

**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION  
Held in the Wairarapa Room, Majestic Centre, Wellington  
9.30am – 4.00pm, Friday 28 February 2020**

**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  
Chris Chainey, Chief Financial Officer  
Sharlene Taylor, Acting Chief People Officer  
Benesia Smith, Head of EQC Inquiry Team  
9(2)(a) Deputy Head of EQC Inquiry  
9(2)(a) Head of Claims  
9(2)(a) [REDACTED]  
and 9(2)(a) (Treasury)  
9(2)(a) Executive Strategic Advisor (Secretariat)

**Apologies:**

Nil

*The meeting was declared open at 9.30am*

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
<b>Section 1</b>	<b>Board Governance</b>		
<i>Commissioners entered the meeting at 9:30am</i>			
	<b>Board Only</b>		
<i>Sid Miller and Sharlene Taylor entered the meeting at 9:50am</i>			
	<b>Board and CE Only</b>		
<b>9(2)(a)</b> entered the meeting at 10.15am			
<b>1.1</b>	<b>Present and Apologies</b> The Board: a) <b>noted</b> there were no apologies received.		
<b>1.2</b>	<b>Interests Register/Declaration of Conflicts of Interest</b> The Board: a) <b>noted</b> there were no conflicts of interest declared. b) <b>noted</b> two updates to the Interests Register.	<ul style="list-style-type: none"> <li>• Management to update the Interests Register with the amendments noted.</li> </ul>	<ul style="list-style-type: none"> <li>• March 2020</li> </ul>

<b>1.3</b>	<b>Health, Safety, Security and Wellbeing Report</b> The Board: <ul style="list-style-type: none"> <li>a) <b>noted</b> there were four (4) incidents reported in January 2020;</li> <li>b) <b>noted</b> there were no Medical Treatment Injuries (MTI) or Lost Time Injuries (LTI) in October;</li> <li>c) <b>noted</b> the update and actions taken and planned to improve our people’s safety, security and wellbeing; and</li> <li>d) <b>noted</b> that the Board will receive updates on the progress of the management actions via the monthly Health, Safety, Security and Wellbeing report.</li> <li>e) <b>discussed</b> the current state of organisational pandemic planning in light of recent public health developments.</li> </ul>	<ul style="list-style-type: none"> <li>• Management to consider a scenario where a pandemic response happens at the same time as a natural disaster response.</li> </ul>	<ul style="list-style-type: none"> <li>• Mar 20</li> </ul>
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*Sharlene Taylor left the meeting at 10.30am*

Section 2	Strategic Priorities		
<b>2.1</b>	<b>Chief Executive’s Report</b> The Board: <ul style="list-style-type: none"> <li>a) <b>noted</b> the following key issues/points in the CE report:             <ul style="list-style-type: none"> <li>a. Treasury presentation</li> <li>b. Public and private sector collaboration on data sharing</li> <li>c. Microsoft Teams</li> <li>d. Statement of Performance Expectations and BEFU</li> <li>e. Select Committee</li> <li>f. Environmental scan</li> </ul> </li> <li>b) noted verbal updates on:             <ul style="list-style-type: none"> <li>a. Recent engagements with Reinsurers</li> <li>b. Recent engagements with Private Insurers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Chair and CE to seek regular quarterly engagements with Private Insurers.</li> </ul>	<ul style="list-style-type: none"> <li>• May 20</li> </ul>

**9(2)(a)** and **9(2)(a)** entered the meeting at 11.00am.

<p><b>2.2 Visit from The Treasury</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> the Minister’s letter of Expectations.</li> <li>b) <b>discussed</b> expectations of preparedness for an event in excess of 100,000 claims per annum</li> <li>c) <b>noted</b> large scale natural disasters require a whole of government response and EQC cannot plan alone.</li> <li>d) <b>noted</b> The Treasury’s proposed policy work programme and timeframes.</li> <li>e) <b>discussed</b> the importance of a joined up and sequenced approach to policy interventions.</li> <li>f) <b>discussed</b> the need for clarity on the operational response to the Public Inquiry while policy work progresses.</li> </ul>	<ul style="list-style-type: none"> <li>• Management to report back to the Board on response options to different scenarios based on the size, nature, and probability of event.</li> </ul>	<ul style="list-style-type: none"> <li>• Mar 20</li> </ul>
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*The meeting adjourned for lunch at 12.05pm and reconvened at 12.35pm.  
Commissioners, Sid Miller, 9(2)(a) and Chris Chainey entered the meeting at 12.35pm.*

<p><b>2.3 Transformation Update</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> the progress that has been made on EQC’s transformation to date in the workstream updates (appendix 1);</li> <li>b) <b>endorsed</b> the proposed procurement approach for Phase 2 of the Information and Analytics workstream, including market engagement commencing in March 2020;</li> <li>c) <b>noted</b> that no decision will be made regarding Phase 2 of the Information and Analytics workstream without first presenting an updated business case to the Board for approval;</li> <li>d) <b>discussed</b> the importance of engagement with insurers and co-designing the data exchange capability to the I&amp;A programme;</li> <li>e) <b>noted</b> the progress made outsourcing Information Technology Operations to Datacom, and the indicative cost profile; and</li> <li>f) <b>noted</b> the Board will receive a voting paper once Datacom commercial terms have been finalised seeking delegation of contract execution to the Chief Executive.</li> </ul>	<ul style="list-style-type: none"> <li>• Management to consider strategic engagement plan for data exchange capability alongside broader Insurer Engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• Apr 20</li> </ul>
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*Chris Chainey left the meeting at 12:57pm  
Renee Walker entered the meeting at 12:57pm*

<p><b>2.4 Customer, Culture and Conduct</b></p> <p>The Board:</p> <p>a) <b>noted</b> the uplift in reputation as evidenced in the Earthquake Commission Reputation Research 2019 Report appended to this paper;</p> <p>b) <b>noted</b> the proposed Customer Approach and Principles; and</p> <p>c) <b>discussed</b> the importance of using existing data to drive insights on quality, customer experience and outcomes for Canterbury claims.</p>	<ul style="list-style-type: none"> <li>• Management to provide a monthly report to the Board that includes more detail on customer complaints, disputes and actions taken.</li> <li>• Management to report back to the Board on actions to address recommendations from the Reputation Research report.</li> <li>• Management to report back to Board on the definition of a good customer outcome and how it should be measured.</li> </ul>	<ul style="list-style-type: none"> <li>• Mar 20</li> <li>• Mar 20</li> <li>• Mar 20</li> </ul>
<p><b>2.5 Readiness &amp; Recovery Update</b></p> <p>The Board:</p> <p>a) <b>noted</b> that the QA program was established in September 2019 and has developed a framework for Quality Assurance (the QA framework) following good practice principles;</p> <p>b) <b>noted</b> the results of the QA pilot and the need for significant improvement;</p> <p>c) <b>approved</b> the recommended next steps to extend the QA Framework;</p> <p>d) <b>noted</b> that EQC is consolidating its current accommodation from three Christchurch sites into two;</p> <p>e) <b>noted</b> a deed of variation has been drafted accordingly for consolidating two sites; and</p> <p>f) <b>noted</b> that management will seek further legal advice on the delegation of execution of the deed of variation to the Chief Executive Officer or Chief Financial Officer.</p>	<ul style="list-style-type: none"> <li>• Management to report back to the Board monthly on Quality Assurance results.</li> <li>• Management to seek further legal advice on execution of the deed of variation for the property consolidation.</li> </ul>	<ul style="list-style-type: none"> <li>• Mar 20</li> <li>• Mar 20</li> </ul>
<p><i>Renee Walker left the meeting at 1:30pm</i></p> <p><i>Benesia Smith and 9(2)(a) entered the meeting at 1:30pm</i></p>		

<p><b>2.6 Public Inquiry Update</b></p> <p>The Board:</p> <p>a) <b>noted</b> that the Public Inquiry will present its report to the Governor-General by 30 March, who will then provide it to the responsible Minister;</p> <p>b) <b>noted</b> that the Minister is likely to provide a copy to EQC in confidence when he receives it;</p> <p>c) <b>noted</b> the possible areas for recommendations, based on the draft report we were provided;</p> <p>d) <b>noted</b> that the Inquiry team will continue to work on developing a draft implementation programme and communications plans for what we anticipate the final Public Inquiry report will recommend, based on the draft we have been provided with; and</p> <p>e) <b>noted</b> that we intend to have all the documents prepared to be proactively released when the Public Inquiry report is released.</p>	<ul style="list-style-type: none"> <li>• Management to convene an out of cycle Inquiry Committee meeting for the second week of April.</li> </ul>	<ul style="list-style-type: none"> <li>• Apr 20</li> </ul>
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*Benesia Smith and 9(2)(a) left the meeting at 1:50pm  
Renee Walker and Chris Chainey entered the meeting at 1:50pm*

<b>Section 3</b>	<b>Performance and Reporting</b>		
<p><b>3.1 EQC Performance Report – January 2020</b></p> <p>The Board:</p> <p>a) <b>noted</b> that this paper accompanies the EQC’s Executive Dashboard to 31 January 2020 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and</p> <p>b) <b>noted</b> that the EQC’s Executive Dashboard to 31 January 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 13 March 2020.</p> <p>c) <b>discussed</b> the greater complexity of the remaining 1600 Canterbury claims on hand and options for resolution.</p>	<ul style="list-style-type: none"> <li>• Management to report back to the Board on the profile of the remaining Canterbury claims, including options for resolution.</li> </ul>	<ul style="list-style-type: none"> <li>• Mar 20</li> </ul>	

<b>3.2</b>	<p><b>Claims Insights Report</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> the profile of claims reopened for a second or subsequent time suggests recent claims settlements have generally been enduring;</li> <li>b) <b>noted</b> we have increased our focus on enduring settlement to further reduce the inflow of reopened claims;</li> <li>c) <b>noted</b> we are targeting settlement of at least 41 SRES claims in February;</li> <li>d) <b>noted</b> changes to the on-sold legal instruments;</li> <li>e) <b>noted</b> that at the end of January 2020 we had 455 open applications for on-sold over-cap properties on-hand;</li> </ul>		
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**9(2)(a)** entered the meeting at 2:35pm

<b>Section 4</b>	<b>Financial and Risk</b>		
<b>4.1</b>	<p><b>Insurer Finalisation Update</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> the paper;</li> <li>b) <b>approved</b> the engagement of an independent, senior lead negotiator who will report back to the Board on recommended next steps.</li> </ul>		

**9(2)(a)** and Renee Walker left the meeting at 2:50pm

<b>4.2</b>	<p><b>Financial Reporting – January 2020</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> the accompanying January 2020 Financial pack;</li> <li>b) <b>noted</b> 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;</li> <li>c) <b>noted</b> that the following comments on the January financial performance: <ul style="list-style-type: none"> <li>i. Revenue above budget (\$0.7m) due to higher premiums (\$0.6m) and interest received on Section 16 funds (\$0.1m);</li> </ul> </li> </ul>		
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	<ul style="list-style-type: none"> <li>ii. Core operating costs are below month budget (\$8.9m). This is mainly due to lower depreciation charges (\$9.3m) as the proposed asset transfer to GeoNet has not yet occurred. Other costs below budget were workforce expenses (\$0.4m) and IT costs (\$0.1m); and these were partly offset by higher than planned consultancy spend (\$0.7m) on the Data Analytics project and higher Grants &amp; Sponsorship costs (\$0.2m);</li> <li>iii. Event operating costs are below budget (\$2.0m). This is mainly due to lower payments to private insurers in Kaikoura (\$0.2m) and lower operating costs in Canterbury (\$1.8m) resulting from lower resourcing levels and consultancy spend; and</li> <li>iv. Cash &amp; Investments held at 31 January were \$183m.</li> </ul> <p>d) <b>noted</b> that Management are currently working on the collation of EQC’s Budget &amp; Economic Fiscal Update (BEFU) submission and this will be presented at the March Board meeting for approval.</p>		
<p><b>4.3</b></p>	<p><b>Delegations Update</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> the updates to DFA outlined in this paper arising from the disestablishment of current roles. This is in relation to the 12 December 2019 final restructure announcement and in line with Principle 15 of the Framework effective 1<sup>st</sup> March 2020;</li> <li>b) <b>approved</b> the removal of the DCE Systems Transformation role from the Delegations Framework effective from 1<sup>st</sup> March 2020;</li> <li>c) <b>approved</b> the removal of the Head of Systems Operations &amp; Services from the Vehicle Rentals &amp; Leases delegation;</li> <li>d) <b>approved</b> the removal of the Claims Resolution Panel delegation from the Framework; and</li> <li>e) <b>approved</b> an update of the Ex Gratia delegation section in the Framework to remove any reference to the Claims Resolution Panel and allow the CE to approve Ex Gratia payments between \$30,000 and \$100,000.</li> </ul>		

*Chris Chainey left the meeting at 3.00pm*

## Section 5 Board Committee Updates

### 5.1 People and Culture Committee

The Board:

- a) **noted** the draft PCBC minutes from the meeting held on 12 February 2020.

*Sharlene Taylor left the meeting at 3.45pm*

### 5.2 Audit and Risk Committee

The Board:

- b) **noted** the draft ARC minutes from the meeting held on 19 February 2020.

## 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 27 January as a true and accurate record with a minor amendment to item 5.2.

- Management to update the meeting minutes.

- Mar 20

### 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** the public release of the redacted Minutes for its meetings on 25 November 2019;
- c) **noted** that since July 2018 when the Board Minutes began being published on the EQC website there have been 915-page views, with 470 from external sources;
- d) **noted** that since July 2018 when the Board Minutes began being published on the EQC website there have been 800-page views, with 389 from external sources;



	<p>e) <b>noted</b> that since May 2018 when Minutes were first proactively released, EQC has received one specific request for Board Minutes under the Official Information Act 1982 (OIA); and</p> <p>f) <b>noted</b> 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>		
<p><b>6.3</b></p>	<p><b>Proactive Release of Redacted Board Minutes</b></p> <p>The Board:</p> <p>a) <b>agreed</b> to ratify the Evote 'Insurer Finalisation'.</p>		

*The meeting closed at 3.15pm.*

	<p>The next meeting is to be held on 25 March 2020 in Christchurch.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <div style="display: flex; justify-content: space-between; align-items: flex-end; margin-top: 20px;"> <div style="text-align: center;">   <hr style="width: 150px; margin: 0 auto;"/> <p>Sir Michael Cullen Board Chair</p> </div> <div style="text-align: center;"> <p>25 Mar 2020</p> <hr style="width: 150px; margin: 0 auto;"/> <p>Date</p> </div> </div>		
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