

**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION  
Held via Microsoft Teams  
9.30am – 2.00pm, Wednesday 27 May 2020**

**Present:**

Sir Michael Cullen (Chair)  
Alison O'Connell  
Erica Seville  
Mary-Jane Daly  
Alastair Hercus  
Emma Dobson  
Fiona Wilson  
Scott Lewis

**In attendance:**

Sid Miller, Chief Executive Officer  
Renee Walker, DCE Readiness and Recovery  
Fraser Gardiner, Chief Financial Officer  
Chris Chainey, Information and Analytics Lead  
Sharlene Taylor, Acting Chief People Officer  
██████████, Deputy Head of EQC Inquiry [privacy]  
██████████, Senior Advisor [privacy]  
Josh Lindsay, Head of Strategic Partnering  
Hamish Wall, Head of Transition Performance and Support  
██████████, Senior Advisor [privacy]  
██████████ [privacy]  
██████████, Russell McVeagh [privacy]  
██████████, Russell McVeagh [privacy]  
██████████, Executive Strategic Advisor (Secretariat) [privacy]

**Apologies:**

Nil

*The meeting was declared open at 9.30am*

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
<b>Section 1</b>	<b>Board Governance</b>		
<i>Commissioners joined the meeting at 9:33am</i>			
	<b>Board Only</b>		
<i>Sid Miller joined the meeting at 9.57am</i>			
	<b>Board and CE Only</b>		
██████████ and Sharlene Taylor joined the meeting at 10.23am [privacy]			
<b>1.1</b>	<b>Present and Apologies</b> The Board: a) <b>noted</b> there were no apologies received.		
<b>1.2</b>	<b>Interests Register / Declaration of Conflicts of Interest</b> The Board: a) <b>noted</b> there were no conflicts of interest not otherwise declared.		

<p><b>1.3</b></p>	<p><b>Health, Safety, Security and Wellbeing Report</b></p> <p>The Board:</p> <p>a) <b>noted</b> there were 21 health and safety incidents reported in April 2020;</p> <p>b) <b>noted</b> there were no Medical Treatment Injuries (MTI) in this reporting period; and</p> <p>c) <b>noted</b> the update on EQC’s COVID-19 Response at the Appendix to the paper.</p>	<ul style="list-style-type: none"> <li>• Management to periodically share research and insights shaping future of work considerations with the Board.</li> <li>• Management to coordinate Strategic Health and Safety discussion to be facilitated later in the year. This is to include consideration of strategic Health and Safety risks</li> </ul>	<ul style="list-style-type: none"> <li>• Aug 20</li> <li>• Nov 20</li> </ul>
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*Sharlene Taylor left the meeting at 10.40am*

<p><b>Section 2</b></p>	<p><b>Strategic Priorities</b></p>
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<p><b>2.1</b></p>	<p><b>Chief Executive’s Report</b></p> <p>The Board:</p> <p>a) <b>noted</b> the key focus areas outlined in the CE Report. The following points to note were also discussed during Board and CE only time:</p> <ul style="list-style-type: none"> <li>• Canterbury claims</li> <li>• On-sold claims</li> <li>• [Redacted] <b>[Free and Frank]</b></li> <li>• Resilience initiatives</li> <li>• Public Education Messaging</li> <li>• Final decision by the Ombudsman on EQC complaint</li> <li>• OAG draft annual plan 2020-21</li> <li>• Briefings to the Minister over April/ May</li> <li>• Reinsurance Programme update</li> </ul>	<ul style="list-style-type: none"> <li>• [Redacted] <b>[confidentiality]</b></li> </ul>	<ul style="list-style-type: none"> <li>• Jun 20</li> </ul>
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*[Redacted] and [Redacted] entered the meeting at 10.40am [privacy]*

<p><b>2.2</b></p>	<p><b>Public Inquiry Update (Verbal)</b></p> <p>The Board:</p> <p>a) <b>noted</b> the verbal Public Inquiry update provided by [Redacted]. <b>[privacy]</b></p>		
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██████████ and ██████████ left the meeting at 10:45am [privacy]

Josh Lindsay, ██████████, ██████████, Tina Mitchell and ██████████ entered the meeting at 10:45am [privacy]

**2.3 Insurer Update – Finalisation and Response Model**

The Board:

- a) noted progress in EQC’s negotiations ██████████  
██████████ through the Insurance Council of New Zealand; [negotiations, commercially sensitive]
- b) noted the further information provided in response to Commissioners’ questions on 15 May 2020;
- c) noted EQC’s ongoing negotiations with insurers ██████████ [negotiations, commercially sensitive]
- d) noted progress in ██████████ negotiations with ██████████ [negotiations, commercially sensitive]
- e) approved delegated authority to the Chief Executive ██████████  
██████████ [negotiations, commercially sensitive]
- f) noted further engagement with Treasury and the Minister Responsible for the Earthquake Commission;
- g) noted planned updates to Cabinet; and
- h) noted EQC’s planned engagement with reinsurers.

- Management to document the Board’s obligations under the Insurer Response Model, and demonstrate how these obligations will be discharged in the new model.

i) ██████████

- [negotiations, commercially sensitive]
- Management to factor annual review of the Readiness Strategy into the Annual Governance Calendar.
- Management to include up to data summary of finalisation figures (including cost per property, recoveries, and central estimate and ranges) for context and comparison in future updates.

• Jun 20

• Jun 20

• Jun 20

			<ul style="list-style-type: none"> <li>• Jun 20</li> </ul>
<p>Josh Lindsay, ██████████, ██████████, ██████████ and ██████████ left the meeting at 11:44am Chris Chainey joined the meeting at 11.44am [privacy]</p>			
<p><b>2.4 Transformation Update</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> the progress that has been made to date across the Transformation Portfolio;</li> <li>b) <b>noted</b> that the EQC Board endorsed a refresh of the Transformation Portfolio at its March meeting to align with recommendations from the Public Inquiry, decisions on EQC’s Insurer Response Model, and other key planning processes;</li> <li>c) <b>noted</b> that the refreshed Transformation Portfolio will be based on eight workstreams aligned to delivering the EQC Operating Model;</li> <li>d) <b>noted</b> the proposed approach to delivery, governance, risk, and assurance;</li> <li>e) <b>noted</b> that portfolio costs have been approved through the BEFU process, with any changes that exceed the established cost envelope being subject to Board approval; and</li> <li>f) <b>approved</b> the One-EQC Transformation Portfolio, including the component workstreams and implementation plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Management to take feedback out of cycle from the Board on improvements to monthly reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Jun 20</li> </ul>	
<p>The meeting adjourned for lunch at 12:10pm</p> <p>The Commissioners, Sid Miller, ██████████, Hamish Wall and Renee Walker entered the meeting at 1:00pm</p>			
<p><b>Section 3 Performance and Reporting</b></p>			
<p><b>3.1 EQC Performance Report – April 2020</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) <b>noted</b> that this paper accompanies the EQC’s Executive Dashboard to 30 April 2020 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and</li> <li>b) <b>noted</b> that the EQC’s Executive Dashboard to 30 April 2020 (excluding the section</li> </ul>	<ul style="list-style-type: none"> <li>• Management to include a definition of ‘quality’ as it relates to Quality Assurance Reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Jun 20</li> </ul>	

	pertaining to Kaikōura and information relating to near misses in the Privacy Breaches section) will be published on EQC's external website by 15 June 2020.		
<i>Hamish Wall and Renee Walker left the meeting at 1:20pm</i>			
<i>Fraser Gardiner and Chris Chainey entered the meeting at 1:20pm</i>			
<b>Section 4</b>	<b>Financial and Risk</b>		
<b>4.1</b>	<b>Financial Reporting – April 2020</b>		
	<p>The Board:</p> <p>a) <b>noted</b> the accompanying April 2020 Financial pack;</p> <p>b) <b>noted</b> 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>c) <b>noted</b> that the following comments on the April financial performance:</p> <ul style="list-style-type: none"> <li>i. Revenue was slightly below budget (\$8k). Interest receipts were below budget (\$77k) driven by the recent decline in deposit rates; largely offset by higher Premiums revenue (\$69km);</li> <li>ii. Core operating costs were above budget (\$0.2m). This is mainly due to higher than planned GeoNet spend (\$0.6m) and higher outsourced service provider costs (\$0.2m). These variances are partly offset by lower consultancy spend (\$0.6m);</li> <li>iii. Event operating costs were below budget (\$0.7m). This is mainly due to lower payments to private insurers (\$0.2m) in Kaikoura and lower than planned Canterbury costs (\$0.5m). The Canterbury variance is largely due to lower workforce expenses (\$0.2m) mainly resulting from lower spend on estimators &amp; contractors, lower outsourced service provider costs (\$0.1m) and savings in travel, vehicle and office costs (\$0.1m)</li> <li>iv. Net savings in core operating costs of approximately \$550k have occurred while staff have been working from home during the Covid-19 shutdown. The net cash benefit is approximately \$400k after the purchase of computer equipment</li> </ul>		

	<p>(\$180k) to support employees working from home; and</p> <p>v. Cash &amp; Investments held at 30 April were \$172m</p>		
<p><b>4.2</b></p>	<p><b>CHRP Excess Write-off Proposal</b></p> <p>The Board:</p> <p>a) <b>approved</b> the write-off of the outstanding CHRP excess receivable.</p>		
<p><b>4.3</b></p>	<p><b>Policy Updates</b></p> <p><b>Delegations</b></p> <p>The Board:</p> <p>a) <b>approved</b> the requirement for pre-approval of all Information Technology &amp; Facilities spend by the CFO role to be updated to the Chief Data Officer role (upon its confirmation following the current ELT consultation process);</p> <p>b) <b>approved</b> the Head of Claims delegation of \$400k for claims proceeds and \$120k for fees listed in the Claims Section of the Framework be changed to the Head of Canterbury Claims;</p> <p>c) <b>approved</b> the addition of the Head of On-Solds role to the Claims delegation of \$400k for claims proceeds and \$120k for fees; and</p> <p>d) <b>noted</b> the intention for subsequent reassignment of the DCE Readiness &amp; Recovery delegations, should the role be disestablished under the current consultation process, to be approved in line with Principle 15 of the Delegations Framework.</p> <p><b>Reinsurance</b></p> <p>The Board:</p> <p>a) <b>noted</b> that following feedback from the Board at its 17 April 2020 meeting Management has re-examined the EQC Policy on Participation of Reinsurers and Reinsurance Brokers to include limits on the share of the EQC reinsurance programme that can be held by any one company or inter-related group of companies and/or underwriter;</p>	<ul style="list-style-type: none"> <li>• Management to update the Reinsurance policy by removing the phrase 'In general' from para 4.3 (2)</li> </ul>	<ul style="list-style-type: none"> <li>• Jun 20</li> </ul>

- b) **agreed** that the limit of the EQC reinsurance programme that can be held by any one company or inter-related group of companies and/or underwriter is [REDACTED] [commercially sensitive]
- c) **agreed** that there may be some circumstances including, but not limited to, placing the reinsurance programme on acceptable pricing terms or to improve overall credit rating of the programme, where the Board, on the advice of management, may wish to amend the upper limit; and
- d) **agreed** that the clause 4.3 of the EQC Policy on Participation of Reinsurers and Reinsurance Brokers is amended to reflect recommendations (b) and (c) above.

#### **Sensitive Expenditure**

The Board:

- a) **approved** the inclusion of an exemption in the Sensitive Expenditure Policy which will allow Tier 3 Managers and above (who have Financial Delegation) the ability to pre approve farewell and other morning teas and office & workgroup meetings expenditure for which they will be present, provided the monetary spend guidelines in the policy are not exceeded;
- b) **approved** the change of wording and table contents in relation to Farewell expenditure as set out in Para 18 of this Board Paper;
- c) **approved** the inclusion of a definition for 'probity' and 'one up pre-approval' into the Sensitive Expenditure Policy; and
- d) **approved** the Sensitive Expenditure Policy be updated to include reference to the giving of gifts & hospitality by EQC and that such gifts are recorded on the Gifts and Hospitality register via completion of Appendix 1.

*Fraser Gardiner and Chris Chainey left the meeting at 1:40pm*

## **Section 5 Board Committee Updates**

5.1	<p>People and Culture Committee</p> <p>The Board:</p> <p>a) <b>noted</b> the draft minutes of the PCBC meeting held 21 May 2020.</p>		
<b>Section 6 General Business</b>			
6.1	<p><b>Matters Arising and Action Points</b></p> <p>The Board;</p> <p>a) <b>noted</b> the updates to the Action Points.</p>	<ul style="list-style-type: none"> <li>• Management to include a 'walkthrough' of the Event Response Plan and the next Board meeting, including an updated Event Response Plan.</li> <li>• Management to complete a 'clean up' of the Diligent Resource Centre.</li> </ul>	<ul style="list-style-type: none"> <li>• Jun 20</li> <li>• Jun 20</li> </ul>
6.2	<p><b>Confirmation of Board Minutes</b></p> <p>The Board;</p> <p>a) <b>confirmed</b> the draft minutes of the Board meeting held on 29 April as a true and accurate record.</p>		
6.3	<p><b>Proactive Release of Redacted Board Minutes</b></p> <p>The Board:</p> <p>a) <b>noted</b> that at its meeting in November 2018, the Board indicated a desire to release as much information as possible as part of the proactive release of Board Minutes;</p> <p>b) <b>approved</b> the public release of the redacted Minutes for its meetings on 28 February 2020 subject to the amendments noted in the meeting;</p> <p>c) <b>noted</b> that since June 2018 when the Board Minutes began being published on the EQC website there have been 984-page views, with 533 from external sources;</p> <p>d) <b>noted</b> that since May 2018 when Minutes were first proactively released, EQC has received one specific request for Board Minutes under the Official Information Act 1982 (OIA); and</p> <p>e) <b>noted</b> that Management monitors the traffic on the EQC web page in relation to Board</p>	<ul style="list-style-type: none"> <li>• Management to update the redactions noted in the meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Jun 20</li> </ul>

	<p>Minutes and will continue to provide regular updates to the Board on this.</p>		
<p><b>6.4</b></p>	<p><b>Ratification of Evotes</b></p> <p>The Board:</p> <p>a) <b>agreed</b> to ratify the Evote 'Financial Delegation Extension.'</p>		
<p><b>Section 7 Correspondence of Interest</b></p>			
<p><b>7.1</b></p>	<p><b>Draft Statement of Performance Expectations for 2020/21</b></p> <p>The Board:</p> <p>a) <b>noted</b> the above correspondence of interest.</p>		
<p><i>The meeting closed at 2:00pm</i></p>			
	<p>The next meeting is to be held on 24 June 2020.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____</p> <p>Sir Michael Cullen Board Chair</p>	<ul style="list-style-type: none"> <li>• Management to coordinate sub-committee and Board meeting timings in June to allow two days of back-to-back meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Jun 20</li> </ul> <p>_____</p> <p>Date</p>