

Minutes of a meeting of the Board of the Accident Compensation Corporation held at the ACC Boardroom, Level 7, Justice Centre, 19 Aitken Street, Wellington, on Thursday, 29 April 2021 at 9.00 am.

Present

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

In attendance

Mr Pat Duignan	Member, Board Investment Committee	Item 2.2
Mr Scott Pickering	Chief Executive	Items 3.1 – 6.3
Mr Mike Tully	Chief Operating Officer	Items 3.1 onwards
Ms Sharon Champness	Chief Talent Officer	Items 4.3 – 7.1
Mr John Healy	Chief Financial Officer	Items 4.3 – 6.3
Ms Vanessa Oakley	Chief General Counsel	Item 2.2, items 4.3 onwards
Mr Peter Fletcher*	Chief Technology & Transformation Officer	Items 4.3 – 6.3
Ms Emma Powell	Chief Customer Officer	Items 4.3 – 7.3
Mr Herwig Raubal	Chief Risk and Actuarial Officer	Items 4.3 – 6.3
Ms Michelle Murray	Tumu Pae Ora	Items 4.3 – 6.3
Ms Gabrielle O'Connor	Head of Client Recovery	Item 4.3
9(2)(a)	Enterprise Advisor, Operations	Item 4.3
	Treasury	Item 5
	Safety Partner – Talent	Item 6.3
	Manager, Partnered Recovery	Item 6.3
	Head of Health, Safety and Wellbeing	Items 6.3 & 7.1
	Senior Solicitor, Corporate	Item 7.2
	Senior Solicitor, Litigation	Item 7.2
	Head of Strategy Policy and Research	Items 7.1 – 7.3

Acting Manager Corporate Secretariat

Items 1 – 2.2 and 4.3
onwards

Associate Company Secretary

Items 1 – 2.2 and 4.3
onwards

*joined via videoconference

The Board Chair opened the meeting. She thanked Dr Nott, the Board and Management for the whakatautu to welcome Dr Nott to her first in-person ACC Board meeting.

1 Procedural Business

1.1 Apologies

There were no apologies for this meeting.

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

RESOLVED: The ACC Board resolved to **agree** that the Investments Incentive Arrangement would be referred to the Board Investments Committee's May meeting.

2.2 Board Investment Committee Delegations

Messrs Miller and Duignan provided a brief background to the changes proposed to the Board. The simplification of the Investment Guidelines and revision of the delegations had been completed following the recommendations from the Investments Governance Review and had been implemented into the draft Terms of Reference. Mr Bowler noted that the proposals cascaded from the governing legislation. Mr Miller noted that Mr Dyer had confirmed that the proposed delegations could be operationalised. The Board discussed:

- The frequency of reviewing the Investment Delegations. Incremental changes to the delegations would be marked up and come to the Investment Committee for approval but given the amount of work involved, the full delegations framework may not be reviewed again in the short-term.

- Matters which the Investment Committee does not delegate to Management such as the Private Markets Committee (PMC) Terms of Reference. Mr Duignan explained the history behind the PMC and that this is no longer delegated in the documentation.

The Board asked Ms Oakley if she wished to comment and she responded briefly in line with her written advice.

The Board requested and **resolved** that the Ethical Investment Policy be a Board approved policy.

Mr Miller thanked Messrs Duignan and Bowler, and Ms Oakley for their work on this matter.

ACTION: Chief General Counsel to review all other Committees' Terms of Reference to ensure they are fit for purpose.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the revised terms of reference (**ToR**) and delegations from the Board to the Board Investment Committee (**BIC**) (together called "**BIC Delegations**") as presented in **Appendix A** to this paper.
- (b) **Note** the Explanatory Advice from Pat Bowler, Board member at **Appendix B**.
- (c) **Note** the advice from Pat Duignan, consultant, at **Appendix C**.
- (d) **Note** the legal advice from the Chief General Counsel at **Appendix D**.
- (e) **Note** the advice from the Chief Investment Officer that the proposals can be operationalised.

3 Board Only Session

3.1 Chief Executive's Report

- Social Insurance and next steps with Board engagement
- Board strategy day - input and timetable for discussions
- Rehabilitation focus update
- One Front Door initiative update
- Client Payments milestone - retirement of legacy Pathway system
- Provider analytics discussion
- ICIP Cabinet Paper update

4 Operational Reporting

4.3 Quarterly Performance Report & March Additional Information

The Board took the paper as read and noted that the Short-Term Rehabilitation update had already been discussed with the Chief Executive. The Board raised a range of questions on rehabilitation targets and costs per claim information in the papers. The discussion focused on:

- Confirming that the focus on rehabilitation was sustainable to ensure there were no perverse incentives which could impact outcomes for clients. Ms O'Connor explained that Management was not deviating from the Next Generation Case Management (NGCM) model ACC had invested in and that the Corporation's focus on rehabilitation was sustainable. NGCM shifted frontline focus to getting the best outcome for the client – staff did not see or report on rehabilitation rates. The data showed exits from the Scheme in line with expected claim outcomes.
- Front-line performance and recruitment. A quarterly recruitment process had been instituted with half of each tranche appointed in anticipation of attrition. It was still early days, but Management had already started seeing benefits from this process as new employees were entering the workforce with some level of experience and staff felt better supported.
- Engagement with employers to get employees back to work after an injury, which occurred throughout the employee's rehabilitation progress. In response to questions on whether there was more that could be done with employers to get injured people back to work, Management advised they were actively developing further education for employers about return to work options.

Mr Healy provided a brief update on key matters and reminded the Board that approval was required for release to the Minister. He noted that the nine-month rehabilitation rate for the full year was rated as amber and would be amended to green for the report to the Minister.

RESOLVED: The ACC Board resolved to:

- (a) **Approve**, subject to any final changes, the presentation of the third quarterly report 2020/21 to the Minister by 30 April 2021.
- (b) **Approve** the publication of the third quarterly report 2020/21 on ACC's external website following acceptance of the report by the Minister for ACC.
- (c) **Note** the additional information for March 2021.

5 Discussion with Treasury

The Board and Management met with Treasury Officials for a working lunch and discussed leadership continuity; the Health and Disability System Review; and ACC's accountability documents (including general discussion on strategy, execution and target setting in complexity and uncertainty).

ACTION: Chief Financial Officer to bring back to the Board a work programme on the 2022-2025 Statement of Intent, including engagement with Treasury.

6 Board Papers

6.1 Accountability Documents 2021

Mr Healy introduced the paper, thanking the Board for their feedback on the draft Statement of Intent (SOI). The Board's discussion noted:

- While there were no significant changes to the metrics in the Service Agreement ACC could commit to developing and exploring new measures. These would not be included in the proposed Agreement without due diligence to test the data.
- The revised rehabilitation target proposals contained in the Service Agreement. These had an impact on ICIP benefits which created some challenges. The Board requested these targets not be included in the draft Agreement to be provided to the Minister, noting they were subject to further Board review and discussion.
- The impact of COVID uncertainty and embedding of transformation across ACC still had an impact on 'what good looked like' for setting performance targets. It was important to set targets which ACC could genuinely deliver.
- Return on investment for injury prevention metrics would be described as having work underway to reassess. The accountability documents would refer to ACC's commitment to recognise areas where it could investigate other measurements for longer term strategic injury prevention.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the submission of the draft SOI 2021-2025 to the Minister for ACC in draft form for review.
- (b) **Approve** the submission of the draft Service Agreement 2022-2025 (excluding rehabilitation targets) to the Minister for ACC in draft form for review, noting that some aspects of the document are still subject to Board review.
- (c) **Approve** the approach proposed for communication of rehabilitation targets.

- (d) **Note** the key changes to forecast 2020/21 financial result since February 2021.
- (e) **Note** that the Board Chair, Ms Takiari-Brame, Dr Nott and Dr Batten would be involved in any further reviews of the accountability documents ahead of the May Board meeting.

6.2 Budget Delegations Amendments

The paper was taken as read and the Board Chair confirmed that there were no further questions from the Board.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the proposal for the ACC Board to consider the re-forecast of the current financial year financial performance for approval twice each year in reference to the original Budget.
- (b) **Note** the Board will still be required to approve any actual overspend as part of year-end processes.
- (c) **Approve** the amendments to the Corporate Delegations Schedules to reflect the two formal re-forecasts per year.

6.3 Deep Dive – Security at ACC Offices

Ms Champness introduced the paper, noting that it focussed on one of ACC's critical risks. The Board's discussion focussed on:

- The Remote Claims Unit.
- Whether there were any other sophisticated technology solutions that could be used, for example data sharing with the Police. ACC had a good relationship with the NZ Police who were very responsive to ACC call outs. ACC also had the ability to get information from the Police as part of assessing whether a care indicator was required for a client.
- The safety culture in ACC's branches. When new staff joined, time and effort was spent on ensuring those staff understood why the processes were in place. There was ongoing training and trials for response teams in each office for all staff, and learnings were captured via debriefs.
- Collaboration across government on high-risk clients. ACC had asked that this continue to be a high priority for discussion on the Government Health & Safety Lead agenda. This was done well when ACC had a direct referral link to another agency through a client but was difficult where this was not the case.
- The protocol for lockdowns of locations following a threat. Shared premises all had arrangements in place, but it would depend on the relationship with other agencies if the threat was not in a shared office space.

- The safety of other members of the public who might be in the same space as a threatening client. If it was safe the other public could evacuate into the office space with staff, or through the front door which would be able to open but not close.
- The review against adherence to the Protective Security Requirements (PSRs). ACC had previously maintained adherence to these on a voluntary basis but as this was now mandatory, a review was expected in the next two years. Changing technology and the physical layout of offices continued to be the main priorities for Management.
- The union view of security at ACC's offices. The Public Service Association worked across the public sector and saw ACC as doing the best in the sector. PSA representatives sat on ACC's organisational Health and Safety Committees and took part in annual reviews.
- The protections in place for staff who were publicly named in anti-ACC online forums. These were monitored on an ongoing basis, and if any criminal action took place ACC would prosecute. ACC provided support to these staff, and in one case provided a personal alarm for protection. ACC also worked with staff to remove their addresses online, such as on the electoral roll.

The Board thanked Management for the paper. The Chair advised all persons present that they should not hesitate to contact the Board direct and quickly if issues arose or the risk environment changed.

RESOLVED: The ACC Board resolved to note the Office Security Deep Dive presentation.

7 Performance Reports

7.1 Health, Safety and Wellbeing Report

Ms Champness introduced the Report, explaining that the control effectiveness indicator in relation to organisational threat incidents showed that all had been managed in line with process and that the controls had worked in each situation.

The Governance and Remuneration Committee held the previous day had received a paper on the management of stress incidents.

The Board discussed the benchmarking of the lost time injury frequency rate, which showed that ACC was higher than the comparative sector although the days lost were lower. Ms Vautier explained that this was made up of low severity injuries which only required one or two days off work, and that Management was managing lost time injuries closely.

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 2021.
- (c) **Note** the health, safety and wellbeing performance indicators.

7.2 Litigation Report

Ms Oakley informed the Board that at the next meeting she intended to change the monthly report to one on all material litigation and then regular updating. There was no objection.

RESOLVED: The ACC Board resolved to **note** the Litigation report

9(2)(h)



7.3 Monthly Policy Update

Ms Powell introduced the paper, explaining that ACC continued to work closely with MBIE and other agencies on issues which could result in scheme expansion, including on some individual cases which had been in the media. There was a robust and systematic process which had been followed for clinical expertise to support policy decisions, which also involved external expertise.

Ms Champness also provided an update on the remuneration bargaining approach and progress with the Public Service Association which had been discussed at the Governance and Remuneration Committee the previous day. Bargaining with the PSA had progressed for employees in lower bands and the approach was endorsed by Te Kawa Maataaho – Public Service Commission. Discussions were still ongoing for the remuneration approach for employees in higher pay bands, and the Committee had discussed the retention risk associated with this and asked for ongoing monitoring of retention and recruitment impacts.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that the Minister has asked officials for advice on:

- i. Financial support for dependants of deceased claimants
 - ii. Birthing injuries.
- (b) **Note** that MBIE briefed the Minister for ACC on the rationale for compensation settings regarding dependants of a deceased claimant, in response to recent media attention about the victims of the 15 March 2019 Christchurch mosque attacks.
- (c) **Note** the Minister has requested further advice about the opportunities and implications around changing settings, to provide compensation to dependants in a broader range of family structures and circumstances.
- (d) **Note** the Minister has also recently requested advice on whether the AC Act should be amended to extend cover to women who suffer severe perineal tears, in response to media reports about changes to ACC's decision-making process for these claims as treatment injury.
- (e) **Note** that providing advice on financial support for dependants of deceased claimants and birthing injuries will be an MBIE-led process, but Management expects to work collaboratively and jointly with MBIE on the advice.

8 Board Administration

8.1 Minutes of Meeting held on 25 March 2021

APPROVED: the ACC Board approved the minutes of the meeting held on 25 March 2021.

8.2 Schedule of Matters Arising

Ms Oakley explained that matter BRD.21.02.1.3 could now be closed, as there did not appear to be any current risks for potential deemed directors. She advised this would however need to be an ongoing consideration for relevant staff in the future. The Board agreed to close the matter but asked Ms Oakley check on the status of an Investment team staff member acting as an observer at Kiwibank Board meetings.

The Board requested that BRD.19.10.4.1 remain open, that it was not dealt with by the weekly report and should be dealt with as an item at the next meeting.

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

8.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Confirm** that there was one matter decided out of cycle during the period of 19 March 2021 to 22 April 2021 regarding the ACC Budget and Forecast for the financial years 2021/22 to 2024/25.
- (b) **Note** there were no papers held over from previous meetings.

8.4 Annual Work Programme

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

9 General Business

There were no items of General Business.

Closure: The meeting closed at 4 pm.

Approved

Chair

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT