

MINUTES OF THE MEETING OF THE BOARD OF THE EARTHQUAKE COMMISSION

Held via MS Teams
9.00am to 4.00pm, Wednesday 1 September 2021

Present:

Mary Jane Daly (Chair)
Erica Seville
Alastair Hercus
Emma Dobson
Fiona Wilson
Scott Lewis
Ruth Dyson
Alister James

In attendance:

Sid Miller, Chief Executive Officer
Tina Mitchell, Chief Strategy Officer
Kate Antonievich, Chief People Officer
Fraser Gardiner, Chief Financial Officer
Jaron Shaw, Chief Data Officer
Josh Lindsay, Chief Readiness Officer
Jo Horrocks, Chief Resilience Officer
Kate Tod, Head of Canterbury Claims
Hamish Wall, Head of Performance & Reporting
Privacy ██████████, Head of Risk Modelling
Privacy ██████████, Head of Policy and Govt Relations
Pip Andrews, Head of On-solds
Privacy ██████████
Privacy ██████████ (KPMG)
Privacy ██████████ Manager Office of the CE (Secretariat)

Apologies:

Nil

The meeting was declared open at 9.00am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
<i>Commissioners joined the meeting at 9.00am</i>			
	Board Only		
<i>Sid Miller joined the meeting at 9.37am</i>			
	<p>Board and CE Only</p> <p>The Board</p> <p>a) received the resignation of the CE and noted his intention to ensure a smooth transition by providing a notice period to 31 March 2022. The Board acknowledged his significant achievements in the role; and</p> <p>b) agreed the Chair would approach the recommended recruitment firms to begin the search process.</p>		
<i>Tina Mitchell and Privacy ██████████ joined the meeting at 9.46am</i>			
1.1	Present and Apologies		

	<p>The Board:</p> <p>a) noted there were no apologies received.</p>		
1.2	<p>Interests Register / Declaration of Conflicts of Interest</p> <p>The Board:</p> <p>a) noted there was one amendment for Erica Seville.</p>		
1.3	<p>Confirmation of Board Minutes –28 July 2021</p> <p>The Board:</p> <p>a) approved the Board minutes from 28 July 2021 as a true and accurate record subject to the amendments discussed.</p>		
1.4	<p>Matters Arising and Action Points</p> <p>The Board:</p> <p>a) noted the updates to the Action Points.</p>		
1.5	<p>Proactive Release of Redacted Board Minutes – 13 May 2021</p> <p>The Board:</p> <p>a) approved the proactive release of redacted board minutes – 13 May 2021, subject to the amendments discussed.</p>		
1.6	<p>Health, Safety, Security and Wellbeing Performance Report</p> <p>a) noted the summary of HSSW incidents/near miss, Injuries Requiring Medical Attention (IRMA), and Lost Time Injuries (LTI), provided in this report for July; and</p> <p>b) noted the update on progress against the HSSW Work Programme in line with the HSSW Strategy.</p>	<p>Management to prepare an update for the CE’s report on what process insurers use for emergency repairs following an event.</p> <p>Management to prepare an update for the CE’s report on the 80% milestone for the WFH checklist.</p>	
Section 2	Strategic Priorities		
2.1	<p>Chief Executive’s Report</p> <p>The Board:</p> <p>a) noted the Chief Executive’s Report for August 2021.</p>	<p>Management to arrange for the NRG to meet with the Board later in the year and propose a reporting mechanism from NRG to Board.</p> <p>Management to provide Board with an update on the KPMG</p>	

		Public Inquiry assurance when available. Management to consider what our actuarial procurement strategy is to bolster capacity following an event.	
<p><i>Commissioners broke from 10.25am to 10.40am</i></p> <p>Privacy [redacted] <i>joined the meeting at 10.40am</i></p>			
2.2	<p>Act Modernisation</p> <p>The Board:</p> <p>a) discussed the progress on work to modernise the Earthquake Commission Act 1993; and</p> <p>b) noted that the Board Act Modernisation Committee may be convened over the following months to consider any policy issues that emerge during the drafting of the Earthquake Commission Amendment Bill.</p>		
2.3	<p>Annual report</p> <p>The Board:</p> <p>a) discussed and provided feedback on the draft EQC Annual Report which was provided as an appendix to the paper;</p> <p>b) advised their preference to use Te Reo wording and the picture of the two children for the cover of this year's Annual Report; and</p> <p>c) noted that an updated version of the Annual Report in final design, and considering Board feedback, will be sent to the Board 6 September, for a short out-of-cycle meeting on 8 September.</p>		
<p>Privacy [redacted] <i>left the meeting at 11.18am</i></p> <p><i>Josh Lindsay, Jo Horrocks and Kate Antonievich joined the meeting at 11.18am</i></p>			
2.4	<p>Cultural capability</p> <p>The Board:</p> <p>a) noted the expectations on Crown Entities in Māori Crown relations, diversity and inclusion and gender pay gaps set out in the Enduring Letter of Expectations 2019;</p> <p>b) noted the additional capability EQC has undertaken to build in its Statement of Intent;</p>	Management to follow-up with a possible measurement framework for cultural progression. As part of that, management to consider how AskYourTeams could be used to assess progress in the organisation.	

	<p>c) discussed and provided feedback on the Cultural Capability workplan EQC has developed to mature its capability for (a) and (b);</p> <p>d) noted that management will consult with the Board Chair on a further draft of EQC’s Whāinga Amorangi plan for 2021-22; and</p> <p>e) noted that a final version will be provided to the October Board meeting for approval, prior to submission to Te Arawhiti.</p>		
<p><i>Josh Lindsay and Kate Antonievich left the meeting at 11.28am</i></p> <p><i>Jaron Shaw and Privacy joined the meeting at 11.28am</i></p>			
<p>2.5</p>	<p>Data and loss modelling</p> <p>The Board:</p> <p>a) noted that Minerva and PRUE are now reconciled, and Aon has confirmed they are happy with the reconciliation;</p> <p>b) noted that we are working towards the final steps to bring PRUE into production, and we expect to be using PRUE for the 2022/23 reinsurance round;</p> <p>c) noted EQC’s ongoing investment in loss modelling science and engine development is in line with BEFU;</p> <p>d) noted the development of an Assurance Framework for Loss Modelling; and</p> <p>e) noted the current status and proposed uses of Exposure Data provided under the Insurer Response Model.</p>		
<p>2.6</p>	<p>Update on GeoNet funding</p> <p>The Board:</p> <p>a) noted the current GeoNet Programme governance, management, Active consideration, Commercially sensitive</p>	<p>Management to set out milestones that need to be put in place:</p> <p>Active consideration, Commercially sensitive</p> <ul style="list-style-type: none"> to support funding for PRUE and RiskScape over the next two years. 	
<p><i>Jo Horrocks, Jaron Shaw and Privacy left the meeting at 12.05pm</i></p> <p><i>Commissioners broke for lunch from 12.05 To 12.35pm</i></p> <p><i>Privacy joined the meeting at 12.35pm</i></p>			
<p>2.7</p>	<p>Legally privileged</p>		

Legally privileged



Pip Andrews joined the meeting at 1.20pm

2.9 On Solds

The Board:

a) Active consideration

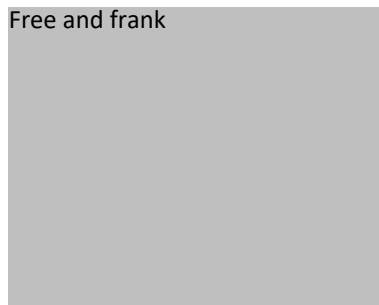


b) Free and frank



c)

Free and frank



Privacy and Pip Andrews left the meeting at 1.40pm

Jaron Shaw and Josh Lindsay joined the meeting at 1.40pm

2.8 Transformation update

The Board:

	<p>a) noted the progress that has been made across the Transformation Portfolio in the attached dashboard;</p> <p>b) noted the Portfolio Dependencies across workstreams were primarily focused on achieving operational commencement for IRM, however with the model now in production all the dependencies have been closed; and</p> <p>c) noted that the overall Portfolio status is at amber due to:</p> <ul style="list-style-type: none"> i. schedule pressures and the recognition of associated change impacts on our people as we implement large system changes; ii. resourcing challenges in recruiting and retaining SMEs and project personnel with the appropriate skill set required to deliver specialised work; iii. Free and frank [REDACTED] <p>d) noted that all portfolio risks are being managed with no Board intervention required.</p>		
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Jaron Shaw and Josh Lindsay left the meeting at 1.46 pm
Kate Tod and Hamish Wall joined the meeting at 1.46pm

<p>2.11</p>	<p>Reopened Canterbury Earthquake Claims Update</p> <p>The Board:</p> <p>a) noted the definition of reopened Canterbury claims and that there are no new claims resulting from the Canterbury earthquake sequence;</p> <p>b) noted the insights from reopened claim data and how this is utilised for operational purposes;</p> <p>c) noted the performance measures associated with reopened claims;</p> <p>d) noted the customer centric approach that is taken with customers requesting a reassessment of their previously closed claim; and</p> <p>e) noted the operational initiatives that have been implemented over the last 12 months to address reopened claims.</p>		
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Alister James left the meeting at 1.53 pm for item 2.10 due to a conflict of interest

Privacy [redacted] (KPMG) joined the meeting at 1.55 pm

2.10

Negotiations

[Redacted content for item 2.10]

Kate Tod, Hamish Wall and Privacy [redacted] (KPMG) left the meeting at 2.15pm

Commissioners broke from 2.15pm to 2.20pm

Alister James re-joined the meeting at 2.20pm

Kate Antonievich joined the meeting at 2.20pm

2.12

Free and frank

[Redacted content for item 2.12]

	Free and frank		
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Kate Antonievich left the meeting at 2.41pm

Josh Lindsay joined the meeting at 2.42pm

2.13	Negotiations		
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	Negotiations		
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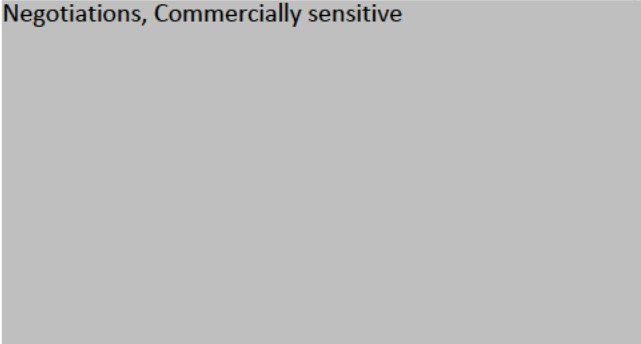
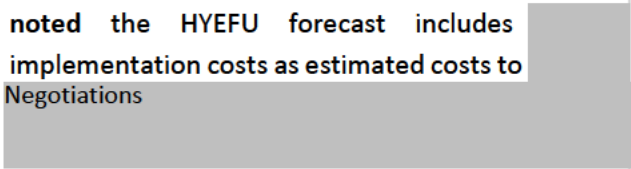
Hamish Wall, Kate Tod and Pip Andrews joined the meeting at 2.50pm

Section 3	Performance and Reporting		
3.1	<p>EQC Performance Report to 31 July 2021</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that this paper complements the EQC Dashboard and the IRM Performance Report and provides qualitative commentary on performance to support the quantitative information shown in the dashboards; b) noted that, the IRM Performance Report provides details of new claims lodged with insurer partners from 30 June 2021 (the commencement date of the NDRA). The EQC Performance Dashboard reports overall SoPE Performance and provides details of historical claims managed by EQC (including all Canterbury and Kaikoura event claims). We will continue to report on this basis for FY21-22; c) noted that because the scope of the IRM Performance Report is limited to claims loaded with our insurer partners from 30 June 2021, some of the metrics are not yet available due to the timeframe for measurement. Impacted measures have been assigned a grey status denoting that they are 'not yet reportable'. Refer to paragraph 30 for indicative timeframes for metrics that are not yet reportable; 		

	<p>d) noted that the EQC Performance Dashboard Free and frank [REDACTED] will be published on EQC's external website by 15 September 2021;</p> <p>e) noted that the EQC Performance Dashboard contains an addendum 'Addendum FY20-21 SOPE & KAM Year End Results', which encompasses the final results for all performance measures in FY20-21 including Resilience related measures; and</p> <p>f) noted the exceptions and potential/ realised issues outlined within both the EQC Performance Dashboard and IRM Performance Report.</p>		
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Hamish Wall, Kate Tod and Pip Andrews and Josh Lindsay left the meeting at 2.59pm
Fraser Gardiner joined the meeting at 2.59pm

Section 4	Financial and Risk		
4.1	<p>Financial Reporting – July 2021</p> <p>The Board:</p> <p>a) noted the accompanying July 2021 Financial pack;</p> <p>b) noted the following comments on the July financial performance:</p> <ul style="list-style-type: none"> i. Reported Surplus is above forecast levels (\$1.6m); ii. Net premium revenues were below forecast levels (\$0.2m); iii. Net Claims expenses were \$4.2m below forecast, driven by lower BAU claim costs; iv. Net Corporate Centre costs (BAU) were above forecast (\$2.5m). Commercially sensitive [REDACTED] GeoNet incurred higher reactive maintenance costs in the final quarter than they had forecast; and v. Cash & Investments held at 31 July were \$247m. The cash balance is expected to remain around \$200m through to 30 September 2021. The latest forecast for the On-sold programme 		

	<p>estimates significant outflows over the next 5 months and so management have commenced discussions with Treasury to move from the current quarterly reimbursement to monthly to manage the cash flow impacts.</p>		
4.2 HYEFU	<p>The Board:</p> <ul style="list-style-type: none">a) noted the accompanying presentation, which provides further detail on 2021 HYEFU forecast. This presentation is for internal purposes only and is not provided to The Treasury;b) noted that EQC's 2021 HYEFU submission will be due in October 2021 and this will include the latest accepted ILVR (June 2021);c) noted the increase in BAU operating expenses of \$5.1m since the BEFU forecast and the proposed transfers of unspent budget from 2020/21 to 2021/22(details relating to these increases are shown in the attached pack);d) Negotiations, Commercially sensitive e) noted the HYEFU forecast includes implementation costs as estimated costs to Negotiations f) noted the HYEFU did not include any assumptions related to changes in the Cap or levies;g) approved the transfer of Technology Work Programme (TWP) unspent 2020/21 budget of \$2.3m to 2021/22;h) approved the transfer of IRM unspent 2020/21 budget of \$0.3m to 2021/22; and		

	<p>i) approved the submission of EQC’s forecast to the HYEFU process, which forecasts the following 2022 – 2026 net surpluses;</p> <p>i. 2022 - \$184.3m (includes transfers of TWP and IRM underspend, additional loss on transfer of GeoNet assets and potential additional IRM participant cost), \$151.9m excluding risk margin</p> <p>ii. 2023 - \$192.6m, \$169.8m excluding risk margin</p> <p>iii. 2024 - \$185.1m, \$168.7m excluding risk margin</p> <p>iv. 2025 - \$195.6m, \$165.9m excluding risk margin; and</p> <p>v. 2026 - \$162.5m, \$162.5m excluding risk margin.</p>		
<p><i>Fraser Gardiner left the meeting at 3.10 pm</i></p>			
<p>Section 5</p>	<p>Board Committee Updates</p>		
<p>5.1</p>	<p>People & Culture Committee</p> <p>The Board:</p> <p>a) received a verbal update on the People & Culture Committee from the Committee Chair</p>		
<p>5.2</p>	<p>Audit & Risk Committee</p> <p>The Board:</p> <p>a) received a verbal update on the Audit & Risk Committee from the Committee Chair</p>		
<p><i>Sid Miller, Tina Mitchell and Privacy left the meeting at 3.26pm</i></p> <p><i>Commissioners left the meeting at 3.40pm.</i></p> <p><i>The meeting closed at 3.40pm.</i></p>			
	<p>The next meeting is to be held on Oct 13 2021.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ <u>13 Oct 2021</u></p> <p>Mary Jane Daly Date</p> <p>Board Chair</p>		