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**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Pukeko Room
53 Princess Street, Christchurch
Monday 17 February 2014 at 9.00am**

Present:

Sir M L Wevers (Chair)
K B Taylor (Deputy Chair)
R J Black
G M Smith
A C O'Connell
R Bell

Apologies:**In attendance:**

Ian Simpson (Chief Executive)
Hugh Cowan (General Manager, Reinsurance Research & Education) – part meeting
Bryan Dunne (General Manager Strategy Policy and Legal) – part meeting
Bruce Emson (General Manager Customer Services) - part meeting
Debble Barber (General Manager, Stakeholder Engagement and Reputation) – part meeting
Emma Hicks (Chief Financial Officer) – part meeting
[REDACTED] (Senior Policy Analyst) – part meeting
[REDACTED] (Stakeholder Communications Manager) – part meeting
[REDACTED] (Aon Benfield) – part meeting
[REDACTED] (Melville Jessup Weaver) – part meeting
[REDACTED] (Board Executive - Minutes) – part meeting

9(2)(a)

The meeting was declared open at 9.00 am. The Board requested a private session. The Minute secretary left the meeting.

The Minute secretary and Chief Executive (CE) entered the meeting at 9.10 am

	AGENDA ITEM	
1.	Audit and Risk Committee pre-Board session The Board agreed that the pre-Board ARC session was not required.	
2.	Present and Apologies There were no apologies to record. The Board confirmed that there were no interests not otherwise declared on any agenda items.	
9(2)(a)	Hugh Cowan, [REDACTED] joined the meeting at 9.10am	
3.	Aon Benfield Reinsurance Market Update 9(2)(a) [REDACTED] distributed and summarised for the Board, the "Market Outlook" presentation which included an outline of key renewal considerations [REDACTED]	The Board: a) Noted that the final cost in achieving the 2013 placement was [REDACTED] and the proposed 2014 budget [REDACTED] 9(2)(j) [REDACTED]

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	<p>The Chair:</p> <ul style="list-style-type: none"> Noted that the directive from Management to Aon Benfield was to ensure that EQC gets the best cover available on the best terms available. <p>The Board:</p> <ul style="list-style-type: none"> 9(2)(j) 	<p>9(2)(i)</p> <p>b)</p> <p>c) Noted that the total budget is defined as the reinsurance premium</p> <p>9(2)(j)</p> <p>d)</p> <p>e)</p> <p>f)</p>
	<p>Hugh Cowan, [redacted] departed the meeting at 9.32 am</p> <p>Steve Cantwell, the Treasury Review Project Manager, was unable to join the meeting by Video Conference – the Board and Management discussed the Cabinet consultation proposal document.</p>	
<p>4.</p>	<p>Treasury – Discussion – Review of EQC Act</p> <p>The Chair:</p> <ul style="list-style-type: none"> Advised the Board that the Minister is expecting Board feedback post this meeting. Sought from Commissioners <ul style="list-style-type: none"> an indication of their level of comfort with the general direction of the Review of the EQC Act. further points they recommend are addressed and/or included in the Review of the EQC Act. Noted that the 'first loss' model that EQC is currently operating under is not addressed in the Review. Noted the purpose statement should include clarity on the role EQC will play in natural disaster and hazard identification management to strengthen collaboration across sectors and industries through research and education. <p>Commissioner Taylor:</p> <ul style="list-style-type: none"> Provided a brief summary of the current status of the Review of the Act with Treasury, indicating his comfort with the 'broad thrust' of the document specifically: <ul style="list-style-type: none"> the removal of contents from EQC cover increasing the building cap to \$200,000. <p>9(2)(f)(iv)</p>	<p>The Board:</p> <p>a) Noted the contents of the Board paper and a recent draft Cabinet Economic Growth and Infrastructure Committee (EGI) paper prepared by Treasury.</p> <p>b) Noted that EQC staff are supporting Treasury in taking a robust approach to responding to questions raised by responsible Ministers and in developing a presentation on the Review proposals that may be made to the Cabinet Strategy Committee.</p> <p>ACTION:</p> <ul style="list-style-type: none"> The GM SPOL to construct summary of key points and feedback that the Board has raised today, to be provided to the Chair for review in preparation for submission to the Minister.

- Noted the issue of making it easier for people to make claims (by dealing with the private insurer) still requires further clarity to ensure service level agreements can be delivered.
- Agreed that people should only put one claim in and that should be with private insurers and not EQC.
- Noted that the key issues for him at this stage are around drafting and clarity rather than substance.

The GM, SPOL:

- Provided a further summary of the key issues that Treasury had discussed and considered, specifically:
 - Options to address double handling of claims.
 - Removal of contents from EQC cover.

9(2)(f)(iv)

- Apportionment.
- Interaction with Insurers, which will require system development between EQC and Insurers.
- Reservation of the right to undertake a PMO should the need arise again.
- First loss – the co-insurance model versus the first loss model or the reinsurance model.

9(2)(f)(iv)

- Clarity on EQC's role as having an insurance scheme versus having a social welfare scheme.
- Noted that it has been made clear that this is a review of the Act in its entirety and not a response solely to earthquake risk.
- Noted that consideration has been placed on picking up 'lessons learned' from Canterbury in terms of claims handling, but not specifically in terms of 'earthquake'.
- Noted that the Chair has the ability to provide further commentary on the Review in the Briefing to the Incoming Minister (BIM) later this year.

The Board:

- Noted the role of EQC in national disaster and hazard identification management should be in the Act to strengthen national resilience.
- Noted the purpose of the scheme is protection of residential dwellings and not wealth protection.
- Discussed the issues of what should and shouldn't be covered.
- Noted that the proposal to include a purpose statement is valuable and should be strengthened to include a focus on 'supporting national resilience'.

9(2)(f)(iv)

<p>9(2)(f)(iv)</p>	<p>Commissioner O'Connell suggested that cover should be clarified on the land liability in order to mitigate the issues that have been faced over the past three years.</p>	
<p>5.</p>	<p>Minutes of Board Meeting of 13 December 2013</p> <p>The Board considered the minutes, provided amendments and agreed as to their accuracy.</p> <p>The Board requested that the minutes of future December meetings be distributed well in advance of the date on which the February Board papers are distributed.</p>	<p>The Board:</p> <p>a) Confirmed the minutes of the meeting held 13 December 2013 as a true and accurate record.</p> <p>ACTION:</p> <ul style="list-style-type: none"> Board Executive to ensure (in the first instance) that the December 2014 Board meeting minutes are distributed well in advance of the date on which the February 2015 Board meeting papers are distributed. Management to adopt a corresponding practice (in respect of December Board meeting minutes) for subsequent years.
<p>6.</p>	<p>Matters arising</p> <p>The Board discussed the matters arising and agreed as to the status of each item and:</p> <ul style="list-style-type: none"> Sought and received confirmation that the Whole Organisational Plan (WOP) is underway, noting the CE's advice that there are two streams in addition to the WOP. These include the Business Planning, Complete Canterbury Recovery (CCR) and the wind down project for the Future EQC. Noted that there is an increased focus on psychosocial issues in Canterbury this year and sought advice from Management about EQC's involvement in this field. <p>The Chair:</p> <ul style="list-style-type: none"> Provided a summary of his meeting with the Chair of Worksafe, Gregor Coster, noting he had two requests of EQC being: <ul style="list-style-type: none"> Houses that are identified as having asbestos present should have this information recorded on the LIM. Provide clear data on actual numbers of properties that have been recorded as having noted asbestos (both EQC and EQR). Noted that the Minister supports a National Forum in 2014 to explore Lessons Learned from Canterbury. Provided an update to the Board of the current status of two further Commissioners who are currently being interviewed. <p>Commissioner Black provided a brief summary of his meeting on 21 December 2013 with [redacted] Chairman of PCG, noting this was to hear his view on how the PCG was operating.</p> <p>9(2)(a) [redacted] initial comments on PCG were that:</p>	<p>The Board:</p> <p>a) Confirmed that the next Board Strategy day and Board Evaluation sessions will take place on Thursday 8 and Friday 9 May 2014.</p> <p>ACTION</p> <ul style="list-style-type: none"> Weekly reports from CE to Board are required and expected this Friday and weekly thereafter. The CE to provide further information to the Board on EQC's involvement in the 'psychosocial' forums in Canterbury. Board Executive to confirm facilitator for Board evaluation session and Board strategy day and make all necessary arrangements.

	<ul style="list-style-type: none"> • this group requires a better focus • there is a need to clarify objectives both in terms of scope and time • there is currently an inadequate amount of explanation and information when a delivery failure occurs • the setting of, and reporting against targets requires improvement. 	
	<p><i>Bryan Dunne, Emma Hicks and Bruce Emson joined the meeting at 10.32am</i></p>	
<p>7.</p>	<p>Chief Executive's Report</p> <p>The report was taken as read. The Chief Executive spoke to the Report and:</p> <ul style="list-style-type: none"> • Noted that work is required with the Actuaries, particularly around the error with the treatment of GST in the ILVR. • Noted the positive collaboration between MBIE, Council and the private sector on the land trials. • Noted the revised guidelines for the land trials will be released on 1 April 2014 through MBIE. • Noted that an update on Management's responses to the External Reviews (including the Ombudsman's Review and Office of the Auditor-General's Review) will be submitted to the Audit and Risk Committee meeting in March 2014. • Noted that there are currently 780 overdue Official Information Act requests (OIAs) that will be cleared by 30 April 2014. • Noted that a conversation will be required at the Board level as to the financial delegations currently sitting with the CE. These delegations would be more efficiently dealt with by other members of Management and staff. However it is proposed that the new delegations (to the CE, Management and staff) would not increase the overall dollar amount of the existing financial delegations (to the CE) approved by the Board. • Identified an issue with a contractor that is currently being investigated by the Serious Fraud Office, noting that it is possible that there may be other companies that have been operating in a similar fashion to this contractor. • Noted that remedial work may be required on properties that have been contracted to the company referred to above to address either defective work or works not completed but scoped. 	<p>The Board:</p> <p>a) Noted the Chief Executive's Report.</p>
<p>7.1</p>	<p>Business Performance Report (BPR)</p> <p>The Board discussed and received clarity on various components of the Business Performance report:</p> <ul style="list-style-type: none"> • Noting that the Cook Strait Claims Section has inconsistencies in figures across the four categories – Lodgement, Assessment, Settlement and Resolution. <p>The CE:</p> <ul style="list-style-type: none"> • Noted the 50,000th repair has been achieved in the CHRP. • Noted that Port Hills Land claims have now been completed. 	<p>The Board:</p> <p>a) Noted the Business Performance Report.</p> <p>ACTION</p> <ul style="list-style-type: none"> • Management to ensure that the figures in the Cook Strait Claims section update correspond correctly to the total claims lodged figure.

<p>7.2</p>	<p>Health and Safety Report</p> <p>Management and the Board discussed the Health and Safety report.</p> <p>The Chair:</p> <ul style="list-style-type: none"> Noted that it is a priority to engage with Worksafe. Noted that EQC should be dealing directly with MBIE as they are Worksafe's monitoring agent. <p>The CE:</p> <ul style="list-style-type: none"> Provided a summary of the meeting with the Acting CE of Worksafe, noting that they are happy with EQC's process once asbestos is identified, but sought clarity on the process where asbestos is not identified or identified but the contractor takes no action. Noted that Worksafe are investigating allegations made at a recent community meeting by an ex-EQR staff member where EQC was accused of issuing an instruction 'not' to follow correct procedures when dealing with asbestos. A request has been made of Worksafe to provide a transcript of the meeting. Noted that an asbestos-related OIA has been received from Radio NZ. 	<p>The Board:</p> <p>a) Noted the content of the Health and Safety Report.</p>
<p>9(2)(a)</p>	<p><i>The meeting broke at 11.13 for morning tea and reconvened at 11.23am</i></p> <p>██████████ and Debbie Barber joined the meeting at 11.23am.</p>	
<p>8.</p>	<p>2014 CHRP update</p> <p>Management:</p> <ul style="list-style-type: none"> Noted that there are two components to the Operational Plan, being the 'traffic light' and the draft operating plan from EQR. Noted that the contingency plan is managing time and cost, as EQC is not prepared to compromise on quality or health and safety. Noted that the retention of contractor issue may require a shift in contractor rates to maintain a contractor base in competition with other insurers. Noted that there is a separate risk analysis stream that sits across the operational plan which reports to PCG and is fed into the Risk Map as submitted to the Board. Noted that the five key risks are Contractor retention, Staff retention, Reputation, Asbestos and MuBs. <p>The Chair:</p> <ul style="list-style-type: none"> Noted that the intention is to complete Canterbury by December 2014. However if there are a small number of properties left at the end of December, with good communication to customers, these can be deferred into 2015. It is not an option to cash settle customers that have been waiting three years for a repair (unless the customer agrees). 	<p>The Board:</p> <p>a) Noted the action plan prepared by PCG to address the risks in achieving the delivery targets.</p> <p>b) Noted the draft operational plan submitted by EQR management.</p> <p>c) Noted that the plan is submitted as a draft until it has been considered and ratified by the PCG.</p> <p>ACTION</p> <ul style="list-style-type: none"> Management to liaise with the Chair of the Audit and Risk Committee (ARC) as to the appropriate ARC meeting to consider the risks associated with the CHRP PCG Action plan traffic light as submitted to the Board in February, noting that March is too soon. The CE to provide to the Board in March 2014 a copy of the Fletcher/EQC letter as referred to at the December 2013 meeting. Management to keep the Board abreast of risks and rate card issues.

<ul style="list-style-type: none"> • Noted that the plan highlights the good engagement with Fletcher EQR to determine this plan. • (b)(2)(g)(i) • Noted that the Hub Rationalisation programme still requires further work between Fletchers EQR and EQC to maximize productivity and efficiency. • Sought and received clarity on retention of contractors in terms of risk. <p>The Board:</p> <ul style="list-style-type: none"> • Noted that the ILVR has a (b)(2)(i) built into the model and currently running at (b)(2)(i), so under that model there is room to move on contractor rates as required. • There is an argument that the (b)(2)(i) assumption figure in the ILVR should be increased to accommodate the (b)(2)(i) in contractor costs. • Sought an update on the exchange of letters between EQC and Fletchers, noting that there are a number of issues that require clarification prior to the letter being finalised. 	
<p>Settlement Approach to Complex Multi-Unit Buildings (MUBs)</p> <p>The Senior Policy Analyst provided a brief summary of the MUBs paper submitted noting the key points between dependent and independent MUBs.</p> <p>The Chair:</p> <ul style="list-style-type: none"> • Sought clarity as to how the private insurers are dealing with over-cap (MuBs), noting Management's advice that the insurer that has the majority of properties takes the lead. • Noted that the MoU is yet to be agreed by all insurers, however there are currently twelve sites with multiple insurers underway. • Sought and received confirmation from Management as to when the MoU is likely to be agreed and signed noting that Management's advice that they are working on this matter on a weekly basis with various insurers. • Advised that Board members are willing to get involved with the MoU process if required by Management. <p>The GM SPOL noted that this vehicle pre-supposes that the insurers are willing to take the lead on the repair, based on 'skin in the game'. But where the insurer has already cashed out, is the Board comfortable with EQC cashing out the remainder of the under-cap claims?</p> <p>The Chair sought confirmation as to who is responsible to making sure we get good traction and operation of MuBs, noting that the GM Customer Manager took ownership of this role.</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted that a number of decisions have been taken by Management that have enabled the majority of MUB properties in CHRP range to be released to EQR. b) Agreed that MUBs with dependent repairs where all dwellings are within CHRP range are released to EQR, but that EQC continues to work with Fletchers to find ways to make it easier to identify and progress these properties through the CHRP programme. c) Agreed that where a MUB has a combination of over-cap and under-cap dwellings, and dependent repairs are necessary, EQC will enter into negotiations with the lead insurer for them to repair the under-cap property as part of the repair of the wider building. d) Confirmed that Management should continue to exercise its discretion to approve cash settlement in a small number of cases where all other options for settlement have been exhausted. The Board will be kept advised of situations where this has occurred. e) Noted that there are potential legacy risks with some MUBs which have already had CHRP repairs undertaken. Management will keep the Board advised once updated field assessments on these properties have been completed.

	<p>The Deputy Chair commented that the recommendations contained in the paper do not require Board approval; however it is pertinent for the Board to be apprised of them.</p>	
	<p>2014 Stakeholder Communications – Canterbury communications approach</p> <p>The GM Stakeholder Engagement and Reputation (SER) provided a brief update on the paper noting that Management is confident that if EQC can lead the narrative, the positive vein that has begun with 2014 should continue throughout the remainder of the programme.</p> <p>Commissioner O’Connell noted that the principles for communication referred to in the paper are sound, and requested that communications for those customers that may not have been settled at the end of 2014 are prepared and distributed as soon as practicable.</p> <p>Commissioner Bell sought clarity as to how EQC proposes to have sound communications with the average Canterbury resident.</p> <p>Management advised that the two groups of Cantabrians are those that have had repairs completed and those that haven’t. The socialisation of any required ‘not meeting the 2014 deadline’ message will commence to run concurrently with the programme.</p> <p>The GM SER advised that there are a number of inter-agency meetings taking place this year which will also ensure that customers are able to get the information they require from multiple agencies.</p> <p>The Deputy Chair noted that this paper complements the communications strategy with staff and customers.</p> <p>The Chair sought confirmation that in all cases customers will be contacted either by telephone or letter prior to the issues being raised in the media, noting Management’s advice that this is the principle for operations but cannot be guaranteed.</p>	<p>The Board:</p> <p>a) Noted the contents of the Paper including the High level communications approach (part 1) and the Stakeholder engagement by the EQC Board in Canterbury (part 2).</p>
<p>9(2)(a)</p>	<p>██████████ and Debbie Barber left the meeting at 12.20pm.</p> <p>The Board broke for lunch at 12.33 pm.</p> <p>Michele Creagh, GM Fletchers EQR and Customer Services Leadership Team joined members for lunch at 12.30pm.</p> <p>The meeting reconvened at 1.20pm</p>	

	<p>Christchurch City Council Social Housing</p> <p>The GM CS provided the Board with an update of the current status of the social housing discussions that have been undertaken over the past few months, noting EQC has already paid \$23.8m.</p> <p>The portfolio has been identified and the GM Customer Services (CS) advised that an additional amount of around \$12.5m will likely be required to settle this matter, which is within the mandate that the Board provided to the GM CS.</p> <p>The GM CS is seeking a mandate to negotiate and settle with the CCC.</p> <p>9(2)(j)</p>	<p>The Board:</p> <p>a) Agreed in principle to the additional funding, subject to the Chair and Deputy Chair sighting (reviewing) the documentation that backs up the request for further funding. The Board is keen to come to a settlement but not at any price.</p> <p>ACTION</p> <ul style="list-style-type: none"> GM CS to provide the Chair and Deputy Chair with a summary of the background information and data that backs up the provision of additional funds to settle the Christchurch City Council claim.
	<p>9(2)(a) Hugh Cowan, [redacted] from Melville Jessup Weaver joined the meeting at 1.45pm.</p>	
<p>9.</p>	<p>Insurance Liability Valuation report (ILVR) 9(2)(a)</p> <p>The Chair thanked [redacted] representatives from Melville Jessup Weaver (MJW) for joining the meeting and for the ILVR training session that was undertaken last week.</p> <p>A summary of the ILVR report was provided:</p> <ul style="list-style-type: none"> Noting that the key figure to focus on is the Gross Ultimate figure. Noting that the validity of the data from ACE given the inclusion or exclusion of GST, and noting that the data had incorrectly dealt with the GST component resulting in a reduction in the estimate. Noting that there is no explicit allowance for MuBs in the ACE model. Noting that a new land model from Tonkin and Taylor provides more clarity on liability for each land category 1 – 9, noting that categories 1-7 [redacted] Noting that the modeling availability of the category 8 (Increased Liquefaction Vulnerability – ILV) is based on the full geotechnical information. That was not available when the ILVR was last updated and is now informed by manual review of approximately 1/3rd of all category 8 (ILV) properties. Noting that demand surge is an issue for remaining properties as the costs will increase as the supply/demand kicks in. 	<p>The Board:</p> <p>a) Requested that the ILVR should be finalised and a supplementary paper be submitted to the Audit and Risk Committee (ARC) incorporating the risks and financial implications of the risks assessed.</p> <p>b) Requested that the demand surge figure should be increased from [redacted]</p> <p>c) Requested that the ILVR is adjusted to reflect the change in demand surge.</p> <p>d) Received the draft ILVR and invited Management to resubmit the ILVR to the Board by email before Friday 7 March 2014 for confirmation at the ARC meeting on Monday 10 March 2014.</p> <p>e) Authorised Management to release the ILVR (after confirmation by the ARC) to Treasury on Tuesday 11 March 2014.</p> <p>ACTION</p> <ul style="list-style-type: none"> Management to provide to the Board the revised ILVR and supplementary letter from MJW prior to Friday 7 March 2014. The ARC to confirm the revised ILVR and supplementary letter at the meeting set down for 10 March 2014.

	<p>The Deputy Chair raised a number of concerns around risks related to:</p> <ul style="list-style-type: none"> • Diminution of Value. • Land Remediation. • Demand Surge 9(2)(j) • Insurer wash-ups. • CHE which is currently running. <p>The Board:</p> <ul style="list-style-type: none"> • Noted that the outstanding building claims figure should be increased to accommodate the demand surge/inflation. • Discussed settling somewhere between 9(2)(j) noting that the decision would be based on the numbers associated with the risks identified by the Deputy Chair. • Noted the Board's responsibility, on the basis of Melville Jessup Weaver's and Management's expertise and best judgment is to form a defensible and robust view on what is appropriate to book and to settle on going forward. <p>Management:</p> <ul style="list-style-type: none"> • Noted that there are a number of systemic risks that are unable to be verified. But the things that can be relied upon are the eligibility and the numbers of properties that are expected to be rebuilds rather than repairs. These factors result in the recommendation that the Board should not consider 'banking' the entire difference in the Gross Ultimate liability. • Requested a clear direction as to changes that are required in the narrative and ILVR, so that Management can bring the report back in final form to the Audit and Risk Committee on 10 March 2014. The headline numbers are required to go out to the market prior to the Reinsurance Renewal Trip. 	
<p>9(2)(a)</p>	<p>Hugh Cowan, and representatives from Melville Jessup Weaver left the meeting at 2.30 pm.</p> <p>9(2)(a) [redacted] joined the meeting at 2.30 pm.</p>	
<p>10.</p>	<p>Declaratory Judgment proceedings for Increased Flooding Vulnerability (IFV) and Diminution of Value (DoV)</p> <p>The Board:</p> <ul style="list-style-type: none"> • 9(2)(h) [redacted] <p>Management:</p> <ul style="list-style-type: none"> • Noted the uncertainty around DoV as discussed in the ILVR agenda item earlier in the meeting. • Noted the additional information that became available after this paper was submitted to the Board, being information on: <ul style="list-style-type: none"> ○ rain on grid modelling ○ the Christchurch City Council's assumptions for 	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted the results set out in the draft report entitled "EQC Category 9 Land Damage Peer Review – Joint Report of the Expert Panel", which reviews the technical approach EQC proposes to use to identify properties which have suffered Increased Flooding Vulnerability (IFV) land damage as a result of ground surface subsidence resulting from the Canterbury earthquakes. b) Noted that further work is being completed by Tonkin & Taylor to address the outstanding issues raised by the Expert Peer Review Panel in its draft report, but that this is not expected to require any material alteration to the technical

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	<p>increased flooding based on immediate change to land.</p> <ul style="list-style-type: none"> Noted the cost of undertaking this declaratory judgment is highly likely to be less than any impact on the liability. Noted that the declaratory judgment will provide certainty as to the right method to settle claims and finalise the policy statement for future EQC. Noted that there will be an impact for a number of customers as a result of the declaratory judgment, so time is of the essence. Noted that there are a number of options available to the Board regarding the settling of customer claims and Management will be seeking at a future meeting the Board's decision on which option to follow. Noted that Management is seeking from the Board: <ul style="list-style-type: none"> Agreement to proceed, and Delegation for Management to finalise the policy statement. <p>9(2)(a)</p>	<p>approach EQC proposes to use to identify IFV land damage.</p> <ul style="list-style-type: none"> c) Noted that a draft policy statement on IFV has been prepared by Management (see Appendix 1). This policy statement is designed to consolidate all of the key components of IFV land damage settlement proposal and will underpin the material to be put before the High Court in the proposed Declaratory Judgment proceedings on IFV land damage. d) Delegated to Management the power to: <ol style="list-style-type: none"> approve the final form of the policy statement on IFV land damage once final advice is received from EQC's various advisors; approve the final form of the DOV Methodology to be used by EQC's valuers when implementing IFV land settlements; in approving the IFV policy statement and DOV Methodology, make any changes to the draft statement and Methodology which Management considers appropriate in light of advice received from EQC's advisors, provided that the changes do not materially alter EQC's settlement approach. e) Confirmed that Management should proceed with the filing of the proposed Declaratory Judgment proceedings on IFV land damage in the High Court promptly following final approval of the policy statement on IFV; f) [REDACTED]
	<p>[REDACTED] departed the meeting at 2.55pm</p>	<p>9(2)(h)</p>
<p>11.</p>	<p>Event CHE</p> <p>The Board:</p> <ul style="list-style-type: none"> Sought and received clarity on the percentage of claims being declined for the Cook Strait event. 	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted this paper which responds to its request at the December Board meeting for a comparison of the Cook Strait CHE ratio vs. the Canterbury CHE ratio.

<p>12.</p>	<p>Q2 Project Portfolio update and request for FMIS project funding approval</p> <p>The Board:</p> <ul style="list-style-type: none"> Requested a more detailed business case for the funding request of [redacted] Sought and received clarity as to whether this meets EQCs procurement policy. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted the contents of this paper. Noted the deletion of the Hamilton office fit out phase two project from the Project Portfolio and Road map. Noted the FMIS steering committee has approved the Business case to implement the new FMIS but does not have the financial delegation to drawdown the Capital. Noted the current forecasted total project Capital Expenditure for 2013/14 is \$4,216,121. Approved the Capital costs for the new FMIS implementation including the drawdown of \$1,597,200 from the 2013/14 Project Capital Budget to commence the implementation phase of the project. This was subject to the business case showing the process and government procurement procedure being distributed to Roger Bell, Russell Black and Gordon Smith for approval by Friday 21 February 2014.
<p>13.</p>	<p>Board Committee updates</p> <p>The Chair of the ARC noted that no ARC briefing session was held prior to this Board meeting.</p>	
<p>14.</p>	<p>General Business and Correspondence of Interest</p>	
<p>14.1</p>	<p>Board Member Professional Development</p> <ul style="list-style-type: none"> Massey University Crown Entity Director Development <p>The Chair invited Board members to approach him for approval to attend training courses.</p>	<p>The Board:</p> <ol style="list-style-type: none"> Noted the provisions of the COMU Owner's Expectations Manual in relation to Director Development. Agreed to initiate individual Director Development plans, consistent with the COMU Manual, following the Better Boards Evaluation session in May 2014.
<p>14.2</p>	<p>Article "Quake Claimants take the cash"</p> <p>The Board:</p> <ul style="list-style-type: none"> Noted a concern that some home owners are taking cash settlements without a clear understanding of the costs involved in remediating their land and building repairs. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted the article "Quake Claimants take the cash" from stuff.co.nz dated 5 February 2014.
<p>14.3</p>	<p>OAG: Review of CHRP</p>	<p>The Board:</p> <ol style="list-style-type: none"> Noted the letter from the Office of the Auditor General in relation to the Review of the CHRP Customer Satisfaction survey.

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**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held in the Majestic Centre Board Room
Level 20, 100 Willis Street, Wellington
Monday 17 March 2014 at 9.00am

Present:

K B Taylor (Deputy Chair)
R J Black
G M Smith
A C O'Connell
R Bell
P Kiesanowski
M J Daly

Apologies:

Sir M L Wevers (Chair)

In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager Strategy Policy and Legal) – part meeting
Bruce Emson (General Manager Customer Services) - part meeting
Jane Whitfield (General Manager Project Portfolio Management) – part meeting
Heather Stewart (General Manager Organisational Development) – part meeting
Emma Hicks (Chief Financial Officer) – part meeting
9(2)(a) (Minutes) – part meeting

The meeting was declared open at 9.20 am.

	AGENDA ITEM	
1.	<p>Present and Apologies</p> <p>The Deputy Chair recorded an apology from Sir Maarten Wevers.</p> <p>The Deputy Chair welcomed Paul Kiesanowski and Mary Jane Daly to their first Board meeting and congratulated Gordon Smith on his reappointment to the Board.</p> <p>The Deputy Chair advised that the Board member fees have been increased.</p> <p>The Board confirmed that there were no interests not otherwise declared on any agenda items.</p>	
2.	<p>Minutes of Board Meeting of 17 February 2014</p> <p>The Board considered the minutes and agreed as to their accuracy.</p> <p>The Board discussed the weekly traffic light report noting that it has been emailed to the agreed Board subgroup for monitoring purposes.</p> <p>The Deputy Chair requested that his email address is checked as he is yet to receive the report referred to above.</p>	<p>The Board:</p> <p>a) Confirmed the minutes of the meeting held 17 February 2014 as a true and accurate record.</p> <p>ACTION:</p> <ul style="list-style-type: none"> Board Executive to confirm the correct email address for the Deputy Chair and ensure all weekly traffic light reports are forwarded. Board Executive to send weekly report due next week to the entire Board for their information.

	<p>The Deputy Chair</p> <ul style="list-style-type: none"> • Sought and received clarity on the situation referred to in the Chief Executive (CE) Report referred to in the Minutes relating to the Serious Fraud Office (SFO) investigation. • Confirmed that the Financial Management Information System (FMIS) project funding information had been received as per the request at the February Board meeting. 	
3.	<p>Matters arising</p> <p>The Board discussed the matters arising and agreed as to the status of each item.</p>	<p>The Board:</p> <p>a) Confirmed that the Board Evaluation session and the next Board Strategy day will take place on Thursday 8 and Friday 9 May 2014 respectively.</p>
	<p><i>Emma Hicks, Bruce Emson and Bryan Dunne joined the meeting at 9.40 am</i></p>	
4.	<p>Chief Executive's Report</p> <p>The report was taken as read. The CE spoke to the Report and:</p> <ul style="list-style-type: none"> • Updated the Board on issues that have occurred subsequent to the Board papers being prepared. These included: <ul style="list-style-type: none"> ○ Interactions with the Minister and Minister's office relating to Parliamentary Questions. ○ Briefing note to Minister's office on Increased Flooding Vulnerability (IFV) and further information on options to explore opportunities for joint flood mitigation works in Christchurch with the Council or other Crown agents. • Advised that the State Services Commission (SSC) will provide workshops for staff of EQC in terms of the realities of working with the principle of political neutrality during an election period. • Updated the Board on the management of vulnerable customers. • Updated the Board on a briefing note to the Minister's office on Increased Flooding Vulnerability (IFV) and further information on options to explore opportunities for joint flood mitigation works in Christchurch with local authorities and Crown agencies. • Confirmed that the Audit and Risk Committee (ARC) accepted the hard changes (those with a high degree of certainty in terms of quantum and likelihood), in the revised Insurance Liability Valuation Report (ILVR). This Report has been released, with Treasury's permission, to the Reinsurers. • Noted that an Official Information Act (OIA) request has been received requesting details of 112 claim files. 	<p>The Board:</p> <p>a) Noted the Chief Executive's Report.</p>

<p>4.1</p>	<p>Business Performance Report (BPR)</p> <p>The CE:</p> <ul style="list-style-type: none"> • Provided an update on the Project Control Group (PCG) meeting which took place on Friday 14 March outlining the key focus areas discussed. • Noted that the completion rate for the first two months of 2014 has been very slow which is attributed to a number of factors, including Christmas closedown, claim flow into EQR, and the Hub Rationalisation process. • Noted that in the future, the BPR will include data from the UMR Research customer surveys, acknowledging Management's advice that they are working through technical issues to ensure the data is relevant and up to date. • Provided an update on the meeting with the Minister specifically in relation to vulnerable customers. • Discussed how Management is addressing the issue of vulnerable customers. The Board requested more granularity in the data (identifying the various statuses and categories) relating to vulnerable customers. <p>Financial and Investment Statements</p> <p>The Deputy Chair:</p> <ul style="list-style-type: none"> • Noted that the net liabilities figures in the Statement of Financial Position are negative numbers and so should have brackets around them to indicate this clearly. • Sought and received clarity on the YTD 2.2% performance of NZ Cash holdings against the benchmark of 1.6%, noting that this was due to increased holdings of NZ Cash. 	<p>The Board:</p> <p>a) Noted the Business Performance Report.</p> <p>ACTION:</p> <ul style="list-style-type: none"> • Management to improve the data on vulnerable customers in the BPR and include a regular update in the CE Report.
	<p><i>Heather Stewart joined the meeting at 10.50 am</i></p>	
<p>4.2</p>	<p>Health and Safety Report</p> <p>Management provided a brief update on the properties located at Pages Road identified as having asbestos related land issues.</p> <p>The General Manager Organisational Development (GM OD) distributed the new Office Safe brochure and spoke to the Health and Safety report outlining new policies and procedures implemented in the past month.</p> <p>The Board requested that an email be sent to the Board to clarify the circumstances of the item identified as 'extreme' is, on the "Incidents by Reporting Line" table.</p>	<p>The Board:</p> <p>a) Noted the content of the Health and Safety Report. b) Agreed to discuss and confirm that the Health and Safety Report is an accurate reflection of Health and Safety Incidents and activities currently in place.</p> <p>ACTION:</p> <ul style="list-style-type: none"> • Management to email the Board to clarify the circumstances surrounding the item identified as 'extreme' in the "Incidents by Reporting Line". • Management to arrange for the Chair and CE of Worksafe to be invited to meet the Health and Safety Board Committee (HSBC) at their next meeting in Christchurch.

	Commissioner Black provided a briefing on the key outcomes and discussions that took place at the Health and Safety Board Committee noting that the Chair and CE of Worksafe are to be invited to attend the next HSBC meeting in Christchurch.	
	<i>Heather Stewart left the meeting at 11.17am. The meeting broke for morning tea at 11.25 am.</i>	
5.	<p>Christchurch City Council (CCC) Social Housing update</p> <p>The General Manager Customer Services (GM CS) provided an update on the current situation with the CCC Social Housing issue.</p>	<p>The Board:</p> <p>a) Noted the contents of this paper</p>
6.	<p>Quake City Approval for expenditure</p> <p>The CE spoke to the request for retrospective confirmation of approval for the above expenditure.</p>	<p>The Board:</p> <p>a) Approved EQC's sponsorship of the Canterbury Museum exhibition, <i>Quake City</i>.</p>
7.	<p>Delegation Framework Changes</p> <p>The Deputy Chair:</p> <ul style="list-style-type: none"> Sought clarification as to whether there is a limit on the delegation to "approve changes to allocations within the budget under your control", noting this should have either a dollar limit or 5% percentage maximum. Noted that the Chair of the ARC should approve the Board Chair's expenses. <p>Management:</p> <ul style="list-style-type: none"> Advised that any changes made to the budget under control per above, is checked as part of a monthly variance report. The Chief Financial Officer (CFO) assured the Board that the cross checks in place are robust enough to mitigate any potential for misuse of the above delegation. 	<p>The Board:</p> <p>a) Approved the changes to the Delegations Framework shown in Table 1 recommended by Management.</p> <p>ACTION:</p> <ul style="list-style-type: none"> Management will review or rewrite where necessary the Operating Expenditure 1.1 at the next review of the Delegation framework.
7.1	<p>Treasury Forecast delegation request</p> <p>The Board discussed the Treasury 5 year forecast for the 2014 BEFU.</p>	<p>The Board:</p> <p>a) Approved the delegation of approval of the 5 Year Fiscal Forecast for the 2014 Budget Economic & Fiscal Update (BEFU) to:</p> <ul style="list-style-type: none"> Chairman of the Board; Deputy Chairman of the Board; and Chairman of the Audit & Risk Committee (ARC). <p>ACTION:</p> <ul style="list-style-type: none"> Management to include a copy of the BEFU in the April 2014 Board papers for information.

Released under the Official Information Act 1982

<p>7.2</p>	<p>Lease agreement renewal request</p> <p>Management:</p> <ul style="list-style-type: none"> Discussed the current leases that may need to be terminated prior to the end of term noting the renegotiation includes some flexibility. 	<p>The Board:</p> <ul style="list-style-type: none"> Noted the contents of the paper. Agreed the proposed renegotiation for Manpower House and Majestic Centre. Authorised the Chairman to execute related lease documents. Noted the proposed extensions to Lot 5 Barry Hogan Place and 37 Marsden Street.
<p>8.</p>	<p>CHRP Excesses</p> <p>The General Manager Strategy Policy and Legal (GM SPOL) spoke to the paper noting that the primary issues are:</p> <ul style="list-style-type: none"> to balance equitable treatment of customers; the need to have regard to the interests of reinsurers and taxpayers; and the reputational impact for EQC. <p>Management had been getting on and repairing houses through CHRP but deferring the collection of excesses until the completion of the repair. All other customers have had their excesses deducted from cash settlements (for land, dwelling and/or contents), including opt-out customers.</p> <p>Management advised:</p> <ul style="list-style-type: none"> The variances and issues related to the requirement for EQC to charge and collect excesses. That they are seeking the Board's guidance on the amount below which an unpaid excess is not pursued. That full transparency on this issue (invoicing for CHRP excesses post-repair) is provided to reinsurers noting that it does not have a significant financial impact on the ILVR. <p>Commissioner O'Connell:</p> <ul style="list-style-type: none"> Noted that in order to make an informed decision, a breakdown of numbers of claimants that will be impacted and relevant excess payable would be useful. 	<p>The Board:</p> <ul style="list-style-type: none"> Requested that Management bring to the April 2014 Board meeting further background information on the number of customers and amounts involved, together with the draft customer communications that Management proposes to send and all previous collateral where the Excess issue was raised. <p>ACTION:</p> <ul style="list-style-type: none"> Management to bring to the April meeting the proposed communications that will go to customers around excess and any background information that was provided to the customers in the first instance. Management to ensure the Minister is advised of this issue.
<p>9.</p>	<p>Recovery of Overpayments</p> <p>The GM SPOL:</p> <ul style="list-style-type: none"> Provided a brief overview of the identification and qualification of the figures involved in overpayments that may potentially require recovery. <p>The Deputy Chair:</p> <ul style="list-style-type: none"> Discussed the review data and ability to get confirmation from the customer that funds provided had been used to repair damage from 	<p>The Board:</p> <ul style="list-style-type: none"> Noted EQC has been proactively reviewing claims to identify overpayments. The review reveals there are relatively few situations where EQC has both the legal right to seek a recovery and it is economic to do so; Noted EQC may recover overpayments by set-off, requesting repayment or if necessary, through Court action; Agreed to use set-off, where available, to recover any overpayments exceeding [REDACTED] [REDACTED] 9(2)(i)

	<p>the first earthquake.</p> <ul style="list-style-type: none"> Noted Management's advice that a statutory declaration could be sought from each customer to confirm the use of funds, but acknowledged the Impracticality of this. <p>The Board:</p> <ul style="list-style-type: none"> 9(2)(i) 	<p>e) 9(2)(i)</p> <p>f)</p>
<p>10.</p>	<p>IBM Project Change request</p> <p>The GM SPOL</p> <ul style="list-style-type: none"> Noted that the project change request is submitted as the change request impacts on the whole project cost to a level that requires Board approval. 9(2)(i) <p>The Chair sought and received clarity on the difference in Average Monthly Available Hours by Resource that the change request would trigger.</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted the contents of the paper. b) Noted the IBM Project Change Request PCR23150. c) 9(2)(h) d) Approved and delegated authority to one Board member to sign the IBM Project Change Request PCR23150 in conjunction with Management, subject to further information being provided to the Deputy Chair during the lunch break. (subsequently provided and confirmed).
<p>11.</p>	<p>NZ Cash and Fixed Interest Ranges</p> <p>The Board discussed and agreed to Management's recommendations.</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted the contents of this paper b) Agreed to an extension of the NZ cash range being changed temporarily from "an absolute amount of \$1,000M" to "an absolute amount of \$1,250M" for a period of 6 months. and; c) Agreed to an extension of the NZ Fixed Interest range being changed from "65% -95%" to <ul style="list-style-type: none"> "50% - 95%", for a further period of 6 months.
<p>12.</p>	<p>Proposed change to Ministerial Direction</p> <p>The Board discussed and agreed to Management's recommendations.</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted the contents of this paper. b) Agreed to the proposed changes in the Ministerial Direction for submission to the Minister of Finance and the Treasury. c) Agreed, subject to Ministerial approval, that the proposed changes be Incorporated into the Statement of Investment Policies, Standards and Procedures (Interim).
	<p><i>The Board broke for lunch at 12.37 pm Bryan Dunne left the meeting at 12.37pm The Board reconvened at 1.15pm.</i></p>	

<p>13.</p>	<p>Apportionment of Complex Land Claims</p> <p>The Board discussed the paper and noted Management's recommendations.</p> <p>The Chair sought and received clarity on the DoV percentages under bullet point 17.</p> <p>Commissioner O'Connell asked whether there was a risk that in waiting for the Declaratory Judgment might have the impact of slowing up progress.</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted that Management has endorsed the preferred approach described in the paper for the apportionment of IFV and ILV. b) Noted that there were several options for how apportionment of diminution of value costs could be approached. Due to the liability involved and the potential impact on EQC's reinsurers, the paper has been referred to the Board for information. c) Noted that Management will undertake to brief the reinsurers on the apportionment approach as opportunities present in the next few months.
	<p><i>Jane Whitfield joined the meeting at 1.25pm</i></p>	
<p>14.</p>	<p>Project Governance Framework presentation</p> <p>The General Manager Project Portfolio Management (GM PPM) spoke to the presentation:</p> <ul style="list-style-type: none"> • Noting the four key functions of the Project Portfolio team: <ul style="list-style-type: none"> ○ Business Process Management ○ Business Integration ○ Project and Programme Governance ○ Project and Programme Delivery. • Noting alignment with EQC and Government policies and frameworks. • Noting the formal roles and responsibilities for each stage of the project. • Noting the approval governance process. • Noting the approval and reporting cycle, and outlining where the Board's approval is sought in the lifecycle of the project. • Noting formal project status reporting taking into account the scope, cost, time, benefits, dependencies, governance, risks and issues. <p>Commissioner Bell:</p> <ul style="list-style-type: none"> • Commended the benefits measure and requested that the Board is provided with a copy of the benefit measures as they are relevant to the projects approved at Board level. • Sought and received clarity as to the fixed project management system, noting Management's advice that a 'fit for purpose' system is being utilised. • Sought information on the benefits realisation system, noting Management's advice that this piece of work that will occur as EQC moves into the 'future'. 	<p>ACTION:</p> <ul style="list-style-type: none"> • The GM PPM to bring to the Board, where relevant, the benefit measures and results of projects approved at Board level.
	<p><i>Jane Whitfield left the meeting at 1.46 pm</i></p>	

<p>15.</p>	<p>Land Repair update</p> <p>The CE spoke to the paper</p> <ul style="list-style-type: none"> Noting that the Ground Improvement Trials were foundation trials undertaken (on vacant land) to determine the impact on the land of earthquake simulation using the TRex machine. Noting that the Land Repair Pilot personnel were working with the Insurers on properties that require both land repair and foundation rebuilds to understand cost/benefits and better quality of outcome for the customer. Noting that commercial due diligence would be required to provide clarity to the market on the cost/benefit analysis of taking the lead on land repairs. EQC does not want to take the lead (create another land PMO). Noting that in order to settle Increased Liquefaction Vulnerability (ILV) (Category 8) damage land, the Land Repair Pilot will be required to be resolved by June 2014, recognising that the insurers are on a different time frame for settlement of claims. <p>The Board:</p> <ul style="list-style-type: none"> Discussed the number of properties that are close to 'cap' and therefore could be settled, [REDACTED] <p>9(2)(g)(i) [REDACTED]</p> <ul style="list-style-type: none"> Noted that time is of the essence and that we should be doing as much as we can as quickly as we can. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted the contents of this paper Agreed that Management proceed with the preparation of a settlement plan for ILV land damage, based on the methods and costs for ground improvement. Noted that a plan with timelines encompassing overall aspects of flat land settlement will be prepared for the April 2014 meeting. Noted that Management will update the Board in May 2014, on the Land Repair Pilot results and relevant regulatory and commercial developments. Agreed that Management prepare a proposal for a larger pilot land repair programme, to facilitate evolution of the commercial market for land repair, and ensure an orderly implementation of the land settlement process. <p>ACTION:</p> <ul style="list-style-type: none"> Management will prepare a plan with timelines encompassing overall aspects of flat land settlement and bring to the April Board meeting, Management will update the Board in May, on the Land Repair Pilot results and relevant regulatory and commercial developments.
	<p><i>Heather Stewart joined the meeting at 2.15 pm.</i></p>	
<p>16.</p>	<p>Retention and Certainty</p> <p>The CE provided brief background on the retention and certainty programme while waiting for the GM.OD to enter the meeting.</p> <p>The GM OD:</p> <ul style="list-style-type: none"> Noted that financial incentives have been considered but dismissed as a part of the strategy. Discussed the key reasons that staff like working for EQC and why they leave. Noted that an annual review process is undertaken taking into account performance and where positions sit within the bands. Noted that staff are offered a permanent role outside of EQC are not likely swayed by financial incentives. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted the activities and initiatives that are underway or being developed to support our retention strategy; to give staff certainty (where we can) about their role in EQC, their contracts and reasons for staying until the work is done. Noted all initiatives are aimed at building a great place to work, and meeting "our employee promise". Agreed for EQC to continue using these strategies in 2014 and beyond.

	<p>The Board:</p> <ul style="list-style-type: none"> Discussed financial incentives, noting Management's advice that this doesn't appear to be a driver for staff retention. Noted that extending contracts beyond December 2014 will mitigate some retention issues. 	
	<p>Heather Stewart left the meeting at 2.25pm Bruce Emson left the meeting at 2.25pm.</p>	
17.	<p>Board Committee updates</p>	
17.1	<p>Audit and Risk Committee (ARC) session update</p> <p>The Chair of the ARC, Commissioner Smith provided a brief update on the papers emailed to the Board subsequent to the ARC meeting noting these include:</p> <ol style="list-style-type: none"> Updated Risk Management Framework Risk Management Policy which now reflects the appointment of the CRO. Quarterly Risk update for quarter ended 28 February 2014. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted the Audit and Risk Committee has reviewed and supported the conclusions of the review of the Risk Management Policy and supporting documents. Approved the change to the Risk Management Policy to reflect the appointment of the Chief Risk Officer. Approved the technical update to the Risk Management Framework. Approved no changes to the Risk Evaluation and Management Matrix. Noted a further review of the Risk Management Policy and Framework (including the maturity assessment matrix) will be completed by the end of August 2014 to incorporate further developments in Risk Appetite and review of EQC's requirements under a broader Enterprise Risk Management model.
17.2	<p>The Health and Safety Board Committee (HSBC) meeting update</p> <p>The Chair of the HSBC provided an update of the meeting under Agenda Item 4.2.</p>	
18.	<p>General Business</p> <p>The CFO</p> <ul style="list-style-type: none"> Distributed a copy of the financial statements for information Noted that training sessions on understanding the financial statements will be offered to interested Board members <p>The CE noted that his performance review has been completed and approved by the State Service Commission.</p>	<p>ACTION:</p> <ul style="list-style-type: none"> The CFO to arrange financial statement training for interested Board members and co-ordinate attendance through the Board Executive.
19.	<p>Correspondence of Interest</p>	
	<p>SSC Election Guidance</p> <p>Management advised that this information is what has been provided to EQC by the SSC. The internal communications team will ensure a message is sent out to staff with clear guidelines on this issue.</p>	

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



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Pukeko Room
53 Princess Street, Christchurch
Monday 14 April 2014 at 9.00am**

Present:

Sir Maarten Wevers (Chair)
Keith Taylor (Deputy Chair)
Russell Black
Gordon Smith
Roger Bell
Paul Klesanowski
Mary Jane Daly

Apologies:

Alison O'Connell
Ian Simpson (Chief Executive)

In attendance:

Bryan Dunne (Acting Chief Executive)
Gillian Dudgeon (Chief Risk Officer)
Emma Hicks (Chief Financial Officer) – part meeting
Chris Chainey (Financial Controller) – part meeting
Heather Stewart (General Manager Organisational Development) – part meeting
Debbie Barber (General Manager Stakeholder Engagement and Reputation) – part meeting
9(2)(a) (Media Manager Communications) – part meeting
9(2)(a) (Principal Advisor) – part meeting via video conference
Bruce Emson (General Manager Customer Services) - part meeting
Reid Stiven (CHRP Manager) – part meeting
Gail Kettle (National Customer & Claims Manager) – part meeting
9(2)(a) (Business Services Manager) – part meeting
Zac Berry (Head of Land) – part meeting
Linda Smith (Chief Information Officer) – part meeting via video conference
9(2)(a) (Acting Manager Office of the Chief Executive) – part meeting via video conference
Jane Whitfield (General Manager Project Portfolio Management) – part meeting
Jane Thomassen (Manager Risk and Assurance) – part meeting
9(2)(a) (Senior Policy Analyst) – part meeting
9(2)(a) (Minutes)

The meeting was declared open at 9.05 am.	
	9(2)(a)
	AGENDA ITEM
1.	<p>Present and Apologies</p> <p>The Chair recorded apologies from Alison O'Connell and Ian Simpson.</p> <p>The Board confirmed that there were no interests not otherwise declared on any agenda items.</p>

<p>2.</p>	<p>Register of Conflicts of Interest</p> <p>The Deputy Chair requested that the full names be recorded in the Register of Conflict of Interest.</p>	<p>ACTION:</p> <ul style="list-style-type: none"> Board Executive to amend document to be called Register of Conflict of Interests and to remove the dollar figures stated for Directorships for Paul Kiesanowski and Mary Jane Daly.
<p>3.</p>	<p>Minutes of Board Meeting of 17 March 2014</p> <p>The Board considered the minutes and agreed as to their accuracy.</p>	<p>The Board:</p> <p>a) Confirmed the minutes of the meeting held 17 March 2014 as a true and accurate record.</p> <p>ACTION:</p> <ul style="list-style-type: none"> Board Executive to use full names for both Management and Commissioners in the 'attendance' section of the Minutes.
<p>4.</p>	<p>Matters arising</p> <p>The Board discussed the matters arising and agreed as to the status of each item.</p> <p>The Chair confirmed that the CE and Chair of Worksafe should be invited to lunch at the June Board in Christchurch meeting rather than the Board Health and Safety meeting. Site Safety visits should be offered and arranged if possible.</p> <p>The Acting Chief Executive (ACE):</p> <ul style="list-style-type: none"> provided an update on the current status of EQC's interaction with Worksafe noting: <ul style="list-style-type: none"> A withdrawal letter has been received for one of the investigations they were undertaking on EQC. An invitation to participate in an Asbestos policy group has been received. Action has been lodged in the District Court to extend the statutory time limit to lay charges against EQC in relation to the management of asbestos in homes. Noted that a Centre of Research Excellence (CoRE) grant made by GNS was initially declined and EQC was asked to write a letter of support which has been submitted. <p>The Chair noted that the Board of GNS have indicated they are keen to explore engagement with the EQC Board.</p>	<p>The Board:</p> <p>a) Noted the matters arising and agreed as to the status of each item.</p> <p>ACTION:</p> <ul style="list-style-type: none"> Management to invite the Chair and CE of Worksafe to join the June Board meeting in Christchurch and arrange site safety visits following lunch. Management to investigate engagement between the EQC Board and GNS Board for a shared meeting in Wellington (not May).

<p>5.</p>	<p>Chief Executive's Report</p> <p>The report was taken as read. The Acting Chief Executive (ACE) spoke to the Report and:</p> <ul style="list-style-type: none"> • Provided an update on the current status of the Reinsurance Renewal meetings that Ian Simpson (CE) and Hugh Cowan (GM Reinsurance, Research and Education) are undertaking on behalf of EQC, noting that the reception is very positive. • Provided an update on the information from CanCERN relating to an issue around cash settlement. <p>The ACE spoke to the "Vulnerable Customer Claims – Managed Repairs" data in the Dashboard (to 31/3/14) that was distributed to the Board, noting the fluidity of the numbers of vulnerable customers - more people meet the criteria as time passes.</p> <p>The Board discussed the nature of Board member interactions with staff noting the Governance manual indicates that "Board members generally should not:</p> <ul style="list-style-type: none"> • <i>approach organisational staff directly for information - with the exception of senior management;</i>" <p>The Deputy Chair noted that Board members should only interact with staff through Senior Managers and/or the Chief Executive.</p> <p>The Chair sought and received confirmation from Management that all claims for Eketahuna and Cook Strait events will be settled within the 12 month period after the amount of the damage has been duly determined, as required under the EQC Act.</p> <p>The ACE:</p> <ul style="list-style-type: none"> • Provided an update on the declaratory judgment that Management anticipates will be filed at the end of April. Confirmation from Insurance Council New Zealand (ICNZ) as to whether it will participate in the proceedings is still required. • Provided an update on the status of the Christchurch City Council (CCC) social housing claim noting that discussions are underway to agree on the 'value' of damage attributable to the earthquakes. 	<p>The Board:</p> <p>8) Noted the Chief Executive's Report.</p> <p>ACTION:</p> <ul style="list-style-type: none"> • Management to provide a report to the Board showing cash settlements highlighting any issues where EQC has elected to cash settle. • Management to review the guidelines in the Governance Manual as it relates to Board member interaction with staff, and to provide clear guidelines to the Board. • Management to bring back to the Board a report showing how the settlement of claims for Cook Strait and Eketahuna are tracking and to confirm these will be settled within the 12 month requirement under the EQC Act. Management to consider a request from the CCC for an additional interim payment and advise the Board accordingly.
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	<ul style="list-style-type: none"> Noted that CCC has requested an additional payment of \$10M - \$15M as part of the settlement, which Management is considering. <p>The Chair noted that a number of discussions have occurred with Councillor Raf Manji of the CCC and advised that intensive engagement is required to arrive at a global settlement in a timely manner.</p> <p>The Deputy Chair observed that payments have been made to CCC with apparently no repairs having been undertaken.</p>	
<p>5.1</p>	<p>Business Performance Report (BPR)</p> <p>The Deputy Chair:</p> <ul style="list-style-type: none"> Noted that clarity is required to explain the difference between the reports that show 78% of dwelling claims are resolved but only 51% of building exposures resolved. This appears to be a large gap and requires further explanation. <p>Commissioner Kiesanowski sought clarity on 'who' is surveyed to arrive at the 86% customer satisfaction. Management advised that these customers are surveyed at the end of their repair process through the CHRP.</p> <p>The Chair sought confirmation from the ACE that all outstanding OIAs will be completed at the end of April as per the target as advised to the Select Committees.</p> <p>The ACE noted that engagement with CERA is underway to try to come to a 'bulk' settlement agreement for outstanding red zone land cash settlement claims.</p>	<p>ACTION:</p> <ul style="list-style-type: none"> Management to provide further commentary and information on the tables showing 78% of dwelling claims resolved compared to 51% of building exposures closed. The ACE to confirm to the Chair by email, that the outstanding OIA target will be achieved by the end of April 2014.
<p>5.2</p>	<p>Health and Safety Report</p> <p>The Board received the paper as read.</p>	<p>The Board:</p> <p>a) Noted the contents of this paper</p>

	<i>Note that Agenda Item 5.4 and 6 were discussed prior to Agenda Item 5.3.</i>	
5.4	<p>EQC Planning and External Reporting</p> <p>The ACE:</p> <ul style="list-style-type: none"> Spoke to the paper and provided a brief overview of the amendments to the processes as a result of the changes to the Crown Entities Act 2004. Noted that the business planning and financial statements are aligned with the Statement of Intent (SOI). 	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted that the amended Crown Entities Act 2004 (the CE Act) now requires EQC's SOI to focus on the strategic objectives that EQC intends to "achieve or contribute to" over a 4-year period and how overall progress toward those objectives will be assessed. b) Noted that the annual performance information currently in the SOI has been replaced by a separate Statement of Performance Expectations detailing how annual performance will be measured and assessed. c) Noted that the development of EQC's 2014/15 SOI and SPE documents will be according to the transitional timetable for implementing the changes to the CE Act, and will occur during August/September 2014. A copy will be provided to the Minister in October with the 2013/14 Annual Report. d) Noted that the main performance measures in EQC's Business Plans will be the annual performance measures in the SPE. e) Noted EQC's 2014/15 Planning and Reporting timetable (Appendix 1) and that the preparation, feedback and review of EQC business plans and budgets (for 2014/15) will be between mid Feb and mid April 2014. f) Noted that separate guidance documentation will be issued shortly to start the business planning process.
6.	<p>Treasury Budget Submission</p> <p>The Financial Controller spoke to the paper:</p> <ul style="list-style-type: none"> Noting that the report includes non-Canterbury figures as these are required to be included in the ILVR. <p>The Chair:</p> <ul style="list-style-type: none"> Noted that this is the first time that this matter has come to the Board. Noted that the Board has had no visibility of the budget determination process and that the process for informing the Board will need to be improved for next year to ensure a greater oversight for the Board prior to a budget of this nature being submitted to Treasury. 	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted that the financial submission to Treasury (attached presentation) was presented to the Executive Leadership Team on 1 April 2014, who approved the distribution of the presentation and numbers to the Board of Commissioners. b) Approved the submission of the numbers included in the attached presentation to Treasury. <p>ACTION:</p> <ul style="list-style-type: none"> Management to include the following items on the Board Strategy Day agenda: <ul style="list-style-type: none"> Use of Board Member skill sets Proposed establishment of a Board Financial subcommittee

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	<p>Commissioner Kiesanowski sought and received clarity that the premium rate remains constant and this should be reflected in the assumptions.</p> <p>The Chair advised that a discussion as to whether a Board Finance subcommittee is required should be included on the agenda for the Board Strategy day.</p> <p>Commissioner Daly suggested that the oversight of these processes (Including SOI, Business Planning, Treasury Budget submission) be provided to the Audit and Risk Committee (ARC), noting the Chairman's advice that this matter will be discussed at the Board Strategy day.</p> <p>Commissioner Kiesanowski noted that a higher oversight at Board level is required for the Treasury Budget submission, the SOI and EQC's internal budget processes and this should all be discussed at the Board Strategy Day.</p> <p>The Deputy Chair advised that the assumptions supporting the forecast indicated that EQC was not expecting any replenishment of the fund.</p> <p>The Chair and Deputy Chair requested that the 'Key Balance Sheet Lines' slide – first point under 'Cash and Short term Deposits' be amended to read <i>"This reflects that, at this stage, we anticipate there will be a requirement to draw.....settlement plans)."</i></p>	<ul style="list-style-type: none"> o Board oversight of Treasury Budget submission, Statement of Intent process, and internal Budget forecasts and development. • Management to amend the 'Cash and Short term Deposits' sentence on the 'Key Balance Sheet Lines' slide to read <i>"This reflects that, at this stage, we anticipate there will be a requirement to draw....."</i>
	<p><i>Emma Hicks and Chris Chainey left the meeting at 10.35am.</i></p> <p style="text-align: center;">9(2)(a)</p> <p><i>Debbie Barber and [REDACTED] joined the meeting at 10.35am.</i></p>	
<p>5.3</p>	<p>Stakeholder Engagement and Reputation Presentation</p> <p>The General Manager Stakeholder Engagement and Reputation (GM SER) and Media Manager Communications (MMC) distributed and spoke to the presentation noting that:</p> <ul style="list-style-type: none"> • Focus and efforts go into improving perception of EQC nationally, predominately on events outside of Canterbury. • The 'vulnerable customer issue' seriously impacted EQC's reputation in the media. 	<p>The Board:</p> <p>a) Noted the contents of this presentation.</p>

	<ul style="list-style-type: none"> • Sensitive and efficient management of critical stakeholders is a priority. • Engagement with CanCERN has improved. • The key message is around completion by December 2014. • Further communications are required to ensure that clarity to customers is provided for Increased Liquefaction Vulnerability (ILV) and Increased Flooding Vulnerability (IFV). <p>The Board noted that all communications from EQR require oversight from EQC to ensure they are in alignment with our policies and do not contradict EQC's media statements.</p>	
<p>9(2)(a)</p>	<p>Debbie Barber and 9(2)(a) left the meeting at 10.54 am.</p> <p>9(2)(a) joined the meeting via video conference at 10.56am.</p>	
<p>7.</p>	<p>Nelson Land Damage Analysis</p> <p>The Principal Advisor provided a brief overview of the paper and the basis for this paper coming to the Board.</p> <p>The Board discussed the recommendations and content of the paper and noted Option 2 is a pragmatic resolution to manage this issue.</p> <p>The ACE noted that the Board discussion at the August 2013 meeting around Section 19 interpretation of the Act was in the environment of pending legal action.</p> <p>The Chair sought and received confirmation that the cost of processing the payments referred to in the paper will not be significant, noting Management's advice that a number of claims will be able to undergo a 'desktop' analysis rather than site visits (thereby further limiting the costs).</p>	<p>The Board:</p> <p>a) Noted that at its August 2013 meeting, the Board confirmed:</p> <ol style="list-style-type: none"> 1. All Canterbury land claims be reviewed and settled, where applicable, on the basis 9(2)(h) of section 19 of the Earthquake Commission Act (s19) 2. All land claims received by EQC on or after 19 March 2013 be assessed on the basis 9(2)(h) of s19 3. All non-Canterbury land claims settled prior to 19 March 2013 are reviewed on a case-by-case basis based on information supplied by a client. <p>b) Noted that at the same meeting the Board also requested that Management advised on the practicality of reviewing a section of (December 2011) Nelson landslip claims using the old and new interpretation [of s19].</p> <p>c) Noted that the analysis of the December 2011 Nelson event has been completed and shows that applying the strongest interpretation of s19 has a material effect on land settlement calculations.</p> <p>d) Noted that three options were considered by Management:</p> <ol style="list-style-type: none"> 1. Option 1: Retaining the status quo (i.e. Canterbury land claims settled on the basis of the strongest interpretation of s19 from 4

		<p>September 2010 with the same applying to the rest of New Zealand from 19 March 2013)</p> <ol style="list-style-type: none"> 2. Option 2: Aligning the rest of the country with Canterbury (i.e. all land claims received by EQC on or after 4 September 2010 be settled on the basis of the strongest interpretation of s19) 3. Option 3: Apply the strongest interpretation of s19 from a specific date (e.g. 1 January 2010). <p>e) Noted that on balance, Management recommends Option 2: Aligning the rest of the country with Canterbury for Board consideration.</p> <p>f) Noted Option 2:</p> <ol style="list-style-type: none"> 1. Is estimated to cost between \$2.2m and \$6.6m in additional settlement costs 2. Will involve the re-assessment of approximately 2,400 historical land claims, which will have operational implications given the need to settle Canterbury land claims by 19 December 2014. <p>g) Agreed, on the basis of the Nelson analysis, that EQC's policy regarding the application [REDACTED] of s19 be revised as follows:</p> <ol style="list-style-type: none"> 1. All land claims received by EQC on or after 4 September 2010 be assessed (or re-assessed) on the basis of the strongest legal interpretation of s19 2. Land claims settled prior to 4 September 2010 are reviewed individually on a reactive basis based on information supplied by a customer. <p>h) Agreed that settling Canterbury land claims by December 19 2014 remains EQC's priority in terms of land settlement.</p> <p>i) Noted that while historical non-Canterbury land claims will be re-assessed at the earliest practical opportunity, this may not be completed until December 2015.</p> <p>j) Directed Management to approve a suitable communications plan and information for affected claimants.</p> <p>ACTION:</p> <ul style="list-style-type: none"> • Management to provide a copy of the communications plan referred to in (j) above together with the timing of the proposed settlements before Management proceeds.

9(2)(h)

	<p><i>The Board agreed to defer Agenda Item 8 CHRP Excess and 9 CHRP Risk Review to after lunch.</i></p> <p><i>The Board broke for Morning Tea at 11.05 am and reconvened at 11.15am</i></p>	
<p>9(2)(a)</p>	<p><i>The Customer Service Leadership Team (Bruce Emson, Gail Kettle, Zac Berry, Reid Stiven and [REDACTED] joined the meeting at 11.18am.</i></p>	
<p>10.</p>	<p>Customer Services Leadership Team Presentation</p> <p>Reid Stiven (CHRP Manager) introduced the presentation noting the key focus areas:</p> <ul style="list-style-type: none"> • Health and Safety – asbestos awareness. • Customer satisfaction surveys for CHRP. • Prioritisation of vulnerable customers. • Assurances on quality repairs process and oversight including historic repairs complaints. • 77% of all <u>claims</u> resolved. • Improved visibility on ‘bottlenecks’ in the CHRP. <p>Gail Kettle (National Customer and Claims Manager) spoke to the ‘Dwellings’ slide noting that:</p> <ul style="list-style-type: none"> • The definition of ‘settlement’ here is that a settlement path or position has been arrived at. • The timing between ‘settlement’ and ‘resolution’ depends on the complexity of the claim. <p>Zac Berry (Head of Land) spoke to the land settlement progress noting that:</p> <ul style="list-style-type: none"> • There are three categories of land claims (Green Zone – Port Hills, Green Zone - Flat Land and Red Zone). • Public commitment to assess all claims and settle all Port Hills claims by December 2013 has been achieved. • Flat land claims will be settled by December 2014 subject to apportionment, declaratory judgment, and ground improvement trials. • There are various risks and issues identified as potential impediments to settling all claims by end of December 2014. 	<p>The Board:</p> <p>a) Noted the contents of this presentation.</p> <p>ACTION:</p> <ul style="list-style-type: none"> • Management to invite the State Services Commission (SSC) to Christchurch to provide training to staff on how to maintain political impartiality in an election year, particularly.

<p>Gail Kettle spoke to the non-Canterbury claims and Multi Unit Buildings (MuBs) progress slides noting that:</p> <ul style="list-style-type: none"> • Inspections for Cook Strait claims are 98% complete with 38% resolved. • Inspections for Eketahuna claims are 58% complete with 4% resolved. • The four MuB categories to date: resolved (M1 – 49%, M2 - 33%, M3 – 49% and M4 - 66%) <p>Gail Kettle spoke to the ‘task for 2014’ noting the focus areas are:</p> <ul style="list-style-type: none"> • Further dwelling settlements. • Completing insurance verification. • Completing Port Hills land cap review top ups. • Completing flat land settlements. • Recoveries analysis and completion. • Complaints, OIAs and Quality. • Customer managed repair – transition to new Opt Out process. <p>The Chair:</p> <ul style="list-style-type: none"> • Advised that the Chair and CE of Worksafe will be invited to the next Board meeting in Christchurch In June. • Indicated that the bulk settlement deal with CERA will be raised at the Minister’s meeting next Thursday. • Acknowledged confirmation from Gail Kettle that the outstanding OIAs will be completed by the end of April 2014, and asked that the Board’s appreciation to the team for the hard work undertaken is passed on. • Spoke to the upcoming Election and noted that the State Services Commission (SSC) will be invited to Christchurch to provide training to staff on how to maintain political impartiality in an election year, particularly. <p>Commissioner Kieranowski:</p> <ul style="list-style-type: none"> • Sought and received confirmation that Fletchers, as EQC’s agent are responsible for overall repair quality • Sought and received confirmation as to how information provided by claimants that are not satisfied with their repairs is substantiated. 	
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	<p>Commissioner Daly</p> <ul style="list-style-type: none"> Sought and received clarity on the number of properties that are moving from under cap to over cap once full scope of works is completed and as a result of foundation works required. <p>The GM CS spoke to the Customer Services slide noting that success looks like:</p> <ul style="list-style-type: none"> Cash in the customer's hand/bank Home repaired and re-occupied Claim declined. 	
	<p>Sir Maarten acknowledged Bruce Emson (General Manager Customer Services) who will be leaving EQC at the end of April 2014.</p> <p>Sir Maarten thanked Bruce, on behalf of the Board for his critical leadership role in Canterbury, noting the difficult circumstances and skills and leadership Bruce brought to the role and presented him with a jade toki.</p> <p>The Deputy Chair also thanked Bruce for his valuable contribution to EQC acknowledging he brought drive and energy to EQC in Christchurch. The Board was especially grateful for his willingness to be the front face of EQC, which was a very challenging role.</p>	
	<p><i>The Customer Service Leadership Team left the meeting at 12.30pm.</i></p> <p><i>The Meeting broke for lunch at 12.34pm.</i></p> <p><i>David Meates (Chief Executive, Canterbury DHB) and Dr John Crawshaw (Director of Mental Health) joined the Board for lunch at 12.35pm.</i></p> <p><i>The Board meeting reconvened at 1.15pm.</i></p> <p><i>Emma Hicks joined the meeting at 1.15pm</i></p>	
<p>8.</p>	<p>CHRP Excess</p> <p>The CFO spoke to the paper noting:</p> <ul style="list-style-type: none"> That EQC can choose not to collect payments if it is not cost effective to do so. That the Canterbury event is the first managed repair programme so this issue has not occurred previously as excesses are 	<p>ACTION:</p> <ul style="list-style-type: none"> Management to advise the Board on: <ul style="list-style-type: none"> Recovery options Communications plans and content Testing collateral with relevant community groups

	<p>deducted from cash settlements up front.</p> <ul style="list-style-type: none"> • That there is a total of circa \$31M available to be collected. • Noted there is a 'hardship' 'opt-out' option for those customers who are assessed as being unable to pay the excess invoice. <p>The ACE:</p> <ul style="list-style-type: none"> • Noted the parity issue for those customers who have had an excess deducted from their cash settlement payment. • Noted that there are issues for EQC regardless of how we proceed, but the decision needs to be made as to the level of risk the Board is prepared to accept. <p>The Board discussed testing the communications that are proposed to go to the customers.</p> <p>The Chair:</p> <ul style="list-style-type: none"> • Invited Management to give consideration to the proposed communications for recovery of excesses and to 'test' this collateral with a cross-section of customer community groups to monitor the response and mitigate as far as possible the reputation and mental health risks associated with this issue. • Invited Management to explore the options of offering a 20% discount if paid within 30 days, and/or offering a payment plan over a period of time and how this might be operationalised and bring a paper outlining a proposal back to the Board in May. 	
	<p><i>Emma Hicks left the meeting at 1.37 pm.</i></p> <p><i>Jane Thomassen and Reid Stiven joined the meeting at 1.37 pm.</i></p>	
<p>9.</p>	<p>CHRP Risk Review</p> <p>The Chair accepted the paper as read and asked for any key risks that the Board should be aware of.</p> <p>Reid Stiven noted the key areas of risk are:</p> <ul style="list-style-type: none"> ○ Completion date of December 2014. ○ Staff Retention. ○ Data Integrity. 	<p>The Board:</p> <ul style="list-style-type: none"> a) Noted Management's assessment of key risks across the CHRP programme. b) Provided comment on the assessments presented and determined if further considerations are required. <p>ACTION:</p> <ul style="list-style-type: none"> • Management to bring an update on the CHRP Risks to the May Board meeting. • Management to invite Michelle Creagh (Fletcher EQR) to the May Board meeting to speak to the

	<p>The Chair:</p> <ul style="list-style-type: none"> Invited Management to provide an update to the May Board meeting <p>The Board:</p> <ul style="list-style-type: none"> Noted that the weekly traffic light report submitted to the Board should include the run rates required to complete to December 2014. Noted that a clear picture must come up to the Board both at EQC and EQR to identify the root causes that are impeding the run rates being met to ensure that the Chairs of both organisations are fully appraised of the situation. Invited Management to invite Michelle Creagh (Fletcher EQR) to the May Board meeting to speak to the completion run rates required. 	<p>completion run rates required.</p> <ul style="list-style-type: none"> Management to amend the weekly traffic report to include the run rates required to complete the programme by December 2014. Management to provide a clear picture to the Board on the root causes that are impeding the run rates for the CHRP.
	<p><i>Jane Thomassen and Reid Stiven left the meeting at 1.50 pm</i></p> <p><i>Zac Berry joined the meeting at 1.52 pm.</i></p>	
<p>11.</p>	<p>Land Settlement Programme Plan (LSPP)</p> <p>The Head of Land spoke to the paper and:</p> <ul style="list-style-type: none"> Outlined the key numbers associated with land settlement, specifically with respect to increased Liquefaction Vulnerability and increased Flooding Vulnerability. Noted that communication strategies have been disseminated to the multi-agency steering groups on which EQC is represented. Noted that the LSPP is designed to aggregate together all of the pieces of work within EQC that relate to land. Currently the 'ground improvement trials' are run through the Research and Education umbrella and co-ordination of time frames has proven difficult. Noted that key risks to the land programme are extreme and external which has an impact on timing for critical pieces of work. Noted that MBIE ██████████ 9(2)(g)(i) ██████████ to endorsing the horizontal soil beam, which is a pillar of EQC's entire approach for the repair of ILV. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted that Management has endorsed the proposed plan and timelines for flat land settlements in Canterbury (which includes the approach for establishing the settlement approach for IFV and ILV). Noted the key risks to the successful settlement of IFV and ILV. Noted that Management does not propose that EQC takes the lead on land repairs (i.e. does not propose that EQC creates a land PMO). Noted the initial importance of a sound communications strategy for the land decisions.
	<p><i>The Board agreed to hear Agenda Item 13 (Board Strategy Day Proposal) before Agenda Item 12 (ISSP Quarterly update).</i></p>	

9(2)(a)

	<p>9(2)(a) [redacted] joined the meeting by Video Conference at 2.22pm.</p>	
<p>13.</p>	<p>Board Strategy Day proposal</p> <p>The Acting Manager of the Office of the Chief Executive (OCE) spoke to the EQC Strategy Workshop paper:</p> <ul style="list-style-type: none"> Noted that the new SOI process will lead into a more strategic document that provides an opportunity to discuss the key drivers and outcomes for EQC – operational versus strategic. <p>The Chair:</p> <ul style="list-style-type: none"> Noted that Commissioners are invited to provide any comments and feedback to 9(2)(a) [redacted] by email. <p>The Board:</p> <ul style="list-style-type: none"> Discussed why the Board agendas are not more aligned with the Statement of Intent (strategic document). Noted Management's advice that as a result of the Canterbury event, the Board was required to have a strong operational focus. Noted that the review of the EQC Act will require the Board to elevate discussions and decisions to a higher strategic level. Noted that the transition out of Canterbury and out of 'crisis' mode into 'business as usual' will also result in a more strategic view from the Board. Noted that there is an appetite for the Board members to provide assistance to Management, using the capabilities around the Board table to support, guide and mentor Management. 	<p>The Board:</p> <p>a) Noted the contents of this paper</p> <p>ACTION:</p> <ul style="list-style-type: none"> Board Executive to arrange accommodation and an evening meal on Thursday 8 May for all Board members attending. Management to advise the Minister of the Board Strategy Day to ascertain whether he is available to attend briefly.
<p>9(2)(a)</p>	<p>9(2)(a) [redacted] left the meeting at 2.36 pm Linda Smith joined the meeting at 2.36 pm Bryan Dunne left the meeting at 2.36pm. Gillian Dudgeon took over as Acting CE.</p>	

<p>12.</p>	<p>ISSP Quarterly Update</p> <p>The Chief Information Officer spoke to the paper noting:</p> <ul style="list-style-type: none"> • A Disaster Recovery (DR) test is being undertaken for the CMS. • A secondary link will be installed to mitigate the Issue (IBM and Datacom) that caused the Christchurch office system to go offline. • Noted the three biggest risk areas are the Claims Management System; the Financial Management System; and stability and network issues. However Management does have processes in place to address each of these. <p>The Chair:</p> <ul style="list-style-type: none"> • Sought and received clarity on the risks in conducting the DR test to ensure little or no disruption to the business. <p>The Board:</p> <ul style="list-style-type: none"> • Sought and received clarity on the confidence of Management in Datacom and IBM's risk management processes, noting Management's advice that joint risk workshops are undertaken with these organisations as our primary vendors. • Sought and received clarity on the annual security penetration testing, noting Management's advice that this information is taken through the Audit and Risk Committee. 	<p>The Board:</p> <p>a) Noted the contents of this paper</p> <p>ACTION:</p> <ul style="list-style-type: none"> • Management to approach the Government Chief Information Officer (GCIO) to request if they have undertaken an assessment of IBM and/or Datacom's risk management processes. This approach would be on the basis that EQC has a critical dependency on both organisations. • Management to provide an update to the May Board meeting on the approach to the GCIO.
	<p><i>Linda Smith left the meeting at 2.49pm.</i></p> <p><i>The Board agreed to hear Agenda Item 15 (Statutory External Reviews) before Agenda Item 14 (Learning Management System)</i></p> <p><i>Jane Thomassen joined the meeting at 2.50pm.</i></p>	
<p>15.</p>	<p>Statutory External Reviews</p> <p>The Chief Risk Officer/ACE spoke to the paper:</p> <ul style="list-style-type: none"> • Noting the report provides an update on the progress in identifying and tracking recommendations and corrective actions following four external reviews published at the end of 2013: <ul style="list-style-type: none"> ○ State Services Commission ○ Ombudsman ○ Office of the Auditor-General ○ Human Rights Commission 	<p>The Board:</p> <p>a) Noted this update on recommendations made following External reviews completed at the end of 2013.</p> <p>b) Noted that a more active approach is required to 'evaluating' and then acting upon the recommendations of the four Reviews.</p>

	<ul style="list-style-type: none"> Noted that Management's focus has been to clear backlog and as at 1 May the 'foot will be put down' to drive these corrective actions to completion. <p>The Chair:</p> <ul style="list-style-type: none"> Noted that the process by which recommendations were to be accepted and embedded into the organisation is somewhat lacking and appears to be still in the planning stage rather than in the 'action' stage. Objectives that are set need to be met. More urgency is required from Management to enact these recommendations. 	
	<p><i>Jane Thomassen left the meeting at 2.58 pm. Heather Stewart and Jane Whitfield joined the meeting at 2.58 pm.</i></p>	
<p>14.</p>	<p>Learning Management System</p> <p>The General Manager Organisational Development (GM OD) spoke to the paper.</p> <ul style="list-style-type: none"> Noting that the implementation of this system will assist in future-proofing the organisation. <p>Commissioner Bell advised that when he was on previous Boards, he had observed that the LMS was an outstanding success.</p> <p>The Board:</p> <ul style="list-style-type: none"> Noted that the approval of the Board is required for all Capital Expenditure. Sought and received clarity on how many staff have been involved in the training programme. Sought and received clarity as to how this system may be used in terms of Knowledge Management to retain processes, procedures and learnings (institutional knowledge) for future use. Noted that the system will be implemented by 30 June 2014 with the first online module being the privacy compliance module. <p>The Chair:</p> <ul style="list-style-type: none"> Noted that the Audit and Risk Committee should ensure that the institutional knowledge and lessons learned are captured appropriately and not lost as EQC winds down. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted the contents of this paper. Noted the addition of the LMS project into the Project Portfolio in November 2013. Noted the procurement process undertaken to select the LMS solution and provider. Noted the GCIO assurance process that has been followed. Noted the forecasted Capital cost of implementing the LMS is \$360,500 including \$11,000 contingency. Approved funding of \$360,500 of Capital Expenditure for implementing the new LMS, including the drawdown of the same amount from the 2013/14 Project Capital Budget. Noted that, including the LMS Capital costs above, the forecasted total Project Capital Spend for 2013/14 is \$4,930,578 against a budget of \$7,007,289. Noted that the next quarterly Project Portfolio update is due to be presented at the May Board meeting, at which time adjustments arising from the Business planning process will be reflected.

<p>9(2)(a)</p>	<p>Heather Stewart and Jane Whitfield left the meeting at 3.09pm.</p> <p>██████████ and Zac Berry joined the meeting at 3.10pm.</p>	
<p>16.</p>	<p>Assessing Liquefaction Vulnerability – confirmation of EQC’s approach</p> <p>The Senior Policy Analyst spoke to the paper and</p> <ul style="list-style-type: none"> Noted that the key point for the Board’s consideration is Refinement 3 in the paper - (Median vs Mean assessment of the ground water level) which would result in approximately 1000 more properties to qualify for ILV. Advised that once the Board decision is received a response will be provided to the Technical Advisory Group of the Land Repair Steering Group on the issues they have raised in regard to the ILV Assessment Methodology. <p>The Chair:</p> <ul style="list-style-type: none"> Noted that the model used to determine the level of damage is based on T&T and engineering data and extensive analysis. <p>The Board:</p> <ul style="list-style-type: none"> Noted the Board’s appreciation that Russell Black and Kelth Taylor offered to review the T&T Engineers Report and to provide any feedback to Management within 24 hours. Confirmed the recommendations contained within the paper subject to Commissioner’s Black and Taylor understanding why the Median vs Mean refinement has such a material impact on the number of properties that qualify for ILV. 	<p>The Board:</p> <ol style="list-style-type: none"> Noted that in 2012 the Board adopted the Liquefaction Severity Number (LSN) as the tool to measure liquefaction vulnerability and approved the methodology for assessment and qualification for the Increased Liquefaction Vulnerability (ILV) form of land damage. Noted that following socialisation of the methodology a report has been received from the Land Repair Steering Group’s technical advisory subgroup (TAG) containing feedback on the LSN model. Noted that based on feedback from the TAG and learnings from the application of the model, Tonkin & Taylor and Management have recommended four refinements to the implementation of the ILV assessment approach. Noted that approximately 11,000 properties are likely to qualify for ILV with approximately 7000 of those in the Green Zone. Endorsed the refinements to the assessment approach for determining ILV land damage. Agreed that a final policy statement be developed that reflects all of the decisions that have been taken by the Board on ILV up to this point and approved by the Chief Executive in consultation with the Chair. Noted that EQC is intending to write to affected customers during May to advise them of their status in regard to ILV. Noted that Commissioner’s Black and Taylor will review the T&T Engineers report and provide any feedback to Management within 24 hours.
<p>9(2)(a)</p>	<p>██████████ and Zac Berry left the meeting at 3.15pm.</p>	

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<p>17.</p>	<p>EQC Act Review update (including copy Letter to the Minister Responsible for the Earthquake Commission)</p> <p>The Chair:</p> <ul style="list-style-type: none"> Noted that the letter should include a comment along the lines of "ensuring that the Act provides a vehicle for reflecting some of the learnings and challenges that have emerged out the Canterbury experience". Agreed to meet with the Deputy Chair on Thursday 17 April 2014 to discuss the proposed 'single land cap issue'. <p>The Board:</p> <ul style="list-style-type: none"> Discussed whether information on MuBs could be included in this letter. Noted a heightened awareness of geotechnical knowledge as a result of the learnings of Canterbury, which will impact on ability to obtain private insurance. Noted the voluntary cover provides for a huge risk. Noted that further clarity is needed about how a single cap for land and buildings would be operationalised, given private insurers don't insure for land. Noted that integrated data sharing between EQC and private insurers should be a requirement and is achievable. 	<p>The Board:</p> <ul style="list-style-type: none"> Approved the letter attached to the Board paper to be sent by the Board Chair to Hon Gerry Brownlee, Minister Responsible for the Earthquake Commission, subject to Board feedback being incorporated together with the discussion between the Chair, Deputy Chair and Management on 17 April. Noted the outcomes of the 26 March 2014 Natural Hazards Workshop summarised in the letter to the Minister.
<p>18.</p>	<p>Board Committee updates</p>	
	<p>Appointments to Health and Safety Board Committee (HSBC) and the Audit and Risk Committee (ARC).</p> <p>The Board discussed and confirmed the appointments to the HSBC and the ARC.</p>	<p>The Board:</p> <ul style="list-style-type: none"> Noted the contents of this paper Agreed to the appointment of Paul Kiesanowski to the Health and Safety Board Committee (HSBC). Agreed to the appointment of Mary Jane Daly to the Audit and Risk Committee (ARC). Agreed that Keith Taylor's term on the ARC will conclude effective 14 April 2014, and Recorded its appreciation of Keith Taylor's willingness to hold this position on the ARC in recent months.

<p>19.</p>	<p>General Business and Correspondence of Interest</p> <p>The Board discussed the papers included:</p> <ul style="list-style-type: none"> • Cabinet paper re Flood Mitigation. • Election 2014. 	
	<p>The next Board meeting will be on Monday 19 May 2014 in Wellington.</p> <p>The Meeting closed at 3.40 pm</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____</p> <p>Sir Maarten Wevers Date</p>	

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



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
HELD IN THE MAJESTIC CENTRE BOARD ROOM
LEVEL 20, 100 WILLIS STREET, WELLINGTON
MONDAY 19 MAY 2014 AT 9.00AM**

Present:

- Sir Maarten Wevers (Chair)
- Russell Black
- Gordon Smith
- Roger Bell
- Paul Kiesanowski
- Mary Jane Daly
- Alison O'Connell

Apologies:

- Keith Taylor

In attendance:

- Ian Simpson (Chief Executive)
- Neil Hoskin (Acting General Manager Project Portfolio Management) – part meeting
- Heather Stewart (General Manager Organisational Development) – part meeting
- Emma Hicks (Chief Financial Officer) – part meeting
- Gillian Dudgeon (Chief Risk Officer) – part meeting
- Gail Kettle (General Manager Customer and Claims) – part meeting
- Reid Stiven (General Manager Canterbury Home Repair Programme) – part meeting
- Chris Chaney (Financial Controller) – part meeting
- Brian Watson (Acting General Manager SPOL) – part meeting
- Iain Butler (Acting General Manager Stakeholder Engagement & Reputation) – part meeting
- 9(2)(a) (Acting Manager Office of the Chief Executive) – part meeting
- Michelle Creagh (General Manager EQR) – part meeting
- 9(2)(a) (Minutes)

The meeting was declared open at 9.10 am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	Ian Simpson and 9(2)(a) joined the meeting at 9.10 am		
1.	Board Only Session The Chair noted that the Board will have an increased strategic focus and become more directly involved in the direction and assessment of the performance of the organisation.		
2.	Present and Apologies The Chair recorded apologies from Keith Taylor.		
3.	Register of Conflicts of Interest Commissioner Kiesanowski advised that he was the owner of a property at 9(2)(a) Christchurch which has an outstanding EQC claim.	<ul style="list-style-type: none"> • Commissioner Kiesanowski to provide an updated Disclosure of Interest Form. • Board Executive to update the Register of Conflicts of Interest. 	20/05/14 20/05/14

<p>4.</p>	<p>Minutes of Board Meeting of 14 April 2014</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Confirmed its responsibilities and focus on health and safety matters. b) Acknowledged the processes in place for Board member interaction with staff noting that Commissioners should feel free to approach staff directly with any specific concerns (see also item #14). c) Noted that paragraph 7, Item 6 to be amended to "The Deputy Chair advised that the assumptions supporting the forecast indicated that EQC was not expecting any replenishment of the fund". d) Subject to the above change, the Minutes of the previous meeting dated 14 April 2014 were confirmed as a true and accurate record. 	<ul style="list-style-type: none"> • Board Executive to amend paragraph 7 under item 6 of the previous Minutes. 	<p>20/05/14</p>
<p>5.</p>	<p>Matters arising</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Agreed to delay the invitation to the Chair and CE of WorkSafe pending legal advice sought by the WorkSafe CE. b) Noted that a number of Commissioners will attend the joint session with the GNS Board on 22 July. c) Noted with satisfaction the achievement of the OIA team for successfully meeting the target of clearing outstanding OIA requests by end of April 2014. Particular thanks to Gail Kettle (GM Customer and Claims) and Clive Lilley (Manager Complaints Resolution Team and Mediation) and their teams. 	<ul style="list-style-type: none"> • The Chair and CE to arrange a session with the GNS technical team followed by a joint session with GNS Board members. 	<p>30/05/14</p>
<p>9(2)(a)</p>	<p>joined the meeting at 9.45 am</p>		
<p>6.</p>	<p>Board/ELT Strategy Workshop Debrief and Actions</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Agreed the strategy day provided a useful platform for developing a stronger strategic direction. b) Endorsed the workshop outcomes summary prepared by [redacted] subject to: 9(2)(a) <ul style="list-style-type: none"> i. Removing the final bullet point on page one of the document. 9(2)(a) ii. Other minor matters noted by [redacted] in the course of the discussion. c) Noted the requirement for the strategic plan to provide sufficient comfort to the Board about priorities and direction. d) Agreed to establish a working group consisting of the Chair and Commissioners' O'Connell and Taylor to review and provide feedback to Management as required on strategic planning and outputs. 	<ul style="list-style-type: none"> • Management to commence actions and submit an overall implementation plan including the phasing of implementation to be presented to the June Board meeting. • Management to circulate the draft RFQ for strategic review services for Board members' information. • Management to amend the workshop summary incorporating the Board changes. 	<p>23/06/14</p> <p>30/05/14</p> <p>30/05/14</p>

9(2)(a)

	<p>left the meeting at 10.07 am.</p> <p>Gail Kettle, Gillian Dudgeon, Iain Butler, Emma Hicks, Reid Stiven and Brian Watson joined the meeting at 10.09 am.</p>		
<p>7.</p>	<p>Chief Executive's Report</p> <p>The Board:</p> <p>a) Noted and welcomed the result of the reinsurance renegotiation and the level of confidence expressed by the industry.</p> <p>b) Confirmed the CE has the authority to investigate an additional top layer cover for Reinsurance.</p> <p>c) Noted (in relation to land trials) that:</p> <p>i. The ongoing negotiations of engineering techniques and approvals.</p> <p>ii. The issue with MBIE in relation to the horizontal soil beam solution further identifying this as a matter of urgency.</p> <p>iii. [REDACTED]</p> <p>iv. Risks and other matters are being worked through in relation to the land repair techniques at the Land Steering Committee.</p> <p>d) Confirmed its on-going interest in better understanding the claims management process for vulnerable customers.</p> <p>e) Requested a status update on vulnerable customers outlining:</p> <ul style="list-style-type: none"> o profile and circumstance; o progress of their claim; o resolution pathway; and o any particular issues that require Board attention. <p>f) Noted that EQR data is being shared directly with EQC.</p> <p>g) Noted that Customer Surveys should demonstrate an appropriate 'fit for purpose'.</p> <p>h) Noted that</p> <p>v. Dealing with WorkSafe, particularly in regards to the asbestos investigation, is a priority, as the Board is concerned about EQC's reputation and other risks around the issue.</p> <p>vi. Invited Management to brief the Health & Safety Committee with details pertaining to the Asbestos matter under review.</p> <p>vii. Requested the Health & Safety Committee to take close oversight of the legal options going forward in relation to WorkSafe.</p> <p>viii. Agreed that in relation to the WorkSafe investigation, the Health & Safety Committee take the lead on behalf of the Board.</p>	<ul style="list-style-type: none"> • Management to provide a formal update to the June Board meeting on the additional top layer of reinsurance renewal. 23/06/14 • Management to provide the Board with a status update on vulnerable customers outlining: 23/06/14 <ul style="list-style-type: none"> o profile and circumstance; o progress of their claim; o resolution pathway; and o any particular issues that require Board attention. 30/05/14 • Commissioners O'Connell and Bell to provide the CE with a draft item for inclusion in the Board Induction manual. 30/05/14 • The CE to contact MBIE with the Board's concerns around delays on endorsement of the horizontal soil beam solution. 30/05/14 • Management to provide a paper to the Health & Safety Committee to ensure good governance oversight on the strategic choices as the legal proceedings unfold with WorkSafe. 21/08/14 	

9(2)(g)(i)

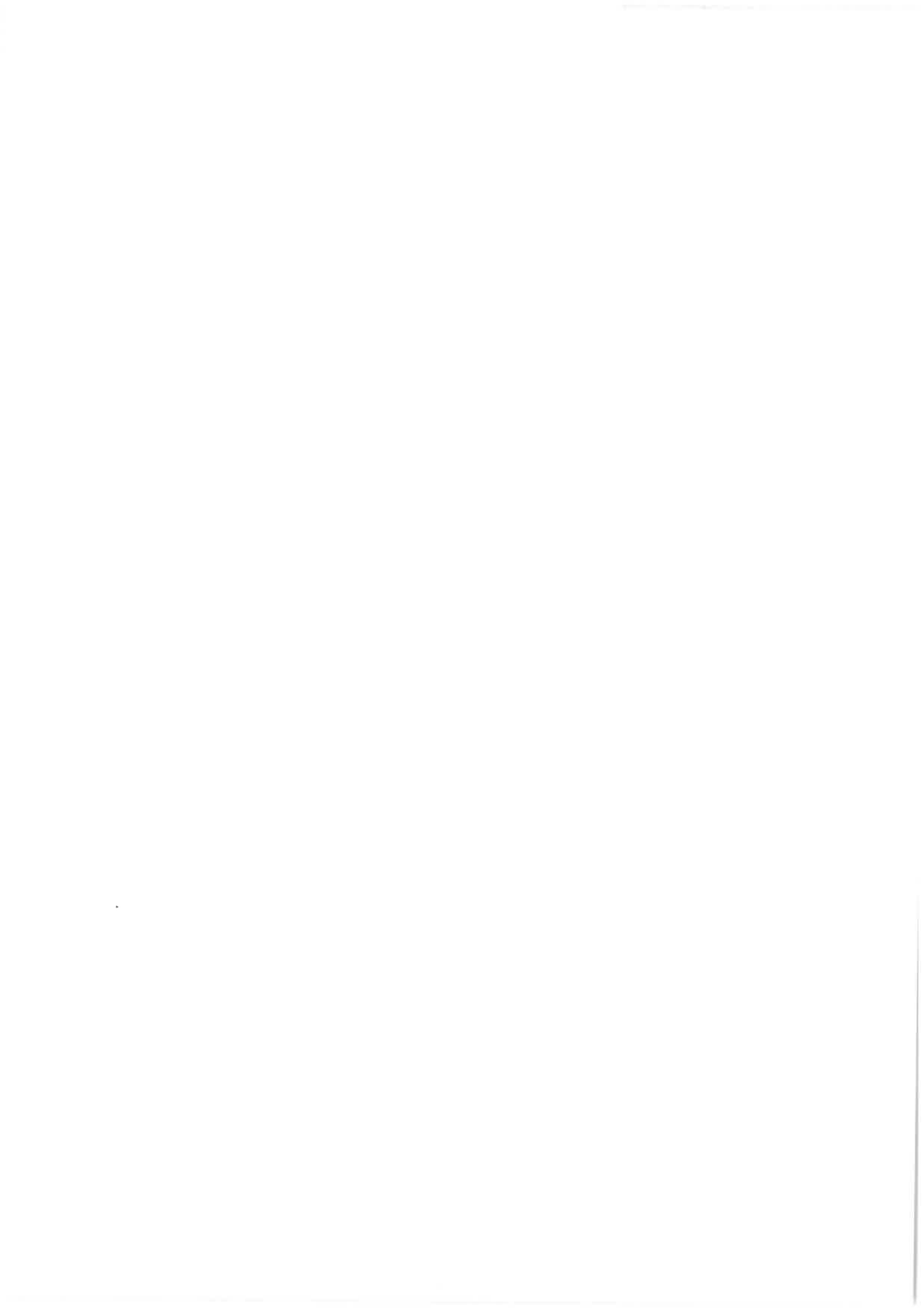
	<p>ix. Agreed that a process is put in place for engagement with the Chair of the Audit & Risk Committee on the next strategic steps.</p> <p>i) Noted the verbal update about the 4,764 customers in the over \$80k category yet to be apportioned.</p>		
8.	<p>Business Performance Report (BPR)</p> <p>The Board:</p> <p>a) Requested that the process for supporting MPs and their legitimate constituent's issues is brought to the June Board meeting for review.</p> <p>b) Noted advice that a response is underway to the request from Hon Ruth Dyson and consideration will be given as to how best to re-engage with all Canterbury MPs.</p>	<ul style="list-style-type: none"> Management to bring to the June Board meeting an outline of the process for liaison with MPs. 	23/06/14
	<p><i>The Board broke for morning tea at 11.00 am.</i></p> <p><i>Michelle Creagh (Fletcher EQR) joined the meeting at 11.13 am</i></p>		
9.	<p>CHRP Risk Update</p> <p>The Board:</p> <p>a) Noted that a number of claims will remain to be resolved in early 2015 and that communications and risk management for these claims is a priority.</p> <p>b) Noted that Fletchers have confirmed submitting to contractors about 500 repair work orders per week.</p> <p>c) Noted that between 66,500 and 68,000 repairs will be achieved by December 2014, further noting that achieving this is subject to issues outside Fletcher's control (e.g. delays at the request of the homeowner).</p> <p>d) Noted that the process of integrating the technical team into the hubs will increase efficiency.</p> <p>e) Noted the level and nature of engineering capability is satisfactory.</p> <p>f) Noted that customer liaison is improving.</p> <p>g) Noted that there is focus on staff retention and business improvement processes, with EQC's reputation remaining a key consideration.</p> <p>h) Noted that health and safety remains a priority and also noted Management's advice that they have confidence in current processes and procedures.</p> <p>i) Welcomed the affirmation that Safe 6 and other health and safety processes remain of high importance.</p> <p>j) Noted the focus on these issues to date will help to ensure a positive health and safety legacy.</p>	<ul style="list-style-type: none"> Management to publish confirmed closed claim figures on the website. 	30/05/14

	Michelle Creagh left the meeting at 12.02 pm		
	Heather Stewart, Emma Hicks and Chris Chainey joined the meeting at 12.07 pm		
10.	<p>Financial Reporting</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted Management's verbal clarification of the definition of 'closed claim'. b) Confirmed figures of 'closed claims' to be published on the website. c) Requested Management provide advice to the Audit and Risk Committee (ARC) meeting on how financial and budgetary control is exercised. d) Extended an invitation to the ARC to provide clarity to the Board on the financial and budgetary controls in place. 	<ul style="list-style-type: none"> • Management to provide advice to the next ARC on how financial and budgetary control is exercised. 	09/06/14
11.	<p>ARC Outstanding Audit Issues update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted that the draft audit plan will be presented to the June 2014 Audit and Risk Committee meeting. b) Noted the current overdue issues, including three in CHRP, are being integrated into the Transition Planning and Customer Managed Repair audits. c) Noted progress on the audit plan. d) Noted Management's continued commitment to address the outstanding audit issues. e) Noted the changes to the approved audit plan. 		
12.	<p>Key Risks linked to Strategic Objectives</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Requested that further reports provide more detailed information on the risk management actions undertaken by Management. 	<ul style="list-style-type: none"> • Management to review its approach to developing future reports to ensure further detail is included. 	
13.	<p>Health and Safety Report</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted Management's advice that EQR is a finalist in two categories of the Safeguard awards and that Alison Murphy is a finalist in the Practitioner of the Year award for Health & Safety. 		
	<p>Heather Stewart, Gillian Dudgeon, Emma Hicks, Iain Butler, Gail Kettle, Reid Stiven and Chris Chainey left the meeting at 12.43 pm.</p> <p>The Board broke for lunch at 12.43 pm and reconvened at 1.05 pm.</p> <p>Neil Hoskin and Gail Kettle joined the meeting at 1.10 pm</p>		

<p>14.</p>	<p>Board Member interaction with staff</p> <p>The Board</p> <p>a) Agreed that Commissioners' Bell and O'Connell work with the CE to finalise wording for incorporation into the Governance Manual.</p>	<ul style="list-style-type: none"> Management to inform the next Board meeting of the final wording on Board member interaction with staff to be incorporated in the Governance Manual. 	<p>23/06/14</p>
<p>15.</p>	<p>Project Portfolio Quarterly update</p> <p>The Board:</p> <p>a) Noted the current make-up of the Project Portfolio.</p> <p>b) Noted the progress of the projects within EQC's Project Portfolio.</p> <p>c) Noted the current forecasted total project Capital Expenditure for 2013/14 is \$3,774,738.</p> <p>d) Noted the companion paper "CMS stability project – Board update"</p>		
<p>15.1.</p>	<p>CMS Stability Project update</p> <p>The Board:</p> <p>e) Stressed the need for an independent external party to be involved in the governance of the project.</p> <p>f) Noted that Commissioners Kiesanowski, Black and Daly offered to assist Management to develop the CMS Stability project further.</p> <p>g) Received the paper and noted the verbal clarification on the governance, leadership and risks around the project.</p>	<ul style="list-style-type: none"> Management to provide an updated report on the CMS Stability project to the July Board. Management to ensure Commissioner's Kiesanowski, Black and Daly are invited to participate in assisting the further development of the CMS Stability Project. 	<p>21/07/14</p> <p>30/05/14</p>
	<p><i>Neil Hosking left the meeting at 1.40pm.</i></p> <p><i>Emma Hicks and Chris Chainey joined the meeting at 1.44 pm</i></p>		
<p>16.</p>	<p>Delegation Framework update</p> <p>The Board:</p> <p>a) Approved the changes to the Delegations Framework.</p> <p>b) Requested that all write offs of accounting balances being advised to external Auditors also be advised to the Chair of the Audit & Risk Committee (ARC).</p> <p>c) Requested the addition of "noted as in the terms of the Crown Entities Act" be included in the second paragraph under item 3 – General Principles.</p> <p>d) Requested that the Background paragraph of the covering note be reworded.</p>	<ul style="list-style-type: none"> Management to amend the Delegation Framework to incorporate the changes requested by the Board. Management to amend Standard Operating Procedures to ensure that all write offs of accounting balances are advised to external Auditors and the Chair of the ARC. 	<p>30/05/14</p> <p>30/05/14</p>
	<p><i>Chris Chainey and Emma Hicks left the meeting at 1.50pm.</i></p> <p><i>Reid Stiven and Iain Butler joined the meeting at 1.50 pm</i></p>		

<p>20.</p>	<p>Research initiatives for approval - Industry and Research Capability Development support</p> <p>The Board:</p> <p>a) Agreed to EQC entering into a capability funding agreement with the University of Canterbury Quake Centre to support the establishment of a five-year Engineering Industry Fellowship, for the purpose of strengthening New Zealand engineering practice and industry-research connections.</p> <p>b) Expressed interest in supporting the Engineering Industry Fellowship funding.</p> <p>c) Invited Management to provide further advice on the proposed engagement with Massey University for the proposed Uncertainty and Risk Communication Fellowship funding.</p> <p>d) Agreed that should the above proceed Commissioner O’Connell be invited to participate in the selection process.</p> <p>e) Noted the purpose of this involvement is to determine:</p> <ul style="list-style-type: none"> • whether and how EQC could influence the direction of the work taken • what linkages there might be to other EQC roles • how it aligns with EQC strategic priorities. <p>f) Agreed to EQC renewing the existing capability funding agreement with University of Canterbury in active tectonics and geotechnical engineering.</p>	<ul style="list-style-type: none"> • Management to circulate the Research and Education strategy to the Board for discussion at the June Board meeting. • Management to provide further advice on the proposed engagement with Massey University for the proposed Uncertainty and Risk Communication Fellowship funding. • Agreed that should the above proceed Commissioner O’Connell be invited to participate in the selection process. 	<p>23/06/14</p> <p>30/05/14</p> <p>30/05/14</p>
	<p><i>Hugh Cowan and [REDACTED] left the meeting at 3.20 pm.</i></p> <p><i>Gordon Smith and Mary Jane Daly left the meeting at 3.22 pm.</i></p>		
<p>21.</p>	<p>Board Committee updates</p> <p>There were no committee updates to discuss.</p>		
<p>22.</p>	<p>General Business and Correspondence of Interest</p> <p>The Board:</p> <p>a) Stressed the need for resolution with the Christchurch City Council regarding their own claims noting the CE’s advice on negotiations pertaining to their request for a further interim payment of \$10m plus GST.</p> <p>b) Authorised the Chief Executive to offer a final payment at his discretion up to \$15m + GST for specified items.</p> <p>c) Noted the Chair’s advice that he has agreed to open the World Forum of Catastrophe Programmes in September 2014.</p>		

	<p>d) Agreed that an approach will be made to Board members as to whether they would like to participate in the World Forum of Catastrophe Programmes dinner on 22 September 2014.</p> <p>e) Noted the CE's advice that the Declaratory Judgment on land has been signed and lodged and agreement has been received by ICNZ to join EQC in the action.</p> <p>f) Discussed the complaint letter from [REDACTED] addressed to all Commissioners. 9(2)(a)</p>		
	<p>The next Board meeting will be on Monday 23 June 2014 in Christchurch.</p> <p>The Meeting closed at 3.25 pm.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ Sir Maarten Wevers</p> <p>_____ Date</p>		



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

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held In the Akoranga Room
Unit 3b Barry Hogan Place, Christchurch
Monday 23 June 2014 at 8.40am**

Present:

Sir Maarten Wevers (Chair)
Russell Black
Gordon Smith
Roger Bell
Paul Kiesanowski
Mary Jane Daly
Alison O'Connell

In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager, Strategy Policy and Legal)
Hugh Cowan, (General Manager, Reinsurance, Research and Education) – part meeting
9(2)(a) (Reinsurance Claims Manager) – part meeting
Emma Hicks (Chief Financial Officer) – part meeting
Chris Chainey (Financial Controller) – part meeting
9(2)(a) (Senior Advisor: OPP&R) – part meeting
Gillian Dudgeon (Chief Risk Officer) – part meeting
Heather Stewart (General Manager Organisational Development) – part meeting
Gail Kettle (General Manager Customer and Claims) – part meeting
Reid Stiven (General Manager Canterbury Home Repair Programme) – part meeting
9(2)(a) Melville Jessup Weaver – part meeting
9(2)(a) (Minutes) – part meeting

Apologies:

Keith Taylor (Deputy Chair)

The meeting was declared open at 8.47 am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	The Board entered into a private session. Ian Simpson, and 9(2)(a) joined the meeting at 9.20 am 9(2)(a)		
1.	Present and Apologies. The Chair recorded an apology from Keith Taylor, Deputy Chair.		
2.	Interests Register/Declaration of Conflicts of Interest Commissioner Bell advised that the Directorship noted for the NZ Business Excellence Foundation should be removed from the Interests Register. Commissioner Smith advised that the Directorship noted for the Calliden Group Limited should be removed from the Interests Registers.	<ul style="list-style-type: none"> Board Executive to amend Interests Register as directed by Commissioners' Bell and Smith. 	24/06/14



	The Board confirmed that there were no interests not otherwise declared on any agenda items.		
3.	<p>Matters arising and Action Items</p> <p>The Board:</p> <p>a) Discussed the matters arising noting the status of each item.</p> <p>b) Agreed that in relation to the implementation of EQC's Asbestos management policy and associated compliance monitoring (including EQC contractors), that the Health and Safety Committee take the lead.</p> <p>c) Agreed that in relation to the Worksafe investigation, and any possible prosecution, that the whole Board will be informed and consulted as deemed appropriate by the Chair and CE.</p>	<ul style="list-style-type: none"> Management to arrange the process for engagement with the Chair of Audit and Risk Committee on the next strategic steps of EQC's response to the Worksafe investigation. Management to maintain contact with the Board Chair as matters develop. 	<p>24/06/14</p> <p>24/06/14</p>
4.	<p>Board Strategy Workshop Matters Arising and Action Summary</p> <p>The Board:</p> <p>a) Noted the final version of the outcome summary from the Board's 9 May 2014 strategy workshop.</p> <p>b) Endorsed the post-workshop action summary and timeline currently being implemented by Management.</p> <p>c) Noted that the request for quotation (RFQ) to provide initial strategy and performance improvement advice to Management released on 21 May 2014 closed on 6 June 2014 with six responses having been received.</p> <p>d) Noted Management's advice that Price Waterhouse Coopers (PWC) had been selected as the preferred provider and that work has already commenced.</p> <p>e) Noted that, on behalf of the Board, the Chair and Commissioners O'Connell and Taylor will be interviewed by PWC in the course of developing the strategy and performance improvement advice, with the review report due with Management in July 2014.</p>	<ul style="list-style-type: none"> Management to ensure that the Minister's Letter of Expectation informs the development of the Strategy advice. Management to distribute a copy of the PWC RFQ response to the Board. Management to provide a copy of the draft Briefing to the Incoming Minister (BIM) to the August Board meeting. Management to undertake suitable internal communications over the outcome of the Board Strategy day. 	<p>24/06/14</p> <p>24/06/14</p> <p>18/08/14</p>
	<i>Bryan Dunne joined the meeting at 9.50 am.</i>		
5.	FINANCE AND INSURANCE SETTINGS		
	<p><i>The Board broke for morning tea at 10.00am.</i></p> <p><i>§(2)(a)</i></p> <p><i>Hugh Cowan, [REDACTED] and representatives from Melville Jessup Weaver (MJW) joined the meeting at 10.04am.</i></p>		

<p>5.1</p>	<p>Insurance Liability Valuation Report (ILVR)</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the paper distributed at the meeting outlining the movement in gross ultimate incurred claim costs for the period 30 June 2013 to 30 June 2014. b) Noted the hard and soft analysis detailed in the liability movement tables. c) Noted the verbal advice providing the current central estimates for: Land - \$2.1billion, Building \$7.8billion and Contents \$440million. d) Requested that the figures above are included in final ILVR to be presented to the Board in July for signoff. e) Agreed not to book the 'soft' changes. f) Agreed to adopt the same approach as last year whereby a supplementary letter would be appended to the ILVR if required. 	<ul style="list-style-type: none"> • Management to ensure that MJW include the 'actual' as well as 'estimated' gross ultimate incurred claims costs in future reports to the Board. 	<p>24/06/14</p>
	<p style="text-align: center;">9(2)(a)</p> <p><i>Hugh Cowan, [REDACTED] and representatives from MJW left the meeting at 11.00am.</i></p>		
<p>5.2</p>	<p>Reinsurance programme renewal</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the contents of the Aon Benfield report describing the final outcome of the 2014/2015 reinsurance renewal placement. b) Complimented Management on the results achieved noting the strategic significance of this result. 		
	<p style="text-align: center;">9(2)(a)</p> <p><i>Emma Hicks, [REDACTED] and Chris Chainey joined the meeting at 11.01 am.</i></p>		
<p>5.3</p>	<p>EQC Input to Pre-Election Economic & Fiscal Update (PREFU)</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the expected timeline and requirements for the PREFU. b) Noted that approval for submission of the PREFU will be sought at the July Board meeting in conjunction with the final ILVR decision. 		
<p>5.4</p>	<p>CHE Budget and Business Plan</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Approved the proposed 2014/15 CHE budget of \$1,265 million. b) Approved the Capital Expenditure (Capex) budget of \$13.26 million for the 2014/15 fiscal year covering Canterbury and non-Canterbury operations. 	<ul style="list-style-type: none"> • Management to provide regular financial reporting against the Budget. 	<p>21/07/14</p>

	<p>c) Noted the additional information provided regarding the non-Canterbury budget previously presented to the Board.</p> <p>d) Noted Management's advice that requirements for claims administration staff into 2015 has been specifically raised with Reinsurers.</p> <p>e) Requested Management provide regular financial reporting against the Budget.</p> <p>f) Noted an expectation that Management will continue to pursue value for money in the Commission's operation and to that end will ensure appropriate financial disciplines are in place.</p>		
	<p style="text-align: center;">9(2)(a)</p> <p><i>Emma Hicks, Chris Chainey and [REDACTED] left the meeting at 11.26am.</i></p> <p><i>Hugh Cowan rejoined the meeting at 11.27am.</i></p>		
<p>6.</p>	<p>CONTRIBUTION TO NATIONAL RISK MANAGEMENT</p>		
<p>6.1</p>	<p>National Civil Defence Emergency Management (NCDEM) Plan</p> <p>The Board:</p> <p>a) Noted advice about the contents of the NCDEM Plan recently released for public consultation.</p> <p>b) Noted that public submissions on the NCDEM Plan close at 5pm on 25 July 2014.</p> <p>c) Requested Management clarify whether a Board submission would be appropriate for the public submission process and, if so, distribute a draft submission by email for Board approval.</p>	<ul style="list-style-type: none"> • Management to determine the appropriateness of a Board submission on the NCDEM Plan through the Public Submission process. • If appropriate, Management to draft a submission and distribute by email for Board approval. 	<p>24/06/14</p> <p>24/06/14</p>
<p>6.2</p>	<p>Research and Education Strategy (RES)</p> <p>The Board:</p> <p>a) Noted the 2013 Research and Education Strategy as approved by the Board in February 2013.</p> <p>b) Noted the next revision of Strategy is scheduled for mid-2015.</p> <p>c) Noted that the RES will be considered as part of the work currently underway by Price Waterhouse Coopers (PWC) to inform the Board on EQC's strategic role with other agencies and entities.</p> <p>d) [REDACTED]</p> <p style="text-align: center;">9(2)(a)</p> <p>e) Confirmed the Board's willingness for EQC to participate actively in national risk management and risk reduction activities in association with other organisations.</p>		

	<i>Hugh Cowan left the meeting at 11.56pm. Gillian Dudgeon joined the meeting at 11.57am.</i>		
7.	COHERENCE, ALIGNMENT AND MEASUREMENT		
7.1	Quarterly Review of EQC Key Risks The Board: a) Noted Management's assessment of EQC's key risks to achieving its strategic objectives. b) Noted that the Audit and Risk Committee accepted Management's identification of EQC's key risks. c) Noted that if new strategic priorities for EQC are agreed, key risk areas will be reviewed to ensure ongoing alignment. d) Requested an opportunity for Board members to participate in a site and hub visit programme in Christchurch. e) Agreed that an on-going risk management and mitigation effort remains one of the Board's highest priorities.	<ul style="list-style-type: none"> Board Executive to arrange suitable dates in the next 8 weeks, with those Commissioners who wish to participate in site and Hub visits in Christchurch including a meeting with the Community Liaison team. 	24/06/14
7.2	Statutory External Reviews The Board: a) Noted the update on recommendations made following Statutory External reviews completed at the end of 2013. b) Noted Management's advice: i. that the State Services Commission (SSC) has agreed to close all items based on the progress EQC has made on the recommendations detailed in the SSC report. ii. that the Ombudsman has agreed to close a number of recommendations and that a further report is due to be submitted to the Ombudsman on 21 July 2014. iii. that a way forward has been agreed with the Office of the Auditor General (OAG). iv. on the status of the Human Rights Commission (HRC) report. v. that internal communications will be developed to ensure staff are aware of the progress made in responding to the various reports.	<ul style="list-style-type: none"> Management to develop appropriate internal communications to staff on the results of the various external reviews. 	24/06/14
	<i>Gail Kettle and Reid Stiven joined the meeting at 12.20 pm.</i>		
7.3	Vulnerable customer status update report The Board: a) Welcomed the report setting out in more detail the Commission's support and progress with repairs or otherwise settling the building claims	<ul style="list-style-type: none"> Management to bring to the July Board Meeting, a further status update on vulnerable customers, including more granular data on claimants that have been categorised as vulnerable for 12 months or more and any steps that can 	21/07/14

	<p>of vulnerable customers.</p> <p>b) Noted that new vulnerable customers are identified and prioritised for repair or cash settlement each month from:</p> <ul style="list-style-type: none"> • MSD shared data (Cash Home Repair Programme (CHRP) properties only), community and health agency referral and family/self-identification. • Existing customers whose personal or family circumstances have changed. <p>c) Requested Management bring to the next Board Meeting, a further status update on vulnerable customers, including more granular data on vulnerable claimants that have been waiting for CHRP repairs for 12 months or more and any steps that can be implemented to ensure these are dealt with as expeditiously as possible.</p> <p>d) Directed Management to address these customer issues as quickly as possible and as a priority.</p>	<p>be implemented to ensure these are dealt with as expeditiously as possible.</p>	
	<p><i>The Board broke for lunch at 12.50 pm and reconvened at 1.15pm.</i></p>		
8.	OTHER BUSINESS		
	<p><i>Emma Hicks and Heather Stewart joined the meeting at 1.15pm.</i></p>		
8.1	<p>Chief Executive's Report</p> <p>The Board:</p> <p>a) Approved the revised text on Board member interaction with staff, for inclusion in the Board Governance Manual.</p> <p>b) Noted Management's advice:</p> <ul style="list-style-type: none"> • that an opportunity for EQC to address the Cross Party forum has been sought, date to be confirmed by the Minister's office. • that the CE will be interviewed 'under caution' as part of a WorkSafe investigation. 	<ul style="list-style-type: none"> • Management to update the Board Governance Manual in relation to Board member interaction with staff and communicate to staff as appropriate. 	24/06/14
8.1.1	<p>Business Performance Report (BPR)</p> <p>The Board:</p> <p>a) Noted the BPR.</p> <p>b) Requested that Management bring to the August Board meeting a paper outlining the overall claims satisfaction results from the UMR surveys, noting this will include data for Cook Strait and Eketahuna events.</p> <p>c) Noted the May 2014 Financial statements.</p>	<ul style="list-style-type: none"> • Management to bring to the August Board meeting a paper outlining the overall claims satisfaction results from the UMR surveys. 	18/08/14

<p>8.1.2</p>	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) Noted the contents of the Health and Safety Report.</p>		
<p>8.1.3</p>	<p>Health and Safety 'At Work' Act and Supporting Regulations</p> <p>The Board:</p> <p>a) Noted it is likely that the Health and Safety 'At Work' Bill will be enacted on 1 April 2015.</p> <p>b) Noted that supporting regulations will come into force on the same date.</p> <p>c) Noted key features of the Bill and possible implications for EQC, Board, the staff and contractors.</p> <p>d) Noted that Management is preparing to make a submission on the proposed regulations.</p> <p>e)  9(2)(h)</p> <p>f) Requested Management consult with staff over nomination of one or two staff representatives to be invited to join the Health and Safety Board Committee (HSBC).</p> <p>g) Requested that a more detailed report be submitted to the HSBC which should show the full schedule of all requirements in the proposed legislation or regulations and the actions taken against them.</p> <p><i>Alison Murphy joined the meeting at 2.05pm</i></p> <p>The Board formally acknowledged and congratulated Allison Murphy on recently being recognised with an award as the "Leading Health and Safety Practitioner of the Year"</p>	<ul style="list-style-type: none"> • Management to consult with staff over nominations for one or two staff representatives to be invited to join the Health and Safety Board Committee and report back to the Chair of the HSBC •  9(2)(f) 	<p>03/09/14</p> <p>22/09/14</p>
<p>8.1.4</p>	<p>Summary of results – Integrity and Conduct Survey 2013</p> <p>The Board:</p> <p>a) Noted advice on the Summary of results – Integrity and Conduct Survey 2013 paper.</p> <p>b) Noted the next steps outlined in the report.</p> <p>c) Noted advice that high integrity levels lead to higher engagement and retention levels.</p>		
	<p><i>Heather Stewart left the meeting at 2.19pm.</i></p> <p><i>Chris Chainey re-joined the meeting at 2.20pm.</i></p>		

	<p>ii. <i>Agreed that should the above proceed Commissioner O'Connell be invited to participate in the selection process.</i></p> <p>c) Requested, given the possibility of charge(s) being laid by Worksafe in relation to Asbestos handling throughout CRRP, that the CE keeps Board informed and seeks advice from the Chair as appropriate.</p>		
9.	INFORMATION ITEMS		
9.1	Board Committee updates		
	<p>Audit and Risk Committee (ARC) update</p> <p>The Chair of the ARC provided a verbal summary of the ARC meeting, specifically mentioning:</p> <p>a) that the GST matter was resolved.</p> <p>b) that Management was asked to define 'materiality' thresholds.</p> <p>c) that the ARC Terms of Reference will be reviewed.</p>		
	<p>Health and Safety Committee (HSBC) update</p> <p>The Chair of the HSBC provided a verbal summary of the meeting specifically mentioning:</p> <p>a) comfort with how Management is addressing outstanding leave balances.</p> <p>b) that EAP services are being utilised by staff.</p> <p>c) that Southern Response attended the meeting.</p>		
	<p>Remuneration Committee Proposal</p> <p>The Board:</p> <p>a) Agreed to establish a Remuneration Committee to deal with matters including the setting of key performance indicators for the Chief Executive and the associated annual performance assessment and remuneration adjustment.</p> <p>b) Agreed that the Chair of the Commission be appointed as the Chair of the Remuneration Committee, with the Deputy Chair, Keith Taylor and Commissioner Roger Bell appointed as members.</p> <p>c) Noted that the Remuneration Committee will consider draft Terms of Reference and submit these to the Board for approval at its next meeting in July.</p> <p>d) Accepted Commissioner Smith's offer to provide Management with a draft copy of Terms of Reference to use as a template for the Remuneration Committee.</p>	<ul style="list-style-type: none"> Commissioner Smith to provide Management with a copy of draft Terms of Reference document for revision and submission to the Committee/Board. 	24/06/14

9.2	<p>Correspondence of Interest</p> <p>The Board noted the items of interest.</p>		
9.3	<p>General Business</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted Management's advice the CE has been invited to meet with the Australian Productivity Commission to discuss funding for Natural Disaster regimes. 		
9.4	<p>Review of Meeting</p> <p>The Board:</p> <p>a) Discussed the revised Board agenda and minute process (still in development) and:</p> <ul style="list-style-type: none"> • noted that the Chief Executive Report and Business Performance Report should be discussed under Coherence, Alignment and Measurement. • noted that the substantive discussion works well in the morning session. • noted that all future Christchurch meetings be held in the Akoranga room with a 9am start time. • requested that the minutes are reviewed by the CE and other Management in attendance and distributed to the Board within seven days. • Requested that the agenda be finalised between the Chair and CE with consultation from other Board members as required. 	<ul style="list-style-type: none"> • The Board Executive to: <ul style="list-style-type: none"> ○ Move the Chief Executive Report and Business Performance Report to be discussed under Coherence, Alignment and Measurement. ○ Book the Akoranga room for all future Christchurch meetings with a start time of 9am. ○ Provide a copy of the draft minutes to the CE and other Management in attendance for review and feedback prior to distribution to the Board within seven days from the date of the Board meeting. 	24/06/14
	<p>The next Board meeting will be on Monday 21 July 2014 in Wellington.</p> <p>The Meeting closed at 3.30 pm.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ Sir Maarten Wevers</p> <p>_____ Date</p>		

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

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the The Majestic Centre Board Room
Level 20, 100 Willis Street, Wellington
Monday 21 July 2014 at 9.00am**

Present:

Sir Maarten Wevers (Chair)
Keith Taylor (Deputy Chair)
Russell Black
Gordon Smith
Roger Bell
Paul Klesanowski
Mary Jane Daly
Alison O'Connell

In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager, Strategy Policy and Legal)
Hugh Cowan, (General Manager, Reinsurance, Research and Education) – part meeting
Emma Hicks (Chief Financial Officer) – part meeting
Gillian Dudgeon (Chief Risk Officer) – part meeting
Alison Murphy (Manager Safety & Wellbeing) Acting for Heather Stewart (GM Organisational Development) – part meeting
Gail Kettle (General Manager Customer and Claims) – part meeting
Reid Stiven (General Manager Canterbury Home Repair Programme) – part meeting
[redacted] (Acting Manager Office of the CE) – part meeting
9(2)(a) [redacted] (Science and Education Manager) – part meeting
[redacted] (Reinsurance Claims Manager) – part meeting
Chris Chainey (Financial Controller) – part meeting
9(2)(a) [redacted] (Senior Policy Analyst) – part meeting
Linda Smith (Chief Information Officer) – part meeting
Debbie Barber (General Manager, Stakeholder Engagement and Reputation) – part meeting
9(2)(a) [redacted] (Media Manager, Communications) – part meeting
Jeremy Ford (Principal Legal Advisor) – part meeting
9(2)(a) [redacted] Melville Jessup Weaver – part meeting
9(2)(a) [redacted] (Minutes) – part meeting

Apologies:

The meeting was declared open at 9.00 am.			
	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	The Board entered into a private session at 9.00 am. Ian Simpson, Gillian Dudgeon joined the meeting at 9.15 am. 9(2)(a) [redacted] joined the meeting at 9.26 am.		
1.	Present and Apologies There were no apologies to record.		
2.	Interests Register/Declaration of Conflicts of Interest The Board confirmed that there were no interests not otherwise declared on any agenda items.		


<p>3.</p>	<p>Matters Arising and Action Items</p> <p>The Board:</p> <p>a) Expressed its appreciation for the arrangements made to visit Hubs and customer contact teams in Christchurch on 17 July.</p> <p>b) Requested Management provide advice on whether the resourcing for the customer contact team is at appropriate levels and to provide assurance on the training and expertise, particularly in regards to dealing with threats of suicide.</p> <p>c) Requested Management distribute background papers prepared for the 17 July visit to all members of the Board for Commissioner's information.</p>	<ul style="list-style-type: none"> • CE to report back to the next Board meeting as to the status of 'closed' claim figures versus 'resolved' claim figures (margin of error). • Management to provide an update on the resourcing levels of the Customer Contact Team together with assurances as to training and expertise of this team. • Board Executive to provide background papers prepared for the 17 July Hub visits to all Board Members for their information. 	<p>18/08/14</p> <p>18/08/14</p> <p>22/07/14</p>
<p>4.</p>	<p>FIT FOR PURPOSE – FINANCE AND INSURANCE SETTINGS</p>		
	<p>9/2/14 <i>Emma Hicks, Hugh Cowan, [REDACTED] and representatives from Melville Jessup Weaver (MJW) joined the meeting at 9.44 am.</i></p>		
<p>4.1</p>	<p>Insurance Liability Valuation Report (ILVR)</p> <p>The Board:</p> <p>a) Accepted the ILVR as at 30 June, 2014 as varied by the supplementary letter dated 11 July, 2014 received from Melville Jessup Weaver (MJW) that provided tables incorporating the 'hard' movements. The outcome being a Gross Ultimate figure (including Claims Handling Expenses (CHE)) of \$11.746bn.</p> <p>b) Requested Management provide advice about EQC's ongoing responsibilities for insurance in relation to full payments on land damage.</p> <p>c) Record the Board's understanding of the definition of 'hard' and 'soft' movements as outlined in the MJW letter dated 11 July '<i>a hard component may be regarded as one that is relatively certain, because settlement process is underway and has a high degree of confidence.....soft components relate to claims processes that are yet to start are subject to judicial review/challenge or have a lower degree of confidence</i>'.</p> <p>d) Acknowledged the paper submitted in Agenda Item 5 relating to the update of Liquefaction Study and Implications for Increased Liquefaction Vulnerability (ILV) Damage Assessment noting Management will provide the Board with further advice in due course.</p> <p>e) Requested Management bring to the Board's attention any changes in methodologies or decision making criteria that may impact on the information outlined in future ILVRs.</p> <p>f) Requested MJW remove the words 'of success' where it appears twice in paragraph 3, page 1 of the supplementary letter dated 11 July 2014.</p>	<ul style="list-style-type: none"> • Management to provide advice about EQC's ongoing responsibilities for insurance in relation to full payment on land damage. • MJW to remove the words 'of success' where it appears twice in paragraph 3, page 1 of the supplementary letter dated 11 July 2014. • Management to provide the Board with further advice in due course on the impact of the updated Liquefaction Study and Implications for ILV) Damage assessment. • Management to bring to the Board's attention (where relevant) any changes in methodologies or decision making criteria that may impact on the information outlined in future ILVRs. 	<p>18/08/14</p> <p>22/07/14</p> <p>18/08/14</p> <p>18/08/14</p>

	<p><i>Hugh Cowan, 9(2)(a) and representatives from Melville Jessup Weaver (MJW) left the meeting at 10.38 am. Chris Chainey joined the meeting at 10.39 am.</i></p>		
4.2	<p>Pre-Election Economic and Fiscal Update (PREFU)</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted changes to the PREFU numbers since the Budget Economic & Fiscal Update (BEFU) was approved b) Noted that the Acting Chief Executive and Chief Financial Officer have signed the Statement of Representation. c) Approved the submission of the attached PREFU to Treasury. This includes a material increase in the 2015 financial year surplus of \$55.156m. 		
	<p><i>Emma Hicks and Chris Chainey left the meeting at 10.45 am. Hugh Cowan, Gail Kettle and 9(2)(a) joined the meeting at 10.46 am.</i></p>		
5.	<p>COMPLETING CANTERBURY</p>		
5.1	<p>Land Programme: update on liquefaction study & implications of ILV Damage assessment</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted in 2012 the Board adopted the Liquefaction Severity Number (LSN) as the tool to measure liquefaction vulnerability and approved the methodology for assessment and qualification for the ILV form of land damage. Further refinements were adopted by the Board in April 2014. b) Noted since the April 2014 Board meeting, Management has been advised that R. Boulanger and I. Idriss have released an update to their 2008 liquefaction study – the 2008 study is an integral component of the LSN assessment methodology. c) Noted that the Boulanger and Idriss study is an underlying component of the Ministry of Business Innovation and Employment’s (MBIE) guidance for repair and rebuild of houses affected by the Canterbury earthquakes, further noting MBIE is due to update that guidance in August 2014. d) Noted Management asked Tonkin & Taylor to investigate the implications of the update for the ILV assessment methodology and to advise what changes would be required to incorporate the 2014 update into the ILV assessment methodology. e) Noted after receiving 9(2)(b) engineering advice, Management considers that the ILV assessment methodology should be updated to reflect the best available evidence. This will provide EQC with the strongest basis for managing any challenge that may come from customers, insurers or reinsurers. 		

	<p>f) Agreed that subject to final confirmation from Management that there is nothing in the current peer review of the Boulanger and Idriss report that would cause Management to review its advice to the Board that the ILV damage thresholds be amended to incorporate the Boulanger and Idriss 2014 study update. The following thresholds would then apply for ILV damage:</p> <ul style="list-style-type: none"> • A property must have an LSN of greater than 16 post event. • There must have been a change of LSN by more than 5 points across the sequence. • There must have been a change of LSN by more than 2.5 points for one of the events. <p>g) Noted the communications plan for ILV will continue with customers being written to advising them of their ILV status. In the short term, more customers will receive a potential ILV letter (advising them that further investigation is required before their ILV status can be confirmed) while some reassessments take place.</p>		
	<p style="text-align: center;">9(2)(a)</p> <p><i>Gail Kettle, Hugh Cowan and [REDACTED] left the meeting at 11.14 am. The Board meeting broke for Morning Tea at 11.15 am and reconvened at 11.25am. Bryan Dunne and Linda Smith joined the meeting at 11.25 am.</i></p>		
<p>6.</p>	<p>FUTURE OF EQC</p>		
<p>6.1</p>	<p>Statement of Intent (SOI) 2013/14 Process update</p> <p>The Board:</p> <p>a) Accepted Management’s advice to withdraw this paper subject to clarification on the timing of submission of the SOI.</p> <p>b) Accepted Management’s update on the status of the PricewaterhouseCoopers Report and the draft Briefing to the Incoming Minister.</p>	<ul style="list-style-type: none"> • Management to provide the Board with advice as to the timing of the submission of the SOI, taking into account the timing of the General Election, and the dissolution and formation of the new Parliament. 	<p>18/08/14</p>
<p>6.2</p>	<p>Information Systems Strategic Plan (ISSP) – End of Year Report</p> <p>The Board:</p> <p>a) Noted the paper provides a review of progress against the Information Systems Strategic Plan (ISSP), as at the end of the 2013/14 financial year.</p> <p>b) Noted the:</p> <ul style="list-style-type: none"> ○ Key achievements; ○ ISSP and Roadmap update; ○ Security; ○ Information Technology and Systems (ITS) Operations; ○ Disaster Recovery; and ○ Government Chief Information Officer (GCIO) Information Communication Technology (ICT) function leadership 		

	<i>Bryan Dunne and Linda Smith left the meeting at 12.00 pm. The Board broke for lunch at 12.05 pm and reconvened at 12.33 pm. Gail Kettle and Reid Stiven joined the meeting at 12.34 pm.</i>		
7.	CUSTOMER CENTRICITY		
7.1	<p>Customer Value Proposition</p> <p>The Board:</p> <p>a) Noted Management’s presentation outlining levels of engagement with all customers across EQC including non-Canterbury with a specific focus on customer certainty and satisfaction.</p> <p>b) Confirmed that customer interaction both in the short and medium term remains a high priority for the Board, particularly customer communications as Canterbury nears completion, and as part of the strategic review of EQC.</p>	<ul style="list-style-type: none"> Management to provide ongoing and regular status updates to the Board on customer satisfaction outcomes, and advice on customer centricity models as part of the strategic review process. 	18/08/14
7.2	<p>Status of aged claims – Potentially Vulnerable Canterbury Home Repair Programme (CHRP) Customers</p> <p>The Board:</p> <p>a) Noted the contents of the Status of aged claims (potentially vulnerable CHRP Customers) paper.</p> <p>b) Noted that the issue of vulnerable customers remains a high priority for the Board.</p>		
	<i>Debbie Barber and [9(2)(a)] joined the meeting at 1.35 pm.</i>		
8.	STAKEHOLDER ENGAGEMENT		
8.1	<p>Stakeholder/Reputational Update</p> <p>The Board:</p> <p>a) Noted the contents of the Stakeholder Reputational update.</p> <p>b) Requested Management consider comments raised by Commissioners including:</p> <ul style="list-style-type: none"> customers – in or out? definition of stakeholders; management of stakeholders <p>c) Requested Management review the Stakeholder Management plan for the organisation as a whole, incorporating this feedback.</p> <p>d) Noted that Stakeholder engagement is a high priority for the Board.</p>	<ul style="list-style-type: none"> Management to circulate the stakeholder matrix and other stakeholder plans outlining accountability to the Board for their information. Management to review the Stakeholder Management Plan for the organisation as a whole and bring to the Board for their information. 	<p>18/08/14</p> <p>18/08/14</p>
	<i>Debbie Barber, Gail Kettle, Reid Stiven and [redacted] left the meeting at 2.16 pm. Hugh Cowan, [redacted] and [redacted] joined the meeting at 2.19 pm. [9(2)(a)]</i>		

9.	CONTRIBUTION TO NATIONAL RISK MANAGEMENT		
9.1	Introduction to Geonet The Board: a) Noted the contents of the Introduction to Geonet.		
9.2	Draft submission – National CDEM Plan The Board: a) Noted that the June 2014 meeting of the Board requested that Management draft a submission for the Board to send to the Civil Defence Minister, Nikki Kaye, on the Revised National Civil Defence Emergency Management Plan before the consultation closing date of 25 July 2014. b) Noted the draft submission appended to this paper. c) Provided comments for consideration in finalising the submission prior to being sent to the Civil Defence Minister. d) Authorised the Board Chair to sign and send the submission once finalised in accordance with the Board's comments. e) Noted that the Board's high-level submission will be accompanied by a Ministry of Civil Defence & Emergency Management form, completed by EQC Management, providing additional detailed editorial suggestions that will further improve the content of the revised Plan.	<ul style="list-style-type: none"> • Management to work with the Chair to amend the submission to reflect the comments provided by members of the Board and to otherwise finalise the submission before it is sent to the Civil Defence Minister. • Management to ensure that the Minister Responsible for EQC (MREQC) is informed about the submission before it is sent. 	22/07/14 22/07/14
	<i>Hugh Cowan, 9(2)(a) and 9(2)(a) left the meeting at 2.36 pm Gail Kettle, Reid Stiven, Jeremy Ford, Emma Hicks, Chris Chainey and Alison Murphy joined the meeting at 2.38 pm.</i>		
10.	CHIEF EXECUTIVE REPORT		
10.1	Business Performance Report The Board noted Management's advice on: a) the operational updates for the month. b) current litigation activity. c) current status of CHRP Excess policy. d) current status of the Worksafe Investigation on Asbestos.	<ul style="list-style-type: none"> • Management to bring a further paper to the Board on CHRP Excess processes and procedures. 	18/08/14
	<i>Jeremy Ford left the meeting at 3.01 pm. Emma Hicks and Chris Chainey left the meeting at 3.12 pm</i>		

<p>10.2</p>	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) Noted the contents of the Health and Safety (H&S) Report.</p> <p>b) Agreed and confirmed that the H & S report is an accurate reflection of H & S performance for the month of June 2014.</p>	<ul style="list-style-type: none"> • Board Executive to circulate to the Board by email, a copy of the letter from Fletcher Building Limited to Worksafe re Asbestos. •  • Management to incorporate Fletcher EQR figures into future Health and Safety reporting. 	<p>22/07/14</p> <p>02/09/14</p> <p>18/08/14</p>
	<p><i>Gordon Smith (Commissioner) Reid Stiven, Gail Kettle, and Alison Murphy left the meeting at 3.23 pm</i></p>		
<p>10.3</p>	<p>Chief Risk Officer (CRO) Report</p> <p>The Board:</p> <p>a) Noted that the CRO Report covers:</p> <ul style="list-style-type: none"> o A high level overview of key Audit activities; and o A summary of the current challenges facing EQC as identified by the Chief Risk Officer and grouped under the areas of Reputation, People and Future EQC. 		
<p>11.</p>	<p>OTHER BUSINESS</p>		
<p>11.1</p>	<p>Minutes</p> <p>Confirmation of the minutes of the Board Meeting held on 23 June 2014.</p>		
<p>11.2</p>	<p>Proposed sale of New Zealand (NZ) Government Stock and Inflation Linked bonds</p> <p>The Board:</p> <p>a) Noted the contents of this paper</p> <p>b) Agreed to EQC Management engaging with Treasury to facilitate the sale of our NZ Government Stock and Inflation Indexed holdings.</p> <p>c) Agreed to the NZ cash range being changed from "an absolute amount of \$1,000m" to "an absolute amount of \$2,000m" and the NZ Fixed Interest range being changed from "65% -95% " to "0% - 95%", for a period of 12 months.</p> <p>d) Supported Management's approach to matching assets and liabilities.</p>		

12.	INFORMATION ITEMS		
12.1	Board Committee updates		
	<p>Performance and Remuneration Review Board Committee (PRBC) Terms of Reference.</p> <p>The Board:</p> <p>a) Approved the PRBC Terms of Reference subject to amendments.</p>		
12.2	General Business		
	There were no items of General Business discussed.		
12.3	Review and Close Meeting		
	<p>The next Board meeting will be on Monday 18 August 2014 in Wellington.</p> <p>The Meeting closed at 3.58pm.</p> <p>These minutes were approved by the Board as a true and correct record.</p>		
	<p>_____</p> <p>Sir Maarten Wevers</p>	<p>_____</p> <p>Date</p>	

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

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Majestic Centre Board Room
Level 20, 100 Willis Street, Wellington
Monday 18 August 2014 at 9.00am**

Present:

Sir Maarten Wevers (Chair)
Keith Taylor (Deputy Chair)
Russell Black
Gordon Smith
Paul Kiesanowski
Mary Jane Daly
Alison O'Connell

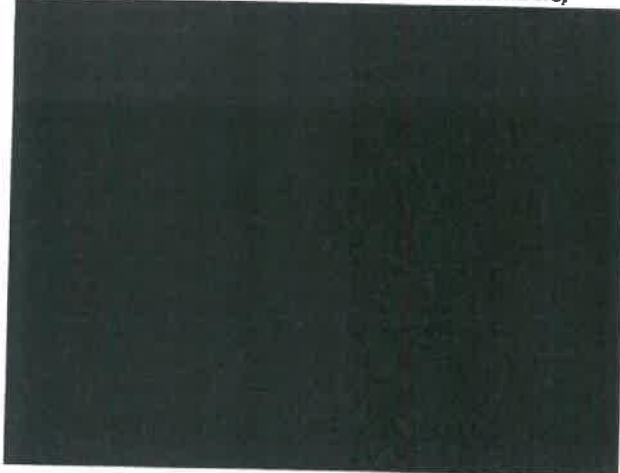
In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager, Strategy Policy and Legal)
Jane Whitfield (General Manager Project Portfolio Management) – part meeting
Heather Stewart (General Manager Organisational Development) – part meeting
Emma Hicks (Chief Financial Officer) – part meeting
Gillian Dudgeon (Chief Risk Officer) – part meeting
Gail Kettle (General Manager Customer and Claims) – part meeting
Reid Stiven (General Manager Canterbury Home Repair Programme) – part meeting
[REDACTED] (Media Manager) – part meeting
[REDACTED] (Public Education and Design Manager) – part meeting
Jeremy Ford (Chief Legal Advisor) – part meeting
[REDACTED] (Acting Office of the CE Manager) part meeting
[REDACTED] (Senior Policy Analyst) – part meeting
[REDACTED] (Minutes) – part meeting

Apologies:

Roger Bell

The meeting was declared open at 9.00 am.			
	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<p>The Board had a private session. Ian Simpson joined the meeting at 9.33am. [REDACTED] joined the meeting at 9.43am</p>		
1.	<p>Present and Apologies.</p> <p>The Chair recorded an apology from Roger Bell.</p>		
2.	<p>Interests Register/Declaration of Conflicts of Interest</p> <p>The Board confirmed that there were no interests not otherwise declared on any agenda items.</p>		
3.	<p>Matters arising and Action Items</p> <p>The Board: a) Discussed the matters arising noting the status of each item.</p>	<ul style="list-style-type: none"> Management to engage with GNS to arrange further joint Board discussions at an appropriate time in the first half of 2015. 	Ongoing

		<ul style="list-style-type: none"> Management to scope the nature of the format for the GNS meeting and circulate to Board members for confirmation prior to finalising. 	20/10/14
4.	FIT FOR PURPOSE – FINANCE AND INSURANCE SETTINGS		
	<i>Jeremy Ford and Bryan Dunne joined the meeting at 10.00am</i>		
4.1	<p>Deed of Indemnity</p> <p>The Board:</p> <p>a) Recorded that it wishes EQC to enter into appropriate Deeds of Indemnity with each of its Board members;</p> <p>b) </p> <p>c)</p> <p>d)</p> <p>e) Agreed that EQC enter into the deed of indemnity with each of its Board members in the amended form (see attached);</p> <p>f) Noted that section 62 of the Crown Entities Act 2004 provides (as an exception to the conflict of interest disclosure rules) that a Board member is not "interested" in a matter because he or she receives an indemnity or insurance authorised under the Crown Entities Act;</p> <p>g) Noted that therefore, a Board member is not obliged to disclose (pursuant to section 63 of the Crown Entities Act 2004) details of entering into his or her deed of indemnity;</p> <p>h) Authorised, in respect of the deed of indemnity in favour of any given Board member, any two of the other Board members to execute the relevant deed of indemnity on behalf of EQC;</p> <p>i) Noted that three originals of each deed of indemnity will be executed, one to be held by EQC, one to be held by the Board member, and one to be held in the Chapman Tripp Deeds Safe.</p>	<ul style="list-style-type: none"> Board members to sign individual deeds of indemnity at lunchtime. 	Closed

5.	COMPLETING CANTERBURY		
	<i>Gail Kettle joined the meeting at 10.02 am.</i>		
5.1	<p>Update on Declaratory Judgment on Land</p> <p>The Board:</p> <p>a) Noted that the Board had previously agreed that Management should seek a declaratory judgment regarding its settlement approach for IFV land claims. These proceedings were filed in May.</p> <p>b) Noted the issues are EQC have asked the Court to confirm are:</p> <ul style="list-style-type: none"> • IFV is a form of land damage covered by the EQC Act. • Settlement based on diminution of value is permitted under the EQC Act. • The policies that EQC has adopted to determine damage and calculate settlement are reasonable. <p>c) Noted there are three main areas that other parties are likely to raise during the proceedings:</p> <ul style="list-style-type: none"> • EQC's policies for IFV are unreasonably excluding properties or leading to under-compensation. • Seeking further declarations from the Court in regard to Increased Liquefaction Vulnerability (ILV). • Seeking a declaration that IFV is also a form of damage to residential buildings. <p>d) Noted the Court will hear the proceedings from 28 October 2014 for four days. A decision is expected within 3 months of the hearing.</p> <p>e) Noted the reputational and financial risks to EQC have increased following the broadening of the issues covered by the judgment.</p> <p>f) Endorsed Management's decision that no IFV payments are made to customers until the judgment is received.</p> <p>g) Noted there are workforce planning implications from holding payment but that these can be mitigated by completing all stages of the process aside from processing the payment.</p> <p>h) Requested Management to provide to Aon Benfield, for distribution to Reinsurers, an appropriate briefing outlining the key impacts of the Declaratory Judgment on Land.</p> <p>i) Requested Management to ensure customers impacted by the Declaratory Judgment are provided with appropriate and regular communications.</p> <p>j) Requested Management keep the Board up to date on developments in this case on a regular basis.</p>	<ul style="list-style-type: none"> • Management to provide to Aon Benfield, for distribution to Reinsurers, an appropriate briefing outlining the key impacts of the Declaratory Judgment on Land. • Management to ensure that customers who are likely to be impacted by the Declaratory Judgment are provided with appropriate and regular communications. • Management to keep the Board up to date on developments related to the Declaratory Judgment on a regular basis. 	<p>20/08/14</p> <p>Ongoing</p> <p>Ongoing</p>
	<i>Jeremy Ford left the meeting at 10.26am.</i>		

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6.	CUSTOMER CENTRICITY		
6.1	<p>Claims Satisfaction results from UMR Surveys</p> <p>The Board:</p> <p>a) Received and discussed the Claims Satisfaction results from UMR Surveys documentation.</p>	<ul style="list-style-type: none"> Management to request that UMR 'unweight' the results and provide a Canterbury only report. 	20/08/14
	<p><i>Gail Kettle left the meeting at 10.47 am.</i></p> <p><i>The Board broke for Morning Tea at 10.55 am and reconvened at 11.03am</i></p> <p>9(2)(a) [REDACTED] joined the meeting at 11.04 am</p>		
7.	STAKEHOLDER ENGAGEMENT		
7.1	<p>Stakeholder Engagement</p> <p>The Board:</p> <p>a) Noted the overall engagement approach used by EQC to communicate with its various audiences and the third party stakeholder engagement prioritisation map.</p>	<ul style="list-style-type: none"> Management to provide Quarterly updates on stakeholder engagement in the CE report. 	22/09/14
7.2	<p>Levy Payer Education Strategy</p> <p>The Board:</p> <p>a) Noted the contents of the Levy Payer Education Strategy which outlines the strategic approach to levy payer education.</p>		
	<p>9(2)(a) [REDACTED] left the meeting at 11.20 am.</p>		
8.	FUTURE OF EQC		
8.1	<p>Progress update – Draft PWC Strategy and Performance Review</p> <p>The Board:</p> <p>a) Noted that the draft PWC report has been useful in assisting the ELT on progressing EQC's strategic direction.</p> <p>b) Requested that the full PWC report be presented to the Board in September and that [REDACTED] 9(2)(a) [REDACTED] as representatives from PWC will be invited to attend.</p>	<ul style="list-style-type: none"> Management to invite representatives of PWC to attend the September Board meeting to discuss the Strategy and Performance Review. 	22/09/14
8.2	<p>Future EQC Paper</p> <p>The Board:</p> <p>a) Noted the proposed approach for "designing for the future" in the Future EQC Initiative presentation.</p> <p>b) Deferred consideration of the paper until the September Board meeting.</p>	<ul style="list-style-type: none"> Management to bring back the Future EQC paper to the September Board meeting, drawing on the work by PWC, and including deadlines, timelines, decision rights and deliverables. 	22/09/14
	<p>9(2)(a) [REDACTED] joined the meeting at 11.57am</p>		

<p>8.3</p>	<p>Final draft of BIM for Board approval</p> <p>The Board:</p> <p>a) Discussed the attached draft paper, <i>Earthquake Commission - Briefing to the Incoming Minister Responsible for the Earthquake Commission - 2014</i> (i.e. the BIM) at the meeting on 18 August 2014</p> <p>b) Agreed to provide any feedback on the draft BIM to the author [redacted] by 22 August 2014</p> <p>c) Agreed in principle that the draft BIM be finalised, subject to the Board's feedback being addressed, and a high-level check for relevance following the outcome of the General Election.</p>	<ul style="list-style-type: none"> • Management to include in the covering note to the Minister (new or otherwise), inviting the Minister to share the BIM with Ministerial colleagues. • Management to ensure current fiscal position of EQC is appropriately visible to the Minister • Management to ensure the Board are given an opportunity to review the final BIM post-election and prior to submission to the Minister (new or otherwise). 	<p>Post-Election</p> <p>Post-Election</p> <p>Post-Election</p>
<p>9(2)(a)</p>	<p>[redacted] left the meeting at 12.13 pm.</p>		
	<p>The Board broke for lunch at 12.15pm and reconvened at 12.45pm</p>		
<p>9(2)(a)</p>	<p>[redacted] and Gillian Dudgeon joined the meeting at 12.46pm.</p>		
<p>8.4</p>	<p>DRAFT: Statement of Intent</p> <p>The Board:</p> <p>a) Noted the draft 2014 – 2018 Statement of Intent (SOI) appended to this paper, which incorporates comments received on a previous draft from the EQC Board Chair and Executive Leadership Team (ELT).</p> <p>b) Noted that feedback from Treasury on Wednesday 6 August 2014 on the draft SOI was <i>"Our overall view, at this stage, is that the document meets the Crown Entities Act requirements subject to what in our view would be a few minor amendments"</i>.</p> <p>c) Noted that Management will discuss Treasury's suggestions for refinements to the draft SOI with Treasury after comment is also received on EQC's draft Statement of Performance Expectations (SPE) – which is the subject of a separate paper at this meeting.</p> <p>d) Noted that consultation with Treasury about the propriety of seeking comment on the draft SOI from the current Minister Responsible for EQC (the Minister) during the period prior to the General Election concluded that there was no constitutional barrier to proceeding as required by the Crown Entities Act 2014 (the CE Act).</p> <p>e) Noted that in preparing the draft SOI, consideration has been given to the draft strategy and performance improvement advice provided to the Chief Executive on 18 July 2014 by PricewaterhouseCoopers (PWC) – for example, the PWC summation of 'what success would look like'.</p> <p>f) Agreed to provide any comments by Monday 25 August, to be considered in updating the draft SOI before it is sent to the Minister for comment, as is the requirement of section 146 of the CE Act, prior to the SOI being finalised and approved by the Board for submission to the</p>	<ul style="list-style-type: none"> • CE to present the final text of the revised draft to the Chair for final approval. 	<p>Post 25/8/14</p>

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9.1	<p>Business Performance Report</p> <p>The Board:</p> <p>a) Noted Management's update on 'near-cap' and 'over-cap' claims.</p>	<ul style="list-style-type: none"> Management to provide to the September Board meeting, further detail of those customers who might be at risk of going over-cap. 	22/09/14
9.2	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) Noted the contents of this paper</p>	<ul style="list-style-type: none"> Management to distribute to the HSBC, the Green cap paper after it has been peer reviewed and the final [REDACTED] review document. 	19/08/14 9(2)(a)
9.3	<p>Chief Risk Officer Report</p> <p>The Board:</p> <p>a) Noted that this paper covers:</p> <ul style="list-style-type: none"> High level overview of key Audit activities ;and A summary of the current challenges facing EQC as identified by the Chief Risk Officer and grouped under the areas of Reputation, People and Future EQC. 		
9.4	<p>Project Portfolio Quarterly Report</p> <p>The Board:</p> <p>a) Noted the contents of this paper.</p> <p>b) Noted in total, \$5,060,783 was approved to be drawn down out of the 2013/14 budget of \$7,007,289.</p> <p>c) Noted the final expenditure was \$4,034,484 including carry forwards.</p> <p>d) Noted the approved Project Capital Budget for 2014/15 is \$7,962,520. (excluding carry forwards).</p> <p>e) Noted quarterly Board updates with interim, project specific, papers as required has been the reporting cycle for the EQC Project Portfolio since November 2012.</p> <p>f) Agreed to continue the Board updates as described above.</p>	<ul style="list-style-type: none"> Management to bring to the October Board meeting an update of the Capital Budget with timelines and priorities identified. 	20/10/14
	<p><i>Reid Stiven, Heather Stewart, Gillian Dudgeon and Jane Whitfield left the meeting at 2.45pm.</i></p>		
10.	<p>OTHER BUSINESS</p>		
10.1	<p>Minutes</p> <p>The Board:</p> <p>a) Confirmed of the minutes of the Board Meeting held on 21 July 2014.</p>		

10.2	<p>Lease Variation Ratification</p> <p>The Board:</p> <p>a) Noted the Management have negotiated a lease renewal that reduces the floor space rented and number of car parks at EQC's Hamilton office, while allowing flexibility for our workforce in the future.</p> <p>b) Authorised the Chair and one other to approve and sign the Deed of Surrender and Variation of Lease on behalf of EQC.</p>		
	<p><i>Emma Hicks left the meeting at 2.45 pm</i></p>		
11.	<p>INFORMATION ITEMS</p>		
11.1	<p>Correspondence of Interest</p> <p>The Board:</p> <p>a) Noted the letter from the Office of Hon Gerry Brownlee regarding the 'Transfer of Responsibility EQC – Asbestos issues'.</p>		
11.2	<p>Board Committee updates</p> <p>The Chair of the Audit and Risk Committee provided the Board with an update of the key issues, agreements and discussion points at the ARC meeting held on Monday 11 August 2014.</p> <p>There was no update available from the HSBC which will meet again on 2 September in Hamilton.</p> <p>The Chair:</p> <p>a) Noted that the Performance Remuneration Board Committee (PRBC) had met and considered the CE performance for the 2013/2014 year.</p> <p>b) Noted that in the Board only session that the PRBC recommendations had been accepted by the full Board</p> <p>c) Noted that the PRBC would draw up some draft key performance indicators for the CE for the coming year which would then be discussed with the CE and brought back for formal conclusion.</p>		
11.3	<p>General Business</p> <p>The Chair:</p> <p>a) Provided a summary of the meeting held with the Treasury in its EQC monitoring capacity, with Ian Simpson in attendance.</p> <p>b) Noted the Board session held on Friday 15 August on IT Governance and requested that the link to the Department of Internal Affairs (DIA) "Result 10 Blueprint – A Strategy for digital public services" be emailed to all Board members for their information.</p>	<ul style="list-style-type: none"> • Board Executive to distribute by email, the link to the DIA "Result 10 Blueprint" document. 	<p>19/08/14</p>

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ARE SUBJECT TO LEGAL PRIVILEGE.

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Pukeko Room
EQC Offices, 53 Princess Street, Christchurch
Monday 22 September 2014 at 9.00am**

Present:

Sir Maarten Wevers (Chair)
Russell Black
Gordon Smith
Roger Bell
Paul Klesanowski
Mary Jane Daly
Alison O'Connell

In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager, Strategy Policy and Legal)
Heather Stewart (General Manager Organisational
Development) – part meeting
Emma Hicks (Chief Financial Officer) – part meeting
Chris Chainey (Financial Controller) – part meeting
Gillian Dudgeon (Chief Risk Officer) – part meeting
Gail Kettle (General Manager Customer and Claims) – part
meeting
9(2)(a) (Science and Education Manager) – part meeting
9(2)(a) (Pricewaterhouse Coopers) – via video conference –
part meeting
Reid Stiven (General Manager Canterbury Home Repair
Programme) – part meeting
9(2)(a) (Minutes) – part meeting

Apologies:

Keith Taylor

The meeting was declared open at 9.00 am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<p><i>The Board had a private session. Ian Simpson joined the meeting at 9.20 am Bryan Dunne, Heather Stewart and 9(2)(a) joined the meeting at 9.35 am</i></p>		
1.	<p>Present and Apologies.</p> <p>The Chair recorded apologies from Keith Taylor.</p>		
2.	<p>Interests Register/Declaration of Conflicts of Interest</p> <p>Commissioner Daly declared a conflict of interest as a newly appointed director on the Board of Kiwi Income Property Trust. Commissioner Daly indicated she would withdraw from the meeting when the discussion relating to the Majestic Centre Lease is undertaken.</p> <p>The Chair advised the Board that he has been requested to Chair an advisory group to the recently announced independent review into the Ministry of Social Development's physical security environment.</p>	<ul style="list-style-type: none"> Board Executive to update the Register of Conflicts of Interest. 	

3.	<p>Health and Safety status report</p> <p>The Chair:</p> <ul style="list-style-type: none"> • Advised that the Board considers that the safety of staff remains a key focus for the Board. <p>The Board:</p> <ol style="list-style-type: none"> a) Noted the contents of the Health and Safety Status report. b) Noted that Management has reviewed its safety and security processes and procedures, and have a number of key actions planned to enhance current safety and security. c) Noted Management had recently reconfirmed the critical importance of personal security for all staff in the wake of the Asburton tragedy. Procedures and security settings had been reassessed to ensure they were fit for purpose. d) Requested that Management assess the ability to fast-track key items of the Action Plan submitted in Appendix One. 	<ul style="list-style-type: none"> • Management to discuss with Insurer PMO's the possibility of sharing accident/incident data with each other to help measure the success of EQC's health and safety systems and frameworks. • Management to review and re-assess key items in the Action Plan referred to in Appendix One of the Health and Safety status report, and fast track where appropriate.
	<p><i>Heather Stewart left the meeting at 10.00 am. Emma Hicks and Chris Chaine joined the meeting at 10.05 am.</i></p>	
4.	<p>FUTURE OF EQC</p>	
4.1	<p>Annual Report – Final and Accountability Documents</p> <p>The Board:</p> <ol style="list-style-type: none"> a) Confirmed that an appropriate reference to the ILVR be made in the Annual Report. b) Noted that Management confirmed that the Crown Guarantee is encapsulated in Section 16 of the Earthquake Commission Act 1993. c) Noted the draft Annual Report for the Year Ended 30 June 2014 ('the Annual Report') appended to this paper, which incorporates comments received on previous drafts of the Statement of Service Performance ('SSP') and Financial Statements ('FS') from the EQC Audit & Risk Committee and Executive Leadership Team (ELT). d) Noted the next steps to completion of the Annual Report. e) Agreed to provide additional comments or adjustments and that these (if any) would be included in the final Annual Report document before it is published and sent to the Minister. f) Noted the letter of representation to the EQC Auditor prepared by Management, which will be tabled for signing (see Appendix Two). g) Approved signing of the Financial Statements, Statement of Responsibility and the letter of representation by two Board members. h) Approved delegation of final approval of the Annual Report (subject to requested additional comments or adjustments) to the Chair. 	<ul style="list-style-type: none"> • Management to agree with the Chair of the ARC suitable text referencing the ILVR for inclusion in the Annual Report. • Management agreed to receive amendments from Board members on the draft Annual Report. • Management to provide to the Board a copy of the Ministerial letter referring to Crown Guarantee of the fund. • Management to update the Board Member Profile page extracted from the Briefing for the Incoming Minister and circulate to the Commissioners for confirmation of accuracy. • Management to confirm by email to the Board whether it is a requirement of Treasury to include the "Budget" column in tables in the Financial Statements in the Annual Report.

	<p>i) Noted that the EQC Statement of Intent 2014-2018 and the Statement of Performance Expectations 2014-2015 have been provided to the Minister as final (i.e., text versions are attached for Board members' information only; and printed, design layout versions will be circulated as soon as they are available).</p> <p>j) Noted the advice from Management that the Quarterly Reports against the Performance Indicators outlined in the new Statement of Performance Expectations (SPE) will be brought to the full Board on a quarterly basis</p>	<ul style="list-style-type: none"> • Management to bring the first Quarterly report against measures in the new SPE to the November Board meeting. 	
	<p>Deloitte Audit Report and OAG update</p> <p>The Board:</p> <p>a) Noted the Deloitte letter to the Board regarding an 'update on the 2014 audit engagement' following Deloitte's meeting with the OAG on 17 September.</p> <p>b) Agreed with Management's view that the need for, and timing of, any call on the Crown Guarantee is no more or less certain than in previous years, no additional wording should be added to note 10</p> <p>c) Agreed to Management's proposed wording change for Note 9: Major Budget Variances.</p> <p>d) Noted the amendment to the letter of representation, relating to the treatment of GST data error in the 2013 ILVR.</p> <p>e) Noted the Deloitte proposed audit report.</p>		
	<p><i>Chris Chainey left the meeting at 10.51am</i></p>		
	<p>Briefing for the Incoming Minister</p> <p>Management distributed the final draft of the Briefing for the Incoming Minister (BIM) and requested that the Board provide feedback and comments directly to the GM SPOL.</p>		
<p>4.2</p>	<p>Contracts and Documents for signing</p>		
	<p>Tonkin & Taylor Contract Award Recommendation</p> <p>The Board:</p> <p>a) Noted the contents of the Tonkin and Taylor Contract Award Recommendation paper.</p> <p>b) Agreed that EQC continue in a contractual business relationship with Tonkin & Taylor for geotechnical consultancy and engineering services until 30th June 2017 with an option of a two year extension at EQC's discretion.</p> <p>c) Approved delegated authority for the Chair to sign the above agreement on EQC's behalf.</p> <p>d) Noted that future actual spend by EQC with Tonkin & Taylor for geotechnical consultancy and engineering services would be subject to approval of geotechnical consultancy and engineering expenditure as part of EQC's annual budget approval process.</p>	<ul style="list-style-type: none"> • Management to provide to the October Board meeting, a copy of the Term Sheets for Tonkin and Taylor and EQR. 	

	<i>Commissioner Daly left the meeting at 11.08 am (due to previously advised conflict of interest).</i>		
	<p>Deed of Variation of Lease – Manpower House</p> <p>The Board</p> <ul style="list-style-type: none"> a) Noted that Management have negotiated a number of floor lease extensions across Levels 1 to 5 of Manpower House to accommodate EQC ongoing Staff needs in Wellington until December 2016. b) Authorised the Chair and one other to approve and sign the deed of surrender and variation of lease on behalf of EQC in line with the contents of this paper. 		
	<p>Heads of Agreement – Majestic Centre</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted that Management has negotiated a Heads of Agreement for Majestic Centre to accommodate EQC ongoing staff needs in Wellington until November 2019. b) Noted that written approval is in place from the Property Management Centre of Expertise c) Authorised the Chair and one other to approve and sign agreement to lease on behalf of EQC in line with the contents of this paper. 		
	<i>Commissioner Bell did not take part in the discussion due to his previous relationship with the CEO of Fuji Xerox.</i>		
	<p>Fuji/Xerox Contract Extension</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the contents of the Fuji/Xerox Contract Extension paper. b) Agreed that EQC continue in a contractual business relationship with Fuji Xerox Scanned Mail and Mail house Services until 1st September 2017 with an option of three 6 month extensions at EQC's discretion. c) Approved delegated authority for the Chair to sign the above agreement on EQC's behalf. d) Noted that future actual spend by EQC with Fuji Xerox for Scanned mail and mail house services would be subject to approval by customer and claims as part of EQC's annual budget approval process. 		
	<p>All of Government – Advertising Services</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the contents of the All of Government – Advertising Services paper. b) Agreed that EQC joins the Ministry of Business, Innovation & Employment ('MBIE'), All of Government ('AoG') Agreement for Advertising Services for the period to 24 June 2016 with an option of two 24 month extensions. 		

	<p>c) Approved delegated authority for the Chair to sign the above agreement on EQC's behalf.</p> <p>d) Noted that actual spend by EQC under the AoG Agreement for Advertising Services would be subject to approval of advertising expenditure as part of EQC's annual budget approval process.</p>		
	<p><i>Commissioner Daly re-joined the meeting at 11.14 am.</i></p> <p><i>Emma Hicks left the meeting at 11.18 am.</i></p> <p><i>Gail Kettle joined the meeting at 11.16 am.</i></p>		
5.	COMPLETING CANTERBURY		
5.1	<p>CHRP Excess paper</p> <p>The Board:</p> <p>a) Noted EQC has now finalised the planning for the CHRP Excess calculation pilot and intends to test excess collection collateral with the Customer Advocacy Group (CAG) in mid-September 2014. Relevant feedback will be incorporated;</p> <p>b) Noted EQC intends testing the excess invoice and collection process and collateral with 250 low value (less than \$200), single claim excess customers in mid-October 2014. Feedback from the pilot will be used to further develop and fine tune the process and collateral; and</p> <p><i>Sir Maarten and Ian Simpson departed the meeting at 11.30am.</i></p> <p>c) Noted EQC proposes a second pilot in February 2015 with high value (over \$600) excess customers which will also include payment plans for customers. Following the February 2015 pilot EQC will undertake a wider media campaign to advise CHRP customers that collection is commencing which will include a direct mail-out campaign to all CHRP customers.</p>	<ul style="list-style-type: none"> • Management to review the timing of the proposed Communications plan set down for February 2015 which the Board considers should be at the same time as the mid-October 2014 pilot. • Management to provide an update on pilot progress at the December Board meeting. 	
	<p><i>Gail Kettle left the meeting at 11.41 am</i></p> <p><i>The Board broke for lunch at 11.45 am</i></p> <p><i>Sir Maarten Wevers and Ian Simpson returned to the offices at 1.10 pm.</i></p> <p><i>The meeting reconvened at 1.25 pm.</i></p> <p><i>(b)(2)(a) joined the meeting at 1.30 pm.</i></p>		
6.	STAKEHOLDER ENGAGEMENT		
	<p>The Board:</p> <p>a) Noted that the two accompanying papers to this cover note are representative of engagement by EQC in all-of-government processes addressing New Zealand's resilience to natural hazard risks.</p> <p>b) Noted that Management will keep the Board informed of any future significant developments arising from these activities.</p>	<ul style="list-style-type: none"> • Management to include details of the 'National Arrangements for Natural Hazard Risk Management' in the BIM. • Management to provide updates to the Board on a regular basis on EQC's involvement in the National Hazard and Risk Management. 	

	<p>c) Supported EQC's close engagement through the Research & Education and Policy team in these various endeavours as appropriate with a particular emphasis on the leadership co-ordination through DPMC and Treasury.</p> <p>d) Invited Management to update the Board on a regular basis with progress statements.</p>		
<p>6.1</p>	<p>Natural Hazards – MfE workshop update</p> <p>The Board:</p> <p>a) Noted that Cabinet has directed the Ministry for the Environment (MfE) to consider what national-level guidance (statutory or non-statutory) may be required to better manage the risks from natural hazards.</p> <p>b) Noted that Cabinet has also directed MfE and the Ministry for Business, Innovation and Employment (MBIE) to develop "a framework/s to address situations where existing buildings are identified as being at risk as a result of a change in the risk profile of land due to a hazard event/s, such as an earthquake, or where new information about hazard risk becomes available."</p> <p>c) Noted that, during August 2014, EQC staff ([redacted] and [redacted] participated in an MfE facilitated workshop, attended largely by central government agency representatives, to help:</p> <ul style="list-style-type: none"> • define the policy problem in relation to natural hazards under the Resource Management Act 1991 (RMA), taking an all-hazards approach to risk reduction through land use planning; and • outline broad options for central government to address the problem, and recommend next steps, including further stakeholder engagement. <p>d) Noted that MfE intends to brief the Minister for the Environment after the 2014 General Election and to hold a subsequent workshop with a wider group of stakeholders to test thinking more broadly.</p> <p>e) Noted that management will keep the Board informed of any future significant developments arising from these MfE-led activities.</p>	<p>[redacted]</p>	
<p>6.2</p>	<p>National Forum</p> <p>The Board:</p> <p>a) Noted that the Board had previously requested EQC staff develop a proposal for a national forum on 'lessons from Canterbury'.</p> <p>b) Provided feedback on the draft concept presented in this paper for a joint national forum on risk reduction lessons from Canterbury as part of a wider programme of fora aimed at capturing the lessons from the Canterbury earthquakes.</p>	<ul style="list-style-type: none"> • Management to include on the next Board Strategy session, a paper outlining the lessons learned both at an operational and strategic level. 	

	<p>c) Directed staff to progress with developing arrangements in partnership with other stakeholders, including Christchurch City Council (CCC), and report back to the Board on progress.</p> <p>d) Invited Management to engage with other stakeholders on scoping of a wider programme of fora.</p>		
	<p>9(2)(a) [redacted] left the meeting at 2.04pm.</p> <p>Gail Kettle and Gillian Dudgeon joined the meeting at 2.05pm.</p>		
7.	FUTURE OF EQC continued		
7.1	<p>Event Response Capability</p> <p>The Board:</p> <p>a) Noted the background to EQC's Catastrophe Response Programme.</p> <p>b) Noted the initiatives underway through the Catastrophe Response Programme and the Future EQC programme to enhance EQC's level of preparedness for the next major event</p> <p>c) Noted the need to clarify interpretation of the EQC Act with respect to the coverage of potential damage from a variety of natural disaster scenarios. Eg volcanic rock fall.</p> <p>d) Confirmed the risk appetite for the current situation.</p> <p>e) Advised any further considerations the Board requires Management to address.</p> <p>f) Noted Management will provide an update at the October Board meeting.</p> <p>g) Noted first Event Response Capability is an assessment of the short term ability of EQC to respond to another large scale event rather than a medium or longer term redesign of optimal organisational capability.</p>	<ul style="list-style-type: none"> Management to provide an update on progress with EQC's Event Response Capability to the October Board meeting. 	
	<p>Gail Kettle and Gillian Dudgeon left the meeting at 2.32 pm</p> <p>Heather Stewart joined the meeting at 2.35 pm.</p>		
7.2	<p>Culture and Values programme</p> <p>The Board:</p> <p>a) Noted the contents of the Cultures and Values programme paper.</p> <p>b) Noted the work that has occurred to start defining the EQC culture and EQC's future employee value proposition (EVP).</p> <p>c) Noted the activities planned for the future.</p>	<ul style="list-style-type: none"> Management to provide an update on the culture and values programme to the Board on a regular basis. 	
	<p>Heather Stewart left the meeting at 2.42pm.</p> <p>9(2)(a) [redacted] (Pricewaterhouse Coopers) joined the meeting by Video Conference at 2.45 pm.</p>		

<p>7.3</p>	<p>EQC Strategic review</p> <p>The Board:</p> <p>a) Noted the attached strategy and performance improvement report prepared for Management by PricewaterhouseCoopers (PWC).</p> <p>b) Noted that the draft report has been finalised by PWC in light of extensive feedback from the Executive Leadership Team (ELT) on an earlier (18 July 2014) draft, but some ELT feedback remains to be incorporated.</p> <p>c) Noted that the Office of the Chief Executive will continue to work with PWC to ensure that the final report addresses ELT's residual comments and concerns</p> <p>d) Noted that, overall and considering the short time that was available to complete the review work, ELT considers that the report is helpful in that, among other things, it:</p> <ul style="list-style-type: none"> • confirms the appropriateness of much of the performance improvement activity already underway at EQC; • identifies some new areas for ongoing improvement activities to focus on; and • identifies an approach that can be taken to review, update and renew EQC's strategic direction. <p>a) Noted that the overarching theme in the report is that EQC needs to define its strategy in the context of the national emergency management system and six key supporting 'pillars' noted in the report are:</p> <ul style="list-style-type: none"> • defining EQC's operating model(s); • establishing the appropriate core foundations for EQC (e.g., people, process, technology); • capturing knowledge and intellectual property for reuse through appropriate taxonomies (helping to mitigate the loss of corporate memory); • positioning a research leadership role for EQC across the wider disaster management system; • customer-centered claims management; and • defining EQC's role in the wider system. <p>b) Agreed that Management should use the PWC report, up-to-date EQC performance data and other key information sources (e.g., regarding the EQC Act Review) to inform the development of:</p> <ul style="list-style-type: none"> • advice and a presentation to the Board in November 2014; and • subsequent advice about the option of updating the EQC Statement of Intent (SOI) in 2015 to further clarify and confirm EQC's future direction. (i.e., as signaled by the Board in the recently approved 2014 – 2018 SOI). <p>c) Provided any comment or direction the Board might wish to make to guide Management as we proceed with the development of advice for the Board as indicated in the preceding recommendation.</p> <p>d) Extended its appreciation to PWC for the well written and comprehensive report.</p>	<ul style="list-style-type: none"> • Management to use the PWC report, up-to-date EQC performance data and other key information sources (e.g., regarding the EQC Act Review) to inform the development of advice and a presentation to the Board in November 2014. • Management to provide the Board with a copy of the 2009 Review of the Catastrophe Response Plan report referred to in the PWC Report. 	
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<p>9(2)(a)</p>	<p>left the meeting at 3.45 pm. Gillian Dudgeon, Reid Stiven and Gail Kettle joined the meeting at 3.45pm.</p>		
<p>7.4</p>	<p>Future EQC paper</p> <p>The Board:</p> <p>a) Noted Management's advice that the ELT are undertaking a Strategic Planning session on and 2 and 3 October.</p> <p>b) Requested that Management provide results of the deliberations from the ELT session to the next Board Strategy Session with a view to aligning with Business planning and Budget discussion for 2015.</p>	<ul style="list-style-type: none"> Management to report back to the next Board Strategy day with outputs from the Executive Leadership Team strategy sessions set down for 2 and 3 October. 	
<p>8.</p>	<p>REPORTING</p>		
	<p>Chief Executive Report</p> <p>The Board:</p> <p>a) Requested Management bring an update on claims remaining to be settled for a variety of reasons (Customer Deferral, MuBs etc.) to the October meeting.</p>	<ul style="list-style-type: none"> Management to provide a copy of the 'Lesson's learned' publication that was placed in all Sunday papers. Management to bring the UMR 'Canterbury only' Report to a future meeting once available. Management to bring to the October meeting information on agency solutions for addressing 'hard to settle' claims. 	
<p>8.1</p>	<p>Business Performance Report</p> <p>The Board:</p> <p>a) Noted the data changes made to the Board Report.</p>	<ul style="list-style-type: none"> Management to report back to the Board via email to explain the difference in the litigation graph in the CE Report versus the BPR. 	
<p>8.2</p>	<p>Chief Risk Officer Report</p> <p>The Board:</p> <p>a) Noted that this paper covers:</p> <ul style="list-style-type: none"> High level overview of key Audit activities ;and A summary of the current challenges facing EQC as identified by the Chief Risk Officer and grouped under the areas of Reputation, People and Future EQC <p>b) Agreed that a Risk Review discussion will take place at the December Board meeting.</p>	<ul style="list-style-type: none"> Management to include 'Risk Review Discussion' on the December Board meeting agenda. 	

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ARE SUBJECT TO LEGAL PRIVILEGE.

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Majestic Centre Board Room
Level 20, 100 Willis Street, Wellington
Monday 20 October 2014 at 9.00am**

Present:

Sir Maarten Wevers (Chair)
Keith Taylor (Deputy Chair)
Russell Black
Gordon Smith
Roger Bell
Paul Klesanowski
Mary Jane Daly
Allison O'Connell

In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager, Strategy Policy and Legal)
part meeting
Jane Whitfield (General Manager Project Portfolio
Management) – part meeting
Heather Stewart (General Manager Organisational
Development) – part meeting
Emma Hicks (Chief Financial Officer) – part meeting
Gillian Dudgeon (Chief Risk Officer) – part meeting
Gall Kettle (General Manager Customer and Claims) – part
meeting
Reid Stiven (General Manager Canterbury Home Repair
Programme) – part meeting
Shane Collins (Complete Canterbury Response Transition
Manager) – part meeting
Chris Chainey (Financial Controller) – part meeting
Linda Smith (Chief Information Officer) – part meeting
Jeremy Ford (Principal Legal Advisor) – part meeting
Debbie Barber (GM Stakeholder Engagement & Reputation) –
part meeting
9(2)(a) (Strategic Advisor (SER)) – part meeting

Apologies:

Stacey Wymer and Chris White (Treasury) – part meeting
9(2)(a) (LSI) – part meeting
9(2)(a) (Minutes) – part meeting
9(2)(a)

The meeting was declared open at 9.00 am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<i>The Board entered into a private Board member only session. Ian Simpson joined the meeting at 9.20am. Heather Stewart and 9(2)(a) joined the meeting at 9.34am</i>		
1.	Present and Apologies. There were no apologies to record.		
2.	Interests Register/Declaration of Conflicts of Interest The Board confirmed that there were no interests not otherwise declared on any agenda items.		

	<p>The Chair noted he had been appointed as a Trustee of the National Army Museum.</p> <p>Commissioner Daly advised she was no longer a director of TSM NZ Ltd.</p>		
3.	<p>Matters arising and Action Items</p> <p>The Board:</p> <p>a) Discussed the matters arising noting the status of each item.</p> <p>b) Requested Management provide further information on both the T&T and EQR contracts to assist the Board in understanding any material impacts on the organisation and strategic issues, noting this should occur prior to negotiating the new EQR contract.</p>	<ul style="list-style-type: none"> Management to provide a full copy of the existing contracts for EQR and T&T including the Executive Summaries to all Board members by email. Management to consider employing an experienced Contracts Manager to assist with negotiation of major contracts like Fletcher EQR. Management to provide more detail on the broad approach to the contract conclusion negotiations for Fletcher EQR including the process, level of expertise and accountable owner of this project to the November Board meeting. 	<p>21.10.14</p> <p>21.10.14</p> <p>17.11.14</p>
4.	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) Noted the contents of the Health and Safety Report.</p> <p>b) Noted Management's advice that no charges will be laid by Worksafe in relation to Asbestos.</p>	<ul style="list-style-type: none"> Management to amend the "Safe 6 TRIFR report" to ensure that this is all safety issues, not just those identified as 'safe 6'. 	21.10.14
	<p><i>Heather Stewart left the meeting at 10.01 am. The Board broke for morning tea at 10.03 am and reconvened at 10.10 am. Bryan Dunne and representatives from Treasury (Stacey Wymer and Chris White) joined the meeting at 10.10 am.</i></p>		
	<p>Engagement with Treasury</p> <p>Treasury:</p> <p>a) Provided an overview of Treasury's new Commercial Operations Group.</p> <p>b) Their Initial focus on EQC would cover:</p> <ul style="list-style-type: none"> an improved understanding of EQC's relationship management model and quarterly reporting. Crown Guarantee – advance/grant and payment mechanism. Canterbury progress, downsizing and impact of declaratory judgment. <p>c) Advised that [REDACTED] have been appointed as EQC's relationship managers. 9(2)(a)</p>	<ul style="list-style-type: none"> Management to ensure that active engagement with Treasury is given appropriate priority. 	21.10.14

	<p>The Board:</p> <p>a) Noted the importance of improved engagement with the Treasury, as EQC's monitoring agency. It welcomed recent indications that the Treasury was keen to lift the regularity and quality of dialogue with the Commission. Other areas that require attention at Board/Treasury level are:</p> <ul style="list-style-type: none"> o Replenishment of the Natural Disaster Fund (NDF) o Review of the EQC Act o Levy setting o Claims Management o Treasury's risk tolerance settings for EQC o Reinsurance strategy <p>b) Invited Treasury Commercial Operations to engage with EQC staff, in Christchurch and Wellington, in order to lift understanding of the current and future challenges. It offered to provide ongoing access to EQC staff as required.</p> <p>c) Noted that the recently published SOI, and SPE, and the Briefing for the Incoming Minister, together set out current Board thinking on the strategic and operational issues facing the Commission, including over a proposed new approach to national hazard risk management.</p>		
	<p><i>Representatives from Treasury left the meeting at 11.00 am. Jane Whitfield and Linda Smith joined the meeting at 11.01 am.</i></p>		
<p>5.</p>	<p>FUTURE EQC</p>		
<p>5.1</p>	<p>Planned Projects Report (verbal)</p> <p>The CE:</p> <p>a) Provided the Board with clarity on the current operating processes followed by Management for Capital projects.</p> <p>The Board:</p> <p>a) Requested that Management add to the Board Strategy Day agenda, a further discussion on the key strategic planned projects.</p> <p>b) Requested that Management provide to the Board a copy of the 'post deployment' review.</p>	<ul style="list-style-type: none"> • Management to add to the Board Strategy Day agenda for 12 November <ul style="list-style-type: none"> o Key strategic projects (change decisions and new decisions required at Board level) together with clarity on the Board's involvement as they relate to capital expenditure projects. • Management to provide to the Board a copy of the 'post deployment' review. 	<p>12.11.14</p> <p>21.10.14</p>
<p>5.2</p>	<p>Project Portfolio refresh</p> <p>The Board:</p> <p>a) Noted the projects delivered to date.</p> <p>b) Noted the Board requested an updated forecast of current project progress at its August meeting.</p>		

	<p>c) Noted an ELT mid-year project prioritisation meeting is planned.</p> <p>d) Discussed the Board's reporting requirements for EQC's project portfolio.</p> <p>e) Requested that Management draw on this discussion for the strategy day presentation on 12 November with a view to clarifying the Board's involvement in key strategic investments.</p>		
<p>5.3</p>	<p>ITS Update</p> <p>The Board:</p> <p>a) Noted the updates on:</p> <ul style="list-style-type: none"> o key achievements since the last update; o ISSP 2013-2016 overview and Roadmap update; o Security; o ITS Operations; o Disaster Recovery; and o Government Chief Information Officer (GCIO) ICT functional leadership <p>b) Noted a refresh of the current ISSP will be undertaken following the Executive Leadership Team strategy sessions held on 2 and 3 October.</p> <p>c) Noted the Board's strong interest in keeping abreast of these business technology decisions particularly in light of the strategic decisions and building the future EQC.</p>		
	<p><i>Jane Whitfield and Linda Smith left the meeting at 11.51 am. The Board broke for lunch at 12.00 pm. The Board were hosted through the Majestic Centre Building site to view the seismic strengthening work being carried out. The meeting reconvened at 1.30 pm. Ian Simpson, Bryan Dunne, [REDACTED] and Jeremy Ford entered the meeting at 1.30 pm.</i></p>	<p>9(2)(a)</p>	
	<p>Christchurch City Council Social Housing portfolio</p> <p>The Board:</p> <p>a) Noted that EQC Management has agreed 'in principle' with Christchurch City Council (CCC) to pay a further \$21.8 million in settlement of its outstanding social housing claims (bringing the total settlement amount to \$60.5 million, including GST before deduction of excess);</p> <p>b) Noted that this settlement excludes payment for various matters where there remains some risk that actual costs could exceed EQC's current damage estimates;</p>	<ul style="list-style-type: none"> • Management to ensure that an announcement is made when the Deed is signed (subject to confirmation of the schedule) and that this announcement is jointly agreed between CCC and EQC. 	<p>21.10.14</p>

	<p>c) Noted the CCC has authorised the execution of a formal settlement deed, subject to (i) the offer being ratified and offered by EQC and (ii) the offer being accepted by the Council's Insurance Subcommittee.</p> <p>d) Noted the essential terms of settlement set out in this paper and substantive content of the draft Deed of Settlement appended;</p> <p>e) Agreed to delegate to the Chair of the Commission, the Deputy Chair of the Board, the Chair of the Audit and Risk Committee and the Chief Executive authority to execute a global settlement deed between EQC and CCC of its outstanding social housing claims, according to the terms outlined herein.</p> <p>f) Reaffirmed that the Board's preference is that a joint media statement is prepared between EQC and CCC and this should be approved by the CE prior to finalisation.</p>		
	<p><i>Jeremy Ford left the meeting at 1.58pm. Gail Kettle and a representative from LSI joined the meeting at 2.00pm.</i></p>		
6.	CUSTOMER CENTRICITY		
6.1	<p>Initial findings and recommendations from LSI review</p> <p>9(2)(a) ██████ took the Board through a presentation summarising the key elements of the Review of EQC's Customer Interactions model (experiences and processes).</p>	<ul style="list-style-type: none"> Management to distribute a copy of the presentation from LSI to Board members by email. 	21.10.14
	<p><i>The representative from LSI left the meeting at 2.39 pm. Debbie Barber and ██████ joined the meeting at 2.40 pm.</i> 9(2)(a)</p>		
6.2	<p>UMR Survey</p> <p>The Board:</p> <p>a) Noted the comments around the UMR 2014 'Claimant Satisfaction Quarterly Report – Quarter 2' and the draft Claimant Satisfaction Survey - 'A Comparison of Canterbury claimants with those in other areas'</p> <p>b) Noted that Management is currently planning implementation of a range of activities to address areas of concern.</p>		

7.	STAKEHOLDER ENGAGEMENT		
7.1	Reputational Update The Board: a) Noted the Quarterly update on EQC's reputation.		
	Debbie Barber and [REDACTED] left the meeting at 3.15pm. [9(2)(a)]		
6.	CUSTOMER CENTRICITY continued		
6.3	ELT Strategy Session update (verbal) The CE provided a brief summary of the recent Executive Leadership Team (ELT) Strategy Session facilitated by [REDACTED] [9(2)(a)]	<ul style="list-style-type: none"> Management to draft the Board Strategy agenda and distribute to the Chair for consultation. 	7.11.14
	Gordon Smith and Bryan Dunne left the meeting at 3.27 pm. Reid Stiven, Jane Whitfield, Shane Collins, Emma Hicks, Chris Chainey and Gillian Dudgeon joined the meeting at 3.17 pm.		
8.	CHIEF EXECUTIVE REPORT		
8.1	Chief Executive's Report The Board: a) Noted that the Excess issue needs to be managed carefully by Management, and that the communications strategy governing the proposed approach is a priority.	<ul style="list-style-type: none"> Management to bring to the November Board meeting a progress update on the excess collection approach. 	17.11.14
	Keith Taylor left the meeting at 3.44 pm		
8.2	Business Performance Report The Board: a) Noted the current update provided in the Business Performance Dashboard. b) Requested Management provide a summary list of the total remaining claims that require settlement.	<ul style="list-style-type: none"> Management to bring to the November Board meeting the number of claims that remain to be settled including categories, value and type of customer. 	17.11.14
8.3	Chief Risk Officer (CRO) Report The Board: a) Noted that the paper covers: <ul style="list-style-type: none"> A high level overview of key Audit activities; A summary of the current challenges facing EQC as identified by the CRO and grouped under the areas of Reputation, People and Future EQC; 		

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	<ul style="list-style-type: none"> A high level overview of the key initiatives being undertaken in response to each of the challenges. 		
	<p><i>Reid Stiven, Jane Whitfield, Shane Collins, Chris Chainey and Gillian Dudgeon left the meeting at 4.01 pm.</i></p>		
9.	OTHER BUSINESS		
9.1	<p>Minutes</p> <p>The Board:</p> <p>a) Confirmed the minutes of the Board Meeting held on 22 September 2014.</p>		
9.2	<p>Contract terms sheets</p> <p>The Board:</p> <p>a) Noted the content of the Contract Terms for T and T outlined in the paper.</p> <p>b) Noted that the CFO had undertaken to distribute the EQR Memorandum of Understanding (MoU).</p>	<ul style="list-style-type: none"> Management to distribute the EQR MoU. 	21.10.14
10.	INFORMATION ITEMS		
10.1	<p>Board Committee updates</p> <p>The Chair advised that a draft set of Performance Indicators for the Chief Executive have been circulated to the Performance and Remuneration Board Committee and once confirmed will be reported back at the next Board meeting.</p> <p>The Board invited the Chair of the ARC to discuss with the CE and CRO, the current relationship with Deloitte as EOC's auditor [REDACTED]</p> <p>[REDACTED]</p> <p>The Board noted its preference for more regular (at a minimum annual) engagement with the Office of the Auditor General.</p>	<ul style="list-style-type: none"> Management to involve Treasury in the discussion relating to the current audit provider. 	
10.2	<p>General Business</p> <p>There were no items of General Business to discuss.</p>		

9(2)(g)

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**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Pukeko Room
EQC Offices, 53 Princess Street, Christchurch
Monday 17 November 2014 at 9.00am**

Present:

Sir Maarten Wevers (Chair)
Keith Taylor (Deputy Chair)
Russell Black
Gordon Smith
Roger Bell
Paul Kieranowski
Mary Jane Daly
Alison O'Connell

In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager, Strategy Policy and Legal)
Jane Whitfield (General Manager Project Portfolio Management)
– part meeting
Heather Stewart (General Manager Organisational Development)
– part meeting
Emma Hicks (Chief Financial Officer) – part meeting
Gillian Dudgeon (Chief Risk Officer) – part meeting
Gail Kettle (General Manager Customer and Claims) by Video
Conference– part meeting
Reid Stiven (General Manager Canterbury Home Repair
Programme) – part meeting
Shane Collins (Transition Manager) – part meeting
Michael Price (National Customer and Claims Manager) – part
meeting
9(2)(a) (Manager, Compliance) – part meeting
9(2)(a) (Minutes) – part meeting

Apologies:

The meeting was declared open at 9.00 am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<p><i>The Board had a private session.</i></p> <p><i>Ian Simpson joined the meeting at 9.20 am.</i></p> <p><i>Bryan Dunne, Heather Stewart and 9(2)(a) joined the meeting at 9.30am</i></p>		
1.	<p>Present and Apologies.</p> <p>There were no apologies to record.</p>		
2.	<p>Interests Register/Declaration of Conflicts of Interest</p> <p>The Board noted that:</p> <p>a) Keith Taylor was no longer Chair of Speirs Group Limited.</p> <p>b) Paul Kieranowski has been appointed Chair of Red Bus Company Ltd.</p> <p>c) Roger Bell has exited the Insurance aggregator (iCompare).</p> <p>d) There were no conflicts of interest advised for matters on the agenda for the meeting.</p>	<ul style="list-style-type: none"> Board Executive to update Register of Conflict of Interests. 	

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3.	<p>Matters arising and Action Items</p> <p>The Board:</p> <p>a) Discussed the matters arising noting the status of each item and providing updates where appropriate.</p> <p>b) Requested appropriate subject headings for each item in the register.</p> <p>c) Noted that the UMR 'Canterbury only' report has not been received by the Board.</p> <p>d) Noted that the request for a copy of the 'post deployment review' should be listed as matter arising.</p>	<ul style="list-style-type: none"> • Board Executive to add 'post deployment review distribution' to Matters Arising. • Board Executive to include subject headings where actions items are discussed under 'Matters Arising'. • Management to ensure Commissioners receive invitations and background information to attend the EQC Stakeholder Engagement Breakfast briefings being held in Wellington on 25 November and Christchurch on 27 November. 	<p>18.11.14</p> <p>18.11.14</p> <p>18.11.14</p>
4.	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) Noted the contents of the Health and Safety Report, including:</p> <ul style="list-style-type: none"> • EQC safety performance for the month of October, specifically the EQC injury data provided with this Report. • Health and safety risks that may impact on the health and safety business objective of zero harm. • Internal activities completed within EQC during the month of October. • Safety performance across CHRP, specifically <ul style="list-style-type: none"> ○ Interaction with the Regulator, Worksafe NZ and other key stakeholders ○ EQC CHRP site health and safety monitoring report (July – September 2014) <p>b) Noted the update from the Chair of the Health and Safety Board Committee of the most recent meeting held 5 November 2014.</p> <p>c) Noted the Chair, HSBC and GM Organisational Development will follow up on appropriate level of resourcing within the Health and Safety team.</p> <p>d) Noted the learnings from work undertaken around Canterbury are being shared with Canterbury Safe Rebuild Charter and the Business Leaders Health & Safety Forum.</p>	<ul style="list-style-type: none"> • Management (GM OD) to report back to the December Board meeting with a feasibility study on achieving a tertiary level on the ACC accreditation. • Management (GM OD) to confirm and report back to the Board on EQR's policy for dealing with hazardous materials. • Board Executive to include copies of all Board Committee Minutes in Board papers. • Board Executive to circulate the most recent H&S committee Minutes to the Board. 	<p>15.12.14</p> <p>15.12.14</p> <p>15.12.14</p> <p>18.11.14</p>
5.	<p>COMPLETING CANTERBURY</p>		
	<p><i>Shane Collins, Reid Stiven, Emma Hicks, Michael Price Jane Whitfield and Gail Kettle (by VC) joined the meeting at 10.21 am.</i></p>		

<p>5.1</p>	<p>Completing Canterbury Response (CCR)</p> <p>Management gave a presentation outlining the processes underway, matters to be addressed, and accountabilities, for each stream of work.</p> <p>The Board:</p> <p>a) Noted the Completing Canterbury Response presentation, and emphasized that its successful completion was a high priority.</p> <p>b) Noted the Board's expectation that that EQC adhere to the Good Employer practice as the completion response proceeds, and requested management to approach contract end dates and processes in an appropriate, lawful and considerate manner.</p> <p>c) Requested that a copy of the Organisation structure document (including names of Tier 1, 2 and 3 manager's, with their staff numbers) are included in the Board pack each month.</p>	<ul style="list-style-type: none"> • Management to provide a proposed template for reporting against the Canterbury completion programme to the December Board meeting. • Management to provide a copy of the Organisation structure document (including names of Tier 1, 2 and 3 manager's, with their staff numbers) are included in the Board pack each month. 	<p>15.12.14</p> <p>15.12.14</p>
	<p><i>Shane Collins, Reid Stiven and Heather Stewart left the meeting at 11.40 am.</i></p>		
<p>5.2</p>	<p>CHRP Excess</p> <p>The Board:</p> <p>a) Noted that In September 2014, Management had finalised planning for an excess calculation pilot and intended testing the collateral with the Community Advocacy Group (CAG);</p> <p>b) Noted that Management has completed testing CHRP excess invoicing collateral with CAG and in so doing, has taken into account Board considerations and feedback from key stakeholders;</p> <p>c) Noted that the Christchurch <i>Press</i> ran a front page article about CHRP excess invoicing. In response, EQC has advertised to remind CHRP customers about the need to pay excess amounts and to let them know that invoicing will commence in 2015. This recent publicity has generated limited customer inquiry;</p> <p>d) Noted the [REDACTED] reputational risks regarding CHRP excess invoicing proposals, and the mitigation proposed.</p> <p>e) Noted Management's current approach which is already being pursued.</p> <p>Management:</p> <ul style="list-style-type: none"> • Confirmed that the formula for calculating excess has been developed. • Management confirmed that excess will be collected from the customer who received the benefit of the repair or cash settlement. 	<ul style="list-style-type: none"> • Management to ensure particular attention is paid to communications in relation to the collection of excess payments. • Management to ensure a well-designed payment options plan is developed to reflect customer needs. 	<p>18.11.14</p> <p>18.11.14</p>

	<i>Michael Price, Jane Whitfield and Gail Kettle left the meeting at 12.12 pm.</i>		
5.3	<p>EQR Negotiations</p> <p>The Board:</p> <p>a) Noted that a formal negotiation framework exists and a working group has been set up for the negotiations with FCC.</p> <p>b) Noted the negotiation structure and strategy outlined in this memo.</p> <p>c) Noted Commissioner Black offered assistance to EQC's CFO with selecting external expertise.</p> <p>d) Noted Management's intention to resolve negotiations with Fletcher in a timely manner.</p> <p>e) Nevertheless, stressed that EQC should not be 'time driven' at the expense of a suitable mutual outcome.</p>	<ul style="list-style-type: none"> Management (CFO) to contact Commissioner Black to assist with selecting external expertise for the EQR negotiations. 	
	<p><i>Emma Hicks left at 12.32pm.</i></p> <p><i>The Board broke for lunch at 12.32 pm and reconvened at 12.57pm.</i></p>		
6.	NATIONAL RISK MANAGEMENT		
6.1	<p>Geonet Strategic Review</p> <p>The Board deferred the Geonet Strategic Review paper to the December Board meeting.</p>		
	<p><i>Gillian Dudgeon, Jane Whitfield and [redacted] joined the meeting at 12.57 pm.</i></p>		
7.	CORE FOUNDATIONS		
7.1	<p>Privacy Strategy Paper</p> <p>The Board:</p> <p>a) Noted the context for the Privacy Strategy including all-of-Government context, EQC's strategic objectives and organisational priorities, and the values development.</p> <p>b) Noted the presentation of the Strategy as three inter-linked goals, which are:</p> <ul style="list-style-type: none"> EQC supports people to protect privacy; EQC creates an environment where personal information and privacy is valued and protected; and EQC understands privacy. <p>c) Noted the measures that will demonstrate when EQC has met its privacy goals (Appendix B).</p> <p>d) Noted that Management have recommended the attached Privacy Strategy for approval by the Board and approved the Privacy Roadmap (Appendix A);</p>	<ul style="list-style-type: none"> Management to amend the wording of 3a of Appendix B in the paper to read 'the reporting of 'near misses' increases quarter on quarter.' Management to report back mid 2015 outlining the implications of efforts to reach the embedded level, rather than the defined level, as proposed. 	

	<p>e) Approved the Privacy Strategy as drafted;</p> <p>f) Agreed that reporting against the success measures and on progress implementing the initiatives identified in the Privacy Roadmap be made to the Board Audit and Risk Committee six-monthly.</p> <p>g) Expressed support of continuous improvement and invited Management to report back mid 2015 outlining the implications of efforts to reach the embedded level, rather than the defined level, as proposed.</p> <p>h) Recorded the importance the Board attaches to high standards of privacy protection for customers as a fundamental basis for successful execution of and trust in EQC's business.</p> <p>i) Noted that under Measures of success 3a in Appendix B of the paper should be redrafted to read 'the reported number of 'near misses' increases quarter on quarter.</p> <p>j) Stressed the importance of linking the IT strategy to privacy strategy.</p>		
9(2)(a)	<p>██████████ left the meeting at 1.18 pm.</p> <p>Gail Kettle joined the meeting at 1.18 pm.</p>		
7.2	<p>CMS Update</p> <p>The Board:</p> <p>a) Noted the current status of CMS Stability Project (now Programme) as outlined in this document.</p> <p>b) Noted the change of name to CMS Upgrade.</p> <p>c) Agreed to establish a Business Technology Governance Programme Board Subcommittee comprising of Commissioners Daly, Black and Kieranowski with a focus on the CMS Upgrade with a link to other activities to be defined.</p> <p>d) Noted the linkage to the GCIO programmes of risk assurance and user platforms.</p>	<ul style="list-style-type: none"> Management to report back to either the December 2014 or February 2015 Board meeting on progress with the CMS upgrade. Management to facilitate the establishment of a Business Technology Governance Programme Board Subcommittee comprising of Commissioners Daly, Black and Kieranowski with a focus on the CMS Upgrade with a link to other activities to be defined. 	<p>15.12.14</p> <p>15.12.14</p>
8.	<p>CHIEF EXECUTIVE REPORT</p> <p>Chief Executive's Report</p> <p>The Board:</p> <p>a) Noted the report.</p> <p>b) Received reassurance that there is an independent review in relation to the IPENZ investigations.</p> <p>c) Noted the Deed of Settlement with Christchurch City Council is still to be finalised.</p>	<ul style="list-style-type: none"> Management to bring a full paper on the Land Repair pilot programme to December Board meeting. 	<p>15.12.14</p>
	<p>Emma Hicks joined the meeting at 2.07 pm (She came in for Business Performance)</p>		

<p>8.1</p>	<p>Business Performance Report</p> <p>The Board:</p> <p>a) Noted that the Chair, ARC and CFO will discuss what is required going forward to the Board in relation the financial statements to ensure comfort over tracking of financial performance.</p> <p>b) Noted that Management will continue to prioritise vulnerable customers.</p> <p>c) Noted that information from UMR surveys will be included under Customer Satisfaction on the business performance report dashboard.</p> <p>d) Noted the revised financial statement (tabled on the day) which corrected formatting errors.</p>	<ul style="list-style-type: none"> • Management to include information from the UMR survey under Customer Satisfaction on the business performance report dashboard. • Chair, ARC and CFO to agree new format for Board financial reports to improve visibility of financial performance. 	<p>15.12.14</p>
<p>8.2</p>	<p>Chief Risk Officer Report</p> <p>The Board:</p> <p>a) Noted that the Chief Risk Officer report covers a high level overview of :</p> <ul style="list-style-type: none"> • key Audit activities ;and • the key initiatives being undertaken in response to each of the current challenges identified. 	<ul style="list-style-type: none"> • Management to highlight the changes within the report on future papers. • Management to include CMS in the report. • Management (CRO) to work with the Chair ARC to provide a revised list of major risks and challenges to the December Board meeting. • Change word on page 2 under EQC Act Interpretation – managing the risks, bullet point 4 should read “unintended fallout”. 	<p>15.12.14</p> <p>15.12.14</p> <p>15.12.14</p> <p>18.11.14</p>
	<p><i>Gail Kettle left the meeting at 2.19 pm.</i></p>		
<p>8.3</p>	<p>Treasury Quarterly Monitoring Report (including SPE)</p> <p>The Board:</p> <p>a) Noted the EQC quarterly monitoring report (including Statement of Performance Expectations measures) appended to this paper;</p> <p>b) Noted that the structure, content and timing of delivery of this first quarterly report for the 2014–2015 financial year were determined through discussions with the monitoring agency (Treasury);</p> <p>c) Noted that, in future, quarterly reports will be submitted to the Board as soon as practicable after the end of the relevant reporting period; and</p> <p>d) Commented on the report to guide further development, if any, of future quarterly reports.</p>	<ul style="list-style-type: none"> • Management to revise the report to incorporate Board feedback provided at the November meeting. 	<p>18.11.14</p>
	<p><i>Jane Whitfield left the meeting at 2.35 pm</i></p>		

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9.	OTHER BUSINESS		
	<p>Minutes</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Confirmed the minutes (subject to minor amendments) of the Board Meeting held on 20 October 2014 as a true and accurate record. b) Noted that they are yet to receive a copy of the 'post deployment' review as noted in item 5.1. c) Requested that Action item B117 is to remain open as this will be combined with a new action to provide a template for future reporting on Canterbury completion action. 		
10.	INFORMATION ITEMS		
	<p>Board Committee updates</p> <p>The Chair of the Health and Safety Board Committee provided a brief overview of key discussion points at the HSBC meeting held on Wednesday 5 November 2014.</p> <p>The Chair of Audit and Risk Board Committee provided a brief overview determining how to move forward and report the ARC which will commence on 8 December 2014.</p> <p>The Performance and Review Board Committee will respond to the Chief Executive on the agreed KPI's by next week.</p>		
	<p>General Business and Items of Interest</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the Treasury-led review of the Earthquake Commission Act 1993: - Lessons learned about the EQC model during the Canterbury response. b) Noted that some matters outlined in the paper are currently under review. c) Noted that 2015 marks 70 years since the coming into force of the EQC Act, and that some communications activity may be appropriate. d) Noted the resignation of Roger Sutton, Chief Executive Canterbury Earthquake Recovery Authority (CERA). e) Noted Commissioner Daly will be an apology for the 15 December 2014 meeting. 	<ul style="list-style-type: none"> • Management to provide a report to the Board of continued high level learnings with an overview of operational lessons learned. 23.02.15 • Management to give consideration to commissioning an external researcher to write a report, suitable to external consumption on disaster recovery and the international lessons learned. 18.11.14 • Management to report back to December Board on obtaining an invitation to the International UN Seminar. 15.12.14 • Management to research the initial discussions and purpose of the coming into force of the EQC Act to provide public education about the national value. 15.12.14 	

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	<p>Review and Close Of Meeting</p> <p><i>Ian Simpson, Bryan Dunne, Gillian Dudgeon, Emma Hicks and [REDACTED] left the meeting at 2.50 pm.</i></p> <p><i>The Board went into Private Session.</i></p>		
	<p>The next Board meeting will be on Monday 15 December in Wellington.</p> <p>The Meeting closed at 3.15 pm.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ Sir ML Wevers</p> <p>_____ Date</p>		

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**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held In the Majestic Centre Board Room
Level 20, 100 Willis Street, Wellington
Monday 15 December 2014 at 9.00am

Present:

Sir Maarten Wevers (Chair)
Keith Taylor (Deputy Chair)
Russell Black
Gordon Smith
Paul Klesanowski
Alison O'Connell

In attendance:

Ian Simpson (Chief Executive)
Bryan Dunne (General Manager, Strategy Policy and Legal)
Heather Stewart (General Manager Organisational
Development) – part meeting
Hugh Cowan (General Manager Reinsurance, Research and
Education) – part meeting
Chris Chainey (Acting CFO) – part meeting

Apologies:

Mary Jane Daly
Roger Bell

9(2)(a) [REDACTED] (Team Leader, Management Accounts) –
part meeting
Gillian Dudgeon (Chief Risk Officer) – part meeting
Gall Kettle (General Manager Customer and Claims) – part
meeting
Keith Land (Head of Canterbury Land) – part meeting
Reid Stiven (General Manager Canterbury Home Repair
Programme) – part meeting
Jane Whitfield (General Manager Project Portfolio
Management) – part meeting
9(2)(a) [REDACTED] – Aon Benfield – part
meeting
9(2)(a) [REDACTED] (Minutes) – part meeting

The meeting was declared open at 9.00 am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
9(2)(a)	<i>The Board had a private session. Ian Simpson joined the meeting at 9.31 am. [REDACTED] joined the meeting at 9.50 am. Heather Stewart joined the meeting at 9.55am.</i>		
1.	Present and Apologies. The Chair recorded apologies from Mary Jane Daly and Roger Bell.		
2.	Interests Register/Declaration of Conflicts of Interest The Board confirmed that there were no interests not otherwise declared on any agenda items.	<ul style="list-style-type: none"> Board Executive to remove references to Board member property claims as these were now all historical. 	16.12.14
3.	Matters arising and Action Items The Board: a) Discussed the matters arising noting the status of each item.	<ul style="list-style-type: none"> Board Executive to update Matters arising as agreed. 	16.12.14

4.	<p>Health and Safety Report</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the contents of this Report, including: <ul style="list-style-type: none"> i. EQC safety performance for the month of November, specifically the EQC injury data (lag and lead indicators) and associated key points relating to the data. ii. Internal activities undertaken during the month of November to support our journey towards zero harm. iii. Fletcher EQR safety performance across the Canterbury Home Repair Programme (CHRP) for the month of November. b) 9(2)(h) 		
	<p>9(2)(a)</p> <p>Hugh Cowan, [REDACTED] joined the meeting at 10.07 am.</p>		
5.	<p>Reinsurance Renewal Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the post-2014 renewal, reinsurance market update from Aon Benfield; b) Noted the memo from Aon Benfield outlining the pros and cons of alternative risk capital; c) Authorised Management to investigate a New Zealand Cat Bond for EQC, for consideration at the February 2015 Board meeting. d) Noted their appreciation for the professional and successful management of EQC's reinsurance portfolio and expressed their gratitude to Aon Benfield for the manner in which relationships internally and externally had been managed. 	<ul style="list-style-type: none"> • Management to bring a paper to the February Board meeting with outcomes from the investigation of a New Zealand Cat Bond. 	23.02.15
9(2)(a)	<p>[REDACTED] left the meeting at 11.00 am. Bryan Dunne, Gail Kettle and Keith Land joined the meeting at 11.10 am.</p>		
6.	<p>COMPLETING CANTERBURY</p>		
6.1	<p>Land Settlements: Increased Liquefaction Vulnerability</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted that significant progress has been made this year on complex land settlements; b) Noted that following receipt and consideration of the Declaratory Judgment decision the majority of IFV settlements should begin to be operationalised; 	<ul style="list-style-type: none"> • Management to bring a paper to the February Board meeting outlining the proposed initiatives for the claims settlement processes for both ILV and IFV (pending clarification of any impacts of the Declaratory Judgment, and advice over whether or not any appeals are lodged). 	23.02.15

	<p>c) Noted that some outstanding issues with ILV need to be resolved before a finalised Policy Statement can be adopted;</p> <p>d) Noted that further work is being undertaken to establish a settlement position for ILV 'in-situ' properties with a pilot being undertaken to support the future delivery of 'cleared' site settlements.</p> <p>e) Invited Management to bring a paper to the February Board meeting which should include proposed initiatives for the claims settlement processes pending clarification of impacts of the Declaratory Judgment for both ILV and IFV.</p> <p>f) Noted the preparations that are underway for the stakeholder engagement programme for land claims processes for 2015.</p> <p>g) Noted that Management was encouraged to include Christchurch City Council in all stakeholder dialogue.</p>		
	<i>Keith Land and Gail Kettle left the meeting at 11.54 am.</i>		
7.	STRATEGIC DEVELOPMENT		
7.1	<p>Strategy Day Report</p> <p>The Board:</p> <p>a) Noted the six key themes from the November 2014 strategy day.</p> <p>b) Noted the proposed approach for the development of the strategic plan through a sequence of tranches, with checkpoints built into the process.</p> <p>c) Invited Management to report back to the March Board meeting on progress with the development of the new EQC strategy.</p>	<ul style="list-style-type: none"> • Management to report back to the March Board meeting with progress on the development of the new EQC strategy document. 	23.03.15
	<i>Hugh Cowan and Bryan Dunne left the meeting at 12.20pm. The Board broke for lunch at 12.20 pm and reconvened at 12.50 pm. Hugh Cowan and Chris Chainey joined the meeting at 12.50 pm.</i>		
8.	CORE FOUNDATIONS		
8.1	<p>Delegation Framework Review and changes</p> <p>The Board:</p> <p>a) Noted the outcome of the review of the Delegations Framework.</p> <p>b) Approved the changes to the current Delegations Framework that are shown in Table 1 subject to the amendments and deferrals noted in the meeting. These will be effective from the 5th January 2015.</p> <p>c) Agreed to provide a special authorisation for</p>	<ul style="list-style-type: none"> • Management to implement changes and bring further advice to the February Board meeting on matters including:: <ul style="list-style-type: none"> ○ Add CFO as a third signatory ○ Defer decision on 'technical advisors' authorisation claim payments up to \$100,000. ○ Defer decision on proposed increase to CE's Capex. 	16.12.14

	<p>EQR payments up to \$50m upon consultation by the Acting CE with the Chair.</p> <p>d) Requested an updated paper be brought back to the February Board meeting with clarity on deferred items discussed at the December Board meeting.</p>		
	<p><i>Jane Whitfield joined the meeting at 1.00 pm.</i></p>		
<p>8.2</p>	<p>FMIS Project Change Request</p> <p>The Board:</p> <p>a) Noted the FMIS project was approved to implement by the Board on 17/02/2014 (financials in table on page 3), subject to three Commissioners being satisfied with the procurement process. The Commissioners subsequently confirmed that appropriate procurement processes were followed.</p> <p>b) Noted the attached project Change Request under Appendix A [REDACTED] and the revised Go Live date of 2 March 2015.</p> <p>c) Noted that without this capital approval the FMIS, SAP B1, could not be implemented without considerable quality risk to the organisation.</p> <p>d) Approved the additional capital budget required of \$348,686 (including contingency) to implement the new FMIS through to completion of warranty and hand over to the Business.</p> <p>e) Noted the capital requested will be met from within the 14/15 project capital budget</p> <p>f) Noted that the benefits described in the original business case remain valid, however realisation of these benefits will be delayed by the length of the delay to this project.</p> <p>g) Noted the new FMIS is critical for the smooth processing of CHRP Excess Collection.</p> <p>h) Noted an Independent Quality Assurance review of the project was carried out in September 2014, the findings of which supported Management's view that a 1 December Go Live date could not be achieved without compromising quality to an unacceptable extent.</p> <p>i) Noted additional opex of \$326,253 has already been approved out of the Project Operational.</p>		

<p>8.3</p>	<p>Property Business Case for funding approval</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Noted the Final Business Case for the Majestic Property Project under Appendix A has been approved by the Project Sponsor and Steering Committee on 20/11/14. b) Noted that to date OpEx of \$250,000 has been approved and of this \$91,367 OpEx has been spent to 31 October 2014. c) Noted that a project budget of \$700K CapEx has been previously approved by the Board as a high level, estimated, placeholder included in the 2014/15 Business Plan and Project Capital Budget. d) Noted that the Capital investment required is \$1,008,404. e) Noted that the additional \$308,404 can be met from the approved 2014/15 project capital budget. f) Approved \$308,404 additional CapEx (inclusive of 10% contingency) and g) Approved \$128,199 additional OpEx (inclusive of 10% contingency) to complete the Project. 		
	<p><i>Jane Whitfield and Chris Chainey left the meeting at 1.18pm. Bryan Dunne joined the meeting at 1.19 pm.</i></p>		
<p>8.4</p>	<p>IBM Application Support Extension</p> <p>The Board:</p> <ul style="list-style-type: none"> a) Approved and signed the IBM Project Change Request PCR2166 to extend the baseline service resources for 12 months starting 1 March 2015 at a cost of 9(2)(b) b) Noted that the whole of contract life effect of this change will be to increase the cost of the current IBM contract from 9(2)(b) to 9(2)(b) c) Noted that this will enable IBM to maintain resources at the current level for this period to support the ongoing operation of the current system. d) Noted that this includes an increase in IBM Delivery Project Management resource from half time to full time. e) Noted that there is provision under the Supplementary Agreement – Applications Services to reduce the baseline service resources should EQC determine that a lower level of support is required. Three months’ notice is required to enact a reduction. 		

	<i>Bryan Dunne left the meeting 1.21 pm. Chris Chainey and 9(2)(a) joined the meeting at 1.22pm.</i>		
8.5	<p>Canterbury Forecast update</p> <p>The Board:</p> <p>a) Approved budget increases for the extension of the Canterbury Home Repair Programme (CHRP) \$23m and the costs associated with the collection of CHRP excesses \$5.1m.</p> <p>b) Approved budget increases for Tonkin and Taylor land related costs estimated to be 9(2)(a), due to the extension to June 2019, with 94% of costs by June 2017. Previously land was budgeted to October 2014.</p> <p>c) Noted the material risks that currently exist to the Canterbury CHE budget</p> <p>d) Noted the transition cost of an EQR vehicle has not been included in the Canterbury CHE budget and is currently unknown.</p>		
	<i>Sir Maarten left the meeting at 1.35 pm and Keith Taylor took over as Acting Chair. 9(2)(a) left the meeting at 1.35 pm. Gail Kettle, Reid Stiven, Jane Whitfield and Shane Collins joined the meeting at 1.35 pm.</i>		
9.	CHIEF EXECUTIVE REPORT		
9.1	<p>Business Performance Report</p> <p>The Board:</p> <p>a) Noted the proposed complete Canterbury Board reporting templates are under development to allow for Board feedback to be considered.</p>	<ul style="list-style-type: none"> Management to provide further commentary and granularity on the properties included in the 'additional repairs' line of the Board reporting template, defining which are held up by customer versus EQC. 	23.02.14
	<i>Chris Chainey, Gail Kettle, Reid Stiven, Jane Whitfield and Shane Collins left the meeting at 1.56pm. Gillian Dudgeon joined the meeting at 1.56 pm.</i>		
9.2	<p>Chief Risk Officer Report</p> <p>The Board:</p> <p>a) Noted that this paper covers a high level overview of risk management activities and a summary of the key initiatives being undertaken in response to each of the current challenges identified.</p>		
	<i>Gillian Dudgeon left the meeting at 1.57 pm.</i>		

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10.	OTHER BUSINESS		
	<p>Minutes The Board:</p> <p>a) Confirmed of the minutes of the Board Meeting held on 17 November 2014</p>		
11.	INFORMATION ITEMS		
	Board Committee updates		
	<p>Audit and Risk Committee</p> <p>The Board:</p> <p>a) Noted the minutes of the ARC meeting held 8 September 2014.</p> <p>The Chair of the ARC provided a brief overview on the meeting held on 8 December 2014.</p>		
	<p>Health and Safety Committee</p> <p>The Chair of the HSBC congratulated Management on the significant achievements made in the area of Health and Safety both within EQC and Fletcher EQR and the wider construction industry in general.</p> <p>The Board:</p> <p>a) Noted the minutes of the HSBC meeting held on 5 November 2014.</p>		
	<p>Enterprise Business Technology Committee</p> <p>The Board:</p> <p>a) Appointed Paul Kiesanowski as the Chair of the EBT Committee.</p>		
	<p>Review Of Meeting</p> <p>The Board:</p> <p>a) Agreed the draft KPI's for the Chief Executive's performance review in the Board only session at the beginning of this meeting.</p>	<ul style="list-style-type: none"> • Management to circulate to Board members, a copy of EQC's final reply to [REDACTED] regarding their letter of complaint. 	16.12.14
	<p>The next Board meeting will be on 23 Feb 2015 in Christchurch.</p> <p>The Meeting closed at 2.10 pm.</p> <p>These minutes were approved by the Board as a true and correct record.</p>		
	<p>_____ Sir ML Wevers</p>	<p>_____ Date</p>	