Service Agreement

pursuant to section 132 of the Natural Hazards Insurance Act 2023

Detailed Business Case - Centralised Broking Model

THE SOVEREIGN IN RIGHT OF NEW ZEALAND
acting by and through the Minister of Finance

AND

TOKA TŪ AKE – NATURAL HAZARDS COMMISSION

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PARTIES

THE SOVEREIGN IN RIGHT OF NEW ZEALAND acting by and through the Minister of Finance (or his or her authorised delegate) (the **Crown**)

TOKA TŪ AKE – NATURAL HAZARDS COMMISSION a statutory entity continuing under section 125 of the Natural Hazards Insurance Act 2023 (**NHC**)

(together, the **Parties**)

BACKGROUND

A. The Minister of Finance has, by a direction pursuant to section 112 of the Crown Entities Act 2004 as permitted by Section 129(h)(ii) of the NHI Act dated on or about the date of this Agreement (the **Direction**), added an additional function to the functions of NHC (the **Additional Function**).

B. The Additional Function is "To advise the Crown on arranging reinsurance or other risk transfer products in respect of Crown risks, including risks from natural hazards and other risks beyond those covered in the Natural Hazards Insurance Act 2023".

C. The Additional Function enables NHC to provide the Services under this Agreement.

D. The Parties have agreed to enter into this Agreement pursuant to section 132 of the NHI Act, setting out the Services to be provided, the terms and conditions on which NHC must provide the Services, and the payment to be made by the Minister of Finance to NHC for the provision of the Services.

E. In providing the Services under this Agreement as set out in Schedule 1, NHC will be dependent on the Crown providing support as system and policy lead, including stakeholder and system engagement and Ministerial advisory functions.

TERMS OF THIS AGREEMENT

1. AGREEMENT

1.1 The Parties enter into this Agreement pursuant to section 132 of the NHI Act.

1.2 NHC agrees to provide the Services set out in Schedule 1 on the terms and conditions set out in this Agreement, using the Funding Payments made by the Crown under clause 10.

2. TERM

2.1 This Agreement will commence on the date it has been executed by both Parties (the **Commencement Date**) and continue in force until the date on which the Direction expires (the **Expiry Date**), unless terminated earlier in accordance with clause 17.

3. SERVICES

3.1 In providing the Services and complying with its other obligations under this Agreement, NHC must:

a. act with reasonable care, skill, prudence, foresight and diligence;
b. provide all Personnel, processes and resources required to perform the Services it is responsible for as set out in Schedule 1;
c. take into account any feedback provided by the Crown from time to time;
d. comply with all of its obligations under Law; and
e. promptly notify the Crown in writing of any matter (including a significant natural hazard event) that may impact on NHC's ability to perform its obligations in accordance with this Agreement, where known to NHC.

3.2 The Crown shall actively support NHC's delivery of the Services through:

a. **Agency coordination:** securing the timely cooperation of relevant government agencies, including facilitating the provision of information and data necessary for the development of the DBC (and ensuring that those agencies grant any consents needed for their insurance brokers to share relevant data with NHC); and
b. providing the Ministers with updates, in conjunction with NHC.

3.3 **Variation of Services:** Any material change to the Services or Outputs (such as changes in scope or timing) must be agreed by the Parties in accordance with clause 19.1, before the change is implemented.

3.4 **Memorandum of Understanding:** Following execution of this Agreement, the Parties will agree a non-binding memorandum of understanding, setting out working arrangements between the Parties for the Services, which may include (without limitation) provisions covering:

a. roles and accountabilities;
b. project governance and issue escalation processes;
c. day-to-day working arrangements;
d. information management practices; and
e. professional standards.

4. EXTERNAL DEPENDENCIES AND CONSTRAINTS

4.1 The Parties acknowledge that NHC's ability to provide the Services and the Outputs within the timeframes and to the standard set out in this Agreement is dependent on a number of factors beyond NHC's direct control, including (without limitation):

a. the timely cooperation, engagement and provision of accurate data necessary for the development of the DBC by relevant government agencies (and their insurance brokers, where applicable);
b. stable and reasonably predictable insurance and reinsurance market conditions during the development of the DBC;
c. payment of the Funding Payments by the Crown in accordance with clause 10; and
d. timely performance by the Crown of its other obligations under this Agreement.

4.2 NHC will not be liable for any failure to perform its obligations in accordance with this Agreement, to the extent that failure results from factors beyond NHC's direct control, provided that NHC notifies the Crown in accordance with clause 3.1(e), uses reasonable endeavours to mitigate the adverse effects, and resumes full performance as soon as reasonably practicable.

5. SIGNIFICANT NATURAL HAZARD EVENT REPRIORITISATION

5.1 If a significant natural hazard event materially affects NHC's capacity to perform the Services (for example, by requiring a reprioritisation of NHC's resources to its function in section 129(a) of the NHI Act), NHC:

a. may, notwithstanding any other provision of this Agreement, temporarily reduce or suspend its performance of the Services to the extent reasonably necessary to respond to that natural hazard event; and

b. will notify the Crown in accordance with clause 3.1(e).

5.2 Following the notice under clause 5.1(b), if NHC's performance of the Services has been temporarily reduced or suspended in accordance with clause 5.1(a), the Parties will promptly meet to discuss the timeframe for full resumption of the Services.

5.3 The Parties acknowledge that the reduction or suspension of NHC's performance of the Services in accordance with this clause 5 may result in the Services not having been completed by the Expiry Date.

6. PRIVACY

6.1 NHC will ensure that, in respect of any personal information it collects in relation to the Services for the purpose of producing the Outputs, NHC, and the Ministers and the Treasury (as representatives of the Crown) are entitled to use such information in connection with the Outputs, in accordance with the Privacy Act 2020.

7. PERSONNEL AND SUBCONTRACTING

7.1 NHC must ensure the Services are provided using appropriately experienced, skilled and qualified Personnel who are capable of providing the Services and is responsible for all acts and omissions of the Personnel as if they were the acts or omissions of NHC.

7.2 NHC must not subcontract all or substantially all of its obligations under this Agreement to any other person without first obtaining the Crown's written consent (such consent not to be unreasonably withheld or delayed).

8. PRIMARY CONTACTS AND REPORTING

8.1 **Primary Contacts:** Each Party will appoint a primary contact and notify the other Party of that primary contact (**Primary Contact**).

8.2 **Replacement:** Each Party may replace its Primary Contact from time to time provided it gives prior written notice of such replacement.

8.3 **Meetings:** The Parties will meet together:

a. promptly following a notice from one Party to the other than if has any concerns in relation to the Services being provided or either Party's compliance with the terms of this Agreement; and

b. otherwise at a frequency and in a format agreed by the Parties from time to time.

8.4 **Reporting:** As part of the Services, the Parties must jointly provide reports at the frequency and containing the detail set out in Schedule 1.

8.5 **Legislative reporting obligations:** No information provided to the Crown by NHC under this Agreement is a substitute for NHC's reporting requirements under the NHI Act, the Crown Entities Act 2004, or any other relevant legislation and NHC will continue to comply with all reporting requirements. The information and reporting requirements under this Agreement in no way limit the Crown's discretion to request information from NHC in accordance with the Crown Entities Act 2004.

9. Steering Committee

9.1 The Parties will establish a project steering committee (the **Steering Committee**) with the members being senior representatives of NHC, the Treasury, and the Department of the Prime Minister and Cabinet.

9.2 The role of the Steering Committee will be to monitor progress and provide input into the development of the DBC, share information, facilitate cross-agency coordination, and provide advice on resolving issues.

9.3 The Steering Committee will meet at the times and frequency it determines.

9.4 The Steering Committee will be advisory only and will not have authority to direct the Parties on the performance of their obligations under this Agreement, to bind the Parties, or to otherwise amend the Services or this Agreement.

9.5 For the avoidance of doubt, NHC will meet the cost of NHC appointees to the Steering Committee in performing that role from the Funding Payments.

10. CAPITAL CONTRIBUTION

10.1 **Expenses:** The Crown agrees to make a capital contribution to NHC, to be used to meet the expenses and capital expenditure incurred by NHC in providing the Services (**NHC's Expenses**) out of money appropriated by Parliament for that purpose.

10.2 **Maximum Funding:** The capital contribution made by the Crown pursuant to clause 10.1 may not exceed $2 million in total (the **Maximum Funding**), unless the Maximum Funding is increased in accordance with clause 11.

10.3 **Payments:** The capital contribution will be made by the Crown in instalments (each, a **Funding Payment**; together, the **Funding Payments**), paid in accordance with clauses 10.4 to 10.8 to below.

10.4 **First instalment:** As soon as practicable following the Commencement Date, NHC will provide the Crown with a request for funding (**Funding Request**) of $250,000, to be paid under clause 10.7 as the first Funding Payment.

10.5 **Estimates:** For each quarter of the 2026/27 Financial Year, NHC will provide the Crown with an estimate of the additional Funding Payment required to meet NHC's Expenses up to the end of the relevant quarter, together with a Funding Request for that amount. NHC must include a statement of NHC's Expenses (both actual and estimated) up to the end of the relevant quarter, with the estimate. The Parties may agree the timing and requirements for the content of estimates under this clause from time to time, as well as any contingency amount over and above the estimate that may be included in the Funding Request for any particular quarter.

10.6 **Re-estimates:** If at any time during a quarter, NHC considers it likely that Funding Payments already made by the Crown will not be sufficient to meet NHC's Expenses up to the end of the current quarter, then NHC may revise the estimate and provide the revised estimate to the Crown, together with a Funding Request reflecting the increase in the estimate.

10.7 **Payment:** The Crown will, within 10 Business Days of the Crown's receipt of a Funding Request given in accordance with this clause 10 (and a corresponding estimate, where required), make a Funding Payment of the amount specified in the Funding Request to NHC's nominated account, provided that the Crown is not required to make the Funding Payment earlier than the first day of the quarter the Funding Request corresponds to.

10.8 **GST:** The Parties agree that payments made in accordance with this clause 10 are not a taxable supply for GST purposes, and accordingly no additional amount shall be paid by the Crown in respect of GST in relation to such payments. However, if the Inland Revenue Department (acting independently) determines that the Funding Payment for a particular quarter is consideration for a taxable supply (as that term is defined for the purposes of the Goods and Services Tax Act 1985) in respect of which NHC is required to account for GST then the Crown shall pay, at the same time and in the same manner as the relevant Funding Payment, an additional amount equal to the amount of such GST, provided that no such additional payment shall be required unless and until NHC has provided a valid tax invoice to the Crown in respect of the relevant taxable supply.

11. MAXIMUM FUNDING

11.1 If at any time NHC considers it likely that NHC's Expenses will exceed the Maximum Funding, then it will as soon as practicable provide an estimate to the Crown of the NHC's Expenses up to completion of the Services, and the approximate date that NHC expects to incur expenses and capital expenditure exceeding the Maximum Funding.

11.2 On receipt of the estimate under clause 11.1, the Parties must meet promptly to discuss whether the Services may be varied to reduce NHC's Expenses below the Maximum Funding.

11.3 If no variation is agreed under 11.2, the Crown must as soon as reasonably practicable (at its sole discretion):

a. direct NHC to cease providing the Services on a date that is earlier than the approximate date under clause 11.1; or

b. if the appropriation referred to in clause 10.1 is increased, notify NHC of a new amount of Maximum Funding that equals or exceeds NHC's estimate under clause 11.1.

11.4 Notwithstanding any other provision in this Agreement, NHC must ensure that NHC's Expenses do not exceed the Maximum Funding, and NHC may cease providing the Services at any time, if it reasonably considers it necessary to comply with this requirement.

11.5 **Return of capital:** On completion of the Services, NHC will provide a statement of the total of NHC's Expenses to the Crown. NHC will return any portion of the Funding Payments made by the Crown that will not be used to meet NHC's Expenses, at the Crown's request.

12. RECORDS

12.1 **Records:** Without limiting its other obligations under this Agreement or at Law, NHC must create and maintain, and must ensure that each subcontractor creates and maintains, full, accurate and accessible Records of the provision of the Services under this Agreement, to the standards required under the Public Records Act 2005. NHC must ensure the Records created and maintained under this clause are, during the time period contemplated in subclause (b) below:

a. maintained in an accessible form; and
b. retained for the term of the Agreement and 3 years after expiry or termination of this Agreement; and
c. provided to the Crown in an accessible form on the Crown's request from time to time.

13. INTELLECTUAL PROPERTY RIGHTS

13.1 Pre-existing Intellectual Property Rights remain the property of their owner.

13.2 New Intellectual Property Rights in the Outputs become the property of the Crown when they are created, and the NHC agrees to do all things necessary to give effect to this clause 13.2.

13.3 New Intellectual Property Rights that are not in the Outputs will become the property of the Party that created them.

13.4 NHC grants to the Crown a perpetual, non-exclusive, worldwide, transferable, sub-licensable and royalty-free license to use, for any purpose, all Intellectual Property Rights in the Outputs that are not owned by the Crown to:

a. receive the full benefit of the Services and Outputs, and
b. use, copy, modify and distribute the Outputs.

13.5 The Crown grants to NHC a perpetual, non-exclusive, worldwide, transferable, sub-licensable and royalty-free license to use, for any purpose, all Intellectual Property Rights owned by the Crown pursuant to clauses 13.2 and 13.3, to use, copy, modify and distribute the Outputs.

14. CONFIDENTIAL INFORMATION

14.1 **Restrictions:** Except as permitted by this clause 14 or otherwise expressly permitted in this Agreement, each Party shall keep the other Party's Confidential Information:

a. absolutely secret and confidential at all times and will not disclose that Confidential Information to any person or use that Confidential Information for any purpose other than the purpose of this Agreement; and
b. secure and ensure it has in place adequate security measures to safeguard the Confidential Information from access, loss, use, modification or disclosure by unauthorised persons.

14.2 **Exceptions**: A Party may disclose Confidential Information:

a. to:

i. its Personnel, professional advisers, auditors, insurers, reinsurers, brokers or bankers for a proper purpose provided that Party ensures that each such person complies with the restrictions in this clause 14 as if such person were a Party to this Agreement; or

ii. a Minister or any of that Minister's advisers;

b. if and to the extent disclosure is required by Law or any government agency, Minister of the Crown or parliamentary officer or body, provided that Party gives the other Party notice of the requirement as soon as practicable before such disclosure is made;

c. if and to the extent the information:

i. was known to the receiving Party before the information was disclosed to it;

ii. is disclosed to the receiving Party on a non-confidential basis by a third Party who has the right to make such disclosure without requiring the information to be kept confidential by the receiving Party;

iii. is generally available to the public through no fault of the receiving Party; or

iv. is developed by the receiving Party independently of the information disclosed by the disclosing Party; or

d. if required in connection with third Party legal proceedings relating to this Agreement.

14.3 **Misuse or breach:** A Party will notify the other in writing immediately upon becoming aware of any:

a. potential, threatened or actual misuse or unauthorised disclosure of Confidential Information by any person to whom that Party makes any disclosure in accordance with clause 14.2(a); or

b. breach of the Party's obligations under this clause 14,

and will take all reasonable steps to mitigate the effects of such disclosure and fully co-operate with the other Party in preventing or limiting such misuse, unauthorised disclosure or breach.

14.4 **Official Information Act 1982:** The Parties acknowledge that they are both subject to the Official Information Act 1982. Each Party agrees to co-operate fully in providing the other Party with any documents or other information that the other Party is required to provide pursuant to a request made under that Act, or pursuant to questions raised in Parliament or in any Select Committee concerning this Agreement. In the event that either of the Parties is subject to a request for information under the Act on matters which relate to the subject of this Agreement or are in connection with the Policy, each Party will whenever practicable consult with the other Party in relation to such request.

15. ANNOUNCEMENTS AND ENGAGEMENT WITH THIRD PARTIES

15.1 **Announcements:** Before making any media release or public announcement in connection with the Services, NHC shall consult with the Crown's Primary Contact regarding the content and timing of such release or announcement.

15.2 Where the Parties do not agree on the content or timing of a media release or public announcement under clause 15.1, the matter will be escalated to the Chief Executive of NHC and the Secretary to the Treasury (or his or her nominee) for resolution.

15.3 **Third-party engagement:** Any engagement that NHC has with third parties as part of the Services should be consistent with the position that no decision has been taken by Cabinet to progress beyond the DBC.

16. NO COMMITMENT TO PROGRESS BEYOND SERVICES

16.1 The Parties agree that nothing in this Agreement, the Services, or the Outputs (including the DBC) constitutes or implies any commitment by the Crown or NHC to proceed with establishing or implementing any further phase of the public risk financing scheme, beyond the completion of the Services.

17. TERMINATION

17.1 **Termination:** If the responsible Minister revokes the Direction pursuant to section 115(3A) of the Crown Entities Act 2004, this Agreement automatically terminates.

17.2 **Consequences of termination or expiry:** Any termination or expiry of this Agreement is without prejudice to and will not affect any rights, remedies, powers or obligations of a Party that have accrued before termination or expiry. To avoid doubt, the Crown shall pay to NHC the amounts contemplated under clause 10 incurred by NHC including where payment is made after the termination of this Agreement.

18. DISPUTE RESOLUTION

18.1 **Dispute notice:** If there is a dispute between the Parties in relation to this Agreement, either Party may give the other Party notice of the nature and details of the dispute.

18.2 **Negotiation:** Within 10 Business Days of receipt of the notice of dispute, the Primary Contacts shall meet to endeavour to resolve the dispute. If the Primary Contacts are not able to resolve the dispute within 10 Business Days of first meeting to discuss the dispute, either Party may escalate the dispute to the Chief Executive of NHC and the Secretary to the Treasury (or his or her nominee) for resolution.

18.3 **No proceedings:** Each Party agrees that:

a. its sole rights and remedies in respect of a failure by the other Party to meet its obligations under this Agreement shall be those rights and remedies set out in the NHI Act and the Crown Entities Act 2004;

b. it shall not take any legal proceedings against the other Party in relation to this Agreement other than in accordance with the NHI Act or the Crown Entities Act 2004 and shall resolve all disputes in accordance with clause 18.2.

19. GENERAL

19.1 **Amendments:** No amendment to this Agreement will be effective unless it is in writing and signed by the Parties.

19.2 **Assignment:** No Party may assign, novate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party.

19.3 **Entire agreement:** This Agreement constitutes the entire agreement of the Parties and supersedes all prior agreements, arrangements, understandings and representations (whether oral or written) given by or made between the Parties relating to the matters dealt with in this Agreement.

19.4 **No agency:** This Agreement does not create any relationship between the Parties of principal and agent (other than as expressly specified in this Agreement), partnership, joint venture, or employer and employee. Neither Party will have authority to act for or incur any obligation on behalf of another Party, except as expressly provided for in this Agreement.

19.5 **No third Party rights or enforcement:** A person who is not a Party to this Agreement shall not have any rights under or in connection with this Agreement.

19.6 **Survival:** Following termination or expiry of this Agreement, clause 14, together with other provisions that are by their nature intended to survive, will remain in effect.

19.7 **Costs:** Each Party will pay its own costs incurred in connection with the preparation, negotiations and entry into this Agreement.

19.8 **Counterparts:** This Agreement may be signed in counterparts, each of which when taken together will constitute one and the same instrument. Each Party may enter this Agreement by signing any such counterpart.

19.9 **Governing law:** This Agreement will be governed by and will be construed in accordance with New Zealand law.

20. DEFINITIONS AND INTERPRETATION

20.1 In this Agreement, unless the context requires otherwise:

Additional Function has the meaning set out in paragraph A of the Background;

Agreement means this agreement and the schedule to this agreement;

Business Day means any day other than a Saturday, a Sunday or a public holiday (as defined in the Holidays Act 2003) in Wellington, New Zealand;

Commencement Date has the meaning set out in clause 2.1;

Confidential Information means all information obtained by a Party from the other Party, as a result of the negotiations for this Agreement or entering into or performing this Agreement, which is either marked as confidential or could reasonably be expected to be regarded as confidential;

DBC means the detailed business case referred to in Schedule 1;

Direction has the meaning set out in paragraph A of the Background;

Expiry Date has the meaning set out in clause 2.1;

Funding Payment and **Funding Payments** have the meanings set out in clause 10;

Funding Request has the meaning set out in clause 10;

GST means goods and services tax chargeable in accordance with the Goods and Services Tax Act 1985;

IBC means the initial business case referred to in Schedule 1;

Intellectual Property Rights means all industrial and intellectual property rights whether conferred by statute, at common law or in equity, including, but not limited to copyright, trademarks, designs and patents;

Law includes any rules of common law, statute, regulation, bylaw or other secondary legislation in force from time to time;

Maximum Funding means the amount set out in clause 10.2, or any increased amount in accordance with clause 11;

Ministers has the meaning set out in Schedule 1;

New Intellectual Property Rights means Intellectual Property Rights developed under this Agreement or in the performance of the Services;

NHC's Expenses has the meaning set out in clause 10.1;

NHI Act means the Natural Hazards Insurance Act 2023;

Outputs means the outputs resulting from the delivery of the Services;

Personnel means any employee, contractor, agent, or representative of NHC, or of any subcontractor of NHC, who provides any part of any Service;

Pre-existing Intellectual Property Rights means Intellectual Property Rights developed before the date of, or independently from, this Agreement;

Primary Contact has the meaning set out in clause 8.1;

Record has the meaning set out in the Public Records Act 2005;

Services means any goods and services to be provided under the Agreement, as described in Schedule 1; and

Steering Committee has the meaning set out in clause 9.

20.2 **Interpretation:** In this Agreement, unless the context requires otherwise:

a. references to clauses and Schedules are to clauses of and schedules to this Agreement;
b. derivations of any defined word or term shall have a corresponding meaning;
c. the headings to clauses are inserted for convenience only and shall be ignored in interpreting this Agreement;
d. the word including and other similar words do not imply any limitation;
e. the plural includes the singular and vice versa;
f. a reference to a statute includes all regulations and other subordinate legislation made under that statute. A reference to any legislation (including subordinate legislation) includes that legislation as amended or replaced from time to time; and
g. if there is any conflict between the terms of this Agreement, the following descending order of precedence will apply:
    i. the terms of the body of this Agreement (clauses 1 to 20);
    ii. the Schedules to this Agreement.

EXECUTED by

THE SOVEREIGN IN RIGHT OF NEW ZEALAND acting by and through the Minister of Finance in the presence of:

Signature

Date

Witness Signature

Witness name

Witness Occupation

Witness Address

TOKA TŪ AKE – NATURAL HAZARDS COMMISSION by:

Signature	Signature
Date	Date
Name	Name
Position	Position

SCHEDULE 1 – DESCRIPTION OF THE SERVICES

Background

- In September 2025, Cabinet agreed to a Treasury Indicative Business Case to improve the Government's approach to risk financing (the **IBC**) [ECO-25-MIN-0144 refers].
- The Cabinet paper recognised that New Zealand is highly exposed to a number of national risks, including natural hazards. Without effective management, these risks can impact our people, our economy, and undermine the Government's objective for sustainable economic growth.
- The risk financing proposal is a critical shift in public sector capability to understand the risk posed to critical infrastructure. The establishment of a public risk financing scheme can support improved risk and asset information and improve engagement with domestic and international risk markets.
- While the majority of the Government's insurance spend is related to infrastructure, there is an opportunity to manage common spend on a range of products and services more efficiently and effectively. The investment objectives of the IBC are set out below:[1]

  1. Develop a **portfolio view** of public asset risk exposure to understand the Government's financial risk exposure and increase the effectiveness of how risk information is used.
  2. Develop balance sheet risk tolerances to guide and incentivise agency risk and asset management to **improve physical and financial resilience**.
  3. Improve **capital and operational efficiency** of risk financing to reduce the cost over time.
  4. Optimise **market access to global risk capital,** including by leveraging New Zealand's science and fiscal strategies.

- The preferred way forward set out in the IBC is a staged approach to establish a public risk financing scheme at NHC. The Investment Management System agreed that the scale of system-level change is high risk. Cabinet agreed that the preferred way forward to deliver the investment objectives contains an appropriate risk management strategy:
  - Stage 1; Establish a Centralised Broking Model (**CBM**) to bring together risk management across multiple agencies for improved insurance procurement and visibility of Crown balance sheet exposure.
  - Stage 2; Implement an Enterprise-wide Risk Management (**ERM**) model, which would enable total portfolio management of risk.
- Should the public risk financing solution continue to be supported, the IBC indicates that the Natural Hazards Insurance Act 2023 would be amended at the earliest opportunity. This amendment would establish the scheme in statute and allow for broader membership than the public service, including State Owned Enterprises and Local Government, and a range of insurance product lines commonly used by public service agencies.

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[1] The IBC and accompanying Cabinet paper are to be published on Treasury's website for more detail.

Services to be provided

- NHC will develop a detailed business case (DBC) that is limited to the design and assessment of a foundational CBM, consistent with Stage 1, working in conjunction with the Treasury.[2] It will be focussed on improving visibility of insured assets across central government at a portfolio view, improving the understanding of insured asset exposure to specific perils, and improving capital and operational efficiency of risk financing.
- Delivery of the objectives of the DBC recognises dependencies for Treasury-led workstreams, including:
    - System level activity to lead engagement across central and local government, access asset and insurance data in a timely manner, and funding and financing design to give effect to Crown balance sheet management and agency physical and financial resilience,
    - Scoping of the legislation change needed to support this initiative, and
    - The use of portfolio views to inform other risk and resilience policy objectives around resilience, event readiness, infrastructure investment, or other areas not relevant to NHC's role in the DBC specified above.
- Additional requirements for the services include:
    - The DBC must be complete and ready to be provided to the Ministers who hold delegated authority in relation to the DBC (**Ministers**) for endorsement before the end of February 2027.
    - The endorsement of the completed DBC will be sought from the Ministers through a report, to be jointly authored by NHC and the Treasury.
    - A progress report must be provided to the Ministers before the end of September 2026. This report should be used to seek a steer on key policy and scope questions from Ministers in the current term of Government.
    - Regular status reports must be provided as part of normal reporting to the Treasury monitoring team and the Minister of Finance's office, including where clarifications on the Services are sought.
    - The DBC must be consistent with expectations set out by Cabinet, per the Better Business Case guidance on Treasury's website,[3] and have completed all required assurance processes for a high-risk business case.
    - The scope for the DBC should enable Ministers to make decisions that the CBM can be delivered by NHC and the market, that it is affordable by enabling savings at a whole of system level and net of NHC costs, and options are provided to balance cost-effectiveness with consideration to risk management and benefits attainment.

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[2] The Treasury will continue to provide policy and system leadership to support NHC to deliver the DBC.

[3] https://www.treasury.govt.nz/information-and-services/public-sector-leadership/investment-management/better-business-cases/detailed-business-case

    - As part of the option set for the DBC, NHC should seek to preserve optionality to extend the operating model to the ERM (Stage 2) in the future. To do this, the DBC should consider what opportunity cost might occur now or later, including with regards to modelling or other technology or organisation delivery solutions.
    - In the context of the current stage of decision making and funding provided, it is accepted that this analysis on the ERM will be limited in nature. NHC should use its best judgement, in consultation with the Treasury, to present options consistent with the risk management approach presented in the IBC.
- In delivering the above services, NHC is expected to:
    - Work closely with the Treasury to support engagement including with potential members of the public risk financing scheme. The DBC should consider the balance of risks and benefits to mandating membership or enabling optionality of membership for different sectors of the Crown balance sheet, including the phased incorporation of agency membership in the early period of the scheme to manage implementation risk.
    - Engage with potential market providers and comparative institutions in other jurisdictions to develop reasonable cost and benefits estimates for the delivery of the CBM. This should consider the scope of product lines recommended by the IBC and options for delivery models to support more effective risk financing across those products.
    - Consider the merits of investment into technology or organisation design to give effect to the financial and non-financial investment objectives set out in the IBC. This includes considering the benefits of enabling artificial intelligence.
    - Work closely with the Treasury to support the funding and financing design to support the intention that the public risk financing scheme is to be self-sustaining over a long period of time. Options should consider trade-offs between the cost to deliver and the scale or security of benefits that can be achieved.
    - Seek Ministerial support, together with the Treasury, should there be any perceived barriers to engagement or where centralised communication would create efficiency in the development of the DBC.
    - Be judicious in the use of the Funding Payments, to meet the objectives set out in this Schedule. There is no expectation for detailed implementation design for Approval To Deliver at this stage. However, where it is efficient to complete a process that does not bind future Government decisions and is affordable within the funding envelope, NHC has the scope to determine its expenditure.

Out of Scope

- An asset register for central government is not in scope for Stage 1. The collation of asset information for insurance purposes may support future policy consideration by the Investment Management System, should an asset register be a priority.

- The DBC will not include detailed design or implementation planning for subsequent phases, for example any expansion to deliver the ERM. Future potential phases are to be considered only at a high-level conceptual options level within the DBC.