



**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION**  
Held in the Majestic Centre Board Room (and via tele-conference)  
EQC Offices, 100 Willis Street, Wellington  
Tuesday 31 January 2017 commencing at 9.00am

**Present:**

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

**In attendance:**

Bryan Dunne (Interim Chief Executive)  
Gillian Dudgeon (GM Internal Partners) – part meeting  
Suzanne Carter (GM Communications)  
[Redacted] Board Executive - Minutes

9(2)(a)

**Apologies:**

The meeting was declared open at 9.00am.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

*Directors only (in committee) at 9.00am*

*Directors and Bryan Dunne(Interim CE) only (in committee) at 9.20 am*

9(2)(a) [Redacted] joined the meeting at 9.29 am

**1.1 Present and Apologies**  
No apologies were received.

**1.2 Interests Register/Declaration of Conflicts of Interest**

The Board:

a) advised changes to the Interest Register:

- i. Sir Maarten:
  - Remove: Member – Wellington Branch Committee (Institute of Directors);
  - Add: Chair – Lincoln University Transformation Board (yet to be announced).

b) confirmed the conflicts of interest advised for matters on the agenda for the meeting.

- 1.3 Matters Arising and Action Points**
- The Board:
- a) noted all action points.
  - b) Sought clarity on B385 and requested Management provide update at February Board on status.
- Management to provide an update to the February Board on the status of Item B385. **27.2.17 B402**

- 1.3 Evote ratification**
- The Board noted that the sub-committee (R Bell, MJ Daly & A O'Connell)
- a) approved evote 240107 Complaints Protocol and Proposal for EQC to join IFSO and FCSL.

*Gillian Dudgeon and Suzanne Carter joined the meeting at 9.32 am.*

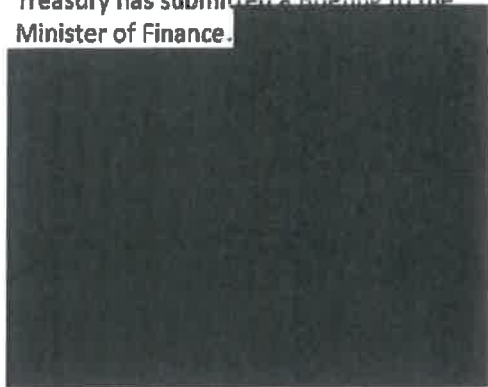
Section 2	Strategic Priorities		
<b>2.1</b>	<p><b>Kaikoura Event</b></p> <p>Management provided an update on the current status and progress for Kaikoura Event Claims settlements; noting:</p> <ul style="list-style-type: none"> <li>• 22,550 claims lodged with EQC to date.</li> <li>• Wellington, Kapiti, Hutt, Christchurch and Marlborough are the highest number of claims received.</li> <li>• Eight insurers have now signed the MoU</li> </ul> <p>9(2)(g)(i) [REDACTED]</p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) Requested Management provide clarity on how EQC are categorizing vulnerable customers to ensure that those people who have limited access; are living in remote areas and whose homes have been destroyed are treated with high priority regardless of age/health.</li> <li>b) Requested Management provide updates on Government and/or private insurer intentions that may be relevant to repair capability.</li> </ul>	<ul style="list-style-type: none"> <li>• Management to provide an clarity on how EQC are categorizing vulnerable customers to ensure that those people who have limited access; are remote and whose homes have been destroyed are treated with high priority regardless of age/health. <b>27.2.17 B403</b></li> <li>• Management to provide updated advice on the state of play and a sense of where the private sector is, in responding to the need for repair capability. This should include current communication plans in place to affected parties. <b>27.2.17 B404</b></li> <li>• Management to provide further update at February Board meeting including 'an establishment' of KPI for management of claims. <b>27.2.17 B405</b></li> </ul>	

**2.2 Section 16 – Term Sheet**

Management provided a verbal update on the proposed "Term Sheet" for Section 16, noting:

- Management to provide an update on the accounting treatment of the Crown Guarantee in relation to Section 16 of the EQC Act. **27.2.17 B406**

- Treasury has submitted a Briefing to the Minister of Finance.



9(2)(g)(i)

The Board:

- Requested an update on the accounting treatment of the Crown Guarantee to be provided under Section 16 of the Act.

**Section 3 Completing Canterbury**

**3.1 Board Dashboard and Financial Reports**

The Board:

- noted the Board Dashboard.
- noted the financial pack presented including the Investment report for December 2016
- sought clarity and comfort from Management on how EQC is managing the risks associated with cashflow forecasting subject to obligations with Insurers and timing of Crown Guarantee payment.
- requested a full update on cashflow forecasts and financial position.
- requested Management email the Board with any communications from the Minister on his consideration of the Treasury proposal for Section 16

- Management to provide data on the flow of remedial claims to give visibility on how these are tracking. **27.2.17 B407**
- Management to provide an update on arrangements for reviewing and managing CEDAR repairs to ensure this work is done in a timely way. **27.2.17 B408**
- Management to provide a full updated cashflow forecast and financial position to show surety of available funds to meet all obligations. **27.2.17 B409**
- Management to email the Board with any communications from the Minister on the consideration of the Treasury proposal for Section 16. **27.2.17 B410**

**Section 4 – Financials**

**4.1 Delegations Framework**

The Board:

- Noted the amended Delegations Framework.

- 4.2 Insurance Liability Valuation Report (ILVR)**
- Management provided an update on the status of the production of the ILVR.
- Management to provide commissioners O'Connell and Daly with a copy of the draft ILVR prior to distribution to the wider Board in the February Board papers. (see 7.3 B413)
- 27.2.17 B411**

**Section 5 No Papers for Approval**

**Section 6 Papers for Noting**

**6.1 Chief Executive Report**

The Board:

- a) noted the contents of this paper.
- b) Requested Management express the Board's appreciation to the staff involved in managing the departure of staff and the recruitment processes that took place in the last quarter of 2016.

9(2)(h)

- Management to invite senior managers to join the Board for morning tea in Christchurch.
- 27.2.17 B412**
- 27.2.17 B413**

**6.2 Prosecution Policy**

The Board:

- a) noted the contents of this paper;
- b) noted that ELT has reviewed and approved the Prosecutions Policy
- c) noted that the prosecutions Policy has been reviewed and approved for publication by Crown Law

9(2)(h)

**Section 7 General Business**

**7.1 Confirmation of the draft minutes of the EQC Board Meeting held on 29 November 2016:**

The Board:

- a) confirmed the minutes of the Board Meeting held on 29 November 2016 as a true and accurate record.

**7.2 Board Work Programme**

This item was deferred to the February meeting.

### 7.3 General Items of Discussions

#### Management:

- provided an update on the progress with the migration of data and information to Version 8 (CMS).
- advised that authorisation from the Board was required to sign off on the sale of the Riverside properties and that a paper would be uploaded to Boardbooks for e-voting.

#### The Board:

- a) **requested** Management arrange a tele-conference for members of the Audit and Risk Committee two days prior to release of Board papers to discuss Financial Reports and status of Insurance Liability Valuation Report (ILVR).
- b) **discussed** items to be brought to the February meeting including but not limited to:
  - i. Administrative and Financial wash-up processes in place and how this is being operationalised;
  - ii. Insurance Liability Valuation Report (ILVR);
  - iii. Customer numbers across all events;
  - iv. Ongoing operating costs and benefit realisations of implementation of Guidewire (Version 8);
  - v. Geonet update;
  - vi. Research and Education budgeted spend.

- Management to provide to the Feb Board meeting: **27.2.17 B414**
  - Administrative and Financial wash-up processes in place and how this is being operationalised;
  - Insurance Liability Valuation Report (ILVR);
  - Customer numbers across all events;
  - Ongoing operating costs and benefit realisations of implementation of Guidewire(version 8);
  - Geonet update
  - Research and Education budgeted spend.

### Section 8

#### Correspondence

8. No correspondence received

### Section 9

#### Closure of meeting

The next Board meeting will be 27 February 2017 in Christchurch.

The Meeting closed at 10.50 am.

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 February 2017 commencing at 9.30am**

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

**In attendance:**  
 Sid Miller (Chief Executive)  
 Bryan Dunne (GM Strategy and Transformation)  
 Gillian Dudgeon (GM Internal Partners)  
 Trish Keith (GM Customer and Claims)  
 Hugh Cowan (GM Reinsurance, Research and Education)  
 Suzanne Carter (GM Communications)  
 9(2)(a) [Redacted] (Manager – Complex Solutions) 9(2)(a)  
 Jeremy Ford (Chief Legal Advisor) [Redacted] (Manager  
 Research Strategy and Investment)  
 9(2)(a) [Redacted]  
 (Melville Jessup Weaver)  
 9(2)(a) [Redacted]  
 (Aon Benfield)  
 9(2)(a) [Redacted] Board Executive)

**Apologies:**

9(2)(a)

9(2)(a)

9(2)(a)

The meeting was declared open at 9.30am.

AGENDA ITEMS & KEY DISCUSSION POINTS		ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

*Commissioners only (in committee) at 9.30am*

- 0 **CE Recruitment Process**  
 The Board:  
 a) noted the process followed to recruit the new Chief Executive.

*Commissioners and Sid Miller (CE) only (in committee) at 9.50am.*

*Bryan Dunne, Gillian Dudgeon and Trish Keith, and [Redacted] joined the meeting at 10.00 am*

- 1.0 **Present and Apologies** 9(2)(a)  
 No apologies were received.

**1.1 Interests Register/Declaration of Conflicts of Interest**

- The Board:  
 a) noted and advised changes to the Interests Register:

Mary-Jane Daly:

[Redacted] 9(2)(a)

Paul Kiesanowski:



Add: Apex Environmental Limited  
 b) confirmed the conflicts of interest advised for matters on the agenda for the meeting.

**1.2 Matters Arising and Action Points** **27.3.17**  
 The Board:  
 a) noted all action points.  
 b) sought clarity on B407 and B414 and requested Management provide an update at next Board on status.

- Management to ensure that the status of each item is clear.

**1.3 Evote ratification**  
 The Board:  
 a) confirmed evote 010217 Sale of Riverside Lane Sections.

**1.4 Health and Safety performance Report** **27.3.17**  
 The Board:  
 a) noted that the H&S team is reviewing and updating their business plans considering current risks, priorities and key performance indicators  
 b) noted EQC internal H&S performance for the month of January 2017, specifically the EQC injury data (lag and lead indicators) and associated key points relating to the data. This reporting now also includes incidents for the In House Repair Programme using similar processes; and  
 c) noted a summary of H&S performance for current Level 1 contractors (Fletcher EQR, Tonkin and Taylor and insurers) in January 2017  
 d) invited management to reconsider reporting to the Board on health and safety performance and in particular on compliance, notices given and actions taken.

- Management to reconsider reporting to the Board on health and safety performance and in particular on compliance, notices given and actions taken.

The Board:  
 a) noted its thanks to Bryan Dunne for his performance as Interim Chief Executive.

9(2)(a) [redacted] from Melville Jessup Weaver and Hugh Cowan joined the meeting at 10.45 am.

Section 2	Strategic Priorities		
<b>2.1</b>	<b>Insurance Liability Valuation Report</b> <i>Representatives from Melville Jessup Weaver were in attendance.</i> The Board: a) received the Insurance Liability Valuation as at 31 December 2016 (attached), which includes a Gross Ultimate figure (including CHE) of	<ul style="list-style-type: none"> <li>• MJW will provide an updated ILVR which includes, in particular, a statement of the assumptions underlying that report, to the Audit and Risk Committee for further consideration and then for approval by the Board; and</li> </ul>	<b>6.3.17</b>

- \$11,181m for the Canterbury event and \$564m for the Kaikoura Event;
- b) received a verbal update from the Audit and Risk Committee on the discussion held on 23 February 2017;
- c) agreed that MJW will provide an updated ILVR including in particular a statement of the assumptions underlying that report to the Audit and Risk Committee for further consideration and then for approval by the Board; and
- d) requested that MJW report to management attesting and setting out the relationships they have for any other parties involved in earthquake insurance matters and provide assurance that appropriate procedures are in place internally within the company to manage conflicts of interest in their role in advising the Commission.

- MJW to report to Management attesting and setting out the relationships they have for any other parties involved in earthquake insurance matters and provide assurance that appropriate procedures are in place internally within the company to manage conflicts of interest in their role in advising the Commission.

9(2)(a)

[REDACTED] from Melville Jessup Weaver left the meeting at 11.26am.

Sir Maarten gave a verbal report back on the EQC appearance at the FEC meeting held on the 8<sup>th</sup> of February 2017 attended by Sir Maarten, Bryan Dunne and Trish Keith.

- Management to prepare a paper setting out the Commission's policy toward the provision of temporary accommodation assistance for those claimants undergoing home repairs.

9(2)(a)

[REDACTED] from Aon Benfield joined the meeting at 11.49am.

2.2

#### Reinsurance Programme / Market Update and Renewal

Representatives from Aon Benfield were in attendance.

The Board:

- a) noted that in 2016/17 the total budget for the reinsurance premium, net of the implied 10% brokerage, plus the net cost of the RPP premium, plus the un-indexed Aon Benfield broker fee was \$163.1 million;

b)

9(2)(j)

- c) agreed that the marketing of the expiring capacity of the core programme be within a budget envelope of [REDACTED] million, which is consistent with the final 2016/17 budget less the [REDACTED] million committed to the Aggregate Layer for 2017/18, including options beyond the existing programme if they provide value for money;

9(2)(j)

9(2)(j)

- d) agreed that the Board is open to reinvesting

- Management to report to the Board on the outcome of the reinsurance discussions and provide a recommendation on proposed cover to the 26 April Board meeting. 26.4.17



any risk-adjusted savings ;

9(2)(j)

e) [Redacted]

f) agreed that management will report to the Board at the conclusion of the reinsurance visit and to the 26 April Board meeting with a report on the outcome of the discussions and a recommendation.

Section 3

Financials

Suzanne Carter, Gillian Dudgeon, Trish Keith, Bryan Dunne and [Redacted] joined the meeting at 1.25pm

9(2)(a)

3.1

**Kaikoura Event Update**  
The Board:

*Actions arising from January Board Meeting*

a) noted that paragraph 3 below provides an update on the three issues raised by the Board in January on vulnerable customers, private sector repair capacity and the development of specific event key performance indicators;

*Critical success factors for the Kaikoura Event*

- b) noted that EQC management has identified five success factors for the Kaikoura event plan;
- c) noted that these success factors will apply for the whole of the Kaikoura event including the insurer-managed claims;

*Extension of the Insurer Memorandum of Understanding*

d) noted that in December 2016 a Memorandum of Understanding (MOU) was entered into between EQC and Insurers relating to the Kaikoura earthquakes that occurred during the period 14 November – 13 December 2016 only;

9(2)(j)

e) [Redacted]

9(2)(j)

f) [Redacted]

Management to reconsider the proposed CHE rate and customer satisfaction rate, in light of the Board discussion.

27.3.

*Establishment of an event budget for Kaikoura*

- g) noted that due to the different operational approach to the Kaikoura event, the cost make-up of the event is unique compared to other events, with a number of as yet difficult to forecast variables including total insurer costs;
- h) noted that whilst initial modelling has suggested the claims handling expense (CHE) is lower than indicated to the Board in December 2016, management anticipates upwards revision as insurer invoices for CHE come in;
- i) noted that management are currently conducting a full forecasting exercise as part of the Budget Economic and Fiscal Update (BEFU), including a finalised Kaikoura event budget, which the Board will be asked to approve in March;

*Establishing EQC's insurer assurance programme*

- j) noted that management have established an assurance programme with insurers covered by the MOU as a critical operational function to ensure that claims are settled in accordance with the EQC Act and other relevant legislation including the Official Information Act and the Privacy Act; and
- k) noted that initial engagement with each of the insurers has been positive and it is expect that EQC will be able to rely on the quality assurance programmes that each of the insurers has in place.

9(2)(a) [REDACTED] left the meeting at at 2.02pm and Chris Chainey entered the meeting at 2.03pm.

3.2

**Board Dashboard**

The Board:

- a) noted the attached Board dashboard;
- b) noted that data as at 31 January indicates there are currently 5,501 remedials (incl. CEDAR) to go;
- c) noted the breakdown of outstanding non-Canterbury claims; and
- d) provided feedback as necessary on the Board dashboard including any changes the Board believe would be beneficial going forward.

- Management to reconsider the information provided in the dashboard to ensure that it is fit for purpose.
- Management to consider the impact of overcaps and the drivers behind them.

3.3

**Board Financial Report**

The Board:

- a) noted the attached Monthly Financial Reporting pack for the month ended January 2017;
- b) noted that Full Time Equivalent (FTEs) are above budgeted levels due to additional headcount required to respond to the

- Management to refer the draft agreement reached with Treasury on the Crown's section 16 guarantee to the Board for consideration before referral to Ministers

- Kaikoura earthquake;
- c) **noted** that EQC currently has an NDF balance of approximately \$1.15bn including \$0.9bn in NZ bank deposits and \$0.2bn in non-tradeable Government Stock;
  - d) **noted** the update on cash-flow forecasting, including the additional challenges that are now present with the insurer led response to the Kaikoura event;
  - e) **noted** that EQC and Treasury have discussed the accounting treatment for the preferred method (i.e. a grant) of enabling Section 16 and this will be confirmed with EY post confirmation from Ministers/Treasury;
  - f) **noted** that progress on reaching agreement with Treasury on the operation of the Crown's section 16 guarantee has slowed in the past two weeks;
  - g) **noted** that Management believes that agreement can be reached with Treasury on the Crown's section 16 guarantee, subject to final agreement by joint Ministers, by the end of March 2017;
  - h) **agree** that finalization of the agreement will be decided by the Board;
  - i) **noted** the update provided on the progress on Administrative and Financial Completion;
  - j) **noted** that EQC's input to the BEFU is due to Treasury in early April;
  - k) **noted** that in March approvals will be sought for revised budgets / forecasts for all events, including new Claims Handling Expense (CHE) budgets for the Kaikoura earthquake and the Wellington floods; and
  - l) **noted** that the Audit & Risk Committee (ARC) will review and discuss EQC's BEFU submission and associated budgets and forecasts, at the 27 March ARC meeting and then the final papers will be distributed to the Board for an evote in advance of the Treasury submission date.

*Chris Chainey left the meeting at 2.31pm and Jeremy Ford joined the meeting at 2.32pm*

### 3.4

#### **Legal Fees, Litigation Audit and Key Litigation Issues**

The Board:

- a) **noted** the outcomes of the recent SNAP review of the [REDACTED] 9(2)(h)
- b) **noted** the current forecast for the litigation programme for 2017;
- c) **noted** the actions being taken to increase technical resources and reduce legal fees;

- d) noted the forecast budget implications which have been incorporated into the most recent ILVR but exclude potential costs associated with IAG/ Tower litigation;
- e) noted that a full reforecast of cost for Canterbury will form part of the upcoming BEFU reforecast;
- f) noted the recent and upcoming litigation trials, and the recent publicity around EQC litigation; and
- g) [REDACTED]

9(2)(h)

Jeremy Ford left the meeting at 3.02pm

Section 4 Papers for Noting

- 4.1 **CE Report**  
The Board:
  - a) noted the contents of the paper.
  - Management to report back on the cost analysis and cost benefit analysis for Project Cre8.

Trish Keith, Bryan Dunne and Suzanne Carter left the meeting at 3.15pm and Hugh Cowan and [REDACTED]

9(2)(a) [REDACTED] joined the meeting at 3.16pm

- 4.2 **EQC Loss Modelling Capability (Minerva) Strategy**  
The Board:
  - a) received the paper and noted that Management will bring a revised proposal, including scope, methodology and other potential participants and interests to reflect the matters discussed at the meeting.
  - Management to report back to the Board a revised proposal including scope, methodology and other potential participants and interests to reflect the matters raised in the discussion.

Hugh Cowan and 9(2)(a) [REDACTED] left the meeting at 3.47pm. Chris Chainey joined the meeting at 3.48pm.

- 4.3 **Statement of Performance Expectations (SPE) Update**  
The Board:
  - a) noted the contents of the EQC 2016/17 Statement of Performance Expectations Quarter Two Output Class results;
  - b) noted these results will be provided to Treasury monitoring officials as part of the quarterly monitoring report;
  - c) noted of 30 SPE targets across 26 measures, progress as at 31 December was 22 Green results, 1 Amber, 3 Red's, and 4 Not-applicable/To be determined;
  - d) noted EQC will be preparing the draft 2017/18 Statement of Performance Expectations for Board approval, during 2016/17 Quarter Three and Quarter Four.

*Chrls Chainey left the meeting at 3.51pm*

<b>Section 5</b>	<b>General Business</b>		
------------------	-------------------------	--	--

**5.1 Confirmation of the draft minutes of the EQC Board Meeting held on 31 January 2017**  
 The Board:  
 a) **confirmed** the minutes of the Board Meeting held on 31 January 2017 as a true and accurate record.

<b>Section 6</b>	<b>Correspondence of Interest</b>		
------------------	-----------------------------------	--	--

- |   |   |
|---|---|
| <p><b>6.1 Letter of Expectation from Minister Brownlee</b><br/>                 The Board:<br/>                 a) <b>noted</b> the contents of the letter.</p> <p><b>6.2 Letter from LGNZ</b><br/>                 The Board:<br/>                 a) <b>noted</b> the contents of the letter.</p> | <ul style="list-style-type: none"> <li>• <b>Management to ensure that the matters referred to in the Minister's letter of expectations are built into Board reporting.</b></li> </ul> |
|---|---|

<b>Section 7</b>	<b>Closure of Meeting</b>		
------------------	---------------------------	--	--

**7.1 Review and Close of the Meeting**  
 The next Board meeting will be 27 March 2017 in Wellington.  
 The Meeting closed at 4:00pm.  
 These minutes were approved by the Board as a true and correct record.

*Maarten Wevers 4/5/17*  
 \_\_\_\_\_  
 Sir Maarten Wevers      Date

**MINUTES OF THE MEETING OF  
 THE BOARD OF THE EARTHQUAKE COMMISSION**  
 Held in the Wairarapa Room, 100 Willis Street, Wellington  
 Monday 27 March 2017 commencing at 12:00pm

**Present:**

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

**In attendance:**

Sid Miller (Chief Executive)  
 Gillian Dudgeon (GM Internal Partners)  
 Trish Keith (GM Customer and Claims)  
 Chris Chainey (Financial Controller)  
 [REDACTED] (Manager -- Financial Reporting and Budgeting)  
 [REDACTED] (Board Executive)

**Apologies:**

9(2)(a)

AGENDA ITEMS & KEY DISCUSSION POINTS		ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

*Commissioners only (in committee) at 12:00pm*

9(2)(a)

*Sid Miller, Gillian Dudgeon and Trish Keith, and [REDACTED] joined the meeting at 12.12pm*

1.0

**Present and Apologies**

No apologies were received.

1.2

**Interest Register / Declaration of Interest**

The Board:

a)

[REDACTED]

9(2)(a)

b) advised there were no conflicts of interest for matters on the agenda for the meeting.

Section 2		Financials		
2.1	CE Report			

The Board:

a) noted the contents of the paper.

- Management to report back to the Board on the GeoNet governance proposal.
- Management need to consider organizing a follow up GNS/EQC Board meeting or alternatively a meeting between the two Chairs.

2.2

**Plan for Completing Canterbury in 2017**

The Board:



- a) noted the initiatives and timeframes outlined in the attached document "Developing an EQC plan and targets for 2017";
- b) note Management will construct a revised Canterbury CHE budget for agreement at the April Board meeting; and
- c) noted that EQC will communicate the revised plan and targets with customers, staff, the Minister, and other key stakeholders following the Board meeting.

Trish Keith left the meeting at 1:00pm

Chris Chainey and [REDACTED] joined the meeting at 1.01pm

2.3

### Financial Budget Approvals 9(2)(a)

The Board

#### General:


- a) noted that EQC's final submission to Treasury's Budget & Economic Fiscal Update (BEFU) process is on the 6th April;
- b) [REDACTED]
- c) noted that the business has over the last 6 weeks undertaken a financial forecast exercise covering "BAU" and all current event responses;
- d) noted that as the organisation continues to work towards finalising Canterbury, progressing Kaikoura and determining its ongoing operating structure, there are a number of challenges around producing the individual financial forecasts (e.g. Kaikoura, BAU). This includes the allocation of FTE and infrastructure costs between events, which is especially difficult to estimate in the support areas;
- e) noted that the Board will receive an updated Canterbury CHE budget for review and approval in April;
- f) noted that a presentation is provided with numbers and commentary on each of the financial forecasts (excl. Canterbury); and
- g) noted the Financial Pack will reflect performance against these forecasts from

9(2)(j)

April onwards.

**Section A: "BAU" Budget Approval for BEFU**

**Submission**

- h) approved the submission of "BAU" numbers to Treasury as part of the BEFU process. The key components of this are:
- i. Operating costs of \$57.4m in the 2018 financial year (flat on 2017 HYEPU forecast levels);
  - ii. 9(2)(j) 
  - iii. Indication that Section 16 will be triggered in the 2018 financial year;
  - iv. 2019 – 2021 financial years are as per Half Year Economic and Fiscal Update forecast, with the exception of investment income and adjustments resulting from the December 2016 actuarial valuation; and
  - v. The transfer to the 2018 financial budget of \$1m OPEX and \$4.5m CAPEX budget that will not be spent in the 2017 financial year.
- i) noted that the "BAU" budget numbers for the 2018 and 2019 years will be included in the 2017-18 Statement of Performance Expectations, which is currently being drafted.

**Section B: Kaikoura CHE Update**

- j) noted that subsequent to previous high-level financial modelling conducted on Kaikoura CHE, a full forecasting exercise has now been undertaken;
- k) provided feedback on proposed total Kaikoura costs comprising total life CHE budget of \$51.4m and direct assessments budget of \$14.6m with a +/- 10% tolerance level (effectively \$59m - \$73m).

And if there is no significant feedback:

- l) approved a Kaikoura total life CHE budget of \$51.4m and direct assessments budget of \$14.6m with a +/- 10% tolerance level (effectively \$59m - \$73m).

**Section C: Wellington Floods CHE Update**

- m) noted that whilst a smaller event than Canterbury or Kaikoura, a budget also needs to be agreed for the Wellington Floods response as total damage is expected to exceed the \$5m mark agreed with the ARC;
- n) provided feedback on a proposed Wellington Storms total life CHE budget of \$0.3m with a +/- 10% tolerance level.  
And if there is no significant feedback:
- o) approved a Wellington Floods total life CHE budget of \$0.3m with a +/- 10% tolerance level.

**Section D: 14 Feb 2016 CHE Update**

- p) noted that the reforecast for the 14 Feb Christchurch event indicates that total CHE costs will be \$10.3m, which is \$1.1m below the \$11.35m full life budget approved by Board

**Section D: 14 Feb 2016 CHE Update**

- q) noted that the reforecast for the 14 Feb Christchurch event indicates that total CHE costs will be \$10.3m, which is \$1.1m below the \$11.35m full life budget approved by Board.

9(2)(a)

Chris Chainey and [REDACTED] left the meeting at 1.17pm

**Section 3**

**Noting Papers**

**3.1**

**Health and Safety Report**

The Board:

- a) noted the reporting which covers:
  - i. internal EQC Health and Safety measures (including the inhouse Repair Team-IHRT);
  - ii. key partners EQC and Tonkin and Taylor; and
  - iii. the assurance stream of the Kaikoura programme of work.

**3.2 Financial Update**

The Board:

- a) noted the contents of the report.

**3.3 Board Dashboard**

The Board:

- a) noted the attached Board dashboard;
- b) noted the changes to the Board dashboard to better reflect current activities;
- c) noted the intention to align dashboard information with Joint Accelerated Review Team (JART) reporting;
- d) advised the inclusion of reporting the Board would like to see going forward; and
- e) noted that the Complaints backlog has reduced dramatically.

- Management to align the JART reporting with the new Canterbury project reporting in future Board Dashboards.
- Management to confirm when the figure of 1087 for new lodgements in item 1.4b started counting from.

**Section 4 General Business**

**4.1 The Board**

- a) noted the proposed move to a more customer centred operating model and noted previous discussion on this matter.
- b) noted that Alison O'Connell has declined a request from Hugh Cowan to be a member of a review panel for a piece of statistical/actuarial work in insurer finalisation as she doesn't think this would be appropriate.
- c) noted that the CE has the authority to change the KRAs as he sees appropriate without seeking approval from the Board.

- CE to convey Alison O'Connell's decision to Hugh Cowan to decline his request for her to be a member of a review panel.
- Management to email out the proposed timetable for the SPE measures and updated SOI to the Board members.

**Section 5 Closure of Meeting**

**Review and Close of the Meeting**

The next Board meeting will be on the 26<sup>th</sup> of April 2017 in Wellington.

The Meeting closed at 1.30pm.

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 Waingarua Room, 100 Willis Street, Wellington Wednesday 26 April 2017 commencing at 9.30am

Present:

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

In attendance:

- Sid Miller (Chief Executive)
Bryan Dunne (GM Strategy and Policy)
Gillian Dudgeon (GM Internal Partners)
Trish Keith (GM Customer and Claims)
Hugh Cowan (GM Reinsurance, Research and Education)
Suzanne Carter (GM Communications)

9(2)(a)

[Redacted] (Aon Benfield)

Apologies:

[Redacted] (Minutes)

9(2)(a)

The meeting was declared open at 9.20am.

Table with 4 columns: AGENDA ITEMS & KEY DISCUSSION POINTS, ACTIONS REQUIRED, DUE DATE, and an unlabeled column. Row 1: Section 1 Board Governance

Commissioners only (in committee) at 9.20am

Commissioners and Sid Miller (CE) only (in committee) at 9:50am.

Gillian Dudgeon, and [Redacted] joined the meeting at 10.11 am

1.1

Present and Apologies 9(2)(a)

No apologies were received.

1.2

Interests Register/Declaration of Conflicts of Interest

The Board:

a) noted and advised changes to the Interests Register: Mary-Jane Daly is now a director of Auckland Transport

b)

[Redacted]

9(2)(a)

c) confirmed there were no other conflicts of

interest advised for matters on the agenda for the meeting.

**1.3 Matters Arising and Action Points**

The Board:

- a) noted all action points.
- b) sought clarity on items B401, B405 and B419.

**1.4 Evote ratification**

The Board:

- a) confirmed evote *Granting approval for Insurers to undertake Schedule 3 Declinatures on behalf of EQC on insurer-managed claims.*

**1.5 Evote ratification**

The Board:

- a) confirmed evote *Insurance Liability Valuation Report – 31 December 2016.*

**1.4 Health and Safety performance Report**

The Board:

- a) noted the reporting which covers:
  - i. internal EQC Health and Safety measures (including the In House Repair Team-IHRT); and
  - ii. key partners EQR and Tonkin and Taylor; and
  - iii. the assurance stream of the Kaikoura programme of work; and
- b) noted the health and safety provisions provided by the contractor that is quoting for the clean up work in Edgecumbe.

- Management to update the Board on the health and safety programme for Edgecumbe.
- Management to clarify to the Board the updated health and safety strategy including its objective

**Section 2 Strategic Priorities**

*Bryan Dunne, Hugh Cowan and Trish Keith joined the meeting at 10:30am*

**2.1 CE Report**

The Board:

- a) noted the contents of the CE Report.

**2.2 2017-18 Draft Statement of Performance Expectations – further discussion at 2.19pm**

The Board:

- a) noted the draft EQC 2017-18 SoPE is attached;
- b) noted the final formatting and layout is still being finalised between the designer and Communications;
- c) provided feedback on suggested content

- Management to provide a paper on future premium collection expectations, taking into account the proposed rate change, and setting out the proposed payment regime for private insurers who collect the premia from customers on behalf of the



- amendments;
- d) noted the dates and process for providing the draft 2017-18 SoPE to the Minister and for final sign off by the Board;
- e) authorised that the Chair and one commissioner to sign off the finalised version of the SoPE; and
- f) noted and provided feedback on new paper which showed the new performance measures compared to last year's measures.

Commission.

9(2)(a)

[Redacted]

joined the meeting at 11.01am

2.3

2016/17 Reinsurance Programme Update

The Board:

a) [Redacted]

9(2)(j)

- b) noted that management also received a clear message that New Zealand earthquake risk is under scrutiny for rate adequacy and rate reductions would be accompanied by reduced capacity;
- c) noted there is limited additional capacity at current programme terms;
- d) noted that several alternative placement enhancements were explored;
- e) noted that management believes core programme capacity can be retained at existing rates, with a modest increase in premium budget to reflect the exposure growth and to pursue extended cover if possible;
- f) noted that on a Ceded Return on Equity (ROE) measure, management considers that the proposed placement strategy continues to offer value for money against a published Crown cost of capital of between four to seven percent;

g) [Redacted]

h) [Redacted]

9(2)(j)

9(2)(j)

9(2)(j)



- i) noted that the total budget is defined as the reinsurance premium net of the implied 10% broker fee, plus the net cost of the RPP premium, plus the actual Aon Benfield broker fee;
- j) noted that in the current circumstances the Board assessed that maintaining the current ratio of premium spend income seemed a prudent course; and
- k) noted that the Board received an update from Aon Benfield.

9(2)(a)

Hugh Cowan, [redacted] left the meeting at 11.53am  
Bryan Dunne joined the meeting at 12.00pm

2.4

#### Update on Risk Financing Strategy

The Board:

- a) noted that the Minister Responsible for the Earthquake Commission agreed with the Board's recommendations to set EQC premiums on the basis of at least a "break-even" rate;
  - b) noted that under the current settings for building and contents cover the "break-even" premium for EQC is 23 cents per \$100 of cover;
  - c) noted that the Minister discussed EQC's risk financing strategy and reinsurance programme with his colleagues at the Cabinet Committee on Economic Growth and Infrastructure on 5 April 2017; and
  - d) noted that Ministers have decided to finalise consideration of EQC's risk financing strategy as part of their wider Budget 2017 discussions, including the potential link to decisions likely to be made around the Review of the Earthquake Commission Act 1993;
  - e) noted that we will be working closely with our Minister's Office to implement any decisions that Ministers make with respect
- Management to consider the arrangement with insurers in relation to collection of the levy.

to EQC's risk financing strategy and premiums; and

- f) **noted** that the arrangement with insurers in relation to the collection of the levy will be addressed in further advice to the Board in due course.

**2.7**

**LINZ Red Zone Interim Settlement (moved up the agenda 12.06pm)**

The Board:

- a) **noted** that the Earthquake Commission (EQC) and Land Information New Zealand (LINZ) have commenced a process to settle EQC's Red Zone land liabilities by 30 June 2017;
- b) **noted** that the Commission's starting assumption for this work is that Red Zone properties have the same forms of land damage as Green Zone properties, albeit in some cases the damage is more severe;
- c) **noted** that on this basis, management are utilising the processes and principles adopted for the Green Zone settlements, updated and adapted for specific Red Zone circumstances and commitments;
- d) **endorsed** the following principles that are being utilised by EQC to frame the Red Zone settlement process, namely that the settlement must:
  - i. Comply with EQC's obligations under the EQC Act.
  - ii. Fulfil EQC's contractual obligations to reinsurers (primarily, to ensure a proper business-like claims settlement process is followed).
  - iii. Abide by the undertaking EQC gave to CERA in respect of Red Zone claims and demolitions.
  - iv. Assess all residential land claims across Canterbury in a consistent way – whether they are Green Zone or Red Zone properties.
  - v. Use the best available information and apply the statutory "balance of probabilities" standard for qualification and settlement, in reliance on the advice of expert engineering and valuation advisors.

- vi. Be proportionate to the level of detail required to implement lawful and accurate payments, both in terms of LINZ interest and the contingent interests of former property owners who may be entitled to a "top up" payment if EQC's settlement exceeds the original LINZ offer.
- vii. Top up payments can be justified on a property by property basis.
- e) agreed that any interim payment made to LINZ as part of the overall settlement must preserve EQC's position with regard to the resolution of identified areas of financial uncertainty as part of the final settlement;
- f) agreed that the payment to LINZ would be made in accordance with standing delegations;
- g) noted that the interim settlement payment takes account of the three following factors that:
  - i. Recognise whether a property is 'Cleared Site' or 'In Situ' based on LINZ information and uses the appropriate DOV methodology.
  - ii. Include a settlement for 1-7 damage based on the Green Zone average for the properties with the most severe 1-7 damage.
  - iii. Exclude all properties identified as having compromised crust.
- h) approved an interim settlement payment to LINZ of \$114.5 million of which \$4.5M would be for outstanding land payments relating to the Red Zone properties in the Port Hills) to be paid by the end of April 2017;
- i) noted that management estimate that, based on recommendation c above, this interim payment represents up to two-thirds of EQC's overall Red Zone liability;
- j) noted management considers this interim settlement amount reserves EQC's position in regard to the issue of properties with compromised crust but allows for a prudent resolution of a significant portion of its remaining land settlement liability;
- k) noted that agreement on EQC's final

settlement position will include a robust quality assessment review;

- l) noted that we expect to reach final agreement with LINZ by the end of June 2017.

*The meeting convened for lunch at 12.23pm and reconvened at 12.53pm  
Trish Keith joined the meeting at 12.53pm*

2.5

#### **Board Dashboard**

The Board:

- a) noted the attached Board dashboard;
- b) noted the changes to the Board dashboard to better reflect Canterbury and Kaikoura activity;
- c) noted the efforts to develop data reporting accuracy; and
- d) advised Management of the inclusion of reporting the Board would like to see going forward.

- Management to request from each of the CE's of the insurers party to the MoU, a number and timeframe for settlement of those firms' Kaikoura Event claims.

May

2.6

#### **Edgecumbe Flooding Update**

The Board:

- a) noted the verbal update on progress made to date, and the nature of the proposed Ministerial direction.

2.8

#### **Expediting Overcap Claim Resolution**

The Board:

- a) noted that EQC's approach will now be to cash settle customers who have been through the Canterbury Home Repair Programme (CHRP) and are assessed as requiring further work (e.g. repairs) which will result in their total claim exceeding cap for an event;
- b) noted that exceptions to this approach will be made for customers where:
  - i. the CEDAR repair work is required to meet building code compliance (these will be assessed on an individual basis); or
  - ii. vulnerable customers in combination with other very exceptional circumstances make cash settlement inappropriate; or
  - iii. there is a high likelihood of litigation due to the particular circumstances of the customer's

claim.

- c) **noted** that for these customers EQC will change its election from repair to cash settlement and will pay customers up to cap. Customers will then be required to liaise directly with their insurer about the overcap earthquake damage;
- d) **noted** that this revised approach will free up resources to focus on early identification of overcap claims and to progress undercap repair work; and
- e) **noted** its thanks to the team that worked on ANZAC day.

2.9

**Southern Response MoU**

The Board:

- a) **authorised** the Commission to enter into a final form of MoU with SRES;
- b) **authorised** the Chief Executive to sign the MoU in its final form for and on behalf of the Commission;
- c) **resolved to delegate**, pursuant to section 73(1)(d) of the Crown Entities Act and the Ministerial Consent, the following functions and powers of the Commission to SRES:
  - i. The functions and powers of the Commission required in connection with the settlement of residential building claims relating to the Canterbury Earthquake Sequence (in accordance with the final form of MoU); and
  - ii. The power to sub-delegate pursuant to section 74(1) of the Crown Entities Act 2004, the functions and powers referred to in resolution i) to SRES officers, employees and contractors performing the agency role;
- d) **approved** any settlement amounts and claims expenditure paid or incurred by SRES in accordance with the final form of MoU;
- e) **authorised** management to give SRES written notice of the delegations set out in resolution c) above;
- f) **noted** similar delegations are required by

- Management to report back to the Board on the draft KPI's agreed and the reporting.

July



- the Board of SRES before EQC carries out functions and powers in connection with assessing and cash settling overcap residential building claims as SRES' agent (in accordance with the final form of MoU)
- g) invited management to report back to the Board on the draft KPIs and reporting.

*Chris Chainey joined the meeting at 1.42pm*

**2.10**

**Canterbury CHE Forecast**

The Board:

- a) noted that the business has over the last 2 months undertaken a financial forecast exercise covering Canterbury CHE, "BAU" and all other current event responses;
- b) noted that at the previous 23 March 2017 Board meeting, the Board approved the "BAU" budget, the Kaikoura CHE budget and the Wellington Storms CHE budget;
- c) noted that a presentation is provided with numbers and commentary on the Canterbury CHE financial forecast;
- d) noted that the monthly Financial reporting Pack will reflect performance against this forecast from April onwards;
- e) noted that as at the end of March, life to date Canterbury CHE spend is \$1,457m; with \$22m remaining to the previously agreed budget of \$1,479m;
- f) approved the revised total life Canterbury CHE budget of \$1,527m; noting that the key drivers of this are increased litigation costs (previously flagged to the Board) and the extension of staff to complete the remaining activities, many of which if not completed well, could impact on the final total claims liability;
- g) noted that this is within the range of (\$1,515m to \$1,530m) provided to the Board in March 2017; and
- h) approved the Canterbury related project Capex of \$2.1m.

**2.11**

**Insurer Finalisation**

The Board:

- a) noted the overview and current status of the Insurer Finalisation work programme

- Management to include insurer finalisation as an agenda item when the CE meets with Insurance CEs.

**May**

- detailed in the attached paper;
- b) noted that Management will come back to the Board with another update on progress for Insurer Finalisation in June 2017; and
  - c) noted the efforts of management to progress this matter and encourage them to find a pragmatic and timely solution.

Section 3	Financials	
3.1	<p><b>Delegations Framework Update - April 2017</b> <i>(moved up the agenda 2.42pm)</i></p> <p>The Board:</p> <ul style="list-style-type: none"><li>f) approved the amendments to the Claims Delegations Framework to enable the efficient resolution of outstanding claims from the Canterbury event;</li><li>g) approved the automatic temporary assignment of the Financial Controller's delegations to the Deputy Financial Controller when the Financial Controller is absent, through to 30 June 2017;</li><li>h) noted various wording changes and clarifications to the Delegations Framework;</li><li>i) approved the additions to the banking mandate; and</li><li>j) noted that amendments are required to Appendix Two, deleting Russell Black and replacing with Mary-Jane Daly and deleting Gordon Smith and replacing with Paul Kiesanowski.</li></ul>	<ul style="list-style-type: none"><li>• Management to consider the relationships between the staff members identified in the delegation framework update are appropriate, especially where there may be temporary absences.</li><li>• Management to update Appendix Two, deleting Russell Black and replacing with Mary-Jane Daly and deleting Gordon Smith and replacing with Paul Kiesanowski.</li></ul>
3.2	<p><b>Financial Update</b></p> <p>The Board:</p> <ul style="list-style-type: none"><li>a) noted the accompanying financial pack and investment report;</li><li>b) noted that a new page has been added this month on cash flow forecasting; this is to help visibility of cash flows and when EQC may need to trigger Section 16; and</li><li>c) noted that following the proposed LINZ interim payment in April, the Board will receive a request to approve the sale of EQC's remaining Government Stock (\$240m). This will further mitigate the organisation's exposure to increasing interest rates.</li></ul>	

Chris Chainey left the meeting at 2.55pm

**Section 4      General Business**

**4.1      Legal and Litigation Update**

The Board:

- a) [Redacted] 9(2)(h);
- b) [Redacted] 9(2)(h);
- c) [Redacted] 9(2)(h);

**4.2      Tonkin and Taylor Contract Extension**

The Board:

- a) noted the term sheet for the contract in Appendix A;
- b) [Redacted] 9(2)(j);
  - Management to further discuss the draft contract with Tonkin and Taylor and report back to the Board on those discussions **May**
  - Management to provide the key terms that ensure compliance with the 2015 Act and our requirements. **May**
- c) invited Management to discuss the draft contract with Tonkin and Taylor.

**4.3      New Christchurch Property Lease**

The Board:

- a) noted that EQC is in negotiations to take up a new property lease at 1 Barry Hogan Place;
  - b) noted that capex required for this move can be covered by already approved project capex for 2016/17; and
  - c) approved the Chairman and Chief Executive to sign the lease on behalf of EQC once approval has been received from MBIE and lease documentation finalised and assurance has been received that the proposed contract price is fully competitive in the Christchurch market.
- Management to report back to the Board on alternatives in the Christchurch property market and ensure that the proposed lease is a good deal.

Gordon Smith and Trish Keith left the meeting at 3.09pm

Hugh Cowan and [Redacted] joined the meeting at 3.11pm

**2.12      EQC Loss Modelling Capability 3.11pm**

The Board:

- a) noted the attached project scope for an initial business case addressing EQC's loss 9(2)(a)
  - Management to report back to the Board with a resourcing model and proposed governance arrangements, taking into **June**

modelling capability.

account discussion at the meeting

**4.4 Confirmation of draft Minutes of Board Meetings Held on 27 February and 27 March 2017**

The Board:

- a) approved the draft minutes of the meetings held on 27 February and 27 March 2017 noting a small change to the date of the next Board meeting on the last page.

**4.5 Noting of draft ARC Minutes 23 February, 14 March 2017**

The Board:

- a) noted the minutes of the ARC meetings held on the 23 of February and the 14<sup>th</sup> of March 2017.

*Chris Chalney left the meeting at 3.51pm*

Section 5	Correspondence of Interest		
Section 6	Closure of Meeting		

**7.1 Review and Close of the Meeting**

The next Board meeting will be 29 May 2017 in Wellington.

The Meeting closed at 4:00pm.

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 Wairarapa Room, 100 Willis Street, Wellington  
Monday 29 May 2017 commencing at 1:00pm

**Present:**

Sir Maarten Wevers (Chair)  
Mary-Jane Daly  
Alison O'Connell  
Gordon Smith

**Apologies:**

Paul Kieranowski  
Roger Bell  
Tim Hurdle

**In attendance:**

Bryan Dunne (Acting Chief Executive)  
Gillian Dudgeon (GM Internal Partners)  
Trish Keith (GM Customer & Claims)  
[redacted] (Manager People and Capability)  
Suzanne Carter (GM Communications)  
Jeremy Ford (Chief Legal Advisor)  
[redacted] (Minutes)

9(2)(a)

9(2)(a)

The meeting was declared open at 1:00pm.

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

*Commissioners only (in committee) at 1:00pm*

*Bryan Dunne, Trish Keith and [redacted] joined the meeting at 1:10pm*

1.1

**Present and Apologies**

Apologies were received from Paul Kieranowski, Roger Bell and Tim Hurdle.

9(2)(a)

1.2

**Interests Register/Declaration of Conflicts of Interest**

The Board:

- a) **noted** the interests register and advised updates for;
  - Sir Maarten Wevers – Reviewer for Office of the Auditor-General;
  - Mary-Jane Daly – Director Auckland Transport;
  - Alison O'Connell – Board member at the Government Superannuation Fund Authority;

9(2)(a)

- b) **confirmed** there were no other conflicts of interest advised for matters on the agenda for the meeting.

1.3

**Matters Arising and Action Points**

The Board:



a) noted all action points.

1.4

**Evote ratification**

The Board:

- a) noted that the Evote mechanism should be used for matters for which there is a particular urgency that cannot wait for a formal Board meeting or for smaller matters of a procedural nature but should not be used to address substantive matters of strategy or policy;
- b) agreed to ratify the evote taken on *Sale of Government Stock*; and
- c) agreed to ratify the evote on *Variation to Kaikoura Earthquake MoU with Insurers*.

9(2)(a) [redacted] joined the meeting at 1:17pm

1.4

**Health and Safety Performance Report**

The Board:

- a) noted the information provided in the report including the details of each incident (where provided);
- b) agreed and confirmed that the investigation details/outcomes are appropriate; and
- c) clarified the details as required to be satisfied that corrective actions have been undertaken (or are in the process of being undertaken as the case may be).

- Management to facilitate a meeting between [redacted] and Paul Klesanowski. 9(2)(a)

9(2)(a) [redacted] left the meeting at 1.27pm

Section 2

Strategic Priorities

*Suzanne Carter joined the meeting at 1.55pm*

2.1

**CE Report**

The Board:

- a) noted the contents of the CE Report;
- b) noted that the new claims management system, CMS version 8, is now live;
- c) commended Management for their work on getting CMS version 8 up and running; and
- d) noted that the question of what to happens to the CMS version 4 and the archives is a matter that will be reported back to the Board.

- Management to report to the Board on what will happen to CMS version 4 and the archives.
- Management to provide an update by email of progress on the Reinsurance Renewal.
- Management to organise an opportunity for Board members to engage with Christchurch staff at the next June Board meeting.
- Management to arrange a meeting with the Minister to





debrief on this Board meeting.

*Suzanne Carter left the meeting at 2.12pm.*

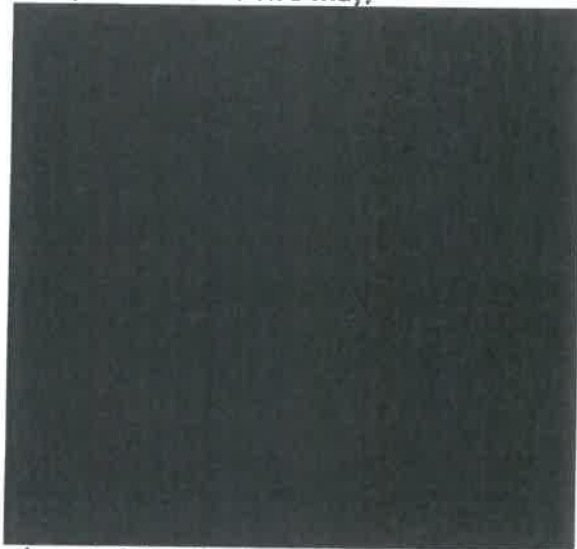
2.2

**Review of EQC Act and Risk Financing**

The Board:

- a) noted that EQC management met with joint Ministers on 3 May;

9(2)(g)(i)

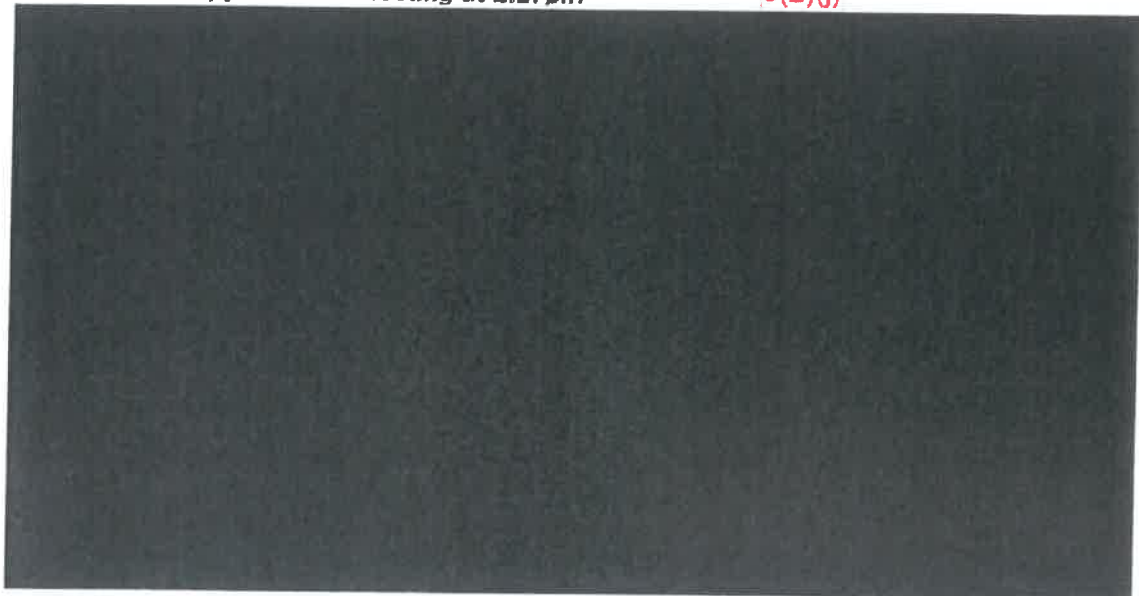


- c) noted that if Cabinet agrees to the recommendations above, the premium rate increase is intended to be announced as part of the May 2017 Budget package, and an announcement on decisions regarding the Review of the EQC Act is expected in mid to late June.

*Chris Chainey joined the meeting at 2.17pm*

9(2)(j)

2.3





9(2)(j)

**2.4 Executive Dashboard to 30 April 2017**

The Board:

- a) **noted** the Executive dashboard;
- b) **noted** the provision of a dashboard for the completion of Canterbury claims;
- c) **noted** the provision of a presentation explaining the Canterbury dashboard; and
- d) **requested** the inclusion of any reporting you would like to see going forward.

**2.5 Kaikoura Event Update**

The Board:

- a) **noted** the contents of the paper

**Section 3 Financials**

**3.1 Financial Update**

The Board:

- a) **noted** the accompanying financial pack and investment report;
- b) **noted** that new pages have been added to show a Total EQC view and the financial performance for recent events e.g. Auckland Floods;
- c) **noted** that other pages have been re-designed; this is to improve reporting of the financials to assist managing the NDF; and
- d) **noted** that in early June, a separate paper will be provided to Board to request approval of the Claims Handling Expense (CHE) budget for the Auckland/Coromandel Storm, and this will also request an increase in the CHE budget for the Wellington Storms.

*Chris Chalney and Trish Keith left the meeting at 2.40pm.  
Jeremy Ford joined the meeting at 2.42pm.*

**Section 4 General Business**

**4.1 Legal and Litigation Update**

The Board:

- a)



9(2)(h)



9(2)(h)

b)

c)

d)

e)

f)

g)

9(2)(h)

9(2)(h)

9(2)(h)

9(2)(h)

9(2)(h)

9(2)(h)

Jeremy Ford left the meeting at 2.50pm

4.4

**Confirmation of draft Minutes of Board Meetings Held on 26 April 2017**

The Board:

- a) advised some editing changes required; and
- b) approved the draft minutes of the meeting held on 26 April 2017.

<b>Section 5</b>	<b>Correspondence of Interest</b>		
------------------	-----------------------------------	--	--

5.1

**Letter from Treasury regarding Board Members Standing for Parliament**

The Board:

- a) noted the contents of the letter.

- Management to ensure that EQC employees are informed of the SSC Guidance for the 2017 Election Period and confirm to the Board that this advice has been circulated and discussed with staff.

<b>Section 6</b>	<b>Closure of Meeting</b>		
------------------	---------------------------	--	--

**6.1 Review and Close of the Meeting**

The next Board meeting will be 26 June 2017 in Christchurch

The Meeting closed at 2.52pm.

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

Released under the Official Information Act 1982



Maarten Wevers 1/2/2018  
Sir Maarten Wevers Date



**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION  
Held in the Pukeko Room, 53 Princess Street, Christchurch  
Monday 26 June 2017 commencing at 9.45am**

**Present:**

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

**In attendance:**

Sid Miller (Chief Executive)  
Bryan Dunne (GM Strategy and Policy)  
Gillian Dudgeon (GM Internal Partners)  
Trish Keith (GM Customer & Claims)  
Hugh Cowan (GM Reinsurance, Research & Education)  
Chris Chainey (Financial Controller)

9(2)(a) [redacted] (Manager Research Strategy and Investment)

**Apologies:**

9(2)(a) [redacted] from Melville Jessup Weaver

9(2)(a) [redacted] from Ernst Young

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

9(2)(a) [redacted] (Principal Advisor, OCE)

The meeting was declared open at 10:20am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

*Commissioners only (in committee) at 9:47am*

*Sid Miller joined the meeting at 9:55am.*

*Gillian Dudgeon, Trish Keith, Bryan Dunne, 9(2)(a) and 9(2)(a) joined the meeting at 10:20am.*

- 1.1 **Present and Apologies**  
No apologies were received.
- 1.2 **Interests Register/Declaration of Conflicts of Interest**  
The Board:
  - a) noted the interests register;
  - b) confirmed there were no other conflicts of interest advised for matters on the agenda for the meeting.
- 1.3 **Matters Arising and Action Points**  
The Board:

a) noted all action points.

1.4

**Health and Safety Performance Report**  
The Board:

a) noted and discussed the information provided in the report including the details of each incident (where provided).

- Management to provide assurance that the new accommodation in Christchurch meets all appropriate health and safety standards.

Aug

<b>Section 2</b>	<b>Strategic Priorities</b>		
------------------	-----------------------------	--	--

2.1

**CE Report**  
The Board:

a) noted the contents of the CE Report; and  
 b) noted that Mary-Jane Daly has an interest in the Majestic Centre and should not be involved in future discussions regarding EQC accommodation.

- Management to report to the Board on an engagement strategy with the new National Risk Unit agency within DPMC.

Sept

Chris Chainey, Hugh Cowan, and [redacted] from MJW joined the meeting at 11:00am. [redacted] from Ernst Young joined the meeting by teleconference at 11:10am.

9(2)(a)

9(2)(a)

9(2)(h)

2.2

**Draft ILVR Update**  
The Board:

a) noted and discussed the draft Insurance Liability Valuation as at 30 June 2017, with the overall result (including the Kaikoura and BAU events) showing a Gross Ultimate claims cost, central estimate, undiscounted, including CHE of \$11,222m at 30 June 2017;  
 b) noted that a final ILVR will be discussed with the ARC prior at their meeting in July;  
 c) agreed that the Audit and Risk Committee will circulate recommendations to the full Board for agreement of accepting the final ILVR for 30 June 2017;



- Management to give early consideration to communication around the revised ILVR at the time of publication.



9(2)(h)

d) [redacted]  
 e) requested management to give early consideration to communication around the revised ILVR at the time of publication;  
 f) noted that the estimated ultimate gross claims cost for Canterbury earthquake events has decreased by \$496m from



\$11,181m as at 31 December 2016 to \$10,685m as at 30 June 2017 and the net outstanding claim liability for Canterbury (including CHE, disc – 85% PoA) is now \$731m (see page 43 of the report);

- g) noted that the decrease in the Canterbury event Gross Ultimate Incurred claims of ~\$496m from the 31 December 2016 ILVR, comprises key changes for Land (-\$583m), Buildings (+\$61m), Contents (-\$3m) and CHE (+\$28m);
- h) noted that Management has reviewed the reasonableness of assumptions and the refinements to the ILVR since the 31 December 2016 valuation, to understand the valuation movements and how these are reconciled with all available data and expert opinion; and
- i) 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.

9(2)(a)

Chris Chalney, and,

[REDACTED] from Ernst Young, left the meeting at 11.28am.

from MJW, and,

9(2)(a)

2.3

### 2017/18 EQC Reinsurance Programme – Post Renewal Update

The Board:

a)



9(2)(j)

- b) noted Management's intention to communicate, through the Broker, with the reinsurance markets following the expected announcement of changes to the EQC Act;
- c) noted the Management's intention to provide a briefing to the Minister on the outcome of the reinsurance negotiations;
- d) requested Management to give some

- Management to communicate, through the Broker, with the reinsurance markets following the expected announcement of changes to the EQC Act.
- Management to provide a briefing to the Minister on the outcome of the reinsurance negotiations.
- Management to give some thought to future timing of the reinsurance processes in relation to the Board Strategy day.

thought to future timing of the reinsurance processes in relation to the Board Strategy day.

2.4

**Reinsurance Broking Services Tender**

The Board:

- a) **considered** the two options presented:
  - i. the tender process which EQC will follow to secure the right strategic partner to deliver Reinsurance Broking services from 1 June 2018; or
  - ii. EQC securing a one year extension to the existing contract with the tender process to then commence in 2018; and
- b) **noted** that if the tender option is endorsed:
  - i. the Board should consider nominating a Commissioner to form part of the Evaluation panel; and that
  - ii. an update will be provided to the Board in August with the final recommendation on the right strategic partner to be presented to the Board for approval in November 2017; and
- c) **endorsed** management's recommendation to progress with Option I, to undertake a tender process in 2017, allowing EQC to retest the market while ensuring continuity of broking services, and ensuring the timing gains maximum focus from the industry on EQC's RFP.
- d) **agreed** that Paul Keisonowski and Roger Bell will form a Board subcommittee to lead the governance of the Reinsurance Broking Services Tender process;
- e) **noted** that Dr Cowan will be leading the management of the broking services tender with the support of Gillian Dudegeon and her and strategic sourcing team; and
- f) **requested** Management to provide a proposal on the Reinsurance Broking Services tender to the Board before the end of July.

- Management to provide a proposal on the Reinsurance Broking Services tender before the end of July.

July

9(2)(a)

*Gillian Dudgeon left the meeting at 12.16pm and Bryan Dunne and [REDACTED] joined the meeting.*

2.5

**GeoNet Work Programme and Governance**  
The Board:

- a) noted Management's proposal that the 2017/2018 work plan is year two of the current five-year GeoNet Business Plan that seeks to sustain core GeoNet capability, while also enabling future consideration of enhancements by EQC and others;
- b) noted that Management has approved the GeoNet Work Plan for 2017/2018.
- c) reiterates its earlier decision that there should be a new governance arrangement developed with GNS for GeoNet as a matter of priority and that ongoing funding decisions will be dependant on the satisfactory resolution of this matter;
- d) requested Management to discuss with GNS, as a matter of urgency, governance and funding arrangements for GeoNet.

- Management to discuss and agree governance and funding arrangements for GeoNet with the CE of GNS.

9(2)(a)

*Gillian Dudgeon, Hugh Cowan, Bryan Dunne and [REDACTED] left the meeting at 12.35pm. The Board broke for lunch at 12.35pm. The meeting resumed at 1.07pm and Bryan Dunne joined the meeting. Trish Keith joined the meeting at 1.13pm*

2.6

**Direct Cover**  
The Board:

- a) noted that ELT support approval of the attached Direct EQCover Policy; and
- b) Invited Management to provide a further paper in due course taking into account the discussion at the meeting.

- Management to provide a further paper in due course taking into account the discussion at the meeting.

Nov

2.7

**Board Dashboard**  
The Board:

- a) noted the attached Executive dashboards; and,
- b) noted the Canterbury dashboard content explanations in paragraphs 6 – 11 inclusive.

**Canterbury Event Update (verbal item)**

The Board:

- a) **noted** the verbal updated provided by Trish Keith.

**2.8**

**Kaikoura Event Update**

The Board:

- a) **noted** that IAG has now provided EQC their final file of approximately 1400 claims. This file had missing mandatory fields for a period of time which inhibited EQC from generating a claim number. Now that this has been received, claim numbers have been generated. This increase is shown in exposure by insurer graph (page 3) while the change in total claim numbers is acknowledged in paragraph 3.

**2.9**

**Temporary Accommodation**

The Board:

- a) **noted** that its meeting on 27 February 2017 the Board requested clarification on EQC's position regarding temporary accommodation.
- b) **approved** a Temporary Accommodation Policy which allows for *ex-gratia* payments for temporary accommodation to be made where:
  - i. a customer claims compensation from EQC for having to vacate their home while remedial work is carried out to remedy defective repairs completed as part of the Canterbury Home Repair Programme;
  - ii. an *ex-gratia* payment is both commercially and legally justifiable; and
  - iii. the claim does not come under exclusion criteria.
- c) **noted** that *ex-gratia* payments for temporary accommodation can be considered for cash-settled remedial repairs, managed repairs, and in situations where a claim has gone over-cap and has been transferred back to the private insurer to resolve
- d) **noted** that in accordance with the Memorandum of Understanding with

Southern Response, any ex-gratia payment for temporary accommodation will not be made on EQC's behalf without EQC's prior written approval on each occasion.

- e) noted that EQC's Finance Team are separately accounting for ex-gratia payments for temporary accommodation and ring fencing these payments so that for reinsurers have visibility.

*EQC's Delegations Framework*

- f) agreed to updates to the Remediation Programme delegation within the Delegations Framework; and
- g) noted that the General Manager, Internal Partners, in consultation with the General Manager, Customer and Claims will report bi-monthly to ELT on the exercise of delegations for ex-gratia payments for temporary accommodation.

*Sid Miller and Bryan Dunne left the meeting at 1.50pm.*

*Chris Chainey joined the meeting at 2.00pm*

<b>Section 3</b>	<b>Financials</b>		
------------------	-------------------	--	--


- 3.1 Financial Pack and Investment Reprt**  
The Board:
- a) noted the accompanying financial pack;
- b) noted that a separate paper is being finalised and will be provided to Board to request approval of the Claims Handling Expense (CHE) budget for the Auckland/Coromandel Storm, and this will also request an increase in the CHE budget for the Wellington Storms; and
- c) noted that Management will await June financial results before confirming to Board that the roll-over of \$1.0m Opex and \$4.5m Capex in relation to the Project Portfolio is appropriate.

*Chris Chainey left the meeting at 2.03pm*

<b>Section 4</b>	<b>General Business</b>		
------------------	-------------------------	--	--

- |  |  |   |            |
|--|--|---|------------|
| <b>4.1 Legal and Litigation Update</b> |  |   |            |
| The Board:                             |  | <ul style="list-style-type: none"> <li>Management to confirm to the Board what wording the</li> </ul> | <b>Aug</b> |

9(2)(h) a)  
9(2)(h) b)  
9(2)(h) c)  
9(2)(h) d)  
9(2)(h) e)  
9(2)(h) f)



Commission uses in its non-disclosure details included in confidentiality orders.

*Sid Miller joined the meeting at 2.08pm. Trish Keith left at 2.18pm*

**4.2 Confirmation of draft Minutes of Board Meeting held on Monday 29 May 2017**  
The Board:

- a) approved the draft minutes of the meeting held on 29 May 2017.

*Bryan Dunne joined the meeting at 2.27pm*

**4.3 Red Zone Settlement: Establishing a settlement policy for properties with compromised crust**  
The Board:

- a) noted that recent engineering advice received suggests that a subset of approximately 1,400 properties within the Red Zone have suffered a more severe form of cracking damage to the land (known as compromised crust) such that existing individual crack repair methodologies (as utilised in the Green Zone) are insufficient to reinstate the land to its pre-earthquake condition;
- b) noted that this form of cracking occurs exclusively in areas subject to severe lateral spread vulnerability, which is a pre-existing vulnerability, and that while the compromised crust could be repaired or

- Management to provide further advice on options for establishing a settlement policy for properties with compromised crust after discussion with LINZ.
- The Chair will discuss the Red Zone Settlement with the Minister.



- enhanced foundations could be used, these properties would not be able to obtain a building consent due to the pre-existing lateral spread vulnerability;
- c) noted that management have advised that LINZ does not consider that all of the settlement policies adopted by EQC are suitable for Red Zone settlement
  - d) agreed that consideration of the appropriate treatment of the pre-existing vulnerability the property had to lateral spreading in EQC land damage settlements should be deferred until further information from LINZ about any differences in view on the settlement policies adopted by EQC has been received and considered;
  - e) noted that EQC has a target to reach a final settlement position for the Red Zone portfolio by 30 June 2017;
  - f) agreed that the Chair should discuss the Board's decision with the Minister Responsible for the Earthquake Commission at the earliest opportunity, given the Minister's interest in this matter.

<b>Section 5</b>	<b>Correspondence of Interest</b>		
------------------	-----------------------------------	--	--

- 5.1 Letter from Treasury regarding Crown Financial Institutions Information Strategy Update**  
The Board:
- a) noted the contents of the letter.

<b>Section 6</b>	<b>Closure of Meeting</b>		
------------------	---------------------------	--	--

- 6.1 Review and Close of the Meeting**  
Consideration will be given to holding a Board meeting on 2<sup>nd</sup> August and decision on the venue, which may be Auckland.
- The Meeting closed at 3.02pm
- These minutes were approved by the Board as a true and correct record.

  
Sir Maarten Wevers      Date 28/8/17



**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION  
Held in the Te Karo Room, 1 Barry Hogan Place, Christchurch  
Monday 28 August 2017 commencing at 9.30 am**

**Present:**

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

**In attendance:**

Sid Miller (Chief Executive)  
Bryan Dunne (GM Strategy and Policy)  
Gillian Dudgeon (GM Internal Partners)  
Trish Keith (GM Customer & Claims)  
Hugh Cowan (GM Reinsurance, Research & Education)  
9(2)(a) [redacted] Programme Manager, Canterbury Claims)  
Jeremy Ford (Chief Legal Advisor)

**Apologies:**

9(2)(a) [redacted] Principal Advisor, OCE) - Minutes

The meeting was declared open at 10:23 am

AGENDA ITEMS & KEY DISCUSSION POINTS		ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

*Commissioners only (in committee) at 9:28am*

*Sid Miller joined the meeting at 9:47am.*

*Gillian Dudgeon, Trish Keith, [redacted] joined the meeting at 10:23am.*

**Present and Apologies** 9(2)(a)

No apologies were received.

1.1

**Interests Register/Declaration of Conflicts of Interest**

The Board:

- a) noted updates to the interests register;
- b) confirmed there were no other conflicts of interest advised for matters on the agenda for the meeting.
- c) noted a number of Commissioners have served on the Insurance Council.
- d) noted that the Performance and Remuneration Committee have been consulted on the proposed remuneration amendments package for ELT members as required in the PBRC TOR and have noted the proposed changes.

**1.2 Matters Arising and Action Points**  
 The Board:

- a) noted all action points.
- b) noted Action Point B456 that this meeting is scheduled with the CE and Board Chair to attend on 29 August 2017

**Section 2 Strategic Priorities**

**2.1 CE Report**  
 The Board:

- a) noted the contents of the CE Report

**2.2 Health and Safety Performance Report**  
 The Board:

- a) noted that an investigation has commenced following a reported high risk incident in July, related to a subcontractor water-blasting an asbestos roof, the findings of the investigation will be reported once completed;
- b) noted that one of the contractors has been removed from the list of contractors deployed to remove silt in Edgecumbe, due to having inadequate Health & Safety policies and practices
- c) noted that a TRIFR for the IHRP is being developed and should be available for August reporting;
- d) noted that [REDACTED] is the new Manager Health & Safety; and 9(2)(a)
- e) provided feedback on aspects of the report where clarification or additional information was required.

**2.3 Board Dashboard**

The Board:

- a) noted the contents of the dashboards.

- Management to check the dashboard figures for OIA numbers (2.6) and report back to Board in CE Report on accuracy and alignment to what was presented to SSC **Sept 17**
- Management to provide a more granular breakdown of the litigation numbers in claims **Sept 17**

9(2)(a)

outstanding

 ned the meeting at 10.44 am and was introduced to the Board by Trish Keith

**2.4 Canterbury Event Update**

The Board:

- a) noted the progress made over the last month.

**2.5 Kalkoura Event Update**

The Board:

- a) noted the progress made over the last month

- Management to advise Board of the communication plan for the Anniversary of the Kaikoura Event and 4 Sept Anniversary for Christchurch

Sept 17

- Management to provide a broader customer perspective in reporting

Sept 17

9(2)(a)

 left the meeting at 11.29 am and Jeremy Ford joined at the same time

2.6



9(2)(h)

The Board:

a)

9(2)(h)

b)

9(2)(h)

c)

9(2)(h)

d)

9(2)(h)

e)

9(2)(h)

f)

9(2)(h)



Board Books.

**Section 3 Strategic Priorities**

**3.1 Business Plan (Interim)**

The Board:

- a) noted the 2017-18 Interim Business Plan;
- b) noted the Interim Business Plan covers the first six months of 2017-18 to December 2017.

*Trish Keith left and Bryan Dunne joined the meeting at 11.48 am*

9(2)(j)

**3.2**

**Levy Discount**

The Board:

9(2)(j)



Sept 17

**3.3**

**Direct EQ Cover**

The Board:

9(2)(j)

- a)
- b)
- c)
- d)



9(2)(j)

Sept 17

e) 

9(2)(j)

*The Board broke for lunch at 12.19pm.*

*The meeting resumed at 1.07pm and Bryan Dunne joined the meeting.*

*Trish Keith joined the meeting at 1.13p.m*

3.4

**Crown Guarantee**

The Board:

- a) **noted** the paper and in light of the discussion:
- b) **declined** to accept the recommendations;
- c) **invited** management to resubmit a new paper to take into account of any Crown injection and its treatment and the parameters for setting an appropriate request.

- **Management to redraft the Crown Guarantee paper and resubmit at the September Board meeting.**

**Sept 17**

3.5

**Briefing to Incoming Minister**

The Board:

- a) **Noted** the first draft of the Briefing to the Incoming Minister;
- b) **Provided** feedback on the content of the first draft;
- c) **Noted** that the final version of the Briefing to the Incoming Minister will be provided to the Board meeting on 25 September for approval, subject to any amendments that may be required once the Minister is announced.

- **Management to change the wording of the BIM Key Messages to speak about the Customer and ensure it is expanded to fit when the new Minister is announced, including updates as requested by the Board**

**Sept 17**

3.6

**LINZ RRZ Settlement**

The Board:

- a) **Noted** the verbal update received from Management on the settlement of outstanding Residential Red Zone claims with LINZ
- b) **Invited** Management to report back to the Board in September 2017

- **Management to report back to Board in Sept with update on progress**

**Sept 17**

3.7

**Residual Canterbury Claims Management**

The Board:

- a) **Noted** the verbal update received from Management on the settlement of outstanding Residential Red Zone claims

- **Management to report back to Board in September 2017 with an update on progress**

**Sept 17**



- with LINZ
- b) invited Management to report back to the Board in September 2017

*Hugh Cowan joined the meeting at 1.35 pm*

- 3.8 **Reinsurance Broker Tendering**      • Management to resubmit the Reinsurance Broker Tendering paper to the September Board meeting.      **Sept 17**
- The Board:
- a) noted that the paper was withdrawn on request of the CE and will be redrafted and resubmitted to the Committee

*Hugh Cowan and Bryan Dunne left at 1.49pm*

<b>Section 4</b>	<b>Financials</b>		
------------------	-------------------	--	--

- 4.1 **Financial Pack and Investment Report**
- The Board:
- a) noted the accompanying July 2017 Financial Pack & Investment Report.
- 4.2 **Annual Review of Risk Framework and Policy**      • Management to add the Policy document to the Board Books Resource Centre.      **Sept 17**
- The Board:
- a) noted the Audit & Risk Committee endorsed the proposed changes at their meeting on 7 August 2017;
- b) noted that only minor administrative changes have been made to the documents subject to this review;
- c) noted that further to feedback from the Audit & Risk Committee, explicit reference to the Protected Disclosures Policy has been incorporated to the Risk Management Framework section 3.2.10 *Building a Risk Aware Culture*;
- d) approved the changes to the Risk Management Policy and Risk Management framework as agreed by the Audit and Risk committee; and
- e) approved no change to the Risk Evaluation and Management Matrix for the evaluation of EQC's risks.
- 4.3 **Quarterly Risk Update**
- The Board:
- a) noted this paper provides a high level summary of the paper presented to the Audit and Risk Committee meeting on 7 August 2017, and reflects the nature of

- the discussions held;
- b) noted the risk assessments undertaken and the associated commentary were presented to ARC and are available upon request;
- c) noted that the risk heat-map reflects an amendment to the risk rating for Risk 1 following discussion with ARC; and
- d) noted the update on key initiatives implemented this quarter.

4.4

#### **ARC Terms of Reference**

The Board:

- a) approved the changes as amended (marked in red) to the ARC Terms of Reference document in regard to:
  - i. participation as required by the Office of the Auditor General in the procurement of the Appointed Auditor for EQC
  - ii. selection of a co-sourced or outsourced Internal Audit provider
  - iii. removal of the requirement for a performance report of the ARC every two years given that the reporting requirements include an Annual report to the Board
  - iv. some administrative updates;
- b) noted that the ARC reviewed and endorsed the changes and the 2017/18 work plan at their meeting on 7 August 2017
- c) noted that at their meeting in July, the HSBC agreed to a review of the ongoing role of this board sub-committee. The ARC terms of reference may require further changes depending on the outcome of this review;
- d) noted that an annual performance report from the ARC to the Board is due and Management will be providing a draft to the ARC Chair by the end of August; and
- e) approved the proposed ARC work plan for 2017/18.

4.5

#### **CMS Programme Update**

The Board:

- a) noted the current status of the CMS

- Management to Report to the Board on the decommissioning of CMS V4

Nov 17

- programme;
- b) **noted** the recommendation of the CMS Steering Committee to seek an extension to the IBM support agreement through to March 2018;
- c) **noted** that this decision will have a budget impact as all budgets currently assume these support costs cease in November 2017. A significant part of this increased cost will be allocated to the Canterbury and Kaikoura Event budgets as the key risk being mitigated is disruption to current business closure of claims; and
- d) **noted** that business units are determining now what information currently held in v4 they may wish to have access to in the future. This will ensure that it can be retained in an appropriate form.

**Section 5 General Business**

**5.1 General Business - Meeting dates for 2018**

The Board:

- a) **agreed** to accept the quarterly option for 2018

**5.2 Previous Minutes**

The Board:

- a) **noted** some minor amendments to the draft minutes, and
- b) **confirmed** the draft minutes of the Board meeting held on 26 June 2017 as a true and accurate record.

**Section 6 Correspondence of Interest**

**6.1 Letter from SSC – CE Remuneration**

The Board:

- a) **noted** the contents of the letter.

**Closure of Meeting**

**Review and Close of the Meeting**

The next meeting is to be held on Monday 25 September 2017 in Wellington.

The Meeting closed at 2.30pm

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

Maarten Wevers 30/1/2018  
Sir Maarten Wevers      Date



**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION**  
Held at Level 11, Majestic Centre, 100 Willis Street, Wellington  
Monday 25 September 2017 commencing at 11.10 am

**Present:**

Mary-Jane Daly (acting Chair)  
Sir Maarten Wevers – *via phone for part of the meeting*  
Alison O’Connell  
Gordon Smith  
Paul Kiesanowski  
Roger Bell

**Apologies:**

Tim Hurdle

**In attendance:**

Sid Miller (Chief Executive)  
Bryan Dunne (GM Strategy and Policy)  
Gillian Dudgeon (GM Internal Partners)  
Trish Keith (GM Customer & Claims)  
Hugh Cowan (GM Reinsurance, Research & Education)  
9(2)(a) [redacted] (Senior Advisor)  
9(2)(a) [redacted] (Manager Research Strategy and Investment)  
Jeremy Ford (Chief Legal Advisor)  
9(2)(a) [redacted] (Gravel Road)  
9(2)(a) [redacted] (Treasury)  
9(2)(a) [redacted] (Principal Advisor, OCE) – Minutes  
9(2)(a) [redacted] (EA to CE) - Minutes

The meeting was declared open at 11.30 am

AGENDA ITEMS & KEY DISCUSSION POINTS		ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

*Commissioners only (in committee) at 11.10am. Sir Maarten Wevers joined via phone conference.*

9(2)(a)

*Sid Miller, Bryan Dunne, [redacted] joined the meeting at 11.30am.*

**Present and Apologies**

The Board:

- a) noted apologies received from Tim Hurdle; and
- b) noted that Sir Maarten Wevers would attend the meeting via phone conference.

**1.1 Interests Register/Declaration of Conflicts of Interest**

The Board:

- a) noted updates to the interests register;

- i. Sir Maarten Wevers has completed the Auditor-General Review and this can now be removed from the Interests Register;
- ii. Gordon Smith is the Chair of RLF Limited
- b) noted a conflict of interest advised by Mary-Jane Daly with regards to an item in the CE Report on WAP2 as she a Director of Kiwi Property and agreed that Mary-Jane Daly will withdraw from the conversation when this item is discussed.

1.2

**Matters Arising and Action Points**

The Board:

- a) noted all action points.

- Management to ensure that the **Sept 17** Terms of Reference were circulated as per Action B462

9(2)(a)

[REDACTED] joined the meeting at 11.45 am

**Treasury Guests**

The Board:

a)

[REDACTED]

9(2)(g)(i)

- b) acknowledged the good dialogue between EQC Management and Treasury;

c)

[REDACTED]

9(2)(g)(i)

- d) noted their thanks to [REDACTED] and

9(2)(a) [REDACTED] for attending the board meeting; and

- e) noted the open invitation to attend the Board Director breakfasts run by Treasury.

9(2)(a)

[REDACTED] left the meeting at 12.24 pm

The Board broke for lunch at 12.26pm.

Sir Maarten Wevers left the meeting at 12.26pm.

The Board went into a private session with Sid Miller at 12.45pm.

The meeting resumed at 1.14pm and Jeremy Ford, Bryan Dunne, Gillian Dudgeon, Trish Keith,

[REDACTED] and [REDACTED] joined the meeting.

9(2)(a)

9(2)(a)

Section 2	Performance		
2.1	<p><b>Health and Safety Performance Report</b></p> <p>The Board:</p> <p>a) noted that the asbestos investigation that was referred to in last month's Health and Safety Report has been completed and actions identified are underway and being tracked. It has been shared with ELT and a copy will be provided to the next Health and Safety Sub Committee meeting;</p> <p>b) noted that it has taken longer than anticipated to calculate the TRIFR which incorporates the IHRP, and it will be presented at the November Board meeting not at this meeting as expected; and</p> <p>c) noted the verbal update provided by the Chief Executive and the Chair of the Health and Safety Sub-Committee on progress to date on the Health and Safety Strategy paper which will be provided at the next Board meeting.</p>	<ul style="list-style-type: none"> <li>Management to provide a paper to the next Board meeting on the Health and Safety Sub-committee Strategy</li> </ul>	Nov 17
2.2	<p><b>CE Report</b></p> <p>The Board:</p> <p>a) noted the contents of the CE Report</p> <p>b) noted the verbal update provided by the Chief Executive on further progress on the GeoNet governance discussions with GNS;</p> <p>c) noted Management's update on progressing settlement with LINZ RRZ and encouraged them towards an early resolution; and</p> <p>d) acknowledged the excellent standing of EQC in the SSC published OIA results.</p>	<ul style="list-style-type: none"> <li>Management to provide information to the Board on proactive education on the issue of OverCap - OnSold properties.</li> </ul>	Nov 17
2.3	<p><b>Board Dashboard</b></p> <p>The Board:</p> <p>a) noted the contents of the dashboards.</p>		
2.4	<p><b>Canterbury Event Update</b></p> <p>The Board:</p> <p>a) noted the contents of the dashboard</p>	<ul style="list-style-type: none"> <li>Management to review the reporting on the number of the over cap property claims.</li> </ul>	Oct 17



2.5 Kaikoura Event Update

The Board:

- a) noted the update on the Kaikoura Event

- Management to review the reporting on the event to provide clearer detail on progress.

Oct 17

2.6

[Redacted]

9(2)(h)

The Board:

- a) noted the High Court has issued a judgment in favour of EQC in respect of the He case;

9(2)(h)

- b) [Redacted]

9(2)(h)

- c) [Redacted]

9(2)(h)

- d) noted the 'Quake Outcasts' have accepted a Crown offer to receive 80% of the rate able value of their uninsured property improvements;

9(2)(h)

- e) [Redacted]

9(2)(h)

- f) noted allegations of Human Rights breaches brought against Fletchers EQR were not substantiated.

9(2)(h)

Jeremy Ford, Gillian Dudgeon and Trish Keith left the meeting at 2.10 pm

Section 3	Strategic Priorities		
-----------	----------------------	--	--

3.1 Residual Canterbury Claims Management

The Board:

- a) noted that EQC and Southern Response jointly commissioned external advice to advise on potential options to manage residual Canterbury claims so advice can be provided to our respective Boards;
- b) noted that the Southern Response Board is considering a paper at its September Board meeting which contains substantively the same information as this paper;
- c) noted the options presented for consideration;

d)



9(2)(j);

9(2)(a) [redacted] joined the meeting at 2.33 pm

3.2

**CCOM**

The Board:

- a) noted the proposed customer centred operating model and how it addresses the identified organisational issues and design principles; and
- b) noted a full presentation would be provided at the Board Strategy day.

9(2)(a) [redacted] left the meeting at 2.51 pm

3.3

**Crown Guarantee**

The Board:

- a) noted that this paper responds to three questions raised at the August Board meeting in discussions on the Crown's section 16 guarantee with respect to;
  - i. Managements advice on the impact of the Crown's guarantee on the fiduciary responsibilities of the Board;

9(2)(g)(i)

ii. [redacted]

- Management to revert with further information around the determination and ongoing monitoring of the buffer, further detail around how the repayment mechanism, if any, is to be determined, feedback from the External Auditors and

Oct 17

9(2)(h);

[REDACTED]

9(2)(g)(i)

iii. further information on the accounting treatment of any funds received from the Crown with regard to the section 16 guarantee

b) requested that management revert with further information around the determination and ongoing monitoring of the buffer, further detail around how the repayment mechanism, if any, is to be determined, feedback from the External Auditors

[REDACTED]

9(2)(h)

### 3.4

#### Briefing to Incoming Minister

The Board:

- a) noted the latest draft of the Briefing to the Incoming Minister which incorporates comments provided at the Board meeting on 28 August 2017;
- b) noted the litigation area would require further detail;
- c) noted the list of additional briefings that are proposed to be provided in the event that the incoming Minister is new to the portfolio to give more detailed information on specific issues; and
- d) agreed that approval of the BIM would be delegated to the Chair and Deputy Chair to be completed once the Government has been announced.

*Bryan Dunne left the meeting at 2.30 pm*

9(2)(a)

9(2)(a)

[REDACTED] Hugh Cowan [REDACTED] joined the meeting at 3.45pm.

### 3.5

#### Loss Modelling

The Board:

- a) noted the update for the EQC loss modelling project, including the form of the governance arrangements for the project.
- b) noted the 'current state' view of how loss modelling capability fits within the New

Zealand natural hazards risk and resilience landscape.

- c) noted that the 'current state' view is being further developed to include a 'future state' view that addresses identified vulnerabilities. This along with further work on gaps and options will be delivered to the Board as an initial business case in November 2017; and
- d) provided feedback that the scope of the loss modeling project should continue to be carefully monitored to ensure it can be delivered in a reasonable timeframe.

9(2)(a)

[Redacted]  
3.59pm

Hugh Cowan,

[Redacted]

left the meeting at

9(2)(a)

Gillian Dudgeon joined the meeting at 2.51pm.  
Chris Chainey joined the meeting at 2.59pm.

3.6

### Annual Report

The Board:

- a) noted the Audit & Risk Committee have previously been provided earlier drafts of the financial statements for review;
- b) noted that the ARC has received a copy of the EY Audit Report and Management letter today;
- c) noted the ESCO grades awarded by EY as part of their 2016-17 audit;
- d) provided feedback on the content of the Annual report and asked management to review the first section; and
- e) asked management to revert with an updated timetable for Board members to provide feedback on the report and provide final approval.

- Management to incorporate feedback received on the Annual Report:

Oct 17

- Board of the Commissioners page
- Statement of Performance page
- 2016/17 Performance Measures
- Financial statements

- Management to provide schedule a feedback and final sign off of the Annual Report

Sep 17

Gordon Smith left the meeting at 3.22pm  
Chris Chainey left the meeting at 3.41pm

## Section 4

### Financials

4.1

### Financial Pack and Investment Report

The Board:

- a) noted the accompanying August 2017 Financial Pack & Investment Report; and

- b) **noted** that Management will work with the Chair to provide the Board a HEFU paper which may be circulated by Evote .

#### 4.2 Delegations Framework Changes

The Board:

- a) **approved** an extension to the automatic temporary assignment of the Financial Controller's delegations to the Deputy Financial Controller when the Financial Controller is absent;
- b) **approved** the amendments to the Legal delegation "*Authority to register and discharge certificates under section 28 of the EQC Act*" so that it applies to all registrable instruments;
- c) **authorised** the signing of an updated power of attorney to the Chief Executive and General Manager Internal Partners, to allow for the signing of registerable instruments that are deeds;
- d) **noted** that Senior Legal Advisor will be reintroduced to the Legal delegation "*Authority to approve payment associated with expert fees and expenses incurred while conducting, defending, avoiding or discharging litigation proceedings*"; and
- e) **noted** the addition of licenses to the Legal delegation "*Authority to approve and enter into lease documentation for land and buildings*".

*Chris Chainey left the meeting at 3.41pm*

### Section 5 General Business

#### 5.1 General Business

#### 5.2 Previous Minutes

The Board:

- a) **noted** some minor amendments to the draft minutes,
- b) **noted** that several Commissioners have served on the Board of the Insurance Council in the past; and
- c) **confirmed** the draft minutes of the Board meeting held on 28 August 2017 as a true

an accurate record.

*Gillian Dudgeon left the meeting at 3.44pm*

Section 6	Correspondence of Interest		
-----------	----------------------------	--	--

**6.1 Letter - OIA**

The Board:

- a) **noted** the contents of the letter.

	Closure of Meeting		
--	--------------------	--	--

**Review and Close of the Meeting**

The next meeting is to be held on Monday 27 and Tuesday 28 November 2017 in Wellington.

The Meeting closed at 4.00 pm

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

Maarten Wevers      28/11/17  
 Sir Maarten Wevers      Date



**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION  
Held by teleconference  
Friday 27 October 2017 commencing at 9:00 am**

**Present:** *(all by teleconference)*  
Mary-Jane Daly (acting Chair)  
Alison O'Connell  
Gordon Smith  
Tim Hurdle

**Apologies:**  
Sir Maarten Wevers  
Paul Keisanowski  
Roger Bell

**In attendance:**  
Sid Miller (Chief Executive)  
Bryan Dunne (GM Strategy and Policy)  
Gillian Dudgeon (GM Internal Partners)  
Trish Keith (GM Customer & Claims)  
Suzanne Carter (GM Communications and Public Education)  
Chris Chainey (Financial Controller)  
[Redacted] (Manager, Corporate Communications)  
[Redacted] (A to CE) - Minutes

9(2)(a)

9(2)(b)

The meeting was declared open at 9:00am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		

**Present and Apologies**

The Board:

- a) noted apologies received from Sir Maarten Wevers, Paul Keisanowski and Roger Bell.

1

**2016-17 Earthquake Commission Annual Report**

The Board:

- a) noted the development of the Annual Report since the Board last considered the draft on 25 September;
- b) noted on 20 October 2017 the Audit and Risk Committee agreed to endorse the draft Annual Report to the Board for their consideration subject to management incorporating feedback from the ARC and any final reviewer comments;
- c) noted the discussion of the Annual Report by the Board and the suggested minor drafting changes that will be incorporated in the final Annual Report



- d) requested that the updated version of the Annual Report along with the appropriate resolutions approving the Annual Report, the execution of the representation letters and any other matters be circulated to the Board for e-vote approval.

**Closure of Meeting**

**Review and Close of the Meeting**

The next meeting is to be held on Monday 27 and Tuesday 28 November 2017 in Wellington.

The Meeting closed at 9:30am

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

  
Mary-Jane Daly \_\_\_\_\_  
Date



**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION  
Held at Level 11, Majestic Centre, 100 Willis Street, Wellington  
Tuesday 28 November 2017 commencing at 8.30am**

**Present:**

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

**Apologies:**

**In attendance:**

Sid Miller (Chief Executive)  
Gillian Dudgeon (GM Internal Partners)  
Trish Keith (GM Customer & Claims)  
Hugh Cowan (GM Reinsurance, Research & Education)  
Minister Hon Dr Megan Woods (Minister Responsible for the Earthquake Commission)  
[REDACTED] EQC Private Secretary  
[REDACTED] Minister's Office  
Chris White (Director, Commercial, Infrastructure and Housing - Treasury)  
[REDACTED] Senior Advisor  
[REDACTED] from Gravel Road.  
[REDACTED] EA to CE) - Minutes

9(2)(a)

9(2)(a)

9(2)(a)

9(2)(a)

9(2)(a)

The meeting was declared open at 9:00am

AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	OUI DATE
<b>Section 1 Board Governance</b>		

*Commissioners only (in committee) at 8:00am*

**Performance and Remuneration Committee Report**

**The Board:**

- a) received the report of the performance and remuneration committee of the Board on the performance of the Chief Executive for the period from February to November 2017;
- b) advised the Board that the results of the interim assessment would be included in full in the review to be held for the period ending 30 June 2018; and
- c) advised that the Chief Executive would review his current performance objectives in light of this assessment and his progress to date and consult the committee so that they could be

finalised for the next six month period.

*Commissioners and CE only at 8:15am*

9(2)(a) [redacted] and Tom Dibley joined the meeting at 9:00am

**1.1 Present and Apologies**

The Board:

d) noted that no apologies were received.

**1.2 Interests Register/Declaration of Conflicts of Interest**

The Board:

- a) noted updates to the interests register;
- i. Sir Maarten Wevers is no longer Chair of the Lincoln University Transformation Board and this can now be removed from the Interests Register;
  - ii. Mary-Jane Daly is no longer Chair of the New Zealand Green Building Council and this can now be removed from the Interests Register;
  - iii. Paul Kiesanowski is no longer a Director of NZ Red Cross or a Trustee of Red Cross Foundation and these can be removed from the Interests Register. [redacted]
  - iv. [redacted] 9(2)(a)
  - v. Gordon Smith advised that he is Chair of RFE rather than RFL. He advised that he is Chair of Malo Ltd; and
- b) confirmed there were no other conflicts of interest advised for matters on the agenda for the meeting.

**1.3 Matters Arising and Action Points**

The Board:

a) noted all action points.

**1.4 Confirmation of Draft Minutes for Board meetings held on Monday 25 September 2017 and Friday 27 October 2017**

The Board:

a) confirmed the draft minutes of Monday 25 September 2017 and Friday 27 October 2017

as a true and accurate record.

9(2)(a)

Hon Dr Megan Woods, [REDACTED], Chris White and [REDACTED] joined the meeting at 9:15am

#### Attendance by Hon Dr Megan Woods

The Board:

- a) welcomed Hon Dr Megan Woods and introduced her to Board Commissioners; and
- b) noted the briefing which was provided to Hon Dr Megan Woods.

Hon Dr Megan Woods, [REDACTED], Chris White and [REDACTED] left the meeting at 9:45am

9(2)(a)

Gillian Dudgeon, Trish Keith and Hugh Cowan joined at 10.01am

1.5

#### Health and Safety Report

The Board:

- a) noted that the asbestos investigation that was referred to in last month's H&S Report has been completed and recommendations are being tracked with the full review being provided to the Health and Safety Board Committee; and
- b) noted an overall summary of incident reporting has been included in this month's report and Appendix One now contains the more detailed reporting for EQC and Appendix Two reporting for EQR, T&S, Kaikoura and Edgumbe events.

1.6

#### Annual Review of HSBC

The Board:

- a) noted that the HSBC have approved submission of this Annual Review to the Board and have endorsed the recommendations;
- b) noted that Management have identified two actions which are outstanding from the 2016/17 HSBC meetings and the timeframes in which these will be progressed;
- c) noted that EQC management will undertake a review of H&S policies and practices in the next 6 months to ensure they reflect the changing focus of the organisation as we reach the close out of Canterbury and move towards a more office based workforce; and
- d) agreed that the HSBC remains in its current form with the frequency of meetings to be

- Management to ensure that Commissioners have the opportunity to fulfil their requirement to participate in health and safety site visits.

agreed by the HSBC at the November meeting.

9(2)(a)



joined the meeting at 10.13am

**Section 2 Strategic Priorities**

**2.1 Indicative Business Case for EQC Loss Modelling Capability Project**

The Board:

**Pathway decision**

- a) **approved** the development of EQC's loss modelling capability for insurance and risk reduction purposes (Option 2 of the initial business case) with a phased approach for implementation;
- b) **noted** that Option 2 provides the largest estimated return on investment for EQC of \$9.5m per year with an estimated return for the Crown of \$100m per year and Indicative total implementation costs over 4 years of \$9m;
- c) **noted** that a phased approach will enable later decisions to be made about whether full loss modelling services (Option 3 of the initial business case) are developed with an estimated return for the Crown of \$228m per year; and
- d) **noted** the project implementation roadmap for Option 2 that is included in Appendix 1.

**Process decision**

- e) **agreed** that the implementation of Option 2 begin as soon as possible using a project approach consistent with the successful development of the liquefaction model and the recent development of this indicative business case;
- f) **approved** the indicative capital expenditure and operational expenditure as shown in the table below for the implementation of Option 2;

- Management to report back to the Board on the establishment, governance and management of the project team and its proposed terms of reference.
- Management to develop a communication and stakeholder engagement approach alongside the project plan.
- Management to convey the Board's thanks to the technical advisory group.

\$ million p.a.	2017/18	2018/19	2019/20	2020/21	Total
Capital expenditure	0.5	1.1	1.2	0.4	3.2
Operational expenditure	0.3	0.6	2.2	2.6	5.7

Total	0.8	1.7	3.4	3.0	8.9
-------	-----	-----	-----	-----	-----

- g) noted that these costs are indicative only and will be subject to approval for drawdown consistent with EQC's project governance process. Accordingly, appropriate due diligence will be carried out prior to investment in each module;
- h) noted that the indicative annualised running cost after 2020/21 is \$3m per year;
- i) noted that capital expenditure of \$0.6m and operational expenditure of \$0.3m is in the budget in 2017/18 for this project. The drawdown of these funds is subject to EQC's project governance process;
- j) Invited Management to report back to the Board on the establishment, governance and management of the project team and its proposed terms of reference;
- k) invited Management to develop a communication and stakeholder engagement approach alongside the project plan.

9(2)(a)

[Redacted]

left the meeting at 10.36am

2.2

### Reinsurance Broking Services Tender

The Board:

- a) noted the attached Reinsurance Tender Evaluation Report;
- b) noted that no issues of any significance were identified in relation to the RFP process;
- c) [Redacted]
- d) authorised management to notify [Redacted] it is EQC's preferred respondent;
- e) [Redacted]
- f) noted that should these negotiations be unsuccessful, the evaluation panel will reconsider its recommendations;
- g) noted the timeline for next steps, including notification of unsuccessful respondents; and
- h) noted that Management anticipate contract negotiations to be concluded for Board

9(2)(h)

9(2)(i)

9(2)(j)

9(2)(i)

approval by the end of January 2018

9(2)(a) [REDACTED] joined the meeting at 10.50am.

**2.3 Update on the Residential Red Zone settlement with LINZ**

The Board:

- a) noted that four strands of work have been undertaken to work through the land settlement for the Residential Red Zone portfolio owned by the Crown;
- b) noted that LINZ's geotechnical advisors have reviewed the underlying geotechnical information on compromised crust properties and concur with Tonkin+ Taylor that those properties had a pre-existing vulnerability to severe lateral spreading;
- c) noted that LINZ has advised that an assumption cannot be made that perimeter treatment will be undertaken in future to address the identified lateral spreading vulnerability;
- d) agreed that the compromised crust properties be settled using a valuation methodology which reflects a pre-existing vulnerability to severe lateral spreading;
- e) noted that our current estimate for the total Residential Red Zone settlement arising from this alternative approach is \$129.5 million;
- f) noted that, based on the interim payment of \$114.5 million made to LINZ in May 2017, Management expects to pay a further \$15 million to LINZ to settle the Earthquake Commission's Residential Red Zone liability; and
- g) noted that settlement for the Residential Red Zone is likely to be finalised by the end of 2017.

- Management to notify the Board when the final RRZ settlement is paid and we have received acknowledgement from LINZ.

**2.4 Update on EQC Funding to GeoNet**

The Board:

- a) noted that the Board agreed to provide \$2 million of one-off funding to GeoNet in 2015/16, in addition to baseline funding in that year of \$10M;
- b) noted the purpose of this additional allocation was to provide funding for two

- Management report back on progress made on the setting up of the advisory group.



- initiatives to deal with a backlog of delayed capital investments, particularly to upgrade key equipment and the communications platform;
- c) noted that the funding has been spent on the initiatives as outlined above, and was reported to EQC in June 2016 quarterly reporting by GeoNet Management (report attached), but had not been reported by management to the Board; and
- d) noted that the annual EQC funding to GeoNet in 2016/17 was \$11.7M and \$12.3M in 2017/18, based on a five year GeoNet Business Plan approved by the Board in November 2015.

*Jeremy Ford joined the meeting at 11.12am*

**Section 3 Performance**

**3.1 CE Report**

The Board:

- a) noted CE Report; and
- b) invited Management to report back to the Board in relation to discussions and our approach with Insurers around the levy discount and collection.
- c) noted that the CE will meet with Insurers and report back to the Board

- Management to report back on progress made with Insurers in relation to discussions around the levy discount and collection. Jan 2018
- Management to arrange a meeting between the Chair and CE of EQC with the Chair of ICNZ.
- Management to meet with Insurers and report back to the Board
- Management to email to Commissioners the outcome of the Biennial Grants Allocation.

9(2)(a)



*left the meeting at 11.52am*

**3.2 Board Dashboard**

The Board:

- a) noted the Board Dashboard.

**3.3 Canterbury Dashboard**

The Board:

- a) noted the Canterbury Dashboard.

**3.4 9(2)(h)**

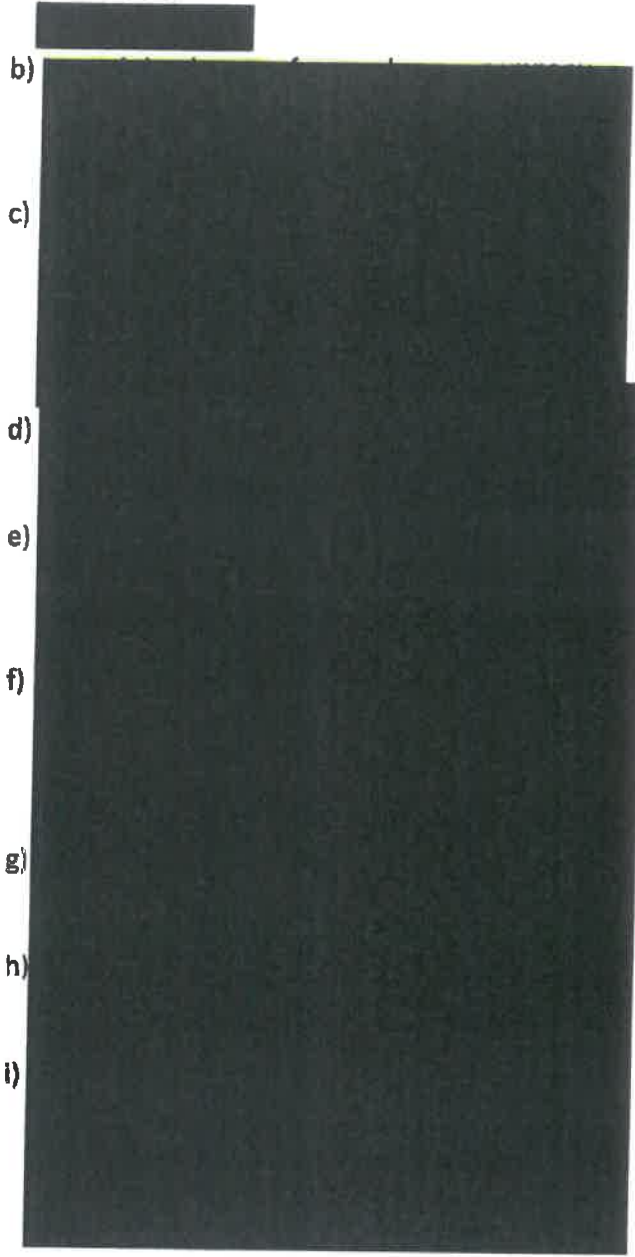


The Board:

- a)

9(2)(h)

9(2)(h)



b)

9(2)(h)

c)

9(2)(h)

d)

9(2)(h)

e)

9(2)(h)

f)

9(2)(h)

g)

9(2)(h)

h)

9(2)(h)

i)

9(2)(h)

*Jeremy Ford left the meeting at 12.11pm.*

*Chris Chainey joined the meeting at 12.12pm*

**Section 4 Financials**

**4.1 Financial Pack and Investment Report**

The Board:

- a) noted the accompanying October 2017 financial pack;
- b) noted that new pages have been added to the pack to provide enhanced performance reporting and analytics; and

- c) noted that the existing pages of the pack have been re-ordered and the individual event financial summaries and the FTE summary are now located in the Appendix at the back of the pack.

*Chris Chainey left the meeting at 12.25pm.*

## **Section 5 General Business**

### **5.1 General Business**

The Board:

- a) noted the Board's warm thanks to Gillian Dudgeon for her service to the Earthquake Commission, on her departure.

## **Section 6 Correspondence of Interest**

### **6.1 Letter from South Brighton Residents' Association**

The Board:

- a) noted the contents of the letter and the attached briefing.


#### **Closure of Meeting**

#### **Review and Close of the Meeting**

The next meeting is to be held on January 2018

The Meeting closed at 12.28pm

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

  
Sir Maarten Wevers      Date      1/2/2018