

**MINUTES OF THE MEETING OF  
 THE BOARD OF THE EARTHQUAKE COMMISSION  
 Held in the Te Karo Room, 1 Barry Hogan Place, Christchurch  
 10.30am – 4.00pm, Monday 27 May 2019  
 AGENDA**

**Present:**

Sir Michael Cullen (by phone)  
 Mary-Jane Daly (Chair)  
 Alison O’Connell  
 Paul Kiesanowski  
 Tim Hurdle  
 Erica Seville  
 Toni Ferrier

**In attendance:**

Sid Miller, Chief Executive  
 Chris Chainey, Chief Financial Officer  
 Renee Walker, Deputy Chief Executive – Canterbury and  
 External Affairs  
 Jayne Lapin, General Manager - People, Culture and Change  
 Paul Jepson, Deputy Chief Executive – Operations  
 Benesia Smith, Head of EQC Inquiry Team

**Apologies:**

9(2)(a) Deputy Head of EQC Inquiry Team  
 9(2)(a) Senior Advisor  
 9(2)(a) Senior Advisor  
 9(2)(a) Treasury  
 9(2)(a) QC  
 9(2)(a) [Redacted]  
 9(2)(a) [Redacted] (Aon)  
 9(2)(a) - Executive Assistant to the Chief Executive  
 (Minutes)  
 9(2)(a) Executive Assistant to the Chief Executive  
 (Minutes)

*The meeting was declared open at 10:33am*

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
<b>Section 1</b>	<b>Board Governance</b>		
	<i>Commissioners only (in committee) at 10:33am</i>		
	<i>Commissioners and Chief Executive only at 10:58am</i>		
	<i>Jayne Lapin, 9(2)(a) and 9(2)(a) (EQC), and 9(2)(a) (Treasury) joined the meeting at 11.15am.</i>		
<b>1.1</b>	<b>Present and Apologies</b>		
	The Board:		
	a) <b>noted</b> that no apologies were received but that Sir Michael joined the meeting by teleconference.		
<b>1.2</b>	<b>Interests Register/Declaration of Conflicts of</b>		

### Interest

The Board:

- a) **noted** the updated interests register and confirmed there were no other conflicts not declared;
- b) **noted** a change to the entries for Tim Hurdle and Erica Seville and that the Register will be updated to reflect these changes.

### Thanks to Dr Hugh Cowan

The Board:

- a) **noted** that Dr Hugh Cowan is leaving EQC and the Board wishes to formally acknowledge Dr Cowan's efforts and the level of commitment and passion that he has brought to the role. The Board appreciates his significant contribution.

## 1.3 Health, Safety and Wellbeing Report

The Board:

- a) **noted** there were 38 events reported in April, none of a critical nature;
- b) **noted** there were no Medical Treatment Injuries (MTI) in EQC;
- c) **noted** the ongoing progress of mental health and well-being initiatives;
- d) **noted** the update and actions taken and planned to improve the safety of our people; and
- e) **noted** that the Board will receive updates on the progress of the management actions via the monthly Health, Safety and Wellbeing report.

*Jayne Lapin (EQC) left the meeting at 11:37am*

## Section 2 Strategic Priorities

### 2.1 Chief Executive's Report

The Board:

- a) **noted** the updates provided on:
  1. Legal update
  2. Reinsurance update
  3. Minister of Finance – Meeting with

- Management to provide Board members with a copy of the Treasury report which was sent to Minister Woods.
- Management to provide a strategic paper that

	<p>insurers</p> <ol style="list-style-type: none"> <li>4. EQC Scenario Testing</li> <li>5. Obligations around OIA requests made to Board members</li> <li>6. Security incident update</li> <li>7. Board Governance Manual</li> </ol>	<p>provides a collective oversight of all the EQC workstreams, what we are aiming to achieve, and what are the interdependencies and how Governance oversight will be maintained.</p>	
<p><b>2.2</b></p>	<p><b>Review of EQC’s Resilience Strategy and Research Capability</b></p> <p>The Board:</p> <ol style="list-style-type: none"> <li>a) noted that 9(2)(a) has undertaken a peer review of EQC’s Resilience Strategy;</li> <li>b) noted that the findings of the peer review were generally positive, although several opportunities exist through taking a bold and direct approach to ensure the Resilience Strategy can deliver a meaningful reduction in New Zealand’s risk from natural disasters;</li> <li>c) noted that I intend to establish a Strategy and Governance team to drive and coordinate the delivery of the Resilience Strategy;</li> <li>d) noted that 9(2)(a) is undertaking a peer review of EQC’s Research Programme Capability which will report in mid-June and make a number of recommendations to improve the efficacy of the Research Programme;</li> </ol>	<ul style="list-style-type: none"> <li>• Management to report back regularly with updates on progress made on the Resilience Strategy.</li> <li>• Management to share the job description of the DCE Strategy and Governance</li> <li>• Management to provide the Board with the final version of 9(2)(a) 9(2)(a) s report.</li> </ul>	
	<p>9(2)(a) (QC) joined the meeting by teleconference, and Benesia Smith, 9(2)(a) 9(2)(a) (EQC) at 12:20pm.</p>		
<p><b>2.3</b></p>	<p><b>Public Inquiry Into EQC: Update and Closing Submission</b></p> <p>The Board:</p> <ol style="list-style-type: none"> <li>a) noted the update on the Public Inquiry;</li> <li>b) noted the draft outline for EQC’s closing submission to the Public Inquiry for discussion and feedback from the Board; and</li> <li>c) noted the advice on fees payable to</li> </ol>		

interviewees and witnesses.

9(2)(a) (QC), Benesia Smith, 9(2)(a) (EQC) left the meeting at 1pm when the meeting broke for lunch. Paul Jepson, Renee Walker and Chris Chainey (EQC) joined the meeting which recommenced at 1.21pm.

#### 2.4 Transformation Update

The Board:

- a) **noted** progress on EQC's Transformation initiatives

#### 2.5 Statement of Performance Expectations (SoPE)

The Board:

- a) **noted** that following review of an earlier draft by the Audit and Risk Committee (ARC), Management has reviewed areas of feedback and updated the document accordingly;
- b) **noted** that the draft SoPE has also been reviewed by Treasury, the Minister, and Ernst Young;
- c) **noted** that the draft SoPE has not yet been proofread or undergone a Legal check;
- d) **noted** the timetable that will enable us to meet the statutory timeframe of having the final document to the Minister by 30 June 2019; and
- e) **agreed** that the Board may provide final signoff by e-vote once all changes are complete; and provide feedback on the draft of the SoPE.

#### 2.6 Operations Group Update

The Board;

- a) **noted** the 'Operations Group Performance Dashboard';
- b) **noted** the priorities of the Operations Group and progress in these areas;
- c) **noted** the EQC issues Operations Group are seeking to rectify as we deliver the system of the future; and
- d) **provided** feedback the utility of the Dashboard and any proposed enhancements/changes

- Management to provide a paper providing a "deep dive" on the strategy to address Information and Analytics and IT maturity.

June 2019

## 2.7 Update on Reopened Claims

The Board:

- a) **noted** that an update on the reopened claims profile was provided to Minister Woods on 21 May 2019;
- b) **noted** the profile of reopened claims forms part of a wider view on the Crown's overall liability;
- c) **noted** that the analysis of damaged earthenware waste water forms part of the wider insights into the profile of reopened claims; and
- d) **noted** a small group of officials from EQC, Christchurch City Council and the Ministry of Health have formed a project group that will develop a project proposal to investigate the frequency and scale of damaged earthenware water drains on private property.

- Management to provide ~~deeper~~ insight into each of the key times of Claims driving re: opened caims; Drainiage; foundations; weather tightness; administration

## Section 3 Performance

### 3.1 EQC Performance Report – April 2019

The Board:

- a) **noted** that this paper accompanies the Executive Dashboard to 30 April 2019 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and
- b) **noted** that the Executive Dashboard to 30 April 2019 (excluding the Kaikōura sections as well as taking out the near misses information in the Privacy Breaches section) will be published on EQC's external website by 31 May 2019.

## Section 4

### 4.1 Financial Reporting

The Board:

- a) **noted** the April 2019 Financial pack;
- b) **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;

- c) **noted** the following comments on April financial performance:
- i. Monthly revenue below budget (\$0.6m).
  - ii. Core costs above budget (\$0.1m) for the month. This is mainly driven by higher GeoNet costs, largely offset by lower workforce expenses and IT costs.
  - iii. Event costs below budget for the month (\$2.0m), mainly due to lower workforce and consultancy costs in Canterbury (\$1.2m) combined with the timing of invoicing by private insurers in Kaikoura (\$0.8m).
  - iv. Cash and Investments held at 30 April were \$80m (which includes the \$80m of funds received from the Crown).
- d) **noted** a further drawdown of funds under section 16 of the EQC Act will occur on 1 June 2019 for \$45m (plus GST);
- e) **noted** that the EQC Funding Deficiency Deed expires on 26 September 2019, that 90 days' notice must be given to extend this deed, and that the 90 day notice period expires on 26 June 2019;
- f) **approved** the extension of the EQC Funding Deficiency Deed for a 12 month period from 18 September 2019; and
- g) **approved** that a letter be sent from the Board Chair to the Minister requesting the EQC Funding Deficiency Deed be extended for a further 12 months (from 18 September 2019).

## 4.2 Delegations Framework Update

The Board:

- a) **noted** that the Manager Procurement has been removed from the bank mandate as they have left the organisation;
- b) **approved** the addition of 9(2)(a) (Head of Risk Financing), 9(2)(a) (Principal Advisor to the CFO), 9(2)(a) (Manager Business Partnering & Analytics) and 9(2)(a) (Christchurch Finance Business

- Partner) to the bank mandate;
- c) **noted** that the Delegations Framework will be updated to reflect the recent appointment of a Finance Business Partner in Canterbury as per principle 15 in the Delegation Framework; and
- d) **noted the removal of Tim Hurdle from the bank mandate.**

#### 4.3 2019 Annual Review of Risk Management Policy and Framework

The Board:

- a) **noted** that the Audit and Risk Committee endorsed the proposed changes at its meeting on 20 May 2019;
- b) **noted** that the changes to the documents, proposed as a result of this review, align the Policy and Framework to the latest version of ISO 31000, clarify roles in relation to the Three Lines of Defence, reference the addition of the Risk Management Committee, and attend to administrative changes and corrections; and
- c) **approved** the updated Risk Management Policy and Risk Management Framework.

### Section 5 Board Committee Updates

#### 5.1 Audit and Risk Committee

The Board:

- a) **noted the verbal update provided by Mary-Jane Daly, Chair of the Audit and Risk Committee.**

#### 5.2 People and Culture Committee

The Board;

- a) **noted the verbal update provided by Toni Ferrier, Chair of the People and Culture Committee.**

### Section 6 General Business

#### 6.1 Matters Arising and Action Points

The Board;

- a) **noted** the updates to the Action Points.

## 6.2 Confirmation of Board Minutes

The Board;

- a) **confirmed** the draft minutes of the Board meeting held on 30 April 2019 as a true and accurate record.

## 6.3 Proactive Release of Redacted Board Minutes

The Board:

- a) **noted** that at its meeting in November 2018, the Board indicated a desire to release as much information as possible as part of the proactive release of Board Minutes;
- b) **approved, subject to two amendments,** the public release of the redacted Minutes for its meetings on 25 March 2019;
- c) **noted** that since June 2018 when the Board Minutes began being published on the EQC website there have been 474 page views, with 211 from external sources;
- d) **noted** that since May 2018 when Minutes were first proactively released, EQC has received no specific requests for Board Minutes under the Official Information Act 1982 (OIA); and
- e) **noted** that Management monitors the traffic on the EQC web page in relation to Board Minutes and will continue to provide regular updates to the Board on this.
- f) **noted** that some redactions (items 4.4 and 4.5) should be removed.

## 6.4 Evote Ratification

The Board:

- a) **agreed** to ratify the Evote RFP Evaluation Summary – Legal Advisors for the Revised Legal Operating Model;
- b) **agreed** to ratify the Evote Correction of 2019 Capex Budget; and
- c) **agreed** to record the details of these two Evotes in the Minutes of the May 2019 meeting.



**RFP Evaluation Summary – Legal Advisors for the Revised Legal Operating Model**

- a) **endorsed** entering into an agreement with the following suppliers to form an EQC panel of legal services suppliers:
  - i. Russell McVeagh
  - ii. Kensington Swan
  - iii. Dundas Street
  - iv. Minter Ellison
- b) **noted** the requirement to engage Chapman Tripp on a transitional basis until the new panel becomes established.

**Correction of 2019 Capex Budget**

- a) **noted** that management have discovered an error of approximately \$1.0m within the 2019 “BAU” capex budget;
- b) **noted** that the error is only in relation to the amount of capex requested and has no longer term financial implications on lines such as depreciation / cash-flows etc.; and
- c) **approved** an increased 2019 “BAU” capex budget of \$3.5m, representing a \$1.0m increase on the \$2.5m presented at the March 2019 Board meeting.

**Section 7 Correspondence of Interest**

**7.1 Letter to Treasury – Draw down on Section 16**

The Board:

- a) **noted** the correspondence to Treasury regarding the Earthquake Commission payment shortfall

**7.2 Letter from Minister Woods – SPE Measures**

The Board:

- a) **noted** the correspondence from Minister Woods regarding the Draft Statement of Performance Expectations 2019-20.

*The meeting closed at 3.00pm*

The next meeting is to be held on Monday 24  
June 2019 in Wellington

The Meeting closed at 3:00pm. These  
minutes were approved by the Board as a true  
and correct record.



Mary-Jane Daly  
Deputy Board Chair

29/6/19

Date

DRAFT