

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held at Majestic Centre, 100 Willis Street, Wellington
Monday 9 July 2018 commencing at 9:30am**

Present:

Dame Annette King (Chair)
Mary-Jane Daly
Tim Hurdle
Erica Seville
Toni Ferrier

Apologies:

Alison O'Connell
Paul Kiesanowski

In attendance:

Sid Miller, Chief Executive
Chris Chainey, Chief Financial Officer
Renee Walker, GM Govt Relations & Strategic Partnerships
Jayne Lapin, GM People, Culture and Change
Hugh Cowan, GM Resilience
Paul Jepson, GM Technology
Jeremy Ford, General Counsel

9(2)(a) Treasury

David Smol, GeoNet

9(2)(a) (Executive Assistant to the Chief Executive) –

Minutes

The meeting was declared open at 9:30am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
	<i>Commissioners only (in committee) at 9:37am.</i>		
	<i>Commissioners and Chief Executive only at 10:20am. Renee Walker joined the meeting at 11:10am.</i>		
	<i>Hugh Cowan, Heidi Barlow, Chris Chainey, Jeremy Ford, Paul Jepson, Jayne Lapin, and 9(2)(a) (EQC) and 9(2)(a) (Treasury) joined the meeting at 11:45am</i>		
1.1	Present and Apologies The Board: a) noted that apologies were received from Paul Kiesanowski and Alison O'Connell.		
1.2	Interests Register/Declaration of Conflicts of Interest The Board: a) noted the interests register; b) noted that Dame Annette King no longer a trustee of FAB Trust; c) confirmed there were no other conflicts of		

	interest advised for matters on the agenda for the meeting.		
1.3	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) noted that there were 35 Health and Safety events reported in May, none of a critical nature; and</p> <p>b) noted there were no recordable injuries reported in May.</p>		
Section 2	Strategic Priorities		
2.1	<p>Chief Executive Report</p> <p>The Board:</p> <p>a) noted the contents of the Chief Executive Report;</p> <ol style="list-style-type: none"> i. Update on Section 16 ii. Actuarial Valuation iii. Technology Update iv. Wellness Update v. Future Agency Agreement vi. KPMG Update vii. Kaikoura Review viii. Inquiry Update ix. Government Relations & Strategic Partnerships Update <p>b) noted that the Section 16 Deed should be available for signature in the next two weeks;</p> <p>c) agreed that the Audit and Risk Committee (ARC) will consider the Section 16 Deed and make a recommendation to the Board.</p>	<ul style="list-style-type: none"> • Management to provide information on the turnover rate for our permanent workforce. • Management to include a recommendation for signing off the cashflow in the Monthly Financial Pack. 	<p>Aug 18</p> <p>Aug 18</p>
2.2	<p>Realigning our Strategy</p> <p>The Board:</p> <p>a) noted that the Board was presented with a revised organisational strategy at the November 2017 Board strategy day and this was formally endorsed at the February 2018 Board meeting;</p> <p>b) noted that subsequent to the endorsement, EQC's operating environment has significantly changed with the Independent Ministerial Advisor (IMA), Cross-Agency Insurance Team and the impending Inquiry, and this has led Management to reconsider elements of the</p>	<ul style="list-style-type: none"> • Management to provide further evidence to the Board on the type of events where the Future Agency Model would be optimal. • Management to provide more detailed information on the proposed decision making processes for determining which Event Response type would be adopted for a given event. 	Aug 18

	<p>strategy;</p> <p>c) noted that a number of changes to the operating environment have been driven by the Canterbury event response and a paper ('Accelerating Canterbury Claims Resolution: Update Paper') discussing EQC's progress in this regard will also be presented at the 9 July 2018 meeting;</p> <p>d) noted that EQC continues to work collaboratively with private insurers to develop a Future Agency Agreement under which future event responses could operate;</p> <p>e) noted that EQC is aiming to complete the work to agree a draft Future Agency Agreement by the end of August 2018;</p> <p>f) noted that the original strategy assumed that as part of the Readiness Strategy the future EQC could either manage 15,000 claims internally or utilise an insurer agency model;</p> <p>g) noted a revision to the strategy to reflect that Management are going to further explore the Future Agency Model with Private Insurers before determining if there is a need to build additional capability to deal with future events. Through both this work, and the Evaluation of the Kaikoura Event which will be undertaken in parallel, management are to provide further evidence to the Board on the type of events where the Future Agency Model would be optimal. Management will also provide more detailed information on the proposed decision making processes for determining which Event Response type would be adopted for a given event;</p> <p>h) noted that there are organisational design, capability and financial implications from the change in planning assumptions; and</p> <p>i) noted the update on the Resilience, Recovery and Corporate elements of the strategy.</p>		
2.3	<p>Accelerating Canterbury Claims Resolution</p> <p>The Board:</p> <p>a) noted there are multiple priority areas of focus underway in relation to the resolution of Canterbury claims;</p> <p>b) noted that this paper outlines the work programmes currently underway and notes the linkages between the priority areas of</p>	<ul style="list-style-type: none"> • Management to provide a forecast on how we are tracking on progress to settle Canterbury claims to the next Board meeting. • Management to arrange a session for Board members to Canterbury Business Unit (CBU) By Design in Christchurch. 	Aug 18

	<p>focus; and</p> <p>c) noted that the Board will receive a monthly update on progress with projects to resolve Canterbury claims, including those raised by the Board/management of EQC and implementation of the Independent Ministerial Advisor recommendations.</p>		Aug 18
<p><i>The meeting broke for lunch at 12.19pm and resumed at 12.43pm when David Smol (GeoNet) joined the meeting.</i></p>			
2.4	<p>Next Steps for GeoNet</p> <p>The Board;</p> <p>a. noted the recommendations of the GeoNet Advisory Panel; and</p> <p>b. agreed to the GNS Science (GNS) and EQC Board Chairs and Chief Executives meeting in July, to discuss the Advisory Panel recommendations and next steps.</p>	<ul style="list-style-type: none"> • Management to arrange a meeting between the Board Chairs and Chief Executives of GNS and EQC and report back to the Board on progress. 	Aug 18
<p><i>David Smol left the meeting at 1.12pm</i></p>			
2.5	<p>Committees' Terms of Reference</p> <p>The Board:</p> <p>a) noted the Board resolved on 28 May 2018 to:</p> <ol style="list-style-type: none"> disestablish the Health and Safety Committee; continue the Audit and Risk Committee; continue the Performance and Remuneration Review Committee; establish the Enterprise Transformation Committee; and establish the Reinsurance and Resilience Committee <p>b) approved one minor amendment to the current Terms of Reference for the Audit and Risk Committee as a consequence of the Board's decision that responsibility for health and safety rests with the Board;</p> <p>c) approved the minor amendments to the current Terms of Reference for the Performance and Remuneration Review Committee;</p> <p>d) agreed to enhancing the Performance and Remuneration Review Committee to include 'People' so the name will now be People, Performance and Remuneration Review</p>	<ul style="list-style-type: none"> • Management to consider and provide some additional aspects to the Terms of Reference for the People, Performance and Remuneration Committee. • Management to make a change to the Terms of Reference for the Enterprise Change Committee changing the reporting cycle to the Board from yearly to monthly. 	<p>Aug 18</p> <p>Aug 18</p>

	<p>Committee;</p> <p>e) requested that Management consider and provide some additional aspects to the Terms of Reference for the People, Performance and Remuneration Committee;</p> <p>f) approved the new Terms of Reference for the Enterprise Transformation Committee with a change to the reporting cycle to the Board from yearly to monthly;</p> <p>g) approved the new Terms of Reference for the Reinsurance and Resilience Committee;</p> <p>h) agreed that each committee, at its next meeting, carry out a further review of its Terms of Reference and provide recommendations for any additional changes to the Board for approval;</p> <p>i) agreed the membership of each committee will be:</p> <ol style="list-style-type: none"> i. Audit and Risk Committee: Mary-Jane Daly (Chair); Dr Alison O’Connell; Paul Kiesanowski ii. People, Performance and Remuneration Review Committee: Hon. Dame Annette King (Chair) Mary-Jane and Toni Ferrier; iii. Enterprise Transformation Committee: Tim Hurdle (Chair) and Toni Ferrier; iv. Reinsurance and Resilience Committee: Dr Alison O’Connell (Chair), Tim Hurdle and Dr Erica Seville. <p>j) noted that the reason for expanding the People, Performance and Remuneration Review Committee is the need for the Board to have greater oversight of our people strategy, development, implementation, accountability, wellbeing, engagement and ethics, diversity and culture in addition to the committee’s previous role of the annual review of the Chief Executive.</p>		
Section 3	Financials and Risk		
3.1	<p>Financial Reporting – May</p> <p>The Board:</p> <p>a) noted the accompanying May 2018 Financial pack and Investment Report;</p> <p>b) noted the financial pack provides a summarised view of the month’s financial results; with a more detailed financial pack (as</p>		

	<p>previously produced) also available in the Resource centre;</p> <p>c) noted that the May financial pack does not include the usual page titled “ILVR – Comparisons to Assumptions” due to challenges in obtaining data. Management are working to resolve this;</p> <p>d) noted that the financial results are compared against the Budget Economic and Fiscal Update (BEFU) budget approved by the Board in March 2018; and</p> <p>e) noted that the following comments on May’s financial performance;</p> <ul style="list-style-type: none"> a) Month revenue (\$0.3m) higher than budget due to Use of Money Interest received on voluntary disclosure GST refund. b) Core costs slightly below budget (\$0.1m) for the month. This is mainly driven by lower workforce expenses (FTE levels 16 below expected level) largely offset by higher grants and sponsorship costs. c) Event costs below budget for the month (\$2.6m). This is mainly due to: <ul style="list-style-type: none"> a) Lower than planned costs in Canterbury (\$0.9m) due to underspends on engineering costs; b) Lower than planned Kaikoura costs (\$1.8m) mainly due to timing of payments to private insurers. d) Cash and Investments held at 31 May were \$257m. 		
<p>3.2</p>	<p>Delegation Framework Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a. approved the addition of 9(2)(a) (Manager Planning and Performance Reporting) to the bank mandate; b. approved the increase to the limit of amount of ex-gratia payments for customers claiming compensation from EQC for temporary accommodation while remedial repairs are completed that the Chief Customer Officer (“CCO”) and General Manager, Canterbury Business Unit can approve; and c. noted that the CCO delegations will be 		

	<p>transferred to the GM Technology on the departure of the CCO.</p> <p>d. agreed to add Tim Hurdle to the bank mandate as a Board member.</p>		
Section 4	Performance		
<p>4.1</p>	<p>EQC Performance Dashboards</p> <p>The Board:</p> <p>a) noted that this paper accompanies the EQC’s Executive Dashboard to 31 May 2018 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and</p> <p>b) provided feedback on the format and highlighted the changes required; and</p> <p>c) noted that the changes requested at this meeting will be incorporated in the July report.</p>		
<p>4.2</p>	<p>Legal and Litigation Report</p> <p>The Board:</p> <p><u>Litigation updates</u></p> <p>a) noted the independent panel review of EQC’s management of litigation is expected to be finalised before the next Board meeting;</p> <div style="background-color: black; color: orange; padding: 2px;">9(2)(h)</div> <div style="background-color: black; height: 200px; width: 100%;"></div> <p><u>Legal updates</u></p> <p>e) noted the current status of unresolved residential red zone issues with Land</p>	<ul style="list-style-type: none"> • Management to present the Disputes Resolution Strategy, following the independent panel review, to the August Board meeting. • Management to report back to the Board on settlements to “compromised crust” residential red zone customers, to confirm that information will be provided that clarifies the difference between what these customers are paid in relation to the original offer from the Government. 	<p>Aug 18</p>

	<p>Information New Zealand (LINZ) and remaining red zone customers;</p> <p>f) requested Management to report back to the Board on settlements to “compromised crust” residential red zone customers, to confirm that information will be provided that clarifies the difference between what these customers are paid in relation to the original offer from the Government;</p> <p>g) noted internal preparations for the Inquiry into EQC;</p> <p>h) noted EQC feedback to the Ministry of Business, Innovation and Employment (MBIE) on the proposed insurance contract law reform; and</p> <p>i) noted an update on the Earthquake Commission Amendment Bill and the recent public submissions to the Select Committee.</p>		
Section 5 General Business			
5.1	<p>Matters Arising and Action Points</p> <p>The Board:</p> <p>a) noted all action points.</p>		
5.2	<p>Confirmation of draft minutes for Board meeting held on Monday 28 May 2018</p> <p>The Board:</p> <p>a) noted a number of small typographical errors to be corrected; and</p> <p>b) agreed that these were a true and accurate record of the meeting.</p>		
5.3	<p>Proactive Release of Board Minutes January to March 2018</p> <p>The Board</p> <p>a) noted that on 21 June 2018, EQC published on its website Board Minutes dating back to September 2010 that have previously been released under the Official Information Act and the Board Minutes from its meeting on 26 March 2018;</p> <p>b) approved the public release of the redacted Minutes for its meetings on 30 January 2018, 26 February 2018 and 8 March 2018; and</p> <p>c) noted that moving forward management will be utilising a two-step process to first finalise</p>		

	the Board Minutes and then make a separate recommendation for the publication of Board Minutes.		
5.4	<p>Ratification of Evote – Statement of Intent (Sol) / Statement of Performance Expectations (SoPE)</p> <p>The Board;</p> <p>a) ratified the Evote <i>Sol / SoPE – Approval to Changes to the Strategic Outcomes and Intentions</i> which was passed by evote on 12 June 2018.</p>		
6.	Correspondence of Interest		
6.1	<p>Correspondence of Interest</p> <p>The Board:</p> <p>a) noted the correspondence;</p> <p style="margin-left: 20px;">a. State Services Commission (SSC) – New conflicts of interest model standards for the State Sector</p> <p style="margin-left: 20px;">b. SSC – New Gifts, Benefits and Expenses Model Standards</p> <p style="margin-left: 20px;">c. Hon Megan Woods (Minister Responsible for the Earthquake Commission)– Notice of Commissioner Appointments and Reappointment.</p>		
	<p>The next meeting is to be held on 22 August 2018 in Wellington</p> <p>The Meeting closed at 2:09pm. These minutes were approved by the Board as a true and correct record.</p>		
	<p>_____</p> <p>Dame Annette King Interim Board Chair</p>	<p>_____</p> <p>Date</p>	