

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held on Level 1, [REDACTED], Christchurch
9.00am – 3.30pm, Wednesday 29 July 2020**

Present:

Mary Jane Daly (Chair)
Alison O’Connell
Erica Seville
Alastair Hercus
Emma Dobson
Fiona Wilson
Scott Lewis

In attendance:

Sid Miller, Chief Executive Officer
Fraser Gardiner, Chief Financial Officer
Sharlene Taylor, Acting Chief People Officer
Benesia Smith, Head of EQC Inquiry
Josh Lindsay, Chief Readiness Officer
Tina Mitchell, Chief Strategy Officer
Hamish Wall, Head of Transition Performance and Support
Jaron Shaw, Chief Data Officer
[REDACTED], Head of Legal [privacy]
Jo Horrocks, Chief Resilience and Research Officer
Kate Tod, Head of Canterbury Claims
[REDACTED], Head of Risk Modelling [privacy]
Helen McDonald / Steve Cantwell, Treasury
Chris Chainey, Executive Strategic Advisor (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 9.40am</i>			
	Board and CE Only		
<i>Chris Chainey joined the meeting at 10.05am</i>			
1.1	Present and Apologies The Board: a) noted there were no apologies received.		
1.2	Interests Register / Declaration of Conflicts of Interest The Board: a) noted that Alison O’Connell was now the Deputy Chair of the Government Superannuation Fund Authority.		

<p>6.1</p>	<p>Matters Arising and Action Points</p> <p>The Board;</p> <p>a) noted the updates to the Action Points; and</p> <p>b) provided feedback on several of the action points and requested that Management update the listing.</p>	<ul style="list-style-type: none"> • Management to update the action register to reflect Board feedback. 	
<p>6.2</p>	<p>Confirmation of Board Minutes – 24 June 2020 & 16 July 2020</p> <p>The Board:</p> <p>a) approved the Board minutes from 24 June 2020 (subject to the feedback from the Board) and 16 July 2020 as a true and accurate record.</p>		
<p>6.3</p>	<p>Proactive Release of Redacted Board Minutes – May 2020</p> <p>The Board:</p> <p>a) noted 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) approved the public release of the redacted Minutes for its meetings on 27 May 2020, subject to incorporating the feedback received from Board;</p> <p>c) noted that since June 2018 when the Board Minutes began being published on the EQC website there have been 1,095 page views, with 634 from external sources;</p> <p>d) noted 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 (the OIA); and</p> <p>e) 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.</p>		
<p>7.4</p>	<p>Ratification of Evotes</p> <p>The Board:</p> <p>a) agreed to ratify the <i>Evote Pre-Election Economic and Fiscal Update (PREFU)</i>.</p>		

Sharlene Taylor joined the meeting at 10.16am

- 1.3 Health, Safety, Security and Wellbeing Report**
The Board:
- a) **note** there were six (6) health and safety incidents reported in June 2020;
 - b) **noted** there was one (1) Medical Treatment Injury (MTI) during this reporting period; and
 - c) **noted** the update provided in this Report on progress with delivery of the HSSW work programme.

Sharlene Taylor left the meeting at 10.21am

Section 2 Strategic Priorities

- 2.1 Chief Executive’s Report**
The Board:
- a) **provided feedback** on the key focus areas outlined in the CE Report.

Jaron Shaw joined the meeting at 10.34am

- 2.2 Transformation Update**
The Board:
- a) **noted** the progress that has been made over the previous month across the Transformation Portfolio;
 - b) **noted** the key activity over the month ahead;
 - c) **noted** the latest version of the implementation plan and the movement of three milestones (detailed in paragraph 6 of this paper);
 - d) **noted** that the scope and timings of Phase 1 of the Information and Analytics workstream have been aligned with [redacted] milestones baselined as part of the portfolio; and [negotiations, commercially sensitive]
 - e) **noted** that the reporting produced is also used for the Executive Transformation Steering Group.

I&A IQA Report

The Board:

	<p>a) noted the second IQA report for the I&A workstream produced by KPMG; and</p> <p>b) noted further updates provided by Management in response to the IQA findings.</p>		
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Jo Horrocks and [REDACTED] joined the meeting at 10:52am [privacy]

2.3	<p>Loss Modelling</p> <p>The Board:</p> <p>a) noted the progress being made on EQC’s loss modelling capability;</p> <p>b) noted that management plans to meet with GNS to advance the conclusion of SOW#1, potentially through provision of additional funding;</p> <p>c) noted EQC’s intention to invest in both the further development of the RiskScape engine (and related capabilities), and the underpinning science and data necessary to create a world-class loss modelling capability;</p> <p>d) noted the development of governance arrangements both externally and internally; and</p> <p>e) provided feedback on the Roadmap as EQC’s approach to loss modelling over the next three years.</p>	<ul style="list-style-type: none"> • Management to schedule a further update on the Board calendar in early 2021 unless there is a need to bring anything to the Board ahead of then. • The Chief Executive to arrange a CE and Chair meeting with GNS to reflect the high level of interactions between the two organisations. 	
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Jo Horrocks and [REDACTED] left the meeting at 11.18am [privacy]

Josh Lindsay joined the meeting at 11.18am

2.4			
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Josh Lindsay and Jaron Shaw left the meeting at 11.25am

*Tina Mitchell joined the meeting at 11.25am
 Helen McDonald and Steve Cantwell joined the meeting at 11.30am and left at 11.50am
 Benesia Smith joined the meeting at 12.04pm*

<p>2.6 Policy Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the update on the formation of EQC’s Strategy Group and the development of their work programme; b) noted the presentation from the Treasury in regards to the approach for the EQC Act Review; c) noted Management’s approach to working with the Treasury in regards to the EQC Act review; d) requested that Management provide a briefing on: <ul style="list-style-type: none"> i. work undertaken during previous EQC Act reviews. ii. a proposal of how the Board can best engage in the review process. iii. a list of matters EQC believes need to be addressed in the Act Review and whether they are currently in-scope. e) provided feedback on EQC’s engagement process and the key Terms of Reference parameters for the proposed national reference group(s); f) noted that Management will work with the Chair on the further development of the proposed national reference group; 	<ul style="list-style-type: none"> • Management to produce summarized reporting on the work programme to address the Public Inquiry recommendations. • <div style="background-color: #cccccc; width: 100%; height: 15px;"></div> to the list of possible supplementary briefings to the incoming Minister post-election. [commercially sensitive] • Management to provide a briefing to the Board in regards to work previously undertaken on Act Reviews and further analysis on the approach for this Act review.
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	<p>g) provided feedback on the proposed framework for developing EQC's initial Briefing for the Incoming Minister; and</p> <p>h) delegated the approval of the Briefing to the incoming Minister (BIM) to the Chair of the Board and Chair of the ARC.</p>		
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Benesia Smith left the meeting at 12:15pm

2.7	<div style="text-align: right; color: red; font-weight: bold; margin-top: 10px;">[commercial negotiations]</div>		
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Fraser Gardiner joined the meeting at 12:25pm

Section 4	Financial and Risk		
4.1	<p>Financial Reporting – June 2020</p> <p>The Board:</p> <p>a) noted the accompanying June 2020 Financial pack which is based on the draft June 2020 financial results. These are subject to June 2020 ILVR adjustments and final audit sign-off;</p> <p>b) 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>c) noted that the following comments on the June financial performance:</p> <ul style="list-style-type: none"> i. Revenue for the month was above budget (\$0.8m), due to higher Premiums revenue; ii. Core operating costs were above budget for the month (\$0.6m). The main contributors to this unfavourable variance was depreciation expense 	<ul style="list-style-type: none"> ● Management to provide the Board with regular reporting on consultancy spend by vendor 	

	<p>(\$0.3m) due to backdated depreciation on assets capitalised during the month, higher outsourced service provider costs (\$0.2m) and higher workforce expenses (\$0.5m). These are partly offset by lower grants & sponsorship costs (\$0.2m) and IT charges (\$0.2m);</p> <p>iii. Event operating costs were below budget for the month (\$1.5m). This is mainly due to lower private insurer costs in Kaikoura (\$1.7m) due to confirmations from insurers regarding remaining fees to be invoiced to EQC and higher than planned Canterbury costs (\$0.2m). The Canterbury variance is largely due to timing of consultancy spend;</p> <p>iv. The YTD favourable variance (\$81.0m) is largely driven by higher premiums and reinsurance revenue (\$24.6m), the recent Section 16 draw-down (\$25.0m), lower underwriting costs (\$20.9m) and lower expenses (\$8.7m); and</p> <p>v. Cash & Investments held at 30 June were \$180m.</p>		
<p>4.2 Delegations Framework Update</p> <p>The Board:</p> <p>a) noted the updates to DFA outlined in this paper arising from the disestablishment of current roles and the creation of new roles. This is in relation to the 2 June 2020 final realignment announcement and in line with Principle 15 of the Framework; and</p> <p>b) approved the addition of the Operational Advisor & Manager Engineering roles to the Claims delegation [REDACTED]</p> <p>[commercially sensitive]</p>		<ul style="list-style-type: none"> • Management to circulate an Evote paper on the approval of a contract for EQC’s 3rd party call centre operator Pulse. • Management to undertake a review of the Delegations Framework and present it to the Audit & Risk Committee. 	
<p><i>The meeting adjourned for lunch at 12.50pm</i></p> <p><i>The Commissioners met with settlement specialists and reviewed claims from 1.10pm – 1.55pm</i></p> <p><i>The Commissioners, Sid Miller, Chris Chainey, Hamish Wall, Kate Tod and [REDACTED] joined the meeting at 1.55pm [privacy]</i></p>			
<p>Section 2</p>	<p>Strategic Priorities (Continued)</p>		
<p>2.5</p>	<p>Canterbury Claims Update</p> <p>The Board:</p>	<ul style="list-style-type: none"> • Management to update the Canterbury Claims Programme presentation to better reflect the consideration of customer 	

	<ul style="list-style-type: none"> a) noted the current key focus areas for performance improvement within the Canterbury claims function; b) noted the enhanced operational forecasting that is being developed and initial projections; c) noted the establishment of a Canterbury Programme Board and associated programme structure; d) noted the current Canterbury claims initiatives being implemented; e) noted the transition to using EQC's three external legal providers to resolve claims in litigation; f) noted the overview of potential future initiatives; g) endorsed the intent to reduce the inflow of non-valid claims so that a greater proportion of resources' time can be spent on delivering fair and enduring settlements for valid claims; h) provided feedback on the Canterbury Claims Programme Management Framework and Prioritisation process, particularly around the inclusion of customer implications within the prioritisation criteria; i) requested that Management update the Canterbury Claim Programme and represent it at the August Board meeting; and i) noted the Benefits Management Framework that is being developed along with associated Benefits Dashboard. 	<p>and reputational impacts of initiatives.</p>	
<p>Section 3</p>	<p>Performance and Reporting</p>		
<p>3.1</p>	<p>EQC Performance Report – May 2020</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that this paper accompanies the EQC's Executive Dashboard to 30 June 2020 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; b) noted that the EQC's Executive Dashboard to 30 June 2020 (excluding the section pertaining to Kaikōura and information relating to near misses in the Privacy Breaches section) will be published on EQC's external website by 14 August 2020; and 		

	c) noted that summary reporting of our Covid-19 Health Check has been halted.		
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Hamish Wall, Kate Tod and [REDACTED] left the meeting at 2.43pm [privacy]

Section 4 Financial and Risk (continued)

Jo Horrocks and Fraser Gardiner joined the meeting at 2.45pm

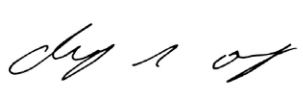
4.3	<p>FY21 GNS work plan</p> <p>The Board:</p> <p>a) noted that Management had reviewed the GNS Work Plan and was recommending it for approval;</p> <p>b) approved GeoNet’s 2020/21 Work Plan, including the release of \$13.7m in funding; and</p> <p>c) directed Management to work with GeoNet on finalising the new Head Operating Agreement, as well as developing an Individual Service Agreement for 2021/22 onwards.</p>		
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Jo Horrocks left the meeting 2.55pm

4.4	<p>Privacy Breach Report</p> <p>The Board:</p> <p>a) noted that EQC made a public statement that an external review into the breach would be undertaken;</p> <p>b) noted that INFO by Design were engaged to undertake this external review and have worked with EQC and a number of employees in conducting the review;</p> <p>c) provided feedback on the draft report;</p> <p>d) provided feedback to Management in regards to ensuring that there is the appropriate culture to ensure that non-action of audit recommendations can be raised;</p> <p>e) approved that upon finalisation of the report EQC proactively makes it publicly available on the EQC website; and</p> <p>f) approved that the recommendations are tracked through the Audit & Risk Committee with the Chair of the ARC responsible for providing updates to the full Board.</p>	<ul style="list-style-type: none"> • Management to update the report to reflect feedback from the Board ahead of publishing. 	
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Section 5 Board Committee Updates

<p>5.1</p>	<p>Audit and Risk Committee – 23 June 2020</p> <p>The Board:</p> <p>a) noted the draft minutes of the ARC meeting held 23 June 2020.</p> <p>Review of Risk Management Policy / Framework</p> <p>The Board:</p> <p>a) noted that the Audit and Risk Committee endorsed the proposed changes at their meeting on 23 June 2020;</p> <p>b) noted that this year’s review has not resulted in any substantive changes although several non-material wording enhancements and administrative updates are proposed of each document; and</p> <p>c) approved the updated Risk Management Policy and Risk Management Framework.</p> <p>Compliance Policy</p> <p>The Board:</p> <p>a) noted that the Audit and Risk Committee endorsed the proposed changes at their meeting on 23 June 2020; and</p> <p>b) approved the proposed Compliance Policy.</p>		
<p><i>The meeting closed at 3:20pm</i></p>			
	<p>The next meeting is to be held on 26 August 2020.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p style="text-align: center;">  _____ </p> <p>Mary Jane Daly Date Board Chair</p>		