

**MINUTES OF THE MEETING OF  
THE BOARD OF THE EARTHQUAKE COMMISSION**

**Held at the Michael Cullen Room, Christchurch  
10.10am to 3.45pm, Tuesday 21 June 2022**

**Present:**

Mary Jane Daly (Chair)  
Chris Black  
Erica Seville  
Alastair Hercus (by Teams)  
Emma Dobson  
Fiona Wilson  
Scott Lewis  
Ruth Dyson  
Alister James  
Jacqui Apiata (Future Director)

**In attendance:**

Tina Mitchell, Chief Executive Officer  
Lars Piepke, Chief Strategy Officer  
Fraser Gardiner, Chief Financial Officer  
Kate Tod, Chief Readiness Officer  
Jo Horrocks, Chief Resilience Officer  
Rob Hodgson, Chief Data Officer  
Bernadette McDougall, Head of Canterbury Claims  
Pip Andrews, Head of On-Solds  
Hamish Wall, Head of Performance and Reporting  
Privacy ██████████, Head of Risk Financing  
Privacy ██████████, Head of Policy and Government Relations  
Nicole Randall, Senior Policy Advisor  
Privacy ██████████, Manager Office of the CE (Secretariat)

**Apologies:**

*The meeting was declared open at 10.10am*

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
<b>Section 1</b>	<b>Board Governance</b>		
<i>Commissioners joined the meeting at 10.10am</i>			
	<b>Board Only</b>		
<i>Tina Mitchell joined the meeting at 10.45am</i>			
	<b>Board and CE Only</b>		
<i>Lars Piepke, Rob Hodgson and Privacy ██████████ joined the meeting at 11.00am</i>			
<b>1.1</b>	<b>Present and Apologies</b> The Board: a) noted there were no apologies, but that Alastair Hercus has joined online through Teams.		
<b>1.2</b>	<b>Interests Register / Declaration of Conflicts of Interest</b> The Board: a) received an addition from Erica Seville as a Director of BRANZ.		
<b>1.3</b>	<b>Confirmation of Board Minutes – 12 May 2022</b>		

	<p>The Board:</p> <p>a) <b>approved</b> the Board minutes from 12 May 2022 as a true and accurate record, subject to the amendments discussed.</p>		
1.4	<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>		
1.5	<p><b>Health, Safety, Security and Wellbeing Performance Report</b></p> <p>The Board:</p> <p>a) <b>noted</b> the update on HSSW work programme delivery against the HSSW Strategy</p> <p>b) <b>noted</b> the summary of HSSW incidents/near misses, injuries requiring medical attention, and lost time injuries provided in this report for the reporting period of April 2022</p> <p>c) <b>noted</b> the updated reporting process for EQC onsite counselling services in the performance dashboard at <b>Appendix A</b>.</p>	<p>References should be to Hollard (not Ando)</p> <p>Management to consider the timing of the Board visiting the site of a land claim to better understand what is involved in assessing and/or remediating land, as well as management of health &amp; safety for people working on the site.</p>	<p>Ongoing</p> <p>1 Dec 22</p>
<b>Section 2</b>	<b>Strategic Priorities</b>		
2.1	<p><b>Chief Executive's Report</b></p> <p>The Board:</p> <p>a) <b>noted</b> the Chief Executive's Report for June 2022.</p>	<p>Management to provide link for Dame Silvia Cartwright attending Select Committee hearings.</p> <p>Management to check with GNS with regards to the threshold / trigger for closing the ski field when Mt Ruapehu is active.</p>	<p>22 Jun 22</p> <p>18 Aug 22</p>
<p><i>Rob Hodgson left the meeting at 11.30am</i></p> <p><i>Fraser Gardiner and <span style="background-color: #cccccc; padding: 0 5px;">Privacy</span> joined the meeting at 11.30am</i></p>			
2.3	<p><b>Statement of Performance Expectations 2022-2023</b></p> <p>The Board:</p> <p>a) <b>noted</b> the final SoPE incorporates minor changes following feedback on the draft of the SoPE from</p>		

	<p>the Minister Responsible for the Earthquake Commission and the Treasury</p> <p>b) <b>approved</b> the SoPE to be signed by the Board Chair and Deputy <b>Board</b> Chair subject to the amendments discussed.</p>		
2.2	<p><b>Updating EQC’s Risk Financing Strategy</b></p> <p>The Board:</p> <p>a) <b>noted</b> that management is working constructively with Treasury as it finalises imminent advice to the Minister <span style="background-color: #cccccc;">Active consideration</span></p> <p>b) <span style="background-color: #cccccc;">Active consideration</span></p> <p>c) <b>noted</b> those future decisions will allow the Board to further operationalise its Risk Financing Strategy, and the attached Risk Financing Strategy for 2022/23 sets broad strategic parameters in the interim</p> <p>d) <b>agreed</b> the strategic intent to set EQC’s risk transfer target:</p> <p style="padding-left: 20px;">i. using a possible target modelled exhaustion point of between 1:800 and 1:1000 years for the programme</p> <p>e) <b>approved</b> the Risk Financing Strategy for 2022/23 attached at <b>Appendix A</b>, noting the in-principle decision in (d) above</p> <p>f) <b>agreed</b> to review EQC’s Risk Financing Strategy again once the first Ministerial Statement of Funding and Risk Management has been issued, which is expected to be in late 2023 or early 2024.</p>	<p>Board to review the Risk Financing Strategy again in February 2023, or earlier if required. Next version to include:</p> <p><span style="background-color: #cccccc;">Active consideration</span></p> <p><span style="background-color: #cccccc;">Management to provide a follow-up briefing paper on an updated ceded ROE model</span></p>	<p>Feb 2023</p> <p>Feb 2023</p>
2.8	<p><b>Annual Policy Review – Standards of Integrity and Conduct, and Remuneration and Benefits Policy</b></p> <p>The Board:</p> <p>a) <b>approved</b> the updated Standards of Integrity and Conduct at <b>Appendix A</b> of the paper</p> <p>b) <b>approved</b> the updated Remuneration and Benefits Policy at <b>Appendix B</b> of the paper.</p>		
<p>Fraser Gardiner and <span style="background-color: #cccccc;">Privacy</span> left the meeting at 12.25pm</p>			

Section 4	Financial & Risk		
4.1	<p><b>Financial Reporting – May 2022</b></p> <p>The Board:</p> <p>a) noted the accompanying May 2022 Financial pack (Appendix A)</p> <p>b) noted the following comments on the May financial performance</p> <p>i. Reported Surplus is below forecast levels (\$60.5m)</p> <p>ii. Net Claims expenses were \$60.6m above forecast. This unfavourable variance occurred as the new provision relating to EQC’s approach to on-solds (\$71.6m) was booked in May, but the BEFU forecast assumed this would occur in April. The remaining variance relates to a YTD adjustment to transfer prior months BAU claim costs to the BAU claims provision</p> <p>iii. Net Corporate Centre costs (BAU) were above forecast (\$0.5m). This variance is largely due to timing of IT and project spend</p> <p>iv. Cash &amp; Investments held as at 30 May 2022 were \$323m. The cash-flow forecast anticipates that the NDF balance will decline to <b>Commercially sensitive</b> in June 2022 when the next reinsurance quarterly payment and the Crown guarantee payment are due.</p>	<p>Management to provide a paper to the Loss Modelling and Risk Financing committee on <b>Commercially sensitive</b> in August, accompanied by independent advice.</p>	23 Aug 22
4.2	<p><b>Contract variation approval for Tonkin &amp; Taylor</b></p> <p>The Board:</p> <p>a) approved delegated authority to the Chief Executive to execute the contract variation as outlined in paragraph 21 with Tonkin + Taylor effective 1 July 2022.</p>		
4.3	<p><b>Write-offs of prepayments, intangible &amp; work-in-progress assets</b></p> <p>The Board:</p> <p>a) noted the impairment review undertaken ahead of 2021-22 financial year-end</p> <p>b) approved the write-off or expensing of the software costs of <b>Commercially sensitive</b></p>		

<b>4.2</b>	<p><b>Proactive Release of Redacted Board Minutes 5 April 2022</b></p> <p>The Board:</p> <p>a) <b>approved</b> the public release of the redacted minutes from its meeting on 5 April 2022 subject to the amendments discussed.</p>		
<p><i>Tina Mitchell, Lars Piepke and Privacy left the meeting at 12.40pm</i></p> <p><i>Commissioners adjourned for lunch from 12.40pm to 1.45pm</i></p> <p><i>Commissioners were joined for lunch by the Southern Response Earthquake Services Board (item 2.4)</i></p> <p><i>Tina Mitchell, Privacy joined the meeting at 1.45pm</i></p>			
<b>2.5</b>	<p><b>Preparing the Annual Report 2021-2022</b></p> <p>The Board:</p> <p>a) <b>discussed</b> and <b>provided feedback</b> on the proposed key sections and design for the annual report 2021-22, provided in <b>Appendix A</b> and <b>Appendix B</b> to the paper.</p> <p>b) <b>Noted</b> the suggestion to have an overall theme for the annual report, 'A New Chapter' being one option.</p>		
<b>2.6</b>	<p><b>Extra Care Claims Policy Update</b></p> <p>The Board:</p> <p>a) <b>provided feedback on</b> the attached draft policy on extra care claims.</p>	<p>Management to reframe the policy into principles that align with insurer policies. The aim is to encourage Toka Tū Ake EQC to reach out where any customer appears to need support (rather than the customer carrying the onus to identify need). Ensure data collection respects privacy.</p>	Nov 2022
<p><i>Privacy and Privacy left the meeting at 2.43pm</i></p> <p><i>Jo Horrocks joined the meeting at 2.43pm</i></p>			
<b>2.7</b>	<p><b>Update on the Implementation of the EQC Resilience Strategy for Natural Hazard Risk Reduction</b></p> <p>The Board:</p>	<p>Management to prepare the investment roadmap for loss modelling (including NSHM) for the</p>	6 Dec 2022

	<p>a) <b>noted</b> the update provided and progress made on implementation of the EQC Resilience Strategy for Natural Hazard Risk Reduction.</p>	<p>consideration at the Board meeting on 6 December 2022.</p> <p>Management to update the Board on Phase 1 of the portal in August 2022, including an early prototype if possible, and outlining the various project dimensions of scope, time, cost, quality and risk.</p>	18 Aug 2022
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*Jo Horrocks left the meeting at 3.04pm*

*Kate Tod, Pip Andrews, Bernadette McDougall and Hamish Wall joined the meeting at 3.05pm*

<b>Section 3</b>	<b>Performance &amp; Reporting</b>		
3.1	<p><b>EQC Performance Report to 31 March 2022</b></p> <p>The Board:</p> <p>a) <b>noted</b> the contents of this paper and performance reports 2a and 2b</p> <p>b) <b>noted</b> the new root cause analysis for BAU customer focused results included in paragraphs 19 a-d</p> <p>c) <b>noted</b> that the EQC Performance Dashboard for March 2022 will be published on our website by 15 July 2022 <span style="background-color: #cccccc;">Commercially sensitive</span></p> <p>d) <b>noted</b> that management are preparing a revised and simplified version of the current NDRM Report for consideration at the next Audit Risk Committee meeting.</p>		

*Kate Tod, Pip Andrews, Bernadette McDougall and Hamish Wall left the meeting at 3.14*

<b>Section 5</b>	<b>Committee Updates</b>		
	None.		
<b>Section 6</b>	<b>Correspondence</b>		
	None.		
<b>Section 7</b>	<b>Other business</b>		

	<p><b>Farewell to Chair Mary-Jane Daly</b></p> <p>The Board formally thanked Mary Jane Daly for her outstanding contribution and service to the Board and wished her well.</p>		
<p><i>Tina Mitchell and Privacy left the meeting at 3.16pm</i></p> <p><i>Commissioners left the meeting at 3.16pm</i></p> <p><i>The meeting closed at 3.16pm</i></p>			
	<p>The next meeting is to be held on 18 August 2022.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ <u>18 August 2022</u></p> <p>Chris Black                      Date</p> <p>Board Chair</p>		