



AGE years

100  
90  
80  
70  
60  
50  
40  
30  
20  
10  
0



AGE years

100  
90  
80  
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0

**ACCIDENT COMPENSATION CORPORATION ANNUAL REPORT 2005**

Constantly changing, changing constantly

This document is a **journey** through the  
**changes** that have happened over the past 12 months,  
and we project happening in the **future.**

The **environment** is changing, but what will  
always remain constant are the **principles** we apply.

The following pages **highlight** examples of how we are  
**adapting** to the constantly changing dynamics of our population.



AGE years

AGE years

100

100

90

90

80

80

70

70

60

60

50

50

40

40

30

30

20

20

10

10

0

0

1.0

0.5

%

0.5

1.0

NEW ZEALAND'S POPULATION PROJECTED 2051



1

BY 2051 ONE OUT OF EVERY FOUR NEW ZEALANDERS WILL BE OVER 65

4

As part of ACC's injury prevention programme, we have been actively introducing tai chi classes to people aged over 65.

Tai chi increases strength, balance and agility and reduces the risk of falls in older adults.

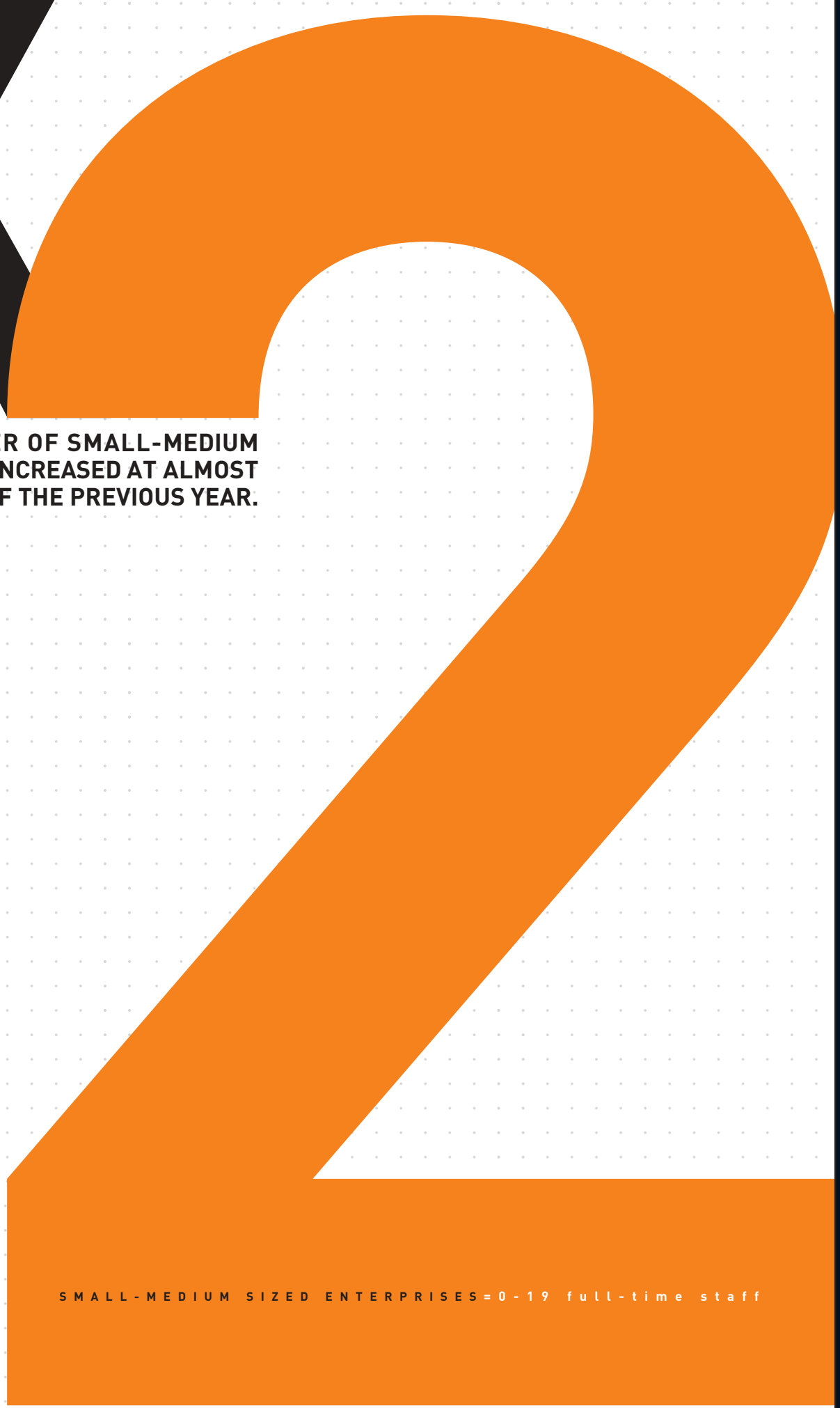
健康舒心  
精力循環



nearly  
**ONE** in  
New **FIVE**  
Zealanders  
will suffer  
an  
**alcohol**  
**use**  
**disorder**

The ACC **DRUG AND ALCOHOL  
CASE MANAGEMENT** tool  
provides a set of early interventions  
to manage claimants whose  
rehabilitation from injury is affected  
by drug and alcohol misuse.



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**IN 2003 THE NUMBER OF SMALL-MEDIUM  
SIZED ENTERPRISES INCREASED AT ALMOST  
DOUBLE THE RATE OF THE PREVIOUS YEAR.**

SMALL-MEDIUM SIZED ENTERPRISES = 0-19 full-time staff



*ThinkSmall, our customer champion programme, encourages staff to think more about the needs of small businesses and self-employed customers by putting themselves in the customer's shoes.*





*PACIFIC SHARE  
OF THE POPULATION  
WILL INCREASE TO  
BY 2021*

*9%*



**ACC HAS A POLICY OF ACTIVELY RECRUITING STAFF TO  
MIRROR NEW ZEALAND'S CULTURAL MIX. STAFF FEEL  
CONFIDENT THEY ARE RESPONDING PROACTIVELY AND  
SENSITIVELY TO CLAIMANTS' NEEDS.**



U N I V E R S I T Y

W A S H I N G T O N

S T A T E

C O L L E G E

O F

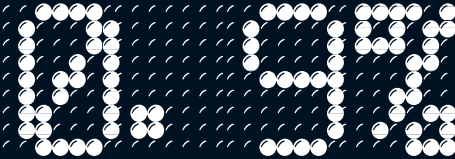
A R T S

A N D

S O C I A L S C I E N C E S

1 9 0 0

**ACC CONSISTENTLY EXCEEDS  
INDUSTRY BENCHMARKS  
AND HAS AVERAGED**



**THE BETTER OUR INCOME,  
THE MORE WE CAN KEEP  
LEVIES LOW.**



ACC is a Crown entity, set up by the New Zealand Government to provide comprehensive, 24-hour, no-fault personal accident cover for all New Zealand residents. Its performance is overseen by a Board of Directors appointed by the Minister for ACC.

<p><b>EMPLOYERS' ACCOUNT</b></p> <p>Covers work-related injuries. Funded from levies paid by employers.</p> <p>Net levy income: \$475.1 million</p> <p>Claims liability: \$894 million</p>	<p><b>NON-EARNERS' ACCOUNT</b></p> <p>Covers all personal injuries to people not in the paid workforce: students, beneficiaries, older people and children. Government funded.</p> <p>Net levy income: \$535.3 million</p> <p>Claims liability: \$1,866 million</p>
<p><b>SELF-EMPLOYED WORK ACCOUNT</b></p> <p>Covers all personal work-related injury to self-employed. Funded by their earnings-related levies.</p> <p>Net levy income: \$93.8 million</p> <p>Claims liability: \$245 million</p>	<p><b>RESIDUAL CLAIMS ACCOUNT</b></p> <p>Covers the continuing cost of work-related injuries from before 1 July 1999 and non-work injuries suffered by earners prior to 1 July 1992. Funded from levies paid by employers and self-employed.</p> <p>Net levy income: \$200.9 million</p> <p>Claims liability: \$2,544 million</p>
<p><b>EARNERS' ACCOUNT</b></p> <p>Covers non-work injuries (including at home, and during sport and recreation) to earners and to self-employed. Funded from earners' levies (paid through PAYE), plus self-employed levies based on earnings.</p> <p>Net levy income: \$759.3 million</p> <p>Claims liability: \$1,954 million</p>	<p><b>MOTOR VEHICLE ACCOUNT</b></p> <p>Covers all personal injuries involving motor vehicles on public roads. Funded from petrol excise duty (an average of \$71 per vehicle) and a levy collected with the motor vehicle relicensing fee (\$141.10 for a private car).</p> <p>Net levy income: \$583 million</p> <p>Claims liability: \$3,237 million</p>
<p><b>MEDICAL MISADVENTURE ACCOUNT</b></p> <p>Covers injuries from error by health professionals or from unexpected outcomes of medical or surgical procedures properly carried out. Funded from Earners' and Non-Earners' Accounts.</p> <p>Net levy income: \$87.4 million</p> <p>Claims liability: \$644 million</p>	<p><b>ACC TOTAL</b></p> <p><b>NET LEVY INCOME:</b> \$2,734.8 million</p> <p><b>TOTAL CLAIMS LIABILITY:</b> \$11,384 million</p>

In 2004-05, 2,300 staff supported, processed and managed:

- 1.6 million claims generated by New Zealanders; in
- 48 operational units located nationwide.

ACC staff:

- sent 17,000 letters every day to claimants, levy payers and health providers
- answered over 20,000 telephone calls every day.

ACC also paid for more than:

- 2.3 million general practitioner (GP) visits
- 2.6 million physiotherapist visits
- 2.4 million visits to other treatment providers
- 250,000 rehabilitation services.

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## OPERATIONAL AND FINANCIAL HIGHLIGHTS

We increased injury prevention expenditure to nearly \$40 million, with activities in 23 ACC ThinkSafe communities across New Zealand.

We identified four Safer Rohe (regions) to focus Māori community injury prevention activities where most needed.

We launched phase three of the Slips, Trips and Falls Campaign.

Tens of thousands of New Zealanders attended our workplace and sports safety courses.

Provider satisfaction levels have risen substantially – general practitioners' (GPs') satisfaction rates increased by 13%.

Treatment and rehabilitation expenditure increased by 15% to \$1,142 million.

More than 59% of claims are being lodged electronically. This saves time and money while enabling an earlier response to claimants' needs.

Our Return to Work initiative was launched to support a faster return to work for injured employees.

We increased expenditure on researching and evaluating initiatives.

The number of long-term claimants (those who have received weekly compensation for more than 12 months) reduced by 669 to 13,221, and satisfaction levels rose for this group.

### STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

	ACTUAL 2005 \$000	BUDGET 2005 \$000	ACTUAL 2004 \$000
<b>Revenue</b>			
Levy income	2,734,898	2,681,202	2,654,460
<b>Expenditure</b>			
Rehabilitation expenditure	1,153,144	1,129,152	997,505
Compensation expenditure	783,612	822,923	800,369
Other operating costs	337,284	354,586	302,272
<b>Total expenditure</b>	<b>2,274,040</b>	<b>2,306,661</b>	<b>2,100,146</b>
Operating surplus	460,858	374,541	554,314
Adjustment to claims liability	(2,036,887)	(598,412)	(169,903)
<b>Surplus/(deficit) from underwriting activities</b>	<b>(1,576,029)</b>	<b>(223,871)</b>	<b>384,411</b>
Net investment income	776,760	319,514	489,425
Other income	4,915	5,493	2,012
<b>Surplus/(deficit) before tax</b>	<b>(794,354)</b>	<b>101,136</b>	<b>875,848</b>

### REVENUE

Net levy income has increased by 3% over last year. This is mainly due to more New Zealanders being in work and earning more. The funds invested achieved a 13.4% return for the reserves portfolio and 6.8% for the cash portfolio.

These returns are ahead of the budgeted return of 5.64%.



Overall claimant satisfaction was maintained at 80%, and was higher still for both Māori and Pacific peoples.

We initiated closer links with Asian communities.

We introduced a 'New to ACC' information pack for new levy payers.

We set average workers' compensation levies at \$0.88 per \$100 in wages, despite rising inflation and other external financial pressures.

Our ThinkSmall campaign helped lift satisfaction levels among small employer and self-employed levy payers.

We received a Silver level Achievement Award at the prestigious New Zealand Business Excellence Awards. The Silver level has only ever been achieved by six other New Zealand businesses.

Staff satisfaction continued to increase to record highs, now at 74%.

We launched ACCelerate, a new online learning management system to improve staff training.

We maintained our strong investment performance, with returns again well ahead of industry benchmarks, and with an investment income of \$786 million, \$454 million in excess of budget.

STATEMENT OF FINANCIAL POSITION		AS AT 30 JUNE 2005		
	ACTUAL 2005 \$000	BUDGET 2005 \$000	ACTUAL 2004 \$000	
Total reserves	(4,167,252)	(3,274,179)	(3,375,041)	
Represented by:				
<b>Assets</b>				
Investments	8,123,010	6,207,834	6,175,958	
Other assets	1,311,578	807,344	1,051,986	
<b>Total assets</b>	9,434,588	7,015,178	7,227,944	
<b>Less liabilities</b>				
Claims liability	11,384,357	9,945,604	9,347,192	
Other payables	2,217,483	343,753	1,255,793	
<b>Total liabilities</b>	13,601,840	10,289,357	10,602,985	
<b>Net liabilities</b>	(4,167,252)	(3,274,179)	(3,375,041)	

## EXPENDITURE

Total claim costs have increased by 7.7% over last year due to an increase in treatment cost rates per claim driven by inflationary pressures and improvements in contracted services and demand for rehabilitation services reflecting early intervention programmes.

The increase in the claims liability is largely due to changing economic factors including a lower interest rate. Higher treatment and rehabilitation costs due to increased utilisation of benefits and increases in costs per claim and a higher provision for claims handling expenses following a review of these costs also had an unfavourable impact on the claims liability.



I wish to express my thanks for the continuing contribution of ACC staff, management and the Board to the delivery of the Government's policy objectives for injury prevention, rehabilitation, and compensation over the past year.

RUTH DYSON > MINISTER FOR ACC

A handwritten signature in black ink, appearing to read 'Ruth Dyson'.

ACC is charged, through the Injury Prevention, Rehabilitation, and Compensation Act 2001, to minimise the overall incidence and impact of injury in New Zealand through:

- establishing injury prevention as a primary function of the Corporation
- ensuring that where injuries occur, the primary focus is on rehabilitation, with the goal of rehabilitating to restore the claimant's health, independence and participation to the maximum extent practicable
- meeting the reasonable expectation of claimants (highest practicable standard of service and fairness).

An important focus for ACC this year has been identifying and addressing barriers to access and entitlements, particularly for groups including Māori, Pacific peoples, Asian peoples and older and disabled persons. Injury prevention and rehabilitation programmes continue to target high-risk activities and at-risk groups, with a specific focus on assisting claimants to return to work.

I welcome the Injury Prevention, Rehabilitation, and Compensation Amendment Act (No 2), which took effect on 1 July 2005. It makes the ACC scheme simpler and fairer. The most important amendment means that people injured during treatment are now entitled to help from ACC without the need to prove that the practitioner was at fault, or that the medical injury is rare or severe.

ACC is also a lead agency in the co-ordination and implementation of the New Zealand Injury Prevention Strategy, which outlines a whole-of-Government approach and priority areas for preventing injuries in New Zealand. As well as focusing on its own priority

areas – drownings and fall injuries – ACC plays an increasingly invaluable role in supporting the lead agencies for the Strategy's national priority areas of workplace injuries, motor vehicle traffic crashes, suicide and deliberate self-harm, and assault.

It is pleasing to see ACC's inter-agency activities increasing and consolidating through the year, including important work with the Ministry of Health, Department of Labour, local government, community organisations, health professional bodies and other agencies. Partnerships with employer representatives and unions have been strengthened to promote joint participation in injury prevention and health protection initiatives. Work has begun to develop appropriate injury prevention strategies for work-related gradual process, disease or infection.

These and similar partnerships are vital to the future health and well-being of all New Zealanders. By working with and supporting government and non-government agencies, to increase communication and co-ordination and reduce duplication and gaps, ACC can make the best use of its resources to improve the injury prevention and rehabilitation outcomes it is seeking to achieve.

In closing, I am pleased to note continued improvement in the level of claimant satisfaction with the service provided by ACC. This is an excellent base to work from. It is now up to all staff to ensure they provide ACC services in a way that even better meets the needs of various groups, particularly long-term claimants, so that the incidence of injury is reduced for all New Zealanders, and where injuries occur, people can gain the maximum independence practicable.

Our 31st year has been a good one for the Corporation. The general ‘stocktake’ of our 30-year celebrations reminded us of what we had all achieved, and made our pathway forward that much clearer.



DAVID COLLINS › CHAIR



This year again saw a record investment by ACC in injury prevention. Nearly \$40 million was spent throughout the country – to such good effect we have increased this to \$46 million in the coming year. A number of our groundbreaking initiatives are attracting international interest, particularly in sports and in falls prevention for the elderly.

This year we processed record levels of claims – more than 1.6 million, or 6,400 every working day – a result of offering more care and targeting under-represented groups to ensure they are aware of the ACC services to which they are entitled. Despite increased numbers, we increased our efficiency in rehabilitation assessment turnaround, and the levels of care provided, to return the injured person to independence as quickly as practical. Compensation payment timeliness was also improved.

It has been an important ‘partnership’ year, too, as we actively sought to establish and engage with other government agencies and claimant, medical provider, caregiver, employer, employee and community groups, to improve services and maximise resources. Our success can, in some part, be measured in continuing record levels of claimant, levy payer and provider satisfaction.

Our investments continue to be managed exceptionally well, with a 13.4% return of \$786 million, and clearing most other investment fund benchmarks by nearly 1%. As our investment fund gets larger, the highest level of fund management becomes increasingly important. Good returns are our major buffer against a decline in long-term interest rates.

Most New Zealanders welcome lower interest rates, which help stimulate business and free up household income. But for ACC, lower interest rates mean less future income from investments. This year the fall in long-term interest rates was the dominant factor in increasing our liability by \$2 billion.

There are other factors too. With technological medical advances comes an ability to provide and an expectation of better care – and we wouldn’t have this any other way. But with the global shortage of healthcare expertise at all levels, keeping and attracting good people to look after injured New Zealanders is costing more.

Despite the growing financial pressures throughout the year, we kept levies stable for our major levy payers. And for the coming year, as always, raising levies will be our last resort. We will continue to reduce our costs as much as we can through increased efficiencies and streamlining of services, without compromising the highest level of service and care for our claimants.

For the year’s excellent results, I can only thank the efforts of all ACC staff, starting with our frontliners, who spend every day seeing to the very real needs of their fellow New Zealanders, through to senior management and my fellow Board members and the previous Chair, David Caygill. In the coming year we will have a change of Chief Executive. Although Garry has a little longer at the helm, I would like to take the opportunity while he is still here to thank him for the truly excellent job he has done in the past eight years.

I look forward to working with our new Chief Executive Jan White, and the ACC team, to build on these successes over the coming years.



## In this, my last Annual Report, I have great pleasure in reporting on a Corporation in good heart and focused on its core business and values.

GARRY WILSON > CHIEF EXECUTIVE

When I first joined ACC I was often button-holed at social functions by claimants critical of how ACC dealt with their claims, and of ACC as a whole. Now, almost universally, they are coming up and telling me of the good experience they had dealing with our staff, with our health providers and with the claims process and how pleased they are with the result.

Over the past eight years we have seen ACC's strategy distilled into five key drivers: increased injury prevention; early, effective rehabilitation; claimant and other stakeholder satisfaction; staff satisfaction; and maintaining fair and equitable levies. These Five Drivers are now firmly embedded into all ACC activity, and the results speak for themselves.

Claimant, staff, provider and levy payer satisfaction with ACC continues to rise, in many cases to record highs. I am delighted with the way we are increasingly engaging with Māori, Pacific and now Asian communities and with the excellent advice and assistance we receive from our advisory groups.

Our dedication to continuous improvement in all areas was recognised this year with a coveted Silver level Achievement Award at the prestigious New Zealand Business Excellence Awards. ACC achieved the highest marks of any New Zealand organisation reviewed in the past four years.

These successes are a real achievement for our team – at all levels, from frontline staff through to senior managers – and reflect how well they are recognising the needs of the claimants and reacting appropriately to those needs.

While this year our long-term liability rose, this increase substantially reflects the fluctuations of interest rates, and a worldwide rise in medical expenses and treatment costs. These are factors outside our control – interest rates will always fluctuate, and, while all efforts are made to reduce costs without sacrificing quality of service, medical expenses will rise as new technologies and pharmaceuticals are introduced and willingly adopted by ACC. ACC's health providers operate in a world market, and have to pay at appropriate levels to retain expert staff.

As we fight such external forces, and try to minimise their effects as much as possible, we can take solace in the fact that if the Corporation had continued along its path of eight years ago, this liability would be at least \$4 billion to \$5 billion higher, and levies would be very much higher (perhaps even as high as Australia's!).

Looking to the future, with our recent experience of doing things well, we can now increase our focus on doing them better – in injury prevention, in early and effective rehabilitation, in caring for our longer-term claimants, in providing fair and equitable levy rates and in providing fair and fast claims payments.

But, of course, we're not doing it alone. There's a much greater team effort to acknowledge here. Government agencies, employers, unions, health providers and welfare groups throughout the country have become increasingly focused on working collectively with ACC, to maximise our joint efforts and resources to provide New Zealanders with the best care and support possible.

On behalf of ACC, I would like to thank some groups in particular for their contribution. There are the many employer groups that have taken on ACC's injury prevention messages so well. Then there are the health service providers, who have helped us provide increasingly better, earlier and more effective rehabilitation. And the care providers, who have done more and more to help maintain the care, comfort and independence of severely injured New Zealanders. And, of course, I thank the levy payers, who have funded the whole process.

And finally I must thank Ministers and members from both main political parties on behalf of the Corporation. Their enthusiastic support of the ACC scheme reflects the support of the nation for our unique and ground-breaking seven-day-a-week, no-fault approach to dealing with injury.

During my time at the helm of ACC, I have been very ably assisted by a number of Board Directors. During the course of this year David Caygill stepped down as Board Chair, and we welcomed David Collins into the role. I thank them both, and all the Board Directors over the past eight years for their excellent governance and support.

When I leave the Corporation in October, I hand over the reins of ACC management to the new Chief Executive Dr Jan White. Jan is a highly respected member of the health management profession, with six years as Chief Executive of the Waikato District Health Board and its predecessor, Health Waikato Ltd. During that time she developed an enviable reputation.

I wish her every success in her new role, and hope she experiences the great satisfaction that I have enjoyed as Chief Executive of ACC over the past eight years.

As I leave ACC there is one final thing I would like to leave in the mind of the Corporation – we must never lose sight of the very real needs of those who are seriously injured.

It is all too easy to be distracted from the real and ongoing needs of those who will always be dependent on ACC. One singular fact remains: ACC exists because of and for each and every one of our fellow New Zealanders.

'Kiwis helping Kiwis' is at the core of everything we do.

Kia kaha!



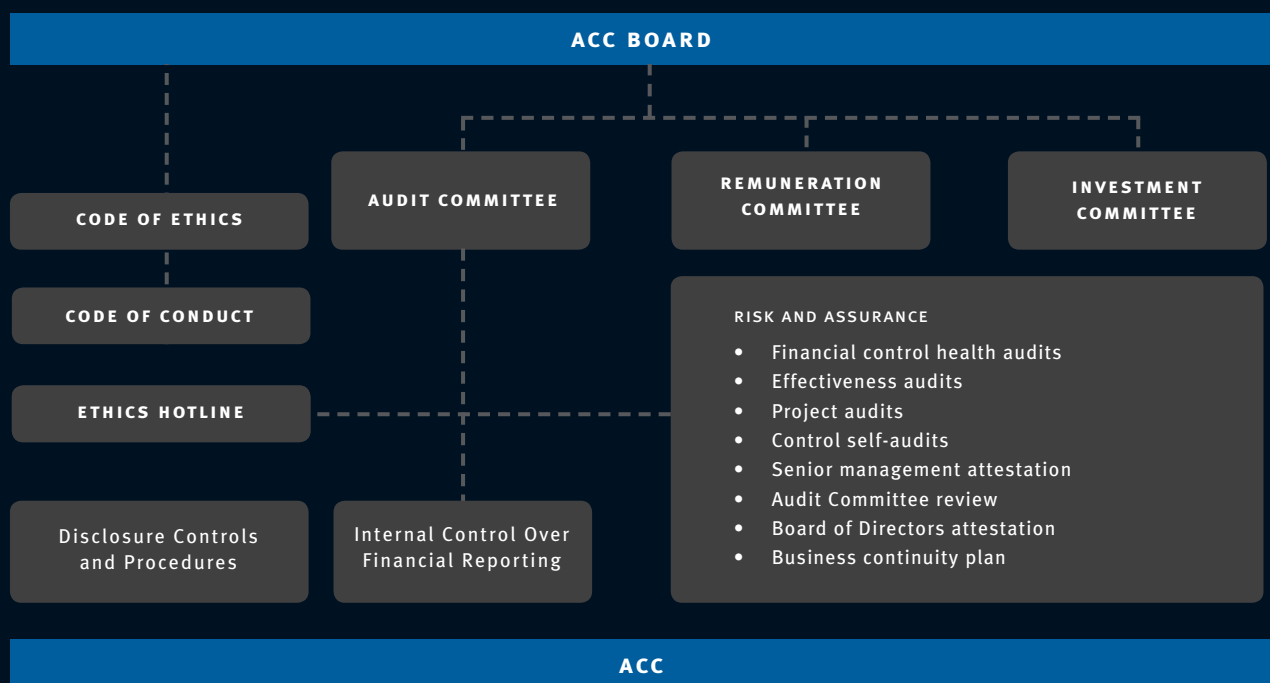
GARRY WILSON

ACC operates under the Injury Prevention, Rehabilitation, and Compensation Act 2001. It is a Crown entity for the purposes of the Crown Entities Act 2004. ACC is exempt from income tax (except for its subsidiary companies). ACC is managed by a Board appointed by the Minister for ACC.

The Government sets ACC's parameters in law, and acts as a 'shareholder' on behalf of all levy payers while remaining independent of the operation of the various Accounts operated under the ACC scheme. The Minister has a rarely used 'power of direction' under the 2001 Act.

ACC takes the responsibility for good management and control very seriously. To meet our goal of efficient, transparent and sustainable corporate governance,

we continually incorporate current developments into the improvement process. This applies to the work of the Board of Directors and the internal Executive Team as well as to questions of financial reporting and disclosure.



**Management's annual report on effectiveness of internal control over financial reporting based on:**

- internal audit evaluation of the efficiency or otherwise of the internal control
- line management performing self-assessment on the appropriateness and efficiency of their internal control
- the independent auditor's attestation and report on the management assertions.

The activities provide evidence of effective controls for all 'relevant assertions' for all 'significant accounts and disclosures'.

## CORPORATE GOVERNANCE FRAMEWORK

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### THE ACC BOARD

The Board is appointed by the Minister for ACC and comprises eight non-executive members. When appointing a new member, the Minister is required to consider the balance of expertise on the Board and to consult with the Chair. Appointments can be for up to five years, but current practice is for three years. Re-appointment is permissible.

The Minister's formal line of accountability with the Corporation is through the Board. Formal reporting to the Minister is on a quarterly basis. The Minister, Board Chairman and ACC Chief Executive also meet regularly.

The ACC Corporate Governance Guidelines set the parameters for the effective functioning of the Board and its committees and establish a common set of expectations for the governance of the organisation.

### BOARD RESPONSIBILITIES

The Board is responsible for ensuring that ACC carries out its statutory requirements of:

- providing compensation entitlements
- promoting measures to reduce the incidence and severity of personal injury (including occupational disease and treatment injury)
- managing the assets, liabilities and risks for the various Accounts under the accident compensation scheme.

Each year a Service Agreement is negotiated between the Board and the Minister. A Statement of Intent is then prepared which includes:

- ACC's roles and governance structure
- the provision of services by ACC
- ACC's functions in managing each scheme Account
- the relationship between ACC and any subsidiary.

The Board has a formal schedule of matters specifically referred to it for decision, including the approval of the organisation's strategy, major capital projects, the adoption of any significant change in accounting policies or practices and material contracts not in the ordinary course of business.

The Board selects and appoints the Chief Executive and monitors the Chief Executive's performance.

### DELEGATION

The Board sets and maintains clear policies that define the individual and collective responsibilities of management, the operating structure and lines of responsibility and delegated authority.

The Board delegates day-to-day management of ACC to the Chief Executive. With Board oversight, the Chief Executive is responsible for ensuring ACC achieves its business objectives, including risk management and ethical behaviour, and for ensuring that its system of internal control is functioning effectively and efficiently.

Day-to-day operations are managed by senior managers led by the Chief Executive.

The Chief Executive and Board operate under procedures based on the Committee of Sponsoring Organisation of the Treadway Commission framework of internal controls.

### ADVICE

Board members have direct access to the advice and services of external independent professional advisors.

### BOARD MEETINGS

The Board has scheduled monthly meetings, and members also meet several times a year to explore specific aspects of the business, such as levy setting and business planning.

Financial results and key performance indicator measures are presented to each meeting by the Chief Executive, together with operational reports from the senior managers. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings.



RAY POTROZ

BRENDA TAHI

TORD KJELLSTROM

DAVID COLLINS

JANICE WRIGHT

EION EDGAR

PETER NEILSON

GREGORY FORTUIN

## DAVID COLLINS

### CHAIR

Appointed 22 November 2004

Dr David Collins has been a member of the ACC Board since October 2003. He is a Wellington-based Queen's Counsel and honorary member of the Victoria University Faculty of Law. Dr Collins was formerly Vice President of the New Zealand Law Society and President of the Wellington Medico-Legal Society. He has held a number of positions in a wide range of organisations. Currently he is a Governor of the World Association of Law and Medicine. As a practising lawyer with a strong professional and academic interest in ACC, Dr Collins brings a wide blend of skills to the Board.

## BRENDA TAHI

### DEPUTY CHAIR

Appointed 1 October 2003

Brenda Tahī has been a member of the ACC Board since November 2002. Brenda is a Business Consultant and Company Director. She has held senior management positions in Internal Affairs, the Office of the Controller and Auditor-General and the Ministry of Women's Affairs as well as management positions in private enterprise. Ms Tahī is a Director of the Institute of Geological and Nuclear Sciences and a Member of Nga Pae o te Maramatanga (the National Institute of Māori Research Excellence).

Ms Tahī is Te Whanau a Ruataupare, of Ngati Porou descent and also links to Tuhoe.

## EION EDGAR

Appointed 1 November 2002

Eion Edgar was the Chancellor of the University of Otago and the Chairman of Forsyth Barr Group Ltd, New Zealand's largest retail sharebroker and investment banker. Mr Edgar is Chair of the Queenstown Resort College and a Director of a number of companies. He is President of the New Zealand Olympic Committee, President of New Zealand Soccer Inc, Patron of IHC (Otago), Trustee of the Halberg Trust, Trustee of the Arts Foundation of New Zealand, and the Hon Consul for Finland. Mr Edgar has a wide range of sporting interests in addition to his business interests.

## GREGORY FORTUIN

Appointed 18 October 2002

Gregory Fortuin is a Company Director with significant experience in the insurance industry. Mr Fortuin held the position of Race Relations Conciliator and is a Director of New Zealand Post and Kiwibank and the Honorary Consul of the Republic of South Africa.

Mr Fortuin is the Chairman of the Youth Suicide Awareness Trust and a member of the Board of the New Zealand Prison Fellowship.



## **TORD KJELLSTROM**

**Appointed 4 September 2001**

Dr Tord Kjellstrom has a consultancy business in health and environmental research based in Mapua, Nelson, and holds a part-time position at the Australian National University in Canberra. He has a Doctor of the Science in Medicine and Master in Mechanical Engineering and until recently was Professor and Chair of Environmental Health at the University of Auckland. Dr Kjellstrom has extensive local and international academic and working experience in occupational health and environmental health, in which he has published extensively, and in community/public health and safety. He is a member of several professional and scientific associations.

## **PETER NEILSON**

**Appointed 22 November 2004**

Peter Neilson is Chief Executive of New Zealand Business Council for Sustainable Development. He is a member of the Stakeholder Council of the Waikato Management School. Mr Neilson has experience as a consultant with ACC in the health sector and has worked on a number of projects including strategic and business planning. Formerly a Member of Parliament and Minister, including Minister of Revenue and Associate Minister of Finance and State-Owned Enterprises, Mr Neilson has extensive knowledge of the public sector, investment and general management.

## **RAY POTROZ**

**Appointed 14 September 2000**

Ray Potroz is a Director of the Union Medical Benefit Society and CCI NZ Ltd and was previously the National Secretary of the New Zealand Dairy Workers' Union.

## **JANICE WRIGHT**

**Appointed 11 August 2003**

Dr Jan Wright is a Policy Analyst and Economist based in Wellington. Dr Wright has worked in many areas of the government sector, and has a particular interest in health economics. She holds degrees in Physics and Natural Resources, and a doctorate in Public Policy from Harvard University.

## **DAVID CAYGILL (NOT PICTURED)**

**(CHAIR UNTIL 18 NOVEMBER 2004)**

Appointed to Chair the Board in September 1998, David Caygill was one of ACC's longest serving Board members. In 2004 he took up the position of Deputy Chair of the Commerce Commission, and is currently also a Director of Infratil Ltd and of Target Pest Enterprises, a Board member of the Nurse Maude Association, and the Chair of Education New Zealand.

**ACC BOARD OF DIRECTORS***Meetings Held: 11*

<b>MEMBERS</b>	<b>MEETINGS ATTENDED</b>	<b>\$000</b>
David Caygill (Chair) (term completed 18/11/2004)	5	24
David Collins (Chair)	11	50
Ray Potroz	11	30
Tord Kjellstrom	7	30
Brenda Tahı	10	40
Eion Edgar	9	30
Gregory Fortuin	10	30
Janice Wright	10	30
Peter Neilson (appointed 22/11/2004)	4	20

**REMUNERATION**

Board members' remuneration is in accordance with the rates set by the Government.

**INDUCTION AND INTEGRITY**

On appointment, all Board members are given training and guidance on their duties, responsibilities and liabilities.

They have the opportunity to discuss organisational, operational and administrative matters with the Chairman, the Chief Executive and the Corporate Secretary. If necessary, more formal training is provided.

The Crown Entities Act 2004 provides a mechanism for the disclosure of interest and the process that has been followed. The relevant interests of Board members and managers are reviewed monthly.

ACC's Board has developed its own Code of Practice.

The Board has undertaken an appraisal of its own performance against accepted standards and has implemented training and development programmes to address any shortfalls. As part of induction and ongoing training almost all Board members have attended the Institute of Directors' director's training programme.

ACC has a Code of Conduct for its management and staff, specifying business standards and ethical considerations.

**RISK MANAGEMENT FRAMEWORK**

All ACC policies and procedures define the limits of delegated authority and provide a framework for management to deal with areas of significant risk.

There is a comprehensive system for weekly and monthly reporting to the Minister, the Board and the Executive Team. Budgets are prepared by line management and reviewed by both senior managers and the Board. Forecasts are revised as required throughout the year and compared with budget.

The Board, Chief Executive and senior management are committed to maintaining a real-time control culture across all areas of operation. This is communicated to all employees by way of policies, practice, and procedure manuals. Key business risks are identified, monitored and controlled. There are clear processes for monitoring the system of internal control and reporting any significant control failings or weaknesses, together with details of corrective action.

The internal control system is evaluated and reviewed by the Chief Executive and the Audit Committee, through the Risk and Assurance Unit. The Unit – working with the management team – provides frameworks for ACC activities through absolute risk management, the financial control health framework, corporate governance and legislative compliance.

Regular meetings are held between ACC, external auditors and the Office of the Controller and Auditor-General.

The Board – through its Investment Committee – formally approves ACC's investment policy, which sets appropriate limits to mitigate treasury risks. The Chief Executive reviews and reports to the Board the most significant risks facing ACC, their likelihood of occurrence, potential impact and the control strategies put in place to mitigate these risks.

ACC's internal control systems are designed to manage the risks inherent in the process of achieving business objectives, but can only provide reasonable and not absolute assurance against material mis-statement or loss.

The Risk and Assurance Unit is reviewed periodically by external independent auditors. The most recent review, carried out in 2003 by Anton van Wyk, the Vice Chairman of the Board of Professional Practices of the International Institute of Internal Auditors, showed that ACC has a high standard of risk management processes and internal audit capability.

## INDEMNITY AND INSURANCE

ACC is provided with protection under the Crown Entities Act 2004. ACC also has a comprehensive insurance programme in place. Insurance needs and coverage are managed progressively to ensure that ACC's risk profile and exposure are at appropriate levels.

## THE SARBANES-OXLEY ACT 2002

Where applicable, given that ACC is a Crown entity and not a public listed company, and although not required by legislation or regulation, ACC voluntarily complies with the principles of the US Government Sarbanes-Oxley requirements, based on self-assessment.

ACC'S STATUS OF COMPLIANCE WITH KEY REQUIREMENTS OF THE SARBANES-OXLEY ACT AND THE NEW ZEALAND STOCK EXCHANGE REQUIREMENTS	
KEY REQUIREMENTS FOR COMPLIANCE	COMPLIES
Code of ethics	✓
Corporate governance guidelines	✓
Board of Directors composition	✓
Other Board requirements	✓
Other Board committees	✓
Board of Directors training	✓
Audit committee mandatory	✓
Independent audit committee	✓
Appointment, compensation and oversight of public accounting firm	✓
Pre-approval of auditing and non-auditing services	✓
Auditor reports to audit committees	✓
Related party transactions	✓
Engage advisors	✓
Funding of audit committee	✓
Audit committee composition	✓
Audit committee financial expert	✓
Risk management	✓
Audit committee meetings	✓
Executive compensation	✓
Financial reports in accordance with GAAP	✓
Off balance sheet transactions	✓
Pro forma financial information	✓
Management assessment of internal control	✓
CEO/CFO certifications	✓
Public disclosures	✓

## AUDITOR INDEPENDENCE

The Auditor-General is by statute the auditor of ACC. He has contracted Ernst & Young to undertake the audit on his behalf.

Ernst & Young must undertake the audit in accordance with the contract between the Auditor-General and Ernst

& Young, which includes applying the Auditor-General's auditing standards.

The Auditor-General's statement AG-100 deals with the conduct of engagements other than the annual audit undertaken by the auditor.

AG-100 limits the extent to which auditors such as Ernst & Young can undertake non-audit work for the entities they audit on behalf of the Auditor-General. Non-audit work is limited to 100% of the audit fee in any financial year.

### ACC IS AUSTRALASIA'S SUPREME RISK MANAGER OF THE YEAR

ACC was recognised at the inaugural Australian Risk Management Insurance Association Conference in Hobart in November 2004, where it was the winner in the corporate governance and compliance category, and also took out the Supreme Risk Manager of the Year award.

## INTERNATIONAL ACCOUNTING STANDARDS

The International Accounting Standards Board (IASB) has developed and continues to develop global International Financial Reporting Standards (IFRS). In August 2003, the Government announced that New Zealand International Financial Reporting Standards (NZ IRFS) would be implemented in the Crown financial statements as of the year ending 30 June 2008. A restated balance sheet at 1 July 2006 using these Standards will be required in order to produce comparative financial statements for 30 June 2007.

ACC has been closely monitoring IASB decisions and pronouncements to assess the likely impact of these changes. We anticipate that, while change will be required to ACC's disclosures and the way it presents its primary financial statements, significant changes are unlikely to be required to the way that it currently records its investments and financial operations. Refer to page 122 for disclosure of the current assessment of the impact of adopting NZ IFRS.

However, recent developments have raised some significant issues for ACC, particularly in respect of IFRS 4 Insurance Contracts, which deal primarily with financial statement recognition and measurement issues for insurance contracts. ACC has a considerable long-term claims liability, with a portion unfunded (see page 81). This liability is currently valued at the central estimate and with no risk margin applied.

IFRS 4 requires an appropriate risk margin to be factored into the claims liability to give a 'best' estimate. If this is significant it will increase the Corporation's \$11.4 billion liability. Depending on the final risk margin that we adopt and the way this is managed, it may flow on to increased levies.

There are also issues in using a risk-free rate in determining an appropriate methodology and interest rates to calculate the claims liability. ACC's claims liability has a 40- to 50-year maturity. Risk-free investments in NZ sit at a maximum of ten years. Movements in these interest rates cause significant fluctuations in the liability level.

The IASB are committed to revising IFRS 4. Phase II of the Insurance Standard is likely to be developed beyond the 2008 deadline for adopting IFRS. It is therefore likely that ACC will adopt IFRS with minimal impact initially, awaiting the key valuation issues affecting the claims liability to be determined.

## BOARD SUB-COMMITTEES

The Board appoints a number of sub-committees for specialised financial areas of activity: audit, investment and remuneration.

### AUDIT COMMITTEE

This Board sub-committee meets at least quarterly to monitor and review processes, systems and results to help ensure the Board fulfils its responsibilities in these areas. This includes:

- monitoring the Corporation's reporting processes and internal control systems
- reviewing financial information and the ACC Annual Report
- reviewing and appraising external and internal audits and auditors
- meeting with ACC's external auditor, Ernst & Young, independent of ACC's senior management, to ensure there are no unresolved issues
- reviewing the scope and activities of ACC's Risk and Assurance Unit
- monitoring the relationship with external auditors
- monitoring compliance with relevant legislation.

AUDIT COMMITTEE			Meetings Held: 4
MEMBERS	STATUS	MEETINGS ATTENDED	\$000
Brenda Tahī (Chair)	B	4	0
David Collins	B	4	0
Tom Davies	S	4	15
Tord Kjellstrom	B	1	0
Peter Neilson	B	2	0
Janice Wright	B	4	0
<b>Non-members</b>			
David Caygill	B	1	0
Garry Wilson	E	3	0

**E = ACC EXECUTIVE, B = ACC BOARD MEMBER, S = SPECIALIST MEMBER**

### INVESTMENT COMMITTEE

This Board sub-committee meets monthly to set risk tolerance guidelines and benchmarks, and review the investment activity of ACC's investment portfolios. The sub-committee controls the policy and procedural operational frameworks for the investment of the Corporation funds. These frameworks are reviewed and updated when required.

INVESTMENT COMMITTEE			Meetings Held: 11
MEMBERS	STATUS	MEETINGS ATTENDED	\$000
Eion Edgar (Chair)	B	11	0
Pat Duignan	S	10	15
Gregory Fortuin	B	10	0
Trevor Janes	S	10	15
Garry Wilson	E	10	0
<b>Non-members</b>			
David Caygill	B	6	0
David Collins	B	5	0
Brenda Tahī	B	3	0

**E = ACC EXECUTIVE, B = ACC BOARD MEMBER, S = SPECIALIST MEMBER**

### REMUNERATION COMMITTEE

This Board sub-committee determines the remuneration of the Chief Executive and senior management. The sub-committee also approves any proposed organisation-wide remuneration policies. When necessary, the sub-committee takes independent advice on the appropriateness of any remuneration policies.

REMUNERATION COMMITTEE			
Meetings Held: 4			
MEMBERS	STATUS	MEETINGS ATTENDED	\$000
David Caygill (Chair) term completed 18/11/2004	B	1	0
David Collins (Chair)	B	3	0
Ray Potroz	B	4	0
Brenda Tahi	B	4	0
<b>Non-members</b>			
Garry Wilson	E	4	0

**E = ACC EXECUTIVE, B = ACC BOARD MEMBER**

## CATALYST RISK MANAGEMENT LIMITED

Catalyst Risk Management Limited (Catalyst or CRM, and formerly Catalyst Injury Management Limited) is a wholly owned subsidiary of ACC, established in 1999 to provide a channel for services offered commercially by ACC, including:

- injury management – case and claims management for ACC, the ACC Partnership Programme and employers
- injury prevention – as part of an integrated health and safety consultancy and/or developing injury prevention-focused workplace programmes
- illness management – rehabilitation management to organisations with liability arising from causes other than personal injury.

CATALYST BOARD OF DIRECTORS			
Meetings Held: 11			
MEMBERS	STATUS	MEETINGS ATTENDED	\$000
Gregory Fortuin (Chair)	D	9	0
Rob Elvidge	ID	9	15
Anthony Ractliffe	ID	11	15
Linda Robertson	ID	10	15
Garry Wilson	E	11	0

**D = DIRECTOR, E = ACC EXECUTIVE, ID = INDEPENDENT DIRECTOR**

Most of Catalyst's injury management services are supplied direct to employers on the ACC Partnership Programme.

Catalyst has its own Board of Directors and separate management structure.

## DISPUTE RESOLUTION SERVICES LIMITED

Dispute Resolution Services Limited (DRSL) is a wholly owned subsidiary company, established in 1999 to manage an independent dispute resolution service within the prescribed statutory framework of ACC legislation. ACC and DRSL are parties to an agreement to provide services, which governs their respective administrative and financial rights and obligations.

DRSL has its own Board of Directors and separate management structure. The company engages reviewers to review ACC decisions disputed by claimants, levy payers or health professionals. Reviewers are required by law to act independently in conducting reviews. There are legislated timeframes to adhere to and any of the parties to the process have a right of appeal to the District Court.

DRSL is focused on providing impartial, prompt and professional service to all parties. It provides the dispute resolution options of mediation and facilitation, which offer the parties the potential to reach a mutually acceptable solution.

These options are in addition to the review services. Using these options does not remove the right to review a decision.

DRSL BOARD OF DIRECTORS			
Meetings Held: 11			
MEMBERS	STATUS	MEETINGS ATTENDED	\$000
Ray Potroz (Chair)	D	11	0
Gavin Adlam	ID	11	15
Wendy Davis	ID	9	15
Brent Kennerley	ID	10	15

**D = DIRECTOR, ID = INDEPENDENT DIRECTOR**

## ACC EXECUTIVE TEAM

The ACC Executive Team, led by the Chief Executive, is responsible for the leadership and management of the organisation, and is held accountable for the achievement of ACC's outcomes.



JOHN NICHOLSON

CHAD PARAONE

KEITH MCLEA

JACKIE PIVAC

GERARD MCGREEVY

DARRIN GOULDING

DAVID RANKIN

WARRICK LAING

KEVIN WALKER

CATHY SCOTT

PHIL BURT

GARRY WILSON

JOHN SAUNDERS

### GARRY WILSON

#### CHIEF EXECUTIVE

As ACC Chief Executive since September 1997, Garry has overseen the Corporation as it has progressed through a radical reappraisal of its role and significant changes in ACC legislation. Garry was previously Chief Executive of the former Northland Regional Health Authority, and led the operational restructuring of New Zealand Post. He has held a number of directorships. Garry has an academic background in psychology and economics.

### PHIL BURT

#### CHIEF FINANCIAL OFFICER

Phil is responsible for the finance area of ACC including all financial reporting, budgeting and revenue collection. Before joining the ACC Finance team in 1998, he held a number of finance roles at ENZA, Bank of New Zealand and Ernst & Whinney. Phil has a BCA from Victoria University of Wellington and is a member of the Institute of Chartered Accountants.

### DARRIN GOULDING

#### GENERAL MANAGER INJURY PREVENTION

Darrin joined ACC in 1994. Prior to this he worked in the Treasury on health and ACC policy. Darrin is responsible for the management of the relationship between ACC and the main levy payers and injury prevention groups. Darrin has an academic background in economics.

### WARRICK LAING

#### HEAD OF IT SERVICES

Warrick is responsible for the computer systems delivery for ACC users. Warrick joined ACC in February 2002 from the Land Transport Safety Authority, where he worked as IT Operations Manager. Warrick has 20 years of experience in senior roles with a number of IT outsourcing companies. He has a BA in Economics from Victoria University of Wellington.

### GERARD MCGREEVY

#### GENERAL MANAGER REHABILITATION OPERATIONS

Gerard joined ACC in 1991 as General Counsel following a legal career specialising in public administrative law. Gerard is responsible for managing the ACC nationwide branch network (including Contact Centres) and its processes of case management and rehabilitation. Gerard retains his role as ACC's General Counsel.

## **KEITH MCLEA**

### **GENERAL MANAGER RESEARCH AND CORPORATE SERVICES**

Dr McLea joined ACC in 1996. He is responsible for research and market research programmes, the New Zealand Injury Prevention Strategy, Audit, Fraud, actuarial services, the data warehouse, and Company Secretariat. Prior to working at ACC, Keith was the Chief Strategic Advisor at the Department of Labour.

## **JOHN NICHOLSON**

### **GENERAL MANAGER CUSTOMER SERVICE AND IMPROVEMENT**

John joined ACC in 2000. He has spent nearly 20 years in compensation services, in operational and consulting roles. John is responsible for providing frontline services to ACC customer groups as well as support services to other areas of ACC.

## **CHAD PARAONE**

### **GENERAL MANAGER MĀORI DEVELOPMENT AND CUSTOMER ACCESS**

Chad joined ACC in 2003. He is responsible for ACC's Māori Development and Customer Access Strategy, the co-ordination of service delivery to Māori and championing initiatives for Māori and other groups who do not readily seek or receive access to the ACC scheme (including Pacific, Asian, older and disabled people). He has spent nine years in consulting and management positions in the health sector, mainly in the areas of information management, Māori development and programme management. Chad belongs to the Te Aupouri and Kai Tahu iwi.

## **JACKIE PIVAC**

### **GENERAL MANAGER SPECIALIST REHABILITATION**

Prior to joining ACC in February 2004 Jackie held a variety of operational positions in the Department of Social Welfare and Department of Child, Youth and Family Services. Jackie is responsible for providing expert advice on rehabilitation, occupational medicine and ACC operational policy. She is also responsible for the two specialist operational units of Sensitive Claims and Treatment Injury and Patient Safety.

## **DAVID RANKIN**

### **GENERAL MANAGER HEALTHWISE**

Dr Rankin is responsible for purchasing health services for the 1.6 million New Zealanders who sustain accident-related injuries each year. He joined ACC in 1998, after working as Chief Executive Officer of Auckland Adventist Hospital. David holds Masters degrees in Health Administration and in Public Health from Loma Linda University in California, a Diploma in Obstetrics from the University of Auckland and an MBChB from the University of Otago.

## **JOHN SAUNDERS**

### **GENERAL MANAGER PEOPLE AND SERVICES**

John is responsible for human resources management at ACC. John joined ACC in 1997 from a consulting role in strategic human resources at The National Bank, and had previously been General Manager Human Resources at Trust Bank and BCL, and Director of Human Resources for KPMG after a 21-year career with IBM.

## **CATHY SCOTT**

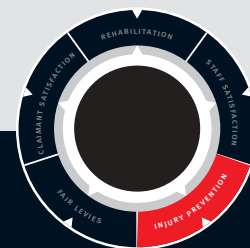
### **GENERAL MANAGER STRATEGY AND POLICY**

Dr Scott joined ACC in 2001. Before this she was consulting for a number of years, primarily in the health sector. Cathy has also held positions in the Department of Prime Minister and Cabinet. Cathy is responsible for strategic policy advice, Strategy and Corporate Planning, the Customer Relations Unit, and the relationship between ACC and other government agencies.

## **KEVIN WALKER**

### **GENERAL MANAGER BUSINESS TRANSFORMATION**

Kevin joined ACC in 1998. He held various senior finance roles in government departments and the dairy industry prior to joining ACC. Kevin has overall responsibility for the Corporation's change programme and the Investment Team.



## A SAFER NEW ZEALAND

It's no accident that the primary driver of ACC performance is injury prevention. When an injury is prevented, no other intervention is required. And neither are the pain, suffering and regret.

### NEW ZEALAND INJURY PREVENTION STRATEGY

The over-arching framework for the nation's injury prevention activities is the New Zealand Injury Prevention Strategy.

The Strategy identifies six injury prevention priorities, each led by a government agency/organisation: motor vehicle traffic crashes; suicide and deliberate self-harm; falls; workplace injuries (including occupational diseases); assault; and drowning and near-drowning.

ACC is the leader in two of these areas: falls and drowning. We are also highly active in the other four.

ACC leads and co-ordinates implementation of the Strategy and the activities of its three advisory groups: the Stakeholder Reference Group, the Expert Advisory Panel, and the Government Inter-agency Steering Group. The 2005-08 Strategy Implementation Plan, developed with strong input from the Stakeholder Reference Group and a wide number of government agencies, was approved by Cabinet in June.

### STRATEGIES TO PREVENT DROWNING AND INJURY FROM FALLS

With considerable stakeholder input, ACC led the development of Preventing Injury from Falls: The National Strategy 2005-2015 and The Drowning Prevention Strategy: Towards a Safer New Zealand 2005-2015. After extensive public and stakeholder consultation, both Strategies were approved by Cabinet in June 2005.

### SAFER COMMUNITIES

The sustainable reduction of injury rates in New Zealand begins in our communities – through the reinforcing of community values and creating and maintaining a culture of safety and care. Our 23 ThinkSafe communities were created to help communities understand and share the responsibility and ownership of injury prevention initiatives.

### SAFER ROHE

ACC's Safer Rohe provide added support to high-risk Māori communities in their injury prevention activities. ACC's Māori Advisors Te Roopu Manawa Mai and other Māori leaders were closely consulted and welcome this new approach. Four Safer Rohe were selected – Waikato, South Auckland, Northland and East Coast/Gisborne.

We appointed an injury prevention consultant for each region to engage and foster relationships with Māori groups to help build community capacity, and to support targeted interventions. A Homesafety Checklist was distributed to 42,000 Māori and Pacific peoples' homes in the four regions. There was an almost 50%

# 1

BY 2051 ONE OUT OF EVERY FOUR NEW ZEALANDERS WILL BE OVER 65.

# 4



return rate, giving a sound basis for the development of focused activities and interventions in the coming year.

### **ALCOHOL AND DRUG-RELATED HARM**

Alcohol misuse contributes to over 22% of injuries treated in hospital and their ACC costs, and has become an important focus for ACC injury prevention activity. We are working with Police to develop Alco-Link, a nationwide system to identify where offenders had their 'last drink' and enable Police to target poor hosts and establishments.

We continue to work with agencies throughout New Zealand on a number of community initiatives to reduce alcohol-related harm. We have also commissioned research into injuries associated with the use of methamphetamine.

### **FAMILY VIOLENCE**

We worked with Te Rito: New Zealand Family Violence Prevention Strategy Advisory Group and other stakeholders to identify opportunities to support the sector in preventing family violence injuries. This year we funded family violence providers working with children who have witnessed violence, initiated a project to develop personal safety education within early childhood education and worked with lead agencies to begin the development of a national family violence public education resource package.

ACC is a member of the Opportunities for All New Zealanders: Violence Within Families Taskforce.

### **COMMUNITY VIOLENCE AND SEXUAL VIOLENCE**

ACC is a key agency in the Ministry of Justice Safer Communities Action Plan to Reduce Community Violence and Sexual Violence. We are also represented on the National Taskforce for Community Violence Reduction group addressing alcohol-related violence.

### **SUICIDE PREVENTION**

Together with the Ministry of Health, ACC was closely involved with the development of the Draft New Zealand Suicide Prevention Strategy which, for the first time, addresses suicide prevention across all ages. We also funded an inter-agency research project to evaluate the effect of problem-solving therapy on repeat suicide attempts. This project will now be rolled out to a further two sites.

### **SAFER COMMUNITY FOUNDATION OF NEW ZEALAND**

The Safer Community Foundation is a new, mostly ACC-funded organisation that provides World Health Organization (WHO) Safe Communities accreditation.

By the end of 2008 the Foundation's goal is to have 12 WHO Safe Communities, covering 50% of the population. The Foundation is supporting New Plymouth to achieve WHO Safe Community accreditation status in 2005.

The Foundation also works with ACC and our ThinkSafe Community Programme to support local authorities to improve their injury prevention efforts.

## **SAFER HOMES**

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### **SLIPS, TRIPS AND FALLS**

Slips, trips and falls are the largest cause of injuries in the home and continued to be a major focus for ACC throughout the year. Our nationwide campaign included an extensive television ad campaign and radio and online advertising. Our partnership with PlaceMakers included a householder mail-out, discounted home safety hardware and in-store promotions. We are seeking new partnerships with other agencies such as Housing New Zealand.

Our two successful community-based programmes to prevent older adult falls – a modified tai chi class for the more active, and the personalised, home-based Otago Exercise Programme – continued with national roll-out this year. New Zealand now has the largest national integrated and co-ordinated approach to community-based older adult falls prevention in the world and is receiving increasing international recognition.

A hip protector is almost 100% effective in preventing hip fractures from falls. Our highly successful Residential Care Hip Protector pilot was improved and will be extended this coming year to a further 30 residential care sites. After assessment, the viability of a national roll-out will be determined.

Our highly successful Falls in Under Fives programme was expanded this year, to better target young parents, working parents and fathers, with over 14,000 attending education programmes, and a further 11,000 receiving child falls information.



## EIGHTY-ONE-YEAR-OLD MOLLY WHITLEY'S DETERMINATION TO KEEP HEALTHY AND ACTIVE MADE HER THE FIRST WINNER OF THE ACC THINKSAFE MEDAL.

### CHILD SAFETY FOR NEW PARENTS

This year we delivered child safety seminars and messages to 25,000 new parents. The seminars promote active supervision of children and prevention measures such as the use of stair gates. Surveys show a high level of parental behaviour change after attending.

Other innovative strategies for new parents included: Auckland Rugby League targeting 3,000 young parents at its clubs; and working with employers to host child safety seminars for employees.

### SAFER WORKPLACES

#### SAFER INDUSTRIES PROGRAMME

Safer Industries targets the ten industries with the highest serious injury rates: agriculture, boat building, construction, fish processing, forestry and wood processing, grocery and supermarkets, health services and residential care, meat processing, on-hire employment, and road freight industries.

The programme brings together industry and employee representatives and other stakeholders to address the causes of injury. A wide range of initiatives and training was delivered this year through the programme, which continues to reduce significantly the frequency and severity of injuries in these high-risk industries.

### SPHERES OF INFLUENCE

This is an important new ACC initiative to encourage good corporate citizenship through injury prevention. Forty high-performing companies are involved, promoting non-work injury prevention messages to employees through events such as family safety days, road safety projects and parenting education seminars.

#### ACC PARTNERSHIP PROGRAMME

The ACC Partnership Programme, where large employers manage their employee injury cover and claims, now involves over 25% of all employees. The Programme was enhanced this year through increasing the availability of expert advice and ACC training, and strengthening the entry criteria to make the Programme more robust.

#### WORKPLACE SAFETY MANAGEMENT PRACTICES

This programme rewards employers with good health and safety systems through discounts on their levies. By 30 June 2005, 1,952 employers were participating in the programme, including over 500 who joined during the year.

Molly Whitley has a positive attitude towards life and taking control of her own well-being.

Her joy for living has seen her overcome severe back pain and improve her mobility and balance through ACC-modified tai chi training.

The ACC ThinkSafe Medal was presented to Molly by the Prime Minister at Parliament in September 2004 as part of Osteoporosis New Zealand's You Deserve A Medal Awards, which are presented annually to people over 65.

ACC provides support to around 8,000 older adults injured by falls each year, of whom many require ongoing assistance. Physical activity slows the onset of osteoporosis, improves well-being and prevents falls – the number one cause of injuries to older people.



#### WORKPLACE SAFETY EVALUATION

In this year's programme, our injury prevention consultants worked closely with over 300 of the poorest performing employers, responsible for over 17% of workplace injury claim numbers and 4.7% of workplace entitlement claim costs, to develop and implement workplace safety improvement plans.

#### HEALTH AND SAFETY TRAINING

This year we launched stage two of the Employee Health and Safety Representative training packages. With the New Zealand Council of Trade Unions and Business New Zealand, ACC has now trained over 10,000 health and safety representatives, and over 1,000 supervisors. We have also developed customised training for several major employers. A stage three package is being developed.

#### ACC/DEPARTMENT OF LABOUR COLLABORATION

We continued this year to work in close collaboration with the Department of Labour to co-ordinate our workplace safety and health programmes, and to develop the Workplace Health and Safety Strategy.

#### UNIQUE HEALTH AND SAFETY CENTRE FOR TARANAKI

The Taranaki Health, Safety and Environmental Protection Centre opened in February 2005. A first for New Zealand, the Centre runs an NZQA-accredited health and safety programme for workers, school-leavers and tertiary students, as well as the wider community.

Taranaki businesses have committed to sending 1,000 fee-paying workers to the Centre each year. This will make the Centre self-funding so that community groups and schools can use it free or for a nominal charge.

The Centre is a leading example of community and multi-agency collaboration to improve workplace safety, and has great support from local government and the tertiary institute, unions and companies. ACC provided \$30,000 start-up funding and helped develop and maintain modules for injury prevention and nutrition.

FIFA chose New Zealand as the first country in the world to release “The 11” – the ACC-endorsed soccer injury prevention programme developed by FIFA’s Medical Research Centre.

Launched in Auckland in March 2005, “The 11” is very much in keeping with ACC’s internationally recognised SportSmart injury prevention programme. It was this connection, and the unique infrastructure that ACC has in place for the distribution of sports injury initiatives that convinced FIFA to choose New Zealand.

“The 11” DVD, brochure and resources are available from soccer clubs or 0800 ThinkSafe (0800 844 657).

Soccer is second to rugby for injuries, with over 1,300 moderate-to-serious claims a year. FIFA expects “The 11” will reduce these injuries by 30%.



## SAFER SPORTS

Through our unique series of programmes and resources and our excellent prevention record, New Zealand is becoming recognised internationally as a world leader in many sports injury prevention initiatives.

### ACC SPORTSMART

SportSmart, ACC’s 10-point action plan for preventing sports injuries, focused again this year on sports with high injury costs and claims: rugby, netball, soccer, touch and rugby league. ACC has contracts with each of these sporting bodies, focusing on prevention initiatives targeting the most common injuries in each sport. ACC resources are tailored for participants in each sport, and training programmes are in place to ensure key personnel such as coaches and referees are fully SportSmart trained.

SportSmart was delivered to 20,000 people this year, including all 12,000 rugby coaches and referees and 20% of coaches in netball, soccer, touch and league.

ACC RugbySmart is the most extensive of the SportSmart initiatives, and the most successful, with rugby injuries declining over the past five years and very serious injuries almost eradicated. This year’s RugbySmart DVD training video and accompanying brochure are based around ACC SportSmart’s 10-point

action plan for sports injury prevention and feature several key All Blacks. Māori, Pacific and young rugby players are also targeted in individual initiatives.

### SIDELINE CONCUSSION CHECKLIST

Since its introduction in June 2003, the ACC Sports Concussion Programme has been remarkably successful. Its primary tool, a credit-card-sized Sideline Concussion Checklist for coaches and players, is now widely used. This year we worked with recreational horse riding, snow sports and soccer groups on a Checklist for those sports.

The Checklist was presented at the second International Symposium on Concussion in Sport, Prague, November 2004. Several major international sporting bodies showed interest in using it as the basis for their own initiatives, including the International Olympics Committee, FIFA and the International Rugby Board.

### ‘ARE YOU READY FOR NETBALL?’ CARD

Netball New Zealand and ACC teamed up to tackle injuries in the sport with a new wallet-sized game preparation guide. The card, launched in April 2005, provides a warm-up, cool-down and nutrition regime aimed at reducing netball injuries, which currently cost around \$6 million a year.



**SOCCER IS SECOND TO RUGBY FOR INJURIES, WITH OVER 1,300 MODERATE-TO-SERIOUS CLAIMS A YEAR.**

#### **ACC THINKSAFE NZ MASTERS GAMES**

More than 7,000 competitors participated in the ACC ThinkSafe NZ Masters Games in Wanganui in February 2005. The Games are New Zealand's largest annual multi-sports event.

#### **SNOW SAFETY PROGRAMME**

We built on our successful wrist guard programme this year with the promotion of other safety equipment such as helmets, the snow responsibility code, and smart tips for preventing injuries. Promotional material was delivered to all snow areas and outlets.

#### **WATER SAFETY**

Prevention of drowning and near-drowning is one of our areas of responsibility in the New Zealand Injury Prevention Strategy (see page 30).

We worked in partnership with Water Safety New Zealand, focusing again on swimming, boating and fishing through our RiverSafe, BoatSafe and PoolSafe programmes. We also supported Maritime New Zealand's new 'Stay on top with the marine forecast' campaign and continued to support regional and local initiatives.

#### **WORLD CONGRESS ON SPORTS INJURY PREVENTION**

ACC addressed the first World Congress on Sports Injury Prevention in Norway in June 2005 with four oral and four poster presentations. This high level of

international interest is an excellent endorsement of our successful sports injury prevention programmes.

#### **SAFER ROAD USE**

Around 43% of all serious injury claims are from crashes on New Zealand roads. It's more likely to be the drivers, rather than the roads or cars, who are the problem. We work closely and urgently with our road safety partners – Police, Land Transport New Zealand (LTNZ) and Transit New Zealand – to reduce injuries and deaths.

#### **DRINK DRIVE INITIATIVES**

Drink and driving are a lethal mix and we continued extensive collaboration with Police to develop more effective campaigns to reduce drink driving.

We worked on a highly successful campaign with the main breweries to bring road safety messages to Southland pubs.

#### **DOWN WITH SPEED**

Our ongoing successful deployment of community speed trailers was enhanced through work with LTNZ on a national 'appropriate speed' billboard campaign at speeding hotspots. This marks an important shift, from one of Police enforcement to that of driver responsibility, and is essential if we are to achieve permanent behaviour change in New Zealand drivers.

## **YOUNG DRIVER TRAINING**

Targeted at young probationary drivers and launched in 2003 by ACC and LTNZ, 'Practice' is an interactive CD that helps learner drivers to receive at least 120 hours' supervised driving practice. This has the potential to reduce the crash risk of young drivers by 30%. Uptake this year has been excellent – reaching 26% of all learner licence holders aged 15-19 years.

The ACC/LTNZ Street Talk road safety training programme continues to provide unlicensed drivers in Pacific communities with access to culturally oriented driver and road safety education. Learner-drivers reduce time on their restricted licences by up to six months by successfully completing the course.

## **DRIVER FATIGUE**

Driver fatigue is a possible contributing factor in up to 29% of injury crashes and 52% of fatal crashes.

This year we continued to target three high-risk groups: young (16-29-year-old) male drivers, older people with sleep problems, and shift workers. We added NCEA Level 1 unit credits to our sleep and fatigue educational resource 'Wake-Up'. We worked with Age Concern to deliver stress and fatigue seminars. Community-based projects included working with Police and schools in Canterbury, large employers of shift workers, and the Tongan church community in Auckland. We also set up rest stops in Hawkes Bay, Northland, Christchurch and Dunedin.

## **CAR RESTRAINTS**

New Zealand has one of the highest transport injury death rates for children in the OECD. Properly used child restraints and safety belts reduce the risk of death in a vehicle crash by 71% and injury by 67%.

Our major initiatives in this area are the Plunket Car Seat Rental Scheme and, with LTNZ, Safe2Go, an installer training scheme.

The Plunket Car Seat Rental Scheme provides ACC-funded car seats to parents and caregivers with young children at a reduced rental and bond. Recipients also get training on correct installation and use.

Three months after the Scheme's launch in July 2004, all 1,000 ACC-funded seats were rented. The demand underlined the fact that for some parents, money was the only barrier to safe practice. We funded an extra 1,000 seats later in the year.

ACC also supplied over 700 car seats to Māori and Pacific communities through Family Start and the Manukau Urban Māori Authority.

Safe2Go trained over 1,100 car seat installation technicians last year.

## **MOTORCYCLE SAFETY**

Motorcyclists have many more accidents per vehicle than car drivers, and the accidents are often very serious. Bikers, like drivers, are their own worst enemies and are directly responsible for most of their accidents. We continue to work with motorcycle distributors, retailers, trainers and clubs to influence rider behaviour through tools and information via the web and at point of sale. A Competency Based Training and Assessment approach to licensing was also trialled. Community projects were run throughout the country in partnership with the Ulysses Club to remind motorists to 'Look out for Bikes', especially at intersections.

## **PEDESTRIAN AND CYCLIST SAFETY**

Research shows that the greatest gains in safety for pedestrians and cyclists come by separating them from vehicular traffic by roading engineering initiatives in urban areas. In our work with Transit New Zealand, we are focusing on integrating roading improvements for pedestrians and cyclists at crash sites identified for engineering improvements.

At a community level, we are providing successful pedestrian and cycle safety case studies to local authorities to help mobilise greater action.

Using education, breath testing and enforcement through its contract with New Zealand Police, the ACC Stop Bus programme has been a winner. Injury-causing crashes attributed to alcohol have dramatically reduced – from 18% when ACC Stop Bus began in 1998, to 12% by 2003. There is now an ACC Stop Bus for every Police district. Each district is contracted by ACC to do at least 30 site-based hours of breath testing per week.

Last year's 'Is This One?' campaign was rolled out in six more regions. It uses unmarked Police cars in rural areas, with advertising to increase drivers' awareness of the risk of being caught and losing their licence. Surveys showed the campaign caused many drivers to think twice about drink driving. Many reduced the amount they drank if they were going to drive.

WHEREVER THE STOP BUS IS PRESENT,  
THERE ARE MARKED REDUCTIONS IN  
ALCOHOL-RELATED FATALITIES.



## LOOKING FORWARD

In the coming year we will increase spending on injury prevention from \$40 million to more than \$46 million.

We will be strengthening partnerships with organisations with a direct interest in lowering injury rates, initially local authorities, District Health Boards and emergency services. These partnerships will provide new community networking opportunities.

We will tailor our ThinkSafe Community Programmes

to the specific needs of Māori, Pacific and Asian peoples, working closely with the Pacific and Asian Development Managers.

A secondary prevention referral process for claimants at high risk of further injuries will be developed.

We will increase research into effective injury prevention initiatives and improving scheme access, and will work with tertiary institutions to develop injury prevention courses.



## EFFECTIVE REHABILITATION IS A TEAM EFFORT

The very best outcomes depend on the partnerships we form, with our claimants and their family or whānau, with our providers and caregivers, with other agencies and with employers.

### CLAIMANT PARTNERSHIPS

Our most important partnership is with each one of our claimants, and with the people closest to them who can give them support and encouragement – their family or whānau and friends.

Our case managers and rehabilitation planners work hard to ensure that all agree to an appropriate rehabilitation path, and that the right resources, care and support are available to achieve the best outcome for our claimants in the shortest time possible.

### ELIMINATING DELAYS

Timeliness is crucial in reducing the impact, severity and duration of an injury – the earlier the assessment and medical intervention, the sooner claimants can begin on the path of recovery.

Our continued focus on this area reduced the average time taken to complete initial occupational and medical assessments of claimants.

This result reflects the continual refining and simplification of our claims process at both central and branch levels, ensuring it is well defined and transparent. Improvements this year include:

- our new process monitoring framework, which enables staff and management to review more quickly the rehabilitation progress of each claimant
- the block booking of key medical providers by ACC branches
- the centralisation of all claims approvals and payments – from 120 part-time staff in 14 separate locations in 1998, to the current 20 full-time staff in two centres
- emphasis on timeliness in medical and occupational assessor training programmes and all updated contracts.

Improved service and timeliness is also expected from the increased use of electronic claimant files. A successful pilot to identify ways to streamline the transfer of paper files on claimants into electronic form and to evaluate electronic archiving technology began in Wellington in February 2005. Initial assessment has been very positive. If adopted nationwide it will help ensure archived claimant records can be retrieved quickly. This is especially important with injuries that require long-term maintenance such as many dental claims.





## **DRUG AND ALCOHOL CASE MANAGEMENT TOOL**

After a highly successful pilot in Tauranga and Hamilton, ACC launched a drug and alcohol case management tool nationwide in September 2004. This resource provides case managers with a set of effective early interventions for proactively managing claimants whose rehabilitation is affected by suspected drug and/or alcohol misuse.

## **BRANCH-BASED PSYCHOLOGISTS**

A trial in five Auckland branches of a psychologist advisory service was completed in August 2004. The pilot was highly successful and rolled out nationwide. Case managers in most branches now have ready access to psychologists to help identify and facilitate appropriate treatment for claimants with possible mental health factors that may affect their effective rehabilitation.

## **MĀORI TRADITIONAL HEALING**

ACC has three pilots offering the choice of Māori traditional healing as part of a claimant's rehabilitation – one based in Taranaki and two in Gisborne. Promotion of this option through iwi and local communities helped ensure the success of these initiatives.

## **LONG-TERM CLAIMS REDUCTION**

This year we reduced the number of long-term weekly compensation entitlement claimants by 669, and satisfaction levels for this group continued to rise.

A number of measures helped to achieve this result, including the use of multi-disciplinary advisory panels at the six-week, three-month and six-month duration points. More extensive input from a wider range of professionals provided more robust and effective initial rehabilitation plans and innovative solutions to long-term rehabilitation problems.

Process changes and more staff in our Contact Centres ensured we contacted claimants earlier so they received faster service and earlier interventions. Staff training continued to target reducing rehabilitation duration.

## **PROVIDER PARTNERSHIPS**

Early and effective rehabilitation depends on our providers having what they need to provide claimants with the best service possible. This includes easy access to information on claimant entitlements, benchmarking

and best practice guidelines and a transparent streamlined claimant processing system.

We are working hard to improve channels of communication between ACC case managers and medical and care providers and to support actively all inter-agency co-operation between medical, social support and welfare groups.

## **PROVIDER RELATIONSHIP TEAM**

ACC's Provider Relationship Team, set up in late 2002 to promote better interaction between ACC and health providers (such as GPs and physiotherapists), has continued with great success. The Team helps to resolve issues and deliver ACC's key messages and products to providers. This includes educating GPs on process issues, co-ordinating best practice education and support initiatives and enhancing the interaction between providers and ACC case managers.

This year the Team's ten provider relationship managers visited New Zealand's top 1,000 GPs and 500 physiotherapists at least twice, and helped organise a nationwide series of case manager/GP focus groups.

The Team has helped to increase dramatically GPs' use of ACC e-transaction systems, which now account for 62% of ACC transactions with this group, and has contributed to the great improvement in treatment providers' satisfaction with ACC service. For the claimant, this means more timely payments and swifter entry to the rehabilitation process.

## **PROVIDER SATISFACTION**

Over the past two years provider satisfaction has increased remarkably. This is a result of our concerted efforts to work in closer partnership with providers – keeping them informed, making processes as easy and accessible as possible, and listening to and acting on their concerns.

This year's ACC Provider Feedback Survey shows 70% of providers were satisfied ('satisfied' or 'very satisfied') with the service received from ACC, up from last year's figure of 60%.

## **GP INJURY ASSESSMENT REPORTS**

In a promising initiative supported by Pegasus Health and South Link Health, ACC completed a GP Injury Assessment pilot in Christchurch and Timaru. The pilot encouraged GPs to carry out a detailed rehabilitation



**“I’M CONTINUALLY IMPRESSED BY THE RESILIENCE OF CLIENTS AND THEIR FAMILIES TO OVERCOME SIGNIFICANT INJURIES AND REBUILD A NEW NORMALITY.”**

assessment when a claimant was off work for over 14 days, ensuring earlier, more appropriate longer-term interventions for the claimant. The initiative was rolled out in the South Island in October 2004 and, after review, will be released nationwide.

#### **BEST PRACTICE GUIDELINES**

We continued to develop guidelines for providers and claimants for the treatment of common injuries. The guidelines are independently endorsed before being published. We support their introduction through provider education sessions, case studies, provider profiling and feedback reports, patient guides, provider mentoring and an ‘Adoption of Best Practice Initiatives’ programme with independent practitioners’ associations.

This year we added Guidelines for Occupational Assessors and Clinical Guidelines on Shoulder Injuries to our growing clinical practice library. We also published Summary Guidelines on Māori Cultural Competencies for Providers to help providers deliver services to Māori in a culturally appropriate way. We distributed it to all treatment and rehabilitation providers and received a very positive response.

The Acute Low Back Pain Guide was reprinted and Evidence Tables, Case Study and a Reference List were distributed to GPs, physiotherapists and chiropractors.

We also sent 1,000 GPs the British Medical Journal’s best practice guide Clinical Evidence. A survey soon after showed 66% had read the book and since changed their clinical practice. Together with PHARMAC, we are now sending Clinical Evidence to all GPs annually.

We produced six injury profile resources for patients, including: Caring for Your Knee Injury; Caring for Your Shoulder Injury; and Caring for Your Ankle Sprain.

#### **INDIVIDUAL FEEDBACK REPORTS**

Individual feedback reports use independent assessors to compare individual treatment provider practice with best practice. This year we sent reports on shoulder treatments to GPs, physiotherapists, and over 200 chiropractors. The response was very positive. This initiative has been highly successful in ensuring interventions are timely and appropriate and claimants receive the best service possible.

#### **HOME-BASED REHABILITATION**

Our review this year of home-based rehabilitation services (attendant care, home help and child care) alerted us to a number of important issues for both claimants and providers. The review is being used in the redevelopment of this service in collaboration with the Ministry of Health and District Health Boards.

Randal has been an ACC lifetime rehabilitation planner since the role's inception two and a half years ago. Based in Wanganui, Randal visits claimants from New Plymouth to Levin.

“Lifetime rehabilitation planners are crucial to ACC’s delivery of services to seriously injured claimants. I help claimants identify the goals on their rehabilitation path, as they move from extreme need and dependence to capability and independence.

“It’s a very intense and personal job. I feel very privileged to contribute at such an important time in someone’s life, when such big changes are taking place.”

We are also improving training programmes for home care providers, to bring them in line with the wider initiatives being rolled out by the Tertiary Education Commission.

### MINISTRY OF HEALTH PARTNERSHIPS

We worked this year with the Ministry of Health on a wide range of issues and projects. These included needs assessment for the elderly, clinical services development and emergency and after-hours care. We collaborated on the Sustainable Funding Review, Public Health Acute Funding, the National Air Ambulance Strategy, the Ambulance Communication Project, the Ambulance Standards and Dispatch Protocols.

We were involved in the development of Primary Health Organisations, including a review of the Community Nursing Service. We worked on a number of projects with District Health Boards, helping them understand our processes, and, with the Ministry of Health, we were involved with their planning strategies.

### HEALTH INNOVATION AWARDS

The third annual Health Innovation Awards, announced in June 2005, attracted a record 151 entries.

This year’s Supreme Award, and a prize of \$15,000, went to the Healthy Housing Programme, a scheme to reduce housing-related diseases among families in Housing New Zealand Corporation properties. The programme has been implemented in more than 2,000 homes in Auckland and Northland, and has reduced overcrowding and resulted in improved access to primary healthcare for tenants.

This year’s 24 finalists included a system to reduce medication errors at Starship Children’s Health, text messaging to help young people stop smoking and a streamlined way to treat patients with multiple illnesses at Hutt Hospital.

Jointly organised by ACC and the Ministry of Health, and with Telecom New Zealand as the foundation business partner, the Awards are the nation’s leading event for recognising, promoting and celebrating the outstanding contribution that dedicated health professionals make to New Zealanders’ treatment, care and recovery.

One April morning last year, 27-year-old Johnny Dixon was on his way to the shop to buy a pie. Before he got there, his car was hit by a young driver.

Currently in a private hospital in Havelock North, Johnny's keen to find a place on his own – a house that ACC will fit out to maximise his independence. He wants to find work, and has been accepted into the State Service Mainstream Employment Programme, which will provide vocational training. He hopes to be a teachers' aide. "I'd just really love to work with young children," he says.

Johnny has also joined the Manawatu wheelchair rugby team. With the national tournament in Auckland in October, which doubles for the national trials, he has an eye on making the Wheel-Blacks.

## EMPLOYER PARTNERSHIPS

Our partnerships with employer, government agencies and employer groups to support early return to work initiatives are crucial to the welfare and well-being of our claimants.

### RETURN TO WORK PROJECT

Return to Work is a major new ACC initiative launched in September 2004 to promote vocational rehabilitation to employers. It comprises a range of return-to-work resources so our Account Management Team can support a faster return to work for injured employees.

Significant work has been done to improve employers' knowledge of ACC's Return to Work processes. We sent Return to Work guidelines and tools to the top 2,500 employers. Later in the year we also targeted small to medium employers and the self-employed.

In an agreement with Work and Income, its staff now help claimants with job searching.

We continued our Employment Maintenance Programme, helping to maintain the employee-employer relationship in situations where the employer cannot provide safe work options while the employee recovers.

### SPINAL INJURY VOCATIONAL REHABILITATION

Our pilot for spinal injury vocational rehabilitation continued to be successful, with 2,312 claimants undertaking the programme this year compared with last year's 433. On completion, 56% of participants returned to work and a further 16% were work-ready.

### INTERNATIONAL COMPARISONS

The success of our return to work rehabilitation initiatives was again highlighted in the annual Heads of Workers' Compensation Authorities' report Return to Work Monitor, published in May 2005. The report surveys injured Australian and New Zealand workers who have had ten or more days of workers' compensation.

The independent report showed that New Zealand had the highest return to work (91%) and durable return to work (87%) rates of the two countries. Our non-durable

### REPUTEX RATES ACC IN TOP FIVE

ACC was given an 'A' rating, placing it in the top five New Zealand organisations, by Reputex, an independent Australian-based organisation that provides 'social responsibility' ratings for Australian and New Zealand companies.

JOHNNY HAS COMPLETE TETRAPLEGIA, GETS ABOUT IN A WHEELCHAIR, AND IS VERY, VERY MOTIVATED.



return to work rate (where claimants require further time off and weekly compensation payments after returning to work) was comparatively low, at 5%. The Australian average was 10%.

Just over six months after their injury had occurred, only 9% of ACC claimants interviewed were not working, a rate substantially lower than the Australian average of 14%. Our partial return to work initiatives meant we had the lowest proportion of injured workers whose sole income at that time was weekly compensation.

Claimants were also asked to rate their insurer – ACC ranked consistently above all Australian insurers.

## LOOKING FORWARD

Future improvements to our rehabilitation partnerships include: a new, flexible, web-based Claimant Management System; a greater focus on secondary healthcare providers; and a new Provider Monitoring Team to support providers to ensure claimants receive the best possible service.

We will review and modify our rehabilitation model to ensure that it continues to be robust, legislatively aligned, and continually adopts best practice while reflecting the individual needs of the claimant. This will include looking at the culture of rehabilitation, and seeking to involve communities.

We will continue to address barriers to rehabilitation for under-represented groups, in particular Māori, Pacific and Asian peoples. We will also be working with key government agencies such as the Ministry of Social Development to effect these changes, and to improve return to work outcomes.

New areas for research are: occupational gradual process disease or infection; socioeconomic determinants of injury and recovery; and improving key performance measures.



Claimant and other stakeholder satisfaction rates are the bottom line for ACC. They tell us whether we are doing things right, and, if not, are the spur to further improvement.

## CLAIMANT SATISFACTION

After exceptional improvement in overall claimant satisfaction rates over the past two years, we set the goal of maintaining a rate of 80-85% until 2007. This year we achieved this target, with an overall claimant satisfaction rate of 80%.

Satisfaction rates for both Māori and Pacific claimants ended the year above the overall rate, at 81% and 82% respectively.

A major focus this year was on long-term claimant satisfaction rates, which improved 2% on last year, to reach 75%. Allied to this was a 7% improvement in seriously injured claimants satisfaction rates, to 68%. These improvements are largely due to changes we made in branches and Contact Centres earlier in the year, based on our research into longer-term claimants' needs.

Our goal is to achieve parity in satisfaction rates across all claimant groups, and therefore long-term and serious injury claimant satisfaction remains an important focus for the coming year.

## ACCESS

This year we continued our focus on improving access to ACC services and entitlements for all New Zealanders, through a number of new and ongoing initiatives.

### COMMUNITY-BASED ACCESS PILOTS

Recent ACC research proved that price is a strong deterrent for low-income claimants who suffer an injury but do not seek help from a health professional. Even when payment was relatively small, such as in co-payment for services, the research indicated a 10% increase in claimant fees is likely to result in a 2% drop in claims.

In response, in April 2005 we began an innovative series of community-based access pilots throughout New Zealand. There are five separate initiatives, each in as many as six locations, investigating and putting in place innovative ways to encourage people to seek help for injuries they or their family members have suffered. Many initiatives rely on volunteers, while ACC supplies the infrastructure, training and support.

A GP and radiology pilot in Dunedin, Nelson, Greater Wellington, Wanganui, Rotorua and Whangarei, for example, offers cheaper GP visits and free x-rays.



FOR OUR STATEMENT OF SERVICE PERFORMANCE  
ON CLAIMANT AND STAKEHOLDER SATISFACTION GO TO PAGE 67

Another initiative, in New Plymouth, South Auckland/Waikato, Rotorua, Opoitiki and Otago, uses various media, community/marae spokespeople and personal contacts to ensure ACC messages reach deep into the communities.

Pamphlets on how to make an ACC claim and advice for people travelling overseas were also sent to all New Zealand homes.

### **IMPROVING ACCESS FOR MĀORI**

Analysis of 2003-04 injury claims revealed that Māori claim at significantly lower rates than the wider population. The non-Māori medical fee claim rate for non-earners was 42% higher than the Māori rate. In the combined non-work (motor vehicle, non-earners, earners, treatment injury) category, the non-Māori rate was almost 80% higher.

Māori rates were lower across both genders and all age groups, the greatest differences being Māori males aged 5-19 years and Māori women aged 70+ years. Similar differences exist for entitlement claims covering moderate to serious injury.

We are addressing this issue in a number of initiatives, such as our community-based access pilots (see previous page). Also, three new Māori development managers were appointed to the Māori Development and Customer Access Division in August 2004. These positions are regional and cover the country between them. They are responsible for working across all ACC divisions to identify and address access barriers and improve outcomes for Māori.

A series of Awareness and Access hui to engage and inform Māori communities about ACC services, entitlements and Māori injury/claiming patterns began around the country in early 2005. Follow-up activities are already underway.

To raise awareness of the ACC scheme and build support for Māori access, we supported a number of initiatives including sponsorship of kapa haka, the Māori Providers' Conference, and the Māori Doctors' and Nurses' Conferences.

ACC's Pae Arahi continued to provide cultural advice and ongoing liaison with branches and injury prevention teams to support and develop local relationships with iwi and Māori communities and assist where requested with Māori claimants. Pae Arahi and case managers visited

claimants to support their rehabilitation.

Senior managers continue to consult Te Roopu Manawa Mai (ACC's strategic Māori advisory group), who provide an external perspective on plans and development activity.

The ACC Māori scholarships programme for Māori students in their final year of study was continued this year as part of the workforce recruitment strategy, and placements made for two new graduates.

Further research is underway exploring issues of affordability of treatment services, effects of capitation in primary care, and monitoring co-payments across primary care providers.

### **IMPROVING ACCESS FOR PACIFIC PEOPLES**

ACC appointed a National Pacific Development Manager, Taulalo Fiso, in November 2004 to provide leadership on Pacific activities and priorities and help ensure our services and messages reach Pacific communities. Taulalo has significant links with Pacific communities and relevant ministries and departments.

To help us identify and tackle scheme access and injury prevention barriers for Pacific peoples, we funded two pieces of research which are currently underway.

This year we again promoted our services with weekly advertising and interviews on national Pacific radio in Samoan, Tongan and Niuean. We were involved with the Pacific Business Awards, and with sPACIFICally PACIFIC in Wellington visited by young Pacific people, their parents and community leaders.

We helped sponsor the Auckland Secondary Schools Māori and Pacific ASB Bank Cultural Festival in Auckland in March 2005. At this high-profile event for the Pacific community, ACC's focus was on access and injury prevention awareness.

We continue to work with our external advisory body, the Pacific Consultancy Group, the Auckland Region Pacific Advisory Group, and other external networks to improve services to Pacific communities.

The ACC Pacific scholarships programme for Pacific students in their final year of study was continued this year as part of the workforce recruitment strategy, and placements were made for two new graduates.

Bob (Ngati Whakaue iwi, Ngati Hurunga Te Rangi hapū) is a Pae Arahi Kaumatua of Te Arawa waka – one of ACC’s nine regional Māori cultural advisors. His role is to support and advise on cultural issues between ACC staff (particularly case managers and injury prevention consultants) and Māori claimants, communities and organisations.

Bob’s rohe (region) covers Hauraki/Thames and Waiariki ki Taupo – Rotorua, Tauranga, Whakatane, Tokoroa and Turangi. Bob is bilingual, lectures on te reo and Māori culture, is a public relations consultant by profession, and writes books in his spare time.

“To me, the following whakataukāki (proverb) says it all. ‘He aha te mea nui i tēnei ao? Māku hei kī atu, he tangata, he tangata, he tangata.’ It not only encapsulates what it is to be Māori, but is also, I believe, what ACC is all about: treasuring people for who they are, as individuals and as invaluable members of their communities.”



#### IMPROVING ACCESS FOR ASIAN PEOPLES

To help ensure New Zealand’s rapidly growing Asian communities are aware of their entitlements and know how to access ACC services, we appointed a new ACC Asian Development Manager, Vivian Cheung, in August 2004. Vivian is based primarily in Auckland, but works with Asian communities throughout New Zealand.

Research such as the Asian Public Health Project 2003 confirmed that language, cultural perceptions and behaviour, and unfamiliarity with the New Zealand healthcare system are the three main barriers for Asian people accessing and using health services. Engaging and supporting Asian communities are essential to encourage participation in addressing these access issues.

To raise the profile of the ACC Scheme to these communities, we supported the third Asian Forum, organised by The Asian Network, where over 150 participants from government agencies, the Asian community and non-government organisations met to discuss Asian initiatives. We also sponsored the inaugural Asian Health and Well-being Conference in Auckland.

ACC also sponsored Asian community events, including the Lantern Festival in Auckland and Christchurch, attended by 60,000 people, and the Chinese New Year celebration in Auckland, attended by 20,000.

Research on New Zealand Asian health and well-being is limited. We have conducted research on access barriers, and are identifying other research opportunities that will help us improve access and outcomes for Asian claimants and communities.

#### IMPROVING ACCESS FOR DISABLED AND OLDER PEOPLE

This year ACC was involved in the Cabinet-approved review ‘Long-term Disability Support Services: Achieving Equity of Access and Coherence with the New Zealand Disability Strategy’. This identifies the best mechanisms for providing disability support services, and is the first step to setting up a common framework for government and other agencies.

Increased analysis into claiming patterns and formal customer service feedback from older people is informing ACC’s focus on this growing customer group.

The appointment in June 2005 of a Customer Access Manager, Sandie Waddell, will strengthen our service planning and delivery to both groups.



“HE AHA TE MEA NUI I TĒNEI AO?  
MĀKU HEI KĪ ATU, HE TANGATA, HE  
TANGATA, HE TANGATA.”

“WHAT IS THE GREATEST  
THING ON THIS EARTH?  
MY REPLY: IT IS PEOPLE,  
PEOPLE, PEOPLE.”



## LEVY PAYER SATISFACTION

The levy payer satisfaction rate this year for the top 2,500 employers was 82%, meeting our target of 80-85%.

The satisfaction rates for the self-employed and small-to-medium employer levy payers did not meet the year's set targets: 59% for self-employed (the target was 68%), 71% for small-medium employers (the target was 74%) and tax agents (the target was 80%).

This was an area of concern for ACC throughout the year. In 2004 we launched the ThinkSmall campaign to help lift this group's satisfaction levels. The campaign included simplifying how we communicate with this group, supporting new customers by providing information to help them understand ACC's services, and extending relationships to other key business points of contact such as banks, telecommunication companies and Chambers of Commerce.

A second ThinkSmall campaign was launched in March 2005, which included levy payment and incentive options and provided ACC staff with further information, tools and customer experience to improve service delivery.

These initiatives were rewarded with a substantial improvement in satisfaction rates in the fourth quarter,

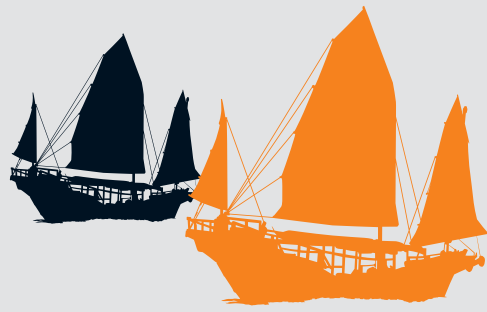
progress we are looking to continue through the coming year.

### 'NEW TO ACC' PACKS FOR LEVY PAYERS

A 'New to ACC' information pack was introduced this year to help new business levy payers better understand their ACC cover, benefits and commitments. The packs were mailed to 40,000 new employers and 12,000 newly self-employed people. Similar packs were made available through other key business channels, such as accountants and tax agents, and on ACC's website.

### NEW-LOOK ACC WEBSITE

To improve ease of access to ACC information, [www.acc.co.nz](http://www.acc.co.nz) underwent a facelift early in the year, with changes to the content, function and general 'look and feel', and quick access to frequently visited pages, the latest news and promotions. A new design of a more substantial ACC website was published on 30 June 2005.



APPOINTED IN AUGUST 2004 AND BASED PRIMARILY IN AUCKLAND, VIVIAN WORKS CLOSELY WITH ASIAN COMMUNITIES THROUGHOUT NEW ZEALAND.

#### A SIMPLER, FAIRER ACC SCHEME

The Injury Prevention, Rehabilitation, and Compensation Amendment Act (No 2), which takes effect on 1 July 2005, clarifies some provisions in the current Act and makes the ACC scheme fairer and simpler.

The Act replaces the medical misadventure provisions with new rules under a new Treatment Injury category. The new category removes the requirement to find fault, or prove that a medical injury is rare and severe, before a patient is entitled to ACC cover.

ACC will also assume a new patient safety role, reporting to the relevant statutory agency when there is a risk of harm to the public from a type of treatment, equipment, medical facility, drug, organisation or practitioner. This strengthens the partnership between ACC and the health sector and moves away from the punitive system of finding and reporting medical error. It will encourage a climate of learning when things go wrong, while still protecting public safety.

The Act enables us to be more responsive to the needs of claimants. It allows us slightly more discretion to provide certain rehabilitation entitlements. It also provides a more equitable basis for calculating weekly compensation for the self-employed and shareholder employees who have received other kinds of employment income in the 12 months preceding an injury.

#### TOP AWARD FOR ACC IN NZ BUSINESS EXCELLENCE AWARDS

In November 2004, ACC's dedication to continuous improvement was recognised with a coveted Achievement Award – Silver level in the prestigious New Zealand Business Excellence Awards programme. ACC received 536 points, the highest marks of any organisation in New Zealand reviewed in the past few years.

Only six New Zealand organisations have previously reached the Silver level against the globally recognised Baldrige scale which benchmarks business performance against the world's best.

The evaluation process consisted of a comprehensive review by eight independent assessors of ACC's Business Excellence application, supporting information and a four-day series of on-site visits by the New Zealand Business Excellence Foundation evaluation team. A wide cross-section of ACC personnel was interviewed including senior managers, operational and team managers and frontline staff.

ACC's new Asian Development Manager Vivian Cheung was one of only 100 young Chinese leaders selected from all over the world to participate in the 'Young Chinese Leaders Forum' in Beijing and Hong Kong in 2004.

This Forum is sponsored by the Dragon Foundation, which aims to develop leadership skills, provide opportunities and ways to participate in community building and honour outstanding ethnically Chinese youth in different professions.

This was the first time that a New Zealand representative had attended and it was a valuable opportunity to understand the development of Chinese communities from other parts of the world, particularly Canada and Australia which have similar migration patterns, and to gain information about service provision and insurance schemes in other parts of the world.

## LOOKING FORWARD

The key to delivering ACC services more efficiently and effectively is increased partnership with stakeholder organisations and communities. We aim to lead in this area by being responsive and accessible to claimants and external agencies.

This coming year we will: address financial barriers to fair access to treatment; focus on improving the satisfaction rates of the seriously injured and their caregivers; and develop more resources for treatment providers.

We will focus on improving satisfaction levels for the self-employed and small-to-medium employers. We will tailor the Return to Work initiative for these groups and develop incentives for enhanced health and safety performance. Both are designed to reduce levy rates.

Other new initiatives include: customer service training modules for staff; a review of the Code of ACC Claimants' Rights; and innovations in the care of Māori, Pacific and Asian peoples, including culturally based treatment alternatives.

Initiatives to simplify and improve the fairness of the scheme include: a proposal to simplify entitlements, including independence allowance, lump sums and weekly compensation; a 'first principles' review of weekly compensation, including fairer weekly compensation for seasonal workers; and improving access for people with a work-related gradual process disease or infection.



## A FOCUS ON CUSTOMER SERVICE

Quality staff who are satisfied in their work means quality service and satisfied claimants, providers and levy payers.

ACC is committed to being an employer of choice – to attract and keep high-quality staff in what has become a highly competitive New Zealand employment market. ACC staff work in a highly supportive environment with active training and incentive programmes that encourage a culture of service, performance and achievement.

### SATISFACTION AND RETENTION

For the second year running ACC's overall staff satisfaction achieved a record high, increasing from 73% last year to 74% at 30 June 2005. Our long-term goal of 80% or better remains.

A breakdown of results shows improvements in the rates of staff satisfaction with their jobs, their managers, and with ACC.

Annualised staff turnover was 15.9%, above our target range of 10-15%. Since satisfaction rates continue to rise, the rising attrition rate must be attributed to external factors such as labour market conditions.

We closely monitored staff turnover rates throughout the year, and undertook a number of key initiatives aimed at the retention of staff with expected positive results over the coming year.

### MĀORI STAFF SATISFACTION

The satisfaction rate for Māori staff improved 1% this year to 77%, and continues to exceed overall rates.

Three regional Māori staff hui were held in June/July 2004, focusing on improving staff satisfaction for Māori staff in ACC and looking at Māori initiatives and priorities around scheme access, injury prevention and rehabilitation.

A National Māori Staff Conference was held in November 2004, focusing on personal and career development via motivational workshops. The Conference also strengthened networking opportunities among staff and the Māori community and followed through on priorities for Māori claimants and stakeholders.

Annualised staff turnover for Māori staff increased from 13.6% to 16.5% at June 2005. While this is consistent with a tight New Zealand labour market, to further motivate and retain high-performing Māori staff, secondments, project work and internal career opportunities are being heavily promoted within ACC.

**PACIFIC SHARE**  
**OF THE POPULATION**  
**WILL INCREASE TO**  
**BY 2021**

**9%**

## **PACIFIC PEOPLES STAFF**

The satisfaction rate for Pacific peoples staff improved to 79%, exceeding the overall staff satisfaction rate.

The annualised staff turnover of Pacific peoples was 20.1%, up from 15%, and well above the target range of 10-15%. This trend was evident earlier in the year and meant we increased our focus on initiatives to improve this rate, and to intensify our aim of recruiting Pacific staff for areas of high Pacific population.

This year we welcomed our first Pacific Development Manager, Taulalo Fiso (see page 55), to ensure our services and messages are reaching and benefiting Pacific communities.

We held fono for Pacific staff in Wellington and Auckland in November and December 2004. Topics included recruitment and training, co-ordination with other Pacific staff in government organisations, and Pacific priorities for ACC.

Two further ACC Pacific University Student Scholarships were awarded this year in a scheme that has proved successful in recruiting Pacific university graduates into ACC. The previous year's Scholarship recipients are now working full-time for ACC, having completed their studies. We promoted the Scholarships and other career opportunities at Wellington's sPACIFICally PACIFIC careers expo in October.

## **ASIAN STAFF**

This year we also welcomed our first Asian Development Manager, Vivian Cheung (see page 49), who is helping to ensure ACC services and messages reach our rapidly growing Asian communities. We have also co-opted a number of Asian cultural advisors to support staff who work with Asian claimants and organisations.

## **TRAINING AND DEVELOPMENT**

ACC continues to place a strong focus on the ongoing development of training materials and programmes in response to staff needs and business requirements.

ACC provided 7,806 training days to 27,298 participants this year. Weekly training sessions through self-directed learning continued to be an integral part of business, with over 800 staff participating each week. Each manager has a large discretionary training budget.

### **LEARNING MANAGEMENT SYSTEM**

This year we launched ACCelerate, a new online learning management system to improve administration of training and to launch online learning modules.

This system increases training capability and convenience, and enables us to track levels of staff competence quickly and accurately. It has received a very positive response from staff.

The first learning module – a Health and Safety refresher course – was released in September 2004. Since then we have launched 24 more modules, with still more in development, including a Sustainable Workplace Action Plan module.

### **MANAGEMENT CONFERENCES**

In October/November 2004, all ACC people managers attended one of four 'Amazing Journey' management conferences focusing on leadership and values.

### **INFOHRM MANAGEMENT TOOL**

In April 2005, we implemented InfoHRM, a new online database for managers to track, measure and compare staff data such as sick leave and turnover. This new tool enhances managers' knowledge of their staff, and focuses them on ways to improve leadership and performance.

### **EQUAL EMPLOYMENT OPPORTUNITY**

ACC is committed to providing equal opportunities in employment. This is reflected in our core values: valuing people and their diversity, integrity, customer service, continuous improvement, participation and teamwork.

Women continue to be well represented in management at 60.3%, and we have seen a continuing increase in the number of Māori, Pacific and Asian staff in management and frontline roles.

As part of our new trial of a paid Community Service Day, 16 staff members spent their day painting bedrooms at Ronald McDonald House, which accommodates the families of children in hospital.

Other staff worked for a day cleaning out and painting a garage for puppy kennels at the Wellington SPCA.

The trial will run for 12 months before being reviewed for possible roll-out across ACC.



We are currently reviewing our equal employment opportunity performance and initial indications are that ACC is doing well in this area.

### TECHNOLOGY UPGRADES

Our new Claims Management System was successfully begun. This will standardise processes throughout branches, so all customers receive a consistent high level of service.

A major Microsoft Desktop Upgrade was completed in early February 2005. This project established a modern desktop computing environment, compatible with the technology used by the majority of our external partners. It also established a platform to support future applications such as the Claimant Management System.

### INTERNATIONAL BENCHMARKING

Since 2000, ACC has operated a Corporation-wide business excellence programme to benchmark rigorously against established and detailed international criteria based on the Baldrige Foundation Business Excellence Framework. Our Business Excellence Unit's individual Category Champions oversee and report on the implementation of Baldrige principles in each of the Framework's seven categories.

This is one of our key approaches to developing our organisational capacity and the maturity of our management. It helps us to gain and maintain the highest levels of organisational efficiency and integrity so we can deliver the best outcomes for claimants, providers, levy payers and our other stakeholders.

This year ACC was evaluated for the first time and was awarded 536 points and a Silver level, one of only seven Silvers ever awarded to a New Zealand organisation, by the New Zealand Business Excellence Foundation team – see also page 48.

## SUSTAINABLE WORK PRACTICE

We are committed to being a good corporate citizen, to maintaining a healthy and safe environment for our employees, and encouraging the same in every workplace, home and community.

### WORKSAFE PROGRAMME

Our WorkSafe health and safety programme supports our staff's physical, psychological and emotional safety. All staff who work closely with claimants have professional supervision to provide support in their work and their professional growth. This is an extremely effective way to



NOT ONLY DOES THE CHARITY BENEFIT, BUT ACC DOES TOO – THROUGH HIGHER STAFF MORALE AND A GREATER AWARENESS OF ACC IN THE COMMUNITY.

ensure that case management and other work practices are safe, effective and ethical and a healthy work/private life balance is maintained.

An Employee Assistance Programme is also available to all staff. This provides a short-term intervention problem-solving and counselling service.

We work closely with staff to reduce injuries in the workplace. In the event of an ACC workplace injury, we pay the full medical costs. Gradual process claims are managed proactively, with early warning of pain treated and ergonomic needs assessed immediately.

This year there were 56 accepted work injuries, of which eight resulted in lost time of 416 working days, out of a total of 83 work injuries lodged.

In September the Health and Safety refresher module was the first training programme delivered through our new online system ACCelerate. Over 1,900 staff completed this module.

In November 2004 we again achieved tertiary-level participation status in the ACC Partnership Programme. The external audit included safety management practices (including workplace observations) and injury management (including claims administration and rehabilitation).

#### SUSTAINABLE WORKPLACE ACTION PLAN

Early in the year, we established a sustainability project team, and developed a Sustainable Workplace Action Plan (SWAP) framework for the implementation of increased sustainable business practices.

SWAP champions were established throughout ACC to help all parts of the business embrace sustainability.

ACC became a member of the New Zealand Business Council for Sustainable Development and the Sustainable Business Network. SWAP project team members attended the New Zealand Sustainable Business Conference and related seminars, networking with other organisations undertaking similar initiatives.

In January a new role of Sustainability Co-ordinator was created to develop, promote and manage SWAP initiatives across ACC.

URS New Zealand was commissioned to prepare a SWAP Opportunity Assessment, which included a survey of staff that showed a high personal level of sustainability values and aspirations at work and at home.

There is now excellent awareness and uptake of the SWAP ideas and activities at all levels of ACC. Over the year the SWAP focus has paid particular attention to recycling, resource efficiency, paper conservation, and our vehicle fleet.

“UA OGATASI LE FUTIA MALE UMELE.  
WE MUST BE OF ONE MIND IN THIS UNDERTAKING.”



#### **RECYCLING**

A recycling pilot initiated at our Lower Hutt branch achieved an 80% reduction in general waste by recycling paper, cardboard, glass, tin, aluminium, plastic and food waste. We then rolled out this project nationwide.

#### **RESOURCE EFFICIENCY AND PAPER CONSERVATION**

Paper conservation is encouraged, through using alternative media such as emails and phone calls, and the use of both sides of paper pages, wherever practicable.

Increased e-transactions with claimants and providers have radically reduced paper usage, mail handling and delivery and any associated negative environmental impacts. Electronically lodged claims, for example, increased from 47% to 59% this year. Many millions of pages of forms are now no longer required. The implementation of e-transactions has also led to flat computer screens being introduced; these screens use about 30% less power than standard screens.

Claimants are also encouraged to contact ACC staff by telephone or email instead of face to face. This saves at least 50,000 physical visits a year – most of which would be by private car.

#### **GREEN SUPPLIERS**

ACC requires suppliers to provide information on the environmental impacts of their products where relevant, and to complete an annual independent workplace safety audit.

#### **VEHICLE FLEET**

At a time when climate change is of global concern, we have commissioned a vehicle fleet efficiency audit. Improvements in fuel efficiency and fleet options were identified to help us to reduce our emissions, and a number of other efficiency initiatives are being investigated. ACC is currently trialling electric/petrol-powered vehicles.



New Zealand-born Samoan Taulalo Fiso grew up in Wellington. After a BA in Education and an MA (Applied) in Social Work at Victoria University, Taulalo worked in public sector management and Pacific development.

Before taking up his position at ACC in November 2004, he was responsible for the strategic oversight and management of Pacific education in the lower North Island for the Ministry of Education.

“My family was a big influence in my development, particularly my mother who single-handedly raised eight children when our father passed away when I was only four.

“Communities are very powerful and important things for us to hold close, to nurture and grow – family communities, cultural communities, work and sport communities, and, of course, our national community. My new role at ACC gives me a great opportunity to contribute to them all.”

## LOOKING FORWARD

Over the coming year we will strengthen our management capability, champion our successful Business Excellence programme, enhance our leadership development programme, and achieve re-accreditation of our tertiary-level status in the ACC Partnership Programme.

We aim to increase our cultural capability and capacity by providing cultural training for staff and increasing our staff ratio to better reflect the communities we serve.

Our SWAP framework will be developed throughout the business, building and supporting sustainable business practices.

### ACC WINS BEST ANNUAL REPORT

Last year, for the second year in a row, ACC’s Annual Report won the Institute of Chartered Accountants of New Zealand Award for the Best Annual Report in the Public Sector Non-Trading section.



**A FAIR GO FOR ALL NEW ZEALANDERS**

ACC takes care of all injured New Zealanders. And this means levies are shared by all of us, so that everyone can receive good quality care and fair compensation.

**LEVY RATES**

Despite increased costs and liabilities, this year levies remained unchanged for employers and wage earners.

We reduced the average employers' levy, which funds workplace injuries to employees, to \$0.88 for every \$100 of payroll. Employers also pay a levy to fund the on-going costs of pre-1999 injuries. This residual levy has reduced from \$0.67 for every \$100 of payroll when it was first set, to \$0.33 currently. The total non-work levy, which funds all non-work injuries to earners, remained at \$1.20 for every \$100 of earnings.

Average levies for this group have now reduced or remained the same for the third year running.

Self-employed people are earning less while injury treatment costs are rising, causing an average rise of 3.9% in the Self-Employed levy rate. Income from this account is less than 4% of all levies collected by ACC.

The Motor Vehicle levy increased from last year to \$206.93 from 1 July 2005. The individual components of the levy have been more fairly realigned according to injury risk.

**GOOD INVESTMENT RETURNS FOR THE YEAR**

Good investment helps to keep levy rates as low as possible. And as we build towards fully funding our claims liability, the investment performance of our reserves portfolio becomes increasingly important. We have had an enviable record in this area in recent years, consistently exceeding industry benchmarks. This year investment income was \$786 million, over double the \$332 million target and 0.9% ahead of benchmarks.

**DECREASED OPERATIONAL COSTS**

Efficiencies within ACC contributed to the stability of levy rates. Our operating costs, injury prevention costs, and levy collection costs were all under budget this year.

**TOLERANCE OF FRAUD**

ACC has zero tolerance of fraud. This year we focused on detecting and dealing with instances as early as possible, by improving and better integrating investigation methods. This year we ran Operation Passport, which focused on investigating claimants living overseas who should have returned to work. Operation Passport has generated \$4.5 million in prospective savings.

The total estimated savings from ACC's fraud detection and prevention activities this year were \$35.6 million. This represents an exceptional return on investment – \$20.75 for every \$1 spent, well in excess of the 2004-05 Business Plan target of 6:1.

This return is partly due to ACC's closer collaboration with treatment providers and with other government agencies such as Inland Revenue and the Ministry

LONG-TERM  
INTEREST RATES  
CONTINUE TO  
DECLINE.  
BOND YIELDS  
DECLINE.  
NEW ZEALAND  
EQUITY MARKET  
RISES.

of Social Development. Increasing efficiencies in data collection and management of claims with primary health providers and engagement with professional organisations play an important role.

The Medical Association helped us to develop Audit Protocols, to ensure we use correct processes when instigating and carrying out audits and investigations.

#### **INTERNATIONAL COMPARISONS**

Comparisons with injury schemes overseas continue to show that ACC provides exceptional value for money. The Heads of Workers' Compensation Authorities' annual comparison of workers' compensation in Australia and New Zealand, published in May 2005, shows that ACC's rate of \$0.91 per \$100 of earnings is by far the lowest average levy rate of any state or territory scheme. The best Australian scheme is Queensland with an average rate 70% higher than ours. ACC's levy rates rank the lowest in all industries surveyed, except for 'house construction', where we are a close second behind Western Australia. ACC also has by far the lowest claim frequency per million dollars of earnings at 0.52, almost one third the rate of the best Australian scheme, that of Victoria.

#### **LOOKING FORWARD**

ACC will continue to work hard to ensure that the cost of the scheme and its services are kept at a minimum. Our goal is to maintain fair levy rates to 2007, targeting a 'fair' levy range of \$0.90 to \$1.10 for the Employers' Account.

However, there is mounting pressure on these levy rates. Claimant numbers are growing and levels of care and medical costs are increasing. We are more and more proactive in prevention, care and rehabilitation. We are removing barriers to access for New Zealanders who are under-represented in our claim statistics. These trends are likely to continue in the medium term. There is also new legislation recently passed by Parliament providing for even more extensive services and access.

And more and better care means more cost.

On the investment front, despite our exceptional track record, long-term planning demands a prudent outlook, and a large fund risks inevitable exposure to market forces.

ACC fully funds the entire cost of an injury in the year it occurs. The estimate of future cost is sensitive to interest rate movements. Long-term interest rates used to calculate ACC's long-term liability declined from 6.5% earlier in the year to 6.2% at the time of levy consultation in September 2004, and have since fallen to 5.75% at the year's end.

As interest rates fall, ACC's forecast of future investment earnings must reduce. Accounting standards require that ACC book the required amounts to meet the current and future costs of injuries that happen during the levy year.

If this trend continues, it may compel levy rate rises to compensate. We will be consulting on levy rates based on detailed analysis later in the year.

## GLOBAL REPORTING INITIATIVE CONTENT INDEX

This index is ACC's first step towards sustainability reporting. As a guide, we used the Global Reporting Initiative (GRI) – [www.globalreporting.org](http://www.globalreporting.org). This content index identifies the location in this report of various elements of the GRI Framework.

For more information on ACC's performance as a good corporate citizen, please read our report 'Working Towards Sustainable Development 2005'. You can download this from [www.acc.co.nz](http://www.acc.co.nz) or ring 0800 101996 to request a hard copy.

GRI REPORTING ELEMENT	IN THIS REPORT
<b>Vision and Strategy</b> Sustainable development vision and strategy; CEO statement	<ul style="list-style-type: none"> <li>- From the Minister p16</li> <li>- From the Chair p17</li> <li>- From the Chief Executive pp18 - 19</li> <li>- Looking Forward sections p37, p43, p49, p55, p57</li> </ul>
<b>Profile</b> Organisational profile; report scope; report profile	<ul style="list-style-type: none"> <li>- ACC at a glance p12</li> <li>- Board structure p20</li> <li>- ACC Board of Directors p22</li> <li>- ACC Executive Team p28</li> </ul>
<b>Governance Structure and Management Systems</b> Structure and governance; stakeholder engagement; policies and management systems	<ul style="list-style-type: none"> <li>- ACC at a glance p12</li> <li>- Corporate governance pp20 - 29</li> <li>- Financial information pp84 - 128</li> </ul>
GRI PERFORMANCE INDICATORS	
<b>Economic</b> Customers; suppliers; employees; capital; public sector; indirect economic impacts	<ul style="list-style-type: none"> <li>- ACC at a glance p12</li> <li>- Injury prevention pp30 - 37</li> <li>- Rehabilitation pp38 - 43</li> <li>- Fair levies pp56 - 57</li> <li>- Financial information pp84 - 128</li> </ul>
<b>Environmental</b> Materials; energy; water; biodiversity; emissions; effluents and wastes; suppliers; products and services; compliance; transport	<ul style="list-style-type: none"> <li>- Sustainable work practices pp52 - 54</li> </ul>
<b>Social: Labour Practices and Decent Work</b> Employment; labour relations; health and safety; training and education; diversity and opportunity	<ul style="list-style-type: none"> <li>- Staff satisfaction p50</li> <li>- Equal employment opportunities p51</li> <li>- Sustainable work practice p52</li> <li>- Staff volunteer days pp52 - 53</li> </ul>
<b>Social: Human Rights</b> Strategy and management; non-discrimination; collective bargaining; child and forced labour; disciplinary practices; security practices; indigenous rights	<ul style="list-style-type: none"> <li>- Access pp44 - 46</li> <li>- Green suppliers p54</li> </ul>
<b>Social: Society</b> Community; bribery and corruption; political contributions; competition and pricing	<ul style="list-style-type: none"> <li>- From the Chief Executive p18</li> <li>- Corporate governance pp20 - 29</li> <li>- Injury prevention pp30 - 37</li> <li>- Fair levies pp56 - 57</li> </ul>
<b>Social: Service Responsibility</b> Customer health and safety; products and services; privacy	<ul style="list-style-type: none"> <li>- Dispute Resolution Services Limited p27</li> <li>- Injury prevention pp30 - 37</li> <li>- Rehabilitation pp38 - 43</li> <li>- Reputex p42</li> <li>- Claimant and other stakeholder satisfaction pp40 - 49</li> </ul>