		+390%									
Comments (optional)	<p>The Appropriation funds GCCRS, RAS and CEIT. This Budget bid only seeks funding for GCCRS and RAS. CEIT is a separate initiative; it received multi-year funding up to June 2023. The \$0.815m above is the 2022/23 portion of the multi-year funding. The \$4.000m sought from Budget 22 is the only funding to cover the operating costs for 2022/23. 2022/23 costs are lower than previous years due to declining demand for GCCRS. GCCRS will be phased out once all Canterbury cases are resolved.</p> <p>Advice about the future of RAS is being provided to Ministers in December 2021.</p>										
	Capital Funding profile (\$m)										Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Existing funding for this/similar initiatives											
Total funding sought for this initiative											
% change between existing funding and funding sought											
Comments (optional)	Provide explanatory comments to help interpretation of the above baseline figures.										

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Section 5B: Funding sought by input

Provide a breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately. Please include which Vote(s) will be impacted by each component.

Formula and assumptions underlying costings	<p>The \$4.000m sought from Budget 22 will be the only funding to cover the operating costs of GCCRS and RAS for 2022/23. 2022/23 costs are lower than previous years due to declining demand for GCCRS. GCCRS will be phased-out once all Canterbury cases are resolved.</p> <p>The number of FTEs of 18 stated below is the number projected for the start of the 2022/23. FTE is expected to reduce to seven by the end of 2022/23.</p> <p>RAS is an event/demand driven service. It has one FTE to manage the service and, as required, uses GCCRS (which has ongoing demand) FTE to deliver its services.</p>					
Input – Operating [Enter <u>one number value</u> per field only into CFISnet]	Funding profile (\$m)					Total
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears	Number values only, i.e. 15 or 100000. Do not enter any text, \$ signs or % signs.
Input Information						
GCCRS						
Staffing FTE/Contractors		1.680				1.680
External Consultants/ facilities/Other		1.042				1.042
Ministry Administration/ Overheads		0.658				0.658
Governance		0.120				0.120
Technical support		0.300				0.300
GCCRS sub-total		3.8000				3.8000
RAS						
Staffing FTE/Contractors/Consultants		0.160				0.160
Ministry Administration/ Overheads		0.040				0.040
RAS sub-total		0.200				0.200
Total		4.000				4.000
FTE-specific Input Information (if applicable)						

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New FTE funding		1.680									1.680
New contractor funding		0									0
Additional FTE overhead funding		0.658									0.658
Total		2.338									2.338
# of FTE's (employees and/or contractors)	The number of FTEs of 18 stated here is the number at the start of the 2022/23. FTE is expected to reduce to seven by the end of the year.										18
What's the % increase in FTE compared to baseline FTE numbers	This initiative is already operating but funding is sought for each year anew. FTE for 2021/22 is 22.										
	Funding profile (\$m)										Total
Input – Capital	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Total											
Appropriations	The initiative requires no change to the existing Insurance Claims Resolution appropriation.										

Section 5C: Options analysis

The answer must not exceed 1-2 paragraphs.

Options analysis	<p>GCCRS and RAS are already operating effectively, and funding is being sought for operational expenses only. The funding sought will <i>not</i> result in an expansion of the current service and, in fact, GCCRS operations are forecast to wind down, hence the lower operating cost. MBIE anticipates that funding will not be required for GCCRS after June 2023 as long as settings remain the same.</p> <p>GCCRS could fund some of its service offering by recovering some costs from EQC and private insurers. However, recovering more costs from insurers would severely compromise the perception of GCCRS being independent from the influence of insurers. The independence factor is critical in building trust with homeowners. Without trust in the service, fewer people will feel comfortable bringing claims to GCCRS, hindering the service's ability to resolve the number of outstanding claims in Canterbury and prolonging the economic and mental health impacts of unresolved claims.</p> <p>There is no possibility to defer funding requests for GCCRS and RAS to future Budgets because of the current demand and the need for timely resolution of claims (some claims have been outstanding for a number of years, impacting claimants' quality of life).</p>
Counter-factual question	<p>A failure to fund, or a reduction in funding, would result in homeowners who use or will need to use the service losing access to ongoing or future support. Homeowners would be exposed to costly legal proceedings or expensive advocates who will fill this void.</p> <p>The remaining unresolved residential claims involve complex technical and legal issues, and often larger amounts of money. Prior to the establishment of GCCRS, the rate of settlement slowed significantly. If GCCRS does not receive funding, the settlement rate could stall again, and a large number of Canterbury claims could remain unsettled for years.</p> <p>The uncertainty and lack of closure are likely to adversely affect claimants' mental health and wellbeing. Delayed resolution of claims could contribute to public perception of a failing and inadequate dispute resolution system. Failure to fund would likely see more cases enter the courts system. However, that settlement mechanism would only be available to those claimants that can afford it.</p> <p>If funding is not received, both GCCRS and RAS would cease registering new cases in February 2022 and aim to support the remaining registered cases through to June 2022.</p>

Section 5D: Scaled option

The answer must not exceed 1-2 paragraphs.

Option overview	<p>A scaled option is not viable. GCCRS is expected to reduce operations in response to lower demand anyway. The operating budget for 2022/23 is \$4.000 million compared to \$6.766 million for 2021/22. Moreover, in the service's final year it is essential now more than ever that there is sufficient funding to close all remaining claims.</p> <p>GCCRS could not maintain some of its service offering by, for example, recovering more costs from EQC and private insurers because the perception of GCCRS being independent from the influence of insurers would then be severely compromised. The independence factor is critical in building trust with homeowners; without trust in the service, fewer people will feel comfortable bringing claims to GCCRS, hindering the service's ability to resolve the number of</p>
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	outstanding claims in Canterbury. It is also noteworthy that approximately 80 per cent of all GCCRS claims are with Crown entities EQC and SRES.										
<i>Provide a breakdown of what the minimum viable option would purchase. If the formula used or key assumptions made differ from those used for the primary option, briefly explain these. Add additional rows to the table as needed to capture each output separately.</i>											
Formula and Assumptions	<i>Explain if different from primary option.</i> N/A										
	Operating Funding profile (\$m)										
Input - Operating	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears					Total	
Total											
	Capital Funding profile (\$m)										
Input - Capital	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
Total											
Appropriations	The initiative relates to the existing Insurance Claims Resolution appropriation.										

Section 5E: Monitoring and Evaluation

The answer must not exceed 1-2 paragraphs.

An independent advisory committee maintains oversight of GCCRS performance and objectives. It provides coordinated advice and recommendations for service improvements, and reports to MBIE, Treasury, and Ministers.

As part of GCCRS's ongoing operation, MBIE monitors and evaluates key aspects of the service, especially the Internal Dispute Resolution Service (IDRS), to ensure it continues to meet the needs of homeowners.

MBIE maintains oversight and monitoring of RAS.

Key performance indicators for this initiative includes caseloads, timeframes, settlement rates, homeowner satisfaction, and other statistical and qualitative information.

Section 5F: Implementation readiness					
<i>The answer to each question must not exceed 1-2 paragraphs.</i>					
Workforce: Are additional FTEs or contractors required?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center; vertical-align: top;">N</td> <td style="padding-left: 10px;"><i>If yes, what kind of skills will be required e.g. policy analysts, administrative support, frontline facing staff?</i></td> </tr> <tr> <td colspan="2" style="padding-top: 10px;"><i>What is the ability to secure the required FTE, considering relevant departmental vacancy information, turnover rates and average salaries of similar roles? [max. 300 characters in CFISnet].</i></td> </tr> </table>	N	<i>If yes, what kind of skills will be required e.g. policy analysts, administrative support, frontline facing staff?</i>	<i>What is the ability to secure the required FTE, considering relevant departmental vacancy information, turnover rates and average salaries of similar roles? [max. 300 characters in CFISnet].</i>	
N	<i>If yes, what kind of skills will be required e.g. policy analysts, administrative support, frontline facing staff?</i>				
<i>What is the ability to secure the required FTE, considering relevant departmental vacancy information, turnover rates and average salaries of similar roles? [max. 300 characters in CFISnet].</i>					
Workforce: Resourcing considerations	<i>If the Public Service Commissioner's Public Service Pay Guidance is relevant to the initiative, how has this been considered in the development of this initiative? Any planned mitigations to reduce any resourcing issues (for example, work programme reprioritisation, in-house training, retention strategies)?</i>				
Timeframes	GCCRS and RAS are already in operation.				
Delivery Risks	<p>Demand for services may reduce sooner than anticipated. Any surplus funds can be returned to the Crown or reprioritised to fund a claims resolution mechanism currently being considered by the Government in response to recommendations made by the EQC Inquiry into the Earthquake Commission. MBIE is providing advice to the Minister Responsible for the Earthquake Commission and Associate Minister of Finance on options in December 2021.</p> <p>A major disaster outside of Canterbury may result in an increase in demand for the support services provided by RAS. Additional funding will be sought through Cabinet as and when required after a major event.</p>				
Market capacity	The initiative is not likely to have capacity or capability issues if disaster events are of low-moderate scale, but it would face constraints if there was another major disaster like the Canterbury Earthquake Sequence. In this event, there would be proven services and processes in place, but capacity may be an issue. Expertise could be brought in from outside the impacted region to increase capacity.				
Previous delivery experience	The initiative is already in operation. GCCRS and RAS have assisted claimants in recent earthquakes and floods and appears to have resulted in fewer disputes required to be resolved by the financial dispute resolution schemes or the courts.				