

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

**Held at the Michael Cullen and Ōtautahi Rooms, Christchurch  
 9.00am to 4.00pm, Tuesday 5 April 2021**

**Present:**

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

**In attendance:**

Tina Mitchell, Chief Executive Officer  
 Emily Watt, Chief Strategy Officer (acting)  
 Fraser Gardiner, Chief Financial Officer  
 Kate Tod, Chief Readiness Officer  
 Privacy ██████████ Head of Health Safety Security and Wellbeing  
 Pip Andrews, Head of On-Solds  
 Bernadette McDougall, Head of Canterbury Claims  
 Jaron Shaw, Chief Data Officer  
 Privacy ██████████ Head of Risk Modelling  
 Briony McTaggart, Head of Legal  
 Privacy ██████████, Strategic Advisor  
 Privacy ██████████, Manager Office of the CE (Secretariat)

**Apologies:**

Jacqui Apiata (Future Director)

*The meeting was declared open at 8.50am*

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
<b>Section 1</b>	<b>Board Governance</b>		
<i>Commissioners joined the meeting at 8.50am</i>			
	<b>Board Only</b> Privacy ██████████		
<i>Tina Mitchell joined the meeting at 9.50am</i>			
	<b>Board and CE Only</b>		
<i>Emily Watt and Privacy ██████████ joined the meeting at 10.05am</i>			
<b>1.1</b>	<b>Present and Apologies</b> The Board: a) noted there were no apologies.		
<b>1.2</b>	<b>Interests Register / Declaration of Conflicts of Interest</b> The Board: a) noted no changes to the Interests Register; b) noted Alister James is the Chair of Southern Response Earthquake Services (SRES) and will be		

	<p>excused from any conversations regarding SRES during the course of the meeting</p> <p>c) Privacy</p>		
1.3	<p><b>Confirmation of Board Minutes – 17 and 28 February 2022</b></p> <p>The Board:</p> <p>a) approved the Board minutes from 17 and 28 February as true and accurate records subject to the amendments discussed.</p>		
1.4	<p><b>Matters Arising and Action Points</b></p> <p>The Board:</p> <p>a) noted the updates to the Action Points.</p>	<p>Management will provide an updated Risk Financing strategy in (June) that covers levy setting, funds management, NDF rebuild and risk capital. This will be the forerunner to the five yearly statement EQC will eventually prepare for the Minister</p>	June 2022
1.5	<p><b>Proactive Release of Redacted Board Minutes–2 December 2021</b></p> <p>The Board:</p> <p>a) approved the public release of redacted minutes 2 December 2021 subject to the amendments discussed.</p>		
1.6	<p><b>Health, Safety, Security and Wellbeing Performance Report</b></p> <p>The Board:</p> <p>a) noted the update on HSSW work programme delivery against the HSSW Strategy</p> <p>b) noted the summary of HSSW incidents/near miss, injuries requiring medical attention, and lost time injuries provided in this report for January and February 2022</p> <p>c) delegated to management any further changes to COVID policies.</p>		
<b>Section 2</b>	<b>Strategic Priorities</b>		
2.1	<b>Chief Executive’s Report</b>	Commercially sensitive, Free and frank advice	Dec 2022

	<p>The Board:</p> <p>a) <b>noted</b> the Chief Executive’s Report for February 2022.</p>	<p>developing apportionment methodology.</p>	
<p><i>Commissioners adjourned from 10.45am to 11am</i></p> <p><i>Jaron Shaw and Privacy joined the meeting at 10.45am</i></p>			
<p><b>2.2</b></p>	<p><b>Data and Technology update</b></p> <p>The Board:</p> <p>a) <b>noted</b> the progress EQC has made transitioning to a modern, flexible, data-enabled and resilient organisation and the work that will be undertaken over the next three months to build on this;</p> <p>b) <b>noted</b> the progress made extending and embedding strategic partnerships for the provision of outsourced Information Technology Services;</p> <p>c) <b>approved</b> the proposed agreement for outsourced IT Service Management with Datacom, to 30 June 2025, with a two year right of renewal to 30 June 2027, Commercially sensitive</p> <p>d) <b>approved</b> delegation to the Chief Executive to execute commercial and contractual commitments with Datacom</p> <p>e) <b>acknowledged</b> the work of Jaron Shaw &amp; Privacy and their teams in maturing EQC’s data capability as part of a successful transformation programme.</p>		
<p><b>2.3</b></p>	<p><b>Protective Security Framework</b></p> <p>The Board:</p> <p>a) <b>noted</b> the Government’s Protective Security Requirements (PSR), the findings of the independent review of EQC’s self-assessment and the 2022/2023-forward PSR work programme;</p> <p>b) <b>agreed</b> to set the target as ‘managed’</p> <p>c) <b>agreed</b> that the Audit and Risk Committee (ARC) be responsible for monitoring future PSR maturity targets on behalf of the Board</p> <p>d) <b>agreed</b> that the ARC receive consolidated PSR reporting twice a year, to replace the domain specific reporting the Committee currently receives</p>		

	<p>e) <b>agreed</b> that the ELT be designated as EQC’s Security Reference Group and meet in this capacity at least four times a year</p> <p>f) <b>agreed</b> that EQC should have at least two staff with the correct level of security clearance to take part in ODESC.</p>		
<p><i>Jaron Shaw and Privacy ██████ left the meeting at 11.50am</i></p>			
<p><b>2.4</b></p>	<p><b>Event Response Strategy to a Hawke’s Bay Earthquake Scenario</b></p> <p>The Board:</p> <p>a) <b>noted</b> the Statement of Performance Expectations requires EQC to develop two event response strategies that cater to a range of natural disaster perils by 30 June 2022</p> <p>b) <b>noted</b> a response strategy for a Hawke’s Bay earthquake scenario has been jointly developed by EQC, insurers, and the Insurance Council of New Zealand, following a series of stakeholder workshops</p> <p>c) <b>noted</b> the lessons learned as a result of developing this response strategy</p> <p>d) <b>noted</b> EQC is now developing its second response strategy for 2021/22 based on an Alpine Fault earthquake scenario.</p>	<p>Management to involve local MPs and DHBs in the next event response scenario (Alpine Fault).</p>	<p>August 2022</p>
<p><i>Erica Seville left the meeting at 11.55am</i></p>			
<p><b>2.5</b></p>	<p><b>Christchurch Office Security Walkthrough (no paper)</b></p> <p>The Board received a demonstration of the security arrangements which protect staff in the new Christchurch Office.</p>	<p>Free and frank advice ██████ ████████████████████ ████████████████████</p>	<p>June 2022</p>
<p><i>Commissioners adjourned for lunch from 12.10pm to 12.50pm</i></p>			
<p><b>2.6</b></p>	<p><b>Canterbury Claims &amp; On-Solds Walkthrough (no paper)</b></p> <p>The Board received briefing sessions from the Head of On-Solds and Head of Canterbury Claims on work in these areas.</p>		
<p><i>Briony McTaggart joined the meeting at 1.50pm</i></p>			

<b>2.7</b>	Privacy, Legally privileged [Redacted] [Redacted]		
Briony McTaggart left the meeting at 1.56pm Fraser Gardiner and Privacy [Redacted] joined the meeting at 1.56pm			
<b>2.8</b>	<b>Statement of Performance Expectations</b> The Board: a) noted a consultation draft of the SoPE is due with the Minister Responsible for the Earthquake Commission by the end of April 2022 b) approved the draft SoPE for consultation with stakeholders, subject to the amendments discussed c) approved the Board Chair, Chair of the Audit and Risk Committee, Ruth Dyson and Chris Black to approve the draft SoPE that incorporates stakeholder feedback before it is provided to the Minister Responsible for the Earthquake Commission in April 2022.	Management to provide a timeline for the name change transition in the CE report for the May meeting	May 2022
Fraser Gardiner and Privacy [Redacted] left the meeting at 2.47pm			
<b>Section 3</b>	<b>Performance &amp; Reporting</b>		
<b>3.1</b>	<b>EQC Performance Report to 31 December 2021</b> The Board: a) noted the contents of this paper, the EQC Performance Dashboards, and the NDRM Performance Reports b) note that because the scope of the NDRM Performance Report is limited to claims managed by partners from 30 June 2021, some of the metrics are not yet available and have been assigned a grey status c) note that the EQC Performance Dashboards for Jan-22 and Feb-22 will be published on EQC's	Legally privileged [Redacted] Management to consider the development of lead indicators and thresholds for reporting when developing strategy for renegotiating NDRM. Management to report back on the different categories of Kaikoura claims.	May 2022  May 2022  May 2022

	external website by 18 April 2022 <span style="background-color: #cccccc;">Commercially sensitive</span> <span style="background-color: #cccccc;">[REDACTED]</span>		
<i>Fraser Gardiner joined the meeting at 3.03pm</i>			
<b>Section 4</b>	<b>Financial &amp; Risk</b>		
<b>4.1</b>	<p><b>Financial Reporting – February 2022</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) noted the accompanying February 2022 Financial pack;</li> <li>b) noted the following comments on the February financial performance:           <ul style="list-style-type: none"> <li>i. Reported Surplus is above forecast levels (\$6.3m);</li> <li>ii. Net Claims expenses were \$3.5m below forecast, driven by lower BAU claim costs;</li> <li>iii. The risk margin amortisation was favourable to forecast (\$2.5m) following adoption of December 21 ILV;</li> <li>iv. Net Corporate Centre costs (BAU) were below forecast (\$0.5m) driven by timing of project spend; and</li> <li>v. Cash &amp; Investments held at 28 February were \$247m. The cash-flow forecast anticipates that the NDF balance will remain above this level through to June; <span style="background-color: #cccccc;">Commercially sensitive</span>  <span style="background-color: #cccccc;">[REDACTED]</span> when the next reinsurance quarterly payment is paid.</li> </ul> </li> </ul>		
<b>4.2</b>	<p><b>BEFU</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a) noted the attached presentation outlines the budgets for EQC’s ongoing “BAU” business, Canterbury CHE, Kaikoura CHE, Crown On-sold properties and Southern Response;</li> <li>b) approved the BAU BEFU submission for FY22- FY26, subject to a change <span style="background-color: #cccccc;">Commercially sensitive</span>  <span style="background-color: #cccccc;">[REDACTED]</span></li> </ul>		

	<p><i>In regards to the Canterbury CHE budget:</i></p> <p>d) <b>approved</b> a Canterbury CHE budget to June 2023 of <small>Commercially sensitive</small></p> <p>e) <b>noted</b> there will likely be Canterbury CHE beyond June 2023, with the ILVR forecasting an additional <small>Commercially sensitive</small> ;</p> <p>f) <b>approved</b> the addition in April 2022 of <small>Commercially sensitive</small>  <small>Commercially sensitive</small>  <small>Commercially sensitive</small></p> <p><i>In regards to the Kaikoura CHE budget:</i></p> <p>g) <b>noted</b> the Kaikoura CHE whole of life budget to June 2023 budget remains unchanged from the already approved <small>Commercially sensitive</small> ;</p> <p>h) <small>Commercially sensitive</small>  <small>Commercially sensitive</small>  <small>Commercially sensitive</small></p> <p><i>In regards to the Crown On-Sold Properties budget:</i></p> <p>i) <b>noted</b> the Minister has recently approved an increase in the appropriation <small>Commercially sensitive</small> including an increase in claims handling costs to <small>Commercially sensitive</small></p> <p>j) <b>noted</b> the whole of life claims handling budget to the end of FY23 is forecast to be <small>Commercially sensitive</small> ;</p> <p>k) <b>noted</b> these costs do not include any operating expenses associated with EQC’s approach to on-sold homeowners which is included in the Canterbury event;</p> <p>l) <b>approved</b> on-sold properties budget for the year ended 30 June 2023 of <small>Commercially sensitive</small> and</p> <p><i>In regards to the Southern Response budget:</i></p> <p>m) <b>approved</b> the Southern Response budget for the year ended 30 June 2023 of <small>Commercially sensitive</small></p>		
<p><b>4.3</b></p>	<p><b>Delegations Framework Updates</b></p> <p>a) <b>noted</b> <small>Commercially sensitive</small>, Negotiations  <small>Commercially sensitive</small>  <small>Commercially sensitive</small></p>		

	<p>b) approved a new delegation to be added for the EQC on-sold scheme with the approval of all settlements delegated to the Chief Executive; and</p> <p>c) approved the Head of On-Solds and the Principal Advisor to Head of On-Solds to have delegation to approve EQC on-sold fees and costs up to <span style="background-color: #cccccc;">Commercially sensitive</span></p>		
<b>4.4</b>	<p><b>Annual Review of Policies</b></p> <p>a) noted that the ARC endorsed the proposed changes to the Privacy Policy at its meeting on 1 December 2021;</p> <p>b) noted that the ARC endorsed the Prosecution Policy at its meeting on 10 February 2022;</p> <p>c) noted that the ARC endorsed the proposed changes to two policies - the <i>Policy on Participation of Reinsurers and Reinsurance Brokers</i> and <i>Asset Management Policy</i> - at its meeting on 18 March 2022; and</p> <p>d) approved the abovementioned policies for a further 12 months.</p>		
<i>Fraser Gardiner left the meeting at 3.30pm</i>			
<b>Section 5</b>	<b>Committee Updates</b>		
<b>5.1</b>	<p><b>Audit &amp; Risk Committee Update (no paper)</b></p> <p>The Chair of the Audit &amp; Risk Committee provided a verbal update to the Board on its recent meeting.</p>		
<b>5.2</b>	<p><b>People &amp; Culture Board Committee Update and Annual Report of PC&amp;C Board Committee</b></p> <p>The Board:</p> <p>a) noted the Annual Report of the Committee;</p> <p>b) noted the committee agreed it had achieved all requirements of its Charter and Terms of Reference for the 2021 calendar year; and</p> <p>c) approved the proposed changes to the committee Charter.</p>		
<b>Section 6</b>	<b>Correspondence</b>		
	<i>None.</i>		
<i>Tina Mitchell, Emily Watt and <span style="background-color: #cccccc;">Privacy</span> left the meeting at 3.33pm</i>			



Section 7	Other business		
7.1	Meeting review		
<p><i>Commissioners left the meeting at 3.45pm</i></p> <p><i>The meeting closed at 3.45pm</i></p>			
	<p>The next meeting is to be held on 12 May 2022.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ <u>12 May 2022</u></p> <p>Mary Jane Daly                      Date</p> <p>Board Chair</p>		