



## COVERSHEET

<b>Minister</b>	Hon Dr Duncan Webb	<b>Portfolio</b>	Commerce and Consumer Affairs – Previously Earthquake Commission
<b>Title of Cabinet paper</b>	Establishment of a national standing mechanism to support homeowners with insurance issues following natural disasters	<b>Date to be published</b>	13 April 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
August 2022	Establishment of a national standing mechanism to support homeowners with insurance issues following natural disasters	Office of the Minister of Commerce and Consumer Affairs
24 August 2022	Establishment of a National Standing Mechanism to Support Homeowners with Insurance Issues Following Natural Disasters DEV-22-MIN-0199 Minute	Cabinet Office

### Information redacted

**NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under the Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



# Cabinet Economic Development Committee

## Minute of Decision

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### Establishment of a National Standing Mechanism to Support Homeowners with Insurance Issues Following Natural Disasters

Portfolio                      Earthquake Commission

On 24 August 2022, the Cabinet Economic Development Committee:

- 1        **noted** that:
  - 1.1      the Public Inquiry into the Earthquake Commission (the Inquiry) made a number of recommendations to ensure lessons are learnt from people's experiences following the Canterbury Earthquake Sequence, and other subsequent events;
  - 1.2      the government has accepted these recommendations in principle, subject to further consideration [DEV-20-MIN-0116];
- 2        **noted** that the Ministry of Business, Innovation and Employment was tasked with considering the Inquiry's Recommendation 8.1.1, namely to 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 (noting that this may include enacting legislation to support such a mechanism);
- 3        **noted** that domestic and international evidence, operational experience, and stakeholder feedback supports the view that there is a clear need for permanent government-led claimant support that provides:
  - 3.1      independent, free, timely, and accessible expert advice and information;
  - 3.2      claims support, navigation of services, and case management;
  - 3.3      efficient, effective, and flexible mechanisms for dispute resolution;
- 4        **agreed** that the New Zealand Claims Resolution Service (NZCRS) be established to function as a standing national mechanism to provide support to homeowners with a Toka Tū Ake EQC and/or private insurance claim against a residential property that has been damaged by any natural disaster event, with no limit on the value of a claim;
- 5        **noted** that, subject to Cabinet decisions and operational requirements:
  - 5.1      the NZCRS could launch from October 2022, providing early resolution, advisory and case managed support services in the first instance;

5.2 bespoke dispute resolution services could be added once further policy work has been completed;

6 **agreed** that the NZCRS will replace the Greater Christchurch Claims Resolution Service (GCCRS) and the Residential Advisory Service (RAS) as a single permanent national service, with current GCCRS and RAS claimants being transferred;

7 **agreed** that the Minister of Commerce and Consumer Affairs be the Minister responsible for the NZCRS;

8 **agreed** that the Ministry of Business, Innovation and Employment be the host government agency for the NZCRS;

**Financial implications**

9 **agreed** to fund the establishment and initial operation of the NZCRS during the 2022/23 financial year by reprioritising the \$4.000 million of funding agreed through Budget 2022 for the Insurance Claims Resolution initiative (which provides one year of funding for RAS and GCCRS);

10 **agreed** that, subject to paragraphs 7 and 9 above, the Insurance Claims Resolution appropriation be transferred from Vote Building and Construction to the Commerce and Consumer Affairs portfolio within Vote Business, Science and Innovation;

11 **agreed** to establish the following new appropriation beginning in the 2022/23 financial year, to supersede the existing Insurance Claims Resolution appropriation in Vote Building and Construction:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Business, Science and Innovation	Minister of Commerce and Consumer Affairs	Ministry of Business, Innovation and Employment	Insurance Claims Resolution	Departmental Output Expense	This appropriation is limited to the provision of residential insurance advisory, mediation and support services for homeowners affected by a disaster, natural or otherwise.

12 **approved** the following fiscally neutral adjustment to give effect to paragraphs 10 and 11 above, with no impact on the operating balance and/or net core Crown debt:

	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
<b>Vote Building and Construction Minister of Housing</b>  Departmental Output Expense: Insurance Claims Resolution (funded by revenue Crown)	-	(4.000)	-	-	-
<b>Vote Business, Science and Innovation Minister of Commerce and Consumer Affairs</b>  Departmental Output Expense: Insurance Claims Resolution (funded by revenue Crown)	-	4.000	-	-	-

13 **agreed** that the changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

14 **noted** that:

14.1 the scope and type of the new Insurance Claims Resolution appropriation in Vote Business, Science and Innovation is unchanged from the scope and type of the existing Insurance Claims Resolution appropriation in Vote Building and Construction;

14.2 therefore, the new appropriation can be used if needed to cover residual costs for RAS and GCCRS as these services are wound down and replaced by NZCRS;

15 **noted** that the operation of the NZCRS beyond June 2023 is dependent on outyear funding for the NZCRS’s baseline level of service being sought through future Budgets;

16 **noted** that any outyear funding for NZCRS would be assessed as part of the respective Budget process alongside other priorities;

17 **agreed** that additional funding may be sought from Cabinet following a major natural disaster (or a large number of natural disasters with a regional profile), to enable the NZCRS to scale up its services and meet demand, as required.

Janine Harvey  
Committee Secretary

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**Present: (see over)**

**Present:**

Hon Grant Robertson (Chair)  
Hon Damien O'Connor  
Hon Stuart Nash  
Hon Willie Jackson  
Hon Dr David Clark  
Hon Dr Ayesha Verrall  
Hon Priyanca Radhakrishnan  
Hon Meka Whaitiri  
Hon Kieran McAnulty  
Dr Deborah Russell, MP

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV