

Minutes of a meeting of the Interim Meeting of the Board of the Accident Compensation Corporation held via teleconference, on Thursday, 16 April 2020 at 2.00 pm.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Mr David May	Member
Ms Kristy McDonald QC	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive
Mr Mike Tully	Chief Operating Officer
Mr John Healy	Chief Financial Officer
Mr Herwig Raubal	Chief Risk and Actuarial Officer
Ms Deborah Roche	Chief Governance Officer
9(2)(a)	Acting Manager Corporate Secretariat

1 Procedural Business

1.1 Apologies

There were no apologies received.

1.2 Register of Members' Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Board / Key Exec Only Session

2.1 Chief Executive's Report

The Board Chair acknowledged the hard work of ACC staff to ensure quality service continued to be provided to clients and the excellent leadership of the Chief Executive and the Executive.

The Chief Executive's report to the Board highlighted:

- Positive news: ACC had received its highest ever trust and confidence rating of 67%, beating the previous high of 65%. The statistics only included the first few days of the lockdown and were likely due to a range of factors including the awareness campaign.
- The climate change workstream was continuing to progress under the leadership of Mr 9(2)(a). The Board would receive an update and have the opportunity to provide feedback on progress to date at its meeting on 1 May.
- An update on Clients Payments 2B would also be presented to the Board at its 1 May meeting, seeking an extension to the delivery date and approval to access contingency funding to continue to progress the programme of work remotely
- The follow up work from the hui held with a number of Māori stakeholders on 6 March with Associate Minister Jackson was continuing. An aide memoir prepared for the Associate Minister would be sent to the Board which outlined the activities the Chief Customer Officer had been progressing across the business since the hui, which included a new Māori injury prevention portfolio, implementing specific workforce capability and new rongoa and kaupapa Māori guidelines. An update on Whaia Te Tika would also be presented to the Board in the next couple of months

COVID-19 Update

Mr Tully joined the meeting. The Chief Executive and Mr Tully highlighted the following:

- ACC and the CMT continued to run very well during the Level 4 lockdown.
- In relation to staff, a shorter staff engagement pulse survey had been brought forward to ensure any feedback in relation to working during the lockdown was captured, and the focus continued to be on workload for staff. The Chief Executive decided to freeze all employment for new and existing vacancies. Only 137 staff did not have access to the ACC network, and IT was working with each person individually to resolve outstanding problems. The Board asked about the mental health of staff. Mr Tully responded that the Head of Health and Safety was on the CMT and there were a range of resources available for support. Management had received good feedback on the engagement channels.
- In terms of statistics, claims volumes remained at 30% of normal and the backlog of tasks was reducing. Provider invoices were down more than a third but had increased as the use of telehealth expanded. Feedback through Heartbeat showed an 89% satisfaction rate and

73% of clients felt their rehab was progressing. Significantly, MyACC had also been made available for sensitive claimant clients.

- As the Board was aware, Tranche 3 of NGCM was in the process of being completed remotely by the end of May. Planning continued for all remaining sites under Tranches 4 and 5 to be made live by the end of September.
- ACC continued to work across government including with the Treasury, the Ministry of Social Development and the Ministry of Health. Mr Tully responded to a query that ACC had confirmed that it had the capacity to support contact tracing if required, but there had been no further request for support.
- The full details on a request from Treasury in relation to facilitating distribution of money to all SMEs in New Zealand were still being worked through. ^{9(2)(h)} [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- CMT and the wider leadership team were now considering ACC activities post-Level 4 lockdown. The Chief Executive was focussed on ensuring that ACC emerged strong and with momentum, with a clear vision of the priorities and what opportunities could be utilised in the new environment. Further details on alert levels 3 and 2 had been announced by the Government just prior to the meeting, and information would be released to ACC staff the following day, although there was not much change expected particularly in Level 3.
- While the risks in relation to technology and privacy were increased as staff worked from home, almost all staff were accessing ACC systems through secure means and other safe technology, including Microsoft Teams, was being utilised.

3 Board Papers

3.1 Budget

Mr Healy thanked the Board Members who had been involved in reviewing the revised budget the previous week, which was required to be submitted to Treasury the day after the Board meeting. Changes had included setting out more clearly cost savings measures, an adjusted assumption around bad debt, and revised project investment costs. Since the paper had been finalised, the Treasury had released five scenarios in relation to COVID-19 recovery, and the budget was closely

aligned to the more optimistic scenario one. The Board accepted Mr Healy's offer to quantify the impact on NPV, as well as the period over which benefits will be delivered.

The Board discussed the provision for salary increases – anything above 0% should only be included if there were prior commitments which had to be honoured. The Chief Executive noted that he was meeting with Management the following day to take a closer look at this and it would likely be reduced to 0.9%. This would be an easy change to make to the budget, but as it was due to the Treasury tomorrow, other larger changes would be more difficult in the short time available.

The Board asked that the disclaimer in the Service Agreement be repeated in the budget noting that as there is more certainty the budget would be revised. The disclaimer could also include a note on the levies and that the increase had been included at the request of the Treasury. Mr Healy explained that \$290m of the increase was related to the Non-Earners Appropriation which had already been approved by the Government, but the Board noted it was likely that there would be push-back on any other levy increases.

ACTIONS:

- **Quantify the impact on NPV, as well as the period over which benefits will be delivered.**
- **Provide further information on cost savings as the impact of COVID-19 becomes clearer (due 27 May meeting).**

RESOLVED: The ACC Board resolved to:

- a) **Note** the Budget has been updated with changes requested by the Board Chair, the Temporary Deputy Chair, the Chair of the Risk Assurance and Audit Committee and Mr May, and has been updated for economic factors as at 31 March 2020. The Budget is required to be submitted to Treasury by Sunday 19 April 2020.
- b) **Approve** the Budget and Forecast for the financial years 2020/21 to 2023/24 for incorporation in the Crown's Budget Economic and Fiscal Update (BEFU) and inclusion in the Service Agreement for submission to the Minister for ACC, subject to the salary increase change requested by the Board during its discussion.

3.2 Service Agreement

Mr Healy noted that Management was seeking a delegation to work with a small group of Board Members to finalise the Service Agreement prior to submitting it to the Minister on 30 April. The

Minister had the opportunity to provide feedback on the Agreement, and the Board would review a final version before it was re-submitted in June. Some elements of the Agreement remained uncertain, and there would be opportunity for Management to continue to engage with the Minister on the Agreement throughout the process.

The Board's discussion focussed on:

- The 47 measures outlined in the Agreement, noting that these were from the Statement of Intent and Strategic Intention. The Board reporting each month highlighted the key measures.
- The target provider net trust score. The Board asked Mr Healy to provide background information in relation to this to Dr Batten. Despite the positive performance in the recent quarter, an overall improvement over a longer period of time would likely need to be seen before the target was amended particularly in the current environment.

The Board asked that Mr Healy consult with the following Board Members to finalise the Service Agreement: the Board Chair, the Temporary Deputy Chair, the Chair of the Risk Assurance and Audit Committee, Mr May and Mr Brabazon. The Board also asked that Mr Healy consult with Dr Batten on the provider measures.

RESOLVED: The ACC Board resolved to:

- a) **Review** the draft of the SA20/21 and provide feedback as appropriate.
- b) **Approve** the release of the draft SA20/21 to Treasury, MBIE and EY for their review prior to submission to the Minister for ACC.
- c) **Delegate authority** to the Board Chair, the Temporary Deputy Chair, The Chair of the Risk Assurance and Audit Committee, Mr May, Dr Batten and Mr Brabazon to approve the next version of the SA20/21 for presentation to the Minister for ACC by 30 April 2020.
- d) **Approve** the selection of asset performance measures for 2020/21 and the performance targets proposed for these measures.

3.3 Employer Levy Invoicing

Mr Healy introduced the paper, noting that the Board had made a decision at its previous meeting to defer Cover-Plus Extra invoices for three-months, and this paper sought the Board's approval to delay annual levy invoicing by three months which normally began in July. Other smaller invoices would also be delayed by three months. The paper outlined the financial impact of this decision

and the communications approach. Management was also proactively discussing other payment options with businesses.

RESOLVED: The ACC Board resolved to:

- a) **Note** that in March the Board agreed to postpone for three months the sending of Cover-Plus Extra (CPX) invoices that were due to be released from 1 April.
- b) **Agree** to postpone annual invoicing for a three-month period from 1 July.
- c) **Agree** to postpone 'other invoicing', those that are sent throughout the year from as early as is practicable and through to a period of three -months from 1 July to 30 September.

3.4 Health provider sustainability challenges during COVID-19

Mr Tully described the range of issues currently being faced by providers. The paper sought approval for ACC to take action to ensure client needs could be met now and in the longer term.

Dr Batten explained to the Board that recent discussions she had had highlighted three points for consideration: the importance of ACC advocacy within the sector, opportunities for ACC to help with cashflow, and areas where the Health Services Strategy could be fast-tracked to take advantage of current opportunities. Mr Tully explained that Management had been looking into advancing certain parts of the HSS and was already bringing forward GP Connect and HTI work programmes. A revised plan would be presented to the Executive Advisory Board in May.

The Board asked that Management also consider a small retainer alongside the initiatives outlined in the paper.

The Board discussed the recommendation to approve spending \$10m of the Medical Treatment budget to accelerate the Kaupapa Māori health services workstream. The Board asked that a detailed plan be provided to show that the money would be allocated to this specific purpose. It was accepted that the wider impact of COVID-19 would significantly and disproportionately affect the Māori community and it would be useful to include statistics to support this. This was a good opportunity for ACC to work with its iwi partners and ensure good governance and a longer-term more sustainable model. ^{9(2)(h)}

The Board strongly noted its concern about ACC's own financial situation, noting that it was important to recognise that this was a very restricted pre-payment to providers, not an extra payment.

ACTION: Provide a detailed work programme and plan regarding the approval to spend \$10m of the Medical Treatment budget to accelerate the Kaupapa Māori health services workstream.

RESOLVED: The ACC Board resolved to:

- a) **Note** the financial challenges being faced by many providers as a result of the Covid-19 response, and the business model they operate under (i.e. fee for service).
- b) **Note** the actions ACC has taken to support providers delivering essential services, in the context of the All-of-Government response to Covid-19.
- c) **Note** that ACC expects providers facing a loss of revenue of 30% or more to apply for assistance from the Government's Covid-19 financial support programme.
- d) **Note** the work underway to assess the impact of Covid-19 on provider sectors, including their ability to meet client needs in the future.
- e) **Approve** ACC spending \$10M from the Medical Treatment budget to accelerate the Kaupapa Māori health services workstream subject to a work programme and plan being provided to the Board identifying specific targeted spending and accountability.
- f) **Approve** purchasing in advance the equivalent of up to three months' services from radiology, and from home and community care providers, and delegate to the Chief Executive the approval of such payments up to \$20m to be prioritised accordingly.
- g) **Note** that while the provision of retainer payments is possible in extraordinary circumstances, at this point it is not favoured as an option to progress.
- h) **Note** the attached potential risk impact assessment for ACC (Appendix 1).
- i) 9(2)(h) [REDACTED]

3.5 Emergency Road Ambulance Service funding update

The Board discussed the update, highlighting the following:

- The Board had previously agreed to only release the second and third tranches of Ambulance funding once KPIs and a commissioning framework had been provided. This would meet an action from the external Martin Jenkins report in 2019 and should be included in the paper for approval the following week.

- The proportion of the increase which was going towards pay rises. Mr Tully noted that he would come back to the Board on this.

RESOLVED: The ACC Board resolved to:

- a) **Note** the background information in this paper regarding stabilisation funding for emergency road ambulance services, the future of ambulance services and the new initiative budget bid to support the Ambulance MUCA settlement (Budget sensitive).
- b) **Delegate authority** to the Board Chair, Dr Batten, Mr May and Mr Brabazon, out of cycle in April, to:
 - i. endorse advice to the Ministers of Health, Finance and ACC for the release of the remaining two tranches of stabilisation funding to The Priory in New Zealand of the Most Venerable Order of the Hospital of St John of Jerusalem (St John) and Wellington Free Ambulance (WFA);
 - ii. endorse a revised approach of advice on the future direction of ambulance services; and
 - iii. confirm approval of Levied Account funding of \$30.3 million over four years for the new initiative Budget 2020 bid for the ambulance service multi-union collective agreement (MUCA) settlement and an additional 106 full-time staff.

3.6 Impact of COVID-19 on levy consultation

Ms Roche introduced the paper, noting that there had been a growing concern in relation to the planned levy consultation in October as the COVID-19 situation continued to evolve. Management was seeking a decision from the Board to either progress with the planned consultation or agree in principle not to consult on levy rates for 2021/22, subject to an appropriate mechanism being in place. 9(2)(h)

[REDACTED]

9(2)(h)

- 9(2)(h)

[REDACTED]

9(2)(h)

- The Board Chair to raise the levy consultation with the Minister in her discussion with him following the Board meeting.

The Board also asked Management to try to quantify as much as possible the potential impact on levy collection in terms of the number of businesses that might close as a result of COVID-19, which may help to frame the decision in relation to the levy consultation.

RESOLVED: The ACC Board resolved to defer consideration of the *Impact of COVID-19 on Levy Consultation* paper 9(2)(h)

4 Board Only Session

Closure

The meeting closed at 4.45 pm.

Approved

Chair

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of the Board of the Accident Compensation Corporation held via teleconference, on Thursday, 1 May 2020 at 9.00 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Mr David May	Member
Ms Kristy McDonald QC	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Mr Peter Fletcher	Chief Technology and Transformation Officer	
Mr John Healy	Chief Financial Officer	
Mr Herwig Raubal	Chief Actuarial and Risk Officer	
Ms Emma Powell	Chief Customer Officer	
Ms Sharon Champness	Chief Talent Officer	
Ms Deborah Roche	Chief Governance Officer	
Ms Gabrielle O'Connor	Head of Client Service Delivery	Items 4.1 – 5.1
9(2)(a)	Programme Manager, CSD	Item 5.1
Mr Paul Dyer	Chief Investment Officer	Climate Change Workshop
9(2)(a)	Specialist, Temple Investment	Climate Change Workshop
	Executive Advisor	Climate Change Workshop
	Head of Health and Safety	Item 6.1
	Acting General Counsel	Item 6.2(a)
Mr Hugh Rennie QC		Item 6.2(a)
9(2)(a)	Acting Manager Corporate Secretariat	
	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

There were no apologies received.

1.2 Register of Conflicts of Interest

Mr Brabazon indicated that he was undertaking some work for ASB Bank.

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investment Committee

Mr Miller provided an update on the Board Investment Committee and raised the following points:

- ACC's investment performance and the movements within the market resulting from the current economic environment.
- The recent pulse engagement survey indicated positive results for Investments staff.
- The Committee requested that Management provide further clarity on the cashflow of investments income through to the insurance side of ACC.
- The Committee discussed the Russell Investments review into the appropriateness of ACC Investments benchmarks, which the Committee decided should be reviewed in one year.
- 9(2)(b)(ii) [REDACTED]

2.2 Governance and Remuneration Committee

Ms McDonald QC provided an update on the Board Governance and Remuneration Committee highlighting:

- The Chief Talent Officer had provided an update on the work Talent had done to help staff work remotely, and the initiatives and learnings taken from working from home going forward into Level 2.

- The changes to the remuneration and bargaining agreement with the PSA due to the current environment. The SSC had provided guidance that there be no remuneration increase for anyone earning over \$100,000.
- The Committee's discussion on whether to address the gender pay gap in pay grade 18, which would be discussed by the Board later in the meeting.

3 Chief Executive's Report

The Chief Executive provided a short verbal update to the Board and highlighted the following:

- The continuation of NGCM rollout through level 3, which was planned to be completed by September.
- The adjustment of the budget for the Enterprise Change Portfolio over the next 12 months..
- Work done in the Injury Prevention space, and the pivot for some programmes. There had been a transition in funding particularly in domestic and sexual violence.
- 9(2)(h) [REDACTED]
- ACC continued to support the all of government response to COVID-19.

Mr Tully provided an update to the Board on the current response to COVID-19 and the planning underway for operating under Level 2:

- There were currently 53 staff classified as essential working in ACC offices at Level 3, spread between Hamilton and Dunedin.
- Guidance indicated that under Level 2, staff should continue to work from home where possible and for social distancing to remain. ACC's branch network would be open under Level 2 and social distancing practices would be put in place including unmanned receptions and between 40-50% occupancy. The corporate functions would remain working from home except for in limited circumstances, such as wellbeing. Logistical matters for all sites were being worked through to ensure minimal disruption.
- Staff transport at Level 2 required Chief approval, and any staff visitation of clients was assessed on a case by case basis.

- ACC was still very much involved in the Family Violence Sexual Violence Joint Venture with the Chief Executive sitting on the Board. Work is being led out by Governance and Customer. \$2million was reallocated for prevention funding.

4 Operational Reporting

4.1(a) ICIP Reporting

Mr Fletcher introduced the report and highlighted the following:

- Overall spend was at \$157m against the planned \$160m. There would be a \$42m reduction in planned spend to \$115m for the 2020/21 financial year.
- Tranche 3 of Next Generation Case Management had been successfully completed, with delivery for Tranches 4 and 5 delayed by one month. There was no impact to cost.
- Health sector work had been impacted by COVID-19 due to the limited ability to engage with the sector. Escalated Care Pathways in particular had been impacted. An updated plan would be presented to the Board HSS Advisory Committee at its May meeting. The Board acknowledged that engagement was difficult, but it was important to drive changes in the health sector during this time. Dr Batten confirmed that the Committee would discuss fast tracking certain pieces of work and would reshuffle as needed.
- COVID-19 had a significant impact on three core benefit streams: efficiency measure claims per FTE had been impacted by the dramatic drop in claim volumes; the duration measure was likely to be impacted as unemployment increased; and savings in health sector costs would need to be reorganised in light of financial pressures in the sector.

The Board asked that Management provide a hard deadline for completion of ICIP, which was likely during the next financial year. This would ensure the Board's focus could truly shift to benefits realisation. The Board also requested that Management continue to progress minimising the use of consultants across the business.

ACTION: The Board asked Management to provide a hard deadline for the completion of ICIP.

RESOLVED: The ACC Board resolved to note the ICIP March 2020 Monthly Update.

4.1(b) Third Quarterly Report

Mr Healy introduced the report, noting the report only went to 31 March, resulting in the year-to-date performance being out of date. The Board's discussion focussed on:

- The current April forecast of claims costs, which was 10% (\$30million) below budget. The Board confirmed that these numbers were included in the full year forecast.
- The gun buy-back contribution – a proportionate contribution had been agreed with Treasury which would reduce an initially estimated \$40million to \$25million, which the auditors had confirmed was appropriate. This would likely improve the return on investment by 5-6 cents.
- The estimate of new year's claims costs. Mr Raubal explained that this was difficult to assess, but as at March new year costs had increased above current levy rates. The key judgement was whether claims were expected to decline, and there would be a better view of this in the coming weeks. Mr Raubal would provide the Board with an update at its next meeting.

The Board asked Mr Healy to check that the forecast funding ratios for the motor vehicle and earners accounts were correct.

The Board asked that cashflow from the investment fund to pay for Scheme costs be separately identified in future Board reporting.

RESOLVED: The ACC Board resolved to:

- (a) **Approve**, subject to any final changes, the presentation of the third quarterly report 2019/20 to the Minister by 1 May 2020
- (b) **Approve** the publication of the third quarterly report 2019/20 on ACC's external website following acceptance of the report by the Minister for ACC.
- (c) **Note** the additional information for March 2020, and the additional information Management would include in future reporting.

4.1(c) Quarterly Risk Report

RESOLVED: The ACC Board resolved to **note** the Quarterly Enterprise Risk and Compliance Report.

5 Board Papers

5.1 Client Payments 2 Contingency Release

The Board asked that Management engage with the Board Chair, the Temporary Deputy Chair, the Chair of the Risk Assurance and Audit Committee and the Chair of HSS Advisory Committee in relation to the go-live process for Client Payments 2B.

RESOLVED: The ACC Board resolved to:

- (1) **Note** the replanning completed to date supports a move of go-live date, with no change to the pre-requisite Business and Technical Readiness requirements as detailed in the PROCEED framework.
- (c) **Note** agreement by Business Owners in Client Service Delivery and Finance, as well as other contributing parties that this new date is achievable, including under scenarios where lockdown is extended past the new go-live date.
- (d) **Note** the change in go-live date to 25 May 2020 (from 27 April) in recognition of disruption caused by COVID-19.
- (e) **Note** the financial impact of this move is an estimated \$1.74m net increase to the cost of Client Payments. As a result, the overall cost of the CP project will rise from \$86.8m to \$88.5m
- (f) **Approve** a contingency drawdown for the additional \$1.74m in additional resource costs and support infrastructure.

5.2 Clinical Services Contract – Contract Variation

Mr Tully confirmed that the only increase to the Clinical Services contract price was MECA amounts which had already been agreed.

The Board discussed the length of the extension requested, noting the current difficulties engaging with the health sector. However, it was important that the changes to the contracts be progressed as quickly as possible. The Board decided that it would approve only a one-year extension to the Clinical Services contracts from 1 July 2020 to 30 June 2021 and would not approve the further right of renewal for an additional year.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that the current multiple contract versions for Clinical Services all expire on 30 June 2020.
- (b) **Note** that on 27 November 2019 the Board approved a new, improved, single Clinical Services contract, commencing 1 July 2020 for an initial three-year term with two rights of

renewal of two years each (the new Clinical Services contract), to align with the Elective Surgery Contract and Escalated Care Pathways programme (ECP), so that Management can apply learnings from the ECP to future Clinical Services contract renewal.

- (c) **Note** that the impacts of COVID-19 have resulted in the procurement process for the new contract being paused in recognition of the market's reduced capacity to respond.
- (d) **Approve** a 1 year extension to current Clinical Services contracts from 1 July 2020 to 30 June 2021 (the extended contracts).
- (e) **Agree** that the extended contracts also implement the minor changes to the Service Schedule that were approved by the Board in November 2019 for the new Clinical Services contract, including:
 - i. Changing the Sports and Exercise Service Schedule (including transitional arrangements) to reflect the end of the trial pilot service for Sports and Exercise Registrars undertaking Registrar training with the Australasian College of Sports and Exercise Physicians.
 - ii. New codes for Urodynamic studies, to ensure procedures can take place without approval delays.
 - iii. A new clause clarifying expectations of ACC cover, so that, where an injury was not, or is no longer, covered by ACC, the Supplier should communicate this with both the Client and ACC.
 - iv. Service item codes for guided injections using Ultrasound imaging, to clarify appropriate pricing for these services.
 - v. Price adjustments, as previously approved by the Board
- (f) **Note** that procurement for the new Clinical Services contract will recommence in reliance on the Board's November 2019 approval, once the health sector environment permits, and that the new Clinical Services contract's termination and renewal dates and costs will remain the same as those approved by the Board in November 2019.
- (g) **Note** that extended contracts have no material impact on the Outstanding Claims Liability, Levies, or the Non-earners appropriation
- (h) **Note** that the proposed variation process is compliant with the Government Procurement Rules and ACC's Procurement Policy

5.3 Spinal Cord Injury Rehabilitation Service – New Contract

Mr Tully confirmed that the only increase to the Spinal Cord Injury Rehabilitation Service contract price was MECA amounts which had already been agreed.

RESOLVED: The ACC Board resolved to:

- (c) **Note** the current Spinal Cord Injury Rehabilitation Service (SCI) contract with the two DHBs in New Zealand which provide SCI expires on 30 June 2020.
- (d) **Note** that the impacts of COVID-19 have limited the DHBs' capacity to engage with ACC in contract negotiations for a new SCI contract.
- (e) **Approve** a potential one year contract extension to the current SCI contract from 1 July 2020 to 30 June 2021, in case it is needed to maintain the current SCI service arrangements during the COVID-19 emergency.
- (f) **Approve** a new SCI contract for an initial term of two years, plus one right of renewal of one year (2+1), commencing once new contracts can be finalised and agreed with the two contracted DHBs, Counties Manukau DHB and Canterbury DHB (Burwood).
- (g) **Approve** an opt out to the Government Procurement Rules under Rule 12.3.a (between Government Agencies) for both contracts.

5.4 OIA Proactive Release Policy

The Board asked that discussion on this paper be deferred to a later date to give Ms Roche the opportunity to include the current process used for notifying Board Members of certain high-profile requests made under the Official Information Act. The Board asked that Ms Roche work with the Board Chair and Ms McDonald QC on the changes.

RESOLVED: The ACC Board resolved to defer the OIA Proactive Release Policy paper for discussion at a later date.

5.5 2020/21 Insurance Renewal

The Board discussed the following:

- ACC's Material Damage and Business Interruption cover, noting that Management were considering additional cover on top of the All of Government arrangement through the renewal process. It was important the Board understood the additional cover that would be provided.

- Professional Indemnity insurance and asked that Mr Healy review this through the current renewal process.

The Board asked Mr Healy to provide an update to the Board on the above points at its next meeting on 28 May, and to also provide out of cycle how much insurance cost ACC overall.

The Chief Executive declared his interest in this item as a director for Chubb Insurance in Australia and New Zealand.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the findings from the independent review undertaken by Marsh.
- (b) **Endorse** the recommendations associated with the findings, subject to Management:
 - Investigating additional cover for Material Damage and Business Interruption insurance;
 - Reviewing Professional Indemnity insurance through the current renewal round; and
 - Reviewing the adequacy of D&O insurance cover.

Climate Change Workshop

Messrs Pickering, 9(2)(a) and Dyer and Ms Roche took the Board through the Climate Change Workshop. The Board noted the importance of this work and of getting the right expertise involved to provide guidance to ACC.

The Board would receive a fuller report at its next meeting at the end of May. The Chief Executive noted that Management would likely be in touch with Board Members throughout May to seek feedback on areas of the draft report as it progresses.

6 Performance Reports

6.2 Health, Safety and Wellbeing Report

Ms Champness summarised the discussion at the Governance and Remuneration Committee the previous day on correcting the gender pay band at grade 18. The disparity in that grade was at 4.3% for permanent staff and the total cost of correction was \$170,000. The Board noted that the guidance received from the State Services Commission was to continue to address gender pay gaps. The Committee had discussed whether the correction was appropriate given the sensitivity with those not receiving any increase. The Board decided that it was important to still correct the

gender pay gap at pay band 18, and asked Ms Champness to manage this discretely with the leadership involved.

The Board discussed threats made against staff, noting that the Police were notified and any client that made a threat was dealt with through the Remote Claims Unit.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in March 2020.
- (c) **Note** the health, safety and wellbeing performance indicators.
- (d) **Approve** the correction of the gender pay gap at pay grade 18, in accordance with guidance received from the State Services Commission.

6.2(a) Legal Report

9(2)(h)

[REDACTED]

[REDACTED]

6.2(b) Policy Update

Ms Roche provided an update on recent work undertaken:

- ACC's potential involvement in the proposed income replacement scheme had been clarified during a meeting with the Minister the previous day. It had been confirmed that Inland Revenue would be managing this scheme, with ACC as a backup ^{9(2)(h)} [REDACTED].
- ACC had provided input on a briefing to the Minister of Finance with the Ministry of Business, Innovation and Employment regarding fiscal, regulatory and legislation considerations in building a productive, sustainable economy. The latest version would be loaded into Diligent for Board Members to view.
- ACC had been approached by the Ministry of Health to provide joint advice on a paper to support health system providers, which would go to Cabinet on 11 May. This would likely require quick turnaround, and the Board Chair and Temporary Deputy Chair would be consulted on the paper in accordance with the usual process.
- Assurances had been received that the recent legislation passed relating to taxation and other urgent measures in relation to self-employed people would not apply to ACC levies. This would be confirmed in writing to the Board as soon as it was available.

RESOLVED: The ACC Board resolved to:

Covid-19 response

- (a) **Note** that policy-focussed activity has contributed to the organisational response to:
 - i. Ensure client access to essential services and continuity of support.
 - ii. Enable greater use of telehealth for provider service delivery, lessen the burden on the health sector, and engage with the all-of government response to provider sustainability.
 - iii. Reduce transactions for business customers.
 - iv. Respond to a range of matters currently under consideration and yet to be finalised, working closely with the General Counsel team.
- (b) **Note** that the Department of the Prime Minister and Cabinet (DPMC) has contacted agencies to indicate that it is co-ordinating the all of government recovery work programme.
- (c) **Note** that Management will engage with the Board further on the all of government recovery work programme once more information is available.
- (d) **Note** that the privacy function has helped enable the shift to remote working, in a secure way, while maintaining necessary service delivery.

Family Violence and Sexual Violence Joint Venture

- (e) **Note** that the Cabinet Business Committee agreed that the Joint Venture for Family Violence and Sexual Violence would reprioritise its work programme during the Covid-19 response, to focus on minimising the impact of violence that could occur in the response period.
- (f) **Note** that ACC is delivering a community mobilisation campaign focussed on healthy relationships, to support communities to recover from the negative impacts of the Covid-19 lockdown period and beyond.
- (g) **Note** that ACC is currently working with contracted primary prevention partners to reprioritise \$1.9 million of contracted spend for this financial year, to support family violence and sexual violence prevention.
- (h) **Note** that ACC is able to invest up to \$2 million in additional funding for family violence and sexual violence prevention and early intervention activities, from this financial year's injury prevention budget.

Actions from the 6 March 2020 hui at Waatea Marae in Auckland

- (i) **Note** that an action plan has been developed using key themes in the hui feedback.
- (j) **Note** that ACC has prioritised a set of initial focus areas and actions, including:
 - i. Accelerating work within the Kaupapa Māori health services workstream under the Health Sector Strategy.
 - ii. Prioritising early focus on Māori with the most significant and ongoing needs.
 - iii. Creation of a Māori-specific Injury Prevention investment portfolio.
 - iv. Addressing Māori client experience of frontline claims management.
 - v. Deliver kaupapa Māori and rongoā Māori (traditional Māori healing) guidelines for ACC staff, to improve understanding and access.
- (k) **Note** that Management will provide hui participants with a summary of the consolidated feedback and prioritised actions.
- (l) **Note** that specific milestones and deadlines for actions are being developed.

Scheme policy work deferred during the Covid-19 response

- (m) **Note** that Scheme policy work being led by the Minister and MBIE has been deferred during the Covid-19 response, including:

- i. Increases in regulated payments to treatment providers
 - ii. Consultation on options to amend the Review Costs and Appeals Regulations
 - iii. Consultation on levy-related policy issues (Experience Rating and the Accredited Employers Programme).
- (n) **Note** that Management does not anticipate any significant impact on organisational objectives or performance due to the deferred Scheme policy work.

Health and Disability System Review

- (o) **Note** that, due to current Government priorities, the Health and Disability System Review has delayed the presentation of its final report.

7 Board Administration

7.2 Minutes of Meetings held on 26 March 2020 and 16 April 2020

The Board Chair provided a correction to the interest she declared at the 26 March meeting. She was a member of the Auckland DHB Executive Emergency Board.

APPROVED: the ACC Board approved the minutes of the meetings held on 26 March 2020 and 16 April 2020.

7.3 Schedule of Matters Arising

9(2)(h)

A large section of the document is redacted with grey bars, covering the content of the 'Schedule of Matters Arising' section.

RESOLVED: The Board **noted** the Schedule of Matters Arising.

7.4 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to **note** that there were no decisions made out of cycle during the period of 21 March 2020 to 24 April 2020.

7.5 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

8 General Business

RESOLVED: Each Board Member had **voluntarily agreed** to reduce their base Board fee by 20%, for a six-month period to take effect from 1 May 2020 to 1 November 2020.

Closure: The meeting closed at 1.30 pm.

Approved

Chair Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of the Board of the Accident Compensation Corporation held via teleconference, on Wednesday, 27 May 2020 at 9.00 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Ms Kristy McDonald QC	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Ms Deborah Roche	Chief Governance Officer	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Emma Powell	Chief Customer Officer	
Mr Herwig Raubal	Chief Risk & Actuarial Officer	
Ms Gabrielle O'Connor	Head of Client Service Delivery	Item 4.1
9(2)(a)	Head of Injury Prevention	Item 5.1
	Head of Health and Safety	Item 6.1
	Acting General Counsel	Item 6.2
	Acting Manager Corporate Secretariat	
	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

An apology was received from Mr May.

1.2 Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investment Committee

Mr Miller provided an update on the Board Investment Committee, highlighting:

- The performance of the fund was ahead 15 basis points based on most recent figures.

9(2)(h)

- The *Stafford* case had been successful at the Court of Appeal but it was likely the decision would be appealed to the Supreme Court.
- The Committee had discussed ESG and climate change, noting that work undertaken by Mr Nigel Crowe had highlighted that emissions from the fund had been falling for the last three years.

2.2 Risk Audit and Assurance Committee

Ms Mazzoleni provided an update on the Board Risk Audit and Assurance Committee:

- The Audit Plan had been updated to take account of the changes arising out of COVID-19. There was no change to the timetable, but the Committee had asked Management to take its time documenting assumptions and undertaking sensitivity testing given the current environment.
- The Committee had recommended changes to the going concern assumption, and the Committee Chair would work with Mr Raubal on those changes before circulating to the Committee and then to the Board.
- The external auditors would be taking a closer look at the control environment., including working out of the office and ACC's third-party providers.
- There would be a specific note in the financial statements on the impact of COVID-19.

2.3 Health Sector Strategy Advisory Committee

Dr Batten provided an update on the Board Health Sector Strategy Advisory Committee. The Committee received its usual update on the Proof of Concepts and IQA, but the bulk of the meeting was a workshop which discussed the next priorities for the HSS:

- There were some confronting statistics presented in the Committee's background reading – 7% compound growth rate in health sector spend with the population growing at 2%, and long-term claims costs increasing by 9%.
- There were four key themes that emerged from the discussion:
 - How ACC might have influence in the sector upstream and the role ACC could play in looking at social determinants of health and population health.
 - Turning ACC's rich data into outcomes-based information that could be shared with the sector on a timely basis and give clearer guidance on comparative provider performance. This data should feed into further policy considerations. While checks on outliers were undertaken, this was not systematic.
 - The impact of comorbidities on claims costs, such as mental health. The increasing prominence of mental health in claims had also been discussed by the Board Chair and Chief Executive during meetings with Australian and Canadian worker compensation schemes.
 - ACC's role in shaping the workforce of the future, with a focus on a more integrated care model.

Management had done an excellent job in preparing for the workshop which enabled the Committee to be highly engaged on the relevant topics. The Board asked that the materials prepared for the Committee be used in the upcoming strategy discussion.

3 Board Only Session

3.1 Chief Executive's Report

9(2)(h)



3.2 Cost Review

Mr Healy introduced the Cost Review paper, noting that Management had met with the Temporary Deputy Chair the previous week to discuss the paper which set out actions that had already been reflected in the budget and other considerations that it had been decided not to action. The paper included charts which showed comparators for year on year cost growth and the impact of COVID-19. IT costs had been benchmarked with Gartner, and while there was a cost increase this was still below benchmark. The Board's discussion focused on:

- Claims costs. A large part of the cost growth related to volume and there were significant drivers of the increase where ACC had less control, such as ambulance funding and PHAS. A number of opportunities had been identified by the HSS Advisory Committee at its meeting the previous day, including sharing timely data and information across the provider network.
 - As an example, the annual Treatment Injury report was valuable to providers but this was only provided once a year. Management will review the frequency of this report to make more information available to providers.
 - The analytics capability was getting stronger to enable better sharing of information, and as analytics progressed into continuous delivery it was easier to redirect the focus of resources particularly as more data was received by ACC through the new systems.
 - Integrity Services already looked at a high level at outlier providers and used various tools to meaningfully engage with these providers. Once that engagement occurred, the

behaviour change with those providers was often evident. Mr 9(2)(a) presentation to the Risk Assurance and Audit Committee, focused on Integrity Services and Analytics, was now scheduled for August and would provide useful background information for the whole Board the work already being undertaken. Further information on levers, including market exit, would also be useful.

ACTION: The Board asked Management to work with Dr Batten to provide a further update to the Board at its next meeting on the work already being undertaken in provider analytics and a timeline for further work identified to enable information and data sharing with providers.

- Sensitive claims and the transition of those claims into the long-term claims pool. Ms Powell explained that when the clinical pathway model was developed, it was anticipated clients would have several episodes of care over a long period of time. A 'maintaining wellbeing' service was created which involved checking in with clients four times a year as opposed to them returning to service in crisis. This only applied to therapeutic interventions from counselling services and was not necessarily directed at providers assisting clients in longer term social rehabilitation to return to work and daily living. This required a change to the nature of the Integrated Services for Sensitive Claims contract to address longer term rehabilitation issues and provide a more sustainable sensitive claims service going forward.

ACTION: The Board asked Management to include an update on the work to progress the inclusion of long-term social rehabilitation for sensitive claimants in the Integrated Services for Sensitive Claims contract renewal, which was due to come to the Board for approval in June.

- The funding of low value care items include prosthesis, and the potential difference between public and private health. Ms Roche explained the policy and operational work being progressed to influence this, but the challenge for ACC is that the provider made the final decision and there were only two prosthesis manufacturers in New Zealand.
- The current financial environment. There was likely to be an extended period without levy increases, and it would be useful for the Board to see the likely financial situation for upcoming years on that basis compared with the benefits also expected during that time. The Board was clear that it was not prepared to spend money from the investment fund to pay for future costs. This is a true constraint and before the investment fund was used, additional cost savings must be explored.

ACTION: The Board asked Management to provide further information to the Board's next meeting on the financial situation for upcoming years without levy increases, including expected benefits and any spending from the investment fund.

The Board thanked Mr Healy and the rest of the Executive for the effort that was put into the Cost Review paper.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the current state analysis of ACC's claims and operating costs.
- (b) **Note** the actions underway to address both claims and operating cost efficiency opportunities.
- (c) **Note** the cost efficiency opportunities ACC is actively considering, and those that are not currently preferred.

4 Operational Reporting

4.1(a) ICIP Reporting

Mr Fletcher introduced the report and highlighted the following:

- Client Payments 2 had been successfully delivered with no impact on clients. All payment types were now operating in EOS, and all obligations to Inland Revenue had been met as a result of the release. The project was ahead of the original benefits profile identified in the business case and was on track to deliver all benefits.
- In relation to the HSS, High Tech Imaging had had its first sector engagement the previous day which had gone well. The ECP project was re-baselining the benefits profile given the impact of COVID-19, and IHC was being reworked.
- COVID-19 had impacted several key areas of benefit realisation in the short term. A number of the benefits were based on claims volumes consistently rising and there has been a decrease in claims volumes as a result of the Alert Level 4.

Ms O Connor provided an update to the Board, noting:

- Claims volumes had now returned to 80% of pre-lockdown numbers, with the remaining 20% likely due to there being no sporting events.
- Client Service Delivery had made the most of the capacity of staff during the lockdown and had worked to reduce the 11,000 claims awaiting decision to 6,000. Non-complicated claims had seen the best ever performance of .32 days due to the investment made in the automated cover accept model which enabled adjustment of acceptable risk levels. March saw an

improvement in the time taken for complicated decisions, with capacity and ability for people to focus on more complex claims due to the decrease in low complexity claims.

- Wellbeing of frontline staff had been a high priority during lockdown, and new staff continued to be onboarded with remote support and learning. Leaders and teams had remained focussed on productivity.
- There had been some obvious challenges progressing rehabilitation rates, with some clients physically able to return to work but unable to because of the alert level.
- Overall feedback on Next Generation Case Management remained positive, with an extended staff induction process.
- In terms of the long-term claims pool, the number of clients exiting the pool was 12% higher than the same time last year, but this was not enough to be able to counter-balance the entries into the pool. The Board asked for more information to be provided in future reporting on the right target for long-term claims pool based on historical trends.

The Board discussed the 10 staff that had been provided to the Ministry of Social Development and the Ministry of Health, noting that Management had clarified the staff wellbeing expectations for ACC with both departments.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the ICIP March 2020 Monthly Update.
- (b) **Note** the ICIP May 2020 Benefits Update.

4.1(b) Operational and Financial Performance Report

The Board asked for an update on the OCL Management Group. Mr Healy explained that the leadership members were now more closely aligned to the action that could be taken in various areas: Client Service Delivery, Actuarial, Policy, Injury Prevention, Finance and others. This enabled the group to have short feedback loops in response to analysis and closely connect with continuous delivery.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims Cost performance
- (b) **Note** the Operations and Financial Performance.

The Board acknowledged the work that the Executive had undertaken to lead the business through the COVID-19 response and thanked them for the tremendous leadership capability that had been demonstrated.

4.1(c) Quarterly Complaints Report

Ms Powell introduced the report and highlighted the following:

- The OAG recommendation in relation to external complaints reporting would be completed in the next quarterly report in July and would be reviewed by the Board Chair prior to publication.
- There was an initial decline in complaints during the lockdown period, with only 90 complaints received compared to the usual 150 complaints. The numbers appear to be returning to normal.
- The complaints ratio for Next Generation Case Management was still low, although a number of clients transitioning into the model were bringing previous complaints with them.
- Advanced analytics was being utilised to create predictive models on clients likely to experience dissatisfaction so they can be proactively contacted.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the key insight themes, contributing factors, and actions being taken by the organisation as outlined in the Quarter 3, Customer Dissatisfaction and Complaints report.
- (b) **Note** that there were nine Severity two and no Severity three customer complaint cases (including those escalated to the Customer Resolutions team and those dealt with by the Issues Management and Media teams) during Quarter 3, and that management has taken the appropriate actions (outlined in **Appendix 2**, Board Dossier of Complaints and Issues – Quarter 3) to address them.
- (c) **Note** the successful results achieved trialling the use of analytical modelling to monitor client servicing and trigger early alerts that prompt ACC to proactively intervene and recover the service experience and, the work underway to permanently operationalise the model.
- (d) **Note** the delay in public reporting on ACC's complaints performance and to the development of the full complaints system due to the impact of COVID-19.

5 Board Papers

5.1 Ride Forever – Programme Reinvestment

The Board Chair welcomed Mr 9(2)(a) to the meeting and introduced the paper.

The Ride Forever programme focussed on improving riding skills and provided education in safety equipment and how to maintain a safe bike. 15% of the riding population had participated in the programme, and the plan for the medium-long term was to have it integrated into the motorcycle license pathway. Management was making good progress with the Ministry of Transport and NZTA on this but conceded that would take a few years to get approved. In the short term, the goal was to have 16,500 riders on the pathway, which would be one third of the riding population, and to increase focus on Māori and young riders.

The ROI of the new investment would be \$2.12 and a saving of \$32m. The Board congratulated Management's work on this programme as it was an effective use of the motorcycle levy.

RESOLVED: The ACC Board resolved to:

- (a) **Note** Ride Forever's return on investment of:
 - i. \$2.09 for every \$1 invested for the current three-year investment period – ending 30 June 2020
 - ii. \$2.12 for every \$1 invested for the proposed three-year investment period – ending 30 June 2023.
- (b) **Approve** \$13.84m additional investment to continue delivery of Ride Forever until 30 June 2023.
- (c) **Note** that funding for the three-year investment for Ride Forever will come from the Motorcycle Safety Levy.
- (d) **Note** that the Motorcycle Safety Advisory Council (established by the Minister for ACC to represent the voice of motorcyclists and advise ACC on the investment of the Motorcycle Safety Levy) has endorsed the proposed investment plan and that it be funded by the Motorcycle Safety Levy.

5.2 OIA Proactive Release Policy

The Board Chair explained that this paper had previously been discussed, and the revised paper included feedback provided by the Board Chair 9(2)(h).

RESOLVED: The ACC Board resolved to:

- (e) **Approve** the policy for proactive release of selected non-client OIA responses on ACC's public website.
- (f) **Note** that a sign-off process has been developed to manage privacy and legal risks.

(2)(h)

- (h) **Note** that Management will continue with the current practice of consulting with the Chair and relevant Board members on sensitive OIA responses before releasing them.
- (i) **Note** that the Board will receive notification of all OIA requests that are proposed to be published via the Weekly Board Report, and Board members will have the opportunity to comment prior to publication.
- (j) **Note** the Chair and recommended Board members will always be consulted prior to the publication of any sensitive OIA response on ACC's website. This consultation will occur:
 - i. *Either* proactively before the OIA response is released to the respondent(s);
 - ii. *Or* following release to the respondent(s) if a change in context occurs that necessitates publication (e.g. heightened public interest).
- (k) **Note** that in addition to the weekly report, the Board will be provided with a six-monthly performance report that will include the OIA data, and insights from the publications of responses.
- (l) **Note** that a new page will be developed on the ACC website to host the responses.

5.3 Accountability Documents (Service Agreement 2020/21 and Annual Report 2020)

The Board Chair introduced the item and explained that the Minister had indicated he would grant the extension for the Service Agreement. The Board discussion focused on the annual report.

The Board congratulated Management on the Annual Report winning its third Gold Award. The information in the paper included a proposed theme for the Annual Report, and how ACC would consider its ESG reporting and treatment of COVID 19.

Ms Mazzoleni indicated that she was comfortable with what was proposed but noted that further discussion was necessary on the presentation of the \$18b deficit and the ongoing sustainability of the scheme. The ESG and sustainability reporting must be meaningful, and the EY ESG

framework report was useful in showing where ACC was and what further work needed to be done. Mr Healy offered to follow up with Ms Mazzoleni.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that ACC is requesting an extension to SA20/21 deadlines as allowed by the COVID-19 Response Bill.
- (b) **Note** the revised next steps and due dates for the SA20/21, including providing a revised draft SA20/21 to the Minister by 31 July 2020.
- (c) **Note** the management's proposed performance messages for the annual report and provide feedback.
- (d) **Note** the proposed timeline for the annual report, with a first draft to the Board in late July 2020 and presentation to the House in September/October 2020.

5.4 Insurance Renewal

Mr Healy explained that the revised paper addressed specific questions and comments from the previous meeting. Ms Mazzoleni noted that she agreed with the contents of the paper, but that Professional Indemnity insurance needed to be sorted sooner rather than later. The Board discussed Professional Indemnity for Board Members and Officers, and ACC's representation on the Transmission Gully SPV as an example. The Deed of Indemnity was the first port of call for both Members and Officers, and could be implemented retroactively if required, but the Professional Indemnity insurance must be sufficient to cover any gaps in the Deed.

ACTION: The Board asked Management to review Professional Indemnity Insurance for both Board Members and Officers.

RESOLVED: The ACC Board resolved to **note** the update to address the points raised in relation to the current insurance renewal process from previous meeting.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the report, noting that there had been a decrease in stress reports, threat incidents and provider incidents as there had been less interaction with clients and the branches had been closed. Ms 9(2)(a) explained that staff were offered an opportunity to remotely

connect with an occupational therapist while working from home. Management had also been closely monitoring pain and discomfort reports.

Ms Champness provided an update on the on-going negotiations with the PSA, and the Board confirmed that the decision to have no remuneration increases was the right one. Management was looking at other ways to recognise performance. The Board discussed with Management the possibility of ACC making a one-off payment to staff as an investment in infrastructure/wellbeing payment, and asked that the Chief Executive and Ms Champness progress this further.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in April 2020.
- (c) **Note** the health, safety and wellbeing performance indicators.

6.2(a) Legal Report

9(2)(h)



6.2(b) Policy Update

Ms Roche provided updates on the following:

- The Minister had signed the levy rollover briefing and it was anticipated this would go to Cabinet in June. ^{9(2)(h)} [REDACTED]. Ms Roche would keep the Board Chair and the Chief Executive updated.
- Next steps on the final Health and Disability Review report.
- The Minister intended to release a discussion document on gradual process injury and a review of Schedule 2 of the AC Act occupational diseases list. Advice was being provided to the Minister consistent with what the Board has previously approved.
- Ambulance funding.
- A heads up on a Human Rights Review Tribunal decision on *Vivash* received the previous day. Management would prepare a note for the Board and the Chief Executive for Friday 29 May. The Board asked for Ms McDonald QC to be updated on whether ACC was able to submit on Principle 5, and if so what the submission would be.

RESOLVED: The ACC Board resolved to note the verbal Policy update.

7 Board Administration

7.1 Minutes of Meeting held on 1 May 2020

APPROVED: The ACC Board approved the minutes of the meeting held on 1 May 2020 subject to the following changes:

- Include the Board discussion and approval to correct pay equity;
- A separate sentence to be added on the Board request to minimise consultants;
- The action related to the ICIP hard deadline to be added to the Schedule of Matters Arising.

7.2 Schedule of Matters Arising

The Board noted the Schedule of Matters Arising.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Note** that there were two decisions made under delegated authority during the period of 15 April 2020 to 15 May 2020, related to Emergency Road Ambulance Funding and the Service Agreement.
- (b) **Note** the papers held over from previous meetings.

7.4 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

8 General Business

Closure: The meeting closed at 2.10 pm.

Approved

Chair

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of the Board of the Accident Compensation Corporation held via videoconference, on Friday, 26 June 2020 at 9.00 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Mr David May	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Ms Deborah Roche	Chief Governance Officer	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Emma Powell	Chief Customer Officer	
Mr Herwig Raubal	Chief Risk & Actuarial Officer	
Mr Andrew Hampton	Director-General of the GCSB	GCSB presentation
6(a)	Acting Director Information Assurance and Cyber Security, GCSB	GCSB presentation
6(a)	Strategic Communications Principal, GCSB	GCSB presentation
9(2)(a)	Chief Information Security Officer	GCSB presentation
	Head of Health and Safety	Item 6.1
	Acting General Counsel	
	Acting Manager Corporate Secretariat	
	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

An apology was received from Ms McDonald QC.

1.2 Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investment Committee

Mr Miller provided an update on the Board Investment Committee:

- The Investments team and the Chief Investment Officer had been focussing on governance in recent months, and the Committee would continue to receive reporting on the outcomes which were all well underway. The team was now pivoting back to core business.
- The fund was outperforming benchmark by 31 basis points based on most recent figures; however private market performance may bring it back closer to benchmark.
- The Committee received a good paper on the Management Expense Ratio. ACC's costs were below other funds, and the Chief Investment Officer would continue to monitor this.
- The Investments internal audit plan was approved. The Chair of the Risk Assurance and Audit Committee asked that the focus remain on addressing the findings from the KPMG report.

• 9(2)(h) [REDACTED]

RESOLVED: The ACC Board resolved to, on the recommendation from the ACC Board Investment Committee 9(2)(h) [REDACTED]

3 Board Only Session

3.1 Chief Executive's Report

- Feedback on special payment to Staff under \$100k
- Select Committee update
- Status on return to locations after COVID-19 lockdown

- COVID exit strategy
- Discussion on Executive structure work being supported by Deloitte
- ESG/Climate Change phase 2 work programme
- Board strategy day agenda update

4 Operational Reporting

4.1(a) ICIP Reporting

The Board Chair welcomed Management to the meeting. Mr Fletcher highlighted the following:

- The key focus areas from a delivery perspective continued to be Client Payments and NGCM. Staff had done well moving back to working in the office.
- Regarding the HSS, the socialisation of the new HTI service decision had occurred, and ECP was accelerating again as providers resumed treatment. The Integrated Home and Community Support Services project remained challenging, but the first cohort was still planned to go live in December 2020.
- There was some exciting work happening with Sales Force to optimise EXP experience for clients and providers.
- An RFP had been released to select a platform for enterprise resource planning. Only one of the three vendors requested to submit bids chose to respond, which reflected uncertainty in the market.
- Benefits realisation was progressing – resources in Timaru were ending this week, and the NGCM resource efficiencies would be realised from November onwards, although this had been impacted by claims volumes.
- Continuous delivery teams had been working to prioritise activities for the next three months, and more information would be included in upcoming reporting to the Board.

The Board's discussion focussed on:

- Performance of the systems during lockdown. Within the first week most tools were working well remotely, and it was a great success to get the call-centre function running so quickly. Working with health providers was another big achievement. Tele-health was expanded

quickly, while still maintaining the required standards of service. It also enabled providers to reach into more remote communities.

- The impact of COVID-19 on benefits realisation. The benefits streams measures were based on steadily increasing claims volumes and resources not rising at the same pace – the sudden dip in claims volumes had an impact and the resources were not flexible enough to manage that. Improvements will be seen in terms of resource efficiency as NGCM is completed. Active Management focus would be required to get the outcomes required.

ACTION: The Board asked Management to contact workplace injury counterparts in Australia and British Columbia to enquire about their claims volumes and their responding thinking and strategy.

- ACC was in ongoing discussions with Treasury about the monitoring of ICIP, and at this stage were planning to undertake the next formal review in October 2020. The standard reporting to Cabinet had been postponed to late 2020/early 2021.

RESOLVED: The ACC Board resolved to note the ICIP May 2020 Monthly Update.

4.1(b) Operational and Financial Performance Report

Mr Healy introduced the report and highlighted the following:

- The outlook for full year deficit. A key driver had been the recent Government announcement regarding the 2041 bond issue which had increased the bond yield rate.
- Overall claims volumes – new claims were slightly higher than a year ago but overall for the year there was a 9% reduction. Weekly compensation had seen a reduction of 4-4.5%.
- There was additional information provided in the paper on funding sufficiency and the funding ratio trajectories. The funding gaps were growing with the indicative levy rates, noting that the Non-Earners Account had an approved increase. The profile was now in net cash outflow.

The Board's discussion focussed on:

- The weekly compensation claims volumes, and what might be seen in the coming months. There had been a decrease in weekly compensation claims volumes, but at the same time not as many clients were exiting the system. The impact of the economic downturn might suppress claims volumes entering the scheme in the near future.
- The impact on year end strain. Mr Raubal described the process that the actuaries would undertake.

- The wait time for sensitive claims, noting that there was a backlog through lockdown relating to lack of access for both clients and providers.
- The progress of NGCM. The Board would receive a full update at the September meeting.
- The presentation of the Consolidated Statement of Comprehensive Revenue and Expense in the annual report, which the Board was happy with.

The Board thanked Management for the leadership they had shown during and after lockdown, and congratulated Management particularly on staff engagement.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims Cost performance
- (b) **Note** the Operations and Financial Performance.
- (c) **Note** the proposed changes to the presentation of the Financial Statements to be included in the Annual Report 2020.
- (d) **Note** the BEFU Budget approved in April 2020 will be updated for the PREFU budgets and forecasts preliminarily due to Treasury on 22 July 2020 and final on 27 July 2020
- (e) **Delegate** authority to a Board sub-group to approve the PREFU budget and forecasts and Service Agreement prior to 22 July, including the Board Chair, the Chair of the Risk Audit and Assurance Committee, Mr May and Mr Brabazon.
- (f) **Note** that PREFU forecasts will be included as ACC's budget and forecasts in the Service Agreement, Quarterly Performance Reports to the Minister and in the Annual Report 2021.

GCSB Presentation

The Chair welcomed Messrs Hampton, ^{6(a)} and ^{9(2)(a)}. Mr Hampton took the Board through the GCSB presentation on the cyber threat scape and how GCSB could continue to support ACC.

5 Board Papers

5.1 Quarterly Enterprise Risk and Compliance Report

Mr Raubal introduced the report, noting that it was not surprising that the risk profile had spiked over recent months. Treatment plans had been delayed, but it was being well managed. A post-event review would be undertaken of the response to COVID-19 and the lockdown.

The Board discussed:

- The going concern statement to be included in the annual report, noting that there was an assumption of no levy increases for four years.
- Whether there should be any update to the report in relation to the upcoming referendum on cannabis legalisation and control.

RESOLVED: The ACC Board resolved to **note** the Quarterly Enterprise Risk and Compliance Report.

5.2 PHAS Annual Agreement

The Chair declared her interest as the Chair of the Auckland District Health Board Finance Risk and Assurance Committee and abstained from participating in passing the resolutions.

Mr Tully introduced the paper and provided background on the agreement, noting Dr Batten had already provided feedback. The agreement was at a ministerial level and required approval from both the Minister of Health and the Minister for ACC.

The Board discussed the cost of the agreement, noting its concern with the trajectory of the increase. The dollar amount was supplied by the Ministry of Health and ACC had asked for an estimate when the budget was finalised, but a higher number was provided more recently. Management had been working with the Ministry of Health to initiate discussions with Treasury and MBIE on seeking the true cost of services under the PHAS agreement and senior management had met regarding dispute resolution.

Mr Tully explained that the PHAS agreement came under the BAU of health work and was not a particular part of the Health Sector Strategy.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that the Ministry of Health has provided the 2020/21 Public Health Acute Services Agreement and Joint Health Report.
- (b) **Note** the cost associated with the 2020/21 Public Health Acute Services Agreement is \$597,140,217; representing a funding increase of 6.90% on last year's total amount. This increase is due to cost and demographic pressures.

- (c) **Note** this contribution is greater than the 5.00% approved for the Public Health Acute Services 2020/21 budget that was based on an early estimate from the Ministry of Health. This would result in an overall impact of \$8.6 million over ACC's Public Health Acute Services budget.
- (d) **Note** that the Ministry of Health provided a revised low (6.90%) and a high (14.30%) funding increase estimate for the 2020/21 Public Health Acute Services Agreement. The revised estimates reflect the Government's investment in DHBs through Budget 2020.
- (e) **Note** that ACC's ability to negotiate the annual Public Health Acute Services Agreement contribution increase is limited without an understanding of the true cost of these services provided for ACC clients.
- (f) **Note** that the reforms proposed by the Health and Disability System Review will likely generate a review of acute services more generally, as well as associated funding formulae.
- (g) **Note** ACC will work to understand implications of changes to the Public Health Acute Services Agreement contribution calculations.
- (h) **Approve** the Public Health Acute Services Agreement 2020/21.
- (i) **Delegate** authority to the Chief Executive to execute the Public Health Acute Services Agreement for 2020/21.

5.3 ACC Brand and Identity Policy

Ms Powell introduced the paper and explained the amendments to the policy. The 'brand' was no longer just about a logo but now extended to the relationship ACC had to its customers, and amendments to the policy reflected that. A major change was around strengthening compliance from ACC staff.

The Board discussed medical providers using ACC logos on signage and had a strong view that the Corporation was too relaxed about this issue. When misuse was discovered, there should be follow-up and corrective action taken because it was confusing for clients.

ACTION: The Board asked Management to strengthen the misuse section of the ACC Brand and Identity Policy and develop a contractual means for misuse of branding.

RESOLVED: The ACC Board resolved to approve ACC's Brand and Identity Policy, as attached in **Appendix 1**, subject to Management's proposal regarding the misuse of branding.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the report and highlighted the following:

- The return to office was managed very well from a HS&W perspective.
- The good results from the Pulse survey.
- The claims performance per employer, and ACC's good performance with regards to the reduction in claims cost.

Ms Champness requested that a Member of the Board be a judge for the Safe Kiwis award. Dr Batten volunteered. The Board Members were all invited to the ceremony.

In response to a query regarding ACC's claims performance as an employer, ^{9(2)(a)} explained that the two injuries were both trip/falls related and were reflected in the regular reporting as lost time injuries. The Board discussed the number of declined decisions for ACC staff, noting that ACC staff had a good understanding of how the scheme worked and Management was focussed on early intervention for pain and discomfort.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in May 2020.
- (c) **Note** the health, safety and wellbeing performance indicators.

6.2(a) Legal Report

^{9(2)(h)}

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9(2)(h) [Redacted]

[Redacted]

[Redacted]

(a) [Redacted]

(b) [Redacted]

(c) [Redacted]

(d) [Redacted]

(e) [Redacted]

6.2(b) Policy Update

Health and Disability System Review – Final Report

Ms Roche introduced 9(2)(a) [Redacted] and explained that the paper was a short analysis of opportunities Management was pursuing across the business following the review. 9(2)(a) [Redacted] explained that the themes that came through the report reflected how ACC had been working through the HSS. There was not yet any detail of what recommendations would be implemented but ACC was well positioned.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that the Health and Disability System Review final report (the report) has been published.
- (b) **Note** that the report recommends:
- i. Establishing two new agencies – Health NZ and the Māori Health Authority – to undertake current operational functions of the Ministry of Health.
 - ii. Decreasing the number of District Health Boards from 20 to 8-12, and moving to fully appointed boards.
 - iii. Establishing a Ministerial Committee and implementation team administered by the Department of the Prime Minister and Cabinet to lead detailed policy and design work.
- (c) **Note** that there are key areas of opportunity and interest for ACC in joint purchasing, ambulance services and funding, primary care and acute care services, home and community support services, workforce planning and the role of technology.

Levies, Scheme Policy, and Election Guidance

Ms Roche introduced the paper, highlighting that Management continues to work with MBIE and Crown Law on the experience rating rollover, the Board Chair asked to be kept informed of any differences between ACC's view and Crown Law's opinion.

The Board discussed the wage subsidy payments to the self-employed and asked that Management provide some more background on the challenges associated with this decision.

RESOLVED: The ACC Board resolved to:

Levy consultation

- a) **Note** that ACC provided comments on a draft Cabinet paper from the Minister for ACC seeking agreement from Cabinet to continue:
- i. Current Accident Compensation Scheme (the Scheme) levy rates for the Work, Earners' and Motor Vehicle Accounts (the levied Accounts) for the 2021/22 levy year.
 - ii. The experience rating system, in its current form, for the 2021/22 levy year.
- b) **Note** that the Minister intends to submit the Cabinet paper for consideration at the Cabinet Economic Development Committee on 1 July 2020.
- c) **Note** that the regulations for each of the levied Accounts include a clause for the levy rates to continue into a future year.

- d) **Note** that MBIE is seeking to better understand the risk of not consulting on experience rating before making new regulations and has requested Crown Law advice.
- e) **Note** that, if the Cabinet Economic Development Committee does not decide to continue the current levy rates and experience rating system, Management will provide advice for consideration by the Board Sub-Group for levy consultation on 11 July 2020.

Proposed discussion document from the Minister on gradual process cover settings

- f) **Note** that the Minister will progress a public discussion paper on possible changes to work-related gradual process, disease, or infection (gradual process) cover settings.
- g) **Note** that the discussion paper will inform later policy work on gradual process cover, when work resumes on Accident Compensation Act 2001 modernisation proposals

State Services Commission election guidance

- h) **Note** that State Services Commission (SSC) has released guidance on what it means to work in the State services before, during, and after an election.
- i) **Note** that the guidance discusses the effect of the election on significant appointments, government advertising, policy advice and access by political parties to information from the State sector during negotiations to form a government.
- j) **Note** that the Chief Governance Officer and Governance Group are available to support Board members on the periods before, during, and after the election.

7 Board Administration

7.1 Minutes of Meeting held on 28 May 2020

9(2)(a) explained that Dr Batten had requested that minor changes be made to the wording of the HSS update.

APPROVED: the ACC Board approved the minutes of the meeting held on 28 May 2020, subject to the changes requested by Dr Batten.

7.2 Schedule of Matters Arising

Ms 9(2)(a) explained that the highlighted item would be closed by the July Board meeting.

RESOLVED: The ACC Board resolved to **note** the Schedule of Matters Arising.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Note** that there were three out of cycle decisions made during the period of 15 May 2020 to 18 June 2020, related to the Board Investment Committee Terms of Reference, Board Investment Committee Succession Planning and the Climate Change Framework.
- (b) **Note** there were no papers held over from previous meetings.

7.4 Annual Work Programme

Following the work Propero did for the Board Investment Committee, the Chair suggested that something similar be undertaken for the Board. The Chief Executive’s Office and Corporate Secretariat were currently working through the possible options regarding this piece of work.

RESOLVED: The ACC Board resolved to **note** the annual work programme.

8 General Business

The Board discussed the financial review of St John.

Closure

The meeting closed at 2.40 pm.

Approved

Chair

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of the Board of the Accident Compensation Corporation held at the ACC Boardroom, ^{6(d)} [REDACTED], Auckland, on Thursday, 30 July 2020 at 1.00 pm.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni**	Member
Mr David May**	Member
Ms Kristy McDonald QC**	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive
Mr Mike Tully	Chief Operating Officer
Ms Sharon Champness	Chief Talent Officer
Mr John Healy	Chief Financial Officer
Ms Deborah Roche	Chief Governance Officer
Mr Peter Fletcher	Chief Technology & Transformation Officer
Ms Emma Powell	Chief Customer Officer
Mr Paul Dyer	Chief Investments Officer
Mr Herwig Raubal**	Chief Risk & Actuarial Officer

9(2)(a)

General Counsel & Company Secretary

Policy Advisor	Item 5.1
Head of Actuarial - ACC	Item 5.2
Director, Taylor Fry	Item 5.2
Head of Health, Safety and Wellbeing	Item 6.1
Acting Manager Corporate Secretariat	
Associate Company Secretary	

** via videoconference

1 Procedural Business

1.1 Apologies

There were no apologies received.

1.2 Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Governance and Remuneration Committee

Ms McDonald QC provided an update on the Board Governance and Remuneration Committee during Board Only time where they discussed the Chief Executive's performance.

3 Board Only Session

3.1 Chief Executive's Report

Mr Pickering highlighted the following in his report to the Board:

- Update on Hamilton and Dunedin Hub sites
- Electric Vehicle Purchase – EECA funding proposal
- CMT Planning update
- Engagement with other Workers Compensation schemes in British Columbia and Australia
- Engagement with Minister Sepuloni
- Debrief from Board Strategy Day.

4 Operational Reporting

4.1 Fourth Quarterly Report

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the presentation of the fourth quarterly report 2019/20 to the Minister by 31 July 2020.
- (b) **Note** the additional information for June 2020.

4.2 ICIP Reporting

RESOLVED: The ACC Board resolved to **note** the ICIP June 2020 Monthly Update.

5 Board Papers

5.1 Legal Report [LEGALLY PRIVILEGED]

9(2)(h)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

RELEASED UNDER THE OFFICIAL INFORMATION ACT

RELEASED UNDER THE OFFICIAL INFORMATION ACT

9(2)(h)

RELEASED UNDER THE OFFICIAL INFORMATION ACT

9(2)(h)

5.2 External Actuarial Valuation

Mr 9(2)(a) (Taylor Fry) and took the Board through the presentation at a high level. The Board's discussion focussed on:

- The overall strain of \$258m, which included a release of \$394m due to lower claims experience for the June 2020 accident quarter as a result of the COVID-19 lockdown. Mr Raubal clarified for the Board that the release was due to the fact that the accidents did not occur during this time, so there were no accidents to record a liability against.
- The key items for Management attention, which had not changed considerably since the previous year.

- Sensitive claims new claims volumes. The projections showed a relatively low gradual increase, which the Board commented was unlikely to be the case. Mr Raubal explained that the projections gave a baseline to understand future performance – it was preferable to allow the strain to emerge rather than building the assumption in.

ACTION: The Board asked Mr Raubal to run a sensitivity analysis over the sensitive claims new claims volumes projections to show the impact of a steep incline in claims.

The Board discussed the steps that had been taken in recent years to remove barriers for sensitive claimants. Ms Powell noted that the Board would receive a paper to its August meeting which would outline the current situation for sensitive claims and the potential way forward. The Board asked that the paper include an estimate of future increases in the coming years.

- The levy impacts table, which only showed indicative levy rates estimated using the revised funding policy that excludes funding the risk margin. The funding policy limited levy increases to 15%.

The Board Chair asked Mr Raubal to provide an update on the previous Board request for Management to focus on not using the investment fund to pay for new claims. Mr Raubal explained that the underlying concern from the Board was whether under the current environment had ACC done enough to temper potential levy rises. In November 2019, Mr Raubal had presented a paper to the Board that evaluated five years of OCL strains, which showed that \$2.6b had occurred over that period. The majority of this was able to be influenced by the organisation. The Board's discussion focussed on:

- Ensuring consistency with the Financial Condition Report, including Management actions on rehabilitation rates. It may be that more granular, detailed actions were required.
- The increase required in the Motor Vehicle account and the legislative process to get levy increases approved.
- The Cost Review paper presented by Mr Healy in May 2020. This paper noted the cost savings actions already underway and actions being considered.

The Board asked Mr Raubal and Mr Healy to provide a further update on this matter at a future meeting. The Board Chair asked Members to provide any further feedback to Management.

RESOLVED: The ACC Board resolved to note the External Actuarial Valuation of Outstanding claims as at 30 June 2020, completed by Taylor Fry.

5.3 Annual Report

Mr Healy introduced the draft Annual Report and explained that there were deliberate changes to the content and format compared to last year, with an increased emphasis on climate reporting and climate-related financial disclosures. The draft also reflected the feedback from the Australasian reporting review. The draft was scheduled to be shared with the Treasury, MBIE, the Minister's Office and EY in early August.

The Board discussed the reconciliation presented in the Annual Report and Q4 report between the funding gap which was \$3b and the \$16b asset liability gap.

The Board provided the following feedback on the report:

- The summary of impact on performance from COVID-19 should be in the Annual Report itself rather than the statement of performance and financial statements section, as it contained information relevant to other areas of the Report. The COVID-19 disclaimers should be overarching across the accounts, and COVID-19 commentary should also be included in the variance note.
- The ESG section of the report was a two-page overlay pointing to the various parts of the report where they were addressed separately, rather than fully integrated. Mr Healy explained that more focus was given to the Environmental aspect of the reporting, including a section for both Corporate and Investments.
- The Investments section should be rewritten in plain English and clearly highlight the performance of the fund and the good investments that were being made.
- The HSS Committee needed to be encapsulated in the Governance section of the report.

The Board discussed the intended audience of the Annual Report, which varied from Parliament to levy-payers, and noted that this was an opportunity for ACC to tell its story.

The Board requested that Mr Healy provide an updated draft of the Annual Report to Ms Mazzoleni and Mr May for their feedback before sharing it with MBIE and Treasury.

RESOLVED: The ACC Board resolved to:

- (a) **Provide** feedback on the first draft of the Annual Report 2020 (Appendix 2) and the provisional Financial Statements (Appendix 3).
- (b) **Subject to final review by Ms Mazzoleni and Mr May, approve** the release of a draft Annual Report to Treasury, Ministry of Business, Innovation and Employment (**MBIE**), the Minister's Office and EY in early August 2020 by Management (incorporating Board feedback). This version will note that it is draft and subject to Board review. Note this will not include Appendix 3: Provisional Financial Statements for AR20.
- (c) **Note** the proposed timeline for AR20 (Appendix 1).

5.4 Service Agreement

Mr Healy introduced the paper, which included a planned timeline, and explained that ACC was due to submit a draft to the Minister on 31 July. Mr Healy thanked the delegated board members who provided feedback and had included responses to that feedback in the cover paper. The uncertainty from April had not reduced, and the COVID-19 caveat was still in the draft Service Agreement. The cover paper highlighted key changes to targets since the April draft.

The Board challenged Management on the return to work within 10 weeks target of 62.5%, although noted that it was important to not set unrealistic targets. Management responded that the target set did not restrict ACC from aiming higher and targets which were met further motivated the organisation to achieve even better performance. The target was originally 60% but was raised to take account of the completion of the NGCM rollout. Mr Tully would include an indication of where Management was tracking on the return to work within 10 weeks target in the NGCM update to the October meeting. Management could reset the target should new information come up.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the submission of the SA20/21 to the Minister for ACC in draft form for her review as required under section 149I of the CEA by 31 July 2020.
- (b) **Note** the revised next steps and due dates for the SA20/21.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the Health, Safety and Wellbeing report, which showed that good health and safety performance was maintained during lockdown while staff were working from home. The two recordable injuries for June were unusual in that they both happened at home. ACC was developing further guidance and a checklist on safety while working at home and had focussed on the key risks of people working from home that were under ACC's control.

The Board raised the third-party threat of self-harm increasing significantly. Ms Champness explained that while Management had increased its focus on third party reporting, both providers and ACC were experiencing more threats of self-harm from clients. ACC had processes in place internally to assist with this issue which Management had shared with providers.

The Board discussed the potential mental health impacts of a second lockdown in New Zealand. Mr Tully explained that the CMT was undertaking a review looking at a potential for another outbreak and was concentrating on how a regional lockdown would impact staff. The formal review of the response to the first phase of lockdown would be going to the Executive meeting the following week. Reviewing the mental health impacts would be part of both reviews.

The Pulse Survey showed that technology was an ongoing issue for some staff. Ms Champness explained that this was mostly due to people's home internet being too slow, or the previous luxury of having two screens at their normal workplace.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in June 2020.
- (c) **Note** the health, safety and wellbeing performance indicators.

7 Board Administration

7.1 Minutes of Meeting held on 26 June 2020

RESOLVED: The ACC Board resolved to **approve** the minutes of the meeting held on 26 June 2020, subject to a minor change to refer to the consideration of the cannabis legalisation and control referendum in the Quarterly Risk Report.

7.2 Schedule of Matters Arising

RESOLVED: The ACC Board resolved to **note** the Schedule of Matters Arising, subject to extending item BRD.20.05.3.1(a) to November 2020.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Endorse** the one decision made out of cycle during the period of 19 June 2020 to 23 July 2020, related to the further advice on ACC levies on wage subsidy payments to self-employed.
- (b) **Note** there were no papers held over from previous meetings

7.4 Annual Work Programme

RESOLVED: The ACC Board resolved to **note** the annual work programme.

8 General Business

There were no items of general business.

Closure

The meeting closed at 5pm.

Approved

Chair

Date

Minutes of a meeting of the Board of the Accident Compensation Corporation held via videoconference, on Friday, 28 August 2020 at 9.30 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Mr David May	Member
Ms Kristy McDonald QC	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Ms Deborah Roche	Chief Governance Officer	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Emma Powell	Chief Customer Officer	
Mr Herwig Raubal	Chief Risk & Actuarial Officer	
Ms Gabrielle O'Connor	Head of Client Service Delivery	Item 4.1
9(2)(a)	Chief Clinical Officer	Item 4.1
	General Counsel & Company Secretary	Item 6.2
	Head of Health, Safety and Wellbeing	Item 6.1
	Acting Manager Corporate Secretariat	
	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

There were no apologies received.

1.2 Register of Conflicts of Interest

The Board Chair asked for the following changes to her interests:

- Remove Chair of NZ Police Women's Advisory Network;

- Amend nature of interest for National Hauora Coalition (PHO) from Director to Chair.

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investment Committee

Mr Miller provided an update on the Board Investment Committee:

- The fund was just under \$49b and was 30bp ahead of benchmark for the year to 30 June.
- The Governance review was a key issue for the Committee and involved a major rewrite of delegations and process. Mr Pat Duignan had been appointed by the Committee to undertake a thorough review of the documentation and provide assurance to both the Committee and the Board that proper controls were in place.

- 9(2)(h) [REDACTED]

ACTION: The Board asked for an Aide Memoire to be prepared for the Minister of Finance on *Stafford* on a no-surprises basis.

- 9(2)(j) [REDACTED]

2.2 Risk Assurance and Audit Committee

Ms Mazzoleni provided an update on the Board Risk Assurance and Audit Committee:

- The first part of the meeting included two Member only sessions: one with Management and auditors and one just with auditors. The topics of discussion included investment control issues and responsibility for the valuation process.
- ACC had maintained its 'Very Good' ESCO ratings for performance information and associated systems and controls and the management control environment. The Committee had asked for a paper on the actions required to move the 'Good' rating for the financial information systems and controls to 'Very Good'.

- The Audit Report itself was relatively clean and there were no differences. The Transmission Gully statement would have to be adjusted for recent developments.
- The Committee had not made any recommendation to the Board on the financial statements as the Committee had asked for some changes to be made. A recommendation on the financial statements, the Statement of Service Performance and the Statement of Responsibility, and the going concern assumption would be presented for approval at the September Board Meeting.

2.3 HSS Advisory Committee

Dr Batten noted there were three papers presented to the HSS Advisory Committee:

- A report on the recommendations of the Health and Disability System Review which sought feedback from the Committee on how ACC positioned itself to shape the implementation of the recommendations, which would be post-election. Areas of discussion included innovative models of commissioning, public health and the use of ACC's data. An updated paper would come to the full Board for consideration later in the year.
- An update on the Health Outcomes Framework. Version 2 of the Framework had been presented following extensive engagement with the sector and stakeholders. The feedback was very positive. The Board discussed the next steps of the framework and how it would be taken forward.
- An HSS update, which was also in the Board pack. The Board discussed leadership of the HSS, noting that the project would move to an agile approach. The report did not include an indication of future priorities, tracking against the current plan and the focus areas to start bending the cost curve.

3 Board Only Session

3.1 Chief Executive's Report

- Covid 19 update
- Issues of provider feedback with NGCM roll out and actions being taken to address
- Emergency Road Ambulance service funding requests
- NZX cyber-attack and ACC system response to date

- Signing of agreement with Te Ahumairangi Investment Management Limited
- Update on CE and Executive Objectives for 2020/21
- Approach to possible cannabis reform work
- PSA engagement with other state sector CEs
- Property updates – Dunedin and Whangarei

4 Operational Reporting

4.1(a) Operational and Financial Performance Reporting including Claims Cost

Mr Healy introduced the report and highlighted the following:

- Projected financial results. Bond yields had fallen further and the deficit was now estimated to be \$3b compared to the forecast \$2b.
- Claims volumes were still down compared to this time last year, but weekly trajectory was very volatile. Processing of weekly compensation and surgery backlogs had occurred due to a range of reasons including volume, average costs, impacts of rehab performance, and catching up from the lockdown period. More analysis would be undertaken.
- Rehabilitation rates had fallen in July and fallen further in August, and the impact of further movement of alert levels remained uncertain.

The Board's discussion focussed on:

- The backlog of weekly compensation payments and surgery:
 - In relation to weekly compensation payments, Ms O'Connor explained that Tranche 4 of Next Generation Case Management (NGCM) had occurred during the Level 4 lockdown and consisted of 32% of overall claims volumes. This, combined with unprecedented call volumes and staff working from home, meant that there were delays to payments three weeks prior to the Board meeting, which had been reflected in the report. Hardship payments were still made if the circumstances required. Client Services was now on top of all priority activities, but there was still a backlog of tasks, such as closing a claim.
 - The surgery backlog, which had an impact on the OCL and rehab performance – if there was a delay to a client's treatment this could result in them being on the

Scheme for longer. The backlog that had been seen during the previous lockdown had not been to the same extent during the most recent one.

The Board noted that it was unaware of these backlogs and the potential impact on productivity of staff working from home. The Board asked that in future the Board be made aware in a timely way of any backlog in areas that may be detrimentally impacting clients, such as weekly compensation payments and surgery, and how any issues were being resolved. The Board asked for a one-pager to be provided on backlogs, and further information included in the monthly reporting.

- The areas of the report that were over-budget, such as contracted home and community support services. The Board asked for visibility on why some areas were overbudget, the responsible owner, and how it was being managed.
- The Performance Network Group, which had replaced the OCL Group. The Board asked that the reporting be restructured to include information of the targets for the Group, the priorities to be addressed in the next year and how the Group was performing. This was the same for the Costs Treatment paper that had been provided to the RAAC.
- Rehabilitation performance. Ms O'Connor noted that more information would be provided in the NGCM update on completion of the roll out. The Board asked that the paper also address the long-term claims pool.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims cost performance.
- (b) **Note** the Operational and Financial Performance.

4.1(b) ICIP Reporting

Mr Fletcher introduced the report and highlighted the following:

- Good progress was being made to close out the delivery for Client Payments and NGCM. Management was continuing to work on two significant remaining projects: the ERP system (finance and HR) and the Medical Fees Payment platform.
- Management had received a fixed date of June 2022 to move out of the Unisys hosted data centre. This put increased focus to move the strategic platforms to the right place, and a future paper would be brought to the Board.

The Board asked about cyber security arrangements in relation to the breaches impacting the NZX. 9(2)(k)

While there was never a guarantee that ACC would not be targeted, ACC was as vigilant and prepared as it could be and there were no funding limitations. The Board asked for more information on the impact of the NZX outage on the Investments team, which would not be shared with Mr Miller given his role as Chair of the NZX Board.

The Board discussed the level of ICIP reporting, noting that it might be appropriate to consider exceptions reporting to ensure that the focus of the Board remained on the right matters.

RESOLVED: The ACC Board resolved to note the ICIP July 2020 Monthly Update.

4.1(c) Privacy Quarterly Report

Ms Roche introduced the Report, noting there was a 12% reduction in breaches over the course of the year. She explained to the Board that there had been a high number of breaches recently attributed to one staff member leaving the organisation. The Privacy team had investigated whether there were any regional trends and was working on improvements with three teams.

The Board was pleased to see the reduction in breaches as a result of staff not following process.

RESOLVED: The ACC Board resolved to:

- (a) Note that we are continuing to see a reduction in the number of reported breaches
- (b) Note that we have improved privacy maturity in two elements in the Privacy Maturity Assessment Framework and plan to have achieved Level 4 in all elements by the end of 2020/21
- (c) Note we have completed the recommendations from Assurance Services' review of the Privacy Team's Quality Review Process and a programme of review will commence in Q1 of 2020/21
- (d) Note we will continue to support the final roll out and embedding of the new ways of working in NGCM

4.1(d) Quarterly Complaints Report

Ms Powell introduced the Report, noting:

- An increase in complaints was expected looking ahead for the next quarter for a range of reasons including delays in assisted recovery and complaints from advocates delayed during the lockdown.
- There were only 21 complaints during the quarter which could be attributed to COVID-19 and some were out of ACC's control.
- Management continued to do work on the root cause analysis of complaints, which included a deeper dive into customers not feeling supported by their case owner.
- External complaints reporting had gone live.

The Board's discussion focussed on:

- The significant increased likelihood of complaints after a client had been on ACC for more than 12 months in the long-term claims pool.
- The robust and immediate process in place for clients who expressed suicidal ideation. The process should be highlighted in future reporting.
- The three staff from DHBs who had made a claim for work-related COVID-19 infection. The Board asked for more information on whether these claims had been accepted and whether it would be the same for ACC's front-line staff.
- The increase in reviews. The Board asked for more information on this.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the key insight themes, contributing factors, and actions being taken by the organisation as outlined in the Quarter 4, Customer Dissatisfaction and Complaints report.
- (b) **Note** that there were five Severity two and no Severity three customer complaint cases (including those escalated to the Customer Resolutions team and those dealt with by the Issues Management and Media teams) during Quarter 4, and that management has taken the appropriate actions (outlined in **Appendix 2**, Board Dossier of Complaints and Issues – Quarter 4) to address them.

- (c) **Note** ACC's strong performance in delivering core services during the COVID-19 lockdown period (as reported via Research New Zealand) and the low number of complaints received that were a result of or exacerbated by COVID-19 related conditions.
- (d) **Note** the continued emphasis on understanding the root-causes of complaints, with analysis in Quarter 4 focused on those Clients who indicated they did not feel supported by ACC and on the increasing ratio of complaints occurring 12 months after claim lodgement.
- (e) **Note** on 20 August 2020 ACC's complaints handling performance was published on ACC's Newsroom, completing the final recommendation from the 2014 Office of the Auditor General's review into ACC's complaints handling performance.
- (f) **Note** the key facts contained within the 2019/20 complaints performance summary including volumes and ratios, key drivers, demographics, handling performance and actions implemented to improve customer service and reduce the likelihood of complaints occurring

4.2(a) Annual Report

The Board discussed the proposed timeline of the Annual Report presented, which would save additional costs associated with an extension of the deadline. The Chair of the RAAC noted that the Committee was not recommending approval of the financial statements to the Board at this meeting and Mr Healy would revert to the Committee with changes which would be endorsed by circulating resolution. The final draft of the Annual Report would be approved by the Board at its meeting on 30 October.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the changes incorporated following July Board feedback in the AR20.
- (b) **Approve** the potential extended timeline for AR20 (section 6), including additional external audit procedures and timing post Crown Accounts.

4.2(b) Service Agreement

The Board noted that the Minister had provided feedback on the Service Agreement. There were no changes to the targets, but some changes to wording, which would be tracked and circulated to the Board the following week, with final signing authority delegated to the Board Chair and Temporary Deputy Chair.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the feedback likely to be received on the SA20/21 and proposed management's responses.
- (b) **Delegate** signing authority for the SA20/21 to the Board Chair and Temporary Deputy Chairperson.
- (c) **Note** the next steps for publishing the SA20/21 which include updating the Service Agreement to reflect any changes in response to the Minister's feedback and uploading to ACC's website by mid-September

5 Board Papers

5.1(a) HSS Update

This item was considered during Board only time.

RESOLVED: The ACC Board resolved to **note** the discussion around the HSS Update

5.1(b) Air Ambulance

This item was considered during Board only time.

9(2)(j)

A large rectangular area of the document is redacted with a solid grey fill. It covers the text of the 5.1(b) section and extends into the 5.2 section.

RESOLVED: The ACC Board resolved to:

9(2)(j)

A large rectangular area of the document is redacted with a solid grey fill. It covers the text of the 5.2 section and extends to the bottom of the page.

9(2)(j)



5.1(c) Integrated Services for Sensitive Claims

This item was withdrawn by the Board.

5.2 Whaia Te Tika

This item was withdrawn by the Board.

5.3 Annual Legislative Compliance Report

Mr Raubal introduced the Report. There was good overall progress on the issues noted from last year and an automated compliance system was expected to be in place over the next year.

The report noted that there were two areas where compliance could not be confirmed:

- A low risk item in relation to the Unsolicited Electronic Messages Act which would be confirmed prior to Christmas.
- Deducting levies from compensation payments under s 219 of the Accident Compensation Act. 9(2)(h)

In response to a query from the Board, Mr Raubal explained that the notice of decisions matter had been addressed. The Board requested that Management ensure the auditors received the latest compliance report.

RESOLVED: The ACC Board resolved to note the FY20 Annual Legislative Compliance Report.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the Report and commented that it was a good start to the financial year as there were no recordable injuries for July.

The Board discussed the earlier reported drop in productivity with staff working from home during the COVID-19 lockdowns and through the different alert levels, noting that this could be a situation which continues for a while. Ms Champness explained that there were three-month pilots on flexible working for the front-line teams where productivity and impacts on customers were being measured. Good results in productivity had been seen so far, but part of the issue was the disruption of transitioning from the office to home and some limitations associated with working from home.

ACTION: The Board asked Ms Champness to present a plan prior to the next Board meeting to ensure that productivity was maintained while staff were working from home and there was no flow-on impact on short and long-term rehabilitation rates.

RESOLVED: The ACC Board resolved to:

- (a) Note progress toward becoming a leader in health, safety and wellbeing.
- (b) Note there were no notifiable events in July 2020.
- (c) Note the health, safety and wellbeing performance indicators.

6.2 Legal Report

9(2)(h)

RELEASED UNDER THE OFFICIAL INFORMATION ACT

RELEASED UNDER THE OFFICIAL INFORMATION ACT

7 Board Administration

7.1 Minutes of Meeting held on 29 July 2020

The Chair requested that reference be made to the Board's discussion on the Chief Executive's performance review during Board only time.

APPROVED: The ACC Board **approved** the minutes of the meeting held on 26 June 2020.

7.2 Schedule of Matters Arising

Dr Batten requested that the item on Kaupapa Māori also be included in the HSS Advisory Committee's Matters Arising report.

RESOLVED The Board **noted** the Schedule of Matters Arising.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Note** that there was one other decision made out of cycle decision during the period of 19 June 2020 to 23 July 2020, related to the 2020/21 Budget and Forecast – Pre-election Fiscal Update (PREFU).
- (b) **Note** that there was one decision made under delegated authority made during the period of 24 July 2020 to 20 August 2020 related to the release of the revised 2020 Annual Report to MBIE, Treasury, and EY.
- (c) **Note** there were no papers held over from previous meetings.

7.4 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

8 General Business

Closure The meeting closed at 1.45 pm.

Approved

Chair

Date

Minutes of a meeting of the Board of the Accident Compensation Corporation held via videoconference, on Wednesday, 30 September 2020 at 10.30 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Mr David May	Member
Ms Kristy McDonald QC	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Ms Deborah Roche	Chief Governance Officer	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
9(2)(a)	General Counsel & Company Secretary	Item 5.1
	Head of Risk and Assurance	Item 4
Ms Gabrielle O'Connor	Head of Client Service Delivery	Item 4
9(2)(a)	Manager Assisted Recovery & Payments	Item 4
	Manager Operations & Performance	Item 4
	Head of Health, Safety and Wellbeing	Item 6
	Acting Manager Corporate Secretariat	
	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

No apologies were received from the Board.

1.2 Register of Conflicts of Interest

Ms McDonald QC noted that the incorrect conflicts register had been loaded and that she had provided the corrections to Corporate Secretariat.

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investment Committee – 1 October 2020

Mr Miller noted that the Board Investment Committee was scheduled for the day after the Board, but highlighted the following from the papers:

- Performance of the fund was 26bp ahead of benchmark.
- Work on the Governance review continued to be progressed by the Chief Investment Officer and Mr Duignan. It was important for Mr Duignan to produce a comprehensive report to provide assurance to the Committee and Board, even if it took longer than expected.
- The Investment back-office restructure.
- The Impact Fund announcement, which had been well received.
- Progress on the Dunedin premises agreement and the successful event held the prior day for the new Hamilton office.

The Board discussed the Proposed Investment Staff Incentive Scheme payments for 2019/20, noting that a paper had been circulated to the Chairs of the Governance and Remuneration Committee and Board Investment Committee and the Board Chair.

RESOLVED: The ACC Board resolved to:

- (a) **Endorse** the proposed Investment Staff Incentive Scheme payments for FY2019/20.
- (b) **Note** that all payments have been calculated in line with the Scheme design and guidelines, other than exceptions noted in 4.7.
- (c) **Note** that external assurance has been provided by KPMG over the payments and the process of calculation.

The Board discussed the recent news that JP Morgan Chase had agreed to pay more than \$920m and admitted to wrongdoing to settle US market manipulation investigations into its trading of metals futures and Treasury securities.

ACTION: The Board asked Mr Miller to lead Management in drafting a letter to JP Morgan Chase and Westpac in relation to the regulatory breach and outlining the Board's expectations.

3 Board Only Session

RESOLVED: The ACC Board resolved to **approve** the reappointment of Mr Fred Hutchings as an external member of the ACC Risk Assurance and Audit Committee for a further term of three years from 30 September 2020.

3.1 Chief Executive's Report

- Executive Team consultation process update
- NGCM Paper – pre briefing/discussion
- Chief Executive priorities – driving the transform to perform agenda
- Next phase communication and engagement approach
- Completion of ICIP programme date discussion and Data Centre replacement – overview and risk management approach (joined by Mr Fletcher)
- Board expectations around performance reporting and treatment plans going forward

ACTION: The Board asked the Chief Executive to provide a treatment plan to the November meeting outlining the actions to address areas of underperformance.

The Board **noted** that:

- It would receive an ICIP benefits report in October and a rebalancing report in November from Mr Fletcher.
- The ICIP completion date was June 2022.

4 Operational Reporting

4.1 Next Generation Case Management Performance Update

Mr Tully introduced the paper, explaining that the completion of the rollout of Next Generation Case Management (NGCM) after three years of work was a significant milestone for ACC involving the transition of 28 locations, 2000 frontline staff and 98,000 clients. There had been a declining trend in overall performance throughout the project, but there were early signs of recovery being

seen through the 29- and 49-day measures. Management believed that this would be reflected in an improved result for September in the 10-week measure.

The Board welcomed Ms O'Connor and Messrs 9(2)(a) and 9(2)(a) and asked how the impact of high unemployment might be seen on the frontline:

- A key element of the NGCM model was the backbone of key interaction moments with clients. COVID-19 had had an impact on the ability of staff to embed in this new behaviour, but Management was already seeing the value of the consistent structure of interactions, regardless of the type of client.
- Employment status was reflected in every client recovery plan. The investment in client front-end establishment meant that claims were coming into the system much faster, and the relevant support, contact and rehabilitation plan could be quickly put into place.
- Analytics was being utilised to intervene into claims in the right way to add value to the outcome. In 40% of 346 claims, analytics-based interventions resulted in closure. Embedding the changes and learning will see this reflected in improved results.
- The operating rhythm of daily buzz meetings was also a new way of working, which allowed the opportunity to share messages and provide visibility on all aspects of performance. Coaching of staff was able to be directed through the consistent key interactions, and this also allowed challenges to be raised with senior management quickly.

The Board asked about internal reporting and dashboards. Ms O'Connor noted that the real-time, granular reporting was consistently improving, and greater understanding was being gained on the key metrics to be tracked by the frontline teams and leaders and how these flowed into the Service Agreement metrics.

The Board asked about improvement in the ability for clients to have a say in the outcomes they were seeking and how this was being tracked by the frontline. Ms O'Connor explained that the focus for frontline staff was on the things they can do every day to move recovery forward. In addition to client feedback, the Customer group had begun capturing measures from clients and providers about how close clients are to their outcomes, connecting NGCM into the Health Sector Strategy in the provider space.

The Board discussed the impact of NGCM on long-term claims pool clients. The backbone of key interactions and the use of analytics were useful in working with the four different cohorts of clients within in the long-term claims pool to target specific outcomes such as training for independence or pain management services. Analytics was also being used at the front-end to help with key interventions for clients to stop them entering the long-term claims pool in the first place.

The Board asked about support for clients transitioning off ACC onto other government support. Ms O'Connor explained that a hand-over an inter-agency case conference is held. However, this was a key reputational area for ACC and there was work being done to make the individual successes in this area more systematic with other government agencies.

The Board asked Management for some further information on some of the initial issues experienced with the new model:

- In the assisted recovery space, there had been a build-up of tasks and an unacceptable wait time for clients and providers on the phone. Several actions had been taken to mitigate this, including utilising salesforce capability to appropriately shift the work and change prioritisation so tasks do not get lost in the queues. Ms O'Connor explained that the average wait time was now 4-5 mins.
- In terms of tasks, 6500 tasks were being received and completed each day, so Management was confident that the resourcing levels were correct. However, there were 30,000 outstanding non-client-impacting tasks in the system. Some continuous delivery work was on-going to look at the rules in the system of how tasks were generated, and Management was confident that the tasks were being appropriately prioritised. Getting to zero was not the target – there would be about 10,000 tasks to work through at any one time, but Management was looking at strategies to minimise those outstanding tasks, such as utilising extra capacity over the Christmas period. Management confirmed that there were no urgent outstanding client tasks.
- A continuing priority was to build staff capability in the new way of working to get staff to use the tools available to them to make a difference in the outcome of the clients, rather than providing a 'cookie-cutter' response.
- Providers had expressed some negative feedback following a proactive survey on the NGCM model due to experiencing delays in contacting ACC and a lack of understanding of what the new model meant, particularly for providers who were used to calling their local ACC case manager. Management had introduced proactive interventions and prioritised teams to work with providers, and the sentiment had significantly improved. Management was working to develop a campaign to make sure providers had an increased understanding of how to best engage with the model.

Mr Tully thanked the Board for its support throughout the project, and the Board congratulated Mr Tully, Ms O'Connor and their teams on their excellent work in getting the project completed.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that the final site transitioned into the model on 14 September 2020 finishing roll-out across the last 13 months, 29 locations and involving more than 2,000 staff.
- (b) **Note** that from this date, all new claims will be managed in the new model, with the transition of existing claims and all early life support completed by 16 October 2020.
- (c) **Note** the performance results to-date, such as recovery timeframes, efficiency and client experience, that demonstrate positive signs and are delivering expected results.
- (d) **Note** that some initial issues have been seen in task queues, call wait times and abandonment rates, which have been addressed and are showing improving results.
- (e) **Note** that ongoing action plans are in place for overall outcome measures, weekly compensation days paid and provider experience, that will continue to embed the NGCM model and deliver against our corporate KPIs and ICIP benefits.
- (f) **Note** that further updates on NGCM performance and benefits will be provided to the Board through the monthly Operational and Financial Performance Report.
- (g) **Note** that Appendix 1 provides additional detail on each of the performance areas for further reading

Next Generation Case Management Performance – Funding Change Request

RESOLVED: The ACC Board resolved to:

- (a) **Note** the cost summary for the NGCM project, which shows in an overspend of \$0.586 million.
- (b) **Note** the overspend represents 0.8% of the total budget of \$73.269 million approved in February 2019 and takes the lifetime project cost to \$73.855 million.
- (c) **Note** the overspend was primarily a result of unforeseen technology costs related to additional complexity of the November 2019 joint release, extra vendor time required to support the release, user set-up taking longer than budgeted, and additional license and support costs that were not known in February 2019 when the budget was approved.
- (d) **Approve** the additional funding and drawdown of \$0.586 million to enable completion of NGCM rollout and project closure.

- (e) **Note** the \$0.586 million will be funded from the \$8m contingency approved by the ACC Board based on NGCM Business Case Update in February 2019 and is included as part of the Enterprise Change Portfolio FY 2020/21 baseline budget of \$115 million.
- (f) **Note** the additional funding requested comprises the following:
- i. A reduction of \$1.411 million in FY19/20 Capex budget
 - ii. An increase of \$1.699 million in FY19/20 Opex budget
 - iii. An increase of \$0.298 million in FY20/21 Opex budget.

4.2(a) Operational and Financial Performance Reporting including Claims Cost

The Board noted that it had discussed the Report during Board only time, and asked Mr Healy to outline the impact on key OCL parameters and KPIs:

- In terms of the forecast, targets were 12-month rolling and the short-term indicators predicted a steady improvement over 10 to 12 weeks.
- The Half-Year Economic Forecast Update (HYEFU) was due to Treasury in October. Due to a continued drop in bond yields and acknowledging current year claims costs, Mr Healy proposed to share this with a subgroup of the Board prior to providing it to Treasury. The Board delegated the review of HYEFU to the Board Chair, Mr Miller and Ms Mazzoleni, but asked Mr Healy to send it to the full Board. The key variance in the updated forecast was to weekly compensation costs due to higher volume and duration.
- Treasury had provided another three potential scenarios which showed how unpredictable the current environment was but were predicting a more positive outlook for this immediate year and less positive for the following three years.

Mr Healy informed the Board that the Service Agreement had been signed off by the Minister and would be published in the coming days.

The Board discussed the additional information, noting the action on the Chief Executive from the discussion of his report. The Board asked for more information on why treatment injury claims were still rising at 7%, noting that it was important to delineate between the number of the claims and the costs of the claims.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims cost performance.

- (b) **Note** the Operational and Financial Performance.
- (c) **Note** the additional performance information.
- (d) **Delegate** the review of the re-forecast of the HYEUFU to the Board Chair, Mr Miller and Ms Mazzoleni.

4.2(b) ICIP Reporting

The Board and Mr Fletcher discussed the report during the Chief Executive's report

RESOLVED: The ACC Board resolved to **note** the ICIP August 2020 Monthly Update.

4.2(c) Quarterly Enterprise Risk and Compliance Report

The Chair asked that the paper be taken as read and welcomed Ms^{9(2)(a)} Ms^{9(2)(a)} noted that the entity profile was rated high with an increasing risk trend. Management were seeing good signs that the trend would stabilise and decrease next quarter. Overall, there was good work across ACC in addressing the risks.

The Board asked whether Management had considered the mental health of staff within the risk framework. Ms Champness explained that it was front of mind for Management and there were some points which would be addressed in the discussion of the Health, Safety and Wellbeing Report. Processes in place required leaders to check in with their team on wellbeing. There were no alarm bells from stress reports or EAP use.

In response to a query on the timeframes for clinical governance, Ms^{9(2)(a)} explained that two were just closed out and the final one was due at end of calendar year. Ms^{9(2)(a)} would discuss with Management if the Board and/or the HSS Advisory Committee wanted to see the reports.

RESOLVED: The ACC Board resolved to **note** the Quarterly Enterprise Risk and Compliance Report.

5 Board Papers

5.1(a) Legal Report

9(2)(h)

RELEASED UNDER THE OFFICIAL INFORMATION ACT

5.1(b) Power of Attorney Approval

RESOLVED: The ACC Board resolved to:

- (a) **Note** that ACC's Deed Granting Power of Attorney dated 1 November 2019 (the Deed) expires on 31 October 2020.

- (c) **Note** that the Deed as proposed to be amended (Updated Deed) would:
- i. Take effect from 30 September 2020;
 - ii. Operate as a replacement deed, revoking the powers granted under the Deed;
 - iii. Be valid through to 31 October 2021.
- (d) **Approve** the Updated Deed, attached as an Appendix to this paper.
- (e) **Authorise** the Board Chair and Temporary Deputy Chair to execute the Updated Deed.

5.1(c) Draft Briefing to Incoming Minister

Ms Roche introduced the paper and noted that the draft BIM was largely similar to the BIM provided to Minister Sepuloni, with the addition of paragraphs related to referenda requested by DPMC. Management would provide the draft to DPMC as per the usual practice. Following the election and prior to providing the BIM to the incoming Minister, Management would send a copy to the Board Chair and Temporary Deputy Chair to finalise the document. It is likely that major commitments would be provided to the new Minister separately.

Ms Roche noted the proposed briefing topics and asked the Board for any suggestions. The Board requested that a fulsome paper on ACC's funding position be drafted and asked that Management send a draft to the Board Chair prior to sending it to the Minister.

The Board discussed the contents of the Chair's introduction letter to the incoming Minister and whether to include a summary of the current financial position.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the draft 2020 Briefing to the Incoming Minister;
- (b) **Delegate** final approval of the Briefing to the Incoming Minister to the Board Chair and Temporary Deputy Chair;
- (c) **Note** Briefings to Incoming Ministers are released at the direction of the receiving Minister;
- (d) **Note** the draft cover letter from the Board Chair to the incoming Minister for ACC and that management will work with the Chair to finalise this once the incoming Minister for ACC is known;

- (e) **Approve** the non-exhaustive list of proposed supplementary briefing topics that may be provided to the incoming Minister for ACC in the weeks following their formal appointment;
- (f) **Note** as per the usual practice, a copy of the draft Briefing to the Incoming Minister is due with the Department of Prime Minister and Cabinet by 5 October 2020

5.2 Annual Report

Mr Healy explained that Management had improved parts of the report compared to the previous year and were now balancing considering further improvements next year against managing the current timeline. The Board asked that Mr Healy streamline the annual report next year and make it approachable to a non-ACC-expert.

Mr Healy confirmed that Ms Mazzoleni's requested changes were included in the current version.

The Board requested minor edits to the Annual Report including removing reference to the gun-buy back in the Board forward and replacing it with another injury prevention initiative.

RESOLVED: The ACC Board resolved to:

- (a) **Provide** any further detailed feedback on the draft AR20 to the Chief Financial Officer, John Healy no later than 5:00pm Friday 2 October 2020.
- (b) **Note** the proposed timeline for AR20 (Section 5).

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the Report and noted that the Health, Safety and Wellbeing Policy was reviewed and there were non-material updates made. The stress incidents reported were for the month of August and were expected to be resolved in the next couple of weeks. Management had seen a reduction and improvement in workload and stress incidents for the month of September.

The Board's discussion focussed on:

- Whether Management had considered the risks of working from home for staff. ^{9(2)(a)} noted that with each of the flexible working pilots, there were five key risks identified. Each of these had controls in place which Management were monitoring. A review phase would be initiated to see what worked in those pilots and what was different and sustainable long term.

- Safety precautions in place for staff working from home, 9(2)(a) explained that clients do not know if the staff was working from home or the office and staff working from home had the same IT protections as those who were working from the office. 9(2)(g)(ii)

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** the updates to the Health, Safety and Wellbeing Policy.
- (c) **Note** there were no notifiable events in August 2020.
- (d) **Note** the health, safety and wellbeing performance indicators.

7 Board Administration

7.1 Minutes of Meeting held on 28 August 2020

The Board asked for the following changes to be made to the minutes, and asked that a revised version be circulated out of cycle by approval by Corporate Secretariat:

- Page 4 – the deficit was forecast rather than budgeted.
- Page 5 – the Board did not want further explanation but an action plan on drivers of over-budget costs.

9(2)(j)

- Page 10 and 11 – the Integrated Services for Sensitive Claims and Whaia Te Tika papers were withdrawn from the Board meeting rather than discussed during Board only time.

7.2 Schedule of Matters Arising

RESOLVED: The ACC Board resolved to **note** the Schedule of Matters Arising.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Note** that there were no decisions made out of cycle during the period of 21 August 2020 to 24 September 2020.
- (b) **Note** there were no papers held over from previous meetings.

7.4 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

8 General Business

There were no items of General Business.

Closure: The meeting closed at 3.55 pm.

Approved

Chair

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of the Board of the Accident Compensation Corporation held via videoconference, on Friday, 30 October 2020 at 9.00 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Mr David May	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Ms Deborah Roche	Chief Governance Officer	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Emma Powell	Chief Customer Officer	
Mr Herwig Raubal	Chief Risk and Actuarial Officer	
9(2)(a)	General Counsel & Company Secretary	Item 6.2
Ms Gabrielle O'Connor	Head of Client Service Delivery	Items 4.2 & 4.3
9(2)(a)	Head of Injury Prevention	Item 5.1
	Manager Targeted Investment	Item 5.2
	Head of Actuarial	Item 5.3
	Head of Health, Safety and Wellbeing	Item 6.1
	Acting Manager Corporate Secretariat	
	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

An apology was received from Ms McDonald QC.

1.2 Register of Conflicts of Interest

Mr Brabazon noted that he had provided some changes to his interests to Corporate Secretariat, but these were unrelated to the meeting.

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investment Committee

Mr Miller provided an update on the Board Investment Committee.

- The Investment Guidelines and Management Controls were presented to the Committee. The documents had been considerably simplified, but the delegations had not materially changed. Mr Duignan continued to act on behalf of the Committee to review the documentation. The Committee agreed with the recommendations in principle, and the Guidelines and Management Controls would come back to the Committee in November with further minor changes and clarifications.
- The fund was performing well at 38 basis points above benchmark.
- The Committee had discussed expectations for the upcoming Strategy Day with a focus on competitive advantage of the fund. All Board Members were invited to the Strategy Day.
- The Committee had approved the Property Management approach which was consistent with the ACC Board's policy on seismic ratings.
- The tracking of targets for decarbonisation of the portfolio had been discussed, including Scope 3 where the data was not as clear. The Board asked that the auditors be involved early in the decarbonisation reporting process.
- Two new senior roles had been created in the Investment back office, and the Committee was planning on doing a tour of the office in 2021.

The Board discussed issues in relation to the Wilsons carpark at Middlemore Hospital.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** amending the Investment Delegations so that all references to the Head of Investment Office are changed to the Head of Investment Operations.
- (b) **Approve** amending the Investments Code of Conduct and Personal Investment Policy so that all references to the Head of Investment Offices are changed to the Head of Risk and Performance.

- (c) **Note** the Board Investment Committee have reviewed and endorsed the changes to the Investment Delegations.

2.2 Health Sector Strategy Advisory Committee

Dr Batten provided an update on the Board Health Sector Strategy Advisory Committee.

- The Committee had received an update on the Health Sector Strategy (HSS), which had moved to an agile method of delivery. Management provided an update on the building blocks that had been achieved the quarter before and sought input from the Committee on the upcoming Q3 projects such as health workforce development.
- The HSS was starting to get some good traction. While the benefits forecast for this financial year was not meeting targets, there was another \$15m in benefits to be validated by Management. The Board discussed the overall benefits target of \$75m in the FY2029/2030, and whether it was still realistic.
- The Committee received an excellent HSS technology update from Mr Fletcher, which focused on the Salesforce Ignite project. This was a very powerful tool which had the ability to provide a real step change in the health sector. Mr Fletcher would provide another update at the Committee's next meeting, and the Board should also see the presentation.

2.3 Board Governance and Remuneration Committee

Mr Miller provided an update on the Board Governance and Remuneration Committee. The Committee discussed the PSA bargaining strategy, which was going to mediation, and the flexible working pilot.

3 Board Only Session

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Governance and Remuneration Committee has reviewed and provided feedback on the Chief Executive's objectives for the 2020/21 year.
- (b) **Approve** the Chief Executive's objectives for the 2020/21 year, subject to the changes discussed by the Committee which will be implemented by the Chief Executive.
- (c) **Note** the Executive team performance measures will be updated for the 2020/21 year.
- (d) **Note** that some Executive objectives will be updated at the completion of the Executive Structure Review.

3.1 Chief Executive's Report

The Chief Executive provided the Board with updates on:

- Executive structure - feedback on outcome of consultation and final decisions
- Injury prevention papers in Board pack - overview
- ICIP paper in Board pack - discussion
- Chief Executive performance objectives for 2020/21
- Latest trust & confidence data - discussion
- Dunedin location - status update
- HSS Benefits profile – discussion.

4 Operational Reporting

4.1 Annual Report

The Board noted the recommendations from the Risk Assurance and Audit Committee on the statements and letters of representation. Mr Healy confirmed that the subsequent events had not materially changed since the RAAC had made its recommendation. The Board asked Mr Healy to confirm with Communications that ACC had permission to use the new proposed photograph for the front cover.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the signing of the 2020 Annual Report and letter of representation.
- (b) **Approve** the use of electronic signatures of the Chair and Deputy Chair in the published Annual Report.

4.2 ICIP Benefits

Mr Fletcher introduced the report, noting his apologies that different benefits reporting had been provided in the papers. Benefits was top of mind for Management, and a consistent view of ICIP benefits would be provided for the Board going forward. Mr Fletcher highlighted the following:

- Some parts of the paper created the impression that the only challenges to ICIP benefits resulted from COVID-19, which was not the case.
- The paper requested the alteration of the baseline against which the bad debts benefit was measured against. ACC was unlikely to recover \$140m in levies.
- The benefits realisation timeline had been challenged, and Management had worked hard to bring that back to a one-year delay of 2031.
- The table in Appendix 2 showed that the focus remained for the next two years on accelerating benefit delivery, and benefits would come from areas that were not predicted at the start of the programme.

The Board discussed the \$50m budget reduction, which recognised that the scope of the programme originally included a range of smaller initiatives. Some would now be picked up through continuous delivery, while others were not as important. Management would bring a reforecast to the Board's November meeting and speak to any changes.

The Board suggested that the reporting was overcomplicated and asked that Management did not lose sight of the four targets originally signed up for and report on those. Management took the challenge from the Board to make the reporting simpler and would continue to drill down into the original benefits including weekly compensation days.

The Board discussed the bad debt recommendation, noting that the \$300m NPV would then be measured against a different baseline. The table in Appendix 2 already reflected the change and that the bad debt was reflected in the Juno line item. The Board queried whether it would be easier to remove the target altogether, which Management said it would investigate.

ACTION: The Board asked that Management recirculate the table in Appendix 2 with two new columns showing the 2018 original target and the forecast out to 2030, and include more detail on the bad debt levy calculation.

ACTION: The Board asked Management to provide a summary of the lessons learned throughout ICIP, including on value for money and the use of consultants.

The Board noted that Management was proposing to align the ICIP reporting in the near future with the Quarterly Business Review, rather than monthly.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the responses developed due to current benefit performance and the impact of COVID-19 on our ICIP benefit profile, aimed at achieving our \$300 million NPV target as quickly as possible. Refer to Section 7 'Responses to the ICIP NPV Challenge' for further details.
- (b) **Note** with the responses outlined, the ICIP NPV \$300 million target could be achieved by 2031. Refer to Section 3 'Executive Summary' for further details.
- (c) **Approve, subject to the satisfactory completion of Matter Arising BRD.20.10.4.2(b)**, the approach to adjust the Levy Bad Debt benefit for three years, FY 19/20 to FY 21/22 to exclude the COVID-19 related impact as an uncontrollable item, (estimated at \$168 million based on HYEPU October 2020 forecast). Refer to Section 7.3 'Bad Debt COVID adjustment' for further details.
- (d) **Note** the Levy Bad Debt adjustment will use the pre-COVID rates as assessed in February 2020 as the performance measure for the three years from FY 19/20 to FY 21/22. Any actual levy debt rates (actual write off and provision) exceeding the February 2020 rates will be treated as a COVID adjustment.
- (e) **Note** we will continue to monitor and consider any further impacts on ICIP benefits from COVID-19, and we will continue to seek new benefit opportunities from our ICIP investment.
- (f) **Note** an update on the ICIP investment profile will be presented in November Board meeting.

4.3(a) First Quarterly Report

The report was taken as read. The Board discussed:

- The 31% increase in sport and recreational injuries and the performance of injury prevention. Ms Powell explained that there was more information in the upcoming injury prevention paper.
- Early discussion with the Crown on levy increases. The Chief Executive noted that there was a plan on this topic, starting with the Briefing to the Incoming Minister and a 'Finance 101' briefing. This briefing would be circulated to the Board when it was ready. The Board noted that there had been a commitment made for funding increases in the non-earners account.
- The OCL treatment plan which would be provided in the papers the following month, explaining that the current plan in the Additional Information did not clearly show the actions and the impact expected from those actions. The Chief Executive noted that it will be a broader operationalised plan highlighting the key drivers of liability and would provide granularity on the actions being taken.

- An update on Next Generation Case Management and the 70-day rate would be provided to the Board the following month.
- The increase in Level 1 privacy breaches. Reassurance was sought that Management was taking steps to focus the business on privacy performance. It was Privacy Week the week following the Board meeting, which would provide an opportunity to reaffirm privacy principles. The Privacy team had been working with Client Service Delivery to explore further the cause of the increase, which were mainly the result of human error.

RESOLVED: The ACC Board resolved to:

- (a) **Approve**, subject to any final changes, the presentation of the first quarterly report 2020/21 to the Minister by 02 November 2020.
- (b) **Approve** the publication of the first quarterly report 2020/21 on ACC's external website following acceptance of the report by the Minister for ACC.

4.3(b) ICIP Cabinet Paper

The Board took the paper as read, and discussed the following:

- The statement that HSS was transitioning to BAU. Mr Tully explained that this had been discussed the previous day at the HSS Advisory Committee – the managing of the project was shifting from a project manager to BAU but reporting and monitoring would still be under ICIP. This statement would be clarified.
- The statement that ICIP was fully funded by reserves should be clarified to explain that no additional funding from the Government would be required.
- The paper undersold the fact that ICIP had replaced technology that was unsupported and not fit for purpose, although it was not just a technology update. The paper should reflect that the implementation of ICIP so far had been excellent.
- The reference to 2037 should be removed and the impact of COVID-19 on benefit delivery should be toned down.
- The \$50m reduction in the ICIP budget should be mentioned.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the contents of the attached draft Cabinet paper, ACC's December 2020 Integrated Change Investment Portfolio Progress Update.
- (b) **Note** that agency consultation will be completed with the Government Chief Digital Officer (GCDO), Treasury and the Minister for Business, Innovation and Employment (MBIE) after the October Board meeting.
- (c) **Approve** delegated Board members (Messrs May and Brabazon and Dr Batten, ccd to the Board Chair) to give final approval of the attached Cabinet paper post agency consultation with the GCDO, Treasury and MBIE.
- (d) **Note** that ACC will monitor financial, benefit and risk information, and make any necessary minor updates to the paper prior to lodgement in December 2020.
- (e) **Note** that all Cabinet papers are required to be proactively released within 30 business days of the final decision being taken by Cabinet, and therefore the attached Cabinet paper will be proactively released onto ACC's website, subject to the Minister for ACC's approval and any redactions as appropriate under the Official Information Act 1982. Consistent with previous years, it is expected that the paper will be proactively released in full.

4.3(c) ICIP Reporting

The Board asked Ms Mazzoleni and Dr Batten to review the new ICIP Board report ahead of providing it to the November Board meeting.

RESOLVED: The ACC Board resolved to **note** the ICIP September 2020 Monthly Update.

5 Board Papers

5.1 Injury Prevention 2020

Ms Powell introduced Messrs 9(2)(a) and 9(2)(a) to the meeting.

Mr 9(2)(a) explained that the overall health of the Injury Prevention portfolio was positive and several flagship programmes such as RugbySmart and NetballSmart had ROIs exceeding performance targets. Ride Forever had seen success – insurance companies were offering reduced premiums for riders who completed the programme, and the Ministry of Transport was working with ACC to integrate the programme into the motorcycle license pathway.

ACC was now getting high profile coverage of injury prevention work. Prevention had been a leading topic of ACC's awareness campaign and was building off the success of high trust and confidence in ACC.

The Board's discussion focused on:

- Family and sexual violence prevention programmes. Mr 9(2)(a) explained that there was strong progress being made in this portfolio. The Mates and Dates programme was being built into school curriculums. In response to a query regarding reach and effectiveness, Mr 9(2)(a) agreed educational programmes such as Mates and Dates would not be enough to shift the statistics and there was a shift to a more coordinated approach across the organisations in the joint venture.
- Access to ACC services for Māori claimants and whether the whanau centred early prevention portfolio would address the 80% lodgement rates for Māori claimants. Mr 9(2)(a) confirmed that it would as ACC was working closely with Whanau Ora in the prevention space and would come across a range of whanau requiring ACC services. Part of the prototype was to gain insights from aligning ACC's injury data to Whanau Ora's rich dataset.
- Neonatal injuries. Mr 9(2)(a) explained that the ROI on this portfolio was modelled over the life of the investment: 40% of benefits had been realised and 60% were anticipated. The four initiatives were at various stages of implementation and testing.
- Preventable New Zealand. A two-year proof of concept would start in the third quarter of 2021. Management would measure leading indicators and develop baseline measurements of attitudes and behaviours which would be used to stage-gate the investment.

RESOLVED: The ACC Board resolved to note the Injury Prevention update.

5.2 Improving Falls and Fracture Service Outcomes for Older People

Mr 9(2)(a) presented the paper and explained that Management had reviewed this area in the last year. Falls were the most common and most costly injury for the elderly. He explained that in the absence of interventions, cost and volume would double in a few years.

The Board approved \$7.3m last year to improve programme performance and allow the programme to transition to a sustainable state less reliant on ACC funding. The programme also had improved data collection and was able to leverage new technologies, leading to an improved ROI. Shifting to high trust for the programme's delivery, ACC could then sustainably reduce injuries

through systematic interventions. The programme was critically dependent on partners and Mr 9(2)(a) explained that the proposed investment was stage gated.

The Board was supportive of the programme as it was a very important investment for ACC as it would make a difference to this cohort of clients. The Board discussed the potential for digital delivery, noting that the Nimble app allowed delivery of 100,000 strength and balance sessions, and there was the ability to upscale this relatively quickly. Digital programmes were accessing a cohort that ACC was not able to get to through other forms of the programme.

RESOLVED: The ACC Board resolved to:

- (a) **Note** falls and fractures in people over the age of 65 cost ACC ~\$195m PA (up 47% on 2013) and population forecasts indicate that in the absence of interventions, ACC should expect the cost of older adult falls and fractures to increase to at least \$400m (+100%) within the next 15 years (2035).
- (b) **Note** that since November 2019, Injury Prevention has increased the Programme's whole of life ROI from \$1.10 to \$1.26 (against a target of \$1.34) since November 2019.
- (c) **Note** that Injury Prevention believes ACC needs to continue investing in reducing older adult falls and fractures (through the Programme) until at least 30 June 2024 (3.5 years), but is proposing a stage-gate approach to ensure investment continues to affordably increase the Programme whole of life ROI and ACC's understanding of how best to address older adult falls and fractures.
- (d) **Note** that Injury Prevention expects to increase the Programme's whole of life ROI to \$1.31 over the next 18 months and, subject to passing subsequent investment stage-gates, expects to increase the whole of life ROI to ~\$1.59 by 30 June 2024.
- (e) **Note** Injury Prevention is confident it will achieve its current (2020-2021) and anticipated (2021-2022) annual performance commitments while investing as proposed in the Programme.
- (f) **Note** that ACC's Programme partners the Ministry of Health and the Health Quality and Safety Commission support the recommendations set out in this paper.
- (g) **Note** that Board approval is required in accordance with ACC Corporate Delegations Schedule B, as the whole-of-life investment exceeds \$30 million.
- (h) **Approve** ACC to invest up to \$13.982m additional investment to continue improving the performance of the Programme from 1 January 2021 to 30 June 2022 (1.5 years) and ACC's

understanding of how best to reduce the incidence and severity of older adult falls and fractures.

5.3 Planning for Levy Setting 2021

Ms Powell introduced the paper and explained that it provided context for the Board in terms of timing for levy setting in 2021. For a three-year levy cycle ACC would need to take into consideration timings of levy rate consultation and extension periods. The levy rate consultation had gone through the process this year and due to COVID the levy rates were rolled over.

Ms Powell explained that ACC would need to engage with the new Minister as to what the proposals and timetables would be. The Policy Team was also looking to initiate a longer-term piece of work for a more strategic approach to levies. The piece of work looked at trade-offs and options ACC could employ over time.

The Board's discussion focused on:

- How a 15% increase in levies over a three-year cycle could be implemented. ACC was now at a critical junction of requiring a levy increase as new year costs were not being met.
- The levy setting and levy consultation process and the suggested work on the strategic approach to levies. It was important for Management to stay focussed on the single objective of levies and, other than looking at opportunities to improve the consultation process, working on the strategic approach to levies might distract from this objective. Ms Powell suggested that better intelligence and datasets could be used to feed into the levy consultation work

ACTION: The Board requested that Ms Powell circulate a more detailed timeframe for levies to Members to show how long the Board would have to make a recommendation to the Minister.

The Board requested that submissions from key stakeholders from levy consultations were circulated to the Board for consideration.

RESOLVED: The ACC Board resolved to:

- (a) **Note** levy rates have been confirmed to roll over for 2021/22. Planning is now underway to undertake consultation in 2021 to support Cabinet decisions on future levy rates.
- (b) **Note** Cabinet's intent to move to a three-year levy setting cycle. ACC, MBIE, and Treasury continue to work together on the implementation and implications of this.
- (c) **Note** Management have explored a range of timing options for the 2021 levy round.

- (d) **Agree in principle, subject to the Board receiving more detailed consultation timings,** to consult on levy rates from 1 September to 5 October 2021, which represents the optimal timing that balances key considerations.
- (e) **Note** that Management will provide further briefings on levy-related proposals that the Board could consider providing to the Minister for inclusion in the 2021 levy consultation.
- (f) **Note** Management's intention to scope a Strategic Levies Framework to ensure levy form and function are well aligned to ACC's strategic direction.
- (g) **Note** that Management will report back on progress against the levy work programme throughout the year.

5.4 Non-Earners' Account Cost Pressure Submission

Mr Raubal introduced the paper and explained that last year, the Government had raised the level of appropriation 7.5% for the next three years for the non-earners account to attempt to meet new year costs as far as possible. This was the maximum allowed under the adjusted funding policy. It was a great outcome for the non-earners account although the appropriation would be below the new year costs.

The primary drivers for pressure on the account were falling interest rates and increases in claims costs. There were some further risks if the interest rate continues to fall or there was a significant rise in unemployment.

Mr Raubal confirmed that the 7.5% increase was included in the HYEPU forecast.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that the uncapped appropriation for 2021/22 is calculated as \$2,408 million. The pre-approved capped appropriation for 2021/22 is \$1,885 million.
- (b) **Note** that the Non-Earners' Account funding position is forecast to increase however it is still well below target and will continue to be for the foreseeable future.
- (c) **Note** that the pre-approved appropriation for 2021/22 is \$40 million lower than the expected new year cost of claims and \$534 million lower than the uncapped appropriation. By the following year (2022/23) the pre-approved appropriation is expected to exceed the new year costs of claims but will still be \$427 million below the uncapped amount.

- (d) **Note** the calculation indicates a 7.5% increase in the Non-Earners' Appropriation for 2024/25 year. The appropriation increases are expected to be 7.5% per annum until the account reaches funding target.
- (e) **Note** that MBIE have sent the October Baseline Update (OBU) briefing to the Minister for ACC requesting a forecast adjustment for the 2024/25 year.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the Report and highlighted ACC's business leaders' forum which was performing well against other cohorts and the whole sector.

The Board discussed:

- What constituted 'good' for near miss reporting, as near miss reporting showed a strong health and safety culture. Ms 9(2)(a) explained that ideally there would be significantly more near miss reports than harm reports. A ratio of 80/20 for near miss reporting/harm reports, and currently for ACC it was 60/40.
- Whether Management had any concerns in guarding services procurement. Ms 9(2)(a) explained that one of ACC's criteria for procurement was cultural knowledge. Management assured the Board that duress response and personal physical security procedures were in place. The Executive reviewed incidents each week.

ACTION: The Board asked Management to provide a deep dive on health and safety at ACC's offices early in 2021

ACTION: The Board asked that Management include a briefing on staff security in the Board Member induction pack.

ACTION: The Board asked Management to organise personal security briefings for the new Board Members.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in September 2020.
- (c) **Note** the health, safety and wellbeing performance indicators.

6.2 Legal Report

9(2)(h)

RELEASED UNDER THE OFFICIAL INFORMATION ACT

7 Board Administration

7.1 Minutes of Meetings held on 28 August 2020 and 30 September 2020

APPROVED: the ACC Board approved the minutes of the meetings held on 28 August 2020 and 30 September 2020.

7.2 Schedule of Matters Arising

The Board **noted** the Schedule of Matters Arising.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Note** that there were no decisions made out of cycle during the period of 25 September 2020 to 22 October 2020.
- (b) **Note** there were no papers held over from previous meetings.

7.4 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

8 General Business

Closure

The meeting closed at 3.15 pm.

Approved

Chair

Date

Minutes of a meeting of the Board of the Accident Compensation Corporation held at the ACC Boardroom, Justice Centre, 19 Aitken Street, Wellington, on Thursday, 26 November 2020 at 9.00 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni*	Member
Mr David May	Member
Ms Kristy McDonald QC	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive
Mr Mike Tully	Chief Operating Officer
Ms Sharon Champness	Chief Talent Officer
Mr John Healy	Chief Financial Officer
Ms Deborah Roche	Chief Governance Officer
Mr Peter Fletcher	Chief Technology & Transformation Officer
Ms Emma Powell	Chief Customer Officer
Mr Herwig Raubal	Chief Risk and Actuarial Officer

9(2)(a)



Enterprise Advisor, Operations	Item 4.1
Head of Actuarial, ACC	Items 4.1 & 5.2
Head of Provider Service Delivery	Item 5.1
Head of Injury Prevention Partnerships and Delivery	Item 5.3
Senior Project Manager	Item 5.3
Manager Investments Legal Services	Item 6
Head of Strategy Policy and Research	Item 6.2
Acting Manager Corporate Secretariat	
Associate Company Secretary	

*Joined via videoconference

1 Procedural Business

1.1 Apologies

No apologies were received from the Board.

1.2 Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investments Committee

Mr Miller provided an update on the Committee's strategy session held the previous day, which was focussed on positioning the fund to increase from \$50b to \$100b and creating competitive advantage. Management had presented several ideas for testing and discussion with the Committee, which were all sensible options to move forward with. A formal paper would come to the Committee in 2021.

Audit now had an increased focus in the investment back office, and a tour of the back office would be scheduled for the Committee in early 2021.

2.2 Risk Assurance and Audit Committee

Ms Mazzoleni provided an update on the Board Risk Assurance and Audit Committee.

- All except one of the outstanding investment control findings in the KPMG audit had now been closed. The Chief Financial Officer was working on all other low risk audit actions and, if there were no new findings, it was likely ACC would receive a 'Very Good' rating for the Financial Control Environment in the audit report.
- The Committee received a presentation from Integrity Services covering fraud, waste and abuse. In FY20/2021, Integrity Services was targeting \$40m in savings with analytics tools contributing \$16m to that result. The Committee pushed Management to go harder and faster in this area where possible. The Committee would keep a watching brief over work to lift the Internal Fraud Maturity Assessment rating from 2.8 to 4.
- The ICIP interim review had been split into two sections, and the Committee had received the first of those reviews focussed on whether ACC was on track to be the organisation it set out to be at the start of Shaping our Future. The Committee had asked EY to incorporate

interviews with some Board Members into the report and to keep the report in draft until that occurred. The second part of the review on project and benefit delivery was due in February.

- The Business Continuity review which was completed three years ago had now been closed out, and Management had been working towards a systemic response to events.
- The Sensitive Expenditure review of Board and Executive expenses was discussed by the Committee.

The Board discussed the writing style and length of the Board and Committee papers, commenting that it was often difficult to identify the salient points in the papers and reports. The Board noted that Propero was scheduled to do a review of improvements that can be made to the papers in early 2021, which would also include the Risk Assurance and Audit Committee.

3 Board Only Session

3.1 Chief Executive's Report

- Executive and Operations structure work - update of progress
- Sol Approach
- IQA Management Response and CE priorities around strategy to ensure Board alignment
- Sexual violence paper in Board pack - pre discussion
- Royal Commission into abuse in State Care - update
- WorkSafe engagement re; workplace injury prevention programmes
- Dunedin site update

4 Operational Reporting

4.1 Performance Treatment Plan

The Chief Executive introduced the performance treatment plan, explaining the operational performance focus and ownership the Executive had of operational performance. The plan reflected the evolution of ICIP from large-scale project management to a combination of change and business-as-usual workstreams. These results were being reported through the Quarterly Business Review (QBR) process, and the Chief Executive invited Board Members to attend a QBR session to see in action the collaboration across the business.

Mr Tully took the Board through the presentation, highlighting in particular the 28- and 49- day return to work weekly results graphs which supported increasing confidence in performance – early indicator trends were moving in the right direction. While the gap in performance was evident in graph 4 (70-day return to work rolling 52 week average), the trend had been stabilising in recent

weeks. The Board raised the poor 70-day return to work performance and Mr Tully explained that he would have a clearer view in February on 70-day return to work results, following the embedding of the Next Generation Case Management (NGCM) changes.

The treatment plan had five key focus areas, and Mr Tully was confident that the results would be seen if the treatment plans were followed through:

- Reduce volume of outstanding work across our functions to enable us to operate proactively. A bubble workforce had been stood-up to focus on transactional tasks, and the student programme had contributed strongly to closing outstanding non-customer facing tasks by closing up to 1500 a day. The overtime initiative in the Assisted and Supportive Recovery areas had also seen good progress. Staff were responding well to the automatic generation of their next task.
- Understand if clients were in the right recovery team at the right time to achieve the earliest sustainable outcome. This was challenged by the potential for misclassification when DHBs, GPs or other providers filled out the ACC45 form. Management was working to simplify the coding system. When ACC became aware of any issues, it responded quickly.
- Implementing key backbone actions to ensure we intervene where rehabilitation performance is off track. This involved dealing directly with providers to ensure corrective action occurred and changing providers if required.
- Proactively manage OCL.
- Lift capability.

The Board discussed the performance treatment plan and asked whether the NGCM changes had allowed for an adequate level of staffing. ^{9(2)(a)} explained that the completion rate of tasks within the NGCM backbone provided a useful indication as to the right staffing levels. Mr Tully continued that the resourcing level was based on a conservative estimate of the results seen through Launchpad. Using temporary extra resource to manage outstanding tasks was the right approach, as it would enable the true model to be working by February. At that time, any staff resourcing issues could be clearly seen taking into account the level of staff productivity which was still rising post-implementation of the last tranches of the model.

When asked about staff stress levels Mr Tully noted that the whole organisation was focussed on performance, and Operations was busy and experiencing change ahead of the Christmas break. However, there would be a refreshed view from February 2021 onwards.

In response to a question from the Board on risks to delivery, Mr Tully explained that the greatest risk mitigation was to ensure that Management did not try to do too much at the one time.

The Board asked Management to consider how to translate the treatment plans into monthly reporting. The Chief Executive noted that in future the reporting would be more aligned with the QBR focus areas. The current reporting used lag data and rolling 52-week results, which made it difficult to demonstrate the activity underway to reach targets.

The Board thanked Management for the paper and ^{9(2)(a)} and his team for the work they were doing in this space, and looked forward to receiving a further update in February.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the performance updates for each service delivery area.
- (b) **Note** the treatment plan actions for Client Service Delivery and Provider Service Delivery.

Opportunities to Curb Future Funding Growth

Mr Raubal introduced the paper. The Board's discussion focussed on the following points:

- The paper did not address the growth in sensitive claims. The focus for Management was not on restricting access for sensitive claimants but on ensuring that the service provided for these claims was meeting the outcomes desired. The Board noted that it was expecting a paper from Management on sensitive claims in 2021 and asked that, to the extent possible, it include any impact from the Royal Commission of Inquiry into Abuse in Care.
- The implementation of the recommended levers within Operations as these were over and above from the ICIP benefits already being prioritised. Mr Tully explained that the actuarial work had been done in consultation with Operations, and the levers presented a good challenge. Management was assessing realistic timelines to complete the work, which would be explored as much as possible through the existing value streams and would report back to the Board in April 2021.

The Board raised with Management the growth in carer travel expenses from \$26.6m in 2014 to \$54.2m in 2018. The Risk Assurance and Audit Committee the previous day had been told by Management that there was already some work occurring to investigate this further.

RESOLVED: The ACC Board resolved to:

- (a) **Agree** to set a target to reduce current forecasts of uncapped levies by considering the levers identified in this paper to partially reverse the 6-year strain on the OCL. To provide an example, this paper assumes a 10% reduction is targeted however more work is required to validate this as a target and consider the non-financial implications.
- (b) **Agree** that ACC begin the process of validating and embedding a target to partially reverse the OCL strain, with a report back to the Board in April 2021. This includes identifying how

this will be managed and who will support the oversight process as well as ensuring it integrates on-going initiatives from teams across ACC.

4.2(a) October 2020 Performance Report

The Board took the performance report as read, and asked Mr Healy to provide further information on the claims volumes results not meeting target – the long-term claims pool had seen growth of 13%. Claims were higher than previously projected, reflecting the economic forecast being better than predicted. The Board asked that the reporting only show the budgeted amount, actual and target.

The Board raised increasing volumes and costs of councillors and other service providers for sensitive claims. Management explained that the increase reflected a longer duration of claims and claimants receiving services from higher paid providers such as psychotherapists. Providers received a fixed rate depending on their qualification and capped hours.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims Cost performance.
- (b) **Note** the Operational and Financial Performance

4.2(b) ICIP Update

The Board took the report as read, and Mr Fletcher explained that the focus of the report had shifted to the benefits realised, which was closely related to the work Operations had been doing on overall performance. The Board thanked Mr Fletcher for this work.

RESOLVED: The ACC Board resolved to **note** the ICIP October 2020 Update.

4.2(c) Quarterly Privacy Report

RESOLVED: The ACC Board resolved to:

- (c) **Note** that the Privacy Team continues to meet its performance measures with zero Level 3, 4 and 5 breaches
- (d) **Note** that we have seen an increase in Level 1 and 2 reported breaches in Q1
- (e) **Note** that the Privacy Team and CSD leadership have a six-month plan in place to refocus staff attention on the safe handling of client information.

4.2(d) Quarterly Complaints Report

The Board thanked Ms Powell for the report and took it as read. Ms Powell noted that Management had taken a deeper look at complaints extending past 12-months and had found that

there had been a drop in ACC's communications with the client after this period. Data analytics was starting to be utilised to show how some of these behaviours were impacting on complaints. The Board asked that a summary of how the actions completed had closed to the complaints loop be included in future reporting.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the key insight themes, contributing factors, and actions being taken by the organisation as outlined in the Quarter 1, Customer Dissatisfaction and Complaints report
- (b) **Note** that there were nine Severity two and no Severity three customer complaint cases (including those escalated to the Customer Resolutions team and those dealt with by the Issues Management and Media teams) during Quarter 1, and that management has taken the appropriate actions (outlined in **Appendix 2**, Board Dossier of Complaints and Issues – Quarter 1) to address them.
- (c) **Note** the increase in complaint volumes and ratio in Quarter 1, the contributing factors related to customer service and the actions being taken within Next Generation Case (NGCM) Management to address

4.2(e) Quarterly Enterprise Risk and Compliance Report

The Chief Executive noted that he had already informed the Board that a levies paper would come to the Board in December, and some preliminary information would be included in the weekly report in the first week of December.

Mr Raubal explained that the EY ICIP Portfolio Review 2 linked in the Board pack had three key themes: customer centricity – establishing clear guiderails to align financial benefits and customer outcomes; data enabled – linking evidence to prioritisation and delivery; and learning – taking risk in the right places and having appropriate feedback loops. He was confident that attention in these areas would see the desired results, and that the remaining larger delivery items would be completed well. For the Health Sector Strategy, it was key that the Board was satisfied as to how each initiative would lead the organisation towards the strategic goal of purchasing for outcomes which would create confidence that the benefits would emerge.

The Board discussed the potential closure of brain injury treatment facilities in the South Island and the contracting models in place across providers. Mr Tully explained some contracting models had resulted in provider sustainability issues, and Management was taking a fresh look at all contracting models.

The Board asked about the end of life choice referendum and Ms Roche explained the complexities in the work ACC was undertaking.

2021 ^{9(2)(f)(iv)} [REDACTED]
[REDACTED].

Budget 2021 one-year contracts

- (b) **Note** that Budget 2021 bids are likely to be due by late January 2021.
- (c) **Note** that NASO is considering funding increases for the 2021/22 one-year service contracts with St John and Wellington Free Ambulance that range from: (i) ⁹⁽²⁾⁽ⁱ⁾ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- (d) **Note** that ACC Management will ensure that key aspects of the providers' funding requests are validated based upon an external independent review.

- (e) ⁹⁽²⁾⁽ⁱ⁾ [REDACTED]
[REDACTED]
[REDACTED]

- (f) **Delegate authority** to the Board Chair, Mr Miller and Dr Batten out of cycle in January 2021, to consider and endorse the advice on the Budget 2021 bids for St John and Wellington Free Ambulance, subject to Board approval only of funding for cost and volume pressures and increases previously agreed, with any further cost increase considered following a formal review in December/January.

Budget 2022 ^{9(2)(f)(iv)} [REDACTED]

- (g) ^{9(2)(f)(iv)} [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

5.2 Financial Condition Report

Mr Raubal took the Board through the Financial Condition Report, noting that the report used stronger language than in the past. The overall picture showed that funding being below new year costs and deteriorating claims performance put pressure on the ACC's financial condition. The narrative tended to be around economic impact; however, over the last year new year costs were more impacted by claims performance rather than economic factors.

Two longstanding recommendations had been closed: one on reviews and the other on the formal framework for claims management. Three new recommendations were proposed in relation to Whaia Te Tika, Sensitive Claims, and Long-Term Claims.

The Chair noted that the report was independently produced by the Chief Risk and Actuarial Officer in his role as the Appointed Actuary.

The Board provided comment on and discussed:

- The repetition of certain points within the report and the use of the word 'influenceable'.
- The context of paragraph 55 could be clearer on the impact of interest rates and inflation.
- The intended audience of the report and whether it could be used as a tool to communicate with the Government about ACC's financial pressures, noting the complex ties that the report dealt with. The report was primarily produced for the Board but was also a public document which was tabled by the Minister at Parliament.
- Return to work rates. The Board noted that there was a stark deterioration in return to work highlighted in the report, despite the green rating on this KPI in the performance reporting. Mr Raubal and Ms 9(2)(a) explained the data was taken from an external report. Last year when the data was received, ACC looked like an outlier, but did not look so now. The drivers behind return to work rates was a systematic, multi-jurisdictional issue.

The Board asked that the actions from the report be provided quarterly to the Board Risk Assurance and Audit Committee for monitoring.

RESOLVED: The ACC Board resolved to:

(a) **Note** there are four new recommendations in this year's report. These are:

- i. We recommend that ACC's work with Māori and other relevant stakeholders on improving Māori access, outcomes and experience focuses on:
 - understanding and acting on the drivers of the differences between Māori and non-Māori
 - ensuring all services provided can be shown to deliver the right client outcomes for Māori at a cost that's reasonable and sustainable for funders of the Scheme.

We make two separate but related recommendations on sensitive claims:

- ii. ACC's work on sensitive claims needs to provide a deeper understanding of the people suffering sexual abuse or assault in the community, including what their injury and claim patterns look like, and the drivers of the growth in sensitive claim volumes and costs. This understanding needs to be translated into action where appropriate, to

provide targeted prevention or services to clients, and manage the impacts on the financial condition.

- iii. ACC's work on sensitive claims needs to ensure the services provided can be shown to deliver the right client outcomes at a cost that's reasonable and sustainable for levy payers and taxpayers.
 - iv. We recommend that ACC Operations increase its focus on claims that are or have the potential to become longer term. This should start with a focus on outcomes for claims receiving:
 - weekly compensation
 - social rehabilitation care and capital.
- (b) **Note** two recommendations from previous FCRs are closed. These are review of cases and decisions and claims management. Three recommendations remain open. These are strategic outcomes framework, injury prevention measures and targets, and treatment injury incentives.
- (c) **Note** the predominant messages in the report are
- i. ACC's financial position is under pressure – large impacts from falling interest rates and increasing claim volumes and costs
 - ii. Injury prevention has met most targets, but significant growth is needed to achieve its strategic goals.
 - iii. New year claims costs have increased due the changes in claim volumes and costs and falling investment returns. Levy and appropriation income is not expected cover the new year claim cost. This is putting extra pressure on the financial position, and is not sustainable in the long term.
 - iv. ACC has delivered major milestones for ICIP in 2019/20. Emphasis is needed to ensure the investment delivers the expected performance. This needs to be about delivering client outcomes particularly for those with the potential to become longer-term claims consistent with the above recommendation.
- (d) **Note** the final FCR will be sent to Treasury, MBIE and DPMC following Board review.
- (e) **Note** in order to get the FCR tabled before Christmas, the Minister for ACC needs to receive on Thursday 3 December before the House adjourns on Wednesday 9 December.
- (f) **Note** the Glossary section and appendix formatting is to be completed.

5.3 Reducing the Incidence of Sexual Violence

The Board took the paper as read. 9(2)(a) explained that New Zealand had some of the worst sexual violence statistics in the OECD. ACC bore much of the cost through sensitive claims or indirectly through poor rehabilitation outcomes, with most of the levers held by other parts of system. ACC had seen success in this area with the provision of Mates and Dates now integrated into the New Zealand school curriculum and Management was proposing to leverage ACC's role in progressing initiatives against sexual violence to take a more involved approach, 9(2)(a)

The Board was supportive of Management's direction but was concerned with the percept on of ACC being a 'leader'. The Board challenged Management to think about tactics if other partners stepped back and left ACC with all the responsibility.

In response to a query regarding the inclusion of family violence in the budget bid, Ms Powell explained that there was some overlap in primary sexual violence prevention particularly with family violence, but ACC's focus was on progressing the prevention of sexual violence as it was not as understood or developed across the sector.

The Board accepted Management's recommendations subject to the changes requested.

RESOLVED: The ACC Board resolved to:

- (a) **Endorse** ACC transitioning from one-off programmes within the Strategic Investments Portfolio and instead working closer with our partners to build a more effective, aligned and sustainable prevention system.
- (b) **Endorse** ACC taking a more active role on sexual violence as we develop proposals alongside stakeholders, partners and government agencies.
- (c) 9(2)(a)
- (d) **Agree** that Injury Prevention will to report back to ACC's Board in June 2021 with a Detailed Business Case that will include specific recommendations for investment and our proposed approach for monitoring and realising benefits.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the report focusing on the following matters:

(c) 9(2)(h)

6.2(b) Policy Update

The Board took the update as read.

The internal ACC Policy Governance Committee had looked at the review of the Cost of Treatment Regulations Pricing and Management recommended advising the Minister to defer the decision on review until late 2021 due to the impact of COVID. 9(2)(a) added that the previous decision on the regulations had yet to be implemented due to delays.

RESOLVED: The ACC Board resolved to:

Engagement with the Minister for ACC

- (a) **Note** that ACC, MBIE and Treasury met with the Minister for ACC to discuss manifesto commitments and strategic issues facing the Scheme.
- (b) **Note** that the Minister asked officials to engage with stakeholders and provide advice on an appropriately sequenced Scheme policy work programme that is manageable and affordable, within the current fiscal environment and government focus on COVID-19 recovery.

Review of regulated payments to treatment providers

- (c) **Note** that ACC has completed a review of the rates prescribed in the:
 - i. Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003
 - ii. Accident Compensation (Apportioning Entitlements for Hearing Loss) Regulations 2010.
- (d) **Note** that, due to the impact of COVID-19, ACC's review applies a single blanket adjustment to all regulated rates, rather than separate provisions for each professional group (as had been intended earlier this year).
- (e) **Note** that ACC will report to the Minister for ACC on the review of regulated rates by 1 December 2020.

- (f) **Endorse** recommending to the Minister that a decision on review be deferred until late 2021, in order to mitigate the impact that COVID-19 has had on the review process, and to allow ACC to undertake a more comprehensive review

7 Board Administration

7.1 Minutes of Meeting held on 30 October 2020

The Board noted the late change in circumstances in relation to the ICIP Cabinet paper and asked that it circulated to the relevant Board Members named in the October minutes.

APPROVED: The ACC Board approved the minutes of the meeting held on 30 October 2020 subject to the removal of the statement on scalability challenges on page 6.

7.2 Schedule of Matters Arising

The Board **noted** the Schedule of Matters Arising.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Endorse** the one decision made under delegated authority during the period of 23 October 2020 to 19 November 2020 for the review of the re-forecast of the Crown's Half Year Economic and Fiscal Update (HYEFU)
- (b) **Note** that there was one decision made out of cycle during the period of 23 October 2020 to 19 November 2020 in relation to the Dunedin new consolidated building approval.
- (c) **Note** there were no papers held over from previous meetings.

7.4 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

8 General Business

The Chair noted that Ms McDonald QC would be an apology for the 17 December meeting.

Closure: The meeting closed at 3.10 pm.

Approved

Chair

Date

Minutes of a meeting of the Board of the Accident Compensation Corporation held via videoconference, on Thursday, 17 December 2020 at 9.00 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni	Member
Mr David May	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Ms 9(2)(a)	Acting Chief Governance Officer	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Emma Powell	Chief Customer Officer	
Mr Herwig Raubal	Chief Risk and Actuarial Officer	
Ms 9(2)(a)	Acting General Counsel & Company Secretary	
Mr 9(2)(a)	Enterprise Advisor, Operations	Items 3.1 & 3.2
Ms [REDACTED]	Head of Health, Safety and Wellbeing	Item 6.1
Mr [REDACTED]	Head of Strategy Policy and Research	Item 6.2
Ms [REDACTED]	Acting Manager Corporate Secretariat	
Mr [REDACTED]	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

An apology was received from Ms McDonald QC.

1.2 Register of Conflicts of Interest

Dame Rebstock noted that she had been appointed as an advisor to One Rail Auckland, a consortium between the Australian UGL and a Singaporean rail company.

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Board Only Session

2.1 Chief Executive's Report

- Update on recruitment process for Tumu Pae Ora and Chief General Counsel roles
- Summary of Operations Review consultation
- Update of ACC's ICIP cabinet paper timetable
- Discussion on paper for bringing forward 2021/22 project work into current financial year
- Resolution of historic legal matters
- Transition of ACC fleet update
- Commission of enquiry into Christchurch mosque attacks discussion
- Dunedin site update
- Summer holiday engagement strategy and programme
- Recognition for 9(2)(a) Manager Channel Operations in winning CCNZ Contact Centre Manager of the year award.

At the October 2020 Board meeting, the Board approved the Chief Executive's objectives for 2020/21, subject to the changes discussed by the Governance and Remuneration Committee which were implemented by the Chief Executive. The Chief Executive provided the Board with his final objectives.

RESOLVED: The ACC Board resolved to approve the Chief Executive's objectives for 2020/21.

3 Operational Reporting

3.1(a) ICIP Cost Forecast Update

Mr Fletcher took the paper as read, explaining that it confirmed the revised ICIP cost of \$619m, a \$50m reduction from baseline budget.

The Board discussed the following:

- The change in scope for Enterprise Resource Planning. A straightforward upgrade had been planned but the scope now included a move to the cloud-based Oracle platform, providing the

most up to date capability. The more strategic, functional solution was reflected in the increased project cost from the planned \$4m to \$20m. The business case was being prepared and would be finalised in the new year.

- The Analytics 2.0 initiative, which had increased from a \$15m baseline to \$33m actual spend. Mr Fletcher acknowledged that this was a particularly difficult area of ICIP and in hindsight, ACC may have adopted some platforms too early. There was value to be gained from the work had now been completed to establish how the platforms were going to work together. \$16m in savings through Integrity Services was also planned for this financial year.
- The impact on providers of the reprioritisation of ICIP. The Board was concerned that providers were not being brought on the journey with ACC during the Next Generation Case Management transition, and the broader change to becoming customer centric. Mr Fletcher responded that one of the items in the expediting workstreams paper was to progress the replacement of existing e-channels to provide a better service to providers for the administrative elements of a claim. This would start to be rolled out in January. Mr Tully continued that the improvement in some core capabilities was having an impact on the engagement with the provider community and the focus on this would continue in the new year. Management was looking to bring back a demonstration of this work to the Health Sector Strategy Committee, and Dr Batten noted that this had received positive feedback from the Committee the last time it was presented.
- Client incidentals, which was not a high priority initiative in the client stream of delivery in the next 18 months. Management explained that it would continue to focus on the changes that would make the most difference to clients through the Path to Wellbeing Release Train.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the initiatives that have been successfully delivered to date and the initiatives to be delivered in the remaining period to June 2022.
- (b) **Note** the life to date actual spend as at 30 October 2020 is \$494 million.
- (c) **Note** the revised ICIP cost, (and associated initiatives) forecast of \$619 million, representing a \$50 million reduction from the baseline budget of \$669 million.
- (d) **Note** there is no material impact on ICIP targeted benefits as a result of this reduction.
- (e) **Note** the \$11 million contingency available for the period to June 2022, which represents 10% of the forecasted remaining spend of \$114 million on the planned initiatives.
- (f) **Approve** the removal of two minor initiatives, (Client Incidental, and Xero Integration and Provisional Levy Payment) from the ICIP scope. These initiatives are proposed to be delivered by future continuous delivery if prioritised.

- (g) **Approve** the Legacy Data Warehouse Decommissioning be delivered by Data & Analytics Release Train, (DART) outside of ICIP to leverage the existing delivery capability within DART and achieve cost efficiency.

3.1(b) Expediting Five Streams of Work this Financial Year

Mr Fletcher introduced the paper. As part of the work to support and de-risk ACC's exit from its existing datacentres, Management had reviewed opportunities to utilise the uplift in system capability as part of the wider ICIP programme. While this would not result in ACC spending any more than originally planned overall, it does bring some spending forward into the current financial year which would challenge the overall Opex budget.

The Board commended Management on seeking opportunities for acceleration. Finance was working through the impact of the change on the budget, and Management would come back to the Board in 2021 with a formal budget change approval request if required.

RESOLVED: The ACC Board resolved to:

- (a) **Note** As part of de-risking our future projects, in particular the exiting of our data centres, we are planning to bring forward work that we previously planned for next financial year.
- (b) **Note:** We expect that this work will cost circa \$10m, and that we can absorb most of this (\$6-8m) based on efforts to identify and realise savings across the business.
- (c) **Note:** There is still a further \$2.4m risk which could take us over our total planned and approved total ACC operating budget. We will continue to look for opportunities to absorb this additional spend within existing budgets. If we reach a point where we foresee that we cannot remain within the approved total ACC operating budget, we would like to come back to the Board with a cost/risk proposal.
- (d) **Note:** that any additional work brought forward into this financial year would mean less funding required for next financial year, i.e. over the two years there is no proposed spend above the existing forecasts.

3.2 November 2020 Performance Report

Mr Healy introduced the report. While it had been a tough year in many respects, he was pleased to inform the Board that ACC now had a surplus and that the new ACC sites in both Dunedin and Hamilton had been confirmed.

The Board discussed:

- The increased cost for sensitive claims, which were up 11.5%. Ms Powell explained that volumes were higher than expected, and the increased costs also reflected the increased complexity of cases within the pool. Mr Raubal noted that the increase could also be due to a catch up on invoices and may settle down shortly.
- The physiotherapy client survey. Mr Tully explained the surveys were sent out independently of the physiotherapists themselves, but the client/provider relationship was always relatively positive. The survey focussed on outlier results.
- Physiotherapy being over budget by 7.6%, with volumes 8.5% ahead of expected. Management was working through the large contracts coming up for renewal to seek a better treatment path and ensure ACC received the outcomes it was seeking. There was also interim work taking place to extract rich data from the system used by most physios which would be applied to the health outcomes framework. The Board asked Management to be clear in the reporting what steps were being taken to reduce cost increases in between contract renewals. Mr Healy noted that he could also add additional information into the report which would show whether the cost increase was due to more clients using physiotherapy, or the average client undertaking more physiotherapy sessions.
- Return to independence for those not in the workforce. While this remained above target, the results had deteriorated between July and December. The Board asked Management to investigate this further, noting that it was important not to wait until the result got below target before undertaking a deep dive into the reasons behind the decline to take the necessary action to rectify.
- The graph showing the rate of fatal and serious work claims, which showed the rate had fallen by two thirds since 2017. The WorkSafe data on workplace injuries did not tell the same story. Management would check the data source and could also separate out the data for deaths from serious injuries.
- The OCL breakdowns in the report. More detail was needed on the goal Management was targeting to get the reduction and how the action would lead to that goal. Actions must link to the targeted outcomes. The Board noted that the OCL target workplan would be presented to the April meeting, and asked Management to continue making progress on linking the targets in the meantime.
- The treatment plan for the 10-week rehab rates which had been received by the Board the previous month. Mr Tully noted that the treatment plan was still on track, although there was an impact seen during the short weeks after public holidays. The temporary workforce was allowing ACC staff to focus on BAU, which was beneficial.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims Cost performance.
- (b) **Note** the Operational and Financial Performance

4 Board Papers

4.1 Levy Setting 2021 Update

Ms Powell and Mr Raubal introduced the update and discussed the preferred consultation timeline with the Board. The September timeframe would afford a seven-day period for the Board Members to consider all submissions and make final recommendations. The Board explained that a week was not long enough to properly consider all submissions and there was also a risk that the short period of consideration would be perceived as ACC not fully engaging with the submissions.

The Board asked that Management work toward an earlier consultation period which would allow Members to fully consider submissions. Mr Raubal was happy to take the Board's direction and if there was something problematic that arose, he could contact the Chair directly.

The Board's discussion focused on the 15% cap in the funding policy and the funding requirements for 2021 levy setting purposes. The Chair reminded the Board that the Crown set the policy, and the Board only recommended what levy increase would be required to meet the funding policy.

Mr Raubal explained the background of the funding policy noting that the previous Minister had moved the two-year horizon to three years and the Minister's intention was to have the levy consultation in the middle of the three-year period. MBIE, Treasury and ACC indicated that further advice was needed.

Some Members expressed their view on what 'must' be done under the funding policy as opposed to what should be done. If there was a requirement for ACC to get back to new year costs as quickly as possible, a 15% cap spread over three years (at 5% per year) meant a slower return to fully funded new year costs. However, there was no likelihood of 15% increases per annum for three years in the current economic environment.

The Board agreed that the most practical solution was for 5% increases per annum for all Accounts except for the Motor Vehicle account which should be set at 7.5% increases per annum. The Earners account was considered to be in a better position than the Motor Vehicle account because it was predicted to return to fully funded new year costs by 2027, as opposed to the Motor Vehicle account which would continue to deteriorate. The Board and Management must be clear that the trade-off of having a 15% increase split over three years was that the accounts would still be below new year costs.

In response to a question regarding the increase in appropriation for the Non-Earners Account and the recent increase in appropriations, Mr Raubal noted that it the increase was not risk free but that it was in a good place with the Government committed to 7.5% increases for four years.

RESOLVED: The ACC Board resolved to:

- (a) **Note** upcoming Board engagements on levy setting for 2021, including the out-of-cycle review of a draft Cabinet paper on funding policy implementation expected in January 2021
- (b) **Agree** in principle to consult on levy rates from 1 July to 11 August 2021 to maximise the time available to consider consultation submissions.
- (c) **Discuss** the attached presentation on the capping settings and funding requirements for 2021 levy setting purposes, and consider the recommendations in that presentation.

5 Performance Reports

5.1 Health, Safety and Wellbeing Report

The Board took the report as read. In response to a query from Mr Miller on insights from the union on health and safety concerns, Ms Champness explained that union representatives were involved in the Health and Safety Committees, and any feedback was fed through into the report as 'Engagement'. The Board suggested that it might help to have such feedback separately noted.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in November 2020.
- (c) **Note** the health, safety and wellbeing performance indicators.

5.2 Policy Update

The Board took the update as read. 9(2)(f)(iv)

It was essential that the Board be able to provide comment early on such decisions. ACC staff engaging with Minister or MBIE could not take a position on behalf of ACC and the Board. The Board was determined to front-foot and crystallise a statement to the on these issues.

RESOLVED: The ACC Board resolved to:

9(2)(f)(iv)

[REDACTED]

6.1 Minutes of Meeting held on 26 November 2020

The Board requested amendments to the record of the discussion on ambulance cost increases to clarify that ACC was not receiving any cost increases and therefore was unable to approve any cost increases to contracts.

APPROVED: the ACC Board approved the minutes of the meeting held on 26 November 2020 subject to the changes requested.

6.2 Schedule of Matters Arising

In response to a query and suggestion from the Board, Corporate Secretariat would provide more detail for the 2021 papers on upcoming Board papers and Matters Arising.

The Board **noted** the Schedule of Matters Arising.

6.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Note** that there were no decisions made out of cycle during the period of 20 November 2020 to 10 December 2020.
- (b) **Note** there were no papers held over from previous meetings.

6.4 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

7 General Business

The Board thanked Management for the work it had done in 2020, particularly in continuing to roll out ICIP and NGCM through COVID-19. The Chair was grateful for the Board Members' insights, time, effort, contribution, and commitment to see ACC succeed. The Board also thanked the Chief Executive for his work throughout the year.

Closure: The meeting closed at 12.55 pm.

Approved

Chair

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of the Board of the Accident Compensation Corporation held via videoconference, on Thursday, 28 January 2021 at 1.00 pm.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Deputy Chair
Ms Anita Mazzoleni	Member
Ms Kristy McDonald QC	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member

In attendance

Mr Scott Pickering	Chief Executive
Mr Mike Tully	Chief Operating Officer
Ms Sharon Champness	Chief Talent Officer
Mr John Healy	Chief Financial Officer
Ms 9(2)(a)	Acting Chief Governance Officer
Mr Peter Fletcher	Chief Technology & Transformation Officer
Ms Emma Powell	Chief Customer Officer
Mr Herwig Raubal	Chief Risk and Actuarial Officer
Ms 9(2)(a)	Acting General Counsel & Company Secretary
Ms Gabrielle O'Connor	Head of Client Service Delivery
Mr 9(2)(a)	Enterprise Advisor
Ms	Acting Manager Corporate Secretariat
Mr	Associate Company Secretary

1 Procedural Business

1.1 Apologies

An apology was received from Mr May.

1.2 Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Board Only Session

2.1 Chief Executive's Report (verbal)

- Ambulance funding update
- Executive appointments and senior leadership changes
- ICIP Cabinet paper process
- Upcoming February events including the Quarterly Business Review and Executive away day
- COVID preparedness for a community outbreak
- Significant OIA request on short-term incentives
- Propero attendance at February Board and Risk Assurance and Audit Committee meetings, with a focus on streamlining papers and processes
- Health and Disability System Review update and engagement with the Ministry of Social Development.

3 Operational Reporting

3.1 Second Quarterly Report 2020/21

Mr Pickering provided some brief comments on ACC's performance and the Chair introduced the report for discussion. Mr Healy explained that the \$5bn surplus seen in December remained in January. Management confirmed that work was underway on how to clearly explain ACC's overall financial model, given an increase in levies was still required to cover new year claims costs.

Mr Healy stated that claims volumes continued to be higher than previously planned and budgeted. The Board discussed the budgeting process, which was mainly completed through the first COVID-19 lockdown when there was uncertainty of the economic impact. The Board noted that it would be useful to anchor the results to other years rather than just the previous year. The Board also requested that Management include information on how the subsidies from investment performance had impacted the budget.

The Board's discussion of the report focussed on:

- Increasing claims costs. Mr Healy explained that the report showed that half of the growth driving claims costs related to increased volume, but a significant portion was as a result of increased claims duration. The assumption was that the increase in claims duration was due to COVID-19, however it was hard to confirm so. The cost per claim was increasing at 7.9%, which included 3% medical inflation, as well as claims duration and number of treatments.

- Whether some performance indicators were ambitiously 'Green' when they looked to be 'Amber'. Management explained that there was analysis behind each of the performance indicators. For example, the analysis behind the Employee Net Promoter Score had shown what areas of the workforce were lower and the reasons why, and the expectation was that these areas would have shifted when the target is next measured.
- Correlation between decline rates and weekly compensation. Weekly compensation claims were up 7.7%, whilst weekly compensation decline decisions were down 16.3%. Management explained the declined decisions figure showed percentage of total declines taken to review.

The Board asked Management to review the report for use of undefined abbreviations and noted that a paper on physiotherapy costs and contract structure would be coming to the Board in 2021.

The Board turned to the **additional information**, and asked Management about the results of the social rehabilitation review. Ms O'Connor responded that there were a range of recommendations from the review, including some short-term changes that case owners could implement quickly, and longer-term changes about how ACC works with providers. Management was continuing to work on how the recommendations would be implemented, and the regular reporting to the Board will be updated to reflect the actions and the impact of those actions being implemented.

The Board also discussed the two high impact IT events in December. Mr Fletcher took the Board through both events, explaining that there were lessons learned for the failover of firewall and systems were put in place to ensure it would not occur again.

RESOLVED: The ACC Board resolved to:

- (a) **Approve**, subject to any final changes, the presentation of the second quarterly report 2020/21 to the Minister by 01 February 2021.
- (b) **Approve** the publication of the second quarterly report 2020/21 on ACC's external website following acceptance of the report by the Minister for ACC.

4 Performance Reports

4.1 Health, Safety and Wellbeing Report

The Board took the report as read. Ms Champness noted that January 2021 had continued the positive trend of lower stress incidents due to staff having a good break over Christmas.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.

- (b) **Note** there were no notifiable events in December 2020.
- (c) **Note** the health, safety and wellbeing performance indicators.

5.1 Minutes of Meeting held on 17 December 2020

RESOLVED: The ACC Board resolved to **approve** the minutes of the meeting held on 17 December 2020.

5.2 Schedule of Matters Arising

RESOLVED: The ACC Board resolved to **note** the Schedule of Matters Arising.

5.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Confirm** that there was one decision made under delegated authority by the Board Chair, Mr Miller and Dr Batten during the period of 11 December 2020 to 21 January 2021 regarding the Ambulance Service Budget.
- (b) **Note** there were no papers held over from previous meetings.

5.4 Annual Work Programme

NOTED: The ACC Board **noted** the annual work programme.

6 General Business

The Chair noted that this was the last Board meeting for Ms McDonald QC and Mr May. While their departure had been discussed during Board Only time, the Chair asked to formally record the Board's thanks to both Members for their time on the Board and the significant contribution they had made to ACC. She looked forward to both Members maintaining their friendship with ACC for years to come.

Closure: The meeting closed at 3pm.

Approved

Chair

Date

Minutes of a meeting of the Board of the Accident Compensation Corporation held at the ACC Boardroom, Justice Centre, 19 Aitken Street, Wellington, on Thursday, 25 February 2021 at 9.00 am.

Present

Dame Paula Rebstock	Chair
Mr James Miller	Deputy Chair
Ms Anita Mazzoleni*	Member
Dr Tracey Batten	Member
Mr John Brabazon	Member
Dr Helen Nott*	Member
Ms Bella Takiari-Brame	Member
Mr Pat Bowler	Member

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Emma Powell	Chief Customer Officer	
Mr Herwig Raubal	Chief Risk and Actuarial Officer	
Ms 9(2)(a)	Acting General Counsel & Company Secretary	Items 5 and 6
Ms Gabrielle O'Connor	Head of Client Recovery	Items 4.1 – 5.3
Mr 9(2)(a)	Head of Operational Performance & Intelligence	Item 4.1
9(2)(a)	Head of Privacy	Item 4.1(d)
	Chief Clinical Officer & Head of Health Partnerships	Items 5.1 – 5.3
	Head of Health, Safety and Wellbeing	Item 6.1
	Head of Strategy Policy and Research	Item 6.2
	Managing Partner, Propero (observer)	
	Managing Partner, Propero (observer)	
	Acting Manager Corporate Secretariat	
	Associate Company Secretary	

* via videoconference

Welcome and Introductions

Mr Pickering welcomed the new Board Members and began the meeting with a mihi and karakia.

Consultants from Propero were in attendance at the meeting as observers to undertake a reporting review, and would report back to the Board in May.

1 Procedural Business

1.1 Apologies

No apologies were received for this meeting.

1.2 Register of Conflicts of Interest

Corporate Secretariat noted that some governance interests from Ms Takiari-Brame had been missed from the original version of the Register and confirmed that none of those interests presented a conflict for the meeting.

The Board Chair noted her interest in Wai 2575 which was an item in the Legal Report.

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

1.3 Deed of Indemnities

The Chair introduced the paper. Ms 9(2)(a) explained that there were no substantive changes to the Deed since July 2019 9(2)(h)

[REDACTED]

RESOLVED: The ACC Board resolved to:

In relation to the Deed relating to Indemnity, Access and Insurance for New Board Members:

- (a) **Note** the Crown Entities Act 2004 allows ACC to indemnify Members in respect of acts or omissions in good faith and in performance, or intended performance, of ACC's functions.

9(2)(h)

(c) **Approve** the granting of the Deed relating to Indemnity, Access and Insurance to the following new Board members:

- Pat Bowler
- Helen Nott
- Bella Takiari-Brame

(d) **Delegate Authority** to the Board Chair and the Deputy Chair to sign the Deed relating to Indemnity, Access and Insurance on behalf of the Board.

In relation to the Deed of Indemnity for ACC staff serving as directors:

9(2)(h)

(g) **Delegate Authority** to the Board Chair and the Deputy Chair to sign the Deed of Indemnity on behalf of the Board.

9(2)(h)

(i) **Note** that any further staff indemnities required will be brought to the Board for approval.

2 Committee Updates

2.1 Investments Committee

Mr Miller provided an update on the Board Investments Committee and highlighted the following:

- The fund was 0.92 points ahead of benchmark.

9(2)(j)

- The Ethical Investment Policy had been updated in line with the Climate Change Response Act and Government policy. The Committee had requested a minor change to clarify that there was to be no investment in Government Exclusions, and that the Board Chair and Committee Chair be made aware of additions to the Government Exclusions list. The Committee recommended the updated policy for Board approval subject to this minor change.
- 9(2)(h)

The Board discussed the good progress of the new Investments team structure and noted that the Committee had enjoyed its visit to the Investments back office.

RESOLVED: The ACC Board resolved to:

9(2)(h)

In relation to the Ethical Investment Policy

- (e) **Approve** the changes to the Ethical Investment Policy, subject to the minor amendment discussed by the Committee.

2.2 Risk Assurance and Audit Committee

Ms Mazzoleni provided an update on the Board Risk Assurance and Audit Committee:

- The Committee held an Annual Review session and discussed changes to the Terms of Reference, which included fewer ICIP IQAs and a requirement for the Committee to have at least two members with Public Benefit Entities knowledge. The Committee Chair would send a revised version for the Board's approval by round robin.
- The Committee reviewed a reporting template presented by Mr Raubal, on monitoring claims costs reduction actions. The Committee would also continue to monitor outstanding FCR actions on behalf of the Board.

- The usual agenda items were discussed by the Committee, and Mr O'Connor presented the Audit Plan for 2021.
- The Committee received PIR2 and PIR3 and responses from Management which showed that benefits realisation was behind by \$442m against the original plan, but that other benefits had been discovered throughout the transformation worth \$449m. The Committee suggested that Management bring to the Board a re consolidated benefits pathway to incorporate and fully validate the additional benefits. The Board noted that savings from fewer staff could not come at the cost of rehabilitation performance.

The Board discussed the Targeted Assessment of the Health Sector Strategy that was presented to the Committee. Dr Batten explained that the report showed good progress, with good gains in implementation. The report did show that as the Strategy moved to continuous delivery, the end goal of commissioning for outcomes was clear, the short-term projects in train were clear, but there was no clear pathway in the middle for timeframes and key deliverables. The Board noted that this recommendation was due to be closed in April and work was underway to deliver this.

The Committee had also discussed the importance of ensuring that the language in the reports from EY was correct in terms of 'health outcomes'. ACC could not stray outside of the remits of its legislation within the health sector.

The Board discussed the advisory role of the Health Sector Strategy Advisory Committee, noting that the true governance and decision-making in terms of the Strategy remained with the Board.

2.3 Governance and Remuneration Committee

Dame Rebstock provided an update on the remuneration approach that had been discussed at the Governance and Remuneration Committee the previous day and the associated challenges with competing stakeholders. In the future, ACC's remuneration approach would need to be agreed to by the Public Service Commission but this year the approach only required consultation with the Commission.

3 Board Only Session

3.1 Chief Executive's Report

Mr Pickering's report was taken as read, and he presented his annual State of the Nation 2021 address to the Board.

4 Operational Reporting

4.1(a) Performance Update

The Board took the report as read with Mr Healy highlighting the following key points:

- ACC had less control over the drivers of recent performance. At 31 January, ACC had a \$5.8bn surplus which had now grown to \$9.5bn. This number continued to grow as bond yields had increased by 10bps. This impacted the valuation of claims liability and investment performance.
- Management continued to work closely with WorkSafe to gain greater confidence on the return of ACC's Injury Prevention investment.
- Management had confidence that the rehabilitation rate was close to target and the current level of performance could be maintained. Mr Tully explained that public holiday interruptions negatively impacted short term rehabilitation rates and an improvement should be seen from late February onwards. The bubble workforce brought on to improve task management would conclude on 26 February, and Management was looking at a model for a continuing workforce.

The Board discussed task management, and Ms O'Connor explained that the timeliness of completion was more important than the number of outstanding tasks in driving improvement in rehabilitation performance. Staff had brought average email responsiveness to within 48-hours and continued to focus on recovery check-ins – 28% of which had resulted in an outcome.

Ms O'Connor explained that the level of staff confidence in Next Generation Case Management (NGCM) was growing each day. Analytics was driving workflow, and there were positive signs of understanding, acceptance and enjoyment of the model which would hopefully translate to the eNPS score. Culture remained the biggest challenge of scaling the results seen in LaunchPad to the rollout of NGCM.

In response to a query regarding the resources allocated to the long-term claims pool, Management explained that the exit rate was still strong and the focus was on reducing the number of claimants entering the pool. A one-on-one relationship still existed for most long-term claimants.

The Board noted that the Update stated that the last comprehensive price review of High-Tech Imaging was in 2009. Mr Tully explained that contracts had been reviewed, but a full-service review had not been undertaken. These contracts formed part of the normal HSS reviews to ensure ACC received the right service offerings, and the challenge was to get the right outcomes data through the contracts.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims Cost performance.
- (b) **Note** the Operational and Financial Performance.

4.1(b) ICIP Quarterly Update

The Board took the paper as read and Mr Fletcher highlighted the following points:

- The overall delivery initiatives were going well. A small issue with decommissioning an old client payments system had now been resolved. Mr Fletcher assured the Board that there was no impact on current payments.
- Early signs from Escalated Care Pathways were positive. A proof of delivery was to be presented to the March HSS Advisory Committee meeting.
- Reporting would commence on two key initiatives in the following quarterly report – Te Kahu, which was the enterprise resource planning system for finance and HR; and ACC's data centre exit. Business cases would be presented to the Board for both initiatives.
- The main focus of the reporting was the benefits profile. At the end of last year, Management had restated the benefits profile to consider new and emerging benefits. Some benefits continued to track behind, and some efficiency targets were impacted by changes in claims volume through COVID-19. The Board would see those in later reporting.
- The above-expected performance of analytics in fraud waste and abuse, with \$10m achieved against the annual target of \$16m.

In response to a query regarding the reprofiled ICIP target, Mr Fletcher explained that there was some risk to get to the year-end target which required close monitoring.

RESOLVED: The ACC Board resolved to **note** the ICIP Q2 FY20-21 Update.

4.1(c) Quarterly Complaints Report

The Report was well received by the Board. The Board's discussion focussed on:

- A suggestion to change the term 'Dissatisfaction and Complaints' to 'Feedback'.

- ACC's low level of complaints, and the difficulty of benchmarking as measurement of complaints was different in other organisations. The report captured complaints escalated for resolution. Ms Powell acknowledged that dissatisfaction was much wider than escalated complaints and that it was important to continue to understand where all dissatisfaction came from. The Board recommended Management get in touch with the Insurance & Financial Services Ombudsman for more information on complaints in the insurance sector. Australian insurance providers were also now required to publish disputes resolution data externally.
- Complaints received by MPs. A client contacting an MP had usually also made a complaint through ACC and this was captured in ACC's standard complaints data.
- The wider ecosystem of complaints and feedback, notably the wait times on the phone and abandoned calls. Management explained that early signs of client dissatisfaction as a result of wait times was monitored through Heartbeat, and that there was good understanding of those wait times and which of those calls turned into complaints. In addition to this, Management found that those that do speak with a representative had high satisfaction with their interactions. These insights would be included in the report going forward.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the key insight themes, contributing factors, and actions being taken by the organisation as outlined in the Quarter 2, Customer Dissatisfaction and Complaints report.
- (b) **Note** that there were seven Severity two and no Severity three customer complaint cases (including those escalated to the Customer Resolutions team and those dealt with by the Issues Management and Media teams) during Quarter 2, and that management has taken the appropriate actions (outlined in **Appendix 2**, Board Dossier of Complaints and Issues – Quarter 2) to address them.
- (c) **Note** the decrease in complaint volumes and ratios in Quarter 2 and the continued focus to improve the quality of customer service through a focus on lifting people capability, operational improvements and the deployment of technology changes.
- (d) **Note** the successful trial of analytical approaches to detect the early signs of service failings and trigger alerts that prompt staff to proactively intervene to recover the service experience, and the progress towards operationalising the model.

4.1(d) Quarterly Privacy Report

The Board took this paper as read and suggested that more time be taken during the April meeting to discuss the increase in low level breaches and Privacy by Design throughout the transformation.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that the Privacy Team continues to meet its performance measures with zero Level 3, 4, and 5 breaches
- (b) **Note** that we are seeing a continued high volume of Level 1 and 2 reported breaches
- (c) **Note** the Privacy Team's work programme for Quarters 3 and 4.

5 Board Papers

5.1 High-Tech Imaging (HTI), Psychological Services, Clinical Psychiatric Services, Neuropsychological Assessment Services and Management of Rehabilitation Equipment Services (MRES)

Dr 9(2)(a) introduced the paper and noted that these contracts were not the focus of the HSS at this time, but nevertheless adjustments and extensions were required to ensure service continuity while ACC completed a full review to commission for outcomes. He took the Board through each of the three contract categories and explained the reason for their renewal. Dr Batten explained that she had the opportunity to discuss these contract renewals with Mr Tully and Dr 9(2)(a).

9(2)(j)

Dr 9(2)(a) explained that work had been completed to understanding the fairness of cost drivers, which were generally in alignment with increasing claims costs. The HSS workstream would not have advanced enough to progress with a full review. However, work on the HSS would start to impact positively on commissioning for outcomes with some of the providers under these contracts and would crossover individual pathways of care for clients. A separate paper on Integrated Services for Sensitive Claims was due to come to the Board later in 2021. Outcomes data required for this type of claim was particularly difficult to determine.

The Board confirmed that these contracts do not prevent ACC from negotiating a different pathway of care within the contract term.

The Board deferred its decision and asked for the paper to be revised to include the following information and circulated round robin to the Board for approval:

- The change in cost for each of the price increases that the Board would be approving.
- The ability and process for negotiating an outcomes-based framework within the contract term.

RESOLVED: The ACC Board resolved to **defer its approval** to circulating resolution, subject to receiving the further information requested from Management.

5.2 Inflationary Driven Price Increases 2021 – Contracted Services

Dr 9(2)(a) took the Board through the paper, noting that a large proportion of the increase related to already agreed costs including MECA and pay equity. There was a clear trajectory on remaining contracts which would come through to the Board in the normal cycle. Management had been actively working with providers on issues within their markets, including those related to COVID-19. All the increases were consistent with practice in the previous year, under an agreed cost index, or cost margins would mean increased costs would be passed on to claimants. Ms 9(2)(a) confirmed that the Legal team was integrated in the contract renewal process.

Dr Batten noted that she had discussed this paper with Management to ensure strategic alignment with the HSS work programme.

The Board discussed whether it would be appropriate to have the increase conditional on ACC receiving increased levies, concluding that this was not the right part of the system to drive incentives at this time as it would have an impact on claimants and rehabilitation. However, it would be useful to include the cost increases in the levy consultation narrative. The Board confirmed that these costs had already been factored into the OCL.

The Board noted that some of the cost increased would be known to providers as they were public, including MECA and elective surgery price increases. The contracts were being brought to the Board early to ensure the increases could be factored into ACC's budget.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the proposed price changes for the 55 services affected will be implemented at their respective contract variation dates, occurring between March 2021 and December 2021.
- (b) **Note** the proposed price increases will be held within the 2020-21 budget assumptions.
- (c) **Note** the combined 2021-22 forecast is \$3.54b across all of ACC's services (e.g. contracted, cost of treatment regulations and acute services). These 55 services make up \$1.98b/56% of that total.
- (d) **Note** that of the \$82.61m of maximum price increases proposed within this paper, \$34.95m relates to legislation (Pay Equity and Minimum Wage), and \$47.66m relates to recommendations are contractually within ACC's sole discretion.
- (e) **Note** The OCL for the services in this paper was projected to increase by \$1.35bn between June 2020 and June 2021. There are a range of possible impacts to the OCL from the three proposed change. At the lower end of the range the projected OCL increase is expected to reduce by \$270m. At the upper end of the range, we expect the OCL to further increase by \$410m. With the proposed changes the projected OCL increase for next year is expected to be in the range \$1.08bn to \$1.76bn.

- (f) The proposed changes are expected to result the following increases to the levies and appropriations:
- a. Earners' Account - between -\$0.11 and -\$0.02
 - b. Motor Vehicle Account – between -\$6 and \$5
 - c. Work Account – between -\$0.04 and \$0.00
 - d. Non-Earners' Account – between -\$60M and \$20M.
- (g) **Note** the risks associated with not approving the proposed increases within this paper include:
- a. Sector failure and issues with sustainability that will impact service delivery
 - b. significantly impacting ACC's ability to partner with the sector to deliver the Health Sector Strategy
 - c. increasing the risk of funding shortfalls being recuperated from clients via part charges.
 - d. Withholding price uplifts throughout the lifetime of a contract has historically lead to increased pressure on price during contract renewal and larger single year increases.
- (h) **Note** The price review for Cost of Treatment Regulations (CoTR) services is considered separately and is advised to the Minister for ACC. CoTR adjustments are not included in this proposal. Timeframes for COTR changes will be determined by the minister,

Elective surgery service:

- (i) **Note** that since its inception in 2018, ACC has used the Surgery Price Index as the indicator for price uplifts in the Elective Surgery Contract.
- (j) **Note** the adjustment for the elective surgery service is rationalised by the result of the Surgery Price Index for 2021 22. The overall cost impact is 3.86%. This equates to \$16.97M with annual spend of \$439.74M.
- (k) **Note** at June 2020 the OCL was projected to increase by \$220M over the year to June 2020. We expect the proposed increases will change this by -\$10M. The true impact could be higher if surgery mix also changes.
- (l) **Note** based on the range of impacts noted above, the associated levy and appropriation are expected to be
- a. Earners' Account - -\$0.08
 - b. Motor Vehicle Account – -\$1
 - c. Work Account – -\$0.03
 - d. Non-Earners' Account – -\$20M.
- (m) **Approve** the proposed price adjustment for the elective surgery service, with a cost impact of \$16.97M.

Eight services that include support workers:

- (n) **Note** the proposed adjustment for eight services that include support workers reflect a range of sources, including movements in pay equity, minimum wage, health sector MECA and inflation for 2021-22. The overall cost impact ranges between 4.70% to 7.37%. This equates to between \$27.56M and \$43.28M on the combined total annual spend of \$586.97M. The top end of the range represents allowance for a legislated pay equity adjustment, for which the final information from Statistics NZ will become available in September 2021. Increases will only be applied forwards from the date of review.
- (o) **Note** that inflation for overhead is limited to being applied for Integrated Home Care Support Services (IHCS) in line with 2020 (last years) approach due to low margins within this service evidenced by previous PWC reports. The other seven services are expected to find efficiencies in service delivery to off-set inflationary drivers of cost.
- (p) **Note** at June 2020 the OCL was projected to increase by \$730M over the year to June 2020. We expect the proposed changes in this paper will change this by between -\$260M and \$340M. The true impact will lie somewhere between the two scenarios outlined above but it is unlikely to be at either of the extremes of the range.
- (q) **Note** based on the range of impacts noted above, the associated levy and appropriation are expected to be
- Earners' Account - between -\$0.02 and \$0.04
 - Motor Vehicle Account – between \$5 and \$5
 - Work Account – between -\$0.01 and \$0.02
 - Non-Earners' Account – between -\$40M and \$25M.
- (r) **Approve** the proposed price adjustors for eight services that include support workers, with a cost impact of up to \$43 28M.

46 health sector services:

- (s) **Note** the increase across 46 services for MECA movements only, this approach is aligned with that approved in 2020 (last years' proposal). The overall cost impact ranges between 1.79% and 2.35%. This equates to between \$16.99M and \$22.36M overall on the combined annual spend of \$948.98M. The top end of the range represents allowance for an adjustment if sector negotiations that are currently in progress are completed and updated MECA are published in 2021.
- (t) **Note** that these services are also expected to find efficiencies in service delivery to off-set inflationary drivers of cost.
- (u) **Note** at June 2020 the OCL was projected to increase by \$400M over the year to June 2020. We expect the proposed changes in this paper will increase this by between \$0M and \$80M.

The true impact will lie somewhere between the two scenarios outlined above but it is unlikely to be at either of the extremes of the range.

- (v) **Note** based on the range of impacts noted above, the associated levy and appropriation are expected to be
 - a. Earners' Account - between -\$0.01 and \$0.03
 - b. Motor Vehicle Account – between \$0 and \$1
 - c. Work Account – between -\$0.00 and \$0.01
 - d. Non-Earners' Account – between -\$0M and \$15M.
- (w) **Approve** the proposed price adjustors for 46 Services, with a cost impact of up to \$22.36M.
- (x) **Note** the health sector MECAs and pay equity will be further updated during 2021-22 when information becomes available.

5.3 Emergency Ambulance Service – Upcoming Board Engagements

Dr 9(2)(a) introduced the paper noting that Management continued to focus on gaining stronger oversight of projects, engagement with NASO, and a more stable contracting framework 9(2)(j)

RESOLVED: The ACC Board resolved to:

- (a) **Note** that, in January 2021, Dame Paula Rebstock, Dr Batten, and Mr Miller approved advice out of cycle to support the Budget 2021 bid for St John and Wellington Free Ambulance. The Board Chair subsequently requested a short briefing for the February 2021 Board meeting that provides a timeline of work to implement the new four-year contracts for the road ambulance service.
- (b) **Note** the timelines provided in this paper for the road ambulance service and air ambulance service projects, including planned 2021 briefings to the ACC Board, comprising:
 - i. a June 2021 information paper for the air ambulance service project outlining the proposed funding options to replace aging helicopters that are approaching end of life 9(2)(j)
 - ii. 9(2)(f)(iv)
 - iii. a July or August 2021 information paper for the road ambulance service project with a high-level overview of the new service specification and new funding model, which may be merged with one of the above papers

v. 9(2)(f)(iv)

- (c) **Note** ACC Management is working closely with the National Ambulance Sector Office's road ambulance service project team to ensure that the likelihood of further delay is minimised, and ACC Management would advise the ACC Board if these risks are being realised as part of the planned engagements with the ACC Board.
- (d) **Note** that the 2009 *New Zealand Ambulance Service Strategy* expired in 2020, and that ACC Management and the Ministry of Health are working on an interim bridging framework to provide continuity for the next three years, which allows time to develop a new strategy. The bridging framework will be approved by the Chief Clinical Officer as ACC's senior responsible officer.

5.4 Levy-related proposals

Mr Raubal introduced the paper, noting that the recommendation that the Board agree that ACC discuss the levy-related proposals with the Minister, who had ultimate responsibility for the consultation. He took the Board through the recommendations on experience rating and AEP.

The Board discussed the changes to experience rating, noting that the priority of the previous Minister had been to strengthen the consequences of poor health and safety performance. Mr Raubal explained the proposed changes. The Board agreed that it was the correct approach, but asked Mr Raubal to review the language of to ensure it reflected ACC's intentions for risk mitigation.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that while the focus of the 2021 levy setting round will be confirming levy rates, there is an opportunity for the Minister for ACC to consider a wider range of levy-related proposals.
- (b) **Note** that, in March 2021, ACC will discuss with the Minister her preferred approach to the following items that are necessary to support the 2021 levy setting round:
- i. Changes to specific Classification Units
 - ii. Confirm the appropriate rate for the Motorcycle Safety levy (informed by the review of the Motorcycle Safety Advisory Council)
 - iii. Continuation of the Experience Rating System
- (c) **Agree** Management to inform the Minister that we are progressing work on the following levy-related proposals, which she may consider for consultation in the 2021 levy setting round:

- i. Changing the rate of credit interest
 - ii. Changing the way that administration fees are charged on instalment arrangements
 - iii. Experience Rating changes to strengthen the consequences of poor performance
 - iv. Recognising abated weekly compensation in Experience Rating
- (d) **Note** that the Accredited Employers Programme (AEP) changes may be consulted on at any time and do not have to be included as part of a levy setting round.
- (e) **Agree** Management to work with MBIE to progress AEP Framework change outside of the 2021 levy setting round.
- (f) **Note** there will be further 'go/no go' assessments on these proposals for the Board and Minister to confirm the priority and validity of each proposal as part of finalising the 2021 consultation package.

5.5 Statement of Intent (SOI)

Mr Healy introduced the paper, explaining that Management proposed a minor update of the SOI in early 2021, with a fuller refresh to commence in May/June 2021 to allow the Board and the organisation the time to give the due effort required. ACC would utilise s148 of the Crown Entities Act to provide a new SOI within the three-year period.

The Board queried whether any views had yet been sought from the Treasury, the Ministry of Business, Innovation and Employment or the Minister's office. Mr Healy noted that it had been briefly discussed with Treasury, which did not have any objections, but that he would check with the other two parties and revert to the Board Chair.

The Board agreed that it was a sensible approach, and discussed:

- Its concern that the number of priorities is increasing, which may proliferate rather than target KPIs and focus areas. Mr Healy would check the overall number of priorities.
- The investment performance benchmark priority and asked to remove the word 'future' as this had an impact on current levy payers, not just future levy payers.
- The new injury prevention investments priority, which appeared to exclude any other injury prevention activity. The Board also queried how the outcome of this priority was going to be measured.
- Including strong financial sustainability within other priorities.

RESOLVED: The ACC Board resolved to:

- (a) **Agree** the plan for a refresh to the current strategic framework for the SOI 2021-2025, and plan for a more significant update for 2022-2026.
- (b) **Note** the suggested changes to the current Strategic Framework proposed for inclusion in the Statement of Intent 2021-2025.
- (c) **Provide** feedback to management on the suggested changes to the current Strategic Framework.

5.6 Budget (BEFU2021)

Mr Healy introduced the paper, noting that the review of the budget would be presented to the Board the following month, and that this was an opportunity for the Board to provide early feedback on the areas of focus. The economic assumptions underlying the budget relied on HYEFU assumptions, and the March paper would likely reflect a more positive economic outlook.

Mr Healy referred to the Cost Review paper presented to the Board in May 2020, explaining that he would do a comparison between this paper and the budget. He was trying to access more information benchmarks – Southern Cross' 2019 financial statements showed that over a three year period, operating costs increased 8% per year (while ACC's was around 5%) and claims costs increased 9% per year even though there was a volume decrease.

Mr Healy noted two areas of concern:

- Public Health Acute System payment – this was a large payment of around \$600m per year. Initial indications from the Ministry of Health showed a potential 8.5% increase to this cost. Management had gone back to the Ministry to seek clarification on the rationale and supporting figures.
- The \$14m charge paid to the Inland Revenue to calculate the Earners Levy portion. There has been pushback when Management has sought rationale for this payment.

The Board noted that it was not prepared to contemplate these price increases without supporting evidence

It was useful for the Board to see the components of the 8.8% increase in claims costs, and asked Mr Healy to include budget numbers from previous years given how unreliable the 2020/21 budget assumptions were due to COVID-19.

RESOLVED: The ACC Board resolved to **note** the key focus areas and assumptions applied in the draft Budget 2021/22.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

Ms Champness introduced the report, explaining that overall the medical treatment injury frequency rate was tracking below target. The trend of less stress incidents in January had continued through February, likely from people have a holiday over the Christmas period.

The Board complimented Management on the Mental Wellbeing Series for people leaders. Ms 9(2)(a) noted that 164 leaders joined for the first session.

The Board discussed the five third party incidents reported online, noting ACC's PCBU responsibilities. Ms 9(2)(a) explained that ACC was focussed on incidents categorised as a process failure as ACC had a health and safety duty in relation to these incidents, for example if information was not shared with the provider in the right way. ACC also shared learnings of incidents through provider newsletters and received assurance through the procurement process that any contractor had the right health and safety policies and practices in place.

The Board queried how bullying allegations were escalated. Ms Champness explained that staff had good access to mechanisms to report such situations. All conduct issues were tracked through the Employee Relations team and any high risk or concerning situations would be reported to the Board. ACC generally had a very low rate of bullying.

The Board clarified that the team that worked over the Christmas period had received extra wellbeing support. The workforce had been supplemented with students on summer holidays and was a support to ACC's full-time staff taking leave. There were ongoing discussions about staffing levels to ensure workload does not prevent staff from taking leave.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in January 2021.
- (c) **Note** the health, safety and wellbeing performance indicators.

6.2(a) Legal Report

9(2)(h)



9(2)(h)

6.2(b) Policy Update

Ms Powell introduced the update, noting that some items had developed further since the paper had been loaded for the Board.

9(2)(f)(iv)

Ms Powell continued that the timing for the Health and Disability System Review was still unclear and the scope of the Review recommendations were relatively broad. As a result, Management was seeking a delegation of Board Members who could be available for fast turnaround decisions and the Board delegated to the Board Chair, the Deputy Chair and Dr Batten. The Chair reiterated the expectation that all matters come to the full Board if time allowed and that any delegations of this nature only be used in exceptional circumstances.

9(2)(f)(iv)

9(2)(f)(iv)

Health and Disability System Review

- (c) **Note** that decisions on individual recommendations in the final report of the Health and Disability System Review are expected by March 2021.
- (d) **Note** that the indicative timeline for reforms indicates development of an implementation plan by June 2021, and structural changes beginning in mid-2022.
- (e) **Delegate authority** to the Board Chair, the Deputy Chair and Dr Batten for any necessary quick turnaround decisions on the Health and Disability System Review, up to 30 June 2021.

9(2)(f)(iv)

7 Board Administration

7.1 Minutes of Meeting held on 28 January 2021

APPROVED: the ACC Board approved the minutes of the meeting held on 28 January 2021.

7.2 Schedule of Matters Arising

The Board **noted** the Schedule of Matters Arising.

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Note** that there were no decisions made out of cycle during the period of 22 January 2021 to 18 February 2021.

(b) **Note** there were no papers held over from previous meetings.

7.4 Annual Work Programme

The Board asked that Quarterly Performance Reviews be added to the Annual work Programme.

RESOLVED: The ACC Board resolved to **note** the annual work programme.

8 General Business

The Board Chair noted that it was Ms Mazzoleni's last meeting as an ACC Board Member, but that she would continue as Chair of the Risk Assurance and Audit Committee while the new Committee Chair was inducted. The Board thanked Ms Mazzoleni for her service to ACC, and in particular for her focus on ensuring agreed targets and benefits were tracked throughout the transformation programme.

Closure: The meeting closed at 3 pm.

Approved

Chair

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT