

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held at EQC Office, 1 Barry Hogan Place, Christchurch
Monday 24 September 2018**

Present:

Dame Annette King (Chair)
Mary-Jane Daly
Alison O'Connell
Paul Kiesanowski
Tim Hurdle
Erica Seville
Toni Ferrier

Apologies:**In attendance:**

Sid Miller, Chief Executive
Chris Chainey, Chief Financial Officer
Renee Walker, Deputy Chief Executive – Canterbury and
External Affairs
Jayne Lapin, GM People, Culture and Change
Hugh Cowan, GM Resilience
Paul Jepson, Deputy Chief Executive - Operations
Jeremy Ford, General Counsel
9(2)(a) Treasury
9(2)(a) (Executive Assistant to the Chief Executive) –
Minutes

The meeting was declared open at 11:50am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
	<i>Commissioners only (in committee) at 11:00am</i>		
	<i>Commissioners and Chief Executive only at 11.28am</i>		
	<i>Hugh Cowan, Chris Chainey, Renee Walker, Jeremy Ford, Paul Jepson, Jayne Lapin, and 9(2)(a) (EQC) and 9(2)(a) (Treasury) joined the meeting at 11.50am.</i>		
1.1	Present and Apologies The Board: d) noted that no apologies were received.		
1.2	Interests Register/Declaration of Conflicts of Interest The Board: f) noted the interests register; g) noted that Dame Annette King is no longer the Chair of the Primary Care Federation; h) noted that Dame Annette King is no longer a member of the Appropriation Committee of		

	<p>the Parliamentary Service.</p> <p>i) confirmed there were no other conflicts of interest advised for matters on the agenda for the meeting.</p>		
1.3	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) noted there were 47 events reported in August, none of a critical nature; and</p> <p>b) noted there was one recordable injury reported in August 2018.</p>		
Section 2	Strategic Priorities		
2.1	<p>Chief Executive's Report</p> <p>The Board:</p> <p>a) noted the updates provided on:</p> <ol style="list-style-type: none"> a. Update on IMA Recommendations b. Greater Christchurch Claims Resolution Service c. Claimant Reference Group d. Canterbury Earthquakes Insurance Tribunal Bill e. Red Zone Land Settlements f. Meetings with Insurers g. Foundation Repair Methodologies h. Wellbeing Survey and Mental Health Workshops i. Technology Update j. Section 16 Deed k. Update on EQC Amendment Bill l. Organisation Design Update m. Business Continuity Plan n. Geotechnical Services Procurement 	<ul style="list-style-type: none"> • Management to provide update on Business Continuity Plan. 	Oct 18
	<p>9(2)(a) (Chapman Tripp) joined the meeting at 12.24pm</p>		
2.2	<p>Inquiry Strategy</p> <p>The Board:</p> <p>a) noted the final Terms of Reference for the Public Inquiry into the Earthquake Commission (the Inquiry);</p> <p>b) agreed the approach and principles for EQC's preparation and participation in the Inquiry;</p>	<ul style="list-style-type: none"> • Management to reconsider and widen its list of potential EQC witnesses. • Management to ensure protocols exist so that significant decisions will rest with the Board and that the Board is kept fully informed at 	

	<p>c) agreed to establish an Inquiry Board Committee with Terms of Reference;</p> <p>d) requested Management to ensure protocols exist so that significant decisions will rest with the Board and that the Board is kept fully informed at all times;</p> <p>e) agreed that the decision on which Board members will be members of the Inquiry Board Committee will be made in October when the new Board Chair has been appointed;</p> <p>f) noted the current assumptions for how the Inquiry will be conducted;</p> <p>g) approved Management’s proposed approach to potential witnesses;</p> <p>h) requested Management to reconsider and widen their list of potential EQC witnesses;</p> <p>i) agreed that EQC will offer financial support to potential witnesses, current and former staff, and Board Members;</p> <p>j) requested Management to provide further detail in relation to the anticipated costs of the Inquiry;</p> <p>k) noted the risks to EQC and Management’s proposed responses; and</p> <p>l) requested Management to consider further the opportunities the Inquiry provides for EQC.</p>	<p>all times.</p> <ul style="list-style-type: none"> • Management to provide further detail in relation to the anticipated costs of the Inquiry. • Management to consider further the opportunities the Inquiry offers for EQC. 	
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9(2)(a) (Chapman Tripp) left the meeting at 1.05pm and the Board broke for lunch at 1.15pm.

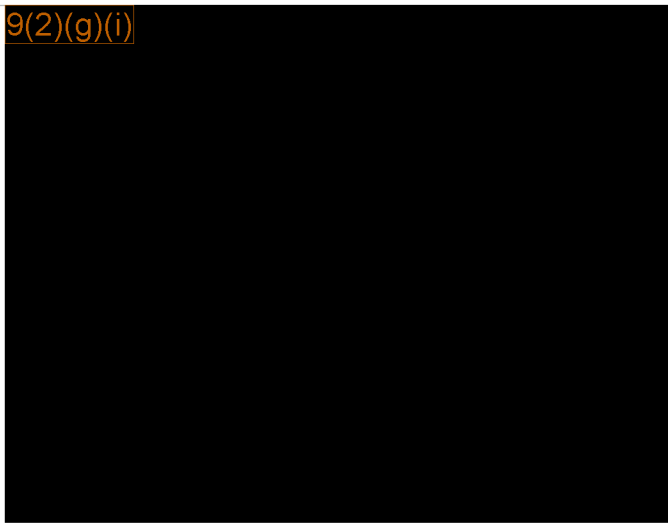
The meeting recommenced at 1.48pm when **9(2)(a)** (Event Manager, EQC) and **9(2)(a)** **9(2)(a)** (PwC) joined the meeting.

<p>2.3</p>	<p>Event Readiness Programme and Strategic Review of the Agency Response Model</p> <p>The Board:</p> <p>c. noted the progress made to date on the Event Readiness Programme;</p> <p>d. noted the progress made to date on the Strategic Review of the Agency Response Model as outlined;</p> <p>e. noted the interim report of the Strategic Review is available in the Resource Centre of BoardBooks;</p> <p>f. noted the next steps and key milestones,</p>		
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	<p>including a final report on the Strategic Review of the Agency Response Model, and an Event Readiness Business Case in October; and</p> <p>g. provided feedback on the report and requested clarification and further information to the PwC representatives for inclusion in the next version of the PwC report.</p>		
	<p>9(2)(a)</p>	<p><i>(PwC) left the meeting at 2.26pm</i></p>	
<p>2.4</p>	<p>Canterbury Claims Dispute Resolution Strategy - Update</p> <p>The Board;</p> <p>a) noted the progress made on three key initiatives to provide customers who have commenced litigation against EQC with alternate settlement pathways to the Court process; and</p> <p>b) noted Management is developing a broader Claims Settlement Strategy to provide a more strategic portfolio approach to settlements and disputes (outside of litigation).</p>		
<p>2.5</p>	<p>Communication Strategy</p> <p>The Board:</p> <p>d) endorsed the change in communications approach;</p> <p>e) endorsed the strategy to build trust and confidence in EQC by using positive framing and a proactive approach to communications and engagement;</p> <p>f) noted the intention to complete a reputational index as a base to assess and track the development of EQC's communications and engagement capability going forward;</p> <p>g) endorsed the engagement approach proposed; and</p> <p>h) requested Management to regularly share its internal media updates with the Board.</p>	<ul style="list-style-type: none"> • Management to regularly share its internal media updates with the Board. 	
<p>2.6</p>	<p>Resilience Strategy for Natural Hazard Risk Reduction</p> <p>The Board:</p>		

	<ul style="list-style-type: none"> a) approved the EQC Resilience Strategy; b) noted the alignment of the Strategy with EQC's Statement of Intent 2018-2022; c) noted the proposed approach to performance measurement, to be further developed through FY18/19, in alignment with EQC's Statement of Performance Expectations (SoPE); d) noted the role of the Board Reinsurance and Resilience Committee in monitoring progress; and e) noted that Management will report back to Board in October with an outline of the 'One-EQC' approach to executing the strategy. 		
Section 3	Financials and Risk		
3.1	<p>Financial Pack and Investment Report – August</p> <p>The Board:</p> <ul style="list-style-type: none"> 7. noted the accompanying August 2018 Financial Pack and Investment Report; i. noted the financial pack provides a summarised view of the month's financial results; with a more detailed financial pack also available in the Resource centre; i. approved the submission to Treasury of the cash flow shown on page six of the pack indicating that EQC will need to draw funds from the Crown in November 2018; i. approved Management beginning discussions with Treasury in regard to an initial draw-down from the section 16 funding deed of \$50m on 1 November; k. delegated responsibility for signing the payment notice to the Chair and the Chair of the Audit and Risk Committee; and k. noted the following comments on August's financial performance: <ul style="list-style-type: none"> i. month revenue above budget (\$0.6m); ii. core costs below budget (\$0.1m) for the month. This is mainly driven by lower workforce expenses (FTE levels 6 below expected levels) partly offset by higher grants and sponsorship costs; iii. event costs above budget for month (\$1.6m), mainly due to higher resourcing costs in Canterbury and Kaikoura costs; and 		

	iv. Cash and Investments held at 31 August were \$129m.		
3.2	<p>Draft Annual Report</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that the draft 2017-18 Annual Report has been reviewed by the Audit and Risk Committee (ARC), with adjustments made to address the Committee's feedback; b) provided feedback on the draft 2017-18 Annual Report; c) noted that the draft 2017-18 Annual Report will undergo a final legal review following the Board meeting; d) noted that the draft 2017-18 Annual Report is yet to be proofread; e) noted that there are minor changes to be made to the Financial Statements; f) noted the final 2017-18 Annual Report must be signed by 31 October 2018; and g) agreed that final sign off of the 2017/18 Annual Report will be by the Board at the October Board meeting. 		
3.3	<p>Half-Yearly Economic and Fiscal Update (HYEFU) Forecast</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the presentation accompanying this paper, which provided further detail on the Treasury forecast. 9(2)(g)(i) b) noted that the Audit and Risk Committee (ARC) discussed a draft of this paper and the accompanying presentation at its 10 September meeting and agreed its submission to the full Board; c) noted that EQC will be due to submit its final numbers as part of the 2018 Half-Yearly Economic and Fiscal Update (HYEFU) update exercise in October and this will include the latest accepted Insurance Liability Valuation Report (ILVR) (June 2018) and the anticipated EQC Act changes from 1 July 2019, which Treasury requires to be included if it is more likely than not; and 		

	<p>9(2)(g)(i)</p> 		
Section 4	Performance		
4.1	<p>EQC Performance Dashboards</p> <p>The Board:</p> <p>b) noted that this paper accompanies the EQC's Executive Dashboard to 31 August 2018 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and</p> <p>c) noted that the EQC's Executive Dashboard to 31 August 2018 (excluding the Enterprise Change Programme, and Kaikōura section) will be published on EQC's external website once it has been fully approved.</p>	<ul style="list-style-type: none"> • Management to report on compliments as well as complaints. 	
4.2	<p>Legal and Litigation Report</p> <p>The Board:</p> <p>a) noted an overview of recent developments associated with EQC's litigation caseload:</p> <ol style="list-style-type: none"> i. EQC was served with three new proceedings and closed 16 proceedings in August 2018; ii. a proposed test case has been identified by EQC regarding 'on sold' properties; iii. there are two Whanganui High Court landslip proceedings scheduled for a hearing in September-October 2018 (<i>Goodier; Kirkwood</i>); iv. EQC has successfully been awarded costs by the High Court (<i>Sadat</i>); 	<ul style="list-style-type: none"> • Management to discuss with Treasury and provide a briefing to the Minister Responsible for the Earthquake Commission to advise her of the proposed test case identified regarding 'on sold' properties. 	

	<p>v. the High Court issued a judgment (<i>Bligh v Earthquake Commission and IAG New Zealand Limited</i>) in favour of EQC and IAG New Zealand Limited; and</p> <p>vi. the Court of Appeal has granted an extension of time to a customer to appeal a High Court judgment that was in favour of EQC (<i>He v The Earthquake Commission & Offshore Market Placements Limited</i>).</p> <p>b) requested Management to provide a briefing to the Minister Responsible for the Earthquake Commission, to advise her of the proposed test case approach for 'on-sold' properties and the advice that has been received from both Crown Law and Treasury to ensure the Minister is kept informed of the approach and potential liability to the Crown.</p>		
Section 5 General Business			
5.1	Matters Arising and Action Items		
	<p>The Board:</p> <p>b) noted the updated Matters Arising and Action Points.</p>		
5.3	Confirmation of Board Minutes – 22 August 2018		
	<p>The Board</p> <p>b) confirmed the Draft Board Minutes from the meeting held on 22 August 2018 as a true and accurate record.</p>		
5.4	Confirmation of Board Minutes – 7 September 2018		
	<p>The Board</p> <p>a) confirmed the Draft Board Minutes from the meeting held on 7 September 2018 as a true and accurate record.</p>		
5.4	Ratification of Evote – Revised (Insurance Liability Valuation Report) ILVR		
	<p>The Board;</p> <p>d) ratified the Evote Revised <i>ILVR</i> which was</p>		

	passed by evote on 31 August 2018		
Section 6 Correspondence of Interest			
6.1	<p>Letter to Minister Woods from GNS Board Chair</p> <p>The Board;</p> <p>b) noted the letter dated 31 August 2018, to Hon Megan Woods, Minister Responsible for the Earthquake Commission, from Dr Nicola Crauford, GNS Chair, updating her on the outcome of efforts to simplify GeoNet's governance and working arrangements so that they enhance its strategic and operational efficiency effectiveness and transparency.</p>		
6.2	<p>Letter from Minister Woods to EQC Board Interim Chair</p> <p>The Board;</p> <p>a) noted the letter dated 5 September 2018, from Hon Megan Woods, Minister Responsible for the Earthquake Commission, to Dame Annette King, EQC Interim Chair on the Canterbury Earthquakes Insurance Tribunal Bill and advising of the Bill's first reading in the House.</p>		
	<i>The meeting closed at 3:52pm.</i>		
	<p>The next meeting is to be held on 29 October 2018 in Wellington</p> <p>The Meeting closed at 3:52pm. These minutes were approved by the Board as a true and correct record.</p> <p>_____</p> <p>Dame Annette King Date _____ Interim Board Chair</p>		