



Proactive Release

The following Cabinet paper and related Cabinet minute have been proactively released by the Department of the Prime Minister and Cabinet, on behalf of Hon Dr Megan Woods, Minister for Greater Christchurch Regeneration:

Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019

The following documents have been included in this release:

Title of paper:

***Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019
(LEG-19-SUB-0081 refers)***

Titles of minutes:

***Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019
(LEG-19-MIN-0081 refers)***

***Report of the Cabinet Legislation Committee: Period Ended 21 June 2019
(CAB-19-MIN-0305 refers)***

Briefing:

EQC Public Inquiry: Progress report and amending of reporting date

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it. In addition, some material has been withheld as out of scope of this release, as it does not relate to the Greater Christchurch Regeneration Portfolio.

Key to redaction code:

- 9(2)(a): to protect the privacy of individuals.

~~IN CONFIDENCE~~

Office of the Minister responsible for the Earthquake Commission

Chair, Cabinet Legislation Committee

Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019

Proposal

1. This paper seeks the Cabinet Legislation Committee's agreement to authorise the submission to the Executive Council of the Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019 (the Amendment Order), to set a new report back date of 31 March 2020 for the Public Inquiry into the Earthquake Commission (the Inquiry).

Background

2. On 12 September 2018, the Cabinet Appointments and Honours Committee agreed that a Public Inquiry into the Earthquake Commission be established under section 6(2) of the Inquiries Act 2013 (APH-18-MIN-0196 and CAB-18-MIN-0448 refer). The Inquiry's purpose is to ensure that lessons are learnt from past Canterbury earthquake experiences, and that the Earthquake Commission has the appropriate policies and operating structures in place to ensure improved claims management experiences in the future.
3. The Committee also:
 - 3.1 approved the terms of reference for the Inquiry, which set the Inquiry's conclusion as 30 June 2019;
 - 3.2 agreed that a single Member be appointed to conduct the Inquiry;
 - 3.3 noted the Minister's intention to recommend that the Governor-General appoint Dame Silvia Cartwright;
 - 3.4 noted that the Minister of State Services had agreed to a fee of \$1,400 per day for the Inquiry member, consistent with the Cabinet Fees Framework; and
 - 3.5 noted that Budget 2018 allocated funding of \$3.2 million for the Public Inquiry into the Earthquake Commission [CAB-18-MIN-0158.24].
4. On 8 November 2018, the Cabinet Legislation Committee (LEG-18-MIN-0160):
 - 4.1 noted that the Inquiries (Public Inquiry into Earthquake Commission) Order 2018 (the Principal Order) gives effect to the decisions referred to above;
 - 4.2 agreed to waive the 28-day rule so that the Principal Order could come into force on 16 November 2018; and

4.3 authorised the submission to the Executive Council of the Principal Order [PCO 21473/6.0].

Inquiry Progress

5. On 13 November 2018, I announced the establishment of the Inquiry, Dame Silvia's appointment as Member and the Terms of Reference. At that time, I noted that the formal reporting date for the Inquiry was ambitious and likely to change. Dame Silvia and I also indicated that she would keep me informed of progress with the Inquiry to enable a decision to be made on a revised reporting date in due course, should that be necessary.
6. The Principal Order commenced on 16 November 2018, when the Inquiry officially started its investigations.
7. I met with Dame Silvia on 24 May 2019 to discuss the Inquiry's progress. Although the Inquiry is making good progress, Dame Silvia confirmed that it would not be in a position to complete its work by 30 June 2019, the current report back date for the Inquiry in its Terms of Reference in the Principal Order. Among other things, we noted that following the attacks on Christchurch mosques of 15 March 2019, and their impact on communities, the Inquiry decided to defer by three weeks its plans to seek public submissions. As a result, public submissions took place between 10 April and 26 May 2019, and are now being analysed and considered by the Inquiry.
8. At our meeting, Dame Silvia and I discussed options for a new report back date. Our decision was influenced by:
 - 8.1 providing certainty for the Inquiry, its stakeholders and the wider system;
 - 8.2 maintaining community and wider public trust and confidence in the Inquiry;
 - 8.3 sustaining pace and momentum;
 - 8.4 delivering a robust and comprehensive final report with practical and actionable recommendations;
 - 8.5 maintaining effective links between the Inquiry and other relevant exercises such as the review of the Earthquake Commission Act 1993, and wider insurance issues; and
 - 8.6 enabling a well-considered but timely response from Government.
9. Dame Silvia remains focused on concluding the Inquiry and reporting to the Governor-General as soon as possible, and ideally before the end of 2019. We noted, however, that this timing could coincide with the House rising and the summer break. We therefore agreed to set the formal report-back date for the Inquiry as 31 March 2020, but with a strong expectation that it would report sooner than that date.
10. Amending the report back date for the Inquiry to 31 March 2020 requires the tabling and Gazetting of an Amendment Order in Council to amend the Principal Order. I therefore seek the Committee's approval for this. The Amendment Order would also extend the Member's term of appointment.

Timing and 28-day rule

11. To enable the Amendment Order to come into force before 30 June 2019, a waiver will be required of the 28-day rule for legislative instruments to come into force, following notification in the New Zealand Gazette. I seek a waiver because the intention to seek a later report back date for the Inquiry is already a matter of public record.

Compliance

12. I confirm that the Amendment Order complies with the principles of the Treaty of Waitangi; the rights and freedoms contained in the New Zealand Bill of Rights Act 1990; the Human Rights Act 1993; the principles and guidelines set out in the Privacy Act 1993; and relevant international standards and obligations. It also complies with Guidelines on the Process and Content of Legislation (2014 edition).

13. The Amendment Order has been certified by the Parliamentary Counsel Office (PCO) as being in order for submission to Cabinet.

14. If the Committee agrees, this Amendment Order will be submitted to Cabinet and the Executive Council on 24 June 2019, with the intention it will be notified in the New Zealand Gazette on 27 June 2019 and come into force on 28 June 2019.

Impact analysis

15. A Regulatory Impact Analysis is not required.

Publicity

16. An announcement on the revised reporting date will be made as soon as practicable after the Amendment Order is signed in Executive Council.

17. I also intend to arrange for this Cabinet paper and other related papers to be published on the Inquiry website, subject to consideration of redactions that would be justified if the information had been released under the Official Information Act 1982.

Consultation

18. This paper was prepared by the Department of the Prime Minister and Cabinet (Greater Christchurch Group) as the administering agency for the Inquiry. The Earthquake Commission, Treasury, Ministry of Business, Innovation and Employment and Parliamentary Counsel Office were consulted. The Department of the Prime Minister and Cabinet (Policy Advisory Group) was informed.

Financial Implications

19. Budget and appropriation decisions relating to this Inquiry were made as a part of Budget 2018. There are no further financial implications as a result of the extension of the Inquiry's reporting date.

Recommendations

20. I recommend that Cabinet Legislation Committee:

1. note that the Principal Order [PCO 21473/6.0] establishing the Public Inquiry into the Earthquake Commission provides for a report back date of 30 June 2019;
2. note that the Inquiry will not conclude its deliberations and report by 30 June 2019; and

3. note that I have agreed with the Inquiry Member to extend the report back date for the Inquiry and her terms of appointment to 31 March 2020.
4. note that the Amendment Order will give effect to the decision referred to in paragraph 19 above;
5. note that a waiver of the 28-day rule is sought so that the Amendment Order can come into force immediately following its publishing in the Gazette on the grounds that the intention to set a later date for the Inquiry to report back is already a matter of public record;
6. agree to waive the 28-day rule so that the Order can come into force on 28 June 2019; and
7. authorise the submission of the Amendment Order to the Executive Council for approval.

Authorised for lodgement

Hon Dr Megan Woods

Minister responsible for the Earthquake Commission



Cabinet Legislation Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019

Portfolio **Earthquake Commission**

On 18 June 2019, the Cabinet Legislation Committee:

- 1 **noted** that the Principal Order [PCO 21473/6.0] establishing the Public Inquiry into the Earthquake Commission provides for a report back date of 30 June 2019;
- 2 **noted** that the Inquiry will not conclude its deliberations and report by 30 June 2019;
- 3 **noted** that the Minister Responsible for the Earthquake Commission has agreed with the Inquiry Member to extend the report back date for the Inquiry and her terms of appointment to 31 March 2020;
- 4 **noted** that the Amendment Order will give effect to the decision referred to in paragraph 3 above;
- 5 **noted** that a waiver of the 28-day rule is sought:
 - 5.1 so that the Amendment Order can come into force immediately following its publishing in the Gazette;
 - 5.2 on the grounds that the intention to set a later date for the Inquiry to report back is already a matter of public record;
- 6 **agreed** to a waiver of the 28-day rule so that the Order can come into force on 28 June 2019;
- 7 **authorised** the submission to the Executive Council of the Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019 [PCO 22205/2.0].

Vivien Meek
Committee Secretary

Hard-copy distribution: (see over)

Present:

Rt Hon Winston Peters
Hon Chris Hipkins (Chair)
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Jenny Salesa
Hon Tracey Martin
Hon Eugenie Sage
Hon Ruth Dyson (Senior Government Whip)

Officials present from:

Office of the Prime Minister
Officials Committee for LEG

Hard-copy distribution:

Minister Responsible for the Earthquake Commission

Proactively released by the Minister for Greater Christchurch Regeneration



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Legislation Committee: Period Ended 21 June 2019

On 24 June 2019, Cabinet made the following decisions on the work of the Cabinet Legislation Committee for the period ended 21 June 2019:

Out of scope




LEG-19-MIN-0081	Inquiries (Public Inquiry into Earthquake Commission) Amendment Order 2019	CONFIRMED
	Portfolio: Earthquake Commission	

Out of scope



Out of scope



Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Cabinet Legislation Committee

Minister of Finance

Minister of Housing and Urban Development

Minister Responsible for the Earthquake Commission

Minister of Health

Associate Minister of Housing and Urban Development (Hon Jenny Salesa)

Proactively released by the Minister for Greater Christchurch Regeneration



Briefing

EQC PUBLIC INQUIRY: PROGRESS REPORT AND AMENDING OF REPORTING DATE

To: Minister responsible for the Earthquake Commission
(Hon Dr Megan Woods)

Date	21/05/2019	Priority	Medium
Deadline	24/05/2019	Briefing Number	DPMC-2018/19-1063

You are meeting with the Member of the Public Inquiry into the Earthquake Commission, Dame Silvia Cartwright, on 24 May 2019 to review progress; to discuss, and if you agree, to amend the date for the Inquiry to report to the Governor-General to 31 March 2020; and to note the process and timing to confirm an amended reporting date.

Recommendations

Note that while it is likely the Inquiry will complete its work by the end of 2019, to manage any potential risks to the reporting timeframe, a new reporting date of 31 March 2020 is suggested;

Agree to amend the date for the Inquiry to report to the Governor-General to 31 March 2020; and

YES/NO

Agree to the proactive release of this paper and subsequent LEG paper when the Order comes into force.

YES/NO



Anne Shaw
Executive Director,
Greater Christchurch Group

21/5/2019

Hon Dr Megan Woods
Minister responsible for the Earthquake
Commission

...../...../2019

Contact for telephone discussion if required:

Name	Position	Telephone	1st contact
Anne Shaw	Executive Director, Greater Christchurch Group	9(2)(a)	✓
Peter Martin	Project Lead		

Minister's office comments:

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to

EQC PUBLIC INQUIRY: PROGRESS REPORTING AND AMENDING OF REPORTING DATE

Purpose

1. This report recommends that you meet with Dame Silvia Cartwright to discuss progress on the Public Inquiry into the Earthquake Commission (the Inquiry) and agree to a revised reporting date. A process, and indicative timing to formalise the agreed reporting date, is included for your information and consideration.

Background

2. On 13 November 2018, you announced the establishment of the Inquiry, the appointment of Dame Silvia Cartwright to conduct the Inquiry, and its Terms of Reference. At that time, you and Dame Silvia noted the formal reporting date of 30 June 2019 for the Inquiry was ambitious and likely to change. You also indicated that an "interim report" would be made on or around the end-June date.

Inquiry Progress

3. Since it was established, the Inquiry has focused on:
 - building capability;
 - undertaking a range of fact finding meetings, interviews and visits;
 - understanding the timetable and decisions that informed the Earthquake Commission's (EQC) approach to the management of claims and repairs;
 - responding to a range of inquiries and expressions of interest in participating in the Inquiry; and
 - deciding how to approach the public/community facing phase, with input from a community reference group.
4. Following the events of 15 March 2019 in Christchurch, and their impact on the community, the Inquiry decided to defer by three weeks its plans to seek public submissions. Public submissions opened on 10 April and will close on 26 May 2019.
5. **Attachment A** is a more detailed progress report, prepared by the Inquiry, on its activities to date. The meeting with Dame Silvia, tentatively scheduled for 11.30 am on Friday, 24 May 2019, is an opportunity to get her perspective on the process and operation of the Inquiry to date and other matters she wishes to bring to your attention. In this context, she may wish to share her thinking on the Inquiry's approach to issues raised with it that could be interpreted as being excluded by the Terms of Reference (a copy of which are attached in **Attachment B**).
6. Counsel Assisting - Jane Meares, and the Head of Secretariat - Dallas Welch, will attend the meeting with Dame Silvia.

Setting a New Date: Factors to Consider

7. It is clear that the Inquiry will not conclude its deliberations and report to the Governor-General by its formal deadline of 30 June 2019. Accordingly, it is necessary to set a new deadline, by amending the Order in Council and Gazetting this change. Key factors to consider in making this decision are:
 - providing certainty for the Inquiry, its stakeholders and the wider system;
 - maintaining community and wider public trust and confidence in the Inquiry;
 - sustaining pace and momentum;
 - delivering a robust and comprehensive final report with practical and actionable recommendations;
 - maintaining effective links between the Inquiry and other relevant exercises¹, in particular to manage the risk of avoidable conflicts; and
 - enabling a well-considered but timely response from Government.
8. When established in November 2018, the working assumption was that the Inquiry would require around one year to complete its work and submit its report, implying a reporting date on or around the end of November 2019. On this timeline, consideration of recommendations and development of a Government response could begin before the end of the year, with decision-making in the first half of 2020, ideally with resources and other implementation issues able to be integrated into the normal Budget planning and decision-making cycle.
9. We understand Dame Silvia remains focused on concluding the Inquiry and reporting to the Governor General by the end of 2019. This would argue for amending the formal report back date to either **end-November or end-December 2019**.
10. The main risk with this option is that the volume of activity and range of issues for the Inquiry to manage will not be fully clear until the formal submission and public engagement processes have concluded. Significant new or complex issues emerging from these phases of work could make a reporting date before end-2019 more challenging. Although a short slippage in the timetable is manageable, the impact of the holiday period, and the House rising, may mean that the final report could not be submitted and tabled until late February or early March. A *least-regrets* alternative may be to set a slightly later formal report back for the Inquiry, possibly **end-March 2020**, with the strong expectation that it will aim for earlier delivery. This is officials' preferred approach.
11. This alternative also carries risks. Although a later report back date was previously signalled, slipping beyond the current calendar year could be interpreted as a loss of momentum or commitment, inefficiency, or a signal that the Inquiry is encountering challenges or obstacles from stakeholders. Clear messaging to accompany an announcement of the revised date could help to mitigate these risks, and there would be some recognition that the Inquiry has had to adapt its timetable to reflect wider events.
12. We do not believe that resources are an issue. Extending the report-back date to March 2020 would incur additional costs compared to the earlier option, but we understand that the Inquiry budget can accommodate these.

¹ Such as the current reviews of insurance contract law and insurers' conduct

Next steps

13. When you have agreed a revised report back date with Dame Silvia, officials can take forward the process to amend the Order in Council establishing the Inquiry (as set out below).
14. As noted above, you and Dame Silvia made a commitment to have an "interim report" by 30 June 2019. The form and content of an interim report was not specified at that time. Officials have interpreted the commitment to mean that you would receive a progress report on the activities of the Inquiry, reflections from the Member on the process to date and, at a high level, her plans for concluding the Inquiry and reporting (**Attachment A**). Officials have further assumed that this report would be made public. We request that you also agree to the proactive release of this briefing paper and attachments, together with the LEG paper seeking approval to the revised reporting date, when the new Order comes into force.

Process for Amending the Order in Council

15. When an amended reporting date is agreed, officials will undertake the work necessary to have the establishment Order in Council amended and gazetted. We have consulted the Department of Internal Affairs and Cabinet Office on process and alerted the Parliamentary Counsel Office.
16. As no new policy is involved, we understand that the process involves a short paper to the Cabinet Legislation Committee (LEG), followed by Cabinet confirmation, signing of an amended Order in Executive Council and Gazetting. As with the original Order, the 28-day rule would be waived. You may wish to issue a short press release when the new Order comes into force.
17. The following table sets out the steps and an indicative timetable. The only critical date is to confirm the new reporting date before the current Order expires on 30 June 2019.

Action	Date
Minister/Member meet and agree date	24 May
Drafting of OiC Amendment	From now with PCO
Draft LEG paper/Press release	From now
Consult on Cab paper with other Mins/parties	27 May
Lodge paper	6 June
Paper considered by LEG	13 June
Paper considered by Cabinet/signed in Exec Council	17 June
Comes into force (assuming waiver of the 28 day rule, as with original order). Release press notice (if required)	19 June (Thursday, publishing in Gazette)

Attachments:	
Attachment A:	EQC Public Inquiry: Progress
Attachment B:	Terms of Reference

Proactively released by the Minister for Greater Christchurch Regeneration

ATTACHMENT A

EQC PUBLIC INQUIRY: PROGRESS

Overview

The Inquiry is undertaking a programme of engagement with four key components to amass evidence and contextual information:

- Chair initiated interviews
- Formal online and paper-based written submissions
- Meetings requested by interested parties and agreed to by the Chair
- Public forums

This approach is outlined in Minute 1, issued by the Chair, and the way the information acquired will be treated and managed is covered by Minute 2.

The programme commenced in February 2019 with the interview phase. Formal submissions opened on the 10 April and will close on 26 May 2019.

Engagement Update

Meetings and interviews

Between February and 15 May 2019 the Inquiry Chair, Dame Silvia Cartwright has met with the following organisations, groups and individuals:

- Greater Christchurch Claims Resolution Service
- The Ministerial Adviser – Ms Christine Stevenson
- The Earthquake Commission (several meetings)
- The Tuesday Club
- Insurance Council of New Zealand
- Southern Response
- Christchurch City Council – Mayor and Councillors
- Tenants Protection Association
- Dr Hugh Cowan (EQC)
- Mr Michael Wintringham
- Hon Gerry Brownlee
- Greater Christchurch PsychoSocial Committee
- Sir Maarten Wevers
- Greater Christchurch Partnership
- Mr David Middleton
- Mr Ian Simpson
- Suncorp (Including Vero Insurance New Zealand Ltd)
- Fletcher Construction
- IAG
- Tower Insurance
- Community Law Canterbury
- MAS
- Hon Justice Miller
- Hon Justice Kós - President of the Court of Appeal
- Greater Christchurch area National Party Members of Parliament
- KSL Ltd

[IN-CONFIDENCE]

Further interviews with other organisations and with EQC are planned for May and June.

A number of individuals have requested meetings with Dame Silvia. She is determining whether such meetings are necessary, based on their relevance to the Terms of Reference. By 15 May 2019, four of these meetings had been held.

Current and former EQC staff have been invited to express interest in attending small group meetings with the Chair. There has been a significant uptake of this offer from former staff and it is expected that around eight to ten such meetings will be held.

Public submissions

The formal submission phase had been planned to commence on 18 March, supported by an advertising programme promoting participation. The start was deferred for three weeks following the events of 15 March.

Submissions can be made online, or on paper (with forms available in targeted areas throughout the country in libraries and service centres). At 15 May, since submissions opened there have been close to 3350 unique page views of the "Have your Say" page.

By 15 May, 306 submissions had been received. This number is expected to significantly increase towards the closing date of 26 May.

Public forums

A Community Reference Group (CRG) was established to advise the chair on the best approaches to engaging with the public. A number of meetings have been held, the minutes of which are published on the inquiry website. The CRG's advice has been invaluable in ensuring that the approach is fit for purpose and has the best reach and engagement possible.

The Inquiry is taking an innovative approach to its forums. These will not be in the form of "hearings" but will comprise a mix of way of providing information to the Inquiry and will be tailored to the areas where they will be held.

Commencing in Christchurch on 17 May, the Inquiry will provide a Forum 'home' (Tūranga – the central city public library) where people have a place to share experiences and views in a range of ways. These include making their formal submission; adding and sharing post-it thoughts on topical 'idea walls'; recording a short video of experiences/views; talking with the Inquiry team (and at particular times the Chair of the Inquiry); and taking part in facilitated small-table discussions on relevant topics that are future focussed.

Forums are also planned for Waimakariri, Hurunui, Kaikoura and Seddon, Edgecumbe and possibly Eketahuna. Each forum will be tailored to suit the area in which it is being held. This programme is still to be finalised, but is expected to be complete by the end of June or early July.

Building public interest in the Inquiry

The Inquiry has established a social media presence, which is building a relatively small but influential following. The Facebook posts have been engaged with over 3000 times (at 15 May), with reach of 56,000. The posted commentary has been a mix of people willing to share their views and encouraging others to share, along with themes of dissatisfaction with EQC and the Inquiry.

Two newsletters have been sent to about 800 recipients with the first coinciding with the opening of the submissions phase. This mailing list will receive updates on a regular basis. In

addition, a communications toolkit has been provided to close to 100 organisations such as councils.

Dame Silvia has appeared on One News and Breakfast. These interviews have provided an opportunity to stimulate interest in participating in the Inquiry.

Reflections

Given the Terms of Reference for the Inquiry the Chair decided to take an inquisitorial rather than an adversarial approach to this Inquiry. This has shaped the nature of and timeframe for the engagement to collect information. There seems to have been a positive response to this approach by those with whom the Inquiry is interacting and a lot of relevant material is being provided.

However, at the point of preparing this paper, the extent of the eventual input from the public is largely unknown. It is also uncertain just how much the events of 15 March 2019 in Christchurch may adversely impact on their desire to contribute, with some cautioning the Inquiry to expect considerably less interaction than there might have been in other circumstances.

Budget Update

Recently a budget transfer to the 2019/20 year has been approved, in the expectation that the Inquiry would not be complete until sometime in that year. An In Principle Expense transfer has also been agreed. Together these should provide sufficient funding to meet the proposed new timeframe, within the overall initial total budget. It is most unlikely that additional funding will be required.

The Inquiry is currently forecasting to spend approximately half its budget in the 2018/2019 year, and this is being closely monitored.

Next steps

The engagement phase will continue through May, June and into early July, as will the summarising of other documentation and evidence that has been sought and/or voluntarily provided.

It is expected that the analysis of formal submissions will be complete by the end of July. At the same time, and through August, the contextual parts of the report will be prepared. It is planned that the Chair prepares the findings and recommendations through late August to November.

The Chair intends to report late this calendar year or early in 2020.

ATTACHMENT B

Public Inquiry into the Earthquake Commission: Terms of reference

Background and status as a 'matter of public importance'

The Commission is a Crown entity established under the Earthquake Commission Act 1993 (the **Act**). Originally established in 1945 as the Earthquake and War Damages Commission following the 1942 Wairarapa earthquake, the Commission's role has changed significantly over time.

The Commission's statutory functions are set out in section 5 of the Act. It—

- provides natural disaster insurance for residential property (contents, dwellings, and some coverage of land):
- administers the Natural Disaster Fund, including its investments and reinsurance:
- funds research and education on natural disasters and ways of reducing their impact.

During 2010 and 2011, New Zealand experienced its most significant earthquake event sequence in recent times in the Canterbury region. This resulted in over 583,000 claims to the Commission for damage to approximately 168,000 residential dwellings. While the majority of claims have been addressed, multiple issues have arisen in relation to the Commission's operational practices.

There are still approximately 3,000 unresolved residential property claims. These mainly relate to land claims or remedial repair claims, such as repair claims that have been reopened due to poor workmanship, incomplete repair scope, or damage not identified in initial assessments. These unresolved claims have a significant impact on affected Canterbury residents as well as on continued confidence, including of the global insurance market, in New Zealand's ability to respond quickly and comprehensively to future natural disaster events.

Since the Canterbury earthquake events, the Commission has had to deal with a number of other events. These include—

- the 2013 earthquakes in Seddon and the Cook Strait:
- the Eketahuna earthquake in 2014:
- the Edgecumbe flooding in 2017:
- the November 2016 earthquake in the Kaikoura region.

The Commission's practices have evolved in response to each of these events, with a significantly different approach taken in responding to the Kaikoura event. This saw a Memorandum of Understanding signed with insurers allowing them to act as the Commission's agents in settling most building and contents claims. This different approach will provide a reference point for the inquiry, with its overall effectiveness not yet fully known.

Insurance, both public and private, makes a major contribution to the economic and social recovery from a natural disaster. The Commission plays a critical role in underpinning the New Zealand residential dwellings insurance market. As a result, the public needs to be confident that the Commission has the capability and systems to meet its key responsibilities. It is a matter of public importance that the Commission, the wider industry, and the Government learn from the experience of dealing with claims from the Canterbury earthquake events to help ensure that the Commission is well placed to deliver in the future.

Order of reference

The inquiry will investigate and report on the lessons that can be learned from the application of the Commission's operational practices and the Commission's approaches to claims outcomes in relation to the Canterbury earthquake events and subsequent events. It will make recommendations to improve the Commission's readiness to respond to future events.

The inquiry's purpose is to ensure that lessons are learnt from these past experiences and that the Commission has the appropriate policies and operating structures in place for improved operational practices in the future.

The inquiry's scope includes the following:

Canterbury operational practice experiences

- the Commission's operational practices both before and after the Canterbury earthquake events, including the Commission's performance in scaling up appropriate resourcing to deal with these significant events:
- the Commission's customers' experience of its operational practices and claims outcomes:
- the interplay between the Commission and the other insurers with regard to operational practices including, as relevant to the performance of the Commission, the experiences of those other insurers:

Comparative experiences

- the benefits and shortcomings of the Commission's different approaches to claims outcomes such as cash settlement versus repair and rebuild:
- the Commission's application of learnings from its Canterbury experience to subsequent events:
- the key process differences between the operational processes used in Canterbury and the Kaikoura pilot approach, taking into account the different economic impact of the events:

Future strategies

- operational practices that have now been put in place by the Commission, or which are being implemented, to help ensure improved experiences and outcomes:
- any further improvements that can be made for any future events.

Inquiry matters requiring recommendations

The inquiry will make recommendations on—

- lessons that can be learned from the Canterbury earthquake events and subsequent events relating to the management of operational practices. This should include contingency planning, preparedness, and the Commission's responsiveness (and, as relevant to the Commission's performance, the responsiveness of other insurers):
- any changes or additions to operational practices as a result:
- any other matter which the inquiry believes may promote improved operational practices for future events and/or minimise the recurrence of any inadequacies in claims handling identified by the inquiry.

~~[IN CONFIDENCE]~~

Exclusions from the inquiry

The inquiry is not to investigate, determine, or report on, in an interim or final way, or otherwise prejudice, any of the following matters:

- in accordance with section 11 of the Inquiries Act 2013, questions of civil, criminal, or disciplinary liability:
- the structural arrangements for central or local government:
- the Commission's funding structure (including levies):
- the resolution of actual claims that remain unresolved:
- specific cases that are subject to current mediation, litigation, or arbitration proceedings:
- the reopening of settled claims:
- legal precedents (with regard to actual insurance claims) that have been established by the courts:
- issues relating to insurance contract law, the Limitation Act 1950, the Limitation Act 2010, the Earthquake Commission Act 1993, other insurers, and reinsurers that are unrelated to the Commission's claims management operational practices and claims outcomes.

Consideration of other investigations by the inquiry

The inquiry may take account of the outcome of any other investigations into related matters (including, for example, the Ministry of Business, Innovation, and Employment's Review of Insurance Contract Law, which is considering whether there is a need for greater regulation of insurers' conduct including claims management and handling, and the Report of the Independent Ministerial Advisor to the Minister Responsible for the Earthquake Commission).

However, the inquiry is not bound in any way by the conclusions or recommendations of any such investigation.

Timing

The inquiry is to report its findings and recommendations by 30 June 2019.