

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
EQC Offices, 53 Princess Street, Christchurch
Monday 22 February 2016 at 9.00am**

Present:

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

Apologies:

No apologies to record

In attendance:

Ian Simpson (Chief Executive)
Gillian Dudgeon (General Manager Shared Services) – part meeting
Bryan Dunne, (General Manager Strategy and Transformation) part meeting
Jeff Galt (GM Governance) – part meeting
Suzanne Carter (GM Communications and Public Education) – part meeting
Lynda Jelbert, (GM People and Capability) – part meeting
Patricia (Trish) Keith, (GM Customer and Claims) – part meeting
Michael Price, (Head of Canterbury Dwelling Settlement) – part meeting
Keith Land, (Head of Canterbury Land Settlement) – part meeting

9(2)(a) [REDACTED] (Minutes)

The meeting was declared open at 9.10am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<p><i>The Board entered into a private session. Ian Simpson joined the meeting at 9.20am. Jeff Galt and [REDACTED] joined the meeting at 9.30am.</i></p> <p>9(2)(a)</p>		
	<p>The Board acknowledged they were meeting in Christchurch on the fifth anniversary of the February 22nd 2011 earthquake. They noted their forthcoming attendance at the memorial service and the importance and solemnity of the day as they sought to conclude matters arising from the Canterbury Earthquake as quickly as possible, whilst ensuring the Commission is prepared to deal with any future matters that may arise across the country.</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 there were three changes to the Register of Conflicts of Interest to record; Alison O’Connell is providing Policy advice to the Ministry of Social Development; Sir Maarten Wevers is now a Trustee on Victoria University Foundation and Mary Jane Daly is now Deputy Chair of Airways. No conflicts of interest advised for matters on the agenda were noted for the meeting.</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 and providing updates where appropriate;</p> <p>b) noted B266 that as part of leading staff engagement change, I Simpson has agreed to adopt targets regarding 360° feedback; and</p> <p>c) noted that for B275/6/7 L Jelbert to provide verbal update at ARC meeting on these items.</p>	<ul style="list-style-type: none"> Board to have discussion on Ilan Noy’s presentation at some point and seek an update at March Board meeting about recommendations for research objectives and evaluation methodologies. 	29.03.16
	<p><i>Lynda Jelbert entered the meeting at 9.35am.</i></p>		
4.	<p>HEALTH AND SAFETY</p>		
	<p>Health and Safety Report</p> <p>The Board :</p> <p>a) noted EQC HS performance for the month of December 2015 and January 2016, specifically the EQC injury data (lag and lead indicators) and associated key points relating to the data;</p> <p>b) noted internal activities undertaken during the month of December 2015 and January 2016 to support our journey towards zero harm;</p> <p>c) noted a summary of Fletcher EQR HS performance across the Canterbury Home Repair Programme (CHRP) for December 2015 and January 2016; and</p> <p>d) noted that November TRIFR figure incorrect. L Jelbert advised that the report will be corrected.</p>	<ul style="list-style-type: none"> Management to provide Board with correction to November TRIFR figures. This was actioned later in the meeting when Management provided the updated TRIFR figure, being 5.4. 	23.02.16
9(2)(a)	<p><i>Lynda Jelbert left the meeting at 9.48am.</i></p> <p>██████████ from Aon Benfield entered the meeting at 9.50am.</p>		

5.	REINSURANCE RESEARCH & EDUCATION		
	<p>Reinsurance Programme / Market Update and Renewal</p> <p>The Board:</p> <p>a) confirmed that the marketing of the reinsurance programme be initially in respect of the expiring capacity within a budget that is no greater than</p> <p>b) [REDACTED] and</p> <p>c) [REDACTED]</p>	<ul style="list-style-type: none"> Management to incorporate feedback from Aon Benfield (post their close-out meeting in London) and provide reinsurance options just prior to the next Board meeting. 	29.03.16
9(2)(a)	<p>[REDACTED] from Aon Benfield left the meeting at 10.18am. Trish Keith and Michael Price entered the meeting at 10.19am; Keith Land entered the meeting at 10.52am.</p>		
6.	CUSTOMERS/COMPLETING CANTERBURY		
6.1	<p>Complete Canterbury Programme Update</p> <p>The Board:</p> <p>a) noted the content of this paper.</p> <p>b) invited Management to initiate early discussions with insurers about a revised process to determine whether or not those customers who are still awaiting decisions on a settlement path in the CHRP programme, and who are assessed as being near or at risk of going over cap, might be accelerated keeping customer preferences in mind.</p> <p>c) Agreed to support Management to secure resources that will enable CEDAR underfloor repairs to achieve appropriate progress.</p>	<ul style="list-style-type: none"> Management to initiate early discussions with insurers about a revised process to determine whether or not those customers who are still awaiting decisions on a settlement path in the CHRP programme, and who are assessed as being near or at risk of going over cap, might be accelerated keeping customer preferences in mind. [B287] Management to secure resources that will enable CEDAR underfloor repairs to achieve appropriate progress. 	29.03.16 29.03.16
	<p>Trish Keith, Michael Price and Keith Land left the meeting at 11.20am. The Board left to attend the Memorial Service followed by lunch and reconvened at 1.45pm. Representatives from Melville Jessup Weaver entered the meeting at 1.45pm.</p>		

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<p>6.2</p>	<p>Insurance Liability Valuation Report (ILVR)</p> <p>The Board:</p> <p>a) noted the Insurance Liability Valuation as at 31 December 2015 (attached), the outcome being a Gross Ultimate figure (including CHE) of \$11,259bn;</p> <p>b) noted the increase of \$10m (with rounding) in the overall Gross Ultimate Incurred claims from the 30 June 2015 ILVR, comprising key changes for Land (-\$165m), Buildings (+165m), Contents (+\$9m) and CHE (+\$2m);</p> <p>c) noted the principal areas of uncertainty remaining await execution of ILV and IFV land settlements, and completion and apportionment of the balance of home repair activities and settlements during 2016. These activities will be the focus for revised valuations in June 2016 and December 2016;</p> <p>d) noted that Management has tested the reasonableness of assumptions and advice with its advisors (actuarial, engineering and legal) on the refinements to the ILVR since the 30 June 2015 valuation, to explain the equal and opposite adjustments to land and building and how these are reconciled with all available data and expert opinion; and</p> <p>e) noted that Management believes the latest valuation represents a prudent analysis of liability, consistent with current policy settings and all available data, while recognising uncertainties and the need to provision for systemic risks.</p> <p>f) Accepted the report as presented, but noted uncertainties around land (ILV/ DOV valuations in particular) and insurer washups, and noted their expectation that the June report will provide a clearer picture as, for example, ILV policies are rolled out.</p>	<ul style="list-style-type: none"> Management to provide a liability valuation report for period ended June 2016 [REDACTED] 9(2)(i) 	<p>26.07.16</p>
<p>9(2)(a)</p>	<p>[REDACTED] from Melville Jessup Weaver left the meeting at 2.34pm. Jeff Galt and Suzanne Carter entered the meeting at 2.35pm.</p>		
<p>7.</p>	<p>NOTING AND DISCUSSION PAPERS</p> <p>7.1 Approach to Statement of Intent and Statement of Performance Expectations in 2016</p> <p>The Board:</p> <p>a) agreed to amend the current Statement of Intent as provided in section 148(1) of the Crown</p>	<ul style="list-style-type: none"> Management to prepare a Communications Strategy in alignment with the release dates. 	<p>29.03.16</p>

	<p>Entities Act 2004;</p> <p>b) agreed to the areas of amendment outlined in the Appendix;</p> <p>c) noted that the Statement of Performance Expectations will be drafted at the same time, and reflect the amendments to the Statement of Intent; and</p> <p>d) noted the timetable outlining the Boards involvement in the production of the SOI and SPE for 2016 and look forward to the update next month.</p>		
7.2	<p>Quarterly Treasury Monitoring Report</p> <p>The Board:</p> <p>a) noted the contents of the attached Treasury Quarterly Monitoring Report for quarter two 2015/16;</p> <p>b) approved the amendment to the target date for EQC completing land settlements (31 December 2015) to reflect the EQC business plan target date (31 December 2016);</p> <p>c) approved the deletion of the following cash settlement measure - "Cumulative customer claims for dwelling damage that are settled by cash - the average variance between EQC's estimated cost of settling and the actual final cost of settling claims"; and</p> <p>d) approved Management consulting the Minister and depending on response, suggestions or additional changes, Keith Taylor and Sir Maarten Wevers to approve on behalf of the Board.</p>	<ul style="list-style-type: none"> Management to consult with the Minister and seek approval for any suggestions or additional changes from Keith Taylor and Sir Maarten Wevers. 	29.03.16
7.3	<p>Quarterly Communications and Public Education Report</p> <p>The Board:</p> <p>a) noted the paper; and</p> <p>b) discussed the work reported.</p>	<ul style="list-style-type: none"> Management to have appropriate senior representatives at the Seismics and the City Conference. 	18.03.16
7.4	<p>Managing Complaints About Staff Conduct – Morrison Low Report</p> <p>The Board:</p> <p>a) noted that the Managing Complaints About Staff Conduct Review has been completed by Morrison Low and the draft report is attached;</p> <p>b) noted that EQC has reviewed the 19 recommendations, discussed the required actions and collated initial feedback which will be a key input into the management response. A draft of specific comments in response to</p>	<ul style="list-style-type: none"> Management to verbally discuss learnings at the next Board meeting from this review. 	29.03.16

	<p>recommendations is included in the Appendix; and</p> <p>c) noted that a management response is in development that will accompany the final report when it is released.</p>		
	<p><i>The Board left to attend the staff remembrance afternoon tea and reconvened at 3.45pm. Lynda Jelbert entered the meeting at 3.46pm.</i></p>		
7.5	<p>Health and Safety Lessons Learnt Recommendations from the Cosman Parkes Report</p> <p>The Board:</p> <p>a) noted the Cosman Parkes report (see Appendix 1);</p> <p>b) noted the 11 recommendations should not be limited to implementation by Health and Safety functions alone; some will require multifaceted input from all areas and levels of the EQC business streams; and</p> <p>c) noted the EQC Health and Safety team business plan (see Appendix 2).</p>	<ul style="list-style-type: none"> Management to consider posting the report on the EQC website and share with other interested parties including OAG, Worksafe, DPMC. 	29.03.16
	<p><i>Lynda Jelbert and Suzanne Carter left the meeting at 3.58pm.</i></p>		
7.6	<p>Claims Management System (CMS) Programme – Project Cre8 Status</p> <p>The Board:</p> <p>a) noted the current status of Project Cre8 as outlined in this document:</p> <div style="background-color: black; color: grey; padding: 5px;">9(2)(j)</div> <p>d) noted the Cre8 project team has been scaled back to a core team who are focused on leveraging the ClaimCenter configuration work completed to date - system and process documentation;</p> <p>e) noted a dedicated RFP team has been established and an RFP schedule developed; and</p> <p>f) noted that the first key milestones - preparation of a comprehensive RFP and release to the market place (29/1/16) has occurred as per the</p>		

	schedule provided to the Board in November 2015.		
7.7	<p>Update to audit and Risk Committee (ARC) Terms of Reference</p> <p>The Board:</p> <p>a) noted the changes (marked in red) in the ARC Terms of Reference document being considered and recommended to the Board by ARC; and</p> <p>b) approved the updated ARC Terms of Reference.</p>		
7.8	<p>Update to EQC Policy on Participation of Reinsurers and Reinsurance Brokers</p> <p>The Board:</p> <p>a) approved the changes (marked up in red) to the EQC Policy on Participation of Reinsurers and Reinsurance Brokers.</p>		
8.	CHIEF EXECUTIVE REPORT		
8.1	<p>Chief Executive's Report – February 2016</p> <p>The Board:</p> <p>a) noted the report;</p> <p>b) noted the Massey University Survey Proposal and privacy of Information Involving staff;</p> <p>c) noted actions arising from the recommendations of the LSI report and former Banking Ombudsman tasked with review;</p> <p>d) noted Staff Engagement Survey update, the strategic direction taken and post survey pulse check;</p> <p>e) noted electronic Board reporting utilising I-Pad (Pro) to improve functionality;</p> <p>f) noted Legal and Accountability update including new and closed litigation matters; and</p> <p>g) Management to draw on Board members as required to complete the outstanding matters relating to proposed amendments to the Earthquake Commission Act, 1993.</p>	<ul style="list-style-type: none"> • Management to draw on Board members as required to complete the outstanding matters relating to proposed amendments to the Earthquake Commission Act, 1993. • Management to distribute email confirming go ahead for electronic Board papers including considerations to include appropriate technology to receive electronic documentation. • Management to provide a paper on the risk analysis / ownership and investment arrangements of Minerva and also the maintenance and technical development to ensure the model remains credible in the international market. 	29.03.16
8.2	<p>Board Financial Update</p> <p>The Board:</p> <p>a) noted the Monthly Board Financial pack with deferment to C Chainey regarding budget increase; and</p> <p>b) discussed the Business Performance Dashboard and the information contained therein.</p>		

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9.	OTHER BUSINESS		
9.1	<p>Minutes</p> <p>The Board:</p> <p>a) Agreed change to 3(b), to the minutes of the Board Meeting held on 14 December 2015 and these were confirmed as a true and accurate record.</p>		
10.	INFORMATION ITEMS		
	<p>General Business and Items of Interest</p> <p>a) ARC meeting tomorrow, Tue 23/02 9.00am; and b) HSBC in afternoon.</p>		
	<p>Review and Close of Meeting</p> <p><i>Ian Simpson, Gillian Dudgeon, Bryan Dunne, Jeff Galt and [REDACTED] left the meeting at 4.45pm.</i></p> <p><i>9(2)(a)</i> <i>The Board went into a Private session.</i></p>		
	<p>The next Board meeting will be on Tuesday 29 March 2016.</p> <p>The Meeting closed at 5.05pm.</p> <p>These minutes were approved by the Board as a true and correct record.</p>		
	<p>_____ Sir Maarten 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
EQC Offices, Level 11, 100 Willis Street, Majestic Centre, Wellington
Tuesday 29 March 2016 at 9.00am**

Present:

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

Apologies:

Roger Bell

In attendance:

Ian Simpson (Chief Executive)
Lynda Jelbert (General Manager People and Capability) – part meeting
Gillian Dudgeon (General Manager Shared Services) – part meeting
Jeff Galt (General Manager Governance) – part meeting
Suzanne Carter (General Manager Communications) – part meeting
Patricia (Trish) Keith (General Manager Customer and Claims) - part meeting
Hugh Cowan (General Manager Reinsurance, Research and Education) – part meeting
Bryan Dunne (General Manager Strategy and Transformation)- part meeting
9(2)(a) [REDACTED] (Reinsurance Research and Education) – part meeting
Chris Chainey (Financial Controller) – part meeting
Jane Thomassen (Manager Risk and Assurance) – part meeting
Jeremy Ford (Chief Legal Advisor) – part meeting
Neil Hoskin (Manager Project Portfolio Management) – part meeting
9(2)(a) [REDACTED] (Manager Compliance and Insurance) – part meeting
Tom Dibley (Manager Government Board and Executive) – part meeting
9(2)(a) [REDACTED] (Board Executive) – Minutes

The meeting was declared open at 9.00am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<p><i>The Board entered into a private session.</i></p> <p><i>Ian Simpson joined the meeting at 9.20am.</i></p> <p><i>Lynda Jelbert and 9(2)(a) [REDACTED] entered the meeting at 9.25am.</i></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 advised changes of interests to record, and confirmed there were no conflicts of interest advised for matters on the agenda for the meeting.</p>	<ul style="list-style-type: none"> Update register to record "Victoria University Foundation" against the Chair's declared interests. 	
3.	<p>Matters Arising and Action Items</p> <p>The Board:</p> <p>a) Discussed the matters arising noting the status of</p>	<ul style="list-style-type: none"> [B296] Electronic Board papers to be implemented in May. 9(2)(a) [REDACTED] 	<p>30.05.16</p> <p>ASAP</p>

	<p>each item and providing updates where appropriate; and</p> <p>b) 9(2)(g)(i)</p>	9(2)(g)(i)	
4.	HEALTH AND SAFETY		
4.1	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) Noted the contents of this Report;</p> <p>b) Noted EQC's health and safety performance for the month of February 2016, specifically EQC's injury data (lag and lead indicators) and associated key points relating to the data;</p> <p>c) Noted internal activities undertaken during the month of February 2016 to support EQC's journey towards zero harm;</p> <p>d) Noted a summary of Fletcher's EQR health and safety performance across the Canterbury Home Repair Programme (CHRP) for February 2016; and</p> <p>e) Noted an amendment to pg4, para 1(a) regarding 166 signatures being the figure for staff who signed off as having received the health and safety message.</p>	<ul style="list-style-type: none"> Management to come back to the Board with the aspects of health and safety that will be audited in the third quarter. 	30.05.2016
	<p><i>Lynda Jelbert left the meeting at 9.55am.</i></p> <p><i>Jeff Galt, Trish Keith, Gillian Dudgeon, Suzanne Carter joined the meeting at 10am.</i></p>		
5.	CUSTOMERS / COMPLETING CANTERBURY		
5.1	<p>Complete Canterbury Programme Update</p> <p>The Board:</p> <p>a) Noted the content of this paper;</p> <p>b) Noted the "fresh look" approach is helping with unblocking and closing claims; and</p> <p>c) Reaffirmed that the objective remains to lift the tempo to complete all first-time CHRP repairs by 30 June 2016, and progress resolution of other claims and remedial repairs to customer's satisfaction as quickly as possible.</p>	<ul style="list-style-type: none"> Management to development a comprehensive communications plan around settling outstanding claims and consider joint communications with insurers on overcap claims. Management to brief the Reserve Bank, Treasury and MBIE over the current state of EQC's activities in Canterbury. Management to continue the tempo to resolve claims and remedial repairs to customer's satisfaction as quickly as possible. Management to advise the Board on how many drainage repairs have been progressed since 22 February 2016. 	<p>26.4.16</p> <p>26.04.16</p> <p>Ongoing</p> <p>26.04.16</p>

		<ul style="list-style-type: none"> Management to work towards the goal of transferring all remaining overcaps to insurers by 30 April 2016. 	Ongoing
5.2	<p>Update on Financial Completion</p> <p>The Board:</p> <p>a) Noted the content of the attached presentation on the approach to financial completion;</p> <p>b) Noted proposed approach to the insurer washup process as detailed in the presentation;</p> <p>c) Noted the nature of decisions which will come to the Board from this workstream as detailed on slide 8; and</p> <p>d) Noted that the Board will be updated on progress through regular monthly reporting on EQC's first key result area; being the "Canterbury completion targets have been met".</p>	<ul style="list-style-type: none"> Management to provide further advice on delegations in relation to settling land claims with LINZ relating to the red zone. Management to update the Board on the outcomes achieved from the proposed washup process for individual insurers by the end of November 2016. Management to advise the Minister of the proposed approach to the washup process. Management to provide an update on the administrative and financial completion aspects of Completing Canterbury at each Board meeting. 	<p>26.04.16</p> <p>29.11.16</p> <p>07.04.16</p> <p>Ongoing</p>
<p><i>Trish Keith left the meeting at 11.13am.</i></p> <p><i>Hugh Cowan, [b2] and Bryan Dunne joined the meeting at 11.14am</i></p>			
6.	REINSURANCE RESEARCH & EDUCATION	-	
6.1	<p>NZIER Evaluation of the Research and Sector Education Programme</p> <p>The Board:</p> <p>a) Confirmed Management's summary of the research strategy discussion from December 2015, with amendments;</p> <p>b) Noted the findings of the NZIER report, specifically the four suggestions for enhancements and Management's proposed approach to each suggestion;</p> <p>c) Noted the further development of impact and performance measurement strategic objectives for research and sector education will be integrated with the Statement of Performance Expectations work underway by the Office of the Chief Executive;</p> <p>d) Noted research and education needs to be linked directly and explicitly to EQC's strategy;</p> <p>e) Noted the Board is seeking a greater role in setting priorities for research and education programmes as part of the 2016 work plan and that Management are to develop criteria for expenditure in these programmes that align</p>	<ul style="list-style-type: none"> Management to provide (to Alison O'Connell and the Chair) a revised draft summary of the research strategy, for further comment, ensuring it reflects EQC's strategic direction and the overall risk appetite. 	26.04.16

	<p>investments with EQC's strategy; and</p> <p>f) Invited Management to review paras 10 to 18 of the paper to better reflect the intent of the strategic outcomes as part of the follow up work to the report.</p>		
6.2	<p>Minerva Hazard Model and a National Modelling Capability</p> <p>The Board:</p> <p>a) Noted the briefing on EQC's existing loss model, Minerva</p> <p>b) Noted that there are limitations to the operation of Minerva, that over time will reduce its effectiveness as a tool for the organisation; and</p> <p>a) Invited Management to provide a proposal regarding the next steps for Minerva. The proposal to include scoping of next generation national modelling capability, and the extent to which Minerva might be able to model other risks covered by EQC.</p>	<ul style="list-style-type: none"> Management to provide a proposal regarding the next steps for Minerva, including scoping the next generation national modelling capability and the extent to which Minerva can model other risks. 	<p>Date to be confirmed at the April Board meeting.</p>
<p><i>Suzanne Carter, Hugh Cowan, [REDACTED] left the meeting.</i></p> <p style="text-align: center;">9(2)(a)</p> <p><i>Adjourned for lunch at 12.10pm.</i></p> <p><i>Reconvened 12.40pm.</i></p> <p><i>Jeremy Ford joined the meeting at 12.40pm.</i></p>			
7.	CHIEF EXECUTIVE'S REPORT		
7.1	<p>Chief Executive's Report – March 2016</p> <p>The Board:</p> <p>a) Noted the report; and</p> <p>b) Confirmed the members of the Review of Earthquake Commission Act group as being Mary Jane Daly, Alison O'Connell and the Chair.</p>	<ul style="list-style-type: none"> Management to review the process for staff member declarations of conflicts of interest and consider the current level of reporting to the Audit and Risk Committee. Management to have a representative on the Massey, Auckland landslip tender process. Management to brief the Minister on the CHRP excess disputes tribunal process. 	<p>26.04.16</p> <p>26.04.2016</p> <p>07.04.16</p>
<p><i>Jeremy Ford left the meeting at 1.27pm.</i></p> <p><i>Bryan Dunne left the meeting at 1.36pm.</i></p> <p><i>Chris Chainey and Jane Thomassen joined the meeting at 1.36pm.</i></p>			

7.2	Board Financial Update The Board: a) Noted the update (including changes to YTD variance figures advised by management as a result of a system error during compilation of the financials) and identified some changes to simplify presentation of the financials and dashboard.	<ul style="list-style-type: none"> • Management to provide the Board with the updated Board Financials. • Management to report back to the Board with further information on the increasing number of Customer OIA requests. 	26.04.2016 26.04.2016
<p><i>Chris Chainey and Jane Thomassen left the meeting at 1.48pm.</i></p> <p><i>Neil Hoskin joined the meeting at 1.48pm.</i></p>			
7.3	Quarterly Project Portfolio The Board: a) Noted the summary comments on the programmes and projects status; b) Noted - the key lessons and improvements from the completed project Post Implementation Reviews and Independent Quality Assurance reviews from 2015, - the summary on progress being made is the key focus areas of Benefits Management and Stakeholder Management (the latter were areas highlighted for attention by KPMG when they reviewed our PGF maturity in early 2015); and c) Noted PPM is engaging with other Government agencies as a part of ongoing continuous improvement of the PGF and associated project reporting.	<ul style="list-style-type: none"> • Management to report back to the Board confirming the results of the CMS tender process. • Management to provide the Board with a business case for CMS. The business case to be reviewed by the Enterprise Business Technology Committee prior to the May Board meeting. 	26.04.16 30.05.16
<p><i>Neil Hoskin left the meeting at 2.05pm.</i></p> <p><i>Chris Chainey and Jane Thomassen joined the meeting at 2.05pm.</i></p>			
8.	NOTING AND DISCUSSION PAPERS		
8.1	Budget & Economic Fiscal Update (BEFU) Submission The Board: a) Noted that the Commission is required to submit BEFU to Treasury on the 7th April; b) Noted that the BEFU includes the impacts of the 31 December 2015 ILVR; c) Noted that due to other priorities, including the recent 14th February 2016 Christchurch quake, the BEFU is based on the previously submitted Half Year Economic & Fiscal Update (HYEFU) plus any material adjustments; d) Noted that detailed budgets and business planning for both Canterbury and Non-	<ul style="list-style-type: none"> • Management to present the detailed budgets and business planning for both Canterbury and Non-Canterbury to the June Board meeting. • Management to confirm the previous approvals for GeoNet budgets which were approved by the Board in May and November 2015, and their impact on the latest BEFU. 	27.06.2016 26.04.2016

	<p>Canterbury will take place during April / May with presentation to the Board in June; and</p> <p>e) Approved the BEFU submission based on the detail provided in the presentation.</p>		
8.2	<p>Risk Appetite Update from ARC</p> <p>The Board:</p> <p>a) Noted that this paper was reviewed and commented upon by the Audit and Risk Committee and has been updated to reflect these discussions;</p> <p>b) Noted a key subset of these risk appetite statements is the consideration of health and safety – which is reflected in Appendix 1 of this paper;</p> <p>c) Noted the risk appetite for health and safety and accompanying guidance were endorsed by the Health & Safety Board Committee in August 2015; and</p> <p>d) Agreed the risk appetite statements for each strategic outcome.</p>	<ul style="list-style-type: none"> Management to report back to the Board regarding the wording of the KRAs after the staff workshops. Management to verify the process for Ministerial sign off of strategic outcomes. 	<p>26.04.16</p> <p>26.04.16</p>
8.3	<p>Delegation Framework Quarterly Update</p> <p>The Board:</p> <p>a) Approved the addition of Patricia Keith and Keith Land to the bank mandate and the appointment of them as cheque signatories;</p> <p>b) Approved the addition of the financial delegation in relation to the approval of travel expenses under sponsorship agreements;</p> <p>c) Approved the addition of delegations to enable the processing of remediations being managed under CHRP;</p> <p>d) Noted that the delegations for the declinature of claims as approved by the Board in July 2015 have now been added following the approval of the Declinature Policy in January 2016 by the acting Chief Executive; and</p> <p>e) Noted various wording changes and clarifications.</p>		
	<p><i>Chris Chainey and Jane Thomassen left the meeting at 2.31pm.</i></p>		
	<p><i>9(2)(a) [REDACTED] joined the meeting at 2.32pm.</i></p>		
8.4	<p>Corporate Insurance Programme</p> <p>The Board:</p> <p>a) Noted that a review of insurances has been carried out to ensure that there are no gaps in EQCs insurance covers and that current levels of</p>	<ul style="list-style-type: none"> Management to confirm how often insurance brokering arrangements are reviewed. 	<p>26.04.16</p>

	<p>cover are appropriate;</p> <p>b) Noted that the review concluded that, with the possible exception of cyber and privacy risk the policies currently in place provided a balanced and appropriate insurance programme;</p> <p>c) Noted work is underway to determine whether cyber risk cover should be added to EQCs insurance portfolio; and</p> <p>d) Noted all insurance policies as listed in Appendix A that EQC has taken up are in place.</p>		
9(2)(a)	<p>left the meeting at 2.39pm.</p> <p>Tom Dibley joined the meeting at 2.40pm.</p>		
8.5	<p>Statement of Performance Expectations</p> <p>The Board:</p> <p>a) Noted that the paper is the first step in the engagement of the Board in the development of the 2016-17 SPE;</p> <p>b) Noted that the contents of the paper take into account the Treasury guidelines and best practices for output performance measures;</p> <p>c) Noted that as EQC approaches the completion of its Canterbury operations and as work advances on the finalisation and implementation of EQC's new strategic direction, there are likely to be further opportunities to develop EQC's SPE measures and overall performance story, post the 2016-17 financial year; and</p> <p>d) Provided comment on this document to guide management on the further development of the 2016-17 SPE.</p>	<ul style="list-style-type: none"> Management to bring the draft Statement of Intent and the draft Statement of Performance Expectation measures to the April Board. 	26.04.16
	<p>Tom Dibley left the meeting at 2.47pm.</p>		
8.6	<p>Response to Canterbury Earthquake Event, February 2016</p> <p>The Board:</p> <p>a) Noted the number of claims forecast for the February 2016 event and number of claims received to date (as at 15 March 2016);</p> <p>b) Noted the new approach developed for managing the response to the February 2016 event which is based on learnings from previous events;</p> <p>c) Noted the associated risks of the new approach and how these will be addressed;</p> <p>d) Noted the financial impacts of the February 2016 event; and</p>	<ul style="list-style-type: none"> Management to review current customer communications to ensure best practice is being followed with regard to protecting against fraud. Management to provide the Board with regular monthly updates on the progress of work on the February 2016 earthquake claims. 	<p>Ongoing</p> <p>Ongoing</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
EQC Offices, 53 Princess Street, Christchurch
Tuesday 26 April 2016 at 9.30am**

Present:

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

In attendance:

Bryan Dunne (Acting Chief Executive; and General Manager Strategy and Transformation) – part meeting
Lynda Jelbert (General Manager People and Capability) – part meeting
Gillian Dudgeon (General Manager Shared Services) – part meeting
Jeff Galt (General Manager Governance) – part meeting
Suzanne Carter (General Manager Communications) – part meeting
Patricia (Trish) Keith (General Manager Customer and Claims) - part meeting
Hugh Cowan (General Manager Reinsurance, Research and Education) – part meeting
Keith Land (Head of Canterbury Land Settlement) – part meeting
Chris Chalney (Financial Controller) – part meeting
Jeremy Ford (Chief Legal Advisor) – part meeting
9(2)(a) (Board Executive) – Minutes


Apologies:

Keith Taylor (Deputy Chair)
Ian Simpson (Chief Executive)

The meeting was declared open at 9.25am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<p><i>The Board entered into a private session.</i></p> <p><i>Bryan Dunne joined the meeting at 9.55am.</i> 9(2)(a)</p> <p><i>Lynda Jelbert and [REDACTED] joined the meeting at 10.00am.</i></p>		
1.	<p>Present and Apologies</p> <p>The Chair recorded an apology from Keith Taylor.</p>		
2.	<p>Interests Register/Declaration of Conflicts of Interest</p> <p>The Board noted that there were no changes of conflict to record, and no conflicts of interest advised for matters on the agenda for the meeting.</p>		
3.	<p>Matters Arising and Action Items</p> <p>The Board:</p> <p>a) Noted there were minor changes in the status column in respect of cross referencing for some items and other items that should appear in next month's actions; and</p> <p>b) Discussed the matters arising noting the status of each item and providing updates where appropriate;</p>	<ul style="list-style-type: none"> Item B298 to be amended to "Management to come back to the Board with the aspects of health and safety regime that will be audited, and the timings of that audit". 	<p>HSBC 31.05.2016</p>

	<p>c) Noted, in relation to item B304, that the Minister had been advised that the washup process was underway; and</p> <p>d) Noted items B305, B297 and A71 cover the same matters and that a revised paper on the risk analysis/ownership and investment arrangements of Minerva will be presented to the October Board meeting; and also noted Management to provide (to Alison O'Connell and the Chair) a revised draft summary of the research strategy for further comment, ensuring it reflect EQC's strategic direction and the overall risk appetite prior to the May board meeting.</p>		
<p>4.</p>	<p>HEALTH AND SAFETY</p>		
<p>4.1</p>	<p>Health and Safety Report</p> <p>The Board:</p> <p>a) Noted EQC's internal H&S performance for the month of March 2016, specifically EQC's injury data (lag and lead indicators) and associated key points relating to the data. (Appendix 1);</p> <p>b) Noted a summary of Fletcher EQR Health and Safety performance across the Canterbury Home Repair Programme (CHRP) for March 2016 (Appendix 1);</p> <p>c) Noted a summary of Tonkin and Taylor Health and Safety performance across the Canterbury Earthquake Repair Programme (CERP) for March 2016 (Appendix 2);</p> <p>d) Noted Management has a strong programme in development to address stress and fatigue; and winter wellness and that the programme is also intended to support mental health issues;</p> <p>e) Noted the Health and Safety module has been completed and awaiting some technical issues to be resolved prior to releasing it to staff;</p> <p>f) Noted the update from the Acting Chief Executive circulated on 24 April and the verbal update by the Acting Chief Executive regarding Tonkin and Taylor's progress on the outstanding audit items and that the outstanding audit action items have been formally signed off by the Tonkin and Taylor executive;</p> <p>g) Noted the advice from Management that all the outstanding health and safety audit items raised with Tonkin and Taylor have now been addressed;</p> <p>h) Noted that Tonkin and Taylor have advised their procedures that they now have in place to manage serious incident notification, including communicating to EQC as its principal; and</p>	<ul style="list-style-type: none"> • Management to invite Tonkin and Taylor to attend the May HSBC meeting to have a further discussion on how the new requirements are being operationalised and the affect it is having on their performance and monitoring. 	<p>30.05.2016</p>

	<p>i) Noted that Tonkin and Taylor are to be invited to attend the May HSBC meeting for a further discussion on how the new requirements are being operationalised and the related effect on performance and monitoring; and</p> <p>j) Noted the Code of Practice Removal of Asbestos is being released on Friday 29 April, and that Management will work through this with their legal team to ensure EQC/EQR practices appropriately reflect the Code.</p>		
<p><i>Lynda Jelbert left the meeting at 10.32am.</i></p> <p><i>Jeff Galt, Trish Keith, Gillian Dudgeon and Keith Land joined the meeting at 10.37am.</i></p>			
5.	CUSTOMERS / COMPLETING CANTERBURY		
5.1	<p>Complete Canterbury Programme Update</p> <p>The Board:</p> <p>a) Noted the content of this paper;</p> <p>b) Requested Management to include the Completing Canterbury dashboard in future Board packs;</p> <p>c) Noted two updates to the figures in the report, being para 12(a), 290 claims have reached overcap (instead of 280), and para 12(b), 193 claims are at high risk (instead of 200);</p> <p>d) Invited Management to consider what the CHE for land only claims would be and present back the results in the future, once completed;</p> <p>e) Invited Management to provide further clarity and dates to the customer completion targets referred to in the attached Appendix to the paper; and</p> <p>f) Emphasised the importance of Management's ongoing engagement at the appropriate levels with insurers in order to progress the washup process.</p>	<ul style="list-style-type: none"> • Management to provide the Completing Canterbury dashboard to future Board meetings. • Management to consider what the CHE for land only claims would be and present back to the Board, once completed. • Management to ensure they are engaging at the appropriate level with insurers. 	<p>Noted</p> <p>26.07.2016</p> <p>Noted</p>
<p><i>Keith Land left the meeting at 11.05am.</i></p> <p><i>Meeting adjourned at 11.30am.</i></p> <p><i>Reconvened at 11.40am.</i></p> <p><i>Hugh Cowan joined the meeting at 11.40am.</i></p>			
6.	REINSURANCE RESEARCH & EDUCATION	9(2)(f)	
6.1	<p>Reinsurance Programme Update</p> <p>The Board:</p> <p>a) Noted receiving the 2016 Placement Options paper and Hugh Cowan's detailed verbal update;</p> <p>b) Noted Management's recommendation that the Board accept Option 1 as the path forward;</p>	<ul style="list-style-type: none"> •  	16.05.2016

	<p>c) [REDACTED]</p> <p>d) [REDACTED]</p> <p>e) [REDACTED]</p> <p>f) [REDACTED]</p> <p>g) Management to come back to the Board with a full paper summarising the updated terms and recommended placement for 2016.</p>	<p>[REDACTED]</p> <ul style="list-style-type: none"> • [REDACTED] • [REDACTED] • Management to come back to the Board with a full paper summarising the updated terms and recommended placement for 2016. 	<p>16.05.2016</p> <p>16.05.2016</p> <p>09.05.2016</p>
<p><i>Meeting adjourned for lunch at 12.42pm.</i></p> <p><i>Reconvened at 1.15pm.</i></p> <p><i>Suzanne Carter joined the meeting at 1.15pm.</i></p>			
<p>7.</p>	<p>NOTING AND DISCUSSION PAPERS</p>		
<p>7.1</p>	<p>Draft Amended Statement of Intent and Draft Statement of Performance Expectations</p> <p>The Board:</p> <p>a) Agreed to the draft Statement of Intent as amended;</p> <p>b) Agreed to the draft Statement of Intent and the updated chart to be provided to the Minister Responsible for the Minister's comments;</p> <p>c) Noted the 'in progress' draft Statement of Performance Expectations and noted that it is aligned to the strategy and direction of the key results areas;</p> <p>d) Noted there are targets yet to be confirmed to the Board and that these will be included in the draft Statement of Performance presented to the Board in May; and</p> <p>e) Agreed to provide the draft Statement of Performance Expectations to the Minister for comment.</p>	<ul style="list-style-type: none"> • Management to provide the SOI to the Minister Responsible for the Minister's comment. • Management to provide the draft SPE to the Minister Responsible for the Minister's comment. 	<p>Sent to the Minister on 26.04.2016.</p> <p>Sent to the Minister on 26.04.2016.</p>
<p>7.2</p>	<p>Principles to Guide EQC's International Engagement</p> <p>The Board:</p>	<ul style="list-style-type: none"> • Management to come back to the Board with an updated paper which also covers how EQC might 	<p>26.07.2016</p>

	<p>a) Noted the paper and asked Management to reflect on the conversation held and come back to the Board with an updated paper which also covers how EQC might deal with something that is outside its sphere of interest but may contribute to a legitimate goal of EQC's shareholders.</p>	<p>deal with something that is outside its sphere of interest but may contribute to a legitimate goal of EQC's shareholders.</p>	
7.3	<p>Project Cre8 Status Update</p> <p>The Board:</p> <p>a) Noted that 4Impact Pty Ltd has been chosen as the preferred vendor for project Cre8 and that this solution includes:</p> <ul style="list-style-type: none"> • Revera for the All of Government Infrastructure as a Service (AoG IaaS) component; and • Hyland for OnBase Content management component of the CMS solution stack. <p>b) Noted the rationale for the decision however the Board seeks further understanding from Management on the parties selected and the terms of the proposed contract;</p> <p>c) Noted the next steps as outlined;</p> <p>d) Noted that the timing of the final business case is yet to be confirmed and that an interim funding request may be presented to the Board in advance of the final business case;</p> <p>e) Noted that the business case is currently scheduled to come to EBT and the Board in June 2016 (subject to results of the inception phase in May); and</p> <p>f) Noted the vendor has currently indicated that this project can be delivered within the 2016 calendar year within the original funding envelope.</p>	<ul style="list-style-type: none"> • Management to provide the Board with the rationale for the parties selected and the terms of the proposed contract. • Management to provide the Board with an interim funding request in advance of the final business case. • Management to provide a business case to the EBT and the Board in June. 	<p>30.05.2016</p> <p>27.06.2016</p> <p>27.06.2016</p>
	<p><i>Jeremy Ford joined the meeting at 2.04pm.</i></p>		
8.	<p>CHIEF EXECUTIVE'S REPORT</p>		
8.1	<p>Chief Executive's Report – April 2016</p> <p>The Board:</p> <p>a) Noted the report;</p> <p>b) Noted the Acting Chief Executive has undertaken to brief Treasury and Reserve Bank of New Zealand over the current state of EQC's activities in Christchurch;</p> <p>c) Noted the proposed land settlement sample letters which were appended to the report and which are intended to be sent to customers; and noted they were informative;</p>	<ul style="list-style-type: none"> • Acting Chief Executive to brief Treasury and the Reserve Bank of New Zealand over the current state of EQC's activities in Christchurch. 	<p>30.05.2016</p>

	<p>d) Noted a typo under "Increased Liquefaction Vulnerability (ILV) Policy" "We received positive feedback on the IVF approach..." (Instead of ILV approach);</p> <p>e) Invited Management to apply the customer experience view to the LSI report (for example, how would the customer see things are different in the new experience); and</p> <p>f) Noted some claims for the 14 February events have already been settled and customer feedback has been very positive.</p> <p>The Chairman advised the other Board members of his recent attendance at a meeting hosted by Fran Wilde, in her capacity as Chair Wellington Lifelines. The meeting was attended by key Wellington services representatives and discussed Lessons Learnt from Canterbury. The Chairman noted that infrastructure and risk management dialogue is happening.</p>		
<p><i>Jeremy Ford left the meeting at 2.35pm.</i></p> <p><i>Chris Chainey joined the meeting at 2.35pm.</i></p>			
<p>8.2</p>	<p>Board Financial Update</p> <p>The Board:</p> <p>a) Noted the update; and</p> <p>b) Noted the OIA Processing Activity graph shown on the dashboard and invited Management to come back to the Board with a desegregation of the types of OIAs that are requested.</p>	<ul style="list-style-type: none"> Management to come back to the Board with a breakdown of the types of OIAs that are being requested. 	<p>30.05.2016</p>
<p><i>Trish Keith and Chris Chainey left the meeting at 2.54pm.</i></p>			
<p>8.3</p>	<p>Quarterly Communications and Public Education Update</p> <p>The Board:</p> <p>a) Noted the paper; and</p> <p>b) Discussed the work reported.</p>		
<p><i>Suzanne Carter left the meeting at 3.10pm.</i></p>			
<p>9.</p>	<p>OTHER BUSINESS</p>		
<p>9.1</p>	<p>Minutes</p> <p>The Board:</p> <p>a) Confirmed the minutes of the Board meeting held on 29 March 2016 as a true and accurate record.</p>		

10.	INFORMATION ITEMS		
	<p>General Business and Items of Interest</p> <p>The Board:</p> <p>a) Noted there was no further general business or items of interest that had not already been covered in earlier discussions.</p>		
	<p>Review and Close of Meeting</p> <p><i>The Board entered into a private session.</i></p>		
	<p>The next Board meeting will be on 30 May 2016 at 9.30am in Wellington.</p> <p>The meeting closed at 3:15pm.</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>		

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**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held in the Majestic Centre Board Room
EQC Offices, 100 Willis Street, Wellington
Monday 30 May 2016 at 9.30am

Present:

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

In attendance:

Gillian Dudgeon (GM Shared Services and Acting Chief Executive) – part meeting
Jeff Galt (GM Governance) – part meeting
Hugh Cowan (GM Reinsurance, Research & Education) – part meeting
Jeremy Ford (Chief Legal Advisor) – part meeting
Chris Chalney (Financial Controller) – part meeting
Michael Price (Head of Canterbury Dwelling Settlement) – part meeting
Suzanne Carter (GM Communications and Public Education) – part meeting
9(2)(a) (Minutes)
Ian Simpson, CEO

Apologies:

Ian Simpson, CEO

The meeting was declared open at 9.30am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<i>The Board entered into a private session. Gillian Dudgeon, Bryan Dunne and 9(2)(a) joined the meeting at 10.20am.</i>		
1.	Present and Apologies. Ian Simpson, CEO		
2.	Interests Register/Declaration of Conflicts of Interest The Board: advised changes of conflicts to record, and confirmed there were no conflicts of interest advised for matters on the agenda for the meeting.	• Board Executive to update the Interests Register to reflect the amendments provided at the meeting.	NOTED
3.	Matters Arising and Action Items The Board: discussed the matters arising noting the status of each item and providing updates where appropriate.	• B297 action is open and Alison O'Connell was meeting with 9(2)(a) to discuss actions required to close item. Minutes to be updated accordingly post discussion. B326 noted that Ian Simpson has been invited to participate in a South Pacific Forum meeting on disaster risk reduction in Fiji and Bryan has been invited to the Insurance Development Forum in Singapore. Bryan to report back to the Board	26.7.16 B330

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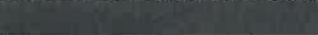



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		post the forum.	26.7.16 B249
4.	HEALTH AND SAFETY		
	<p>Health and Safety Report The Board:</p> <p>a) noted EQC internal HS performance for the month of April 2016, specifically the EQC injury data (lag and lead indicators) and associated key points relating to the data; and</p> <p>b) noted a summary of Fletcher EQR Health and Safety performance across the Canterbury Home Repair Programme (CHRP) for April 2016.</p>	<ul style="list-style-type: none"> The Board questioned if the apparent increase in customers visiting the Christchurch office was being monitored, given the importance of maintaining staff security. Bryan confirmed later in the meeting that this was being done and that in fact no noticeable increase in customer visits had been observed. 	NOTED
	<p><i>Bryan Dunne left the meeting at 10.43am.</i> <i>Jeff Galt, Suzanne Carter, [redacted] and Michael Price joined the meeting at 10.43am.</i></p>		
5.	CUSTOMERS/COMPLETING CANTERBURY		
5.1	<p>Update on KRA1 – Canterbury Completion Targets are met The Board:</p> <p>a) noted the content of this paper including the KRA1 dashboard.</p>	<ul style="list-style-type: none"> GM Shared Services to provide an overview of the components of the Financial and Administrative completion workstreams for the June Board meeting. The Board invited management to consider initiating an independent and collaborative review of the performance of the PMOs which have operated in Canterbury. Management were asked to bring a paper back to the Board outlining a possible approach, noting that, if such a review proved possible, the outputs could inform business operating model options for future events. The Board noted a paper from Management will be provided on the alternative structures for managing remedial repairs in 2017 and the associated wind down of the EQR contract. Board asked for columns in the tables to include calendar months. Management confirmed that more granular reporting on progress on completing remedial requests and repairs will be available in future reporting. Board requested Management provide an update on agreement reached with FCL on who bears the costs associated with remedial activity on CEDAR sub floor jack 	<p>27.6.16 B331</p> <p>29.11.16 B332</p> <p>26.7.16 B333</p> <p>27.6.16 B334</p> <p>26.7.16 B335</p> <p>B336 26.7.16</p>

		and pack properties.	
	<i>Jeremy Ford joined the meeting at 11.30am</i>		
5.2	<p>Canterbury Drainage Claims</p> <p>The Board:</p> <p>a) noted in the absence of a Ministerial Direction EQC cannot settle claims associated with earthquake damage to lateral drains serving appurtenant structures and/or laterals that are 'used but not owned' [REDACTED]</p> <p>9(2)(h) [REDACTED]</p> <p>b) [REDACTED]</p> <p>c) agreed to EQC seeking a retrospective Ministerial Direction under the <i>Crown Entitles Act</i>, that is limited to the Canterbury region for claims resulting from the 2010-2011 Canterbury earthquake sequence, in order to permit EQC to settle drainage claims within 60 metres of the insured building from the Natural Disaster Fund in the specific instance of:</p> <ul style="list-style-type: none"> • laterals servicing appurtenant structures yet not servicing the insured dwelling; and • laterals that are servicing an insured dwelling but are not owned by that dwelling as they cross a neighbour's land. <p>d) noted EQC will raise this issue with Treasury for consideration in the EQC Act Review.</p>	Management to report back on progress of Ministerial Direction approval.	B337 27.6.16

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<p>5.3</p>	<p>Debrief on Action Group The Board: a) received a verbal update from Jeremy Ford and Suzanne Carter on the Anthony Harper Action Group.</p>	<ul style="list-style-type: none"> • Management to provide information on the claim status of the customers involved in the Anthony Harper action. •  	<p>27.6.16 B338</p> <p>27.6.16 B339</p>
<p>9(2)(a)</p>	<p><i>Jeremy Ford left the meeting at 12.00pm</i>  <i>Hugh Cowan and</i>  <i>joined the meeting at 12.05pm.</i></p> <p>9(2)(a)</p>		
<p>6.</p>	<p>REINSURANCE, RESEARCH AND EDUCATION</p>		
<p>6.1</p>	<p>Independent Report on Geonet Governance Review The Board: a) noted the findings of the Geonet Governance Review Panel; b) Noted and agreed with Management's preference for deferring consideration of the terms of the revised Geonet Funding Agreement until the governance review recommendations can be fully evaluated, including through appropriate engagement with the GNS Board, and decisions taken on next steps c) Agreed that the review/report be shared with GNS Board and that the Chair engage with the Chair of GNS on its contents d) Noted that the report underlines the importance of improved governance arrangements for Geonet. e) Indicated that the joint venture option should be explored further.</p> <p>9(2)(a)</p>	<ul style="list-style-type: none"> • The Board invited Management to provide advice on the next steps arising from the review process (depending on discussions with the GNS Board and management). This should include advice on the option of a joint venture. • The Chair will write to the Chair of GNS attaching a copy of the report, and offering to meet her to discuss it. The letter will also set out the view of the Board that a joint venture model might better serve the interests of both parties and that EQC would like to engage in a discussion with GNS about how we take this forward. 	<p>26.7.16 B340</p> <p>27.6.16 B341</p>
<p>9(2)(a)</p>	<p><i>Suzanne Carter, , Michael Price and Hugh Cowan left the meeting at 12.40pm.</i></p> <p><i>The Board broke for lunch at 12.45pm and reconvened at 1.15pm.</i></p> <p><i>Bryan Dunne, Suzanne Carter, Chris Chainey and  joined the meeting at 1.15pm</i></p>		
<p>7.</p>	<p>STAKEHOLDER ENGAGEMENT</p>		

<p>7.1</p>	<p>Quarterly Treasury Monitoring Report The Board: a) noted the contents of the attached Treasury Quarterly Monitoring Report for quarter three of the 2015/16 financial year; b) noted that EQC is completing an internal review of SPE measures (as reported in the Q2 Monitoring report) prior to the external Annual Audit and production of the Annual Report for 2015/16; c) noted that 10 of the measures reviewed to date have data issues that are currently under further investigation; d) noted that the impact of the issues on the actual Q2 reported result ranges from an estimated no material impact, to a variation of 3-5%; e) noted that of the measures with data issues four have had remedial action implemented for the attached Q3 report and six measures have been flagged as "under investigation for possible data limitations"; and f) noted that remedial action will be completed for all measures in time for the Q4 Monitoring report.</p>	<ul style="list-style-type: none"> Management was asked to update the paper to reflect the discussion/questions on some measures and wording and clarify commentary against some measures. 	<p>27.6.16 B342</p>
<p>9(2)(a)</p>	<p>joined the meeting at 1.30pm.</p>		
<p>8.</p>	<p>CHIEF EXECUTIVE REPORT</p>		
<p>8.1</p>	<p>Chief Executive's Report – May 2016 The Board: a) noted and discussed the paper including a brief discussion on EQC's approach to litigation matters. b) noted the brief verbal update from [redacted] on EQC's planning for the Workforce transition in 2016.</p>	<ul style="list-style-type: none"> Management was requested to provide a presentation on the workforce strategy to the June Board meeting, setting out the proposed approach to the transition of EQC to a smaller organisation by 1 January 2017. Management was asked to clarify the situation surrounding the Dunedin customer who was reported in the media recently and how this incident was treated via EQC's internal processes. Management was asked to consider obtaining a peer review of EQC's strategy for litigation. Jeremy Ford confirmed that he would ask 	<p>27.6.16 B343</p> <p>27.6.16 B344</p> <p>26.7.16 B345</p>
	<p>Suzanne Carter, Jeremy Ford and [redacted] left</p>	<p>9(2)(h) [redacted]</p>	

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	<i>the meeting at 2.00pm.</i>		
8.2	Board Financial Update The Board: a) noted the financial pack presented including the investment report and the dashboard.	<ul style="list-style-type: none"> Management was asked to consider incorporating an accrual for the February 2016 event in next month's reporting. Management was asked to review the forecast cashflow profile and discuss with Treasury and the DMO removing the interest rate risk of holding bonds dated longer than the required claims cashflows. The Board requested Management to refresh the reporting of the Completing Canterbury Report and the Master Board Dashboard. 	27.6.16 B346 27.9.16 B347 26.7.16 B348
9.	NOTING AND DISCUSSION PAPERS		
9.1	Draft Statement of Performance Expectations The Board: a) noted that following consideration at the April 2016 Board meeting, the draft SPE was provided to the Minister Responsible for the Earthquake Commission for comment; b) noted that the Minister had no specific comments on the SPE; c) noted that the final SPE included with this paper (Appendix 2) contains all targets for the measures and, reflects the comments from The Treasury and EQC's Auditors; d) noted that the forecast land and remedial request numbers (footnote 5 page 10) will be inserted on signing of the SPE; e) noted the timetable for providing a final SPE to the Minister and publication; and f) noted that Management will come back with further advice relating to the point raised in the discussion with the Board for final approval before 30 June.	<ul style="list-style-type: none"> Management was asked to update some of the wording in the document based on the feedback received. Management was asked to consider amending three of the measures in the paper. These measures were: <ul style="list-style-type: none"> CHE as a % of board approved budget Customer satisfaction Resolution of remedial requests Management was asked to track changes on future papers that have been reviewed (or supply an original version and a marked up version). 	26.7.16 B349 26.7.16 B350 26.7.16 B351
9.2	Delegations Framework Update – May 2016 The Board: a) approved the Delegated Financial Authority for seven new Mediation Representatives, and the removal of Delegated Financial Authority from eight previously approved Mediation Representatives on the Approved Mediation Representative list.	<ul style="list-style-type: none"> Management was asked to confirm that there was a single point of oversight across the mediation activity to ensure consistency. 	27.9.16 B352

<p>9.3</p>	<p>Revised SIPSP The Board: a) noted that the updated SIPSP has been prepared in recognition that the fund will likely decline over the next 12 months as further Canterbury claims are paid; b) noted that the updated SIPSP does not address how the Fund may be replenished post the settlement of Canterbury claims; c) noted that the updated SIPSP reflects the signed Ministerial Direction of 27 July 2015; d) noted that there is a requirement to review the SIPSP within a period of 12 months following Board approval; e) requested Management to redraft the paper based on the feedback from the Board, obtain the external peer review in advance of tabling the paper at the June Board and confirm that if changes to the mix of the fund are required whether a change to the Ministerial direction is required.</p>	<ul style="list-style-type: none"> • Management was requested to make all changes noted. • Management was asked to have the SIPSP reviewed before Board approval. • Management was asked to seek further advice in regards to acquiring a Ministerial Direction to cease holding all government three year stocks. 	<p>27.6.16 B353 27.6.16 B354 27.6.16 B355</p>
<p>9.4</p>	<p>CMS Project Update The Board: a) noted that the items advised at the last Board meeting have been completed or are tracking to plan; b) noted that a DRAFT integrated project schedule for the end-to-end delivery of the Cre8 project has been created in consultation with the vendor, 4impact Pty Ltd; c) noted that a baseline integrated project schedule is on track to be completed by the end of May 2016; d) noted that completion of this schedule, and accompanying budget and risks, will allow the Cre8 Final Business Case to be presented for approval at the June Board meeting; e) noted that the current total cost projection for completion of Project Cre8 remains within the project cost "envelope" provided by the programme in the Initial Business Case approved in April 2015 (\$14,962,000); f) approved interim funding for June 2016 to maintain Cre8 momentum in advance of the Final Business Case. Funding required is;</p>	<p>Management were asked to invite Murray Wills (the Independent Chair of the CMS Programme Steering Committee) to the EBTC meeting to consider the CMS full business case before it comes to the June Board meeting.</p>	<p>27.6.16 B356</p>

	<p>i. OPEX - \$103,880;</p> <p>ii. CAPEX - \$997,976.</p>		
9(2)(a)	<p>joined the meeting at 3.10pm.</p>		
9.5	<p>EQC Act Review Board sub-committee The Board:</p> <p>a) noted that the following five key objectives underpinned the proposed changes to the EQC Act 1993 as set out in the Discussion Document:</p> <ul style="list-style-type: none"> o Effectiveness; o Simplification; o Alignment; o Sustainability; o Connecting EQC and insurers. <p>b) noted that Treasury is currently preparing advice for Ministerial decisions on land and building coverage.</p> <p>c) [REDACTED]</p> <p>d) noted that we believe both options support the objectives that underpinned the Discussion Document.</p> <p>e) [REDACTED]</p> <p>f) [REDACTED]</p>	<ul style="list-style-type: none"> • Management was asked to supply the Board with a copy of the Treasury report on the estimates of under insurance across NZ. • Management was asked to come back to the Board sub-committee as discussions proceed. 	<p>27.6.16 B357</p> <p>27.6.16 B358</p>
9(2)(a)	<p>Paul Kiesanowski left the meeting at 3.30pm.</p> <p>left the meeting at 3.50pm.</p>		
10.	OTHER BUSINESS		
10.1	<p>Minutes The Board:</p> <p>a) confirmed the minutes of the Board Meeting held on 26 April 2016 as a true and accurate record.</p>		
11.	BOARD WORK PROGRAMME		
	<p>General Business and Items of Interest The Board:</p> <p>a) noted the Board work programme.</p>	<ul style="list-style-type: none"> • The Board requested Management to include dates of EQC Board meetings for the year at the top of the Board work programme. 	<p>27.6.16 B359</p>

9

Released under the Official Information Act 1982

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

		<ul style="list-style-type: none"> The Board asked Management to circulate the draft minutes of the teleconference held by the sub-committee considering the placement of the new reinsurance programmer to seek feedback in advance of the minutes being formally accepted. 	<p>27.6.16 B360</p>
	<p>Review and Close Of Meeting</p> <p>Gillian Dudgeon, Jeff Galt and 9(2)(a) left the meeting at 4.00pm.</p> <p><i>The Board went into a Private session</i></p>		
	<p>The next Board meeting will be on Monday 27 June 2016 in Christchurch.</p> <p>The Meeting closed at 4.30pm.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ Sir Maarten Wevers</p> <p>_____ Date</p>		



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held In the Pukeko Room
EQC Offices, 53 Princess Street, Christchurch
Monday 27 June 2016 at 9.30am**

Present:

Sir Maarten Wevers (Chair)
Kelth Taylor (Deputy Chair)
Roger Bell
Paul Kiesanowski
Mary Jane Daly

In attendance:

Ian Simpson (Chief Executive)
Lynda Jelbert (GM, Organisational Development)
Gillian Dudgeon (GM Shared Services and Acting Chief Executive) – part meeting
Patricia Keith (GM Customer & Claims) – part meeting
Jeff Galt (GM Governance) – part meeting
Suzanne Carter (GM Communications and Public Education) – part meeting
Bryan Dunne (GM Strategy and Transformation)
9(2)(a) (Manager - Science and Education)
Jane Thomassen (Manager Risk & Assurance)– part meeting
9(2)(a) (Principal Advisor Strategy) – part meeting
9(2)(a) (Minutes)
9(2)(a) from Melville
Jessup Weaver– part meeting
9(2)(a) from Deloitte – part meeting

Apologies:

Alison O'Connell
Russell Black
Gordon Smith

The meeting was declared open at 9.30am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
	<i>The Board entered into a private session. Lynda Jelbert and [redacted] joined the meeting at 10.08am.</i>		
1.	Present and Apologies. Apologies were received from Gordon Smith, Alison O'Connell and Russell Black.	9(2)(a)	NOTED
2.	Interests Register/Declaration of Conflicts of Interest The Board: advised changes of conflicts to record, and confirmed there were no conflicts of interest advised for matters on the agenda for the meeting.	<ul style="list-style-type: none"> Board Executive to update the Interests Register to reflect the amendments provided at the meeting. Noted Roger Bell, ex CEO of Vero to be added to register. 	NOTED
3.	Matters Arising and Action Items The Board: discussed the matters arising noting the status of each item and providing updates where appropriate.		NOTED
4.	HEALTH AND SAFETY Health and Safety Report The Board:	Management to provide assurance across reporting on the summary of	B361 26.7.16

- Contents (+\$1m) and CHE (no change);
- d) noted the principal areas of uncertainty remaining await execution of ILV land settlements, and completion of the balance of home repair activities and settlements during 2016 (including finalising claims with insurers). These activities will be the focus for the revised valuation in December 2016;
- e) noted that Management has tested the reasonableness of assumptions and advice with its advisors (actuarial, engineering and legal) on the refinements to the ILVR since the 31 December 2015 valuation, to explain the valuation movements and how these are reconciled with all available data and expert opinion;
- f) noted that Management believed the latest valuation represents a prudent analysis of liability, consistent with current policy settings and all available data, while recognising uncertainties and the need to provision for systemic risks.

Melville Jessup Weaver's representatives left the meeting at 11.35am.

6.

CHIEF EXECUTIVE REPORT

6.1 Chief Executive's Report – June 2016

The Board:

- a) noted the reports on ILV settlements beginning, EQC action group litigation – update on costs, disciplinary hearing of two EQC contractors by the Building Practitioners Board, Land – relationship with insurer, people transition approach, SPE/SOI, Nielson Qualitative Research, Customer survey tender process, Auckland Council engagement, Reinsurance Renewal – Placement Highlights, Legal and Accountability Matters.

Management to provide May/June litigation numbers analysis in Chief Executive Report for July.

**B365
26.7.16**

6.1.1 Change – Board presentation June 2016

The Board:

- a) noted the presentation given by GM, People and Capability.

Management to provide an update on the transition structure progress to future board meetings.

NOTED

Bryan Dunne joined the meeting at 12.20pm.

6.2 Board Financial Pack May 2016

The Board:

- a) noted the financial pack presented including the investment report and the dashboard.

The meeting adjourned for lunch at 12.30pm and reconvened at 1.00pm.

9(2)(a)
 Jeff Galt, Gillian Dudgeon, Bryan Dunne and [redacted] joined the meeting at 1pm.

7. STAKEHOLDER ENGAGEMENT

There were no papers to report on Stakeholder Engagement for the June 2016 Board meeting.

8. ONE-YEAR RENEWAL OF RESEARCH CAPABILITY AGREEMENT WITH UNIVERSITY OF AUCKLAND

8.1 Research capability agreement with University of Auckland

The Board:

- a) agreed to EQC renewing research capability funding (\$300k) to University of Auckland for one-year only (FY16/17), to enable alignment with EQC's strategic research priority setting, prior to any longer term funding commitment decision in 2017.

9. CORE FOUNDATIONS

9.1 Business as Usual Event Reporting

The Board:

- a) noted the current snapshot of EQC BAU claims, including 14 Feb 2016 Event update.

Management to provide clarification on the level of threshold for the establishment of an event; ie criteria, number of claims, \$ value. **B366 26.9.16**

Management to report back on the February event at the September board meeting. **B367 27.9.16**

9.2 Claims Management System (CMS) Programme – Project Cre8 Final Business Case

The Board:

- a) noted the resolutions for EBT meeting 24 June 2016 which included:
 - requesting management to provide the following documents to the EBTC:
 - i. a summary of change management activity for the project covering impacts on staff and processes;
 - ii. a paper detailing the benefits of the project following completion of a post implementation review.
- b) approved this Final Business Case, for the continuation of the Project Cre8 through to the Implementation and Close Phases which will require funding of:
 - i. \$2,377,349 OpEx from the 2016/17 Project Operational budget (\$1,932,804 for implementation and close 9(2)(a) [redacted] [redacted]); and
 - ii. \$7,718,279 CapEx from the 2016/17 Project Capital budget (\$6,275,024 for implementation and close [redacted] [redacted]).

The Board asked for qualification of the benefits of the \$6m expenditure on CMS. Also to advise the training process for staff. There needs to be a clear summary of change management process and benefits of the project post review. **B368 26.7.16**

- 9(2)(f)
- c) noted that in advance of the Board meeting the Enterprise Business Technology Committee (EBTC) met on Friday 24 June and reviewed the following documents:
 - i. Project Cre8 Business case;
 - ii. The first IQA review report together with EQC management's response to the observations of IQANZ (who completed the review);
 - iii. The Assurance plan for Project Cre8 (a copy is available for other Commissioners if required).
 - d) delegated authority to the Chief Executive to sign any contracts which are required to support delivery and ongoing operational support for Project Cre8.

9.3 Updated Statement of Investment Policies, Standards and Procedures

The Board:

- a) noted that Management engaged Also Consulting to conduct a review of the SIPSP.
- b) noted that the SIPSP has been updated following this review and was provided to the Board along with a copy of the external review
- c) noted that Management will make further changes to the draft SIPSP following the discussion with the Board and provide an updated SIPSP to the Chair for final approval on behalf of the Board.
- d) noted that following Board approval Management will engage with Treasury / Minister's Office in regards to the updated SIPSP.

Management to prepare an overview paper for the Audit and Risk committee to be held in August 2016 on the Investment policies and processes within EQC. **B369 26.9.16**

10. NOTING AND DISCUSSION PAPERS

10.1 Financial Budgets update and Request for Approval Paper

The Board:

- a) noted that the Business planning process has:
 - i. Clarified the activities to achieve delivery of KRA1 (Canterbury completion targets have been met) including the required resourcing and this planning has informed the updated Canterbury CHE forecast; and
 - ii. Identified high level areas of activity required to support delivery of KRAs 2-6. This information is being used to develop the transitional structure of EQC. Once this is agreed it will inform a formal reforecast of the BAU budget. This reforecast will be done in advance of the HYEFU submission

Management to present a paper to the July Board meeting which provides the detail relating to the current BEFU budget (for BAU operations) and highlights any expected changes as a result of the move to the transitional structure. **B370 26.7.16**

- numbers there is now a requirement for a budget to be approved by the Board and subsequently reported against;
- m) approved the forecast Feb'16 CHE budget requirement of \$11.35 million.

9(2)(a) [redacted] joined the meeting at 2.45pm

10.2 Establishing the Parameters for the Earthquake Commission's Risk Financing Strategy and Aon Benfield designing EQC's Risk Financing Strategy

The Board:

- a) agreed that EQC management continues to further examine issues raised in the Aon Benfield report on EQC's expected annual loss, premium adequacy [redacted] 9(2)(i) [redacted]
- b) agreed that EQC management engage with Treasury on the issues raised in the Aon Benfield report to further develop our understanding of the Crown's risk appetite with respect to EQC and the potential role for EQC in the Crown's wider risk management framework utilising EQC's specialist risk financing capabilities;
- c) agreed the following principles should underpin our engagement with Treasury on EQC's risk financing parameters, including:
- New Zealanders have access to ongoing natural hazard insurance and reinsurance at affordable prices;
 - Premiums for EQC Cover need to reflect the potential costs of the perils EQC covers;
 - EQC is best placed to make decisions and implement its risk financing strategy, based on a clear understanding of the Crown's preferences.
- d) agreed that EQC management report back to the Board by October 2016 on the outcomes of its discussions with Treasury with a view to specifying concrete recommendations for the Board to take forward on EQC's risk financing strategy.

Management to provide advice / report for the Minister.

B371
26.7.16

Management to report back with proposals for board engagement in development of Risk Financing Strategy, and oversight of ongoing dialogue with Treasury.

B372
26.10.16

NOTED

Management to share the Aon Benfield report with Treasury, Melville Jessup Weaver and other agencies with appropriate consultation with Aon Benfield and GNS.

9(2)(a) [redacted] left the meeting at 3.15pm

Jane Thomassen joined the meeting at 3.15pm

10.3 Quarterly Review of EQC's Key Operational Risks

The Board:

- a) noted this paper provides a high level summary of the paper presented to the Audit & Risk Committee meeting on 31 May 2016 and reflects the nature of the discussions held;

- b) **noted** the risk review undertaken this period;
- c) **noted** the risk assessments presented and the associated commentary;
- d) **noted** the update on Risk Management activities.

10.4 Annual Review of Risk Management Policy and Supporting Documents

The Board:

- a) **noted** the Audit & Risk Committee endorsed the proposed changes at their meeting on 31 May 2016;
- b) **approved** the changes to the Risk Management Policy and Risk Management framework;
- c) **approved** no change to the Risk Evaluation and Management Matrix for the evaluation of EQC's risks;
- d) **noted** the current assessment of EQC's Risk Management Maturity model and the proposed review of the model used.

11. OTHER BUSINESS

11.0 Audit and Risk committee minutes and the Health and Safety committee minutes dated 31 May 2016

The Board:

- a) **noted** the draft minutes of the Audit and Risk committee and Health and Safety committee, and will be formally approved in-committee.

11.1 Minutes

The Board:

- a) **adopted** the minutes of the Board Meeting held on 30 May 2016 as a true and accurate record.

11.2 Draft 2016-17 Reinsurance Placement Minutes

The Board:

- a) **adopted** the minutes of the draft 2016-17 reinsurance placement held by teleconference on 18 May 2016.

11.3 Insurance Development Forum (IDF) International Insurance Society (IIS) visit debrief

The Board:

- a) **noted** the Insurance Development Forum (IDF) International Insurance Society (IIS) visit debrief.

Management to provide a summary of the IDF and IIS visit to the Minister. B373 26.7.16

11.4 Hon Gerry Brownlee EQC board announcements

The Board:

- a) **noted** the EQC Board announcements by Minister Brownlee dated 13 June 2016.

11.5 EQC board committees

The Board:

- a) agreed from 1 July 2016 the members of the **Health and Safety board committee** will be:
 - Paul Kiesanowski (Chair), Roger Bell, Tim Hurdle and Maarten Wevers (ex officio).
- b) agreed from 1 July 2016 the members of **Enterprise Business Technology board committee** will be:
 - Paul Kiesanowski (Chair), Mary-Jane Daly and Maarten Wevers (ex officio).
- c) agreed from the 10 August 2016 the members of the **Audit and Risk board committee** will be:
 - Mary-Jane Daly (Chair), Gordon Smith, Alison O'Connell and Maarten Wevers (ex officio).
- d) agreed that from 1 July 2016 the members of the **Performance and Review board committee** will be:
 - Maarten Wevers, Mary-Jane Daly and Roger Bell.
- e) agreed that from 1 July the members of the **EQC Act review informal board group** will be:
 - Mary-Jane Daly, Alison O'Connell and Maarten Wevers (ex officio).

12. INFORMATION MATTERS

12.1 LGNZ CE letter and EQC paper to Minister on establishing a Local Government Risk Agency (LGRA)

The Board noted the letter from LGNZ advising it was intending to progress the proposed Local Government Risk Agency, and thanking EQC for its support during the policy formulation phase.

12.2 Chair's letter to Dr N Crauford – GNS Science

The Board:

- a) noted the letter advising the outcome of the GNS Governance Review.

13. BOARD WORK PROGRAMME

Review and Close Of Meeting

The Chair and Board expressed deep appreciation to Keith Taylor for his extraordinary contribution to EQC for his tireless 10 years' service on the EQC Board.

The next Board meeting will be on **Tuesday 26 July 2016** in Wellington.

The Meeting closed at 3.45pm.

The Board convened into a Private session until 4pm.

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


Sir Maarten Wevers


Date



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held In the Pukeko Room
EQC Offices, 53 Princess Street, Christchurch
Monday 27 June 2016 at 9.30am**

Present:

Sir Maarten Wevers (Chair)
Keith Taylor (Deputy Chair)
Roger Bell
Paul Kiesanowski
Mary Jane Daly

In attendance:

Ian Simpson (Chief Executive)
Lynda Jelbert (GM, Organisational Development)
Gillian Dudgeon (GM Shared Services and Acting Chief Executive) – part meeting
Patricia Keith (GM Customer & Claims) – part meeting
Jeff Galt (GM Governance) – part meeting
Suzanne Carter (GM Communications and Public Education) – part meeting
Bryan Dunne (GM Strategy and Transformation)
9(2)(a) (Manager - Science and Education)
Jane Thomassen (Manager Risk & Assurance)– part meeting
9(2)(a) (Principal Advisor Strategy) – part meeting
9(2)(a) (Minutes)
9(2)(a) from McVie
Jessup Weaver– part meeting
9(2)(a) from Deloitte – part meeting

Apologies:

Alison O'Connell
Russell Black
Gordon Smith

The meeting was declared open at 9.30am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
1.	<p>The Board entered into a private session. Lynda Jelbert and 9(2)(a) joined the meeting at 10.08am.</p> <p>Present and Apologies. Apologies were received from Gordon Smith, Alison O'Connell and Russell Black.</p>	<p>9(2)(a)</p>	NOTED
2.	<p>Interests Register/Declaration of Conflicts of Interest The Board: advised changes of conflicts to record, and confirmed 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 the Interests Register to reflect the amendments provided at the meeting. Noted Roger Bell, ex CEO of Vero to be added to register. 	NOTED
3.	<p>Matters Arising and Action Items The Board: discussed the matters arising noting the status of each item and providing updates where appropriate.</p>		NOTED
4.	<p>HEALTH AND SAFETY Health and Safety Report The Board:</p>	<p>Management to provide assurance across reporting on the summary of</p>	<p>B361 26.7.16</p>

- a) noted EQC internal H&S performance for the month of May 2016, specifically the EQC injury data (lag and lead indicators) and associated key points relating to the data; Tonkin and Taylor Health and Safety performance across the CERP through the Health and Safety audit process. It was noted that management are meeting with Tonkin and Taylor on a monthly basis. **NOTED**
- b) noted a summary of Fletcher EQR Health and Safety performance across the Canterbury Home Repair Programme (CHRP) for May 2016; **Management to revisit the number of work site safety visits noting the level of visitation should be decreasing. To be reviewed post September 2016. NOTED**
- c) noted a summary of Tonkin and Taylor Health and Safety performance across the Canterbury Earthquake Repair Programme (CERP) for May 2016; **Management to monitor mental health issues and to encourage staff to check stress levels in the wake of the pending restructure. NOTED**
- d) noted a summary of Vero Health and Safety performance across the Canterbury Feb 14th Earthquake Repair Programme for May 2016;
- e) noted the contents of the paper.

Patricia Keith, Gillian Dudgeon and Jeff Galt joined the meeting at 10.29am.

5. CUSTOMERS/COMPLETING CANTERBURY

- 5.1 Update on KRA1 – Canterbury Completion Targets are met** **Management to present updated traffic light reporting (exception reporting) at each Board meeting. B362 26.7.16**
 The Board:
 - a) noted the content of this paper; and
 - b) noted that following completion of the business planning process, targets have now being agreed across all of the key objectives under all three workstreams.

5.1.2 Overview of Administration and Financial Closure

- The Board:
- a) noted the overview of Administration and Financial Closure.

The meeting adjourned for morning tea at 10.45am and reconvened at 10.55am.

9(2)(a) [Redacted] from Melville Jessup Weaver, Suzanne Carter, Jeff Galt joined the meeting at 10.58am.

9(2)(a) [Redacted] - Deloitte joined the meeting at 11.15am.

- 5.2 Insurance Liability Valuation Report – 30 June 2016** **Management to share the AON Benfield report on Risk Financing with MJW to inform the current ILVR process for 30 June 2016. Areas of focus should be the attritional losses and premium adequacy calculations. B363 26.7.16**
 The Board:
 - a) noted the draft Insurance Liability Valuation as at 30 June 2016, the outcome being a Gross Ultimate figure (including CHE) of \$11,272bn;
 - b) noted that a final ILVR will be presented to the Board at the July Board meeting; **Management to provide an update on discussions with LINZ re the red zone land settlements at the July board meeting. (KRA1) B364 26.7.16**
 - c) noted the increase of \$13m (with rounding) in the overall Gross Ultimate Incurred claims from the 31 December 2015 ILVR, comprising key changes for Land (-\$134m), Buildings (+146m),

- d) Contents (+\$1m) and CHE (no change); noted the principal areas of uncertainty remaining await execution of ILV land settlements, and completion of the balance of home repair activities and settlements during 2016 (including finalising claims with insurers). These activities will be the focus for the revised valuation in December 2016;
- e) noted that Management has tested the reasonableness of assumptions and advice with its advisors (actuarial, engineering and legal) on the refinements to the ILVR since the 31 December 2015 valuation, to explain the valuation movements and how these are reconciled with all available data and expert opinion;
- f) noted that Management believed the latest valuation represents a prudent analysis of liability, consistent with current policy settings and all available data, while recognising uncertainties and the need to provision for systemic risks.

Melville Jessup Weaver's representatives left the meeting at 11.35am.

6. CHIEF EXECUTIVE REPORT

6.1 Chief Executive's Report – June 2016

9(2)(h)



**B365
26.7.16**

The Board:

- a) noted the reports on ILV settlements beginning,

9(2)(h)

disciplinary hearing of two EQC contractors by the Building Practitioners Board, Land – relationship with insurer, people transition approach, SPE/SOI, Nielson Qualitative Research, Customer survey tender process, Auckland Council engagement, Reinsurance Renewal – Placement Highlights, Legal and Accountability Matters.

6.1.1 Change – Board presentation June 2016

Management to provide an update on the transition structure progress to future board meetings.

NOTED

The Board:

- a) noted the presentation given by GM, People and Capability.

Bryan Dunne joined the meeting at 12.20pm.

6.2 Board Financial Pack May 2016

The Board:

- a) noted the financial pack presented including the Investment report and the dashboard.

The meeting adjourned for lunch at 12.30pm and reconvened at 1.00pm.

9(2)(a)

Jeff Galt, Gillian Dudgeon, Bryan Dunne and [REDACTED] joined the meeting at 1pm.

7. STAKEHOLDER ENGAGEMENT

There were no papers to report on Stakeholder Engagement for the June 2016 Board meeting.

8. ONE-YEAR RENEWAL OF RESEARCH CAPABILITY AGREEMENT WITH UNIVERSITY OF AUCKLAND

8.1 Research capability agreement with University of Auckland

The Board:

- a) agreed to EQC renewing research capability funding (\$300k) to University of Auckland for one-year only (FY16/17), to enable alignment with EQC's strategic research priority setting, prior to any longer term funding commitment decision in 2017.

9. CORE FOUNDATIONS

9.1 Business as Usual Event Reporting

The Board:

- a) noted the current snapshot of EQC BAU claims, including 14 Feb 2016 Event update.

Management to provide clarification on the level of threshold for the establishment of an event; ie criteria, number of claims, \$ value.

**B366
26.9.16**

Management to report back on the February event at the September board meeting.

**B367
27.9.16**

9.2 Claims Management System (CMS) Programme – Project Cre8 Final Business Case

The Board:

- a) noted the resolutions for EBT meeting 24 June 2016 which included:
 - requesting management to provide the following documents to the EBTC:
 - i. a summary of change management activity for the project covering impacts on staff and processes;
 - ii. a paper detailing the benefits of the project following completion of a post implementation review.
- b) approved this Final Business Case, for the continuation of the Project Cre8 through to the Implementation and Close Phases which will require funding of:
 - i. \$2,377,349 OpEx from the 2016/17 Project Operational budget (\$1,932,804 for implementation and close [REDACTED]); and
 - ii. \$7,718,279 CapEx from the 2016/17 Project Capital budget (\$6,275,024 for implementation and close [REDACTED])

The Board asked for qualification of the benefits of the \$6m expenditure on CMS. Also to advise the training process for staff. There needs to be a clear summary of change management process and benefits of the project post review.

**B368
26.7.16**

9(2)(j)

9(2)(j)


9(2)(j)

- [REDACTED] 9(2)(j)
 c) noted that in advance of the Board meeting the Enterprise Business Technology Committee (EBTC) met on Friday 24 June and reviewed the following documents:
 - i. Project Cre8 Business case;
 - ii. The first IQA review report together with EQC management's response to the observations of IQANZ (who completed the review);
 - iii. The Assurance plan for Project Cre8 (a copy is available for other Commissioners if required).
- d) delegated authority to the Chief Executive to sign any contracts which are required to support delivery and ongoing operational support for Project Cre8.

- 9.3 Updated Statement of Investment Policies, Standards and Procedures** **Management to prepare an overview paper for the Audit and Risk committee to be held in August 2016 on the Investment policies and processes within EQC.** **B369 26.9.16**
 The Board:
- a) noted that Management engaged Alsa Consulting to conduct a review of the SIPSP.
 - b) noted that the SIPSP has been updated following this review and was provided to the Board along with a copy of the external review
 - c) noted that Management will make further changes to the draft SIPSP following the discussion with the Board and provide an updated SIPSP to the Chair for final approval on behalf of the Board.
 - d) noted that following Board approval Management will engage with Treasury / Minister's Office in regards to the updated SIPSP.

10. NOTING AND DISCUSSION PAPERS

- 10.1 Financial Budgets update and Request for Approval Paper** **Management to present a paper to the July Board meeting which provides the detail relating to the current BEFU budget (for BAU operations) and highlights any expected changes as a result of the move to the transitional structure.** **B370 26.7.16**
 The Board:
- a) noted that the Business planning process has:
 - i. Clarified the activities to achieve delivery of KRA1 (Canterbury completion targets have been met) including the required resourcing and this planning has informed the updated Canterbury CHE forecast; and
 - ii. Identified high level areas of activity required to support delivery of KRAs 2-6. This information is being used to develop the transitional structure of EQC. Once this is agreed it will inform a formal reforecast of the BAU budget. This reforecast will be done in advance of the HYEPU submission

- to Treasury in September.
- iii. Identified how the activities in the business plan over 2016/17 will address EQC's key risks.
- b) noted the draft EQC business plan for 2016/17 attached to this paper;
- c) noted that outcome of the business planning process resulted in the total life forecast for Canterbury CHE remaining at \$1,480 million; hence there is no requirement for Board to approve a revised budget number;
- d) noted the financial risks and assumptions which are outlined in the business plan that may impact on the ability of EQC to meet the Canterbury CHE target;
- e) noted that forecast Canterbury CHE budgeted spend has moved between expense categories e.g. Personnel / Contractors and that the Chief Executive has the delegation to approve this realignment;
- f) noted that as a result of the approach to business planning discussed above the BAU operating expenses budget remains at \$61.90 million as presented to and approved by Board in March as part of the BEFU and that it will be reviewed in advance of the HYEFU submission to Treasury in September;
- g)  9(2)(g)(i)
- h) requested Management to bring a paper to the July Board meeting which provides the detail relating to the current BEFU budget (for BAU operations) and highlights any expected changes as a result of the move to the transitional structure.
- i) approved spending up to \$16.27m for the period 1 July through to 30 September 2016 (as per current BEFU budget) in advance of the revised HYEFU budget being approved in September.
- j) noted that the capital expenditure (capex) budget presented in this paper aligns with the numbers presented to and approved by Board in March as part of the BEFU;
- k) approve a 2016/17 financial year capital funding budget of \$18.60 million on the basis that the final allocation of the capital spend is governed by a formal business case process which grants approvals according to EQC's Delegations framework;
- l) noted that following the Feb'16 Christchurch earthquake and final confirmation of claims

- numbers there is now a requirement for a budget to be approved by the Board and subsequently reported against;
- m) approved the forecast Feb'16 CHE budget requirement of \$11.35 million.

9(2)(a) [redacted] joined the meeting at 2.45pm

10.2 Establishing the Parameters for the Earthquake Commission's Risk Financing Strategy and Aon Benfield designing EQC's Risk Financing Strategy
 The Board:

- a) agreed that EQC management continues to further examine issues raised in the Aon Benfield report on EQC's expected annual loss, premium adequacy, [redacted]

Management to provide advice / report for the Minister. **B371 26.7.16**

Management to report back with proposals for board engagement in development of Risk Financing Strategy, and oversight of ongoing dialogue with Treasury. **B372 26.10.16**

NOTED

9(2)(j)

- b) agreed that EQC management engage with Treasury on the issues raised in the Aon Benfield report to further develop our understanding of the Crown's risk appetite with respect to EQC and the potential role for EQC in the Crown's wider risk management framework utilising EQC's specialist risk financing capabilities;
- c) agreed the following principles should underpin our engagement with Treasury on EQC's risk financing parameters, including:
- New Zealanders have access to ongoing natural hazard insurance and reinsurance at affordable prices;
 - Premiums for EQC Cover need to reflect the potential costs of the perils EQC covers;
 - EQC is best placed to make decisions and implement its risk financing strategy, based on a clear understanding of the Crown's preferences.
- d) agreed that EQC management report back to the Board by October 2016 on the outcomes of its discussions with Treasury with a view to specifying concrete recommendations for the Board to take forward on EQC's risk financing strategy.

Management to share the Aon Benfield report with Treasury, Melville Jessup Weaver and other agencies with appropriate consultation with Aon Benfield and GNS.

9(2)(a) [redacted] left the meeting at 3.15pm

Jane Thomassen joined the meeting at 3.15pm

10.3 Quarterly Review of EQC's Key Operational Risks
 The Board:

- a) noted this paper provides a high level summary of the paper presented to the Audit & Risk Committee meeting on 31 May 2016 and reflects the nature of the discussions held;

- b) **noted** the risk review undertaken this period;
- c) **noted** the risk assessments presented and the associated commentary;
- d) **noted** the update on Risk Management activities.

10.4 Annual Review of Risk Management Policy and Supporting Documents

The Board:

- a) **noted** the Audit & Risk Committee endorsed the proposed changes at their meeting on 31 May 2016;
- b) **approved** the changes to the Risk Management Policy and Risk Management framework;
- c) **approved** no change to the Risk Evaluation and Management Matrix for the evaluation of EQC's risks;
- d) **noted** the current assessment of EQC's Risk Management Maturity model and the proposed review of the model used.

11. OTHER BUSINESS

11.0 Audit and Risk committee minutes and the Health and Safety committee minutes dated 31 May 2016

The Board:

- a) **noted** the draft minutes of the Audit and Risk committee and Health and Safety committee, and will be formally approved in-committee.

11.1 Minutes

The Board:

- a) **adopted** the minutes of the Board Meeting held on 30 May 2016 as a true and accurate record.

11.2 Draft 2016-17 Reinsurance Placement Minutes

The Board:

- a) **adopted** the minutes of the draft 2016-17 reinsurance placement held by teleconference on 18 May 2016.

11.3 Insurance Development Forum (IDF) International Insurance Society (IIS) visit debrief

The Board:

- a) **noted** the Insurance Development Forum (IDF) International Insurance Society (IIS) visit debrief.

Management to provide a summary of the IDF and IIS visit to the Minister.

**B373
26.7.16**

11.4 Hon Gerry Brownlee EQC board announcements

The Board:

- a) **noted** the EQC Board announcements by Minister Brownlee dated 13 June 2016.

11.5 EQC board committees

The Board:

- a) **agreed from 1 July 2016 the members of the Health and Safety board committee will be:**
 - Paul Kiesanowski (Chair), Roger Bell, Tim Hurdle and Maarten Wevers (ex officio).
- b) **agreed from 1 July 2016 the members of Enterprise Business Technology board committee will be:**
 - Paul Kiesanowski (Chair), Mary-Jane Daly and Maarten Wevers (ex officio).
- c) **agreed from the 10 August 2016 the members of the Audit and Risk board committee will be:**
 - Mary-Jane Daly (Chair), Gordon Smith, Alison O'Connell and Maarten Wevers (ex officio).
- d) **agreed that from 1 July 2016 the members of the Performance and Review board committee will be:**
 - Maarten Wevers, Mary-Jane Daly and Roger Bell.
- e) **agreed that from 1 July the members of the EQC Act review informal board group will be:**
 - Mary-Jane Daly, Alison O'Connell and Maarten Wevers (ex officio).

12. INFORMATION MATTERS

12.1 LGNZ CE letter and EQC paper to Minister on establishing a Local Government Risk Agency (LGRA)
 The Board noted the letter from LGNZ advising it was intending to progress the proposed Local Government Risk Agency, and thanking EQC for its support during the policy formulation phase.

12.2 Chair's letter to Dr N Crauford – GNS Science

The Board:

- a) **noted the letter advising the outcome of the GNS Governance Review.**

13. BOARD WORK PROGRAMME

Review and Close Of Meeting

The Chair and Board expressed deep appreciation to Keith Taylor for his extraordinary contribution to EQC for his tireless 10 years' service on the EQC Board.

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17/8/2016

The next Board meeting will be on **Tuesday 26 July 2016** in Wellington.

The Meeting closed at 3.45pm.

The Board convened into a Private session until 4pm.

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


Sir Maarten Wevers


Date



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held in the Majestic Centre Board Room
EQC Offices, 100 Willis Street, Wellington
Tuesday 26 July 2016 commencing at 9.30am

Present:

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

Apologies:

Lynda Jelbert

In attendance:

Ian Simpson (Chief Executive)
Gillian Dudgeon (GM Shared Services and Acting Chief Executive) – part meeting
Bryan Dunne (General Manager Strategy and Transformation) – part meeting
Jeff Galt (GM Governance) – part meeting
Jeremy Ford (Chief Legal Advisor) – part meeting
Chris Chainey (Financial Controller) – part meeting
Patricia Keith (GM Customer & Claims GM Customer & Claims) – part meeting
Suzanne Carter (GM Communications and Public Education) – part meeting

9(2)(a)

██████████ (Minutes)

The meeting was declared open at 9.30am.

AGENDA ITEMS & KEY DISCUSSION POINTS		ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
	<p><i>The Board entered into a private session. Bryan Dunne, Gillian Dudgeon and ██████████ joined the meeting 10am.</i> 9(2)(a)</p>		
	<p>Present and Apologies No apologies were received.</p>		NOTED
1.	<p>Interests Register/Declaration of Conflicts of Interest The Board: advised changes of conflicts to record, and confirmed there were no conflicts of interest advised for matters on the agenda for the meeting.</p>	<p>Board Executive to update the Interests Register to reflect the amendments provided at the meeting noting the addition as Director, Cigna Life Insurance New Zealand Limited for Mary-Jane Daly and Chairman to Vo2 Manawatu Ltd and Vo2 Hawkes Bay Ltd for Gordon Smith.</p>	NOTED
9.2	<p>Action Points The Board: noted all action points.</p>	<p>9(2)(a) ██████████ Management to follow up action point B330. Alison still in conversation with ██████████ Hugh. Other matters that have been closed to be deleted from Action Points log.</p>	NOTED

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<p>Health and Safety Reporting The Board: a) discussed the Health and Safety (H&S) Performance Report for June 2016.</p>	<p>Management to provide advice to the August Health and Safety committee meeting on the terms of reference of item #6 in the June Health & Safety Report, namely the external audit of EQR Health and Safety.</p>	<p>B374 26.7.16</p>
	<p>Management to provide advice to the August Health and Safety committee meeting on the appropriate level of work site safety visits, given progress made to date and forecast activity in the Canterbury Home Repair Programme (CHRP).</p>	<p>B375 26.7.16</p>
	<p>Management to provide comparative analysis of TRIFR for EQC, EQR and T+T.</p>	<p>B376 26.7.16</p>

Members from Melville Jessup Weaver, Deloitte, Suzanne Carter and Jeff Galt joined the meeting.

Strategic Priorities			
3 & 3.1	<p>Insurance Liability Valuation Report – 30 June 2016 & Melville Jessup Weaver – Insurance Liability Valuation at 30 June 2016 The Board: a) noted the draft Insurance Liability Valuation as at 30 June 2016 (as attached to the report), the outcome being a Gross Ultimate figure (including CHE) of \$11,272bn; b) noted the increase of \$13m (with rounding) in the overall Gross Ultimate Incurred claims from the 31 December 2015 ILVR, comprising key changes for Land (-\$134m), Buildings (+146m), Contents (+\$1m) and CHE (no change); c) noted the principal areas of uncertainty remaining await execution of ILV land settlements, and completion of the balance of home repair activities and settlements during 2016 (including finalising claims with insurers). These activities will be the focus for the revised valuation in December 2016; d) noted that Management has tested the reasonableness of assumptions and advice with its advisors (actuarial, engineering and legal) on the refinements to the ILVR since the 31 December 2015 valuation, to explain the valuation movements and how these are reconciled with all available data and expert opinion; e) noted that Management believes the latest</p>	<p>Management and Melville Jessup Weavers to complete some additional analysis over the central estimate calculations to share with Deloitte. This advice to be presented in an updated report to the August ARC meeting.</p>	<p>B377 26.7.16</p>

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valuation represents a prudent analysis of liability, consistent with current policy settings and all available data, while recognising uncertainties and the need to provision for systemic risks.

- f) **noted** that Management and MJW would complete some additional analysis re the central estimate calculations to share with Deloitte and that the outputs would be discussed at the upcoming Audit and Risk committee meeting to be held on 10 August.
- g) The Board of EQC gave **authority** to the Audit and Risk committee to receive and accept the updated ILVR at its next meeting, if appropriate. If there are any substantive changes to the report these should be advised to the rest of the Board.

11.05am *Melville Jessup Weavers and Deloitte members left the meeting.*

Section 3	Matters for Discussion
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11.10am *Jeremy Ford joined the meeting.*

4. Chief Executive's Report – July 2016
The Board:



Management was asked to provide a report at the September board meeting on the changes to the customer survey as a result of appointing a new provider.

B378
26.7.16

9(2)(h)

4.1 & Board Dashboard report
4.1.1 The Board:
noted the Board Dashboard.

Management was asked to include a summary of remedial repairs in the Board dashboard in future.

B379
26.7.16

11.55am *Chris Chainey joined the meeting and Jeremy Ford left the meeting.*

4.2 & 4.3 Board Financial Pack May 2016 & Investment Report
The Board:
noted the financial pack presented including the Investment report.

Management to update the Board in September on proposed research into insurance penetration rates and price sensitivity for residential insurance in New Zealand.

B380
26.7.16

4.4 Transition programme (presentation)
The Board:
noted the transition programme update which was tabled at the meeting.

5. Exercise of delegation: Sale of Riverside Lane properties
The Board:
a) **noted** the report, and;

Management to report back on the questions raised by the Board in advance of confirming the sale process for the land.

B381
26.7.16

- b) requested Management to report back on the questions raised in the meeting in advance of confirming the sale process.

12.41pm Meeting convened for lunch and reconvened at 1.10pm.

6. & 6.1 KRA1 update and Targets Overview

The Board:

- a) noted the content of this paper;
- b) noted that KRA1 targets were discussed with staff during July StraightUps and have now been published on EQC's Intranet InSite. Progress reporting for staff is currently under development for publishing on InSite and will be updated at least monthly;
- c) noted that ELT and Board reporting have now been aligned to KRA1 targets. Commentary is by exception, i.e. only amber and red status items are reported on in detail. Please refer (*Appendix 1 KRA1 target overview*) for the full list of KRA1 targets;
- d) noted a table outlining a summary of claims to go has been included to provide the Board a view of progress against all claim categories.

Management to present a paper on proposed LINZ settlement approach on the Red Zone properties at the September Board meeting.

**B382
26.7.16**

1.49pm Patricia Keith, Bryan Dunne and Suzanne Carter left the meeting

9(2)(a) [redacted] and [redacted] joined the meeting.

Section 4 Papers for Noting 9(2)(a)

7. 2015/16 Project Portfolio EOY review and monthly update

The Board:

- a) noted the summary comments on the programmes and projects status included in the Executive Summary;
- b) noted the significant progress made in successfully completing 14 projects and consolidating the portfolio down to effectively three prioritised programmes of work.

8. EQC 2015/16 Annual report – high level

The Board:

- a) Noted the approach to developing this year's Annual Report;
- b) Provided feedback on the high level outline of the Report.

Section 5 Other Matters

9. Confirmation of the minutes of the Board Meeting held on 27 June 2016:

The Board:

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confirmed the minutes of the Board Meeting held on 27 June 2016 as a true and accurate record.

9.1 Noting of the Enterprise Business Technology minutes held on 24 June 2016:

The Board:
noted the EBT minutes dated 24 June 2016 with corrections.

9.3 Board Work Programme

The Board:
noted the Board Work Programme.

9.4 & 9.5 Performance Review Board committee and Board strategy Planning Day held in Board in committee

Section 6	Correspondence		
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- 10.** The Board:
noted the correspondence received from Dr Nicki Crauford and letter from Mr Graham Darlow and reply by Ian Simpson.

Section 7	Closure of meeting		
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Review and Close Of Meeting
The Board went into a Private session

The next Board meeting will be on **Tuesday 27 September 2016** in Christchurch.

The Meeting closed at 2.36pm .

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


Sir Maarten Wevers


Date



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held in the Pukeko Room, 53 Princess Street, Christchurch
Tuesday 27 September 2016 commencing at 9.30am

Present:

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

Apologies:

Ian Simpson (Chief Executive)
Lynda Jelbert (GM Organisational Development)

In attendance:

Gillian Dudgeon (GM Shared Services and Acting Chief Executive) – part meeting
Bryan Dunne (General Manager Strategy and Transformation) – part meeting
Jeff Galt (GM Governance) – part meeting
Jeremy Ford (Chief Legal Advisor) – part meeting
Chris Chainey (Financial Controller) – part meeting
Patricia Keith (GM Customer & Claims GM Customer & Claims) – part meeting
Suzanne Carter (GM Communications and Public Education) – part meeting
Jane Thomassen (Manager Risk & Assurance)
Shanne Morrissey (Acting GM Organisational Development) – part meeting
9(2)(a) [redacted] (Head of Customer Services)
9(2)(a) [redacted] (Minutes)

The meeting was declared open at 9.40am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
	<p><i>The Board entered into a private session. Gillian Dudgeon joined the meeting at 10.03am, [redacted] joined the meeting at 10.10am.</i></p> <p>Present and Apologies Apology was received from the Chief Executive, Ian Simpson.</p>		
1.1	<p>Interests Register/Declaration of Conflicts of Interest The Board: advised changes of conflicts to record, and confirmed the conflicts of interest advised for matters on the agenda for the meeting.</p>	It was noted to delete the interest by Roger Bell with Fuji Xerox.	NOTED
6.2	<p>Matters Arising and Action Points The Board: noted matters arising and action points completed.</p>	It was noted that the Risk Financing strategy paper parameters and Research and Education Strategy implementation review is to be presented at the October Board	NOTED

meeting

Shanne Morrissey joined the meeting at 10.15am

Health and Safety Performance Reporting

The Board:

Report taken as read.

- a) noted EQC internal Health and Safety performance for the month of August 2016, specifically the EQC injury data (lag and lead indicators) and associated key points relating to the data;
- b) noted a summary of Fletcher EQR Health and Safety performance across the Canterbury Home Repair Programme (CHRP) for August 2016;
- c) noted a summary of Tonkin and Taylor Health and Safety performance across the Canterbury Earthquake Repair Programme (CERP) for August 2016 had not been supplied at the time of submission; and
- d) noted a summary of Vero Health and Safety performance across the Canterbury Feb 14th Earthquake Repair Programme for August 2016.

Management were asked to provide the summary of the Tonkin and Taylor Health and Safety performance across the Canterbury Earthquake Repair Programme (CERP) to the Board.

B383
direct to
Commissioners

Shanne Morrissey left the meeting and Jeff Galt and Jane Thomassen joined the meeting at 10.30am

Strategic Priorities

2.1 & 2.1.1 Quarterly Review of EQC's Key Operational Risks

The Board:

- a) noted the risk review undertaken by the ELT on 12 July 2016;
- b) noted the risk assessments presented and the associated management actions; and
- c) noted the planned half yearly update of EQC's strategic risks has been deferred to the next ARC meeting in November prior to the Board strategy session.
- d) noted management was invited to change the risk rating of the stakeholder engagement risk to high.

Jane Thomassen, Patricia Keith, Suzanne Carter and Bryan Dunne joined the meeting at 10.55am. Jeremy Ford joined the meeting at 11.20am and left at 11.27am

Section 3 Completing Canterbury

3.1, 3.1.1 Chief Executive's Report – August/September 2016

& 3.1.2 The Board:

Report taken as read.

- o noted the Chief Executive's report which included updates on - Massey Landslip managed repair, Joint Accelerated Review

Management was asked to provide further information on the proposed thresholds for recovery of overpayments to the October board meeting.

Management was asked to prepare an accounting policy on the Definition of

B384
10.16

B385
ARC

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<p>including Terms of Reference, Proposed approach to the recovery of overpayments, New sponsorship opportunities with Te Papa, Research and Sector Education Update, Update on the Mediation Delegations Framework including Terms of Reference, Definition of an Event, LINZ RRZ Crown Settlement, [REDACTED]</p>	<p>an Event and report to the Audit and Risk meeting in November 2016. Management was asked to re-phrase some of the wording in the Mediation Terms of Reference (as discussed in the meeting). Management was asked to provide the proposed strategy for negotiations with LINZ on settling the land claims for the red zone properties to the October board meeting.</p>	<p>11.16 B386 ASAP B387 10.16</p>
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9(2)(h)

3.2 Remedials update
The Board:

- a) **noted** the attached Remedials Assurance report which included:
 - i. an analysis of the remedial claims received to date including the allocation across agreed workstreams and an update for new lodgements and progress from 1 July 2016 to 25 August 2016;
 - ii. requirements for enhanced reporting including a new Remedials Dashboard;
 - iii. lessons learned; and
 - iv. issues to be addressed in conjunction with the new remedials dashboard along with agreed management responses.

- b) **noted** that the Report concluded that as at 30 June 2016 the Total Number of Remedial claims received was 10,492 with 7,416 of these remaining.

noted that, during the course of this review, an initial revision to the numbers being reported was provided to the Board and the Minister on 1 September 2016. At that time, the total population was reported as 11,011 with an estimated number to resolve of 8,331 as at 1 July 2016.

As a result of the review:

- o the total population as at 1 July 2016 moved down from 11,011 to 10,492. This is substantially explained by the data originally including claims that were lodged post 1 July 2016 and claims which on further review were

- o not remedial claims,
- o the total outstanding balance as at 1 July 2016 has moved down from 8,331 to 7,416. This change was due to completing a further review of work completed which confirmed the number of resolutions and analysed the number of cash settlements.
- c) noted that Management has confirmed that there is no material impact to the Actuarial Valuation of EQC's claims liability and Financial Statements for year ended 30 June 2016,
- d) noted that Deloitte will be including the results of their peer review in their External review Audit report being discussed at the ARC on 26 September.

Jane Thomassen left the meeting at 11.39am

3.3. Board Dashboard report
The Board:
noted the Board Dashboard report.

Management were requested to include the SPE target reporting for customer satisfaction in the dashboard.

**B388
10/16**

3.4 Update on KRA1
The Board:
The report was taken as read.

- a) noted the content of this paper;
- b) noted that commentary was by exception, i.e. only amber and red status items are reported on in detail.
- c) noted the reference to the *Appendix 1* for the full list of KRA1 targets; and
- d) noted the table outlining a summary of claims to go has been updated following feedback received at the last Board meeting.
- e) noted the risk table content; and
- f) noted the need to recognise the work done by EQR and Fletcher with EQC in achieving resolution for the CRRP customers.

Shanne Morrisey joined the meeting at 12.02pm

3.5 Transition Programme Presentation
The Board:
noted the transition programme update.

Management advised that a revised Catastrophe Plan will be reviewed at Audit and Risk committee level.

**ARC
B389**

Trish Keith and Shann Morrissey left the meeting at 12.20pm

9(2)(h)

B390

3.6 Sale of six sections at Riversdale Lane, Spencerville
The Board:

9(2)(j)

a) [Redacted]

b) noted the responses to the questions raised at the last meeting;

9(2)(h)

c) [Redacted]

d) authorised the marketing and sale of the six sections owned by EQC at Riverside Lane, Spencerville, Christchurch;

e) delegated authority to the General Manager, Shared Services to sign any contracts and other documentation relating to the marketing or sale of each of the properties, provided the sale price for each is at or above the reserve amount set out in Appendix 1;

f) noted that the Communications team will provide advice on an approach to recognise the need for any additional community engagement / media interest arising from the proposed sale of these properties; and

g) noted that the proposed sale will be included in the next fortnightly report to the Minister.



Management to consult with LINZ to ensure EQC comply with any requirements regarding the disposal of these properties.

The meeting convened for lunch at 12.30pm and reconvened from lunch at 1.05pm. Chris Chainey joined the meeting at 1.07pm

Section 4 Financials

4.1 & 4.1.1 The Board:
noted the financial pack for August 2016 presented including the Investment report.
noted the approval of the Deloitte Report through the Audit and Risk committee meeting on 27 September 2016;
Noted the approval of the Deloitte Constructive Report To Management (Management letter) through the Audit and Risk committee meeting on 27 September 2016.

4.2 & 4.2.1 Half Year Economic and Fiscal Update (HYEFU)
The Board:

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- a) noted that the Commission is required to submit HYEFU forecasts to Treasury on the 17th October;
- b) noted that due to Treasury not releasing instructions until the 14th September, work is still ongoing at present with the Debt Management Office in relation to the Commission's Government Stock balances and associated revenue and this is likely to mean some changes are required to the numbers presented to Board ahead of final submission;
- c) noted that the HYEFU includes the impacts of the 30 June 2016 ILVR;
- d) noted that the HYEFU has been constructed based on incorporating the impacts of the new structure post December 2016; revised proposal to the Board by 10 October after feedback; and
- e) requested management to present a new revised proposal by 10 October on feedback presented at the September board meeting.

4.3 & 4.3.1 Formal Approval of the EQC 2015/16 Annual Report

The Board:

- a) approve the 2015/16 EQC Annual Report; and
- b) noted the process to provide the report to the Minister and to publish it on EQC's external website.
- c) thanked management for the excellent work done on the completion of the annual report 2015/16.

Section 5 Papers for Noting

- 5.1 **People and Capability annual report**
The Board:
noted EQC People & Capability report for the year ended 30 June 2016.
Noted the staff wellness is paramount to the Commissioners.
- 5.2 **February 2016 Event Response update**
The Board:
Noted the Event Response presentation update.
- 5.3 **Customer Satisfaction Survey – Provide Change update**
The Board:
a) noted the selection of a new provider for the EQC Customer Satisfaction Survey, and

- b) **noted** the changes in process and decisions made around survey selection and prioritisation criteria.

Section 6	General Business		
6.1	<p>Confirmation of the draft minutes of the EQC Board Meeting held on 26 July 2016 The Board: confirmed the minutes of the Board Meeting held on 26 July 2016 as a true and accurate record with change to 6.6.</p>		
6.3	<p>Draft minutes of the Audit and Risk Board committee meeting held on 10 August 2016 The Board: noted the draft minutes of the Audit and Risk Board committee meeting held on 10 August 2016.</p>		
6.4	<p>Draft minutes of the Health and Safety Board committee meeting held on 10 August 2016 The Board noted the draft minutes of the Health and Safety Board committee meeting held on 10 August 2016.</p>		
6.5	<p>Board Work Programme The Board: noted the Board Work Programme.</p>		
6.6	<p>Board Strategy Planning Day The Board: discussed the upcoming Board strategy planning day in November.</p>	<p>Noting only from September board meeting Skills matrix to be shared by Mary Jane Daly. Board capabilities, Confirm strategy platform. Commentary from July board meeting Timing for Board strategy day to be confirmed for late November. Need to consider what the Board have learnt, what are they transforming to, focus on risk financing strategy - tell the story, look out to a 10 year strategy plan for the Board verification, consider the H&S strategy, look at where we have come from, way forward to be clear, alignment and confirmation.</p>	NOTED
6.7	<p>Timing of board and sub-committee meetings for 2017 The Board: requested a draft schedule of 2017 to be presented at the October 2016 board meeting for discussion.</p>		
Section 7	Correspondence of Interest		

- 10. The Board:
 - noted the correspondence received from Empowered Christchurch, the South Brighton Residents' Association, Victoria University, Massey University and GNS Board.

Section 8	Closure of meeting	
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8.1 Performance and Remuneration Review Board committee outcome (in committee)

The Board discussed the Performance and Remuneration Review Board committee outcome in committee.

Review and Close Of Meeting


The Board went into a Private session

The next Board meeting will be on 25 October 2016 in Wellington.

The Meeting closed at 3.27pm.

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


 Sir Maarten Wevers


 Date



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Majestic Centre Board Room
EQC Offices, 100 Willis Street, Wellington
Tuesday 25 October 2016 commencing at 9.30am**

Present:
Sir Maarten Wevers (Chair)
Mary-Jane Daly
Alison O'Connell
Gordon Smith
Paul Kiesanowski
Roger Bell
Tim Hurdle

In attendance:
Ian Simpson (Chief Executive)
Gillian Dudgeon (GM Shared Services) – part meeting
Bryan Dunne (General Manager Strategy and Transformation) – part meeting
Jeff Galt (GM Governance) – part meeting
Lynda Jelbert (GM Organisational Development) – part meeting
Hugh Cowan (GM Reinsurance Research and Education) part meeting

Apologies:
9(2)(a) [redacted] Manager, Research Strategy and Investment) part time
Chris Chainey (Financial Controller) – part meeting
9(2)(a) [redacted] Senior Legal Advisor) – part meeting
9(2)(a) [redacted] (Principle Advisor) – part meeting
9(2)(a) [redacted] (Minutes)
9(2)(a) [redacted] (Executive Assistant) observer

The meeting was declared open at 10.50am.

AGENDA ITEMS & KEY DISCUSSION POINTS		ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
9.30am	Directors only (in committee) 9(2)(a)		
9.48am	[redacted] from Hobson Leavy, CE 9(2)(a) Recruitment agency. and Lynda Jelbert joined the meeting and left the meeting at 10.35am		
10.35am	Directors and CE only (in committee)		
10.50am	Lynda Jelbert, Jeff Galt and [redacted] 9(2)(a) joined the meeting		
1.	Present and Apologies No apologies were received.		NOTED
1.1	Interests Register/Declaration of Conflicts of Interest The Board: advised there were no conflicts of interest advised for matters on the agenda for the meeting.	Noting only [redacted] 9(2)(a)	NOTED
1.2	Matters Arising and Action Points The Board: noted all action points.	Management were asked to add updated commentary to action points that are underway.	B391

1.3

Evote ratification

The Board:

approved two evotes:

3092016 Representative Letter for Review and Authorisation; and

121016 Half Year Economic and Fiscal update

Health and Safety Reporting

The Board:

- a) **discussed** the Health and Safety (H&S) Performance Report for September 2016.

Management was asked to verify Vero/Morgan figures. *ie Christchurch February Earthquake Project has inspected 166 of the 201 claims. Why are we inspecting such a high proportion? Management advised this could be their health and safety requirements.*

B392

*I Simpson left the meeting due to conflict of interests
 G Dudgeon, Hugh Cowan and [redacted] joined the meeting*

Strategic Priorities

9(2)(a)

2.1 & 2.1.1

Research and Education Strategy

The board:

- a) **noted** that the proposed research and sector education framework is the product of direction from the Board in December 2015 and iteration through March-July 2016
- b) **noted** that the new framework aligns with EQC's three strategic outcomes
- c) **adopted** the new research and sector education framework including its extended application to all EQC activities that draw on all aspects of the commission's research and education activities;
- d) **directed management to use** the framework for prioritising EQC's research and education activities;
- e) **directed management to enhance** additional elements in the draft evaluation criteria, specifically related to "quality and rigour" and 'leverage of other entities capabilities and financing' in pursuit of achievement of the framework; and
- f) **noted** all funding spend across the organization to be encapsulated.

11.40am [redacted] 9(2)(a) joined the meeting and [redacted] 9(2)(a) departed the meeting

2.2 Update on the Strategy and Transformation Work Programme

The Board:

- a) noted the progress being made on the Strategy and Transformation programme
- b) noted that Strategy and Transformation will be looking to engage further with the Board on the design of the Future Operating Model and the Risk Financing Strategy parameters at the November Board Strategy session, and the final land and building cover proposals for the Review of the EQC Act during November; and
- c) invited management to engage on risk financing strategy parameters with members of the EQC Board, as a reference group, - T Hurdle, A O'Connell and Mary-Jane Daly.

2.3 Determining the Earthquake Commission's (EQC) Preferred Position on Land and Building Cover under the Review of the EQC Act 1993

The Board:

- a) noted that Treasury will be seeking final decisions from Ministers on land and building cover in November and is likely to recommend the retention of separate land and building covers
- b) noted that EQC management considers that the single cover site works proposal set out in the July 2015 Discussion Document provides the best solution for EQC cover when set against the principles set out in the Discussion Document
- c) agreed that in assisting Treasury to finalise its advice to Ministers on land and building cover, EQC's preferred position is for the site works proposal set out in the July 2015 Discussion Document;
- d) retained support for the original July 2015 discussion noting next preferred is status quo.

Section 3 Completing Canterbury

12.30pm Convened for lunch and reconvened at 1.02pm

- 1.10pm [redacted] 9(2)(a) joined to meeting to present the [redacted] 9(2)(h) and left the meeting at 1.30pm
- 3.1 **Chief Executive's Report – October 2016** Management to circulate the **B393**
 The Board: Prosecutions Policy including the
 noted the reports: Prosecution Guidelines.
- Finalisation of prosecutions policy
 - Overcaps and Joint Accelerated Review progress
 - NZ Continuous Improvement Award
 - Establishing the principles and process for settling Crown Red Zone claims
 - Future loss modelling capabilities
 - Thresholds of Recovery of Overpayments
 - Ground Improvement Programme – lessons learnt
- 3.2 **Board Dashboard report** Management to provide to the Board **B394**
 The Board: request total of overcaps on dashboard.
 noted the Board Dashboard. i.e. what is the total amount of overcaps now new from last month?
- 3.3 **KRA1 Update**
 The Board:
 a) noted the content of the paper
 b) noted that commentary is by exception ie only amber and red status items are reported on in detail.
- 3.4 & 3.4.1 **Transition programme & Tiers 1-3 organisational charts**
 The Board:
 noted the transition project is on-track and delivering to planned timeframes and milestones.

1.45pm Chris Chainey joined the meeting and left the meeting at 1.50pm.

Section 4 - Financials

- 4.1 & **Board Financial Pack September 2016 & Investment**
 4.1.1 **Report**
 The Board:
 noted the financial pack presented including the Investment report for September 2016.

Section 5- Papers for Approval

5. **Extension to the IBM Claims Management System Contract**
 The Board:
 a) noted the current hosting and support agreement with IBM ends on the 19th February 2017;

- b) noted that the business require a fully functional system at least until Q3 of 2017;
- c) noted that IBM has formally advised they will commence decommissioning their Petone Data Centre in December 2017. DR, Training and all test systems are located in this Data Centre;
- d) approved the recommendation to align the decommissioning and support extension of CMS v4 with the decommissioning of the Petone Data Centre (c. above);
- e) approved the recommendation to extend the IBM Hosting and Support agreement from 20th Feb 2017 to the 30th Nov 2017 at a contract cost of [REDACTED] 9(2)(j);
- f) approved the recommendation to discontinue the ArcGIS and HIPPO (mapping, event and addressing) maintenance and support through IBM and source it directly from Eagle Technologies at a contract cost of [REDACTED] 9(2)(j). It should be noted that this will commence on the 1st December 2016 therefore, [REDACTED] 9(2)(j) relates to the current contract and approval is sought for [REDACTED] as the additional cost for the Contract Extension; 9(2)(j)
- g) noted the total cost of this extension is [REDACTED] 9(2)(j) this is [REDACTED] 9(2)(j) under the budgeted HYEPU forecast for the extension period;
- h) approved Ian Simpson, CEO, as the authorised signatory for any contracts and/or agreements required to affect the contract extensions contained in this paper,
- i) approved extending the CEO's delegation to support this expenditure.

Section 6	Papers for Noting
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6.1 Information Systems Strategic Plan updated for 2016

The Board:

- a) noted this update of progress against the 2013-2016 ISSP;
- b) noted that the ISSP will be refreshed as part of the annual business planning process in early 2017.

6.2 Project Portfolio update

The Board

- a) noted the summary comments on the programmes and projects status included in the Executive Summary
- b) noted the inclusion of the Capex/Opex spend experience three financial years commentary;

- and
- c) **noted** the continued progress made maturing EQC's project and programme delivery capability in benefits and stakeholder management.

6.3 & EQC 2016/17 Statement of Performance

6.3.1 Expectations Measures – Quarter One performance report

The Board

noted the contents of the attached report on EQC's quarter one performance against the measures in the 2016/17 Statement of Performance Expectations

2.4 Board strategy session 28 November 2016

Items for board strategy day:

- Each Director to complete Skills and capability matrix
- Board evaluation 2017
- Risk financial strategy
- Risk strategies
- New strategy for CE to own
- Planning for 2017 (priorities for the Board for the next 12 months)
- Stakeholder relationships – Board to CE
- Complete Canterbury cascade to management
- Strategic outcomes
- KRA1-6 important pieces of work

Section 7	General Business		
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7.1 Confirmation of the draft minutes of the EQC Board Meeting held on 27 September 2016:

The Board:

confirmed the minutes of the Board Meeting held on 27 September as a true and accurate record.

7.2 Noting of the Audit and Risk committee minutes 27 September 2016.

The Board:

noted the Audit and Risk minutes dated 27 September 2016.

7.3 Reinsurance travel report

The Board

noted the Travel Report: Monte Carlo and USA, September 2016 prepared by Hugh Cowan.

7.4 Board Work Programme

The Board:

noted the Board Work Programme.

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- | | | |
|---|--|---------------------|
| <p>7.5 2017 Draft annual calendar
 The Board accepted the timing of the 2017 annual calendar requesting an additional EQC board meeting be added on 28 March 2017.</p> | <p>Management were asked to add an tentative board meeting (28 March 2017) in the 2017 board calendar.</p> | <p>NOTED</p> |
|---|--|---------------------|

Section 8	Correspondence
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- 10. The Board:**
 noted the correspondence received from I Simpson, Chief Executive, delegating the Chief Executive's functions in relation to Research and Education to J Galt.


Section 9	Closure of meeting
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Review and Close Of Meeting
The Board went into a Private session

The next Board meeting will be on **29 November 2016** in Wellington.
 The Meeting closed at 2.49pm.

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


 Sir Maarten Wevers


 Date



**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Majestic Centre Board Room
EQC Offices, 100 Willis Street, Wellington
Tuesday 29 November 2016 commencing at 9.00am**

Present:

Sir Maarten Wevers (Chair)
Mary-Jane Daly
Alison O’Connell
Gordon Smith
Paul Kiesanowski
Roger Bell
Tim Hurdle

In attendance:

Ian Simpson (Chief Executive)
Gillian Dudgeon (GM Shared Services) – part meeting
Bryan Dunne (General Manager Strategy and Transformation) – part meeting
Jeff Galt (GM Governance) – part meeting
Lynda Jelbert (GM Organisational Development) – part meeting
Hugh Cowan (GM Reinsurance Research and Education) - part meeting
Suzanne Carter (GM Communications) - part meeting
Patricia Keith (GM Customer & Claims GM Customer & Claims) - part meeting
Chris Chainey (Financial Controller) – part meeting
9(2)(a) [redacted] Principle Advisor) – part meeting
Jeremy Galt (Chief Legal Advisor) – part meeting
9(2)(a) [redacted] Minutes)

Apologies:

The meeting was declared open at 9.00am.

AGENDA ITEMS & KEY DISCUSSION POINTS		ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
9.00am	Directors only (in committee)		
9.15am	Directors and CE only (in committee)		
9.30 am	Lynda Jelbert and 9(2)(a) [redacted] joined the meeting Present and Apologies No apologies were received.		NOTED
1.	Interests Register/Declaration of Conflicts of Interest The Board: a) advised changes to the Interest Register: <ul style="list-style-type: none"> Sir Maarten Wevers - deletion of the Canterbury Earthquake Recovery Lessons and Legacy Sponsors Group Mary-Jane Daly 9(2)(a) [redacted] 		NOTED

9(2)(a)

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- Gordon Smith [redacted] 9(2)(a)
- Paul Kiesanowski [redacted] 9(2)(a)

1.2

Matters Arising and Action Points

NOTED

The Board:

- a) noted all action points. An update on the sale of the Riversdale Lane, Spencerville to be provided by GM, Internal Partners to the Board.

1.3

Evote ratification

The Board:

approved evote 9112016 Sale of Government Stock Paper 9 November. :

- a) noted the contents of this paper;
- b) noted that Management have investigated and considered alternative options for managing the interest rate risk of the fund;
- c) approved that Management can instruct the Debt Management Office (DMO) to sell approximately \$500 million of Government Stock prior to Christmas (noting that this is currently expected to be done in two separate tranches); and
- d) noted that following this sale the cash reserves will sit below the allowable threshold of \$1 billion.

Health and Safety Reporting

The Board:

- a) discussed the Health and Safety (H&S) Performance Report for September 2016,
- b) noted the Health and Safety papers were prepared prior to the Kaikoura Event; verbal update on staff wellbeing was provided at the meeting; and
- c) invited management to express more assurance of any work related breaches.

9(2)(a)

10.03am

[redacted] and [redacted] from
Treasurer joined the meeting

9(2)(a)

- iii. 18 cents per \$100 of cover for \$200,000 cap;
- j) noted that there are a range of possible considerations regarding the premium which the Board could take into account including:
 - i. likely increases in the EQC cap arising from the Review of the Act;
 - ii. the potential to accelerate the rebuild of the NDF over the short to medium term through a levy that is higher than break-even;
- k) noted that an external study commissioned by EQC suggested that demand for residential insurance is relatively inelastic to modest pricing changes;
- l) noted that management's view is that increases to the break-even premiums of the magnitude outlined in recommendation (l) above are unlikely to trigger significant negative changes in residential insurance penetration;

m



9(2)(j),

- n) agreed that any additional levy charged to accelerate the development of the NDF should be transparently identified;
- o) invited EQC management to provide advice to the Board sub-group on options to accelerate the development of the NDF;

Recapitalising the NDF through additional capital contributions from the Crown

- p) noted that in the wake of the 14 November 2016 Kaikoura earthquake we expect EQC will be calling upon the Crown's section 16 guarantee;
- q) noted that management do not consider it useful at this time to recommend any further Crown recapitalisation of the NDF beyond that expected from accelerating accumulated surpluses from increased EQC premiums.

9(2)(a)

9(2)(a)

10.30am

and

from

Treasury left the meeting

2.2 Approach to Settlement of Residential Red Zone Property Claims Assigned to the Crown

The Board:

- a) noted that Management has approved the Approach to Settlement of Residential Red Zone Property Claims Assigned to the Crown;
- b) noted that management expects to be able to provide an update of the total red zone liability based on best available information in time for the December ILVR; and
- c) endorsed the approach outlined in paragraphs 9 to 23 of the paper.
- d) noted EQC's Chief Executive to meet with Chief Executive of LINZ before year end to gain consensus on a clear settlement approach and design process.

9(2)(a)

11.45am Members of Aon Benfield [REDACTED] joined the meeting

2.4 & 2.4.1 Reinsurance Programme/Market update and Renewal – 2017/2018 Reinsurance Strategy & EQC Post Renewal 17112016

The Board:

- a) noted the outcome of the 2016/17 placement; and
- b) noted the options to be canvassed for the 2016/17 reinsurance placement strategy.

12.30pm Meeting adjourned for lunch and reconvened at 1.05pm

**Kaikoura Event
(Enter Into final form of MOU)**

Noted that Mary-Jane Daly (Chair), Roger Bell and Alison O'Connell be appointed as an advisory committee for the Kaikoura Event.

NOTED

The Board authorised:

- 1.1 the Commission to enter into a final form of MOU with each participating insurer, subject to the Chairman and the Chief Executive approving the MOU in its final form (as it pertains to the participating insurer) upon the recommendation of the Board Sub-Committee; and
- 1.2 the Chief Executive to sign the MOU in its final form for and on behalf of the Commission.

Cont..

(Delegation of function for performance of Agency role)

2. Pursuant to section 73(1)(d) of the Crown Entities Act and the Ministerial Consent, the Board resolves to delegate the following functions and powers of the Commission to each participating insurer:
 - 2.1 the functions and powers of the Commission required in connection with the settlement of personal property and residential building insurance claims relating to the Kaikoura earthquake event (in accordance with the final form of MOU); and
 - 2.2 the power to sub-delegate pursuant to section 74(1) of the Crown Entities Act 2004 the functions and powers referred to in resolution 2.1 to the participating insurer's officers, employees and contractors performing the agency role.
3. The Board approved any settlement amounts and claims expenditure paid or incurred by the participating insurer in accordance with the final form of MOU.
4. The Board authorised Management to give each participating insurer written notice of the delegations set out in resolution 2 above.

For the purposes of this resolution, "participating insurer" means a licensed insurer that insures personal property and/or residential buildings and that enters into a final MOU.

Section 3	Completing Canterbury
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3.1 Board Dashboard report

- The Board:
- a) noted the Board Dashboard.

3.2 KRA1 Update

- The Board:
- a) noted the content of this paper;
 - b) noted that commentary is by exception, i.e. only amber and red status items are reported on in detail.

3.3 Transition programme

The Board:

a) noted the transition project is tracking behind timeframes in regards to recruitment.

3.4 Recoveries Framework

The Board:

a) noted that Management's intends to commence the recovery of customer overpayments in mid-January 2017 beginning with the highest dollar amounts as a priority then pause and reassess the economics and success of the recovery approach when we reach the \$10,000 level ; and

b) agreed to management reporting to the Board once an assessment of the economics and likelihood of the success of recovery attempts above \$10,000 have been completed.

Management was asked to report back on the criteria and customer process to be used for overpayments. B397

Section 4 - Financials

4.1 & 4.1.1 Board Financial Pack September 2016 & Investment Report

The Board:

a) noted the financial pack presented including the Investment report for October 2016.

Management to present a paper on the anticipated increase in legal fees and arrange an audit of litigation. B398

4.2 Proposed Delegations Change

The Board:

a) approved amending the Delegations Framework to restrict Delegated Financial Authority (DFA) under the new structure to employees at tier 4 or above (currently tier 5), as per point 8;

b) approved lowering the DFA limits for tier 3 (from \$75k to \$50k) and 4 (from \$25k to \$10k) under the new structure, as per point 9;

c) noted that the Executive Leadership Team (ELT) is currently reviewing which roles should have delegation in the new structure. Under General Principle 15 of the framework the Chief Executive has the authority to transfer delegations from a no longer existing role to the most appropriate role alternative of the same tier;

d) noted that the Board will be provided an updated framework and a listing of the staff with DFA in January 2017; and

e) noted that given the scale of change the approach to reinstating DFA under the new

Management to provide an updated framework and a listing of the staff with DFA in January 2017. B399

Released under the Official Information Act 1982

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

structure will be by effectively cancelling all current DFAs, and setting up new ones per the appointments to the new structure, To minimise the volume of work involved in setup the Chief Executive and General Managers will bulk approve all DFA appointments to the new structure in early December. The DFAs will still need to be individually accepted by individuals

4.3 **Risk Appetite and Quarterly Review of Risks**
Deferred until after next EQC Audit and Risk Committee meeting

4.4 **Canterbury Claims Handling Expense (CHE) Forecast Update**

The Board:

- a) **noted** the latest Canterbury CHE forecast of \$1,500 million;
- b) **noted** that the forecast cost increase of \$20 million is fully driven by additional legal costs; and
- c) **agreed** that this will be used to inform the upcoming 31 December 2016 Independent Liability Valuation Report (ILVR) on EQC's claims liabilities

Management to complete a full reforecast of the CHE budget in early 2017. **B400**

Management to consider options to minimise overall legal costs in advance of the next full CHE reforecast. **B401**

Section 5- Papers for Approval

5. **Auditors appointment update**
Mary-Jane Daly gave a verbal update on the appointment of external auditors for EQC.

Section 6 Papers for Noting

6.1 **Review of the Performance of the PMOs – lessons learnt**

The Board:
a) **noted** the contents of this paper.

6.2 **Legal update**

The Board:
a) **noted** the contents of the legal update.

Section 7	General Business		
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7.1 Confirmation of the draft minutes of the EQC Board Meeting held on 25 October 2016:

The Board:

- a) confirmed the minutes of the Board Meeting held on 25 October 2016 as a true and accurate record.

7.2 Noting of the EBT minutes of the meeting held on 8 November 2016

The Board:

- a) noted the EBT minutes of the meeting held on 8 November 2016.

7.3 Board Work Programme

NOTED

The Board:

- a) noted the Board Work Programme.

7.4 2017 Draft annual calendar

NOTED

The Board

- a) noted that due to the Kaikoura Event there may be a need to increase board meetings for 2017.

BRG Report

Draft of the BRG report from the Rapid review of EQC Communications efforts following 14 November Earthquakes' was provided to the Board for information. It is expected the report will be finalized by the end of the week.

Section 8	Correspondence		
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10. No correspondence received

Section 9	Closure of meeting		
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The next Board meeting will be 31 January 2017 by teleconference.

The Meeting closed at 3.25pm

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


 Sir Maarten Wevers


 Date