



Natural Hazards Commission Toka Tū Ake

Statement of Performance Expectations

2025/26



Te Kāwanatanga
o Aotearoa
New Zealand Government



Natural Hazards
Commission
Toka Tū Ake

This Statement of Performance Expectations is a formal public accountability document required under Section 149C of the Crown Entities Act 2004. It outlines the planned work and financial information for the period 1 July 2025 to 30 June 2026 for Natural Hazards Commission Toka Tū Ake. Relevant historical and forecast comparison information is also provided for the benefit of readers.



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Natural Hazards Commission Toka Tū Ake

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Board statement of responsibility

This *Statement of Performance Expectations 2025/26* sets out our performance targets and prospective financial statements for the year 1 July 2025 to 30 June 2026. It is produced according to the requirements of the Crown Entities Act 2004.

The Natural Hazards Commission Toka Tū Ake (NHC Toka Tū Ake) is responsible for preparing this Statement of Performance Expectations, including the non-financial measures and prospective financial statements, and the appropriateness of the assumptions on which they are based.

The prospective financial statements have been prepared according to PBE FRS-42. They have not been audited and should not be relied on for any other purpose.

Chris Black
Board Chair
16 June 2025

Ruth Dyson
Deputy Board Chair
16 June 2025

The year ahead

Tēnā tātou katoa.

The Natural Hazards Commission Toka Tū Ake (NHC Toka Tū Ake) exists to help New Zealanders prepare for and recover from natural hazards. To that end, we manage the natural hazards scheme that provides our country with end-to-end support, from our resilience work through to providing the first layer of insurance for residential homeowners after a natural hazard event.

We provide NHCover, our country's public natural hazards insurance for homes and some residential land. Everyone who has home insurance with fire cover has access to this insurance.

We also fund research and education on natural hazards and ways of reducing their impact and share this expertise to help build community resilience and keep whānau and their homes as safe as possible.

Our efforts across all four pillars of our strategy remain focused on ensuring we support New Zealand's preparedness for natural hazard events. ”

A busy year behind us

Coinciding with the Natural Hazards Insurance Act 2023 (NHI Act) coming into effect on 1 July 2024, our Statement of Intent (SOI) for 2024 to 2028 began. This SoPE for 2025/26 covers the second financial year of the SOI.

In the 2024/25 year, we continued to progressively reduce the number of remaining applications to the Crown's On-sold support package. The work of addressing the underlying claims associated with these applications remains a priority for us in 2025/26.

Our efforts in partnering with overseas reinsurers and the high regard in which they hold our scheme resulted in us securing a record \$9.2 billion in reinsurance for 2024/25. We have secured a new record \$10.3 billion of reinsurance for the next financial year to protect the Crown's balance sheet from the effects of major natural hazard events in New Zealand.

Our focus on the financial sustainability of the scheme saw us contribute actuarial modelling expertise to underpin the Treasury's review of the Natural Hazards Insurance levy and financial settings under the NHI Act and submit our position as part of the Treasury's consultation process. In 2025/26, we look forward to the outcomes of this review.

A year of continued progress ahead

As we head into the second year of our SOI, our efforts across all four pillars of our strategy remain focused on ensuring we support New Zealand's preparedness for natural hazard events, and the financial resilience of homeowners and the country more broadly when natural hazard events occur.

We have retained the measures from last year's SoPE as far as possible to ensure we have a solid base and continuity to measure against over the whole period of the SOI. We have, however, adjusted measures where it makes sense for work that was largely or wholly completed in 2024/25, such as claims from the 2023 North Island Weather Events, or to clarify what we are measuring, why and how.

At a high level, our Board has at the heart of its governance agenda:

- resolving residual claims from the Canterbury earthquakes and other more recent events, so we provide certainty for homeowners and are well placed to respond to the next major natural hazard event
- protecting the Crown's balance sheet through ensuring our scheme can fund recovery from a large natural hazard event

- building resilience through playing an increasingly influential role in helping public and private stakeholders make better-informed decisions about where to build and buy property.

For NHC Toka Tū Ake, 2025/26 will also involve consolidation and bedding in for the NHI Act and its new processes, such as for claims disputes. It's also a year for pushing towards the finish line on the Canterbury On-sold programme, which we administer on behalf of the Crown, and getting people back into their repaired homes.

We will also continue to deliver on the North Island Weather Events Implementation Plan, make further progress on addressing reopened Canterbury claims, and strengthen our external partnerships.

At the same time, we will make sure we remain ready and prepared for any new natural hazard events. Part of this is ongoing continuous improvement of the Natural Disaster Response Model (NDRM). We will work to improve land claim assessment, conduct a natural hazard simulation, and get assurance that adequate surge capacity is available through NDRM insurers when required.

We will also continue to help all New Zealanders be ready for the next natural hazard event by undertaking public education, further developing the Natural Hazards Portal, committing funds to scientific research, and helping homeowners to understand their insurance, so they know how we can assist them to recover when needed.

More specifically, we will be focusing on the following priorities.

Responding to the experience of the 2023 North Island Weather Events

With 8709 claims in total for these combined events, our settlement rate for the January and February 2023 North Island Weather Events (NIWE) has been pleasing, with less than 1% of claims remaining to be settled as at 30 April 2025. As these were significant weather events, during the 2024/25 year we commissioned an independent review of our response to them to inform future recovery efforts through the NDRM.

As a result of the review's findings, we developed an implementation plan to respond to the experience and lessons from NIWE.

In 2025/26, we will continue to deliver this 2-year programme of work focused on five areas of improvement identified in the implementation plan.

These focus areas are:

- improving homeowner understanding of NHCover
- improving our understanding of homeowner needs during the claims journey
- improving current claim processes and support functions
- identifying new approaches for complex events
- refining and clarifying NDRM roles and responsibilities.

We were already addressing many of the areas identified in the review during 2023/24, such as improving homeowner understanding of our cover, and that work was built on in 2024/25 when the implementation project started. We look forward to completing other tasks during 2025/26.

Resolving Canterbury On-sold property applications

The Canterbury On-sold programme was set up by the Government in 2019 as a time-limited offer of support for owners of eligible on-sold, over-cap properties that still have earthquake damage needing repair.

In November 2024, Associate Finance Minister David Seymour announced changes to the On-sold support package to help eligible Canterbury homeowners repair their properties.

Since then, we have made good progress towards resolving outstanding On-sold programme applications, with a significant number now progressing through the programme.

Changes have been made to clarify maximum settlement amounts and limit pre-construction project management costs. There were also new timeframes for applicants to progress through the early stages of the programme and start construction work.

Managing applications towards completion will be a priority for us in 2025/26. So far, the On-sold programme has supported 966 homeowners to complete repairs and move back into their homes.

We are pleased with the progress and improving trend and will stay focused on satisfactorily completing the programme, which is likely to be in 2026/27.

Resolving reopened Canterbury earthquake claims

Completing the Canterbury recovery remains a high priority for us. We must achieve this in an enduring way, while also managing the risks involved for us and the Crown. We continue to work with Southern Response Earthquake Services to achieve this.

Developing a Statement of Investment Policies and Objectives

We are making good progress in developing a Statement of Investment Policies and Objectives (SIPO) with the help and advice of external investment experts.

This work includes developing a set of Investment Beliefs to guide our activity. It also considers the broader context of our balance sheet management, and the funding and financing principles outlined in the Funding and Risk Management Statement.

We will transition to the new SIPO progressively from 1 July 2025, including the necessary supporting governance and operating model frameworks.

Collaborating with other agencies

We continue to work alongside, and share our expertise with, the Treasury and other government agencies and stakeholders.

Encouraging resilience and delivering public education

Over 2025/26, we will continue to help New Zealanders be better prepared for the next major natural hazard event by undertaking public education, further

developing the Natural Hazards Portal, and helping homeowners to understand their insurance in advance of an event rather than once an event has occurred, as is often – if not usually – the case.

We appreciate this is challenging for busy homeowners but do sense that the work we are doing in this area is really starting to shift the public's thinking, enquiry and decision-making, which is heartening.

Enhancing our data capabilities

Good data and analysis underpins all our work. Enhancing our capability to produce, capture and analyse data is an important priority for 2025/26.

Creating good data and rigorously analysing it means we can provide it to New Zealanders through people and organisations who can make a difference through better-informed decision-making – central and local government, and the private sector.

It also means we can directly educate and inform homeowners and renters through tools like the Natural Hazards Portal, again to enhance their decision-making.

We have scoped phase 2 of the Natural Hazards Portal for development over 2025/26. We have also developed our geospatial data and analytics capability in-house, as part of a wider public education programme to support people and communities to better understand the natural hazard risks we face as New Zealanders.

Loss modelling, reviewing our event responses and conducting a simulation on an event scenario to gather intelligence and identify improvements are ongoing priorities to better enhance our readiness and recovery capability.

Fulfilling the Government's expectations of us as a Crown entity

We understand and acknowledge the requirements set out in the Associate Minister of Finance's Letter of Expectations for us this coming year and the enduring Letter of Expectations for all Crown agencies.

In all our work, we will focus our resources appropriately, minimise and contain costs and deliver improved performance to ensure value for money for the 1.9 million New Zealand homeowners who pay the Natural Hazards Insurance levy.

We appreciate our spending must continue to be efficient, effective and responsive to support the prosperity of all New Zealanders.

At the same time, our Board and Management remain steadfastly focused on effectively governing and managing the Natural Hazards Insurance scheme and our organisation, respectively, to achieve our aspiration of being a world-class public insurance scheme that reduces the impact of natural hazards on people, property and the community.



**E aro tonu ana ā
mātou mahi puta
noa i ngā pou e whā
o te rautaki ki te
tautoko i te nohonga
rite o Aotearoa mō
te tūpono pānga o
ngā pūmate māori.** ”

Te tau e tū mai nei

Tēnā tātou katoa.

Ko tā te Toka Tū Ake (NHC Toka Tū Ake) he āwhina i te iwi o Aotearoa kia noho rite, me te whakarauora hoki i muri i ngā pūmate māori. Nā reira, ka whakahaere mātou i te kaupapa pūmate māori e whakarato ana i te tautoko hora whānui ki tō tātou motu, mai i ā mātou mahi manawaroa tae noa ki te whakarato i te kaupae tuatahi o te inihua mā ngā kaupupuri whare i muri i te pūmate māori.

Ka whakarato i te NHCover, te kaupapa Inihua Pūmate Māori tūmatanui o te motu mā ngā kaupupuri whare me ētahi whenua noho. Ko te hunga katoa e whiwhi ana i te inihua whare me te rīanga ahi, ka āhei ki tēnei inihua.

Ka utu hoki mātou i ngā rangahau me te mātauranga o ngā pūmate māori me ngā tikanga o te whakaiti i te pānga, me te tiri anō i ēnei mōhiotanga hei āwhina ki te whakapiki i te manawaroa ā-hapori, me te tiaki hoki i ngā whānau me ō rātou kāinga.

He tau whatiwhati kō ki muri

I orua me te whakamanatanga o te Natural Hazards Insurance Act 2023 (NHI Act) i te 1 o Hūrae 2024, te tīmatanga o tā mātou Tauākī Takunetanga (SOI) mō te 2024 ki te 2028. Ka kapi i tēnei SoPE mō te 2025/26 te tau pūtea tuarua o te SOI.

I te tau 2024/25, i pakari tonu te whakaheke i te maha o ngā tono e toe ana ki te kaupapa tautoko hokonga whare a te Karauna, i hua ake i te raupapa rū whenua o Waitaha. Ka noho tonu hei whakaarotau te mahi ki te whakatau i ngā kerēme taketake e pā ana ki ēnei tono hei te 2025/26.

Nā te piri ki ētahi kai-inihua āpiti o tāwāhi, me tā rātou whakaute nui ki tō mātou kaupapa, i riro mai i a mātou te \$9.2 piriona o te inihua āpiti mō te 2024/25, otirā he rekoata tēnei. E tāria ana e mātou te rironga mai o tērā kaupae anō, nui atu rānei o te inihua āpiti mō te tau pūtea e tū mai nei, hei tiaki i te puka kaute a te Karauna i ngā pānga o ngā pūmate māori i Aotearoa.

Nā tō mātou aronga ki te toitū ā-pūtea o te kaupapa i whakamahia e mātou ngā tauira pāngarau tohunga hei poutoko i te arotake a Te Tai Ōhanga ki te utu Inihua Pūmate Māori me ngā tautuhi ahumoni i raro i te Ture NHI me te tuku i tō mātou tūnga hei wāhanga o te tukanga whiriwhiri kōrero a Te Tai Ōhanga. Hei te 2025/26, e rikarika ana mātou kia mārama ki ngā putanga o tēnei arotake.

He tau kokenga whakamua kei mua i a tātou

I a mātou e ahu ana ki te tau tuarua o tō mātou SOI, e aro tonu ana ā mātou mahi puta noa i ngā pou e whā o te rautaki ki te tautoko i te nohonga rite o Aotearoa mō te tūpono pānga o ngā pūmate māori, me te manawaroa ā-pūtea o ngā kaipupuri whare me te motu whānui, ina pā he pūmate māori.

I pupuri tonu mātou ki ngā tikanga o te SoPE o tērā tau i ngā wā e taea ana, e whiwhi ai mātou i tētahi tūāpapa pakari me te auroatanga, e pai ai te ine taurite i te wā katoa o te SOI. Engari kua urutautia e mātou ētahi tauine i

ngā wāhi e tika ana mō ngā mahi i oti, i tata oti rānei i te 2024/25, pēnei i ngā kerēme mai i ngā Pūmate Huarere o Te Ika a Māui i te 2023, me te whakamārama hoki he aha ngā mea e inea ana, he aha ai, ā, me pēhea te ine.

I ngā taumata teitei, ko te pūtake o ngā mahi mana urungi o te Poari:

- he whakatau i ngā kerēme e toe ana i ngā rū whenua o Waitaha, me ētahi atu pānga tūtata, e manawanui ai ngā kaipupuri whare, ā, e tau ana tō mātou noho ki te urupare ki te tūpono pānga o tētahi pūmate nui
- he tiaki i te puka kaute a te Karauna mā te whakarite kia taea e tō mātou kaupapa te utu i te whakarauoratanga mai i tētahi pānga pūmate māori nui
- he whakapakari i te manawaroa mā te whai tūranga aweawe nui ki te āwhina i te iwi tūmatanui me ngā kiripānga tūmataiti kia pai ake ngā whakataunga take mō ngā wāhi pai ki te whakatū whare, me ngā wāhi hei hoko whare hou.

Mō NHC Toka Tū Ake, 2025/26, ka whai wāhi hoki te whakatōpūtanga me te whakapūmautanga o te Ture NHI me āna tukanga hou, pēnei i ngā tohenga kerēme. Engari he tau hoki tēnei mō te koke whakamua ki te pae whakamutunga o te hōtaka Hokonga whare o Waitaha, ka whakahaeretia e mātou mā te Karauna, me te whakahoki i ngā whānau ki ō rātou kāinga kua whakatikatikahia.

Ka kawea tonu hoki e mātou te mahere North Island Weather Events Implementation Plan, te koke whakamua ki te whakatau i ngā kerēme o Waitaha kua whakatuwherahia anō, me te whakapakari i ō mātou hononga rāwaho.

I taua wā hoki, ka noho rite tonu mātou mō te tūpono pānga o ngā pūmate māori. Ko tētahi wāhanga o tēnei ko te whakapainga moroki o te Natural Disaster Response Model (NDRM). Ka whakapau kaha mātou ki te whakapai ake i te aromatawaitanga o ngā kerēme whenua, te whakahaere i te whaihanga pūmate māori, me te rapu kupu whakaū mō te wātea o te raukaha popono tika mā roto i ngā kai-inihua NDRM ina hiahiatia.

Ka āwhina tonu mātou i ngā tāngata katoa o Aotearoa kia noho rite mō tētahi pūmate māori mā te whai i te ara mātauranga, te whakawhanake haere i te Tomokanga Pūmate Māori, te tuku pūtea ki ngā rangahau pūtaiao, me te āwhina i ngā kaupupuri whare kia mārama ki te inihua, kia pai ai te āwhina i a rātou ki te whakarauora i te wā e hiahiatia ana.

Ina koa rā, ka aro mātou ki ēnei whakaarotau.

Te urupare ki ngā wheako o ngā Āhutatanga Huarere o Te Ika a Māui 2023

I eke ki te 8709 ngā kerēme katoa mō te tōpūtanga o ēnei āhutatanga, otirā ko te pāpātanga o te whakataunga kerēme mō ngā Āhutatanga Huarere o Te Ika a Māui i te Hānuere me te Pēpuere 2023 (NIWE) otirā e koa ana mātou, āpiti atu ki tērā, he iti ake i te 1% ngā kerēme e toe ana kia whakatauhia, hei te 30 o Āperira 2025. I te mea he āhutatanga huarere hārukiruki ēnei, i te 2024/25 i kōmihanahia e mātou he arotake motuhake o tō mātou urupare ki ēnei āhutatanga, e whai mōhiotanga ai ngā mahi whakarauora anamata, mā roto i te NDRM.

Ko te hua o ngā putanga o te arotake, i whakawhanakehia e mātou he mahere whakatinana hei urupare ki ngā wheako me ngā akoranga o NIWE.

Ko ētahi mahi hirahira mō te tau 2025/26 ko te whakahaere i tētahi kaupapa 2-tau ki ngā wāhi e 5 hei whakapaitanga, i tautohua ki te mahere whakatinana.

- Ko aua wāhi aronga ko:
- te whakapiki i te mārama o ngā kaupupuri whare ki te NHCover
- te whakapiki i tō mātou mārama ki ngā matea kaupupuri whare i te wā o te tūāoma kerēme
- te whakapai ake i ngā tukanga tuku kerēme o te wā nei me te tautoko i ngā mahinga
- te tautohu i ngā tikanga hou mō ngā āhutatanga tuatini
- te whakapai ake me te whakamārama i ngā tūnga me ngā haepapa NDRM.

Kua tīmata kē te whakatau i te nuinga o ngā āhautanga i tautohua ki te arotake i te 2023/24, pēnei i te whakapiki i te mārama o ngā kaupupuri whare ki tā mātou inihua, ā, he mea whakapiki haere aua mahi i te 2024/25 nō te tīmatanga o te kaupapa whakatinana. E tāria ana e mātou te whakatutukitanga o ngā mahi whakaarotau ā te 2025/26.

Te whakatau i ngā tono papanoho Hokonga whare o Waitaha

He mea whakarite te hōtaka Hokonga whare o Waitaha e te Kāwanatanga i te 2019 hei tono wā-poto ki te tautoko i ngā kaupupuri māraurau o ngā hokonga whare,

kei tua o te tepenga utu, e tatari ana kia whakatikaina ngā whare i kino i te rū.

I te Nōema 2024, i whakaputaina e David Seymour, te Minita Take Pūtea Tuarua, ngā panonitanga ki te kaupapa tautoko Hokonga whare, hei āwhina i ngā kaipupuri whare māraurau o Waitaha ki te whakatika i ō rātou whare.

Mai i taua wā, he nui ngā kokenga whakamua ki te whakatau i ngā tono ki te hōtaka Hokonga whare e toe ana, otirā ko te nuinga e koke haere ana i roto i te hōtaka i te wā tonu nei.

Kua mana ētahi panonitanga ki te whakamārama i te tapeke mōrahi o ngā whakataunga me te here i ngā utunga whakahaere i ngā kaupapa hanganga tōmua. He angawā hou hoki hei whai mā ngā kaitono ki te koke whakamua i ngā wāhanga tōmua o te hōtaka me te tīmatanga o ngā mahi hanga.

Ka noho whakaarotau te whakahaere i ngā tono kia tutuki rawa, hei te 2025/26. I tēnei wā kua tautoko te hōtaka Hokonga whare i te 966 kaipupuri whare ki te whakatutuki i ngā whakatikatika me te hoki anō ki ō rātou kāinga.

E koa ana mātou ki ngā kokenga me te ia o ngā whakapainga, ā, ka aro tonu mātou ki te whakatutuki mārika i te hōtaka, otirā ka tutuki pea ā te 2026/27.

Te whakatau i ngā kerēme i whakatuwherahia anō o te rū whenua o Waitaha

Ka noho hei whakaarotau matua te whakatutuki i ngā tono whakarauora o Waitaha. Me mauroa te whakatutuki i tēnei mahi, i te wā hoki e whakahaere ana i ngā mōrearea ki a mātou me te Karauna. Ka mahi tonu mātou me ngā Ratonga o Urupare ki te Tonga e tutuki ai tēnei.

Te whakawhanake i ngā Kaupapahere me ngā Whāinga o te Tauākī Haumitanga

E koke whakamua ana mātou ki te whakawhanake i ngā Kaupapahere me ngā Whāinga o te Tauākī Haumitanga (SIPO) me te āwhina me ngā tohutohu mai i ngā mātanga haumi rāwaho.

Ka uru ki tēnei mahi te whakawhanake i tētahi huinga Whakaponu Haumitanga hei ārahi i ā mātou mahi. Ka whai whakaaro hoki ki te horopaki whānui o tā mātou whakahaere puka kaute, te tahua me ngā mātāpono pūtea e takoto ana ki te Tauākī Tahua Putea me te Whakahaere Mōrearea.

Ka āta whakawhiti mātou ki te SIPO hou, atu i te 1 o Hūrae 2025, tae atu ki ngā anga tautoko mana urungi me ngā tauira whakahaere e tika ana.

Te mahi tahi ki ētahi atu tari

Ka mahi tahi tonu mātou me te tiri ō mātou mōhiotanga ki Te Tai Ōhanga me ētahi atu tari kāwanatanga me ngā kiripānga.

Te akiaki i te manawaroatanga me te tuku i ngā kaupapa ako

Neke atu i te 2025/26 ka āwhina tonu mātou i ngā tāngata o Aotearoa ki te whakarite mō te pūmate māori nui e tū mai nei, mā te whai i ngā kaupapa ako i te iwi, te whakawhanake tonu i te Tomokanga Pūmate Māori, me te āwhina i ngā kaipupuri whare kia mārama ki te inihua i mua o tētahi pānga pūmate, kua i muri iho, i te mea he pērā hoki te āhua i te nuinga o te wā – kua i ētahi.

E mōhio ana mātou he wero nui tēnei ki ngā kaupupuri whare pukumahi, engari e rongo ana mātou i te hua o ā mātou mahi ki te takahuri i ngā whakaaro, ngā rangahau me ngā whakatau take o te iwi, otirā he whakatītina i te manawa.

Te whakatītike i ō mātou āheinga raraunga

Ko ngā raraunga me ngā tātaritanga pai te takenga o ā mātou mahi katoa. He whakaarotau hirahira te whakatītike i tō mātou āheinga ki te whakaputa, te kapo me te tātari raraunga mō te 2025/26.

Ko te tikanga o te hanga raraunga pai me te tātari pākaha, ka āhei mātou ki te whakarato atu ki te iwi o Aotearoa mā roto i ngā tāngata me ngā rōpū whaitake mā roto i ngā whakataunga take whaimōhio – te kāwananga ā-motu, ā-rohe hoki, me te rāngai tūmataiti.

Ko te tikanga o tēnei ka taea e mātou te whakaako me te whakamōhio hāngai i ngā kaupupuri whare me ngā kairēti ki ngā taputapu pēnei i te Tomokanga Pūmate Māori, arā hei whakatītike i ō rātou ake whakataunga.

Kua aromatawaitia e mātou te huringa 2 o te Tomokanga kia whakawhanakehia hei te roanga o te 2025/26. Kua whakawhanakehia hoki e mātou tā mātou āheinga rāroto mō te raraunga tūwāhi me te tātaritanga, hei wāhanga o te hōtaka mātauranga whānui, ki te tautoko i ngā tāngata me ngā hapori, e mārama pai ake ki ngā mōrearea pūmate māori kei mua i a tātou o Aotearoa.

He whakaarotau moroki te whakatauirā ngaronga, te arotake i ngā urupare tūāhuatanga me te whakahaere i te whaihanga o tētahi tūāhuatanga ki te kōhi mōhiohio me te tautohu i ngā whakapainga, hei whakatītike ake i tō mātou nohonga rite, me te āheinga whakarauora.

Te whakatinana i ngā kawatau a te Kāwanatanga i runga i a mātou hei hinonga Karauna

E mārama ana mātou, ā, e tūtohu ana ki ngā herenga e takoto ana ki te Tuhinga Kawatau a te Minita Take Pūtea Tuarua mō mātou i tēnei tau, me te Tuhinga Kawatau mauroa mō ngā tari Karauna katoa.

I roto i ā mātou mahi, ka arotahi tika mātou i ā mātou rauemi, ka whakaiti, ka whakatepe hoki i ngā utunga, me te kawē i ngā mahi pai ake, e puta ai te uara mō ngā moni, hei painga mō ngā kaupupuri whare 1.9 miriona o Aotearoa ka utu i te tāke Inihua Pūmate Māori. E mōhio ana mātou me whāomo tonu ā mātou whakapaunga, me whaitake, ā, me urupare ki te tautoko i te tōnuitanga o ngā tāngata katoa o Aotearoa.

I taua wā hoki, e ū tonu ana te aronga o tō mātou Poari me ngā Kaiwhakahaere ki te mana urungi me te whakahaere whaitake i te kaupapa Inihua Pūmate Māori, me tō mātou whakahaere hoki, e tutuki ai tō mātou wawata o te tū hei kaupapa inihua whakaihuwaka, ka whakaiti i te pānga o ngā pūmate māori ki te tangata, ngā whare me te hapori.



Our strategic framework

We introduced a refreshed strategic framework in 2024/25 to align with the Natural Hazards Insurance Act 2023 and our *Statement of Intent 2024–2028*, both of which came into effect on 1 July 2024.

Our strategic framework is designed to be aspirational while still tangible – something our people, and all New Zealanders, can look to for guidance as we collectively navigate natural hazards risk over the coming years.

Our vision

To be a world-class public insurance scheme that reduces the impact of natural hazards on people, property, and the community

Our priorities

RESILIENCE

Strengthen **RESILIENCE** by building knowledge and understanding of natural hazard risks to improve decision-making

READINESS

Continuously enhance our **READINESS** for natural hazard events

RISK FINANCING

Use our **RISK FINANCING** expertise to manage the fiscal risks of providing natural hazards insurance cover

RECOVERY

Support homeowner and community **RECOVERY** by working with our partners to deliver a transparent, timely, high-quality and responsive process for natural hazards insurance claims

Our outcomes

Stronger homes built on better land: decision-makers, homeowners, and communities understand natural hazard risks and take action to reduce risk and build resilience

NHC Toka Tū Ake and its partners are prepared to deliver the best possible claims process when a natural hazard event occurs

Homeowners have an accessible, sustainable way to help manage financial impacts of natural hazard events

Homeowners receive settlements that support effective recovery after natural hazard events

Our success is enabled by:

Effective and responsive **communication** that ensures we share our expertise, and learn from and work with homeowners, communities, and our partners

Being **trusted experts** in natural hazards insurance, risk financing, and natural hazards risk and resilience

Delivering impact through collaborative, long-term **relationships** including the Natural Disaster Response Model

Advice and actions grounded in **science and evidence** and enabled by data, technology, and insights

Having a **growth culture** where our people feel safe, connected, empowered, valued and engaged

Our vision is to be a world-class public insurance scheme that reduces the impact of natural hazard events on people, property, and the community. ”

Priorities, outcomes and measures

Flowing from the strategic framework are our strategic priorities, outcomes and measures.

The strategic priorities are the basis of our business planning. They describe the work we do, what we intend to deliver in the medium term covered by our *Statement of Intent 2024–2028* (SOI), and how we allocate resources to progress our long-term strategy.

Each of our four output classes – resilience, readiness, risk financing, and recovery – has one strategic priority. If we deliver our strategic priorities according to our roles and responsibilities as set out in our governing legislation, we will achieve our vision. This is to be a world-class public insurance scheme that reduces the impact of natural hazard events on people, property, and the community.

Our strategic outcomes describe the difference we want NHC Toka Tū Ake to make for homeowners and New Zealanders more broadly. Achieving these outcomes is what success looks like for NHC Toka Tū Ake.

Our measures then define how we will know whether we are on track to deliver our strategic priorities and outcomes over the period of the SOI.

The strategic framework also outlines the organisational enablers required for us to be successful and achieve the desired outcomes.

Priorities: Where we will focus over the next 4 years	Outcomes: The difference we want to make for New Zealanders	Measures: How we will know we are on track	Output classes in this SoPE
Strengthen resilience by building knowledge and understanding of natural hazard risks to improve decision-making	Stronger homes built on better land: decision-makers, homeowners, and communities understand natural hazard risks and take action to reduce risk and build resilience	<ul style="list-style-type: none"> • Measuring access of publicly available information • Measuring our research impact • Assessing our loss modelling capability • Evaluating our impact on policy, planning and practice • Quantifying public understanding of natural hazards and public action on natural hazard risks 	Class 1: Resilience
Continuously enhance our readiness for natural hazard events	NHC Toka Tū Ake and its partners are prepared to deliver the best possible claims process when a natural hazard event occurs	<ul style="list-style-type: none"> • Learning from past events and fostering continuous improvement • Conducting assurance and oversight where claims are managed by insurer partners • Testing event readiness for a significant event • Measuring trust and confidence in the scheme's readiness to respond 	Class 2: Readiness
Use our risk financing expertise to manage the fiscal risks of providing natural hazards insurance cover	Homeowners have an accessible, sustainable way to help manage financial impacts of natural hazard events	<ul style="list-style-type: none"> • Obtaining appropriate reinsurance cover • Reviewing our risk financing strategy annually • Collecting expected levies • Managing the Natural Hazard Fund according to parameters outlined in the Statement of Investment Policies and Objectives 	Class 3: Risk financing
Support homeowner and community recovery by working with our partners to deliver a transparent, timely, high-quality and responsive process for natural hazard insurance claims	Homeowners receive settlements that support effective recovery after natural hazard events	<ul style="list-style-type: none"> • Assessment of claims processes to ensure they are transparent, timely, high quality and responsive • Assessment of claims outcomes to ensure they are enduring • Assessment of our complaints and disputes processes • Evaluation of customers' claims experiences • Costs of claims handled by NDRM insurers are monitored 	Class 4: Recovery



Government expectations

Letter of Expectations 2025/26

The Government's priorities for NHC Toka Tū Ake are outlined in an annual Letter of Expectations from the Associate Minister of Finance. Alongside supporting the Government's overarching objectives, the Minister has outlined the following specific expectations of NHC Toka Tū Ake for 2025/26.

On-sold over-cap programme (the Programme)	The Minister expects NHC Toka Tū Ake to actively administer the Programme under the amended Services Agreement and effectively manage the remaining applications in line with our projections on costs and agreed actions on timeframes. He expects us to, where possible, find efficiencies in the Programme that deliver equitable resolutions to applicants and work closely and openly with officials in line with the agreed enhanced monitoring programme, while winding up the Programme.
Canterbury earthquake sequence claims	The Minister expects NHC Toka Tū Ake to work collaboratively with Southern Response Earthquake Services and any other key stakeholders to investigate the practicalities, challenges and benefits of expediting the satisfactory resolution of residual reopened claims from the Canterbury earthquake sequence.
Statement of Investment Policies and Objectives	The Minister expects NHC Toka Tū Ake to implement the updated Statement of Investment Policies and Objectives in line with the Investment Beliefs outlined in the Funding and Risk Management Statement. He expects that this implementation also considers the wider risk financing strategy and expectations for Crown Financial Institutions.
2023 North Island Weather Events review	The Minister expects NHC Toka Tū Ake to progress implementation of the recommendations identified in the review of the North Island Weather Events 2023 completed by Martin Jenkins in 2024. We have developed an implementation plan with milestones, and the Minister expects us to keep his officials updated on progress.

The Letter of Expectations also outlined the Minister's expectations for NHC Toka Tū Ake to play its part in delivering the Government's fiscal sustainability programme and maintaining a culture of fiscal discipline, including that we continue to:

- focus resources, and minimise and control costs, including contractor and consultant spend
- deliver improved performance to represent a value-for-money investment for the Crown as the owner
- set ambitious targets and develop robust performance measures.

The Minister expects all Crown Financial Institutions, including NHC Toka Tū Ake, to continue to:

- operate in a manner that is fit for purpose, delivering on their legislated purpose, and balancing risk and return to assure investment performance is meeting long-term policy objectives and obligations
- actively consider their role within the Crown, understanding how their operations impact on broader Crown risk
- proactively work with the Treasury and collaborate with other Crown Financial Institutions to build resilience in the New Zealand economy
- apply the responsible investment framework and take a sustainable finance approach to operations.

The Minister also noted his expectation that our Board operates according to high professional and ethical standards in line with the Treasury's *Owner's Expectations* document.

Enduring Letter of Expectations to statutory Crown entities

The Government's ongoing expectations of statutory Crown entities are outlined in an Enduring Letter of Expectations from the Minister of Finance and the Minister for the Public Service. The following expectations were set out in April 2024. We have integrated them into how we conduct our core functions, including how we continue to build our organisational capability to meet our strategic priorities.

Drive greater value from public funds and assets	NHC Toka Tū Ake is expected to drive greater value from funds we receive and public assets we manage, understanding that reprioritisation should be used as a tool for achieving better results for the people we serve.
Have a full understanding of cost drivers and performance against outcomes	The Government expects that NHC Toka Tū Ake will have a full understanding of its cost drivers and performance against outcomes and be able to clearly account for these in reporting to the responsible Minister, monitoring department and the public.
Incorporate strong evidence and evaluation practices into a continuous improvement approach	NHC Toka Tū Ake is expected to take a continuous improvement approach to the activities and programmes it delivers, incorporating strong evidence and evaluation practices and seeking to improve the efficiency and responsiveness of the services it delivers.
Ensure accountability and performance	<p>The Board of NHC Toka Tū Ake is expected to be accountable for the performance of NHC Toka Tū Ake, including actively assessing the performance of the Chief Executive.</p> <p>The Government expects the Board Chair to keep Ministers informed of risk and performance, operate on a 'no surprises' basis for the responsible Minister, and ensure any requests for information from them are treated as a priority. The Board Chair is also expected to maintain a constructive and transparent relationship with the Treasury as monitoring department.</p>
Maintain trust and confidence	NHC Toka Tū Ake is expected to be aware of its legal obligations and follow relevant guidelines and standards. All Board members are expected to give effect to the Code of Conduct for Crown Entity Board Members, including upholding the principle of political neutrality.

What we will deliver in 2025/26

Everyone with private home insurance with fire cover is provided with NHCover. ”

The following sections outline the activities NHC Toka Tū Ake intends to invest in and deliver over the next financial year under each of our four output classes (resilience, readiness, risk financing, and recovery).

Our strategic priorities are focused on what is most important to deliver for each of our output classes. We intend to:

- strengthen resilience by building knowledge and understanding of natural hazard risks to improve decision-making
- continuously enhance our readiness for natural hazard events
- use our risk financing expertise to manage the fiscal risks of providing natural hazards insurance cover
- support homeowner and community recovery by working with homeowners directly and through our partners to deliver a transparent, timely, high-quality and responsive process for natural hazards insurance claims.

For each output class, we set out:

- what the output class is intended to deliver (measures)
- the equivalent performance result (actual) from the 2023/24 year, where available

- the expected performance result (forecast) for the 2024/25 financial year, where available
- the performance target (target) for the 2025/26 financial year and how performance will be assessed
- the performance target (target) for 2024/25 for comparison
- the proposed expenses for the output class.

Revenue and expenses

Everyone with private home insurance with fire cover automatically pays the Natural Hazards Insurance levy and is provided with NHCover, subject to conditions as set out in legislation.

This revenue covers costs incurred against the four output classes, with the difference between expected revenue and proposed expenses used to pay current and future claims or retained in the Natural Hazard Fund.

Our performance is assessed and reported quarterly to our monitoring agency, the Treasury. NHC Toka Tū Ake is also audited annually by the Auditor-General and this is reported in each annual report.

The forecast revenue and expenses for each of the output classes for financial years 2024/25 and 2025/26 are as follows.

Output class	2025/26 expected revenue ¹	2025/26 operating expenses ¹	2024/25 forecast revenue ¹	2024/25 forecast operating expenses ¹
Resilience	Natural Hazards Insurance levy: \$920 million	Operating expenses: \$32 million	Natural Hazards Insurance levy: \$910 million	Operating expenses: \$32 million
Readiness	Other operating revenue: \$18 million	Operating expenses: \$27 million	Other operating revenue: \$19 million	Operating expenses: \$26 million
Risk financing		Operating expenses: \$9 million Reinsurance premiums: \$475 million		Operating expenses: \$9 million Reinsurance premiums: \$448 million
Recovery		Operating expenses: \$20 million Claims costs ² : \$128 million ^{3,4}		Operating expenses: \$20 million Claims costs ² : \$51 million ³

Explanations for changes to revenue and expenses for 2025/26 are as follows:

- Revenue is expected to increase to \$920 million for 2025/26 because of higher levy receipts, reflecting the expectation of growth in housing stock.
- Claims costs for 2025/26 are budgeted to be \$128 million. This provides an estimate for the claims we regularly receive through the year from small natural hazard events and the cost of claims handling expenses associated with settling them.⁴
- Reinsurance premium payments for 2025/26 are expected to increase to up to \$475 million, which includes brokerage cost and catastrophe bond costs.
- Operating expenses across the output classes are expected to increase by \$1.7 million from \$86.6 million to \$88.3 million in 2025/26.

1 Revenue and expenses in this table are different from the prospective statement of comprehensive revenue and expense as they exclude revenue and expenses that cannot be assigned by output class, such as services provided in administering the On-sold programme and Southern Response claims, as well as the expenses in the footnotes below.

2 Claims costs comprise amounts paid (or estimates of amount payable in the financial year) for natural disaster damage sustained during the current financial year. This number does not include changes in estimated costs for damage that occurred in prior financial years that are included in the financial statements. Variances in this number can be significant. The 2025/26 claims costs have been estimated based on a 50% probability of sufficiency basis. That is, the budget of \$128 million will be sufficient to cover 50% of possible outcomes for the total claims costs incurred in the year.

3 This cost excludes the amortisation of risk margin and discount included in the gross claims discounted costs in Note 2 of the prospective financial statements.

4 Modelling for 2025/26 uses a 50% probability of sufficiency, i.e. there is a 50% chance of claims costs being at or below the budget. 2025/26 is the first year that budgets have been set on a probability-of-sufficiency basis, which reflects our modelling of natural hazard risk. Previous budgets were based on past claims, excluding any material events.

Output 1: resilience

Our strategic priority is to strengthen resilience by building knowledge and understanding of natural hazard risks to improve decision-making.

Our resilience objective is to equip decision-makers, homeowners and communities with better understanding of natural hazard risks, so they can take action to reduce risk and strengthen resilience.

Over the coming year, we will pursue our resilience goal through the following activities:

- Continuing to invest in science and research that plays a critical role in helping New Zealanders understand natural hazard risks, and in shaping risk reduction and resilience policies and practice. We provide research grants and sponsorships, support the capability, capacity and coordination of the science and research community, and invest in data and models that advance our understanding of natural hazard risk and loss.
- Further developing our loss modelling capability to expand the way we use loss modelling, for example, to develop scenarios for event readiness, enable better event response and claims management strategies, and demonstrate the case for investing in risk reduction. Our loss modelling is supported by our significant investment in science, including geophysical and geotechnical data collection, as well as our own claims data.
- Supporting and advocating for resilience-informed policy, planning and practice through providing high-quality data, information and knowledge, particularly focused on where and how we build various types of residential property.

We will work with sector professionals and stakeholders to implement our two action plans: *Smarter Land Use* and *Resilient Homes and Buildings*. These plans aim to improve New Zealand's resilience through smarter, risk-informed land use planning and stronger building regulation, governance and practice. We will also participate in cross-government priorities and decision-making to improve the management of natural hazard risk, and inform, support and influence local government planning. This will be done by providing formal submissions on statutory plans and through one-off grants for improved natural hazard risk information and mapping.

- Supporting public awareness and preparedness for natural hazard events through a public education function and tools like our Natural Hazards Portal. Our public education programme provides educational advertising campaigns on preparedness measures and facilitates education by working closely with national and local providers, including museums (Te Papa, Auckland Museum and Canterbury Museum), AF8 with a focus on the Alpine Fault hazard, and East Coast LAB focused on the Hikurangi Subduction Zone. Our Natural Hazards Portal helps people make more-informed decisions about living with natural hazard risks by increasing their awareness of natural hazards that may have previously damaged the homes they and their whānau live in or could live in.

2025/26 proposed expenses

Proposed expenses for the resilience output class are \$32.2 million. This includes the following costs:

- Investing in research, including support of GeoNet, New Zealand's national geohazards monitoring system. In the 2025/26 financial year, it also includes the cost of further developing the National Tsunami Model, which will provide a more comprehensive understanding of tsunami risk to local authorities and insurers, as well as investing in developing a national buildings database. This aims to collate building attributes against unique identifiers, enabling a range of use cases.
- Investing in loss modelling capability and capacity, including to progress the scope of hazards we can model, and to improve our exposure and vulnerability data and models.
- Investing in programmes that support the science-to-policy or science-to-practice pipeline, such as guidance on natural hazards risk management topics, capability development for professionals on natural hazards awareness and natural hazards resilience solutions, and facilitating uptake of data, information and best practice.
- Providing public education campaigns and programmes, including public advertising, museum sponsorships and school programmes.

How we measure performance

To understand if we are making a difference, we will measure our progress in four areas:

1. Evaluating our impact on policy, planning and practice
 - 1.1. Tracking the number of users of the Natural Hazards Portal and the information they download.

The Portal continues to see increasing numbers of unique users and we aim to maintain that through years 2 and 3 of the Portal's life, ahead of a phase 2 release anticipated in the 2026/27 financial year.

- 1.2. Tracking the uptake of our published guidance, methodologies, and other information products and resources. Stakeholders' use of our reports and guidance documents is one of the main ways we can have an impact on natural hazards resilience.
- 1.3. Evaluating our contribution to, or influence on, policy and decision-making and tracking the effectiveness of our formal submissions. We continue to make more submissions than the expected baseline, as councils undertake important plan changes to both manage natural hazard risks and accelerate housing growth.
2. Quantifying public understanding of natural hazards and public action on natural hazard risks through quarterly public surveys measuring awareness of and preparedness for natural hazards.
3. Assessing our progress on delivering an investment roadmap that underpins our strategic ambition of building world-class loss modelling capability for New Zealand. In 2025/26, we expect to expand this into other use cases beyond risk financing and reinsurance.
4. Measuring the benefit of our investment in research by tracking proxies for 'benefit'. This includes the number of published papers, the number of activities we undertake that disseminate and transfer knowledge from researchers, and the number of students and early-career researchers we support. Our Benefits Management Framework tracks the benefits of our investment in research over the short, medium and long terms.

Resilience output class

1. A resilience programme that informs, enables and influences for improved analysis and public understanding of natural hazards risk.

Performance measures		2025/26 target	2024/25 forecast as at April 2025	2024/25 target	2023/24 actual
1.1	Annual number of unique Natural Hazards Portal users, and percentage of daily active users seeking further information (via the PDF download function or Natural Hazard Portal-driven OIA requests)	80,000 15%	75,000 17%	40,000 15%	49,305 24%
1.2	Number of downloads of our publicly available research and resilience documents	4,500	4,600	1,200	4,313
1.3	Number of formal submissions made on central and local government policy and plans, and percentage of recommendations that are partially or fully accepted or acted on	8 40%	11 (not available)	5 20%	11 (not available)
1.4	Percentage of homeowners surveyed who say they have acted on any of the six key preparedness actions promoted by NHC Toka Tū Ake	60%	61%	57%	61%
1.5	Progress our loss modelling strategy via agreed roadmap milestones: <ul style="list-style-type: none"> Evaluate PRUE, now including earthquake fragility and vulnerability models, for applicability across different use cases and compare results with vendor models. Implement and evaluate Auckland Volcanic Field models in PRUE. Engage with research community to ensure relevant research is identified, potential for loss modelling understood, and where appropriate planned for implementation into modelling. 	Achieved	Achieved based on previous milestones	Achieved	N/A
1.6	Track the short-, medium- and long-term impacts and benefits of research in line with our Benefits Management Framework, including:				
	<ul style="list-style-type: none"> Number of published research outputs resulting from research we fund, as part of achieving short-term research and innovation outcomes 	60	60	N/A ⁵	86 ⁶
	<ul style="list-style-type: none"> Number of postgraduate students supported as part of medium- to long-term capability building in natural hazards expertise 	55	55	N/A ⁵	57
	<ul style="list-style-type: none"> Number of activities supporting the coordination of research and the research community, e.g. conferences and workshops, as part of knowledge transfer and coordination 	10	10	N/A ⁵	11
	<ul style="list-style-type: none"> Number of research and resilience stories published externally, as part of achieving short-term dissemination and knowledge transfer to specialists and the public 	60	60	N/A ⁵	49

5 No target was set for this period as this is a new measure. Forecast and actual results for prior periods have been calculated using the new measure.

6 Our university research programmes operate in 3-year cycles, at the conclusion of which there is usually a 'spike' in research publications (as in the 2023/24 financial year). This total is therefore not reflective of what we can reasonably expect in outyears.

Output 2: readiness

This strategic priority focuses on continuously enhancing our readiness for natural hazard events, both weather and non-weather related.

Our readiness objective is to prepare NHC Toka Tū Ake and NDRM insurers to deliver the best possible claims management process. This means ensuring we have the systems in place to deliver high-quality, timely, and transparent processing of natural hazard insurance claims.

The 2023 weather events in the North Island tested our way of working with insurers, where they manage claims on our behalf under the Natural Disaster Response Model (NDRM). We are learning from our experience of using this operating model in the January 2023 Auckland floods and February 2023 Cyclone Gabrielle to improve our readiness for future events and strengthen natural hazards insurance recovery for New Zealand homeowners.

A 2-year work programme, the North Island Weather Events Implementation Plan, has been developed to refine how we work with NDRM insurers following natural hazard events. This Implementation Plan has five focus areas:

- Improving homeowner understanding of NHCover. We are undertaking tailored approaches to engage different groups of homeowners.
- Improving our understanding of homeowner needs during the claims journey. We are using evidence, data and insights to support improvements to the homeowner experience during the NHCover claims process.
- Improving current claim processes and support functions. We want to continuously improve processes to ensure claims management is as efficient as possible.
- Identifying new approaches for large-scale or complex events to ensure homeowners receive a transparent, timely, high-quality and responsive claims process. This includes ensuring there will be sufficient, appropriately trained people available to assess damage and process natural hazards insurance claims and considering new technology and systems to support an efficient claims process.
- Refining and clarifying NDRM roles and responsibilities for all parties involved in responding to an event. A coordinated and cohesive approach will support better homeowner outcomes.

While we will not have finished implementing the plan in 2025/26, we expect to make significant progress on it this year.

We are also undertaking a natural hazard simulation exercise with NDRM insurers and stakeholders to improve our readiness for a future event. This exercise will provide the opportunity for us to test and refine how we are responding and working together following a natural hazard event.

2025/26 proposed expenses

Proposed expenses for the readiness output class are \$26.6 million. This includes the costs of supporting ongoing maturity and oversight of the NDRM and event readiness.

How we measure performance

Output 2 is focused on ensuring our capacity and readiness for an event.

We will measure:

- progress implementing the North Island Weather Events Implementation Plan
- our natural hazard simulations with stakeholders and NDRM insurers
- public trust and confidence in NHC Toka Tū Ake.

We have reduced our target for running natural hazard simulations (measure 2.3) from two to one for 2025/26 because we plan to conduct a larger, more time- and resource-intensive simulation than in previous years. We have already conducted several smaller-scale simulations.

In 2024/25, we included a measure (2.1) on creating an implementation plan based on the lessons learnt from the 2023 North Island Weather Events.

This plan has now been created and is being implemented. Consequently, the associated performance measure has been removed for 2025/26 and replaced with a measure that focuses on implementing the plan.

Measure 2.3 has been refined to be clearer that natural hazard simulations are run to test the preparedness of the NDRM, rather than the overall Natural Hazards Insurance scheme. The intent of this measure has not changed.

Readiness output class

2. Ensuring capacity and readiness for an event

Performance measures		2025/26 target	2024/25 forecast as at April 2025	2024/25 target	2023/24 actual
2.1	Cumulative actions implemented from the North Island Weather Events Implementation Plan at the end of the financial year. There are 26 actions in total. ⁸	20 of the 26 actions	7 of the 26 actions	N/A ⁷	N/A
2.2	NHC Toka Tū Ake is satisfied NDRM insurers have effective surge plans to support the NDRM to respond to a natural hazard event resulting in up to 100,000 homeowner claims under the natural hazards scheme	100%	100%	100%	100%
2.3	NHC Toka Tū Ake tests the NDRM's preparedness for significant natural hazard events with natural hazard simulations	1	2	2	1
2.4	New Zealanders have trust and confidence in NHC Toka Tū Ake measured by our Public Sector Reputation Index score	60	60	59	60

⁷ No target was set for this period as this is a new measure. The forecast result for 2024/25 has been calculated using the new measure.

⁸ The North Island Weather Events Implementation Plan can be viewed on our website <https://www.naturalhazards.govt.nz/our-publications/north-island-weather-event-implementation-plan/>. We expect to complete all actions in the plan in 2026/27.

Output 3: risk financing

The strategic priority for risk financing is to manage the fiscal risks of providing natural hazards insurance cover.

The risk financing output class supports our core legislative functions to contribute to managing the financial risk to the Crown of providing natural hazards cover by:

- managing the Natural Hazard Fund
- collecting levies payable for insurance under the NHI Act
- obtaining reinsurance and other risk transfer products.

Our risk financing objective is for us to be an effective steward of levy-payer funds. We do this by continuing to rebuild the financial resilience of the organisation through managing the Natural Hazard Fund and maintaining access to cost-effective risk transfer solutions so that we can help homeowners manage the financial effects of natural hazard events.

The Funding and Risk Management Statement (FRMS) is a 5-yearly statement that sets out the Crown's risk appetite. It allows the Board to make effective decisions on how much natural hazard financial risk to transfer to offshore capital providers through reinsurance and the funding retained to build the Natural Hazard Fund. Reinsurers remain highly supportive of our programme, investment in research and loss modelling, and resilience work.

Growing the reserves of the Natural Hazard Fund and maintaining a cost-effective risk transfer programme lessens the need for recourse to the Crown guarantee in the event of a significant natural hazard event.

However, the Crown's statutory guarantee provides assurance to all insured homeowners that their claims for natural hazard event damage will be paid.

Over the next year, we will:

- ensure that levies are collected
- maintain a cost-effective risk transfer programme with an appropriate level of cover
- implement the new Statement of Investment Policies and Objectives
- manage the Natural Hazard Fund.

2025/26 proposed expenses

The budgeted expenses for the risk financing output class are \$484.0 million. These are largely related to buying reinsurance and establishing alternative risk transfer mechanisms to protect against the financial consequences of future natural hazard events.

How we measure performance

We measure the effectiveness of levy collection through the percentage collected against the budgeted levy amount. We will work with the Treasury in determining the objectives for buying reinsurance, with reference to the cost and cover involved. We will manage the Natural Hazard Fund according to the Statement of Investment Policies and Objectives.

Risk financing output classes

3.1 Maintain a reinsurance programme that supports the delivery of accessible residential natural hazards insurance protection

Performance measures		2025/26 target	2024/25 forecast as at April 2025	2024/25 target	2023/24 actual
3.1.1	Reinsurance protection for 2026/27 is obtained on terms that assure continuity of coverage for all hazards under the NHI Act, at rates that are lower than the Crown's ceded cost of capital	By 1 June 2026	Achieved	By 1 June 2025	Achieved
3.1.2	An annual review of the risk financing strategy is completed	Achieved	100%	100%	100%

3.2 Managing the Natural Hazard Fund

Performance measures		2025/26 target	2024/25 forecast as at April 2025	2024/25 target	2023/24 actual
3.2.1	The percentage of levies collected compared to the annual budget	100%	100%	100%	100%
3.2.2	The Natural Hazard Fund is managed according to parameters outlined in the Statement of Investment Policies and Objectives	Achieved	100% ⁹	100%	100% ⁹

⁹ As measured against the investment requirements in place at the time.

Output 4: recovery

The strategic priority for recovery is to work with NDRM insurers to support homeowner and community recovery by delivering a transparent, timely, high-quality and responsive claims process. We also administer the Canterbury On-sold programme on behalf of the Crown.

Our recovery objective is to have an accessible, cost-effective way to help homeowners manage the financial impact of natural hazard events through the insurance claims process.

This output class focuses on managing claims after an event. We are managing two insurance schemes:

- EQCover applies to events that occurred on or before 30 June 2024.
- NHCover applies to events that occurred on or after 1 July 2024.

We are working closely with insurers to manage and resolve claims under the Natural Disaster Response Model (NDRM).

Almost all claims we have received since 30 June 2021 have been managed under the NDRM, where private insurers manage claims on our behalf. Under this model, nearly all the claims associated with the 2023 North Island Weather Events have been settled.

We are also continuing to focus on addressing the remaining Canterbury earthquake sequence claims. Given the time that has passed since these events, an important part of resolving these claims remains determining whether the damage was caused by the earthquakes.

The Natural Hazards Insurance Act 2023 introduced changes to the way we operate, including introducing a new Code of Insured Persons' Rights, an independent review procedure for Code complaints, and a Dispute Resolution Scheme (DRS).

We are monitoring how these changes are working in practice to determine the effectiveness of the new requirements. This includes considering the impact of the DRS on homeowners' ability to achieve fair and timely outcomes.

2025/26 proposed expenses

The proposed operating expenses for the recovery output class are \$20.5 million, excluding claims settlement and specific claims handling expenses. There is also an additional \$128 million relating to an estimate for the claims for natural hazard event damage that we regularly receive through the year from small events and the cost of the claims handling expenses associated with settling them.

This cost excludes the amortisation of risk margin and discount included in the gross claims discounted costs in Note 2 of the prospective financial statements.

How we measure performance

We use time-bound, quantitative measures designed to track whether insurance claims are resolved in a transparent, timely, high-quality and responsive way. We track results using quantitative data, including the time taken to settle claims and how many claims are reopened.

We also seek input from homeowners on their experiences to ensure good customer service delivery.

Output 4.1 focuses on the settlement of claims relating to 2010-2011 Canterbury earthquake sequence claims, while Output 4.2 focuses on the settlement of other natural hazard event claims.

Measures 4.1.3 and 4.1.4 have been amended to reflect the impact of timeframes introduced by the November 2024 policy changes to the Canterbury On-sold programme, and now better reflect our progress on completing the programme.

The measure relating to settling Southern Response claims has been updated to clarify that this measure focuses on settling claims within 12 months of the claims being confirmed as over cap.

The measure on timeliness has also been refined to make the measure clearer. Both changes reflect the original intent of the measures.

Measures relating to settling claims from the 2023 North Island Weather Events have been removed as over 99% of the claims have now been settled. Resolving remaining claims will be measured as part of 4.2.

Recovery output classes

4.1 Settlement of the 2010-2011 Canterbury earthquake claims

Performance measures		2025/26 target	2024/25 forecast as at April 2025	2024/25 target	2023/24 actual
Timeliness					
4.1.1	Percentage of reopened claims settled from the date that they were reopened	85% within 6 months	89%	85%	N/A
		90% within 12 months	95%	90%	
		98% within 18 months	99%	95%	
		99% within 24 months	99%	99%	
4.1.2	The On-sold ex gratia package is administered in accordance with the On-sold Canterbury Properties Services Agreement	Achieved	100%	100%	100%
4.1.3	The percentage of eligible On-sold applicants to receive a settlement offer	100%	95%	N/A ¹⁰	80%
4.1.4	Percentage of eligible On-sold applications complete ¹¹	80%	67%	N/A ¹⁰	54%
4.1.5	Southern Response MOU claims are resolved within 12 months of the date they are confirmed as over cap	80%	83%	80%	N/A
Homeowner experience					
4.1.6	Surveyed homeowners are satisfied with their overall claims experience	60%	70%	60%	71%
4.1.7	Complaints are resolved within 2 months or within a longer period as agreed by the homeowner and NHC Toka Tū Ake	95%	98%	95%	100%
4.1.8	NHC Toka Tū Ake settlements should be enduring: percentage of settled claims reopened within 6 months	≤5%	3%	≤5%	5%

¹⁰ No target was set for this period as this is a new measure. Forecast and actual results for prior periods have been calculated using the new measure.

¹¹ Excludes applicants who leave the programme.

4.2 Claims relating to natural hazard events (excluding Canterbury)

Performance measures		2025/26 target	2024/25 forecast as at April 2025	2024/25 target	2023/24 actual
Timeliness					
4.2.1	Percentage of claims settled from the date of claims lodgement	80% within 12 months	75%	80%	N/A
		95% within 24 months	98%	90%	
		98% within 36 months	99%	95%	
		99% within 48 months	100%	98%	
Homeowner experience					
4.2.2	Surveyed homeowners are satisfied with their overall claims experience	60%	68%	60%	52%
4.2.3	Complaints are resolved within 2 months or within a longer period, as agreed with the homeowner	90%	94%	90%	96%
4.2.4	NHC Toka Tū Ake settlements should be enduring: percentage of settled claims reopened within 6 months	≤3%	1%	≤3%	1%
4.2.5	The ratio of claims handling expense to settlement cost for the period is less than the ratio set by the Board	Achieved	Achieved	Achieved	Achieved

Prospective financial statements

Prospective statement of comprehensive revenue and expense

For the years ending 30 June 2025 and 30 June 2026	Note	Forecast 2025 \$(000)	Budget 2026 \$(000)
Levy revenue			
Levy revenue		909,583	920,249
Outward reinsurance expense		(447,663)	(474,979)
Net levy revenue		461,920	445,270
Underwriting movements			
Reinsurance and other recoveries		10,923	3,455
Claims expense ⁹	2	(52,889)	(107,700)
Movement in unexpired risk liability		(7,648)	-
Total underwriting movements		(49,614)	(104,245)
Surplus from insurance activities		412,306	341,025
Other operating revenue			
Interest revenue		19,139	18,329
Other revenue ¹³		7,828	6,143
Total operating revenue		26,967	24,472
Other operating expense			
Resilience		(31,799)	(32,220)
Readiness		(26,252)	(26,573)
Risk financing		(8,714)	(9,050)
Recovery		(19,796)	(20,465)
Other expenses ¹³		(7,325)	(5,743)
Total operating expense	1	(93,886)	(94,051)
Total comprehensive revenue for the period		345,387	271,446

12 The 2026 forecast claims expense represents the cost of a year in which there are no major events and actual experience may differ significantly from this. See Note 2 for a sensitivity analysis on claims expense and how that would impact the Total Comprehensive Revenue for the Period.

13 Costs incurred managing the On-sold over-cap programme on behalf of the Crown and managing Southern Response's remaining claims are reimbursed to NHC Toka Tū Ake, plus a margin from the Southern Response agreement.

Prospective statement of changes in equity

	Forecast 2025 \$(000)	Budget 2026 \$(000)
For the years ending 30 June 2025 and 30 June 2026		
Equity		
Crown contribution	1,500,000	1,500,000
Retained earnings		
Opening balance at 1 July (deficit)	(2,121,507)	(1,776,120)
Total comprehensive revenue for the period	345,387	271,446
Closing balance at 30 June (deficit)	(1,776,120)	(1,504,674)
Closing balance at 30 June (deficit)	(276,120)	(4,674)

Prospective statement of financial position

	Forecast 2025 \$(000)	Budget 2026 \$(000)
For the years ending 30 June 2025 and 30 June 2026		
Equity		
Crown contribution	1,500,000	1,500,000
Retained earnings	(1,776,120)	(1,504,674)
Total equity	(276,120)	(4,674)
Assets		
Cash and cash equivalents	170,465	188,089
Levy receivable	176,413	178,177
Other receivables and prepayments	1,799	1,799
Outward reinsurance expense asset	76,593	80,663
Outstanding reinsurance recoveries	116,634	91,987
Investments	351,300	500,000
Property, plant and equipment	3,813	3,825
Intangible assets	2,891	1,745
Total assets	899,908	1,046,285
Liabilities		
Trade and other payables	(28,217)	(32,548)
Short-term liabilities	(4,580)	(5,379)
Funding in advance	(48,019)	(21,529)
Outstanding claims liability	(513,553)	(405,130)
Unearned premium liability	(468,929)	(473,618)
Unexpired risk liability	(112,730)	(112,755)
Total liabilities	(1,176,028)	(1,050,959)
Net assets/(Liabilities)¹⁴	(276,120)	(4,674)

14 Section 112 of the NHI Act states the Crown must make payments into the Natural Hazard Fund to ensure it can meet all its liabilities as they fall due.

	Forecast 2025 \$(000)	Budget 2026 \$(000)
For the years ending 30 June 2025 and 30 June 2026		
Cash flows from operating activities		
<i>Cash was provided from:</i>		
Levies	926,519	923,199
On-Sold agreement receipts	172,259	103,823
Reinsurance recoveries	30,981	28,102
Interest received	19,759	19,629
Southern Response agreement receipts	2,308	1,229
Net GST	4,538	410
Other revenue	21	-
<i>Cash was applied to:</i>		
Outward reinsurance	(449,272)	(475,033)
Claims settlements and handling costs	(282,248)	(216,162)
On-sold agreement costs	(93,551)	(125,400)
Employees and other operating expenses	(76,644)	(79,189)
Research grants and resilience	(11,242)	(11,682)
Net cash inflow from operating activities	243,428	168,926
Cash flows from investing activities		
<i>Cash was applied to:</i>		
Purchase of investments	(215,500)	(150,000)
Purchase of property, plant and equipment	(260)	(850)
Purchase of intangibles	-	(435)
Net cash outflow from investing activities	(215,760)	(151,285)
Cash flows from financing activities		
<i>Cash was applied to:</i>		
Lease payment	(13)	(13)
Interest payment	(4)	(4)
Net cash outflow from investing activities	(17)	(17)
Net increase in cash and cash equivalents	27,651	17,624
Add opening cash and cash equivalents	142,814	170,465
Closing cash and cash equivalents	170,465	188,089

Notes to the prospective financial statements

Note 1: Prospective operating expenditure excluding claims costs

For the years ending 30 June 2025 and 30 June 2026	Forecast 2025 \$(000)	Budget 2026 \$(000)
Employee remuneration and benefits	31,908	34,245
Research grants and resilience	11,255	11,682
Technology costs	9,623	10,712
Outsource Service Provider costs ¹⁵	9,701	10,009
Projects	9,700	9,300
On-sold agreement claim handling expenses	6,231	5,154
Other administration costs	2,011	2,100
Professional services	1,607	1,816
Amortisation of intangibles	3,419	1,581
Advertising and communications	1,081	1,213
Consultants	1,358	1,136
Superannuation contribution costs	903	1,022
Depreciation	746	838
Office rental	762	816
Loss modelling costs	1,100	800
SRES agreement claim handling expenses	1,094	589
Commissioners' fees	399	420
Contractors	646	339
Fees paid to the auditor		
Audit of the financial statements ¹⁶	325	279
Gain/loss on disposals	17	-
Total operating costs (excluding claims expense and claims handling expense)	93,886	94,051

15 Outsource service provider costs represents third-party organisations or individuals contracted to perform specific business services or functions that NHC Toka Tū Ake might otherwise undertake internally. This arrangement allows NHC Toka Tū Ake to leverage specialised expertise.

16 Relates to the business-as-usual portion of the audit fee. The forecast full audit fee for the year ended 30 June 2025 is \$0.5 million and for 2026 is \$0.5 million.

Note 2: Claims expense

	2025 Current year \$(000)	2025 Prior years \$(000)	2025 Total \$(000)	2026 Current year \$(000)	2026 Prior years \$(000)	2026 Total \$(000)
Gross claims – undiscounted	(50,679)	(22,571)	(73,250)	(127,894)		(127,894)
Movement in discount		(23,045)	(23,045)		(12,152)	(12,152)
Amortisation of risk margin		43,406	43,406		32,346	32,346
Gross claims discounted	(50,679)	(2,210)	(52,889)	(127,894)	20,194	(107,700)

The current year claims expense comprises amounts paid (or estimates of amounts payable) in relation to natural hazard event damage sustained during the current financial year. The prior years' claims expense relates to amounts paid (or estimates of amounts payable) where the damage occurred in prior financial years. Changes to prior years' claims expense occurs when the actual or estimated settlement values of claims changed during the current financial year.

Sensitivity analysis

NHC Toka Tū Ake is a catastrophe insurer and as such there is significant volatility possible in the level of claims that occur each year. The current year claims costs included in the budget for the 2026 financial year is \$127.9 million. This estimate is using a 50% probability of sufficiency estimate for gross losses. This means that in each year the budget has a 50% chance of being sufficient. This estimate represents the cost of a year in which there are no major events, as is most common and appropriate for budget purposes.

The following table shows a range of alternative scenarios, reflecting scenarios where one or more major events occur in the year, showing the claims costs (including claims handling expenses), reinsurance recoveries (where available) and the resultant net surplus/(deficit) for NHC Toka Tū Ake.

Scenario	How determined	Impact on gross losses \$(000)	Impact on total expected recoveries \$(000)	2026 Net surplus/ (deficit) \$(000)
2026 budget		(127,894)		271,446
A further weather event like Cyclone Gabrielle	ILVR	(161,000)		110,446
Repeat of Kaikōura earthquake	Internal loss modelling	(862,781)		(591,335)
Repeat of 1942 Wairarapa earthquake	Internal loss modelling	(3,725,590)	1,329,590	(2,124,554)
Repeat of 1931 Napier earthquake	Internal loss modelling	(8,376,112)	5,980,112	(2,124,554)

Note 3: Contingent liabilities

A contingent liability is disclosed when a possible obligation arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NHC Toka Tū Ake. A contingent liability is also disclosed when a present obligation arising from past events is not recognised because it is not probable that settlement of the obligation will result in a cost to NHC Toka Tū Ake or the amount of the obligation cannot be measured with sufficient reliability.

NHC Toka Tū Ake received approximately 469,000 claims from the 2010-2011 Canterbury earthquake sequence, for which some disputes and the possibility of litigation is inevitable. As at 31 December 2024, 34 open litigation cases are currently in the dispute resolution process, of which 30 relate to Canterbury litigation cases. The expectation of costs from disputes and litigation under the EQC Act has been considered by the actuaries in deriving the outstanding claims liability as at 31 December 2024.

Significant Accounting Policies

Reporting entity

These prospective financial statements are prepared for the legal entity, Toka Tū Ake – Natural Hazards Commission (NHC Toka Tū Ake). NHC Toka Tū Ake is a Crown Entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing the operations includes the Crown Entities Act 2004 and the Natural Hazards Insurance Act 2023 (NHI Act). The ultimate parent of NHC Toka Tū Ake is the New Zealand Government.

The primary objectives of NHC Toka Tū Ake are to administer the insurance against natural hazard event damage as provided for under the NHI Act, facilitate research and education about matters relevant to natural hazard events damage, and manage the Natural Hazard Fund including the arrangement of reinsurance.

NHC Toka Tū Ake has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The reporting period covered by these prospective financial statements is for the years ending 30 June 2025 and 30 June 2026.

Basis of preparation

Statement of compliance

These prospective financial statements have been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The prospective financial statements comply with Public Benefit Entity Standards (PBE Standards) as appropriate for Tier 1 public benefit entities. They comply with PBE FRS 42 and other PBE Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Going concern

Actuarial estimates of the claims liabilities for NHC Toka Tū Ake indicate that total liabilities exceed its assets after accounting for reinsurance.

Section 112 of the NHI Act states if the assets of the Fund are not sufficient to pay amounts forecast to be due and payable, the Crown must make payments into the Fund to ensure that the Fund can meet all its liabilities as they fall due.

The Board has, therefore, adopted the going concern assumption in preparing these prospective financial statements.

Measurement base

The prospective financial statements have been prepared on a historical cost basis modified by the measurement of insurance liabilities and reinsurance recoveries at present value of expected future receipts/payments.

Functional and presentational currency

These prospective financial statements are presented in New Zealand dollars, which is the functional currency of NHC Toka Tū Ake, and are rounded to the nearest thousand dollars.

Accounting judgements and major sources of estimation

The preparation of prospective financial statements in conformity with PBE Standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is

revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods).

The actuarial judgements and estimations involved in measuring insurance liabilities and reinsurance recoveries are key areas of estimation where the assumptions made may have a significant effect on the prospective financial statements, with a significant risk of material adjustment in future periods.

Major assumptions underlying the prospective financial statements

These prospective financial statements provide information on the future financial performance, position and cash flows of NHC Toka Tū Ake. They are based on assumptions about future events that NHC Toka Tū Ake reasonably expects to occur. Actual results for the forecast periods are likely to vary from the information presented, and variations may be material.

While the current forecasts project that NHC Toka Tū Ake will be able to meet claims payments in the immediate future, it is possible that Section 112 of the NHI Act (or alternative agreed mechanism) will need to be activated for the Crown to provide guaranteed funding for cash flow requirements to allow the Fund to continue as a going concern during the 2025/26 financial year. Claims costs directly related to the occurrence of new major events, and the claims they produce, have not been forecast; \$127.9 million per annum has been provided for other claims settlements and fees.

Reinsurance costs are based on management estimates prior to the 2025/26 round of negotiations. Estimates for events claim expenses, liabilities and cash flows are based on the December 2024 actuarial update prepared by Melville Jessup Weaver.

The following actuarial assumptions were used in determining the claims liability at that date:

Claims inflation rate per annum	
Base inflation	2.5%
Elevated rate applied to building reopen costs for next two years	2.6%–3.6%
Discount rate per annum	3.31%–5.80%

Significant accounting policies

The following is a summary of the significant accounting policies that affect the prospective financial statements. A comprehensive list of policies is in the NHC Toka Tū Ake 2023/24 annual report and will be included in the 2024/25 annual report.

Insurance

Levy and unearned levy liability

Levy revenue represents levies collected and paid or payable to NHC Toka Tū Ake by insurance companies, brokers, and individuals with EQCover or NHCover. Levy revenue is classified as an exchange transaction.

In accordance with Section 117(2) of the NHI Act, NHC Toka Tū Ake receives certified statements provided by insurance companies and brokers that all levies collected have been distributed to NHC Toka Tū Ake.

Levy revenue is recognised using the 24ths method to approximate the contract period over which the levies are earned. The underlying assumption of the 24ths method is that all levies booked during a particular month can be approximated by an annual policy that incepts during the middle of the month. Levies not earned at balance date are recorded in the Prospective Statement of Financial Position as an unearned premium liability.

Levy receivable is reported in the Prospective Statement of Financial Position and is expected to be receipted within 12 months.

Reinsurance and other recoveries

Reinsurance recoveries are the expected reimbursement of claims settlements and claims handling costs that NHC Toka Tū Ake can recover under its reinsurance contracts. Reinsurance and other recoveries received or receivable on paid claims, reported claims not yet paid, claims incurred but not reported (IBNR), and claims incurred but not enough reported (IBNER) are recognised as revenue in the Prospective Statement of Comprehensive Revenue and Expense. They are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Other revenue

Other revenue represents reimbursements received from the Crown and Southern Response in relation to the Ministerial directions and the respective services and agency agreements reimbursements received during the year plus other nominal amounts.

On 7 October 2019, NHC Toka Tū Ake entered into an agreement with the Crown that allowed owners of on-sold over-cap properties in Canterbury to apply for an ex gratia Government payment to have their homes repaired. This process is facilitated by NHC Toka Tū Ake being funded in advance by the Crown before each quarter, resulting in the revenue offsetting the expenses in full. Funding in advance is recognised on the Statement of Financial Position until services are rendered.

On 11 October 2019, NHC Toka Tū Ake entered into an agreement with Southern Response whereby NHC Toka Tū Ake acts as agent in managing Southern Response's remaining customers. The costs incurred in fulfilling this contract, plus an overhead margin, are funded in advance before each quarter. Funding in advance is recognised on the Statement of Financial Position until services are rendered.

Outward reinsurance expense

Premiums paid to reinsurers are recognised by NHC Toka Tū Ake as outward reinsurance premium expense in the Prospective Statement of Comprehensive Revenue and Expense from the attachment date over the period of indemnity of the reinsurance contract, in accordance with the expected pattern of the incidence of risk.

Prepaid reinsurance premiums are included in outward reinsurance expense asset in the Prospective Statement of Financial Position.

Claims expense

Claims expenditure represents payments for claims, claims handling costs, the movement in the liability for outstanding claims and the associated risk margin.

Current year claims expense comprises amounts paid (or estimates of amounts payable) in relation to natural hazard event damage sustained during the current financial year. Prior years' claims expense relates to amounts paid (or estimates of amounts payable) where the damage occurred in prior financial years. Changes to prior years' claims expense occur when the actual or estimated settlement values of claims changed during the current financial year.

Outstanding claims liability

The outstanding claims liability is recognised at balance date as the central estimate of the present value of the expected future payments for claims incurred to balance date, plus an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments include those in relation to claims reported but not yet paid, incurred but not reported (IBNR), incurred but not enough reported (IBNER) and claims handling costs.

The outstanding claims liability, comprising all unpaid claims and claims handling expenses related to claims incurred prior to the end of the reporting period, was valued in accordance with New Zealand Society of Actuaries Professional Standard No.30 – Valuations of General Insurance Claims, and PBE IFRS 4 – Insurance Contracts.

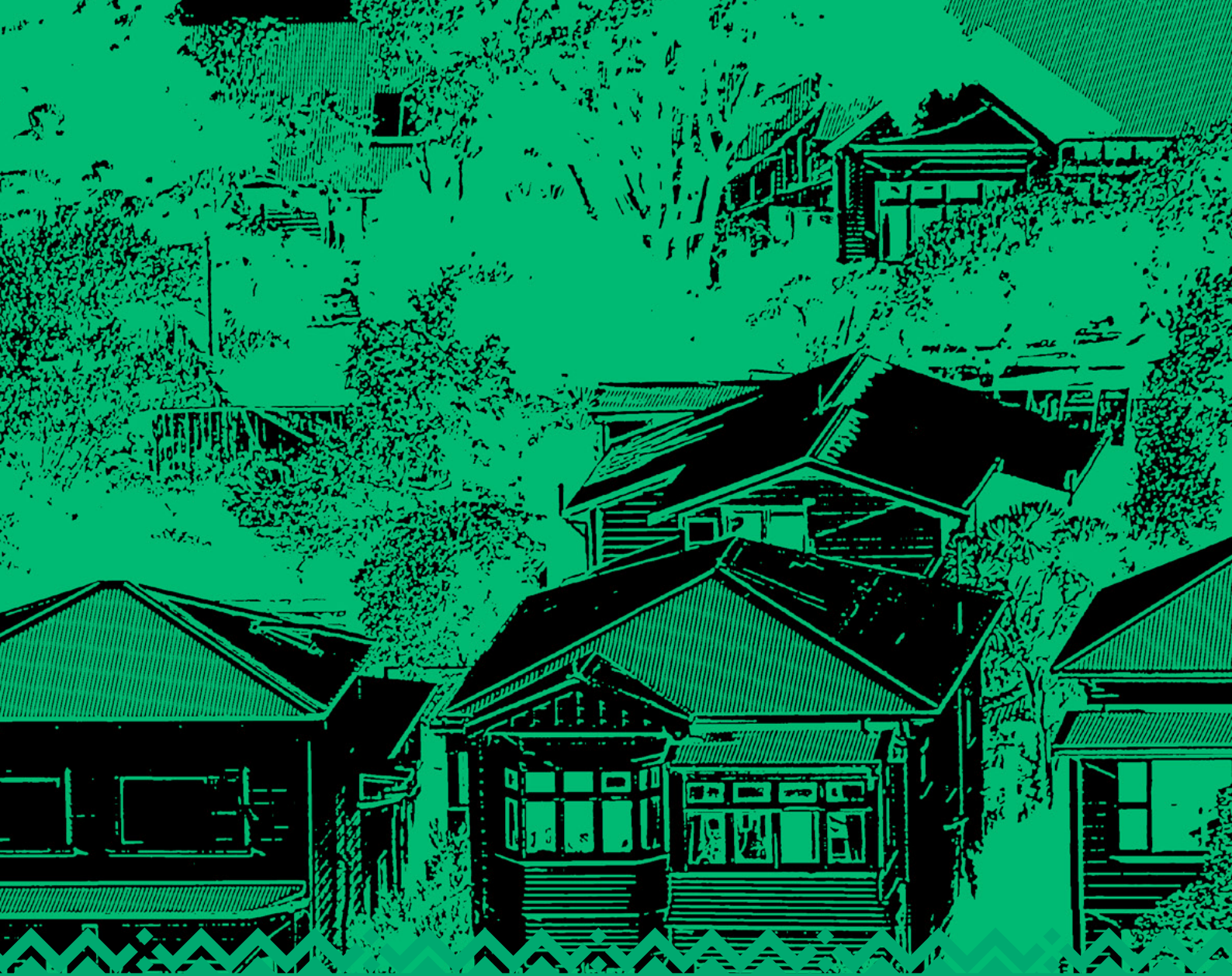
The risk margin associated with an event is amortised over the financial year to reflect a reduction in uncertainty within the central estimate as increased numbers of claims are settled.

Natural Hazard Fund

The Natural Hazard Fund is managed by NHC Toka Tū Ake on behalf of the Crown in accordance with Part 4 of the NHI Act.

Contingent liabilities

A contingent liability is disclosed when a possible obligation arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NHC Toka Tū Ake. A contingent liability is also disclosed when a present obligation arising from past events is not recognised because it is not probable that settlement of the obligation will result in a cost to NHC Toka Tū Ake, or the amount of the obligation cannot be measured with sufficient reliability.



**Te Kāwanatanga
o Aotearoa**
New Zealand Government



**Natural Hazards
Commission**
Toka Tū Ake