

Addendum to Briefing to the Public Inquiry into the Earthquake Commission: External reviews of the Earthquake Commission since 2010

Context

On 4 March 2019, the Earthquake Commission (EQC) provided a briefing to the Public Inquiry into EQC entitled *External Reviews of the Earthquake Commission since 2010*. The briefing identified that 46 reviews of EQC had been undertaken since 2009. The majority of the findings and recommendations from those reviews fell broadly into the following themes:

- a. improve the quality of repairs carried out in the Canterbury Home Repair Programme and EQC's approach to the project management services provided;
- b. improve EQC's customer experience, particularly communications with individual homeowners;
- c. improve EQC's relationship with private insurers and the ways in which EQC and private insurers could more efficiently manage their shared insurance obligations for individual properties;
- d. improve the operational practices and governance and operational structure of EQC;
- e. improve the external monitoring arrangements over EQC; and,
- f. identify lessons, tools and information from events that could usefully support responses to future natural disasters.

Appendix 1 to that briefing was a list of the external reviews into EQC that we had identified. Since then, additional external reviews were identified/undertaken as set out below.

Tenzing reviews of data and information management (2016 – 2018)

In June 2016, Tenzing Consulting prepared a comprehensive review of EQC's data and information management capability across three reports:

- *Data Warehouse Assessment and Recommendations;*
- *Data Governance Recommendations;* and
- *Information Management Framework.*

These reports found that EQC's data and information management systems required significant improvement, and made 18 recommendations to improve EQC's capability (the recommendations are identical across all three reports). There does not appear to have been any consideration of these reports or their recommendations at EQC Board level at the time, or for the remainder of 2016.

In April 2017, Tenzing completed a progress assessment against the 18 recommendations. There does not appear to have been any consideration of this report at EQC Board level at the time, or for the remainder of 2017.

In April 2018, the EQC Board considered a paper on the current state of EQC's information and communications technology. This paper referred to the three 2016 Tenzing reports, and noted that many of the 18 recommendations had not been implemented. The paper did not refer to the April 2017 Tenzing report. A follow up paper to the EQC Board in May 2018 provided a detailed update on progress against the recommendations in the three 2016 Tenzing reports.

In July 2018, Tenzing conducted a follow-up review summarising the 18 recommendations into eight areas. The follow-up review commented on whether the recommendations were still valid, whether they had been implemented by EQC or not, and made further recommendations on next steps.

All five of the Tenzing reviews found that EQC's data management, reporting and information management governance and architecture required significant improvement. These findings were consistent with the findings of the Independent Ministerial Advisor in April 2018, as well as a subsequent broader review by Tenzing in 2018 (see reports #41 and #43 in Appendix 1 to the Briefing to the Public Inquiry *External Reviews into the Earthquake Commission since 2010*).

KPMG – Earthquake Commission Portfolio, Programme and Project Management Maturity Assessment and Capability Maintenance Roadmap (March 2015)

In February 2015, EQC engaged KPMG to review its project management maturity and governance. KPMG found that EQC had developed a robust, fit for purpose project portfolio management and governance approach.



KPMG found that EQC’s project governance framework was generally appropriate for the size of the organisation and the complexity of projects. However, at an overall portfolio level EQC was assessed at having the lowest level of maturity (level one), meaning that it had room for improvement. KPMG found that in comparison with other similar-sized government organisations EQC met or exceeded the project management capability of those organisations.

The EQC Board considered KPMG’s findings in June 2015. The Board agreed with the findings of the review, and noted that EQC would keep doing what works well and focus on continuous improvement.

Derek Scott – EQC Response to Canterbury Events (draft) (2012)

In late 2011, EQC commissioned Martin, Jenkins and Associates to review EQC’s operational response to the Canterbury earthquakes. EQC also engaged Derek Scott, who had experience in insurance claims management, to assist Martin Jenkins with its review as a technical advisor. Mr Scott reported independently to EQC and submitted a draft report in early 2012.

In March 2012, Martin Jenkins delivered its draft report EQC Response to Canterbury events to EQC (report #13 in Appendix 1 to the briefing to the Public Inquiry, External Reviews of the Earthquake Commission since 2010). The Martin Jenkins draft report was not finalised, as EQC considered that the Treasury-led review of the Earthquake Commission Act was expected to cover similar ground, and further work was unlikely to deliver the insights that EQC had expected at the outset. Accordingly, because work had ceased on the Martin Jenkins draft report, no further work on the Derek Scott draft report was warranted.

Both the Derek Scott and the Martin Jenkins draft reports were never finalised. It is not clear whether either draft report was considered by the EQC Board.

On 7 October 2013, the Martin Jenkins draft report was publicly released on the EQC website alongside a media release (see <https://www.eqc.govt.nz/news/lessons-learnt-a-report-on-eqc%E2%80%99s-response-to-the-canterbury-earthquakes>). The media release did not refer to the Derek Scott draft report.

The recommendations from the Derek Scott draft report fall within the theme “(f) identify lessons, tools and information from events that could usefully support responses to future natural disasters”, which is discussed in paragraphs 69-73 of the Briefing to the Public Inquiry External Reviews of the Earthquake Commission since 2010.



SBA Consulting – Internal Audit of the Earthquake Commission’s External Affairs Function (March 2019)

This report, completed by SBA Consulting in March 2019, outlines the current state of EQC’s External Affairs function. It sets out what is currently being delivered and how, and the gaps between current and best practice. The findings of the report were not considered by the EQC Board.

The recommendations from this report fall within the theme “(d) improve the operational practices and governance and operational structure of EQC”, which is discussed in paragraphs 51-66 of the Briefing to the Public Inquiry External Reviews of the Earthquake Commission since 2010.

Dr Laurie Johnson – Review of the EQC Resilience Strategy for Natural Hazard Risk Reduction (2018-2028) (April 2019)

EQC commissioned Dr Laurie Johnson to undertake a peer review of its draft Resilience Strategy for Natural Hazard Risk Reduction (2018-2028). Dr Johnson found that the draft Resilience Strategy has a number of areas of strength and support, as well as areas of potential weakness and concern. The EQC Board noted the review’s findings and recommendations in May 2019. In June 2019, the EQC Board noted that the organisation is undertaking a review of the Resilience Strategy.

The findings and recommendations from this report fall outside the six major themes identified and discussed in the Briefing to the Public Inquiry External Reviews of the Earthquake Commission since 2010.

KPMG – Insurer Finalisation (May 2019)

EQC is working with private insurers to collaboratively agree their respective liabilities for the Canterbury earthquake sequence. This process is known as insurer finalisation. EQC initiated a review of the insurer finalisation work stream to test whether the process is fit for purpose and identify any gaps. The review found that the work stream and processes were generally fit for purpose, and identified six opportunities for improvement.

In June 2019, the EQC Board noted the findings of the review, and that the six recommendations would be implemented.



The recommendations from this report fall within the theme “(c) improve EQC’s relationship with private insurers and the ways in which EQC and private insurers could more efficiently manage their shared insurance obligations for individual properties”, which is discussed in paragraphs 44-50 of the Briefing to the Public Inquiry External Reviews of the Earthquake Commission since 2010.

KPMG – Review of Procurement Function (June 2019)

This review of EQC’s procurement function observed that the relationship between the procurement team and the broader business is fundamentally broken, and needs to be rectified. The review identified opportunities to improve the draft procurement policy and procurement maturity plan.

The review analysed four options for how EQC could structure its procurement function, and suggests that a business partnership model (whereby procurement specialists sit within the business and maintain reporting lines to the Chief Financial Officer) presents the best approach to best meet its needs.

The review was not considered by the EQC Board. Its findings and recommendations are being considered by EQC at an operational level.

The recommendations from this report fall within the theme “(d) improve the operational practices and governance and operational structure of EQC”, which is discussed in paragraphs 51-66 of the Briefing to the Public Inquiry External Reviews of the Earthquake Commission since 2010.