



**SOUTHERN RESPONSE
ANNUAL REPORT 2025**

TE PŪROKO A TAU
A URUPARE KI TE
TONGA 2025

Southern Response is the government-owned company responsible for settling claims by AML policyholders for Canterbury earthquake damage which occurred before 5 April 2012 (the date AML was sold to IAG).

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Chair and Chief Executive's report

This is the fourteenth Annual Report of Southern Response Earthquake Services Limited ('Southern Response' or 'the Company') as a Crown-owned company and the first presented by Bevan Killick as the new Chair.

The Company's core purpose remains; to resolve its customers' claims in a fair, timely and enduring manner, within the terms of the insurance policy and in a financially effective and efficient way.

This will have been achieved once the AML insurance claims associated with the Canterbury earthquake events up until 5 April 2012 have been settled and the Company has discharged all of its obligations. This includes any obligations arising from its build programme and the resolution of any legal disputes and/or proceedings in respect of those settled claims. It also includes the completion of the delivery of a package for eligible policyholders who cash settled with the Company prior to October 2014 (the 'Package').

Year in Review

Package Delivery

The Package was announced by the Government in December 2020 in response to a court judgment and is intended to provide eligible policyholders who cash settled prior to October 2014 with an additional payment in relation to contingencies, interest and in certain circumstances, professional fees and a contribution towards legal fees.

When implementation of the Package commenced, the Company was unsure how successful it would be in reaching policyholders given the passage of time (more than 8 years in most cases). Through the extensive work of the team, as at 30 June 2025, 10,273 Package payments had been made totalling \$247m (excluding GST). This greatly exceeded the Company's performance targets for the year and represents 98% of the total estimated full-take up cost of the Package.

A provision for the outstanding Package payments is recognised in the financial statements with additional information included within the notes to the accounts.

The Company continued to receive positive feedback from customers who had received Package payments. The implementation and delivery of the Package continued to be overseen by the Independent Oversight Committee appointed by the Crown. The Company has regularly engaged with the Committee throughout the year in an open and transparent manner to allow it to carry out its role.

The Company's delivery of the Package continued to be under the supervision of the High Court for the duration of the year and the Company has met all filing requirements. On 1 July 2025, the High Court released the Company from ongoing reporting requirements and obligations relating to the Independent Oversight Committee that were imposed in 2021 (as conditions of leave being granted for the Ross representative class action to be discontinued).

With the delivery of the Package now largely complete, a small number of individuals remain available to process any remaining claims but proactive contact activities for customers that the Company has already attempted to reach have now effectively ceased.

Outstanding Claims Portfolio

As at 30 June 2025, the Company had settled 99.8% of the Covered Claims notified to the Company. In numbers, this means the Company has settled 49,855 Covered Claims, including 9,254 overcap dwelling settlements. As at 30 June 2025, there are 102 Covered Claims in progress.

The Company's day-to-day claims management activities remain outsourced to the Natural Hazards Commission Toka Tū Ake ('NHC')¹ through an Agency Agreement. The Company retains ultimate responsibility and liability for its Covered Claims and utilises its residual resources to support NHC to settle claims.

Over the course of the year, the Company became liable for 127 new overcap claims (21% greater than forecast) that originated from NHC re-openings and there remains significant uncertainty as to how many new claims will ultimately be received by the Company in the coming years. Claim forecasts, which are consistent with NHC forecasts, indicate that the Company can expect to receive and become liable for new overcap claims until at least 2036, and likely beyond.

The Company settled 130 Covered Claims during the year, which was five settlements short (3.7%) of its Statement of Performance Expectations ('SPE') Covered Claims settlement targets for the 2024/25 financial year.

When settling claims, the Company continues to ensure that the customer is at the centre of its processes, communications and systems whilst maintaining a culture of fiscal discipline to settle

claims within the terms of the insurance policy. The Company actively works to facilitate alternative settlement pathways where appropriate in a transparent and collaborative way, and looks to identify flexible solutions and works not worked proactively with customers to reduce disputes. The Company acknowledges that in some instances dispute resolution services or the courts are necessary to reach a fair and enduring outcome. The Company remains supportive of any alternative dispute resolution service that helps to provide efficient and expedient pathways towards claim settlement.

Efficient and Effective Operations

The Company continues to ensure it remains fit for purpose with focused resources and controlled costs as it works towards the ultimate wind-down and closure of its operations. Operations are managed in an effective and efficient way and a residual team of employees and contractors are engaged to; support NHC to settle claims, process residual Package applications, discharge its governance, financial and legal obligations and resolve any legal disputes and/or proceedings.

Wellbeing, Health and Safety

Southern Response is proud of its wellbeing, health and safety approach and track record.

Southern Response continues to monitor and manage the health and safety of all involved on the project in accordance with its legislative responsibilities including its wider obligations to be a good employer. Although there are only a very small number of active construction sites, the Company remains vigilant toward managing health and safety.

The Company continues to offer its personnel access to its 'Manawaroa' wellbeing programme and runs many other wellbeing and development initiatives throughout the year.

¹ As of 1 July 2024, the Earthquake Commission (EQC) became the Natural Hazards Commission Toka Tū Ake (NHC)

Our People

The Board would like to acknowledge and thank its team of personnel for their continued commitment, contribution and dedication, with particular thanks to the team that has supported the successful delivery of the Package over the last four-and-a-half years.

Finally, the Board wishes to recognise the contributions and leadership of retiring Board Chair, Alister James, who has led the governance of the Company since December 2018.

Future Outlook

The Company's key areas of focus in the 2025-2026 financial year are:

- Utilising its residual resources to support NHC to succeed in delivering fair, timely and enduring settlements for Southern Response customers.
- Focusing on the continued wind-down of the Company and ensuring its final phase is effective and efficient.
- Ensuring that the Company's ongoing governance, financial and legal obligations are met.



Bevan Killick
Chair
24 September 2025



Casey Hurren
Chief Executive
24 September 2025

Financial Summary

Key aspects of Southern Response's financial results are outlined below.

	2025 \$'000	2024 \$'000
Net insurance result	(82,174)	(53,445)
Revenue – Crown indemnity	42,000	31,100
Investment income	1,232	1,672
Other operating expenses	(4,997)	(4,655)
Total comprehensive (loss) for the year	(43,939)	(25,328)

Insurance liabilities

Earthquake run-off

Future cash flows	147,086	109,252
Risk adjustment	50,439	37,116
Liability for incurred claims	197,525	146,368

Crown Package

Discounted future cash flows	4,153	12,723
Risk adjustment	505	2,098
Liability for incurred claims	4,658	14,821

Total liability for incurred claims	202,183	161,189
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The Company continues to ensure that it has sufficient Crown funding to meet its financial obligations. Funding is available as required through:

- An indemnity from the Crown covering, amongst other things, the Company's financial exposure under the Package.
- A second indemnity from the Crown providing cover for the Company's shortfall in meeting claim and

operating costs necessary for the Company to achieve its purpose, that will not be covered by the existing deed of indemnity (mentioned above).

The Southern Response Board continues to actively monitor the Company's capital position to ensure the Company can continue to operate and meet its obligations.

Our values

Respect

We treat all our stakeholders with care, consideration, fairness and equity.

Excellence

We are committed to excellence in everything we do. We are innovative, responsive, adaptive and continually raising the bar. We strive to set the standard against which others will be measured.

Ownership

We hold ourselves accountable for our actions, take ownership, and deliver on our promises.

Honour our promises

We stand by and deliver on all entitlements, rights and commitments AML has made to policyholders.

Integrity

We demonstrate honesty, transparency, fairness, and objectivity in all our interactions.

Passion

We strive, stand up for our customers' rights, and go the extra distance. We want to make a positive difference to people's lives as part of our contribution to the rebuild of Canterbury.

Recognition

We recognise and celebrate the contributions our people make as individuals and as teams to deliver on our goals.

Development

We professionally develop our people to provide challenging and rewarding employment and prospects.

Board of Directors

Alister James – Chair (outgoing)

Alister is an experienced lawyer, currently practising as a Barrister. Alister has had previous experience in local government and health, as a former Christchurch City Councillor serving for twenty years, including as Chair of the Strategy and Finance Committee, and a former Member and Chair of the Canterbury District Health Board. Alister is a former director and Chair of Christchurch City Holdings Limited (Council holding company for Orion, Lyttelton Port, Christchurch International Airport, and other commercial interests), and formerly the independent Chair of the Greater Christchurch Public Transport Joint Committee. Alister was formerly a Commissioner on the NHC Board.

Alister has had wide experience in the community and voluntary sector, and became a Companion of the Queen's Service Order (QSO) in the 2004 New Year Honours List for community services. He has also served as a British Honorary Consul.

Following the February 2011 earthquakes, Alister's own home in Central Christchurch was severely damaged and demolished two months later. He understands from personal experience the difficulties faced by other residents following the earthquakes.

Alister retired from the Board on 30 June 2025.

Bevan Killick – Deputy Chair (incoming Chair effective 1 July 2025)

Christchurch born and educated, Bevan Killick is a chartered accountant, a chartered insurance practitioner (UK) and a chartered fellow of the Institute of Directors.

During his professional career, Bevan held senior positions in the Lloyd's Insurance Market for 12 years. Christchurch based, Bevan is an experienced professional director. He is Chair of Tiaki Toa Limited (establishing an iwi insurer for Ngāti Toa Rangatira) and the Defence Employer Support Council. He is a member of the Defence Industry Advisory Council, is a director of Gurkhas Australia and is an honorary Captain in the Royal New Zealand Navy. Bevan is also a Trustee of the Navy Museum and the NZUK Link Foundation.

In the post-earthquake era Bevan also worked with Recover Canterbury, the organisation responsible for helping businesses recover from the Canterbury earthquakes.

Aedeen Boadita-Cormican – Director

Originally from Ireland, Aedeen is a Barrister, based in Wellington and a chartered member of the Institute of Directors.

Aedeen has governance experience at NGOs and extensive commercial and senior in-house legal and leadership experience in New Zealand and overseas. Her New Zealand roles have included Senior Crown Counsel at Crown Law, General Counsel & Company Secretary at ACC, and Acting Treasury Solicitor. At ACC Aedeen led initiatives to develop customer-centric claims resolution and litigation practices and policies, in close consultation with customer advocates and legal representatives.

She is committed to supporting fair settlement of outstanding claims by Southern Response through a customer-centric approach, and establishing effective arrangements for the management of legacy issues.

Fiona Pimm – Director

Fiona has extensive experience in governance and strategy roles in the health, government, and NGO sectors, and also with local iwi and runanga.

Fiona is interested in bringing different perspectives to the work of Southern Response, and she has experience in leading an organisational closure.

Fiona is of Ngāi Tahu descent with affiliation to Arowhenua.

Governance and remuneration

Southern Response is incorporated as a limited liability company under the Companies Act 1993, and is listed in Schedule 4A of the Public Finance Act 1989, which automatically makes it subject to many of the provisions of the Crown Entities Act 2004.

The Company became a Crown owned company on 5 April 2012 when its shareholders became the Minister of Finance and the Minister supporting Greater Christchurch Regeneration. On 5 April 2012 the Company's name changed from AMI Insurance Ltd to Southern Response Earthquake Services Ltd.

Company Activities

Until the sale of its fire and general insurance business to IAG (NZ) Holdings Limited on 5 April 2012, the Company's principal activities, while operating under the name AMI Insurance, comprised the writing of fire and general business for the domestic property insurance market in New Zealand.

At 5 April 2012, the Company's principal activities changed to the management and settlement of insurance claims made by AMI policyholders relating to the Canterbury earthquake events up to 5 April 2012.

The company does not take on any new insurance business except to the extent that it is ancillary to its claims management business.

Governance Framework

The Company's governance framework is designed to ensure that the Company is effectively managed and that its statutory obligations are met. The governance framework ensures a clear understanding of the separate roles of board and management, and demonstrates a shared commitment to the Company's purpose. To enhance efficiency, the Board had delegated to the Chief Executive, the day to day leadership and management of the Company.

The Board operates under Treasury's Owner's Expectations Manual which sets out the shareholding Ministers' expectations of the Board, including the reporting, accountability and financial governance expectations.

Board of Directors

The Board's duties, functions, and powers are governed by the Companies Act 1993, Southern Response's Constitution, the Crown Entities Act 2004, the Company's Statement of Intent and the Shareholders' Letter of Expectations.

The Crown Entities Act imposes the obligation on the Board to ensure that the Company operates in a manner consistent with its objectives, functions and Statement of Intent.

Board Committees

The Board specifically delegates some of its roles to the Audit and Risk Committee under formal terms of reference, which specify the Committee's role, responsibility, and delegated authorities. The Audit and Risk Committee was chaired by Bevan Killick during the financial year and all directors served on this Committee.

Directors

Under the Constitution adopted on 5 April 2012 (with subsequent amendments since this date), the Board is appointed by shareholding Ministers and can comprise between three to seven non-executive directors, including the Chair. As at 30 June 2025, there were four non-executive directors of the Company whose appointment dates and terms are detailed in the following table.

Director	Position	Term
Alister James Christchurch-based barrister	Non-Executive Chair (outgoing)	Appointed 20 December 2018 Reappointed 1 July 2019 Reappointed 1 July 2022 Reappointed 1 July 2024 Retired 30 June 2025
Bevan Killick Christchurch-based professional director	Non-Executive Deputy Chair (incoming Chair)	Appointed 5 April 2012 Reappointed 1 July 2013 Reappointed 1 July 2015 Reappointed 1 July 2017 Reappointed 1 July 2020 Appointed Deputy Chair 22 December 2021 Reappointed 1 July 2024 Appointed Chair 1 July 2025 Term Ends 30 June 2026
Aedeen Boadita-Cormican Wellington-based barrister	Non-Executive Director	Appointed 22 December 2021 Reappointed 1 July 2024 Term Ends 30 June 2026
Fiona Pimm Christchurch-based professional director	Non-Executive Director	Appointed 22 December 2021 Reappointed 1 July 2024 Term Ends 30 June 2026

Disclosure of Interests by Directors

The Board is conscious of its obligation to ensure directors avoid conflicts of interest (both real and perceived) between their duty to Southern Response and their own interests. Directors are required to ensure they immediately advise the Board of any new or changed relationships, and these are recorded in the Board's interests register. The Treasury are also notified when changes are recorded in the register.

In accordance with the Companies Act 1993, the Board maintains an up-to-date interest register to ensure conflicts of interest are avoided.

The following list details new interests or cessations of interests of current directors recorded in the interests register during the year ended 30 June 2025.

- Bevan Killick appointed as Honorary Consul for the United Kingdom for Christchurch

There have been no interests registered by directors in transactions during the financial year ended 30 June 2025.

Director	Entity	Relationship
Alister James	NHC Toka Tū Ake	Ceased as Commissioner
Bevan Killick	Tiaki Toa Limited	Appointed as Director
	National Museum of the Royal New Zealand Navy	Appointed as Trustee
	Christchurch City Council — Health, Safety and Wellbeing Committee	Ceased as Member
Aedeen Boadita-Cormican	Board of Administration, Wellington Archdiocese	Ceased as Member
	Wellington Girls' College	Ceased as Member
Fiona Pimm	Te Aka Whai Ora	Ceased as Director
	Māori Advisory Committee for the Office of the Auditor General	Appointed as Member
	Ngai Tahu Holdings Corporation	Appointed as Director

Indemnities and Insurance

As permitted by Southern Response's Constitution, deeds of indemnity have been given to directors for potential liabilities and costs they may incur for actions or omissions in their capacity as directors.

The Company has directors' and officers' liability insurance in place to cover risks usually covered by such policies. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions.

Use of Company information

During the year, the Board received no notices from the directors requesting to use company information received in their capacity as directors and which would not otherwise have been available to them.

Service Critical Assets

Southern Response has identified no service critical assets in line with the reporting requirements in CO (23) 9.

Director Remuneration

The shareholding Ministers have approved the base ordinary directors' fees of \$72,000 (chair), \$45,000 (deputy chair) and \$36,000 (director).

	2025 \$	2024 \$
Alister James	72,000	72,000
Bevan Killick	45,000	45,000
Aedeen Boadita-Cormican	36,000	36,000
Fiona Pimm	36,000	36,000
	189,000	189,000

Board Meeting Attendance

Nine Board meetings and six Audit and Risk Committee meetings were held during the year. The below table summarises the directors' attendance.

Director	Board meetings	Audit and Risk Committee meetings
Alister James	9	6
Bevan Killick	9	6
Aedeen Boadita-Cormican	9	6
Fiona Pimm	8	5

Board Development and Training Expenses

The Company spent \$11,024 on director development and training and associated travel costs during the year ended 30 June 2025 (2024: \$7,257).

Senior Executive Remuneration

The remuneration earned and payable for Casey Hurren as Chief Executive for the year ended 30 June 2025 was:

	Fixed Remuneration		
	Base salary paid	Benefits	Total Remuneration
Casey Hurren	395,818	12,762	408,580

Benefits include 3% KiwiSaver contribution and sundry benefits. The Chief Executive does not have a pay performance component to his remuneration.

Employee Remuneration

	2025	2024
Remuneration band	Number of employees	
\$400,000 pa - \$409,999 pa	1	1
\$290,000 pa - \$299,999 pa	1	1
\$280,000 pa - \$289,999 pa	1	1
\$190,000 pa - \$199,999 pa	-	1
\$180,000 pa - \$189,999 pa	2	1
\$170,000 pa - \$179,999 pa	1	-
\$160,000 pa - \$169,999 pa	-	1
\$110,000 pa - \$119,999 pa	1	-
\$100,000 pa - \$109,999 pa	3	1

The table above shows the number of employees and former employees who received remuneration in excess of \$100,000 during the year ended 30 June 2025.

Remuneration includes salary, employer’s contributions to kiwisaver and other sundry benefits received in their capacity as employees or former employees of the Company, excluding directors.

Employee Redundancies

13 employees were made fully or partially redundant during the 2025 financial year (2024: nine). The total value of compensation paid to these employees in relation to their redundancies was \$386,753 (2024: \$248,628).

Glossary of terms as used in this report

Overcap:	At the time of the Canterbury Earthquake Sequence, NHC insured the first \$100,000 + GST (\$115,000) of damage to a house (the “cap”) for each earthquake event. NHC pays its contribution for each event and the private insurance company takes over responsibility for managing and settling the claim and paying the amount in excess of the cap that is “overcap”.
Out-of-Scope:	An “out-of-scope” claim is a claim made under the AMI policy for earthquake damage to property items ‘outside the scope’ of the Earthquake Commission Act 1993 but covered under the wider definition of “house” in the AMI policy (which includes, for example, garages, fences, driveways, paths and swimming pools).
Agency Agreement:	The Amended and Restated Agreement Relating to Management of Outstanding Canterbury Earthquake Claims between NHC and Southern Response.

Southern Response remains responsible for its Covered Claims, which are defined as:

- a) Any Retained Claim – any claim made by or on behalf of a policyholder under any customer insurance contract relating to any Retained Claim Event, irrespective of whether the claim is made prior to, on or after 5 April 2012.

Retained Claim Event means the Canterbury earthquake events recognised by EQC² as occurring from 4 September 2010 through 9 October 2011; and any other event that occurred prior to, or was continuing in progress, as at 5 April 2012 which entitles Southern Response to make a reinsurance claim.

- b) Any other claim for which Southern Response is or may be liable pursuant to Clause 13 of the IAG Sale Agreement (relating to customer insurance contract indemnities and retained claims not clear at 5 April 2012 – essentially claims for which AMI was entitled to make a reinsurance claim and which are being managed on its behalf by IAG).

- c) Any claim arising in respect of any Covered Insurance Contract.

Covered Insurance Contract means any contract works or similar insurance policy under which Southern Response is or may be liable from time to time; and any other insurance policy under which Southern Response may be liable from time to time and which has been approved by the Crown (either individually or as a class of insurance business).

² As previously noted, EQC has subsequently become NHC

Financial Statements 2025

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Statement of responsibility

In accordance with the Public Finance Act 1989, the Board of Southern Response Earthquake Services Limited accepts responsibility for:

- The preparation of financial statements and statement of performance and the judgements made in them.
- Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial statements and the statement of performance.

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Southern Response Earthquake Services Limited for the year ended 30 June 2025.

Signed on behalf of the Board.



Bevan Killick
Chair
24 September 2025



Aedeon Boadita-Cormican
Director
24 September 2025

Independent auditor's report

TO THE READERS OF SOUTHERN RESPONSE EARTHQUAKE SERVICES LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Southern Response Earthquake Limited (the Company). The Auditor-General has appointed me, Anthony Smith, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 18 to 32, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 33 to 35.

In our opinion:

- the financial statements of the Company on pages 18 to 32:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalent to IFRS Accounting Standards (NZ IFRS) and IFRS Accounting Standards (IFRS); and
- the performance information on pages 33 to 35:
 - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2025, including for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 24 September 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information and we explain our independence.

Crown financial support and uncertainty associated with the outstanding claims liability

Without modifying our opinion, we draw attention to note 9 of the financial statements, which explains that there is considerable uncertainty surrounding the projection and valuation of the Company's outstanding claims liability that includes an allowance for a payment package announced by the Crown. As described in note 4 and 5, financial support is available from the Crown in the form of a Deed of Indemnity to cover specified present or future proceedings or claims against the Company, the Company's financial exposure under the Crown Package and all outstanding liabilities and operating costs necessary for the Company to achieve its defined purpose. Based on the Crown support, the financial statements have been prepared on a going concern basis as outlined on page 20.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors are responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors are responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the information included on pages 2 to 15, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.



Anthony Smith
Deloitte Limited

On behalf of the Auditor-General
Christchurch, New Zealand

Statement of comprehensive income

For the year ended 30 June 2025

		2025	2025	2024
	Note	Budget Unaudited \$000	Actual \$000	Actual \$000
Insurance service expenses	9	-	(90,523)	(52,993)
Insurance finance income/(expense)	9	(3,439)	8,349	(452)
Net insurance result		(3,439)	(82,174)	(53,445)
Revenue – Crown Indemnity	5	50,000	42,000	31,100
Investment income and expenses	2	1,303	1,232	1,672
Other operating expenses		(4,791)	(5,001)	(4,656)
Gain on sale or disposal of plant and equipment		-	4	1
Profit/(Loss) for the year before tax		43,073	(43,939)	(25,328)
Tax expense	3	-	-	-
Profit/(Loss) for the year		43,073	(43,939)	(25,328)
Total comprehensive profit/(loss) for the year		43,073	(43,939)	(25,328)

The accompanying notes and accounting policies form an integral part of the financial statements.

Statement of changes in equity

For the year ended 30 June 2025

2025	Note	Ordinary Share Capital \$000	Accumulated Losses \$000	Total Equity/ (Deficit) \$000
Opening balance 1 July 2024		1,451,939	(1,581,138)	(129,199)
Total comprehensive loss for the year		–	(43,939)	(43,939)
Call on uncalled ordinary shares	4	6,000	–	6,000
Closing balance 30 June 2025		1,457,939	(1,625,077)	(167,138)

2024	Note	Ordinary Share Capital \$000	Accumulated Losses \$000	Total Equity/ (Deficit) \$000
Opening balance 1 July 2023		1,423,939	(1,555,810)	(131,871)
Total comprehensive loss for the year		–	(25,328)	(25,328)
Call on uncalled ordinary shares	4	28,000	–	28,000
Closing balance 30 June 2024		1,451,939	(1,581,138)	(129,199)

The accompanying notes and accounting policies form an integral part of the financial statements.

Statement of financial position

As at 30 June 2025

		2025 Budget Unaudited \$000	2025 Actual \$000	2024 Actual \$000
	Note			
Shareholders' equity				
Total shareholders' deficit		(53,828)	(167,138)	(129,199)
Represented by:				
Assets				
Financial assets				
Cash and cash equivalents	6	24,973	22,887	32,175
Receivables	8	479	16,029	2,839
Plant and equipment		17	30	44
Total assets		25,469	38,946	35,058
Less:				
Liabilities				
Trade and other payables		3,375	3,733	2,825
Employee entitlements		-	168	243
Insurance contract liabilities	9	75,922	202,183	161,189
Total liabilities		79,297	206,084	164,257
Net liabilities		(53,828)	(167,138)	(129,199)

On behalf of the Board



Bevan Killick, Chair



Aedeen Boadita-Cormican, Director

Financial statements authorised for issue on 24 September 2025.

The accompanying notes and accounting policies form an integral part of the financial statements.

Statement of cash flows

For the year ended 30 June 2025

		2025	2025	2024
		<i>Budget Unaudited</i>	<i>Actual</i>	<i>Actual</i>
	Note	\$000	\$000	\$000
Cash flows from operating activities				
Interest received		1,303	1,197	1,673
Proceeds from Crown Indemnity		50,000	30,000	31,100
EQ run-off claim payments		(36,077)	(25,079)	(37,605)
Package claim payments		(12,847)	(10,649)	(22,714)
Payments to suppliers and employees		(7,885)	(10,745)	(11,398)
Income tax paid		-	-	-
Net cash (outflow) from operating activities	7	(5,506)	(15,276)	(38,944)
Cash flows from investing activities				
Proceeds on sale of plant and equipment		-	4	1
Payments for plant and equipment		-	(16)	-
Net cash inflow/(outflow) from investing activities		-	(12)	1
Cash flows from financing activities				
Proceeds from the uncalled capital facility		6,000	6,000	28,000
Net cash inflow from financing activities		6,000	6,000	28,000
Net increase/(decrease) in cash and cash equivalents		494	(9,288)	(10,943)
Add opening cash and cash equivalents		24,479	32,175	43,118
Ending cash and cash equivalents	6	24,973	22,887	32,175

The accompanying notes and accounting policies form an integral part of the financial statements.

Notes to the financial statements

For the year ended 30 June 2025

Reporting entity

Southern Response Earthquake Services Limited (the 'Company') is a limited liability company incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and is a Crown-owned company listed in schedule 4A of the Public Finance Act 1989.

The registered office for the Company is located at 53 Princess Street, Riccarton, Christchurch. The Company's principal business is to manage the settlement of claims from AMI Insurance policy holders arising from the Canterbury earthquakes occurring between 4 September 2010 and 5 April 2012.

Basis of preparation

The financial statements have been prepared:

- in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and in accordance with the Financial Reporting Act 2013 and the Companies Act 1993. They comply with the New Zealand equivalents to IFRS Accounting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable financial reporting standards as appropriate for-profit oriented companies.
- on a historical cost basis, except for certain assets which have been measured at fair value and insurance liabilities have been measured in accordance with NZ IFRS 17 Insurance Contracts.
- in New Zealand dollars and unless specifically stated otherwise are rounded to the nearest thousand dollars (\$'000). The functional currency of the Company is New Zealand dollars (NZ\$).

Going Concern

As at 30 June 2025 the liabilities of the Company exceeded its assets. The directors have considered the appropriateness of the financial statements being presented on a going concern basis and have concluded that the going concern assumption is appropriate given the funding arrangements entered into with the Crown (note 5).

Presentation format

The statement of financial position is presented broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

Budget figures

The unaudited budget figures are derived from the Company's 2024-25 Statement of Performance Expectations as approved by the Board before the start of the financial year. The budget figures have been prepared under the same basis as the financial statements, with the exception of the insurance liabilities which have been measured in accordance with NZ IFRS 4 Insurance Contracts.

Material accounting policies

Insurance Contracts

The Company makes estimates and assumptions in respect of certain liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The key area in which critical estimates and judgements are applied is detailed in note 9 – insurance contract liabilities.

Other accounting policies

Other accounting policies have been adopted in the preparation and presentation of the financial statements. These are provided alongside the relevant notes to the financial statements.

1. Specified Cost Disclosures

Specific costs included in claims handling expenses:

	2025 \$000	2024 \$000
Employee benefit expenses ¹	3,383	3,896
Depreciation	29	27
KiwiSaver ²	93	111
Fees incurred for the audit of the financial statements	223	230

¹Accounting policy for short-term employee benefits

Liabilities for salaries (including non-monetary benefits), annual leave, redundancy payments and sick leave are recognised in respect of employee services up to the reporting date. They are measured at the amount expected to be paid when the liabilities are settled.

²Accounting policy for employer contributions to KiwiSaver

Where employees have elected to join a KiwiSaver superannuation scheme, the Company complies with all applicable legislation in making employer contributions to these schemes. Obligations for contributions are recognised in profit or loss as they become payable.

2. Investment Income

Interest income is recognised using the effective interest rate method.

	2025 \$000	2024 \$000
Interest income	1,232	1,672
Interest expense	–	–
Total investment income	1,232	1,672

3. Income Tax

Accounting policy for current income tax

The current income tax asset or liability for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute this amount are those that are enacted or substantively enacted by the reporting date.

Current tax attributable to amounts recognised directly in equity is also recognised directly in equity.

Accounting policy for deferred income tax

Deferred tax assets will be recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax	2025 \$000	2024 \$000
Profit/(Loss) before tax	(49,939)	(25,398)
Tax at applicable rate of 28%	(12,303)	(7,111)
Non-taxable/deductible items	-	-
Deferred tax not recognised	(42)	(181)
Prior period adjustment	-	-
Tax losses (utilised)/not recognised	12,345	7,292
Current tax expense	-	-
Imputation credit account:		
Closing balance	196	196
Deferred tax asset	2025 \$000	2024 \$000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	124	124
Employee provisions and accruals	28	32
Other provisions and accruals	497	535
Deferred tax benefit not recognised	(649)	(691)
Net deferred tax asset	-	-

Taxation losses totalling \$1,366 million (tax effect \$382 million) have not been recognised (2024: tax losses \$1,322 million, tax effect \$371 million).

4. Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Transaction costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

The issue price of the uncalled ordinary shares (yet to be called) is \$1 per share.

The Company may issue a call notice for any number of uncalled ordinary shares. On payment the shares are designated as paid ordinary shares.

	2025	2025	2024	2024
	Number of shares	\$000	Number of shares	\$000
Ordinary shares:				
Balance 1 July	979,000,102	1,451,939	951,000,102	1,423,939
Paid ordinary shares (from the uncalled capital facility)	6,000,000	6,000	28,000,000	28,000
Balance 30 June	985,000,102	1,457,939	979,000,102	1,451,939
Uncalled ordinary shares:				
Balance 1 July	6,000,000	-	34,000,000	-
Called shares	(6,000,000)	-	(28,000,000)	-
Balance 30 June	-	-	6,000,000	-

5. Crown Indemnity

Crown Indemnity one

The Crown, through the Minister of Finance, entered into a Deed of Indemnity dated 26 September 2018 that was amended and restated on 28 June 2019 and extended on 11 December 2020. Under this Indemnity the Crown agrees to indemnify the Company in relation to any present or future legal proceeding or claim against the Company that the Company and the Crown have agreed is covered by the Indemnity. The Indemnity covers, among other things, the Company's financial exposure under the Package (discussed in note 9) and is not capped at any monetary amount.

Crown Indemnity two

At 30 June 2024 the Company's outstanding liabilities exceed the limit of funding available to the Company. On 26 August 2024, the Minister of Finance signed a letter of comfort stating that shareholding Ministers agree to continue Crown support for the Company to fulfil its objectives and agreed in principle to give the Company a further indemnity under 65ZD of the Public Finance Act 1989. On 29 August 2025, The Crown entered into a Deed of Indemnity to cover the Company's funding shortfall in order to assist the Company in meeting all outstanding liabilities and operating costs necessary for the Company to achieve its purpose.

During the current financial year, a total of \$42 million Indemnity funds received (2024: \$31.1 million) were recognised as revenue.

The Company's forecasts indicate that further demands on the two Indemnities will be made as required in future periods. Such amounts will be recognised as revenue when the Crown agrees to pay the demand.

6. Cash and Cash Equivalents

Cash and cash equivalents includes cash at bank, deposits on call and other short-term, highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

As part of its investment strategy, the Company actively manages its cash and cash equivalents to ensure that deposits mature in accordance with the expected pattern of future cash flows arising from the liability for incurred claims.

	2025	2024
	\$000	\$000
Cash and cash equivalents		
Cash held for operational purposes	7,868	7,883
Cash on call and short-term bank deposits	15,019	24,292
Total cash shown in the statement of cash flows	22,887	32,175

7. Cash Flows from Operating Activities

Reconciliation of the profit/loss for the year to cash outflow from operating activities:

	2025	2024
	\$000	\$000
Profit/(Loss) for the year	(43,939)	(25,398)
Add/(less) non-cash items:		
Depreciation and amortisation	29	27
Sub-total "A"	(43,910)	(25,371)
Movement in working capital items:		
(Increase)/decrease in receivables	(13,189)	(1,400)
Increase/(decrease) in payables	908	1,559
(Decrease)/increase in employee entitlements	(75)	(139)
Increase/(decrease) in insurance liabilities	40,994	(13,592)
Sub-total "B"	28,638	(13,572)
Items classified as investing activities & financing activities:		
Net (gain)/loss on sale of property, plant and equipment	(4)	(1)
Sub-total "C"	(4)	(1)
Cash outflow from operating activities (A+B+C)	(15,276)	(38,944)

8. Receivables

	2025	2024
	\$000	\$000
Receivable from the Crown	13,800	-
Other receivables	2,229	1,912
GST refund due	-	927
Total Receivables	16,029	2,839

9. Insurance Contracts

The Company's portfolio of insurance contracts consists of general insurance policies held by AMI Insurance customers who are entitled to make a claim under their policy for the Canterbury earthquake events that occurred between 4 September 2010 and 5 April 2012. The Company no longer carries out any underwriting business and its reinsurance contracts are extinguished. The Company therefore has no insurance service income or insurance asset.

Insurance service expenses

Insurance service expenses include changes in the estimated future cashflows relating to the liability for incurred claims, and changes in the risk adjustment.

Insurance finance expenses

Insurance finance expenses comprise the change in the carrying amount of the liability for incurred claims arising from the effect of the change in the time value of money.

Liability for incurred claims

Insurance contract liabilities solely comprises liability for incurred claims (LIC). LIC is the Company's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses.

The LIC is measured as the estimate of future cash flows that arise from a substantive obligation under a group of insurance contracts, discounted for the time value of money, then adjusted to reflect the compensation for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk.

Below is an analysis of the amounts presented on the statement of financial position for insurance contract liabilities by managed portfolio and the current/non-current portions of the balances.

	Earthquake Run-off \$000	Package \$000	Total 2025 \$000	Total 2024 \$000
Estimate of undiscounted ultimate claims	3,468,074	250,944	3,719,018	3,651,591
Cumulative claims paid	(3,326,903)	(247,104)	(3,574,007)	(3,538,097)
Future cash flows – claim payments	141,171	3,840	145,011	113,494
Future cash flows – claims handling expense	27,285	340	27,625	21,529
Discount of future cash flows to present value	(21,370)	(27)	(21,397)	(13,048)
Discounted future cash flows	147,086	4,153	151,239	121,975
Risk adjustment	50,439	505	50,944	39,214
Liability for incurred claims	197,525	4,658	202,183	161,189

Significant judgements and estimates in applying NZ IFRS 17

In measuring the fulfilment cash flows (FCF) of the LIC, the estimation of the number of incurred but not reported claims and the ultimate cost of all unfulfilled claims involves a number of key assumptions and is the most significant accounting estimate.

Key assumptions

	2025	2024
Risk adjustment		
EQ claims run-off	34.3%	33.9%
Payment package	12.4%	16.7%
Average weighted term to settlement (in years)		
EQ claims run-off	3.4	2.2
Package	0.2	0.4

Process to determine estimates and assumptions

Estimates of future cash flows to fulfil insurance contracts

Estimated claim payment patterns have been used to determine the liability for incurred claims. The payment patterns adopted are based on the best estimate of when the payments are likely to be made. Assumptions used to develop estimates about future cash flows are determined separately for payments in relation to the Package and the remaining run-off of earthquake claims. These assumptions are listed below. The assumptions are reassessed at each reporting date and adjusted where required. The assumptions have not changed in the current financial year.

- **Earthquake run-off claims**

Most outstanding earthquake run-off claims are overcap in nature. The key uncertainty in deriving the liability for incurred claims is estimating the quantity of future overcap claims that are not yet reported. A projected settlement size for the reported and not yet reported claims is estimated using the Company's cost assessment data and recent trends in historic settlement values relative to cost assessments.

- **Package payments**

The group of policyholders entitled to a settlement under the Package is known by the Company and the principles behind the calculation of their entitlements are well defined. The uncertainty lies in the ultimate take-up rate of the Package (i.e. how many eligible policyholders will receive a Package settlement).

Claims handling expenses

A provision for claim handling expenses is included in the future cash flows that make up the LIC. These are the forecasted direct costs of administering the claims, plus an allocation of fixed and variable overheads that are considered directly attributable to fulfilling insurance contracts. This overhead allocation is based on the proportion of direct claims handling personnel engaged by the Company (i.e. for back-office personnel costs, rent and depreciation), or based on the outputs generated by the overhead function (such as internal audit, actuarial services and other consultancy costs).

Allowance for uncertainty – the risk adjustment

The risk adjustment represents the level of compensation required such that the Company would be indifferent between a certain compensation and the uncertain insurance liabilities. The Company has taken a confidence level approach and has expressed the risk adjustment as a percentage of the discounted liability for incurred claims. The level of risk adjustment is intended to achieve 75% probability of adequacy.

Discounting

Future cash flows are considered illiquid, as policyholders have limited avenues to receive an upfront or earlier payment after lodging a claim. The Company has therefore adopted the bottom-up approach method to determine the discount rate applied to future cash flows. The discount rate is based on the selected risk-free discount rate, plus a duration appropriate illiquidity premium.

The yield curves that were used to discount the estimates of future cash flows are as follows:

	2025	2024
1 year	3.25%	5.42%
5 years	4.34%	5.10%
10 years	5.05%	5.23%

Sensitivity analysis – impact of changes in key risk variables

The impact on the profit or loss of change in key assumptions on the valuation of insurance liabilities are shown in the table below for the Company. Each change has been calculated in isolation to other changes.

		2025		2024
	Change in Variable	(Increase)/decrease in profit \$000	Change in Variable	(Increase)/decrease in profit \$000
Claims handling expense	+10%	3,197	+10%	2,173
	-10%	(3,197)	-10%	(2,173)
Future overcap numbers	+20%	22,986	+20%	12,718
	-20%	(22,986)	-20%	(12,718)
Risk adjustment	+1%	1,511	+1%	1,208
	-1%	(1,511)	-1%	(1,208)
Discounting	+1% p.a.	(5,651)	+1% p.a.	(2,893)
	-1% p.a.	5,882	-1% p.a.	3,015

Reconciliation of the liability for incurred claims

The tables below outline the movement in the liability for incurred claims for the reporting period.

	2025 \$000	2024 \$000
Opening LIC balance at 1 July	161,189	174,780
Insurance service expenses		
Changes that relate to past service – adjustments to the LIC	78,793	52,779
Change in the risk adjustment of the LIC	11,730	214
Insurance service expenses	90,523	52,993
Insurance service result	90,523	52,993
Finance (income)/expense from insurance contracts issued	(8,349)	452
Total amounts recognised in comprehensive income	82,174	53,445
Cash flows		
Claims paid	(35,910)	(60,744)
Claims handling expenses paid	(5,270)	(6,292)
Total cash flows	(41,180)	(67,036)
Closing LIC balance at 30 June	202,183	161,189
Total insurance contract liabilities	202,183	161,189

Insurance contracts – risk management policies and procedures

The Company is exposed to insurance risk in managing its insurance contracts, specifically, the risk of the timing and amount of the insured loss being different from expectation.

Policies and procedures are put in place to reduce the risk exposure of the Company. These policies ensure completion of a regular, detailed review of claims handling procedures and investigation of possible fraudulent claims. The Company has a policy of actively managing claims, to reduce its exposure to unpredictable future developments that can negatively impact the Company.

An internal audit function has been established to assess and report on compliance with policies and procedures.

Actuarial models, using information from the management information systems and external sources, are used to calculate the liability for incurred claims. Experience and statistical methods are used as part of this process.

10. Financial Instruments – Risk Management Policies and Procedures

Financial instrument information and risk management

The key objective of the Company's financial risk management activities is to ensure that the financial assets are managed in accordance with the investment strategy set out in the Crown Support Deed and that sufficient liquidity is always maintained to meet insurance liabilities.

The Board has delegated the responsibility of monitoring financial assets to the Audit and Risk Committee.

Specific financial risks involving financial instruments other than insurance contracts

Interest rate risk

Interest rate risk is the risk that arises from fluctuating interest rates in the market. The Company is funded quarterly by the Crown, based on expected cash outflows for that quarter and typically keeps temporary surplus cash on call or on maturity deposits with various financial institutions, with an ability under its treasury policy to invest for up to six months.

Credit risk

Credit risk is the risk that a counterparty will fail to meet their contractual commitments in full and on time. Financial assets that subject the Company to credit risk principally consist of cash and cash equivalents and reinsurance receivables.

The maximum exposure to credit risk on receivables at reporting date is the carrying amounts on the statement of financial position.

Cash and cash equivalents are placed with high quality financial institutions and the amount of credit exposure to any one financial institution is limited. All of these financial institutions are rated 'AA-' or better by Standard & Poors.

Receivables represent amounts owing by debtors for insurance claim recoveries. All amounts are considered to be fully recoverable.

Liquidity risk

The Company's Audit and Risk Committee and treasury function monitor cash flow forecasts and liquidity levels to ensure sufficient funds are available to meet obligations as they fall due. Requests for funding are submitted to the Crown quarterly in accordance with the Crown Support Deed and the Crown Indemnities (refer to notes 4 and 5).

Insurance liabilities for incurred claims have been determined based on expected payment patterns.

Liquidity table

	Liability for incurred claims – EQ Run-off		Liability for incurred claims – Package		Cash, term deposits and receivables	
	2025	2024	2025	2024	2025	2024
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	–	–	–	–	22,887	32,175
Within 1 year	44,225	37,359	4,658	14,179	16,029	2,838
Within 1 to 2 years	41,896	39,439	–	643	–	–
Within 2 to 3 years	26,135	32,058	–	–	–	–
Within 3 to 4 years	20,266	17,109	–	–	–	–
Within 4 to 5 years	15,552	9,917	–	–	–	–
5+ years	49,451	10,485	–	–	–	–
	197,525	146,367	4,658	14,822	38,916	35,013

11. Related Party Transactions

Remuneration of key management personnel

Key management personnel are executive managers who have authority and responsibility for planning, directing and controlling the activities of the Company, as well as the Directors of the Company.

Key management personnel include the Company's Chief Executive and Directors of the Company.

	2025	2024
	\$000	\$000
Remuneration of key management personnel:		
Short term employee benefits	409	409
Director fees	189	189
Total	598	598

The shareholding Ministers approved the base ordinary directors' fees of \$72,000 (chair), \$45,000 (deputy chair) and \$36,000 (director).

All transactions with other government agencies are not disclosed when they have been entered into on an arm's length basis as part of normal operating arrangements between government agencies.

12. Capital Commitments

There were no capital commitments as at 30 June 2025 (2024: nil).

13. Contingent Liabilities and Assets

The Company from time to time receives notification of legal claims and disputes in relation to claim settlements as a commercial outcome of conducting its business. Where it is necessary and appropriate to do so, the Company defends all such claims.

14. Events After Reporting Date

On 29 August 2025, the Crown and the Company entered into a Deed of Indemnity to cover the Company's shortfall in order to assist the Company in meeting all Relevant Claims and Operating Costs necessary for the Company to achieve its purpose. Further detail is disclosed in note 5.

15. New Standards and Interpretations

The Company adopted the most recent amendments to FRS-44 New Zealand Additional Disclosures during the current financial year which introduced updated requirements for the disclosure of fees for audit and non-audit services provided by audit firms. The adoption of these amendments did not have a material impact on the financial statements.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Those considered relevant to the Company and their effective dates for the Company are:

- NZ IFRS 18 - Replaces NZ IAS 1 and changes the structure of the income statement and related disclosures. Effective 30 June 2028.

Upon preliminary review Management do not expect the amendments to have a significant impact on the Company's financial statements, however the Company has not gone to the extent of determining the final impact of these standards.

16. Explanation of Significant Variances Against Budget

As disclosed in note 9, the estimation of the ultimate cost of settling claims involves a number of key assumptions and is the most critical accounting estimate. The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty.

The 2025 financial year budget (together with the Statement of Performance Expectations) was approved by the Board in June 2024 and was based on the latest available actuarial valuation at that time. Insurance liabilities in the budget have been measured in accordance with NZ IFRS 4 Insurance Contracts, whereas actual results have been measured in accordance with NZ IFRS 17.

Statement of comprehensive income

- The Crown income was lower than budget due to lower claim payments made, meaning less funding was required.
- Insurance liabilities increased during the year due to an increase in the expected number of future claims.

Statement of financial position

- Insurance liabilities have increased since the preparation of the budget due to an increase in the expected number of future claims and lower than budgeted claim payments made.

Statement of cash flows

- The Crown income was lower than budget due to lower claim payments made, meaning less funding was required. Also, \$12 million of Crown income receivable was received after year end.
- Claim payments are \$13m lower than budget.

Statement of performance

For the year ended 30 June 2025

This section provides Southern Response's performance information presented in accordance with service reporting standard PBE FRS 48.

The Company's core purpose is to resolve its customers' claims in a fair and enduring manner, within the terms of the insurance policy and in a financially effective and efficient way.

This will have been achieved once the insurance claims associated with the Canterbury earthquake events up until 5 April 2012 have been settled and the Company has discharged all of its obligations, including any obligations arising from its build programme and the resolution of any legal disputes and/or proceedings in respect of those settled claims. This includes the completion of the delivery of a package for eligible policyholders who cash settled with the Company prior to October 2014 (the 'Package').

The Package was announced by the Government in December 2020 in response to a court judgment and is intended to provide eligible policyholders who cash settled prior to October 2014 with an additional payment in relation to contingencies, interest and in certain circumstances, professional fees and a contribution towards legal fees. The Company's goal was to contact as many eligible policyholders as possible and ensure as high a take-up rate as possible is achieved.

The Outcomes and Achievement Measures reported below are from the Company's statement of performance expectations for the financial year ended 30 June 2025 which can be found on the Company's website: www.southernresponse.co.nz/library/statements-of-performance-expectations.

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Achievement Measures	Status at 30 June 2025	Status at 30 June 2024
Outcome 1. Accurate and timely Package payments are made to eligible policyholders		
The number of OOS offers calculated are in line with the Company's forecasts for the year; 2025: 7,810 / 99% of eligible claims 2024: 7,125 / 95% of eligible claims	<i>Achieved</i> – 9,007 offers calculated, 99% of eligible claims	<i>Achieved</i> – 7,647 offers calculated, 97% of eligible claims
The number of offers presented to policyholders are in line with the Company's forecasts or the year; Overcap claims 2025: 2,607 / 98% of eligible claims 2024: 2,600 / 96% of eligible claims OOS claims 2025: 6,875 / 88% of eligible claims 2024: 6,050 / 85% of eligible claims	<i>Overcap: Achieved</i> – 2,656 offers presented, 99% of eligible claims <i>OOS: Achieved</i> – 7,938 offers presented	<i>Overcap: Achieved</i> – 96% of eligible claims <i>OOS: Achieved</i> – 6,093 offers presented
The number of offers payments made to policyholders are in line with the Company's forecasts for the year; Overcap claims 2025: 2,595 / 99.5% of offers presented 2024: 2,550 / 98% of offers presented OOS claims 2025: 6,670 / 97% of offers presented 2024: 4,530 / 75% of offers presented	<i>Overcap: Achieved</i> – 2,632 payments made <i>OOS: Achieved</i> – 7,641 payments made	<i>Overcap: Achieved</i> – 99% of offers presented <i>OOS: Achieved</i> – 5,646 claims, 93% of offers presented
Attempts have been made to contact all eligible policyholders using every valid contact detail held on file.	<i>Achieved</i>	<i>New measure</i>
Internal audit results report only minor or moderate findings in relation to Package business processes.	<i>Achieved</i>	<i>Achieved</i>
Any internal reviews under the Package review process are completed within 60 days and where it is appropriate to do so, any findings from the internal and/or external review process are applied to the affected parts of portfolio.	<i>Achieved</i>	<i>Achieved</i>
The Independent Oversight Committee has not reported any significant issues to the Crown.	<i>Achieved</i>	<i>Achieved</i>
Customer satisfaction rates report that the majority of respondents are either satisfied or extremely satisfied with the timeliness of their settlement and with the quality of communication and involvement from Southern Response throughout their application process.	<i>Achieved</i>	<i>Achieved</i>

Achievement Measures	Status at 30 June 2025	Status at 30 June 2024
Outcome 2. Notified Covered Claims are settled effectively		
The number of claims reduces in accordance with the Company's actuarial forecasts for the year.	<i>Not achieved. The Company settled 130 Covered Claims (forecast 135) and had 102 Covered Claims open as at 30 June 2025 (forecast 87) due to becoming liable for 22 more new claims than forecast during the year.</i>	<i>Not achieved. The Company settled 149 Covered Claims (forecast 128) however had 108 Covered Claims open as at 30 June 2024 (forecast 100) due to becoming liable for more new claims than forecast during the year.</i>
The outcome of audits of NHC acting as the Company's agent at the end of the financial year record only minor or moderate findings.	<i>Achieved</i>	<i>Achieved</i>
Customer satisfaction results are an improvement on the prior financial year's results.	<i>Average satisfaction rating of 4.37/5. Unable to be benchmarked against prior financial year.</i>	<i>Not specifically measured.</i>
Outcome 3. Litigated claims and legal risks generally are appropriately managed		
Where it is appropriate to do so, the Company has demonstrably offered alternative dispute resolution channels to customers when any form of litigation arises.	<i>Achieved</i>	<i>Achieved</i>
The Company has a clear understanding of its portfolio of claims that remain and also those that have settled.	<i>Achieved</i>	<i>Achieved</i>
The number of litigated claims reduces in accordance with the Company's actuarial forecasts.	<i>Not achieved</i>	<i>Achieved</i>
Outcome 4. Ongoing governance, financial and legal obligations are met		
The Company is compliant with obligations arising from the Public Finance Act 1989, the Crown Entities Act 2004 and any other relevant legislation.	<i>Achieved</i>	<i>Achieved</i>
Liquidity is managed in accordance with the investment management policy directed by the Crown, including reporting of actual and projected shortfalls in a timely manner.	<i>Achieved</i>	<i>Achieved</i>
The Company achieves a positive audit report in relation to its management, financial and service performance, information systems and controls.	<i>Achieved</i>	<i>Achieved</i>
Outcome 5. The continued wind-down of the Company through its final phase is effective and efficient		
Organisational run down is in accordance with forecasts.	<i>Achieved – The wind-down of Package operations was completed in June 2025.</i>	<i>Not achieved – operational timeframes have been extended beyond previous forecasts due to the continued inflow of new overcap claims.</i>
Record of the Company's physical and intangible assets, residual rights, obligations and liabilities, and data holdings is maintained.	<i>Achieved</i>	<i>Achieved</i>

Directory

Shareholders

Minister for State Owned Enterprises
Minister of Finance

Registered Office

53 Princess Street, Riccarton, Christchurch 8041, New Zealand

Office

Christchurch: PO Box 9052, Tower Junction,
Christchurch 8149
Phone: 0800 501 525
Web: www.southernresponse.co.nz

Executive Management

Casey Hurren, Chief Executive

Actuary

Finity Consulting Pty Limited

Auditor

The Auditor-General pursuant to section 15 of the Public Audit Act 2001.
Anthony Smith of Deloitte Limited is appointed to perform the audit on behalf of the Auditor-General.

Banker

ANZ Bank of New Zealand Limited

Legal Advisors

Bell Gully
Buddle Findlay

Affiliations

Insurance and Financial Services Ombudsman (IFSO) Scheme participant

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