



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held at Majestic Centre, 100 Willis Street, Wellington
Monday 28 May 2018 commencing at 11:00am

Present:

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

Apologies:

Roger Bell
Gordon Smith

In attendance:

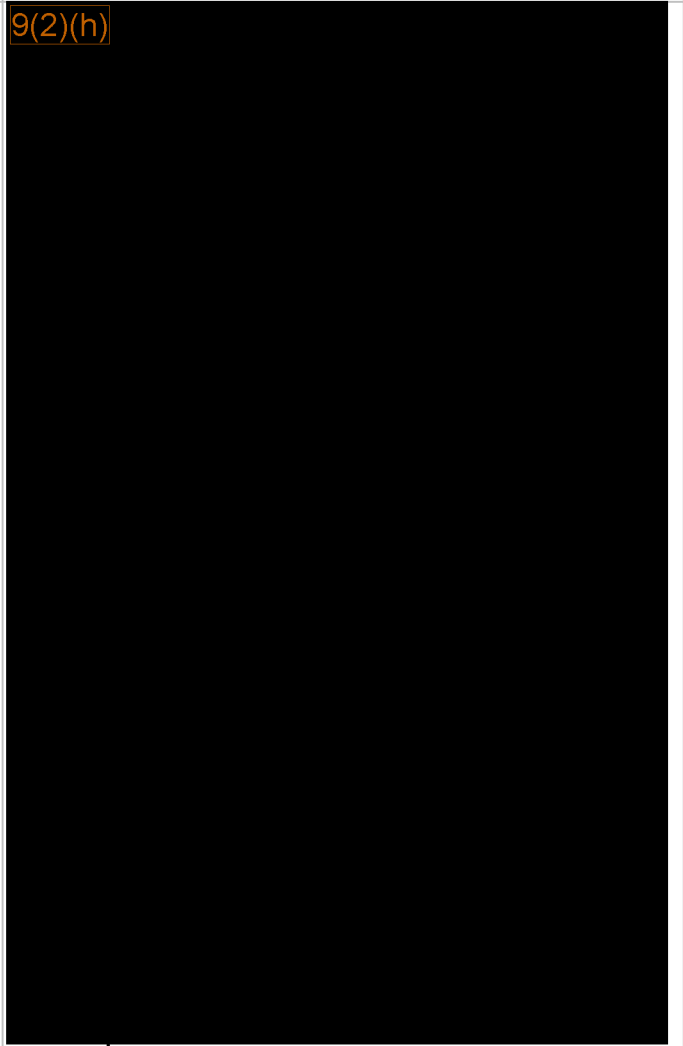

Sid Miller, Chief Executive
Trish Keith, Chief Customer Officer
Chris Chainey, Chief Financial Officer
Renee Walker, GM Govt Relations & Strategic Partnerships
Jayne Lapin, GM People, Culture and Change
Hugh Cowan, GM Resilience
Paul Jepson, GM Technology
Jeremy Ford, General Counsel
9(2)(a) Treasury
(EA to CE) – Minutes

The meeting was declared open at 11:00am

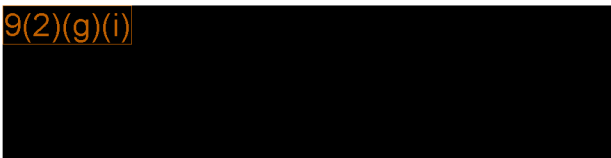
	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
	<i>Commissioners only (in committee) at 11:00am</i>		
	<i>Commissioners and CE at 11:25am</i>		
	<i>Hugh Cowan, Trish Keith, Chris Chainey, Renee Walker, Jeremy Ford, 9(2)(a) and Paul Jepson and Jayne Lapin by VC joined the meeting at 11:58am.</i>		
1.1	Present and Apologies The Board: a) noted that apologies were received from Roger Bell 9(2)(a) and Gordon Smith who is on leave.		
1.2	Interests Register/Declaration of Conflicts of Interest The Board: a) noted the interests register; b) confirmed there were no other conflicts of interest advised for matters on the agenda for the meeting.		
	Board Committees	• Management to present terms	9.7.18

	<p>The Board</p> <ul style="list-style-type: none"> a) agreed to reorganise Board committees to cover the current key areas of risk; b) agreed to disestablish the Health and Safety Committee, but will continue to receive the Health and Safety Report, as their first report at every meeting ; c) note that Board members still wish to conduct site visits as appropriate; d) agreed that Paul Kiesanowski would join the Audit and Risk Committee; e) agreed to establish a Reinsurance and Resilience committee chaired by Alison O’Connell with Tim Hurdle as a member; f) agreed to establish an Enterprise Transformation committee chaired by Tim Hurdle; g) agreed that the Remuneration committee will be chaired by the Board Chair with Mary-Jane Daly and Paul Kiesanowski as members; h) noted that the Chairs of these committees will work with Management to establish terms of reference; and i) noted that it is anticipated that two new Board members will be appointed on 1 July 2018 once these appointments have been through the Appointment and Honours Committee. 	<p>of reference for the new committees to the next Board meeting for consideration.</p>	
<p>1.3</p>	<p>Health and Safety Report</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the information provided in the report including the details of each incident (where provided); b) noted the verbal explanation provided by Management regarding differences between tables one and three; c) noted that Management will report all electrical incidents to the Electrical Contractors Board as this is a continued area of concern; and d) noted that planning is underway for the Board to visit Kaikoura and dates will be presented to the Board. 		
<p>Section 2</p>	<p>Strategic Priorities</p>		
<p>2.1</p>	<p>CE Report</p>		

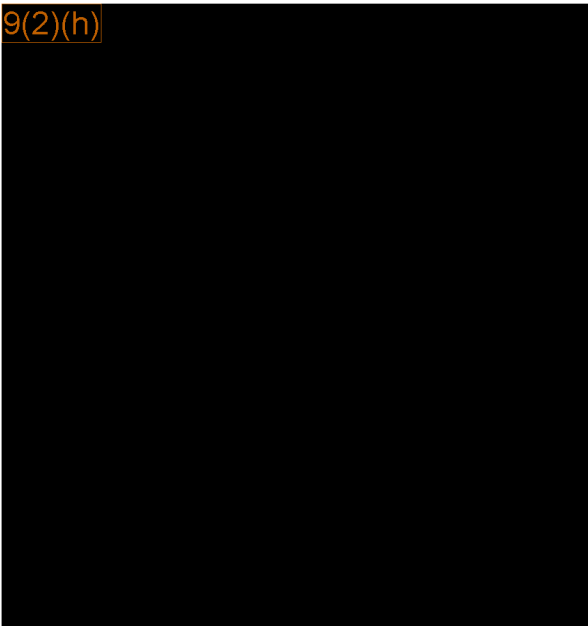
	<p>The Board:</p> <p>a) noted the contents of the CE Report</p> <ol style="list-style-type: none"> i. Budget announcements ii. 9(2)(j) iii. Reinsurance update iv. Technology update v. Staff wellbeing assessment survey vi. Proactive release of Board minutes vii. Government Relations and Strategic Partnerships update 		
<p>2.2</p>	<p>Greater Christchurch Cross Agency Insurance Team Update</p> <p>The Board:</p> <p>a) endorsed the Independent Ministerial Advisor Action Plan;</p> <p>b) note the existence of the Cross Agency Team; and</p> <p>c) endorsed EQC's involvement.</p>		
<p><i>The meeting broke for lunch at 12.40 and resumed at 1:05pm.</i></p>			
<p>2.3</p>	<p>Resilience Update</p> <p>The Board;</p> <p>For the Loss Modelling Programme, that the Board:</p> <ol style="list-style-type: none"> 1. noted the update on the Programme and stakeholder engagement activity; 2. noted Management's intention to consult with the Reinsurance and Resilience sub-committee in July, ahead of a presentation to the Board on the full programme in August. <p>For the GeoNet Work Plan, that the Board:</p> <p>3. noted that in relation to GeoNet:</p> <ol style="list-style-type: none"> i. the GeoNet Advisory Panel will be concluding its assessment and governance recommendations and future management options for GeoNet in June; ii. Management have assessed that GeoNet is on-track to meet all contracted objectives for the current year; and iii. the proposed 2018/19 GeoNet Work Plan is optimised to support core priorities as GeoNet transitions to a 	<ul style="list-style-type: none"> • 	

	<p>new governance and contractual framework. The forecast costs of the proposed work is \$12.72M and is aligned with EQC’s BEFU submission.</p> <ol style="list-style-type: none"> 4. agreed to the GNS and EQC Board Chairs and Chief Executives meeting in July to discuss the Advisory Panel recommendations; 5. authorise Management to approve the one-year GeoNet Work Plan for 2018/19 in line with the five year plan and agreement reached by the Board in November 2015; and 6. approved the \$12.72M for the 2018/19 financial year. 		
<p>2.4</p>	<p>9(2)(h)</p> 	<ul style="list-style-type: none"> • 9(2)(h)  	
<p>2.5</p>	<p>Information and Technology Report</p> <p>The Board:</p> <ol style="list-style-type: none"> a) noted the progress update provided in this paper by management; b) noted the findings regarding the progress against the recommendations of the Tenzing review of 2016; 		

	<p>c) noted that significant work remains in the area of reporting and information management to replace the current labour intensive manual processes that are prone to error; and</p> <p>d) endorsed the high level action plan defined in this report on the basis we will develop a detailed action plan with the Enterprise Transformation Committee to address critical gaps in Information Management.</p>		
Section 3	Financials and Risk		
<p>3.1</p>	<p>Wellington Accommodation Move</p> <p>The Board:</p> <p>a) noted the process and due diligence undertaken to arrive at the property solutions tabled for execution by the Board;</p> <p>b) 9(2)(j)</p> <p>c)</p> <p>d)</p> <p>e)</p> <p>f)</p>	<ul style="list-style-type: none"> • 9(2)(j) • Management to report back to the Board on our updated Business Continuity Plan. 	
<p>3.2</p>	<p>Annual Review of Risk Management Policy</p> <p>The Board:</p> <p>a) noted the Audit & Risk Committee (ARC) endorsed the proposed changes at their meeting on 9 May 2018;</p>		

	<p>b) noted that only minor administrative changes have been made to the documents subject to this review;</p> <p>c) approved the changes to the Risk Management Policy and Risk Management framework; and</p> <p>d) approved no change to the Risk Evaluation and Management Matrix for the evaluation of EQC's risks.</p>		
<p>3.3</p>	<p>Quarterly Risk Update</p> <p>The Board:</p> <p>a) noted this paper provides a high level summary of the paper presented to the ARC on 9 May 2018, and reflects the nature of the discussions held;</p> <p>b) noted that the risk heat-map reflects an amendment to the risk rating for Risk 1 and Risk 9 following discussion with ARC; and</p> <p>c) noted the updates relating to the Insurance renewal for EQC.</p>	<ul style="list-style-type: none"> • Management to change paragraph 9.c to remove the note. 	
<p>3.4</p>	<p>Annual Review Statement of Investment Policies, Standard and Procedures</p> <p>The Board:</p> <p>a) noted that a paper on the SIPSP was presented at the 9 May Audit & Risk Committee (ARC) meeting;</p> <p>b) noted that given the current size of the fund, the ARC agreed that there is little value in obtaining an external review of the SIPSP for the 2017-18 financial year and that with minor changes the current SIPSP is appropriate to manage the fund at this time;</p> <p>c) 9(2)(g)(i) </p> <p>d) approved the revised SIPSP (as per the draft attached to the Board paper). Changes are minor and largely relate to dates / structural changes and wording tweaks.</p>		
<p>3.5</p>	<p>Financial Reporting</p> <p>The Board:</p> <p>a) noted the accompanying April 2018 Financial Pack and Investment Report;</p> <p>b) noted the financial pack has been amended to provide a summarised view of the month's</p>		

	<p>financial results; with the full financial pack (as previously produced) also available in the Resource Centre of BoardBooks.</p> <p>c) noted that the financial results are compared against the BEFU budget approved by the Board in March 2018;</p> <p>d) noted that the following comments on April’s financial performance:</p> <ul style="list-style-type: none"> i. Month revenue is slightly above budget (\$10k). ii. Core costs are below budget (\$0.8m) for the month. This is mainly driven by lower workforce expenses (FTE levels 24 below expected level) together with lower spend on projects and initiatives. iii. Event costs favourable for month (\$2.2m). This is mainly due to: <ul style="list-style-type: none"> • Lower than planned costs in Canterbury (\$1.0m) due to lower FTE levels and underspend on engineering costs; • Lower than planned Kaikoura costs (\$1.2m) mainly due to timing of payments to private insurers. iv. Cash & Investments held at 30 April were \$275m. 		
<p>3.6</p>	<p>Delegations Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a. approved the addition of 9(2)(a) (Manager National Customer Care) to the bank mandate; b. noted that 9(2)(a) (Performance Reporting Manager) has been removed from the bank mandate as he has left the organisation; and c. noted that the Delegations Framework has been updated to reflect the restructure of the CFO Group. 		
<p>3.7</p>	<p>Kaikoura Terms of Reference (ToR) for Strategic Review</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the information provided in the Draft ToR attached to this cover note; 	<ul style="list-style-type: none"> • Management to ensure that Melville Jessup Weaver are consulted on the Kaikoura Terms of Reference. 	

	<ul style="list-style-type: none"> b) endorsed the Draft ToR as meeting the Board’s requirements; c) provided feedback on the ToR; and d) approved management to consult with the Private Insurers and ICNZ on the ToR. 		
<p>3.8</p>	<p>Policy on Participation of Reinsurance and Reinsurance Brokers</p> <p>The Board:</p> <ul style="list-style-type: none"> • noted that the ARC discussed the Policy at its February meeting and recommended minor changes to the policy to clarify the procedure for considering the implications of a downgrade in counterparty security ratings; • approved the changes (marked up in red) to the EQC Policy on Participation of Reinsurers and Reinsurance Brokers. 		
<p>Section 4</p>	<p>Performance</p>		
<p>4.1</p>	<p>EQC Performance Dashboards</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that this paper accompanies the EQC’s Executive Dashboard to 30 April 2018 and provides qualitative commentary on performance to supplement the information shown in the dashboard; and b) provided feedback on the format. 		
<p>4.2</p>	<p>Legal and Litigation Report</p> <p>The Board:</p> <ul style="list-style-type: none"> a) 9(2)(h)  b) c) d) e) f) g) noted that we are in the process of recruiting 		

NOTE: SOME CONTENTS OF THESE MINUTES
ARE SUBJECT TO LEGAL PRIVILEGE.

	<p>four additional technical advisors for the Litigation Support Team;</p> <p>h) 9(2)(h)</p> <p>i)</p>		
<p><i>Mary-Jane Daly left the meeting at 2.39pm.</i></p>			
<p>Section 5 General Business</p>			
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 1 May 2018</p> <p>The Board:</p> <p>a) noted some small language changes;</p> <p>b) confirmed the draft Minutes of the meeting held on Monday 1 May 2018 as a true and accurate record;</p> <p>c) noted that Management will present a redacted set of these minutes to the 9 July Board meeting to seek agreement to release to the EQC website.</p>		
5.3	<p>Ratification of Evote – Firm Order Terms</p> <p>The Board;</p> <p>a) ratified the Evote <i>Reinsurance Programme Firm Order Terms</i> which was passed by evote on 17 May 2018.</p>		
5.4	<p>Redacted Board Minutes – 26 March 2018</p> <p>The Board</p> <p>a) provided feedback on the redacted minutes from the Board meeting held on 26 March 2018;</p> <p>b) agreed to the publication of the redacted minutes from the Board meeting held on 26 March 2018 to the EQC website.</p>		

NOTE: SOME CONTENTS OF THESE MINUTES
ARE SUBJECT TO LEGAL PRIVILEGE.

<p>6.</p>	<p>Correspondence of Interest</p>		
<p>6.1</p>	<p>Correspondence of Interest The Board: a) noted the correspondence; a. From Hon Megan Woods to the Chair b. From the Chair to Hon Megan Woods c. 9(2)(g)(i)</p>		
	<p>The next meeting is to be held on 9 July 2018 in Wellington</p> <p>The Meeting closed at 2.56pm. These minutes were approved by the Board as a true and correct record.</p> <p>_____ _____ Dame Annette King Date Interim Board Chair</p>		