

# Southern Response Earthquake Services Limited

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## Minutes of the Meeting of the Board of Directors

Held at 10.00 a.m. on 19 August 2013 at Southern Response, 6 Show Place, Addington, Christchurch

### Present

Ross Butler – Chairman of the meeting, Anne Urlwin – Deputy Chairman, Jenn Bestwick – Director (except 3.05 – 3.25 p.m.), David Whyte – Director, Susan Thodey – Director, and Bevan Killick – Director.

### In attendance

Peter Rose – CEO and Tony Feaver – CFO

Casey Hurren – EQ Strategy Manager (10.20 – 12 noon only)

■■■■ and ■■■■ – Arrow International (lunch and 12.30 – 2.00 p.m. only)

Minutes recorded by Anna Gruczynska.

### Apologies

None

### Welcome

The Chairman welcomed all members of the Board and other attendees, and confirmed the agenda for the meeting. Jenn Bestwick recited a karakia.

### Quorum

The Chairman, Ross Butler, declared a quorum was present.

### Interests Register

No changes to the interests registered were declared.

Susan Thodey advised that she is no longer involved in a legal matter where Arrow International is a co-defendant, therefore the associated disclosure will be removed from the register.

Jenn Bestwick advised of a potential conflict with regard to Agenda Item 14(b) - Property Update - arising from her role with CPIT.

### Audit & Risk Committee Update

The Board noted that the Audit & Risk Committee had met twice since the previous Board meeting, on 2<sup>nd</sup> and on 19<sup>th</sup> August. The latter meeting was attended by Deloitte who acknowledged improvements in terms of Southern Response's controls and processes, as confirmed by the improved overall internal control environment rating issued under the Auditor-General's mandate.

## Financial Statements

The Board **resolved** to **accept** the Audit & Risk Committee's recommendation to:

- a) **Note that** the Financial Statements would be amended, as agreed by the Committee, to include the Contingent Liability disclosure in the Notes and to remove detailed explanations in the Statement of Service Performance where the KPI target status was "met".
- b) **Approve** the Full Financial Statements for the year ended 30 June 2013, and **Authorise** the Chairman and the Chair of the Audit and Risk Committee to sign the Full Financial Statements and Statement of Responsibility.
- c) **Approve** the Summary Financial Statements for the year ended 30 June 2013, and **Authorise** the Chairman and the Chair of the Audit and Risk Committee to sign the Summary Financial Statements and Statement of Responsibility
- d) **Note** the form of the Financial Statements Audit Representation Letter sought from the board by Deloitte, and the receipt of the signed back-to-back Audit Representation Letter from SRES management to the board and the signed back-to-back Audit Representation Letter from Arrow International to SRES, and **Authorise** the Chairman and the Chair of the Audit and Risk Committee to sign, on behalf of the board, the Financial Statements Audit representation letter from the board to Deloitte.

The Board **resolved** to **accept** the Audit & Risk Committee's recommendation to:

- a) **Note** the form of the CFIS filing Audit Representation Letter sought from the board by Deloitte, and the receipt of the signed back-to-back Audit Representation Letter from SRES management to the board, and **Authorise** the Chairman and the Chair of the Audit and Risk Committee to sign, on behalf of the board, the CFIS filing Audit Representation letter from the board to Deloitte.

**Moved:** Anne Urlwin, **Seconded:** Bevan Killick, **Carried:** unanimously

## Internal Audit Plan

The Board **noted** that the Audit & Risk Committee has reviewed and approved the Internal Audit Plan 2013/14.

## Policy Reviews

The Board **resolved** to **accept** the Audit & Risk Committee's recommendation and **approve** the adoption of the following revised Governance Policies:

- Treasury Policy
- Fraud Policy
- Conflicts of Interest Policy
- Procurement Policy.

**Moved:** Anne Urlwin, **Seconded:** Susan Thodey, **Carried:** unanimously

The Board **noted** the receipt by the Committee of the Draft Report from the Fraud Risk Management Review, and that further discussion of fraud matters would be held at the next quarterly Committee meeting, with a view to developing an end-to-end programme for fraud identification and prevention at all levels of the organisation.

The Board **noted** that the Committee had discussed an upcoming meeting between Deloitte and the office of the Auditor-General, and that the Committee had requested that the issue of Police apparent inaction on fraud matters be raised in that meeting.

The Chair and CEO to also raise fraud matters in their meeting with EQC Chair and CEO on 22 August 2013.

The Board discussed the timing of re-appointment of Deloitte by OAG, and that this will need to be reflected appropriately in Southern Response's Notice of AGM.

The Board **noted** the steps initiated by the CEO with regard to the development of Health & Safety end-to-end programme for ensuring H&S compliance at all levels of the organisation.

The Board **noted** the Audit & Risk Committee Update.

### **Communications and Community Engagement Committee Update**

The Board noted that the C&CE Committee met on 16<sup>th</sup> August.

#### *Annual Report 2013*

The Board **reviewed** the draft Chair & CE's Report circulated by email, **noted** the feedback and suggestions received from COMU and **agreed** amendments required.

**The meeting adjourned at 9:50 a.m. and re-convened at 10:20 a.m.**

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PROACTIVELY RELEASED BY SOUTHERN RESPONSE EARTHQUAKE SERVICES LTD

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## Communications and Community Engagement Committee Update

### Annual Report 2013

The Board **resolved** to accept the Communications and Community Engagement Committee's recommendation and **approve** the layout of the Annual Report 2013, **approve** the Chair & CE's Report subject to the amendments agreed and **approve** the content of the Annual Report 2013 subject to the inclusion of the financials once finalised.

**Moved:** Jenn Bestwick, **Seconded:** David Whyte, **Carried:** unanimously.

The Board **noted** that the Committee reviewed and endorsed the proposed advertisement for the Annual Public Meeting, and the advertising schedule.

### External Communications Policy

The Board **resolved** to **approve** the adoption of the revised External Communications Policy and **note** the Policy will be subject to a further review in 2015 in accordance with the Schedule of Policies adopted by the Board.

**Moved:** Jenn Bestwick, **Seconded:** Susan Thodey, **Carried:** unanimously.

## Ratification of Resolution – Quarterly Report for Q4 2012/13

The Board **resolved** to **ratify** the resolution to approve the Quarterly Report for Q4 2012-13, and its submission to Shareholding Ministers, passed by electronic vote.

**Moved:** Anne Urlwin, **Seconded:** Bevan Killick, **Carried:** unanimously.

The Board adjourned at 12 noon for lunch and to meet the newly appointed specialist pod leaders. [REDACTED]  
[REDACTED] and [REDACTED] joined the Board for lunch.

**The Board reconvened at 12.45 p.m.**

### **Arrow Progress Update**

**Change in attendance:** [REDACTED] and [REDACTED] of Arrow International joined the meeting at 12.45 p.m.

The Chairman welcomed the Arrow representatives and acknowledged the progress and good faith from both parties in negotiating the PMSA variation. The Chairman outlined the proposed timeframe for presenting the briefing to the Treasury. It was agreed that both parties would communicate to their lawyers that once the issues currently open were agreed, no further changes would be initiated by Southern Response or Arrow.

[REDACTED] and [REDACTED] spoke to a presentation detailing the proposed strategies to achieve the goal of completing 92.5% of all claims by December 2016, recognising that a “tail” of perhaps 7.5% would require different strategies continually to progress through the claim cycle.

The Board **noted** the analysis of speed delays at different stages of the claim life cycle, and for different types of project (group home rebuilds, non-group home rebuilds, repairs etc.).

The Board **noted** Arrow’s advice that to achieve the December 2016 completion date, construction progress will need to fit within the “throughput window” between the stretch forecast set by management and the minimum requirement, but that the goal was achievable.

The Board requested attention be given to consistent use of terminology in relation to the different phases of the construction process, i.e. construction start = consent granted and contract signed for the purposes of all internal and external reporting.

The Board **noted** the likelihood of new issues emerging in the later phases of the project of which we are not aware yet, and for which solutions will have to be developed.

The Board **noted** the identified challenges affecting progress, which can be attributed to:

- Arrow/SRES
- Customer
- Supply Chain (structural and geotechnical engineering, foundation design skill base etc)
- Other (consenting, land repairs etc)

and the strategies proposed to overcome those challenges.

The Board requested that a similar progress update be scheduled for the October Board meeting.

**Change in attendance:** [REDACTED] and [REDACTED] of Arrow International left the meeting at 2.00 p.m. **The Board adjourned for a short break.**

**The Board re-convened at 2.10 p.m.**

### **TC3 Build and Lease of Land from Housing New Zealand**

The CEO spoke to the report. The Board noted that the proposal detailed a modified request to that submitted to the Board and approved in April 2013, to purchase land for the construction of the TC3 Show Home. The purchase of the land was no longer necessary due to a superior solution having been negotiated with Housing New Zealand to lease their land on the terms described in the paper.

The Board **noted** the receipt of the letter from Housing New Zealand confirming the details of the proposed leasing arrangement with Housing New Zealand.

The Board **noted** the anticipated construction costs (including anticipated discounts on materials) of the show home and estimated timeframes for completion of the show home, and that management is exploring means to mitigate operational costs of promoting the show home upon completion.

The Board **resolved** to **approve** Southern Response entering into a Lease Agreement with Housing New Zealand and **authorised** two directors to execute the Lease on Southern Response's behalf.

**Moved:** Anne Urlwin, **Seconded:** Jenn Bestwick, **Carried:** unanimously.

### Approval of Minutes

The minutes from the Board meetings of 17 July 2013 had been circulated with the papers.

It was **resolved** that the minutes of the meeting of 17 July 2013 be **accepted** as a true and correct record of the meeting, subject to the amendments agreed.

**Moved:** Susan Thodey, **Seconded:** David Whyte, **Carried:** unanimously.

### Matters arising from the Minutes

The Board **noted** that Actions 1-10 had been completed. The Board **noted** the progress on the remaining actions.

### Dashboard

The Board **noted** the improved layout of the Dashboard.

The Board requested the following amendments to future Dashboard reporting:

- In section A. Throughput, the Actual A column to be removed as now reported through the Pipeline.
- The CFO to consider the appropriate method of reporting the "run rate" to allow tracking of the progress backlog.
- YTD reporting for the current and previous year to be introduced for H&S reporting.

The Board **noted** the Dashboard.

### Schedule of Key Challenges

The Board **noted** the Schedule of Key Challenges circulated with Board Papers, and requested that the development of the end-to-end H&S Programme and Fraud Prevention Programme be added to the Schedule.

### CEO Update

The CEO Update was taken as read. The CEO highlighted key aspects of his report:

#### *EQC Land Compensation*

The CEO provided a verbal update on negotiations in relation to EQC Land Compensation. The Board **noted** that the draft Terms of Reference for the Land Repair Steering Group have been received, and feedback provided.

#### *Port Hills Landslide Risks*

The Board **noted** that Christchurch City Council briefing on the Port Hills took place on 8<sup>th</sup> August 2013, and that based on the information shared in that meeting, Southern Response was satisfied with its position on the issue.

### *Asbestos*

The CEO confirmed that he was confident in the follow-up procedures by Arrow in this instance, and that further follow up with the contractor would be occurring to ensure Arrow's recommendations have been implemented.

### *QS Template*

The Board **noted** the successful implementation of the QS template in the Courts system, and requested that the possibility of utilising the QS template to facilitate the resolution of under/over cap disputes with EQC be investigated.

### *Human Rights Commission*

The Board **noted** the update on recent discussions with David Rutherford, and that the CEO would follow up in an effort to keep the dialogue open.

### *EQC Technical Services Team*

The Board **noted** the update on organisational restructure, as a result of which the Technical Services Team would now report to the Overcap Team Operations Manager, with specific focus on aligning the culture and common purpose of both teams.

### *Disputes Management*

The Board discussed the recent incident involving threatening behaviour by a customer and **noted** that management was considering an emergency dispute mechanism for addressing disputes which cannot be resolved through the usual process due to the customer's particular circumstances. The Board discussed the security arrangements at the Show Place office and requested that security cameras be installed in the Level 1 and Level 2 foyer areas, with appropriate signage, to protect the security of the staff.

**Change in attendance:** Jenn Bestwick left the meeting at 3.05 p.m.

The Board discussed the allocation of professional fees between general business and those attributable to specific claims. The CFO to investigate the means of reporting professional fees for both the business generally and claim specific, including those arising from responding to OIA requests from individual claimants.

The Board **noted** that a dedicated OOS dispute resolution process was being developed.

The Board **noted** the implementation of the Temporary Accommodation cash settlement initiative, for short term (mostly EQC repair) TA claims.

The Board **noted** the CEO Update.

### **Health & Safety Guidelines**

The CEO spoke to the report. The Board **noted** that legal advice from Bell Gully would be provided to the September Board meeting, and that Bell Gully would attend the September meeting to speak to their advice and the developments in relation to H&S legislation post-Pike River Inquiry.

The Board **noted** the need to develop an end-to-end approach with a strategic focus rather than dealing with the matter on a transactional level only, and that the developments in that regard would be reported back through the Audit & Risk Committee.

The Board **noted** the Update on H&S Guidelines.

## Health & Safety Update

The Board **noted** the update on the status of H&S incidents reported, and agreed that the unacceptable behaviour incident was not properly a H&S matter but an HR matter.

**Change in attendance:** Jenn Bestwick re-joined the meeting at 3.25 p.m.

The Board requested that the CEO follow up with Arrow on the reporting of H&S near-misses to ensure satisfactory capture of such incidents.

The Board **noted** the H&S Update.

## Health & Safety – employee incident with TP provider

The Board **noted** that this had been covered under the CEO H&S Update.

## Property Update

The CFO spoke to the CCO's report. The Board **noted** the progress with regard to the Riccarton Road building and the insurance claim arising.

The Board **noted** that the sale of the Kilmore St Land to CAML has been completed, resulting in the adjustment to the 30<sup>th</sup> June accounts to reflect the valuation lower than the carrying value in the accounts. The Board **noted** that the actual settlement is likely to occur in September 2013.

The CEO updated the Board on progress in respect of the insurance claim for 132/134 Kilmore St premises and that progress has been made in negotiations with NZI in respect of achieving settlement at Replacement Value. Following agreement with the insurer regarding the fair Replacement Value of the building, management will provide the Board with an update on the final strategy and negotiated position and circulate the resolution for Board's approval to settle the insurance claim on the negotiated basis.

The Board **noted** the Property Update.

## CFO Update

The CFO Update was taken as read.

The Board **noted** an update on reinsurance recoveries and prepayments.

The Board **noted** the Annual Report timetable.

The Board **noted** an update on winding up Members Holdings and Members Trust, currently held up with the IRD.

The Board **noted** the CFO Update.

## Correspondence relevant to the Board

The Board **noted** the correspondence circulated with the papers:

- Board correspondence with customers
- COMU notification of an External Governance Review
- Finity's final and signed Claims Liabilities Valuation to 30<sup>th</sup> June 2013
- Requests under Official Information Act 1992



## Major Contracts

The Board **noted** the Major Contracts Schedule circulated. The Board requested a follow up to ensure appropriate delegated authorities for the execution of the extension of lease for St Asaph St premises from Oxley Properties.

## Schedule of Ongoing Obligations

The Board **noted** there have been no changes to the Schedule since the previous Board meeting.

## Staff Remuneration and Retention Committee Update

The Board **noted** that the Committee met earlier that morning to consider KPI incentive bonuses for the first half of 2013. The Board **noted** that the KPI assessment outcomes were skewed as a consequence of wrongly defined assessment standards or poor adjudication, but that the financial impact was not material. The Board **noted** that the outcomes had been approved.

The Board **noted** that the Committee had also considered the Revised Performance and Retention Plan, proposing a return to a 12-month distribution cycle, and that further work was required to develop the quantitative KPIs for OOS and Corporate teams incorporating the required risk and stretch factors. Once this work was completed, the revised Remuneration Strategy and Performance System will be presented to the Committee for consideration and recommendation to the Board at the September meeting.

## Next Meetings

The next meeting will be held on Friday, 13<sup>th</sup> September 2013. Jenn Bestwick confirmed she would be an apology for that meeting.

The Capital Committee will meet on the morning of the Board meeting. The Governance Committee will also meet prior to the next Board meeting, details to be confirmed.

Bell Gully will attend the 13<sup>th</sup> September Board meeting to provide an update on H&S matters.

The Board requested that the Agenda include AGM and Annual Public Meeting arrangements and the draft Schedule of 2014 Board meetings.

## General Business

The CFO advised that the Directors' Fees have been re-calculated to allow \$10,000 to be held back for distribution at the financial year end, in accordance with the Board resolution of 19 June 2013.

The Chair advised that as no special fees had been requested, there was no expectation that the Shareholding Ministers would be writing to confirm Directors' fees, therefore Directors' invoices may now be paid, following a manual adjustment by the CFO in respect of the fees being held back. The CFO to be provided a copy of the Chair's letter to the Treasury confirming no request for special fees, and confirming the Directors' Training budget.

## Closure of the Meeting

Jenn Bestwick recited a karakia.

The Meeting closed at 4.00 p.m.

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**Approved: 13 September 2013**

**Agenda item :** 9(c) **Purpose :** For review

**TO :** Board of Directors

**FROM :** CEO

**DATE :** 4 September 2013

**TOPIC :** Security arrangements – Southern Response

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## **1. Purpose**

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The purpose of this paper is to update the Board on the security arrangements currently in place for the protection of staff, and to seek Board's guidance as to further measures required, including those to protect Board members' personal security.

## **2. Security at 6 Show Place**

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Additional security measures have been put in place at 6 Show Place including:

1. Restricted card access
2. Video Cameras
3. Remote lock for Level 2 reception

Since Arrow have joined SRES there has been a full review of swipe card access. Staff have 24/7 access to their own company's floor(s) and working hour access to other floor(s). The only exceptions are the two SRES IT staff who require 24/7 access to the entire building. There are now 6 contractor cards which have 24/7 access to all floors and contractors are required to sign in the book and are monitored to return the card.

Video cameras have been installed and are operating at 6 Show Place in 4 locations:

1. Level 1 foyer – monitoring the main entrance and the entrance to the L1 office space
2. Level 2 reception – two cameras, one covers the reception area including the door and the other covers the corridor to the meeting rooms
3. Level 3 foyer – monitoring the landing and entrance to the office space

The camera footage is recorded on a dedicated storage device and is securely located in the L3 server room. There are unique IDs to log in to access the information. This device is currently on the Arrow network and can be connected to by specific Arrow staff. It is possible to move this to SRES a network and also to allow access for additional users if required. At this stage, this is used as an emergency back-up.

A remote locking mechanism has been installed on Level 2 to allow the floor to be secured at any stage. The button to activate or deactivate lock down is on the reception desk out of view of customers. This gives the ability to secure the floor should a threat be identified.

#### **4. Board members' security**

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The issue of Board members' security was raised in the recent Board Review carried out by HSR Governance. No special arrangements are currently in place, however, it is conceivable that Board members may at some point become the target of a disgruntled customer. With Directors' personal details, such as private address, public information through the Companies Office website, this could leave Board members in a vulnerable position. Therefore protective measures should be considered specifically, and separately from the company-wide approach detailed above to address any concerns Board members have with regard to their own safety.

#### **6. Recommendations**

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That the Board notes this update and provides guidance to management on further measures required to protect staff and Board members' own security.

PROACTIVELY RELEASED BY  
SOUTHERN RESPONSE EARTHQUAKE SERVICES LTD

# Southern Response Earthquake Services Limited

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## Minutes of the Meeting of the Board of Directors

Held at 8.40 a.m. on 13 September 2013 at Southern Response, 6 Show Place, Addington, Christchurch

### Present

Ross Butler – Chairman of the meeting, Anne Urlwin – Deputy Chairman, David Whyte – Director, Susan Thodey – Director, and Bevan Killick – Director.

### In attendance

■■■■ HSR Governance (8.40 – 9.30 a.m. only)

Peter Rose – CEO (from 8.50 a.m., except 2.00 – 2.20 p.m.) and Tony Feaver – CFO (from 9.15 a.m.)

Casey Hurren – EQ Strategy Manager (11.05 a.m. – 2.00 p.m. only)

■■■■ Arrow International (11.20 a.m. – 12.15 p.m. only)

■■■■ Bell Gully (lunch and 12.30 – 2.00 p.m. only)

Minutes recorded by Anna Gruczynska.

### Apologies

Jenn Bestwick.

### Welcome

The Chairman welcomed all members of the Board and other attendees, and confirmed the agenda for the meeting. ■■■■ recited a karakia.

### Quorum

The Chairman, Ross Butler, declared a quorum was present.

### Governance Review

■■■■ spoke to her report and acknowledged the progress made in some areas covered by the report, as evidenced by the board papers reviewed. The Board **noted** that the findings of the review were generally positive, with some scope for improvement identified and recommendations made.

Ms Huria highlighted the key aspects of the report in relation to:

- size and composition of the board pack, balancing the volume and clarity of the papers
- Health & Safety
- Privacy matters.

The Board discussed the Arrow contract negotiation process and learnings from it for future significant items for Board's consideration, particularly the benefits of roadmapping the process at the outset if practicable.

**Change in attendance:** Peter Rose joined the meeting at 8.50 a.m.

The Board discussed the need to balance the level of Board involvement in the management of the company with the necessary protection of directors' reputational risk through an active oversight of the company's operations.

The Board discussed the rationale for the development of an overarching strategy in the areas of Fraud, Health & Safety and Privacy in the context of the company's limited lifespan, a considerable body of work in these areas as part of BAU and constant need for vigilance across all levels of the organisation.

The Board expressed thanks to [REDACTED] for her work and recommendations which would be implemented by the Board as recommended by the Governance Committee, with a follow up review likely in July 2014.

**Change in attendance:** [REDACTED] left the meeting at 9.15 a.m. Tony Feather joined the meeting at 9.15 a.m.

### Governance Committee Update

The Board **noted** that the Committee had met the previous day, 12 September, and was introduced to Sarah Giles who has assumed the oversight of Privacy matters following the IIS Privacy Review earlier in the year.

The Board **noted** that the Committee had reviewed the draft Governance Review Report which, once issued as final, will be formally accepted and recommendations converted into actions to be implemented through Board evaluation and other appropriate means.

The Board **noted** that the Committee had reviewed and discussed the draft Privacy Strategy and Framework and that it will be considering the finalised document at its November meeting, with an appropriate recommendation to the Board to follow.

The Board **noted** that the Committee had reviewed the draft amended Privacy Policy reflecting the change of ownership to Governance Committee, actions from the Privacy Review and review against Policy Development Policy.

The Board **resolved** to accept the Governance Committee's recommendation and **adopt** the Revised Privacy Policy.

**Moved:** Ross Butler, **Seconded:** Bevan Killick, **Carried:** unanimously

The Board **noted** that the proposed amendments to the Disclosure of Wrongdoing (Whistleblower) Policy would be considered at the Committee's November meeting, with an appropriate recommendation to the Board to follow.

The Board **noted** that in the Committee -only time the Board Evaluation process was discussed. The Board **noted** that the Board Evaluation will consist of self-assessment and peer review which are proposed to be carried out over the next 8 weeks, based on a COMU template which will be circulated. The evaluation is anticipated to be completed by 15 October and the results reviewed by the November Committee meeting.

The Board **resolved** to **approve** the Governance Committee's recommended process for Board evaluation and the timeframe for its completion.

**Moved:** David Whyte, **Seconded:** Bevan Killick, **Carried:** unanimously

The Board **noted** the receipt and review by the Committee of a letter from Min Bill English dated 4 September 2013 and confirming Directors' Fees and professional development budget for the 2013/14 year.

The Board **noted** the Governance Committee Update.

## Interests Register

Ross Butler advised of his resignation as Director of Marlborough Lines Ltd, effective 20 September 2013.

David Whyte advised of his appointment as Non-executive Director of Acompni Ltd, effective 18 August 2013.

Bevan Killick advised of a conflict of interest in relation to a customer claim listed in the Board Correspondence schedule, through a family connection to a party involved in managing the claim.

The Board **noted** the CEO's conflict in relation to the Actuarial Services Engagement, arising from his previous directorship of Finity Consulting.

## Ratification of decisions

The Board **resolved** to **ratify** the resolution to approve the release of the Arrow PMSA Briefing to the Treasury, passed by electronic vote; and

The Board **resolved** to **ratify** the removal of Keith Bernard Land, and the addition of Casey Michael Hurren, as authorised signatories for the Southern Response Earthquake Limited bank accounts held with ANZ Bank New Zealand Limited.

**Moved:** Bevan Killick, **Seconded:** Susan Thodey, **Carried:** unanimously

## Approval of Minutes

The minutes from the Board meetings of 19 August 2013 had been circulated with the papers.

It was **resolved** that the minutes of the meeting of 19 August 2013 be **accepted** as a true and correct record of the meeting.

**Moved:** David Whyte, **Seconded:** Anne Urlwin, **Carried:** unanimously.

## Matters arising from the Minutes

The Board **noted** that Actions 1-16 had been completed. The Board **noted** the update on the remaining actions.

## Dashboard

The Board **noted** that the Dashboard continues to develop, and suggested the inclusion of the Overcap Progress "wave" graph in future reports.

The Board discussed the financials section of the Dashboard, particularly in relation to professional fees, and **noted** that these will be broken down into more detail at the time of the quarterly analysis.

The Board **noted** the Dashboard.

## Schedule of Key Challenges

The Board **noted** the Schedule of Key Challenges circulated with Board Papers, and noted work in progress to ensure linkage between Key Challenges and the Risk Framework.

The Board **noted** an update on discussions in relation to Land Damage occurring on an industry level via the Land Steering Group.

## CEO Update

The CEO updated the Board regarding a serious misconduct staff incident which occurred during the previous fortnight, and actions taken by management following receipt of expert employment law advice.

The Board **noted** that the correct process had been followed by the CEO in notifying the Board and addressing the situation, and discussed the need to emphasise the “beyond reproach” message at the core of the company culture.

The CEO Update was taken as read. The CEO highlighted key aspects of his report:

#### *Building Consenting*

The CEO updated the Board on discussions with Christchurch City Council regarding the possibility of embedding Building Consent Officers within SRES/Arrow to expedite the processing of consent applications. The Board welcomed the proposed approach and requested the arrangement be noted in the Quarterly Report if implemented.

#### *Red Zone settlements*

The CEO updated the Board on negotiations with CERA regarding the settlement for Option 1 properties, and that Southern Response’s position to treat CERA like any other customer was reconfirmed at a recent meeting between the parties. The Board **noted** the possibility of a global settlement with EQC being explored, and that it may require reinsurers’ approval.

#### *Hill Land Slide risks*

The Board **noted** that GNS maps showing land slide risk areas have been released to Southern Response by the CCC on the basis of a confidentiality agreement, only allowing the information to be used for Southern Response’s claim settlement purposes.

The Board requested that the CEO inform the Board by email as to the financial impacts, customer communications, OIA and Privacy implications and the process for the affected properties going forward.

The Board emphasised the need to be vigilant and protect the sensitivity and confidentiality of the information which, to the best of Southern Response’s knowledge, has not been released to other insurers.

#### *Litigation*

The Board **noted** the receipt of a new statement of claim from Grant Shand (being typical of many others), in which Southern Response is named as co-defendant with EQC, Tower and NZI, and that insurers were in discussions to achieve a joint approach to address the issue.

**The meeting adjourned at 10.30 a.m., and reconvened at 11.05 a.m.**

**Change in attendance:** Casey Hurren joined the meeting at 11.05 a.m.

#### *Arrow Contract negotiations*

The Board **noted** an update on the meeting held with the Treasury the previous day via a teleconference.

The Board **noted** that the Treasury provided feedback to the draft “no surprises” letter to the Shareholders.

The Board discussed the issue of protecting the confidentiality of the agreement and requested that an appropriate clause be added to the Arrow contract, and its introduction acknowledged in the “no surprises” letter to Shareholding Ministers.

*[Post-meeting note: It was later noted that the PMSA already had a suitable confidentiality clause included]*

The Board **noted** further discussions held with the Treasury on 12 September, and input provided by the Board, and **resolved to delegate** to the Chair and Deputy Chair the approval of the amended “no surprises” letter to the Shareholding Ministers, and of the inclusion of confidentiality provisions in the agreement with Arrow.

**Moved:** David Whyte, **Seconded:** Susan Thodey, **Carried:** unanimously

The Board **noted** it was intended to formally discuss the Arrow contract variation at the October Board meeting, and that this proposed timeframe would be signalled to the Shareholding Ministers.

**Change in attendance:** [REDACTED] of Arrow International joined the meeting at 11.20 a.m.

#### *Land damage*

The Board **noted** the update on the implications of the release by the CCC of GNS information on land slide risks in the Port Hills, and requested that the EQ Strategy Manager prepare a “no surprises” briefing to the Shareholding Minister to be provided via the Treasury that afternoon to alert the Shareholding Ministers to Southern Response being in possession of the information.

The Board emphasised the need to treat the information with utmost confidentiality.

#### *Land compensation*

The Board **noted** an update on the work of the Land Repair Working Group, and the points of difference between the parties with regard to the definition of damage.

**Change in attendance:** Susan Thodey left the meeting at 12.05 p.m.

The Board **noted** an update on the red zone ground treatment trials being performed by EQC, with the involvement of MBIE, and the intention to extend the trials to 30 green zone sites, and that the outcome of the trials will inform further discussions regarding methodology, costing and responsibility for the land repairs.

**Change in attendance:** [REDACTED] left the meeting at 12.15 p.m. and the meeting adjourned for lunch.

[REDACTED] of Bell Gully joined the Board for lunch.

**The meeting reconvened at 12.30 p.m.**

**Change in attendance:** [REDACTED] – Partner, Bell Gully, joined the meeting at 12.30 p.m.

#### *Health & Safety Legislation Update*

[REDACTED] spoke to the presentation detailing the proposed changes to Health & Safety legislation based on Australian model law, and Health & Safety reform generally, including the introduction of a new Crown agency – Worksafe NZ.

The Board noted that new legislation was expected to be in force by December 2014, and will:

- widen the definition of “officers” caught by the Act
- impose a new “due diligence” duty on companies
- impose an obligation on directors to understand the nature of operations, hazards and risks
- introduce a 3-tier liability regime with penalties the same or similar to the Australian penalties.

**Change in attendance:** [REDACTED] Casey Hurren and Peter Rose left the meeting at 2.00 p.m. The Board adjourned for a short break.

**The meeting re-convened at 2.10 p.m.**

#### **CFO Update**

The CFO Update was taken as read.

The Board **noted** an update on reinsurance prepayment requests.



The Board **noted** the preliminary advice of timeframe for the preparation of Treasury Forecasts, and that an extension of time would be sought from the Treasury to allow for the matter to be considered at the October Board meeting.

The Board requested that the CFO circulate to the Audit & Risk Committee the timetable for the preparation of Treasury Forecasts once Treasury response to the request for an extension is received.

The Board **noted** that a proposal has been received from Marsh to increase the Pollution Defence Costs and Pollution Loss Limits under the D&O Liability Policy from \$1 million to \$2 million for additional premium of \$2,000 and from \$1million to \$5 million for additional premium of \$5,000.

The Board **resolved** to **approve** the acceptance of Marsh proposal to **increase** the Pollution Defence Costs and Pollution Loss Limits under the D&O Liability Policy from \$1 million to \$2 million, or from \$1 million to \$5 million subject to the receipt Marsh Limited confirmation the level of cover is considered appropriate in the light of the risks faced by Southern Response.

**Moved:** Anne Urlwin, **Seconded:** David Whyte, **Carried:** unanimously

**Change in attendance:** Peter Rose re-joined the meeting at 2.20 p.m.

### Health & Safety Guidelines

The Board noted advice received from Bell Gully, and that it was proposed to await the appointment of General Counsel before progressing the matter further. Upon appointment, General Counsel would be tasked with establishing the H&S Framework to comply with the new requirements.

The Board **noted** a senior strategic H&S appointment was being concurrently recruited for Arrow International.

The Board agreed to create a Board sub-committee for Health & Safety. The Chair will communicate with Board members on the Committee's composition.

The Board noted the H&S Guidelines Update report, and resolved to approve the next steps proposed therein, and additionally an onsite visit by the Board to selected construction sites, to be arranged for the November Board meeting.

**Moved:** Bevan Killick, **Seconded:** Anne Urlwin, **Carried:** unanimously

### Security Update

The Board noted the update on various security measures in place, discussed the specific security needs of Directors and requested that State Services Commissioner's guidelines be researched to inform further discussion on the matter.

The Board noted the Security Update.

### CEO Update continued

#### *Crisis Communications Plan*

The Board expressed support for the proposed Crisis Communications Plan and requested that it be developed further by the CEO, with the help of C&CE Committee, to cover the matters of allocation of spokesperson duties, Board visibility and response to various crisis scenarios.

#### *IAG relationship in relation to a significant future event*

The Board **noted** the proposed approach which had been shared with IAG. IAG's feedback and any other updates will be brought back to the Board.

*Finity Review of Claims Management Performance to Benchmarks.*

The Board **noted** Finity's report confirming that the current file loads remain within the estimated benchmarks, and requested that the report's findings be summarised in the Quarterly Report to Shareholding Ministers.

#### *Arrow Incentive Results*

The Board **noted** Finity's report detailing the financial implications of March 2013 and June 2013 Arrow Incentive Results, and that such reports will be compiled and presented to the Board on a quarterly basis.

#### *Ansvar Approach*

The Board **noted** the update on discussions with Ansvar.

#### *Arrow Housing New Zealand Contract*

The Board **noted** Arrow's successful tender for Housing New Zealand's Canterbury Earthquake Repair Programme, and that it is not expected to affect the Arrow-Southern Response operation.

The Board **noted** the CEO Update.

### **Health & Safety Update**

The Board **noted** the update on the status of H&S incidents reported, and requested that a similar style and level of detail be adopted for reporting of OIA and Privacy matters.

The Board **noted** the H&S Update.

### **Corporate Services Update**

The Board **noted** the high level update for the Corporate Services area.

With regard to senior restructure, the Board noted that the interviews for the General Counsel role would be taking place during w/c 16 September, and for the SSM role following the closing of applications on 19 September.

The Board requested that, due to the seniority of the roles, a Christchurch-based Director be invited to and participate in the interviews where possible.

Copies of the position description, shortlisted CVs and interview guide for the General Counsel role to be provided to Bevan Killick.

The Board **noted** the Corporate Services Update.

### **Capital Committee Update**

The Board **noted** that the Committee had met earlier that morning to review the tender process for actuarial services, an update on reinsurer ratings and the collections, and reinsurer reviews and meetings planned.

The Board noted Aon Benfield New Zealand MD [REDACTED] [REDACTED] return to the UK, and that [REDACTED] [REDACTED] and [REDACTED] [REDACTED] remain the key operational relationship contacts for Southern Response.

The Board **noted** the Capital Committee Update.

### **Correspondence relevant to the Board**

The Board **noted** the correspondence circulated with the papers.

## Major Contracts

The Board **noted** the Major Contracts Schedule circulated.

## Schedule of Ongoing Obligations

The Board **noted** there have been no changes to the Schedule of Ongoing Obligations since the previous Board meeting.

## Annual Public Meeting

The Board **noted** the update on preparations for the Annual Public Meeting and requested that consideration be given to inviting the major community and business stakeholders.

The Chairman to meet with the CEO and agree the details of the presentation to the meeting.

## Annual General Meeting

The Board **noted** the update on preparations for the Annual General Meeting.

## Next Meetings

The next meeting will be held on Friday, 18<sup>th</sup> October 2013 at 8.30-12 noon, followed by the Annual Public Meeting at 1.00 p.m. and Annual General Meeting at 3.30 p.m. The Capital Committee will meet the previous day at 1-2 p.m., followed by the Audit & Risk Committee at 2-5 p.m.

The indicative Agenda for the 18<sup>th</sup> October meeting will cover:

- Finity Quarterly Claims Liabilities Valuation
- Final consideration of the Arrow contract
- Treasury Forecasting
- Quarterly Report to Shareholding Ministers
- Throughput presentation and discussion

The meeting will take the various Management reports as read, unless there are some exceptional matters.

The Board **noted** that the Staff Remuneration and Retention Committee would meet during w/c 16 September and recommendations from that meeting would be circulated to the Board for an electronic vote.

## General Business

The Board noted that the "no surprise" briefing in relation to the release of the GS landslide report by the Christchurch City Council had been issued to the Treasury at 1.11 p.m. that afternoon.

The CEO provided a further update on the staff incident reported earlier in the meeting.

Susan Thodey provided a brief summary of the meeting.

## Closure of the Meeting

The Meeting closed at 3.20 p.m.

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**Approved: 18 October 2013**

Agenda item : 19

Purpose : For Noting

TO : The Board of Directors

FROM : CEO

DATE : 11<sup>th</sup> November 2013

TOPIC : Health & Safety Update

### 1. Purpose

To update the Board on the status of Health & Safety incidents which occurred in October 2013.

### 2. Recommendations

That the Board notes this update.

### 3. H&S Incidents reported for October 2013

SRES/Arrow/ Contractor	Incident Type (e.g.FAI, LTI, MTI)*	Incident details	Ref
SRES staff	MTI	Staff member got up from desk, rotated as leaving chair and hurt back	
Arrow contractor	MTI	Contractor cut his finger at the knuckle on a sheet of corrugated iron.	3.1
Arrow contractor	Near miss	A demolition truck working on a SRES property hit and caused some damage to a neighbouring property. No injuries.	3.2
1	Near miss	An incident which did not result in injury, illness or damage, but could have potentially done so	
2	RWI Restricted work injury	Not able to complete full duties or hours	
3	FAI First aid injury	On site first aid, could include visit to GP without any medical intervention	
4	LTI Lost time injury	Not able to return to work the following day after a work-related injury	
5	MTI Medical treatment injury	Treatment provided by a registered medical professional	
6	TRI Total recordable injury	Total of LTI and MTI	

TRI rate for October = 2.

Commentary on key incidents is provided below.

#### 3.1. Arrow contractor incident on site – finger cut with a sheet of corrugated iron

Following the incident, it was identified that the contractor was not wearing the appropriate protective gloves. The contractor has been issued a warning for failure to comply with the company's H&S Policy.

### **3.2. Arrow contractor incident on site – truck damaged corner of neighbouring property**

Contractor was working on a rear site. While exiting the driveway, the truck came into contact with the corner of the property in front. Driver tested negative for alcohol and drugs. Contractor firm agreed to pay to repair the damage.

## **4. Update on incidents previously reported**

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### **4.1. Serious Harm Incident – 3<sup>rd</sup> August 2013**

There has been no progress on the investigation during the month – Arrow still awaiting contact from MBIE. EQ Strategy Manager was scheduled to attend an informal interview with MBIE in October, but was not contacted.

### **4.2. Arrow contractor incident on site – electric shock**

This matter is now closed. The faulty lead has been replaced, and all equipment re-tested.

## **5. ACC Accreditation**

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ACC accreditation work commenced with a pre-audit completed by Health and Safety Consultant (CECC) and a report delivered. Programme of work has been developed and is underway.

## **6. H&S Committee**

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The H&S Committee of the Board has now been formed and met for the first time on 8 November. The Committee Chair will update the Board on the Committee's workplan.

## **7. Personal Safety**

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An action arising from the September Board meeting was for management to progress the initiatives to protect the personal safety of staff and Directors.

A number of protocols and procedures already in place have been identified, and the file has been transferred to General Counsel to review and progress this workstream as part of the overall review of the existing H&S systems, being carried out in accordance with the H&S Committee workplan.

Further reporting on this matter will be provided through that channel.

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