

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Wairarapa Room, Majestic Centre, Wellington
8.00am – 12.30pm, Thursday 31 October 2019**

Present:

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

In attendance:

Sid Miller, Chief Executive Officer
Renee Walker, DCE Readiness and Recovery
Paul Jepson, DCE Systems Transformation
Chris Chainey, Chief Financial Officer
Sharlene Taylor (*via teleconference*)
Benesia Smith, Head of EQC Inquiry Team
9(2)(a) Deputy Head of EQC Inquiry Team
9(2)(a) Senior Advisor EQC Inquiry Team
9(2)(a) Executive Strategic Advisor (Secretariat)

Apologies:

Nil

The meeting was declared open at 8.00am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
<i>Commissioners entered the meeting at 8.00am</i>			
	Board Only		
<i>Sid Miller entered the meeting at 8.45am</i>			
	Board and CE Only		
<i>Sharlene Taylor (teleconference), Renee Walker, Chris Chainey and 9(2)(a) entered the meeting at 9.30am</i>			
1.1	Present and Apologies The Board: a) noted there were no apologies received.		
1.2	Interests Register/Declaration of Conflicts of Interest The Board: a) noted there were no conflicts of interest declared. b) noted an update to the interests register.	<ul style="list-style-type: none"> • Management to update the interests register 	<ul style="list-style-type: none"> • Nov-19

1.3	Health Safety and Wellbeing Report The Board: a) noted there were 11 incidents reported in September; b) noted there were no Medical Treatment Injuries (MTI) or Lost Time Injuries (LTI) in September; c) noted the update and actions taken and planned to improve our peoples safety; and d) noted that the Board will receive updates on the progress of the management actions via the monthly Health, Safety, Security and Wellbeing report.		
Section 2 Strategic Priorities			
2.1	HSSW Strategy The Board: a) noted the attached HSSW Policy has been approved by EQC's Executive Leadership Team (ELT); and b) approved the revised HSSW Policy subject to the amendments discussed.	<ul style="list-style-type: none"> • Management to update the policy based on the amendments discussed and re-present to the Chair for approval out-of-cycle. 	<ul style="list-style-type: none"> • Nov-19
<i>Sharlene Taylor left the meeting at 9.40am</i>			
2.2	Chief Executive's Report The Board: a) noted the following key issues/points: <ul style="list-style-type: none"> i. Engagement with Private Insurers ii. Update on Property Insurance Market work iii. Feedback provided to MCDEM on consultation document iv. Legal sign-off process for Board papers v. Visit of Philippines Delegation to New Zealand vi. New Zealand presentation at APEC Finance meetings in Chile vii. Minister Responsible for EQC's visit to the Christchurch office 		
2.3	Transformation Update The Board: a) noted the transformation update;		

<p>b) noted the Board Workshop on 30 October 2019 included a roadmap of critical activities within EQC’s Transformation programme;</p> <p>c) noted the Board agenda this month includes two papers for workstream 2 (Enabling Systems):</p> <ul style="list-style-type: none"> i. Information and Analytics Strategic Case and Phase 1 Business Case ii. Modern Workspace funding approval <p>d) noted the Board agenda this month includes papers on workstream 3 (Insurer Finalisation) and workstream 4 (Claims Optimisation).</p>		
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Benesia Smith, 9(2)(a) and 9(2)(a) entered the meeting at 9.55am

<p>2.4 Public Inquiry Into EQC Update</p> <p>The Board:</p> <p>a) noted the update on the Public Inquiry;</p> <p>b) noted that since the Board endorsed our approach to proactively release documents provided to the Public Inquiry (30 April 2019), the Public Inquiry has indicated that papers developed for the Public Inquiry and provided under the Inquiries Act 2013 may be the subject of an interim suppression order under section 15 of that Act; and</p> <p>c) noted that in light of recommendation b, we will only be publicly releasing documents provided to the Public Inquiry after the Public Inquiry’s report has been released in 2020.</p>	<ul style="list-style-type: none"> • Management to provide Commissioners with an outline of key timings and out-of-cycle meetings following the expected draft Inquiry report in December. 	<ul style="list-style-type: none"> • Nov-19
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*Benesia Smith left the meeting at 10.10am
9(2)(a) entered the meeting at 10.10am*

<p>2.5 Insurer Finalisation Update</p> <p>The Board:</p> <p>a) noted the timeline of when various decisions and approvals for Insurer Finalisation are estimated to occur;</p> <p>b) approved delegated authority to the Chief Executive to engage in negotiations with Tower on settlement of their land litigation claim up to a maximum value of 9(2)(s)(i) to the discussed amendments being made to the paper; and</p> <p>c) noted further detail on the Tower Technical Mediation process scheduled for 4th to 6th November.</p>	<ul style="list-style-type: none"> • Management to update the Insurer Finalisation Update paper based on the amendments discussed. • Management to review protocols for Legally Privileged advice presented in Board papers. 	<ul style="list-style-type: none"> • Nov-19 • Nov-19
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The meeting adjourned for morning tea at 10.35am

Commissioners, Sid Miller, Chris Chainey, Renee Walker, 9(2)(a) and 9(2)(a) entered the meeting at 10.45am

2.6 Canterbury Claims Update

The Board:

- a) **noted** the update on Readiness & Recovery priorities to reflect Board expectations and feedback;
- b) **noted** initiatives to increase claims settlement rates;
- c) **noted** that Management continues to progress workstreams to support Southern Response Transition and operationalising the On-sold Over-cap Policy; and
- d) **agreed** to regular progress updates.

- Management to share the review of how MBIE Guidelines were used to inform decisions and actions on foundation damage once it is completed.

- Dec-19

9(2)(a) left the meeting at 11:05am

Paul Jepson entered the meeting at 11:05am

2.7 Information & Analytics Business Case

The Board:

- a) **noted** that it is critical that the organisation improves its data, information and analytics capability;
- b) **noted** that a programme of work is underway to look at how EQC's information and analytics capabilities can be enhanced;
- c) **noted** that this paper follows on from the 29 July Board paper "Leveraging the value of Data and Information to support EQC's Future Operating Model" and the work and learnings that have been delivered as a result;
- d) **noted** that we are considering how a data hub and exchange platform can be built to both enhance information and analytics, and enable better data sharing with partners;
- e) **noted** the attached Business Case, which set out additional information on the data hub and exchange platform and initial business use cases to be supported;
- f) **approved** Phase 1 (to June 2020) investment of up to \$5m comprised of:
 - a) \$3.2m – delivery partner running two delivery teams continuously from Nov 19 – Jun 20.
 - b) \$1.6m – co-design, change management, delivery support and contingency

- Management to report back on Governance and Assurance arrangements for the Information and Analytics programme.

- Nov-19

	<p>c) \$200k – license and hosting costs (not forecast in 19/20 operational budget)</p> <p>g) noted the estimated range of investment for out years of between \$5.2m and \$10.4m for phase 2 (FY20/21) and \$5.2m for phase 3 (FY21/22) based on the following considerations:</p> <ul style="list-style-type: none"> a) Investment based on capacity, lessons learned in phase 1, and the delivery partner selected. b) Potential to increase capacity from two teams once platform and patterns established. c) Lessons learned in previous phases will inform more accurate estimates for out years. d) Board approval will be sought for investment beyond phase 1 with more accurate estimates informed by the above. <p>h) noted that (f) and (g) are subject to satisfactory governance and assurance arrangements being put in place, to be reported back on at the November Board meeting.</p>		
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2.8 Funding Request for Modern Workspace

The Board:

- a) **noted** that funding is required for the MWS Project due to an omission in the business case previously presented in August 2019.
- b) **approved** the \$636,456 Capex from FY20 Investment Pool for projects, for the purchase of Surface Pro devices, screens and keyboards;
- c) **noted** that the Finance Team have confirmed that there is funding available currently in the Investment Pool FY20 to cover this without seeking additional Capex to be allocated;
- d) **noted** KPMG have conducted an independent review and confirmed that the process error ‘appears to be one-off issue, resulting from a human error rather than a systemic control failure’;
- e) **noted** Spark New Zealand have acknowledged process errors occurred through their failure to issue formal statements of work to EQC correctly.

Paul Jepson left the meeting at 11.30am

Section 3	Performance and Reporting		
3.1	<p>EQC Performance Report – September 2019</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that this paper accompanies the EQC’s Executive Dashboard to 30 September 2019 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and b) noted that the EQC’s Executive Dashboard to 30 September 2019 (excluding the section pertaining to Kaikōura and information relating to near misses in the Privacy Breaches section) will be published on EQC’s external website by 07 November 2019. 		
Section 4	Financial and Risk		
4.1	<p>Financial Reporting – September 2019</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the accompanying September 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 the September financial performance: <ul style="list-style-type: none"> i. Revenue above budget (\$0.3m) due to higher premiums; ii. Core operating costs are slightly below month budget. This is mainly due to lower workforce expenses (lower FTE levels) and consultancy spend, largely offset by higher GeoNet costs and depreciation charges. iii. Event operating costs are above budget (\$0.2m). This is mainly due to higher payments to private insurers (\$0.9m), partly offset by lower consultancy spend in Canterbury (mainly insurer finalisation team); and iv. Cash & Investments held at 30 September were \$100m. 		
4.2	<p>Remuneration Review Outcomes</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the contents of the paper. 		

Section 5 Board Committee Updates			
5.1	People & Culture Committee The Board: a) noted the minutes of the 21 October 2019 People & 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 September 2019 as a true and accurate record.		
6.3	Proactive Release of Redacted Board Minutes The Board: a) approved the public release of the redacted Minutes for its meetings on 26 August 2019.		
6.4	Ratification of Evotes a) agreed to ratify the Evote ' <i>EQC acting as agent for remaining Southern Response over-cap claims</i> '; b) agreed to ratify the Evote ' <i>Consultation on Ministerial Direction – EQC acting as agent for remaining over-cap Southern Response claims</i> '; c) agreed to ratify the Evote ' <i>EQC Final Annual Report 2018-19</i> '; and d) agreed to record the details of the above Evotes in the Minutes of the October 2019 Board meeting.		
Section 7 Correspondence of Interest			
7.1	Enduring letter of Expectations 2019	<ul style="list-style-type: none"> • Management to consider how EQC can best support future-focussed Maori Crown relations and report back to the Board. 	Dec-19

The meeting closed at 12:00pm.

The next meeting is to be held on 25 November 2019 in Wellington.

These minutes were approved by the Board as a true and correct record.

Sir Michael Cullen
Board Chair

Date

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