

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held on Level 11, The Majestic Centre, Wellington
8.30am – 3.30pm, Wednesday 24 June 2020**

Present:

Sir Michael Cullen (Chair)
Alison O'Connell
Erica Seville
Mary-Jane Daly
Alastair Hercus
Emma Dobson
Fiona Wilson
Scott Lewis

Apologies:

Nil

In attendance:

Sid Miller, Chief Executive Officer
Fraser Gardiner, Chief Financial Officer
Chris Chainey, Information and Analytics Lead
Sharlene Taylor, Acting Chief People Officer
Benesia Smith, Head of EQC Inquiry
[REDACTED], Deputy Head of EQC Inquiry [privacy]
[REDACTED], Senior Advisor [privacy]
Josh Lindsay, Head of Strategic Partnering
Hamish Wall, Head of Transition Performance and Support
[REDACTED], Head of Onsolds [privacy]
[REDACTED], Head of Canterbury Claims [privacy]
[REDACTED], Senior Advisor [privacy]
[REDACTED] [privacy]
[REDACTED], [privacy]
[REDACTED], Russell McVeagh [privacy]
[REDACTED], Dentons Kensington Swan [privacy]
[REDACTED], Executive Strategic Advisor (Secretariat) [privacy]

The meeting was declared open at 8.30am

| | AGENDA ITEMS & KEY DISCUSSION POINTS | ACTIONS REQUIRED |
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| Section 1 | Board Governance | |
| <i>Commissioners joined the meeting at 8:30am</i> | | |
| | Board Only | |
| <i>Sid Miller joined the meeting at 8.45am</i> | | |
| | Board and CE Only | |
| <i>[REDACTED] and Sharlene Taylor joined the meeting at 9.00am [privacy]</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 that Alastair Hercus, as a Partner at Buddle Findlay, advised the Treasury on the On Solds Agreement between the Crown and EQC before becoming an EQC Commissioner, but | |

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| | <p>will have no further involvement in any changes to the agreement in his Buddle Findlay capacity;</p> <p>b) noted that, while Buddle Findlay is one of Southern Response’s legal advisors, Alistair Hercus has no involvement with that relationship and will have no involvement in a Buddle Findlay capacity in any future issues or transactions between EQC and Southern Response;</p> <p>c) noted that Mary-Jane Daly is a prospective Director for the KiwiBank Board; and</p> <p>d) noted that [redacted] [redacted] [privacy]</p> | |
| <p>1.3 Board sub-committees</p> | <p>The Board:</p> <p>a) approved the proposed changes to the current Board Sub Committees and the membership of these Sub Committees; and</p> <p>b) approved disbanding the Reinsurance and Resilience Committee, with Risk Financing matters to be included in the Audit and Risk Committee Terms of Reference and Resilience matters to be reported to the EQC Board.</p> | <ul style="list-style-type: none"> • Management to update the Board Governance Manual and ARC ToR. |
| <p>1.4 Health, Safety, Security and Wellbeing Report</p> | <p>The Board:</p> <p>a) noted there were two (2) health and safety incidents reported in May 2020;</p> <p>b) noted there were no Medical Treatment Injuries (MTI) in this reporting period;</p> <p>c) noted the update on the EQC COVID-19 Response at Appendix A to this paper; and</p> <p>d) endorsed the proposed approach to EQC Future Working Arrangements at Appendix B.</p> | |
| <p><i>Sharlene Taylor left the meeting at 9.15am</i></p> | | |
| <p>Section 2</p> | <p>Strategic Priorities</p> | |

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| <p>2.1</p> | <p>Chief Executive’s Report</p> <p>The Board:</p> <p>a) noted the key focus areas outlined in the CE Report; and</p> <p>b) noted the other issues and points to note, including:</p> <ul style="list-style-type: none"> • The risk of ‘fast-track Resource Management Act provisions’ • Alert Level: 1 • Privacy Update • M5.8 Levin Earthquake – Strata Modelling • Re-insurance Renewal FY20-21 • Government light vehicle fleet, emissions-free by 2025/ 26 • Public Sector Reputation Index 2020 – Colmar Brunton rating • The role of Public Servants in Elections – new guidance issued from SSC • Briefings to the Minister - April/ May • Environment Scan | <ul style="list-style-type: none"> • Management to copy the Board into communications regarding natural disasters. |
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Chris Chainey entered the meeting at 9.30am

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| <p>2.2</p> | <p>Transformation Update</p> <p>The Board:</p> <p>a) noted the progress that has been made over the previous month across the Transformation Portfolio.</p> <p>b) noted the key activity over the month ahead.</p> <p>c) noted the movement to the go-live date for the [redacted] [negotiations, commercially sensitive]</p> <p>d) noted the latest version of the implementation plan that reflects the revised go live date of the [redacted] and movement of interdependent milestones. [negotiations, commercially sensitive]</p> <p>e) noted the intention to align scope and timings of Phase 1 of the Information and Analytics workstream with the [redacted] [negotiations, commercially sensitive]</p> | <ul style="list-style-type: none"> • Management to include the Assurance and Audit function for the [redacted] as a critical milestone in reporting. [negotiations, commercially sensitive] |
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| <p>f) approved total expenditure of \$8.6m for Phase 1 of the Information and Analytics workstream to align to the [REDACTED] [negotiations, commercially sensitive]</p> <p>g) noted the increased expenditure will be offset by an equivalent decrease in Phase 2 costs.</p> <p>h) approved delegated authority to the Chief Executive to sign the PwC Consultancy Services Order to deliver the 'Insurer Ready' outcome.</p> | |
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Chris Chainey left the meeting at 10:15am




[REDACTED], [REDACTED] and [REDACTED] entered the meeting at 10:15am [privacy]

2.3 Onsold Claims Update

The Board:

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| <p>a) noted management has commissioned comprehensive external reviews and established a Programme Board to deliver improvements to the on-sold programme, in response to Board feedback in April 2020;</p> <p>b) noted Cabinet has agreed to extend the availability of the on-sold policy to 14 October 2020 due to the impact of the Covid-19 crisis;</p> <p>c) noted the Homeowners Action Group (HOAG) in Canterbury (via Treasury), the Client Reference Group (CRG), and the Greater Christchurch Claims Resolution Service (GCCRS) have provided suggestions for introducing more flexibility in the administration of the on-sold programme;</p> <p>d) noted the Minister has dismissed proposals for the on-sold programme to offer cash settlements and for the scope to include properties that were over-cap at the time of sale;</p> <p>e) noted EQC management has conducted a review of the operational policy settings for the on-sold programme in response to the points raised by HOAG, CRG and GCCRS and in the external reviews;</p> <p>f) approved the introduction of better guidance and more deadlines to increase certainty for customers and improve the efficiency of the on-solds applications process;</p> | |
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| | <p>g) approved EQC management progressing discussions with Treasury an alternative arrangements to increase certainty for customers and improve the efficiency of the on-solds applications process;</p> <p>h)  [Under active consideration]</p> <p>i)  [Under active consideration]</p> | |
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Sid Miller left the meeting at 10.30 am to attend the Cabinet Economic Development Committee meeting
, ,  left the meeting at 11:05am [privacy]
Josh Lindsay joined the meeting at 11.05am

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| <p>2.4 Event Response Plan</p> <p>The Board:</p> <p>a) noted that EQC has recently updated the Event Response Plan (ERP), which is used to plan the response to a natural disaster event;</p> <p>b) noted the high-level response process that is triggered within the ERP when a natural disaster occurs;</p> <p>c) noted the factors EQC considers when recommending whether an event should be managed through Business as Usual (BAU) processes or whether an event response is to be mobilised;</p> | | <ul style="list-style-type: none"> • Management to consider how to provide appropriate visibility of customer complaints as a leading indicator of recovery performance. |
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| | <ul style="list-style-type: none"> d) noted that EQC has an event response strategy framework that guides the development of specific event strategies as required; e) noted that any specific event response strategy will be documented on the “event strategy on a page” and will be provided to the Board for approval; f) noted that the Board of the Commission have specific responsibilities within the ERP; g) noted that the activation processes within the ERP are unchanged [redacted] to deliver claim management. [negotiations, commercially sensitive] | |
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Josh Lindsay left the meeting at 11.35am

Benesia Smith entered the meeting at 11.35 am, [redacted] and [redacted] joined the meeting via Microsoft Teams at 11.35am and Sid Miller entered the meeting at 12.00pm [privacy]

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| <p>2.5 Public Inquiry Update</p> | <p>The Board:</p> <ul style="list-style-type: none"> a) noted the general update on EQC’s response to the Public Inquiry recommendations; b) noted EQC’s proposed communications plan for the government’s response to the Public Inquiry; c) noted that one of the recommendations from the Public Inquiry’s final report is to ensure a suitable advisory group or body is in place to provide representative community input into its work and associated responsibilities; d) noted that EQC management have identified three options for EQC to obtain communities’ input into its work: maintain the status quo, extend the terms of reference of the Canterbury Claimants Reference Group, or to establish a national advisory/reference group; and e) noted that Management will undertake further work on the concept of an advisory/reference group and report back on the parameters of possible terms of reference. | |
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Benesia Smith, [redacted] and [redacted] left the meeting at 12:10pm [privacy]

Hamish Wall and [redacted] entered the meeting at 12:10pm [privacy]

| Section 3 Performance and Reporting | |
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| <p>3.1 EQC Performance Report – April 2020</p> <p>The Board:</p> <p>a) noted the paper, the EQC Executive Dashboard to 31 May 2020, and the qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and</p> <p>b) noted that the EQC’s Executive Dashboard to 31 May 2020 (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 15 July 2020.</p> | <ul style="list-style-type: none"> • Management to include further information on oldest claims, including how many are waiting for customer action and how many are waiting for EQC action. • Management to include a strategic review of reopened claims as part of the Recovery work programme and what, if any, policy options could be considered to address individual categories. |

The meeting adjourned for lunch at 12:30pm

Commissioners, Sid Miller, [redacted], Fraser Gardiner, Chris Chainey, Josh Lindsay, [redacted], [redacted], [redacted], and [redacted] rejoined the meeting at 1:05pm [privacy]

| Section 5 Strategic Priorities (continued) | |
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| <p>5.1 Insurer Update – Finalisation and Reinsurance</p> <p>The Board:</p> <p>a) approved [redacted] [redacted] [negotiations, commercially sensitive]</p> <p>b) noted [redacted] [redacted] [negotiations, commercially sensitive]</p> <p>c) noted [redacted] [redacted] [negotiations, commercially sensitive]</p> | |

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| <p>5.4</p> | <p>Strategy</p> <p>The Board:</p> <p>a) noted private insurers wish to negotiate on [redacted] [negotiations, commercially sensitive]</p> <p>b) noted that the request for [redacted] [negotiations, commercially sensitive]</p> <p>c) noted the risks, benefits and strategic goals [redacted] [negotiations, commercially sensitive]</p> <p>d) noted the [redacted] [negotiations, commercially sensitive]</p> <p>e) noted the role EQC is already playing in resolving many of the ongoing issues from the Canterbury sequence;</p> <p>f) noted the risks and benefits for EQC that arise from these opportunities, including [redacted] [negotiations, commercially sensitive]</p> <p>g) noted [redacted] [negotiations, commercially sensitive]</p> <p>h) approved EQC management doing further work [redacted] [negotiations, commercially sensitive]</p> | <ul style="list-style-type: none"> • [redacted] [negotiations, commercially sensitive] • [redacted] [negotiations, commercially sensitive] |
| <p>5.2</p> | <p>Insurer Engagement Update</p> <p>The Board:</p> <p>a) noted progress in EQC's negotiations on insurer finalisation with [redacted] [negotiations, commercially sensitive]</p> | <ul style="list-style-type: none"> • Management to convene an out of cycle Board meeting [redacted] |

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| | <p>b) noted progress in EQC’s negotiations on the [redacted] [negotiations, commercially sensitive]</p> <p>c) noted Commissioners will be asked to approve [redacted] [negotiations, commercially sensitive]</p> <p>d) noted Commissioners will be asked to approve [redacted] [negotiations, commercially sensitive]</p> <p>e) noted EQC’s proposed approach to monthly and quarterly governance reporting;</p> <p>f) approved delegated authority to the Chief Executive to [redacted] [negotiations, commercially sensitive]</p> | <p>[redacted] [negotiations, commercially sensitive]</p> <ul style="list-style-type: none"> • Management to include proposed Board performance reporting and the governance structure [redacted] the July meeting. [negotiations, commercially sensitive] |
| <p>5.3</p> | <p>Feasibility of EQC as an Implementation Agent</p> <p>The Board:</p> <p>a) noted [redacted] [Active consideration]</p> <p>b) noted the relative risks and benefits of EQC [redacted] [Free and frank]</p> <p>c) noted that management advice to the Board is that [redacted] [Free and frank]</p> <p>d) approved the proposed approach to EQC’s role [redacted] [Free and frank]</p> | <ul style="list-style-type: none"> • Management to report back to the Board on progress [redacted] [commercially sensitive] |

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| | <p>e) noted [redacted] [Active consideration]</p> <p>f) noted [redacted] [free and frank]</p> <p>g) agreed to the Chair and Chief Executive taking the necessary steps (including further engagement with Ministers, the Treasury [redacted] to discuss these proposals. [Free and frank]</p> <p>h)</p> | |
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Josh Lindsay, Chris Chainey, [redacted], [redacted], [redacted] and [redacted] left the meeting at 2:40pm. [privacy]

Section 4 Financial and Risk

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| 4.1 | <p>Financial Reporting – May 2020</p> <p>The Board:</p> <p>a) noted the accompanying May 2020 Financial pack;</p> <p>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;</p> <p>c) noted the following comments on the May financial performance:</p> <ul style="list-style-type: none"> i. Revenue was above budget (\$25.2m). This was mainly due to the latest approved Section 16 draw-down (\$25.0m), together with higher Premiums revenue (\$0.2m). ii. Core operating costs were below budget for the month (\$0.3m). The main contributors to this favourable variance was consultancy spend (\$0.6m) due to lower project spend and lower travel costs due (\$0.1m) to COVID-19 restrictions. This variance is partly offset by higher than planned GeoNet spend (\$0.3m) and higher IT costs (\$0.1m). iii. Event operating costs were below budget for the month (\$0.6m). This is mainly due to lower payments to private insurers (\$0.2m) in Kaikoura and lower than | |
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| | <p>planned Canterbury costs (\$0.4m). The Canterbury variance is largely due to lower workforce expenses (\$0.1m) resulting from lower FTE levels, lower consultancy spend (\$0.2m) and savings in travel, vehicle and office costs (\$0.1m).</p> <p>iv. Cash & Investments held at 31 May were \$190m;</p> <p>d) approved a drawdown of up to \$250m (plus GST) under section 16 of the EQC Act for the 1st August 2020, with the final amount to be approved by the Board Chair and Audit and Risk Committee Chair;</p> <p>e) noted that EQC is required to prepare an updated 5-year forecast to be submitted to Treasury as part of their Pre-election Economic & Fiscal Update (PREFU).</p> <p>f) noted that Management will seek Board approval of the PREFU submission by evote in July prior to submission to The Treasury.</p> | |
| <p>4.2</p> | <p>Delegations Framework Update</p> <p>The Board:</p> <p>a) noted the updates to DFA outlined in this paper arising from the disestablishment of current roles and the creation of new roles. This is in relation to the 02 June 2020 final realignment announcement and in line with Principle 15 of the Framework;</p> <p>b) approved the removal of the DFA level at [REDACTED] for claims [REDACTED] for fees from the claims section of the Framework; [prevent improper pressure and improper gain]</p> <p>c) approved the removal of all instances where the Framework states Head of Canterbury Claims at the level of Tier 3 Manager;</p> <p>d) approved the addition of the Technical Specialist role to the Claims delegation [REDACTED] for fees; [prevent improper pressure and improper gain]</p> <p>e) approved the addition of Manager Claims (SRES) into the Claims delegation of [REDACTED] for claims proceeds and [REDACTED] for fees; and [prevent improper pressure and improper gain]</p> | |

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| | f) approved the addition of Operations Delivery Manager into the Claims delegation of [REDACTED] for claims proceeds and [REDACTED] for fees. [prevent improper pressure and improper gain] | |
| 4.3 | Non-CHRP receivable write-off proposal The Board: a) approved the write-off of the outstanding Non-CHRP receivable balance of \$241,856. | |
| 4.4 | Legal Update The Board: a) approved [REDACTED] [Legally privileged] b) noted [REDACTED] [Commercially sensitive] | |

Fraser Gardiner left the meeting at 2.50pm.

Section 6 Board Committee Updates

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| 6.1 | Audit and Risk Committee – 27 May 2020 The Board: a) noted the draft minutes of the ARC meeting held 27 May 2020. | |
| 6.2 | People and Culture Committee – Updated Terms of Reference The Board: a) approved the updated Terms Of Reference subject to a minor amendment. | |
| 6.3 | Reinsurance and Resilience Committee – Verbal Update The Board: a) noted the verbal update that included: <ul style="list-style-type: none"> with the RRC disbanding, Risk Financing matters will be included within the Terms of Reference of the ARC, and Resilience matters will be considered by the full Board; | <ul style="list-style-type: none"> Management to arrange Board evote for NSHM Board paper. |

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| | <ul style="list-style-type: none"> the Board will consider the Loss Modelling update originally tabled with RRC at the July Board meeting; the Board will consider the NSHM paper originally tabled with RRC by evote given the time sensitivity. | |
| Section 7 General Business | | |
| 7.1 | <p>Matters Arising and Action Points</p> <p>The Board;</p> <p>a) noted the updates to the Action Points;</p> <p>b) noted that action item B700 will be closed once classification of complaints has been completed;</p> <p>c) noted that action item B714 should remain open; and</p> <p>d) noted that action item B710 should be carried forward to the next Board meeting, and that reporting should include a definition of quality assurance.</p> | |
| 7.2 | <p>Confirmation of Board Minutes – 27 May 2020</p> <p>The Board;</p> <p>a) confirmed the draft minutes of the Board meeting held on 27 May as a true and accurate record.</p> | |
| 7.3 | <p>Proactive Release of Redacted Board Minutes – April 2020</p> <p>The Board:</p> <p>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;</p> <p>b) approved the public release of the redacted Minutes for its meeting on 29 April 2020 subject to a minor amendment;</p> <p>c) noted that since June 2018 when the Board Minutes began being published on the EQC website there have been 1047-page views, with 592 from external sources;</p> <p>d) noted that since May 2018 when Minutes were first proactively released, EQC has received one specific request for Board</p> | <ul style="list-style-type: none"> Management to remove the redaction of item 2.4. |

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| | <p>Minutes under the Official Information Act 1982 (the OIA); and</p> <p>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.</p> | |
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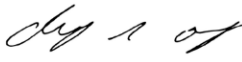
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| 7.4 Ratification of Evotes | <p>The Board:</p> <p>a) agreed to ratify the Evote <i>Notice of Surrender</i></p> <p>[Commercially sensitive]</p> | |
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Section 8 Correspondence of Interest

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| 8.1 Updated letter of expectations | <p>The Board:</p> <p>a) noted the above correspondence of interest.</p> | |
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| 8.2 Consent to delegate | <p>The Board:</p> <p>a) noted the above correspondence of interest.</p> | |
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The meeting closed at 3:15pm

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| <p>The next meeting is to be held on 29 July 2020.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p></p> <p>_____ Mary Jane Daly Board Chair</p> | <p>4 August 2020</p> <p>_____ Date</p> | |
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