

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held in the Wairarapa Room, Majestic Centre, 100 Willis Street, Wellington
Monday 26 November 2018

Present:

Sir Michael Cullen (Chair)
Mary-Jane Daly
Alison O'Connell
Paul Kieranowski
Tim Hurdle
Erica Seville
Toni Ferrier

Apologies:

N/A

In attendance:

Sid Miller, Chief Executive
Chris Chainey, Chief Financial Officer
Renee Walker, Deputy Chief Executive – Canterbury and
External Affairs
Jayne Lapin, GM People, Culture and Change
Hugh Cowan, GM Resilience
Paul Jepson, Deputy Chief Executive - Operations
Jeremy Ford, General Counsel
9(2)(a) Finalisation Manager
9(2)(a) Executive Strategic Advisor
9(2)(a) Head of Readiness
9(2)(a) (PwC)
9(2)(a) Treasury
9(2)(a) - Executive Assistant to the Chief Executive
(Minutes)
9(2)(a) Executive Assistant to the CFO
(Minutes)

The meeting was declared open at 10:50am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
	<i>Commissioners only (in committee) at 9:30am</i>		
	<i>Commissioners and Chief Executive only at 10:11am</i>		
	<i>Hugh Cowan, Chris Chainey, Renee Walker, Jeremy Ford, Paul Jepson, Jayne Lapin, 9(2)(a) and 9(2)(a) (EQC), and 9(2)(a) (Treasury) joined the meeting at 10:15am</i>		
1.1	Present and Apologies		
	The Board:		
	a) noted that no apologies were received.		

1.2	Interests Register/Declaration of Conflicts of Interest The Board: a) noted the updated interests register; b) confirmed there were no other conflicts of interest advised for matters on the agenda for the meeting.		
1.3	Health and Safety Report The Board: a) noted there were 52 events reported in October, none of a critical nature; b) noted there was one recordable Loss of Time injury by the Canterbury Business Unit (CBU) (contractors); c) noted the ongoing process of the Wellbeing and Mental Health Programme; and d) noted Health, Safety and Wellbeing staff have all been centralised under the People, Culture and Change (PC&C) business unit.		
Section 2	Strategic Priorities		
2.1	Chief Executive's Report The Board: a) noted the updates provided on: <ul style="list-style-type: none"> a. Select Committee Appearance b. Customer and Stakeholder Satisfaction c. Reputation Index Update d. Update Shine Lawyers "negligence" proceedings involved on-sold overcap properties e. Taumaranui EQ f. Operations Organisational Change g. October 2018 Media Report b) noted that Toni Ferrier will be the Chair of the People, Performance and Remuneration Committee; and c) noted that the Evote taken on 2/11/18 was discussed and confirmed.		
	9(2)(a) joined the meeting at 11:00am.		
2.2	Insurer Finalisation Update		

	<p>The Board:</p> <ul style="list-style-type: none"> a. noted the current initiatives underway in the Insurer Finalisation work stream; b. noted the first steps in creating a financial model of Insurer Finalisation; c. noted the proposed input into the 31 December 2018 ILVR; and d. endorsed the proposed update to reinsurers on the non-financial aspects of Insurer Finalisation. 		
	9(2)(a) (EQC) left the meeting at 11:15am.		
2.3	<p>Dispute Resolution Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the status of current legal claims; b) noted the new business process that has been implemented to ensure a customer centric model is being followed for claims in litigation; c) noted that at the next Board meeting you will be provided with a granular programme view of claims in litigation; d) noted the number of hearings set down by the Christchurch Court; and e) noted EQC is in the process of enhancing its current performance dashboard reporting to include claims in litigation. 		
	9(2)(a) (EQC) joined the meeting at 11:22am.		
2.4	<p>EQC Inquiry Update</p> <p>The Board;</p> <ul style="list-style-type: none"> a. noted EQC has now met with the Secretariat for the Inquiry and will engage with the Secretariat pursuant to the terms of a protocol that will be agreed; b. noted the six specific topics that the Inquiry is likely to focus on; c. noted the updated Assumptions Table; d. noted the opportunities available to EQC through the Inquiry process, and the suggested actions that will enable EQC to realise these opportunities; e. noted the draft evidence and witness plan and revised witness list; 	<ul style="list-style-type: none"> • Management to reconsider the Opportunities paper in light of the feedback provided. 	Dec 18

	<p>f. noted the current EQC budget for the Inquiry; and</p> <p>g. requested management to provide an updated Opportunities paper which reflects the feedback provided by the Board.</p>		
	<p>9(2)(a) (EQC) left the meeting at 11.50am.</p> <p>9(2)(a) (EQC), 9(2)(a) (PwC) joined the meeting at 11.51am.</p>		
2.5	<p>Event Readiness and PwC Strategic Review Update</p> <p>The Board:</p> <p>a) noted the progress of the Event Readiness programme;</p> <p>b) noted PWC's Final report from the Strategic Review of the Kaikoura Agency Model, found at Appendix One;</p> <p>c) noted PWC recommendations from the Final report in relation to improving EQC's readiness capability;</p> <p>d) noted the immediate activities underway to maintain EQC's current state readiness;</p> <p>e) endorsed the approach to converge the findings from the Investigate phase and PWC's Final report into a single Event Readiness programme to enhance EQC's future state readiness capability; and</p> <p>f) requested Management to provide a briefing to the Minister on the progress and direction of the Event Readiness and Strategic Review.</p>	<ul style="list-style-type: none"> • Management to provide a briefing to the Minister on the progress and direction of the Event Readiness and Strategic Review. 	
	<p>9(2)(a) (EQC), 9(2)(a) (PwC) left the meeting at 12:20pm</p>		
Section 3	Financials and Risk		
3.1	<p>Financial Pack and Investment Report – October</p> <p>The Board:</p> <p>i. noted the accompanying October 2018 Financial pack and Investment Report;</p> <p>ii. noted the financial pack provides a summarised view of the month's financial results, with a more detailed financial pack also available in the Resource centre;</p> <p>iii. noted that the following comments on October's financial performance;</p> <p>i. month revenue above budget (\$0.5m);</p>		

	<ul style="list-style-type: none"> ii. core costs above budget (\$0.3m) for the month. This is mainly driven by higher consultancy and grants and sponsorship costs (GeoNet); partly offset by lower personnel costs; iii. event costs above budget for month (\$5.5m), mainly due to higher resourcing costs in Canterbury (\$0.8m) and 9(2)(i) and iv. cash and Investments held at 30 September were \$103m; <p>/. noted that the initial draw-down from the section 16 funding deed of \$50m +GST occurred on 1 November 2018 and that based on current forecasts the next draw-down will likely be in March or April 2019; and</p> <p>/. agreed with Management's view that whilst the available cash balance will drop below \$50M during February 2019, this will be for a matter of days and hence no drawdown is required in February 2019.</p>		
3.2	<p>Events Budget Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that following EQC's Half Yearly Economic Fiscal Update (HYEFU) submission, further work has been undertaken on the budgets for Canterbury CHE, Kaikoura CHE and assessment fees, and the Inquiry; b) noted that the current Board approved Canterbury CHE budget is \$1,585m to June 2019. This was approved in March 2018; c) noted that the June 2018 (Insurance Liability Valuation Report (ILVR) contained a total life Canterbury CHE estimation of \$1,642m, which included a \$12m increase for the 2018/19 financial year. As at October 2018 \$1,555m has been spent; d) approved an increase in the Board approved Canterbury CHE budget to \$1,597m, noting that this is also to June 2019. This is a \$12m increase and in line with the high level modelling undertaken earlier in the year for the purposes of the ILVR; e) noted that based on the provision within the 		

	<p>ILVR, this leaves a CHE budget of \$45m post June 2019 to effectively complete the event response. Initial modelling suggests this is feasible, however, the eventual outcome will depend on a number of factors;</p> <p>f) noted that at the March Board meeting the Board approved a 9(2)(i) placeholder to respond to the upcoming Inquiry (excluding external costs i.e. legal). As greater understanding of the Inquiry has become available, Management have revised their estimation of the likely eventual cost;</p> <p>g) approve an Inquiry budget of 9(2)(i) This is a fully costed estimate including external legal costs and is separate from the Canterbury CHE budget;</p> <p>h) noted that the Kaikoura modelling indicates that costs will continue to be incurred into the 2019 calendar year, reflecting the small amount of claims outstanding and the data validation and transfer activities underway; and</p> <p>i) approved an increase in the Kaikoura CHE and assessment fee budget of 9(2)(i) taking the total life budget to 9(2)(i)</p>		
3.3	<p>Delegations Framework Update</p> <p>The Board:</p> <p>a) approved the addition of Tier 4 and Tier 5 managers to the delegation relating to the authority to approve leave;</p> <p>b) approved the litigation delegations being extended to the Deputy Chief Executives (DCE's) (but excluding decisions relating to points of law which will remain with the General Counsel and Chief Executive, and subject to the DCEs obtaining legal advice before applying the delegation);</p> <p>c) approved the reduction of the delegation limit from 9(2)(i) for the General Counsel and Deputy Chief Executives settling a claim to mitigate a genuine risk of liability;</p> <p>d) approved the addition of Settlement Analysts within the Claims Delegations;</p> <p>e) approved the increase of financial delegation for the Deputy Chief Executive Officer</p>	<ul style="list-style-type: none"> • Management to make a change in wording which more correctly reflects the process where a delegation is assigned if the Deputy Chief Executive – Canterbury and External Affairs or the Deputy Chief Executive – Operations, is absent for more than three business days without assigning this delegation. • Management to reconsider the updated delegations and put to these to the Board by evote. 	

	<p>Operations (DCE Op) in relation to purchasing information technology assets;</p> <p>f) approved the reduction of the Chief Executive Officer's financial delegation relating to general operating expenditure to 9(2)(i);</p> <p>g) noted that various positions have been updated within the Delegations Framework in line with the recent restructure of the Canterbury and External Affairs business unit; and</p> <p>h) requested a change in wording which more correctly reflects the process where a delegation is assigned if the Deputy Chief Executive – Canterbury and External Affairs or the Deputy Chief Executive – Operations, is absent for more than three business days without assigning this delegation.</p> <p>i) requested Management to reconsider the delegations proposed and put these to the Board by evote.</p>		
3.4	<p>Direct EQ Cover Policy</p> <p>The Board:</p> <p>a) noted enquiry themes since Direct EQCover was reinstated in August 2018;</p> <p>b) noted the introduction of risk based pricing and the potential impact that this may have on the future demand on for EQCover;</p> <p>9(2)(i);</p> <p>d) approved the attached Direct EQCover Policy which has been updated with minor administrative changes to reflect organisational change.</p>	<ul style="list-style-type: none"> 9(2)(i); 	
Section 4	Performance		
4.1	<p>EQC Performance Dashboards</p> <p>The Board:</p> <p>a) noted that this paper accompanies the EQC's Executive Dashboard to 31 October 2018 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and</p> <p>b) noted that the EQC's Executive Dashboard to</p>	<ul style="list-style-type: none"> Management to provide a breakdown of the figures on the closure of claims which will give more detail. 	

	31 October 2018 (excluding the Enterprise Change Programme and Kaikōura sections as well as taking out the near misses information in the Privacy Breaches section) will be published on EQC's external website once it has been fully approved.		
Section 5 General Business			
5.1	Matters Arising and Action Items The Board: a) noted the updated Matters Arising and Action Points.		
5.3	Confirmation of Board Minutes – 23 October 2018 The Board a) confirmed the Draft Board Minutes from the meeting held on 23 October 2018 as a true and accurate record.		
5.4	Confirmation of Board Minutes – 29 October 2018 The Board a) confirmed the Draft Board Minutes from the meeting held on 29 October 2018 as a true and accurate record.		
5.4	Proactive Release of Redacted Board Minutes The Board; f) approved the public release of the redacted Minutes for its meetings on 9 July, 22 August, 7 September, 24 September and 12 October 2018 once the redactions have been amended following feedback provided at the meeting; g) noted that since June 2018 when the Board Minutes began being published on the EQC website there have been 292 page views, with 114 from external (non-EQC) sources; h) noted that since June 2018 EQC has received two Official Information Act requests for Board Minutes which is consistent with the number of requests received in 2017; and i) noted that Management monitors the traffic		

	on the EQC web page in relation to Board Minutes and will continue to provide regular updates to the Board on this.		
Section 6 Correspondence of Interest			
6.1	EQC Submission – New Independent National Infrastructure Body The Board; a) noted EQC's submission to the New Independent National Infrastructure Body sought by Treasury.		
6.2	Minister of Revenue – Get ready for payday filing The Board; a) noted the letter from Hon Stuart Nash, Minister of Revenue, advising of changes to the way in which PAYE information is provided by employers to Inland Revenue from 1 April 2019.		
	<i>The meeting closed at 1.11pm.</i>		
	The next meeting is to be held on 25 February 2019 in Wellington The Meeting closed at 1.11pm. These minutes were approved by the Board as a true and correct record. <div style="display: flex; justify-content: space-between;"> <div> _____ Sir Michael Cullen Board Chair </div> <div> _____ Date </div> </div>		