Category Strategy
CONFIDENTIAL

Category Plan - External Mailhouse Services

DATE: 3 April 2024 Final

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

1. Background

- Two principal, and two miscellaneous suppliers provide Mailhouse Services to ACC. These are:
    - NZ Post (DATAM) since 2010 and Western Mailing since 2015. Contracts with both these suppliers expire 31 July 2024 and neither contract has had rights of extension available for several years.
    - Marketing Impact and BlueStar do not have contracts with ACC, although services provided by Bluestar are procured and approved using purchase orders.
- ACC must return to market in 2024 to reassess supply options and assure value.
- Mailhouse services include composing formatted correspondence, the printing and placement in envelopes or emailing of correspondence, and separate provision of documentation back to ACC for upload to systems and Client portals.
- Correspondence includes levy invoices and supporting communications, debt collection letters, injury prevention and targeted investment resources, claim notifications, provider dashboards and provider statements.
- *A full listing of required services is attached as Appendix A.*
- *A PESTEL Analysis of key Risks, Issues, and Mitigation is attached as Appendix B.*

2. Executive Summary

- ACC uses mailhouses to create, proof, send as email or centrally print and post mail to claimants, providers and business customers.

- ACC contracts with NZ Post (DATAM) and Western Mailing for mailhouse services. NZ Post have facilities in Auckland and Christchurch, with Western Mailing's facilities being in Auckland and Wellington. The current contracts were respectively established in 2010 and 2015. Over 5.4 Million items of outbound correspondence were sent in FY22/23 with ACC paying NZ Post (DATAM) and Western Mailing over $2.3 Million to provide the services.

- Some services are currently provided out of contract and using purchase orders by Marketing Impact and Bluestar Group.

- There is a compelling need to update, and consolidate these services under one contract, for ACC to avail itself of improved and more efficient print and mail opportunities, to reduce ACC overheads, and allow better access to digital and paperless communications. The outcome will be that ACC reduces the environmental impact and costs of business mail.

- A Lean Agile Procurement approach (incorporating a simple Registration of Interest) will allow ACC to access contemporary mailhouse services from preferably one supplier. A Master Services Agreement (MSA) for 10 Years (5+2+2+1) will be the main contract with individual Statements of Work (SOW's) issued as needed.

- A new contract will ensure ACC is following the Government Procurement Rules (GPR) and can find lowest cost options to comply with legislation, principally Principle 5 of the Privacy Act and Section 307 (2) of the Accident Compensation Act 2001 – *refer Appendix B. Risk - PESTLE Analysis.*

3. The Opportunity for ACC

Opportunity

- ACC will obtain a partner(s) that will work with us to generate and deliver physical and digital correspondence to ACC customers which includes clients, business customers, providers and targeted investment groups.
- Mailhouse(s) offers real opportunities to centralise, rationalise, automate, simplify, and standardise.

How opportunity will be realised

- Updating ACC's approach to sending communications while constraining costs will include:
  - A transition from physical mail to a digital first approach e.g., using email and portals such as "MyACC For Business" and aiming for a paperless approach with business communications.
  - Using relationship management to ensure prices stay comparable to pricing under competing contracts.
  - Considering solutions such as the competing DX Mail Service and printing envelopes within the mailhouse facility.
  - Finding leaders in the market who are innovative and will support digital strategies, while assisting where clients and counterparties cannot transition from physical mail.
    - refer to *Appendix C for Market Analysis of candidate suppliers.*

Other considerations

- ACC is progressing deployment and aiming to increase use of Salesforce Marketing Cloud as an internally driven communication channel.
- Postage costs are increasing significantly. In FY22/23 NZ Post (under the separate postal services contract) charged ACC over $2.68 Million for sending enveloped letters. ACC is developing strategies to reduce physical mail volume and needs a proactive supplier who will support (and not obstruct) this work.
- In FY22/23 ACC separately provided mailhouses with $205,000 of letterhead paper and envelopes.

4. What is the ACC Strategy for Mailhouse Services

Purpose: Enable bulk correspondence to be produced externally while reducing cost and overheads, enhancing privacy and ACC's reputation, and meeting obligations under the Accident Compensation Act 2001.

Who is strategy for: Claimants, providers, and business customers who receive correspondence produced in bulk using capabilities that ACC does not possess.

How will strategy be delivered:

Pillars	Consolidate service management and oversight to a single supplier relationship	Ensuring use of a supplier doesn't restrict ACC's options to invest in new delivery channels and adjacent services	Transition where possible from physical mail to a digital first paperless approach	Track non-delivery and change delivery approach if correspondence is not received	No splitting of correspondence between suppliers reducing differences in the layout of output
Foundation and Objectives	Seeking market leaders to facilitate transition to a paperless approach		Reducing the carbon footprint of printing and physical mail		Updating business processes with new supplier and resetting supplier price expectations
	Use Lean Agile Procurement to assess mailhouse service provision opportunities and select a supplier that can produce physical and digital correspondence for ACC customers and proactively support reducing the physical mail volumes sent by ACC				

Guiding Principles:

Principle 5 of the Privacy Act - [Privacy Act 2020 No 31 (as at 06 December 2023), Public Act – New Zealand Legislation]	Section 307 (2) of the Accident Compensation Act 2001 - [Accident Compensation Act 2001 No 49 (as at 06 September 2023), Public Act 307 How documents given or information notified – New Zealand Legislation]	Claimants, providers, and business customers being aware of important information from ACC	ACC reducing the costs of advising and processing both claims and levies

5. Costs and Spend FY2022–23

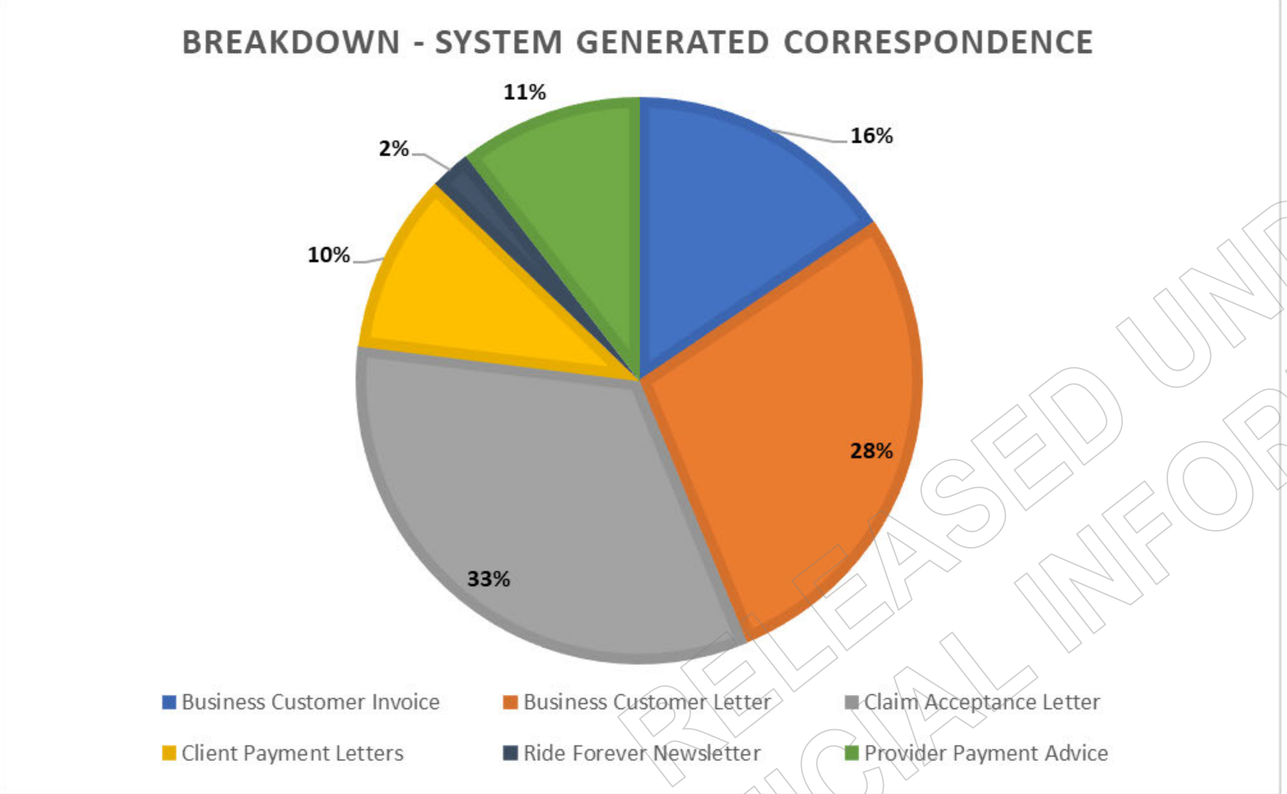
Row Labels	MARKETING IMPACT	NZ POST - DATAM	WESTERN MAILING	Total for Cost Centre
0873-0873 - Business Partnerships	[s 9(2)(b)(ii)]			1,546,509
0920-0926 - Procurement & Property				677,779
0550-0550 - Channel IP				87,366
0578-0578 - Core Investment - Road				30,364
0810-0810 - Health Partnerships				24,989
0409-0409 - Technology Enabling				12,094
0968-0968 - Customer Connection				7,827
0538-0538 - Workplace Safety				3,300
0752-0752 - Strategy & Customer Insights				2,899
0296-0296 - Transformation Programme - Client				515
0802-0802 - Treatment Safety				300
Total for Provider	**90,152**	**982,133**	**1,321,655**	**2,393,940**

- Over 90% of spend is managed by Business Partnerships or Procurement as a centralised service.
- Over 90% of spend is for system generated letters/invoices to Business Customers, Claimants or Providers.
- Western Mailing have proven more responsive to project requests and support for injury prevention initiatives.
- Marketing Impact, while a large NZ mailhouse, only provide tactical solutions such as SMS links to ACC Portals.

A profile of Spend with Suppliers since 2010 is attached as Appendix D.

NOTE. This expenditure <u>excludes</u> postage, letterhead and envelopes that are paid for separately under contracts with NZ Post and True North.

6. Service Volumes July 2022 – June 2023



Correspondence Volumes

Category	Emails sent	Envelopes sent	Pdf generation only	Total
Business Customer Invoice	204,373	642,279		846,652
Business Customer Letter	135,959	498,324	904,106	1,538,389
Claim Acceptance Letter		1,805,953		1,805,953
Client Payment Letters	194,618	364,192		558,810
Ride Forever Newsletter	126,528			126,528
Provider Payment Advice		570,902		570,902
				5,447,234

Pdf generation only mailhouse returns the item to ACC as an archive file only, ACC 'delivers' the item to the customer generally via MyACC for Business for self service.

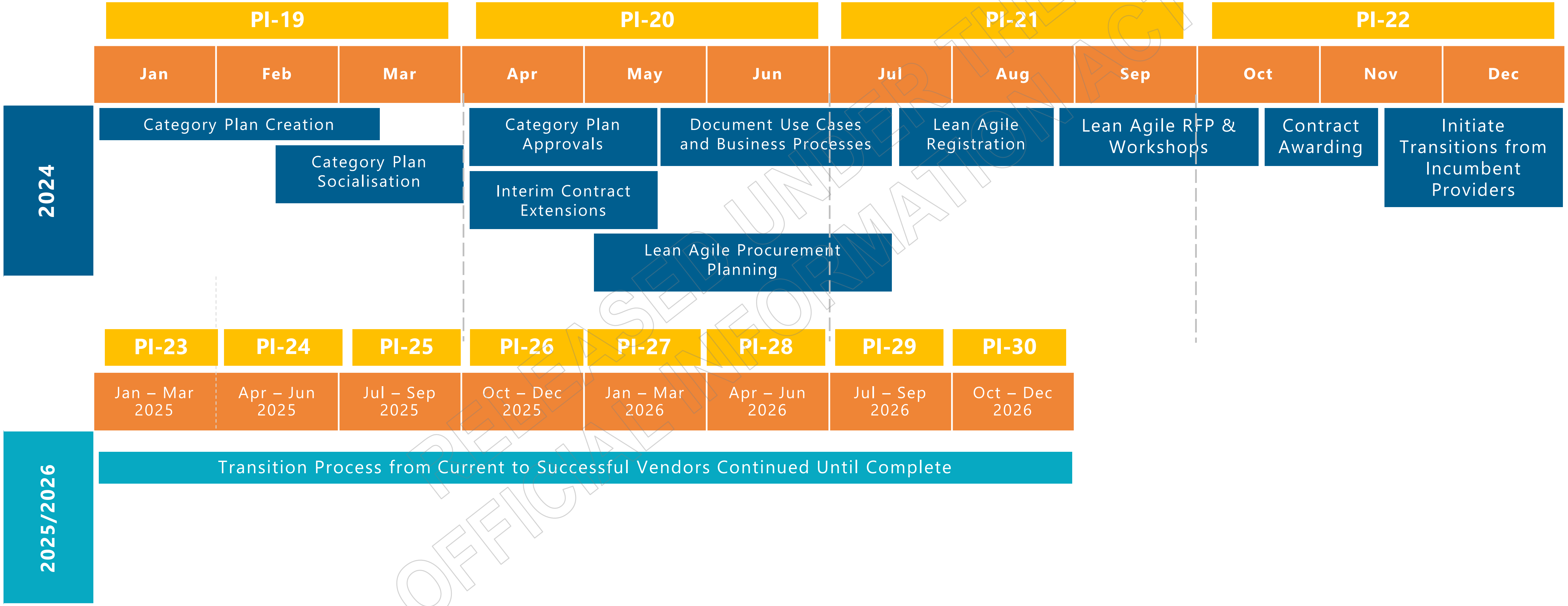
- Business Customer correspondence is generated using information from Guidewire and is paid for by 873 - Business Partnerships. Claim Acceptance, Client Payment and Provider Payment correspondence is generated using information from EoS and MFP on behalf of Service Delivery. Cost Centre 920 – Procurement covers these costs.
- Ride Forever, ad-hoc and injury prevention campaigns are funded by the applicable programme cost centre.
- Schedules are coordinated by Business Partnerships to ensure that the different streams do not compete for resource.

7. Recommended Approach

This strategy, based on options and information in the slides that follow, recommends that:

- ACC approaches the market for supplier(s) able to print and mail and support transition to digital solutions.
- A Lean Agile Procurement ("LAP") approach is used to select a preferred supplier(s) of mailhouse services.
  - *Options Considered for Sourcing Services are attached as Appendix E.*
  - *Refer to Appendix F. What is Lean Agile Procurement for an overview of LAP.*
- ACC prefers suppliers that are dynamic and prepared to support ACC priorities and iteratively develop solutions.
- The contract form will be a Master Services Agreement (MSA) setting requirements for contract management, price review, and performance with delivery workstreams managed as Statements of Work (SOW).
- SOW's will be used to instruct the integration of systems, the delivery of Services, and to set key performance indicators. As services change SOW's will end and successor SOW's may be developed.
- Following a registration process candidates will be invited to participate in workshops, where use cases will be reviewed, and solutions co-created using 'canvases' before evaluation and selection of the preferred supplier(s).
- ACC retains the option of appointing more than one supplier if necessary to access the full scope of services.
- ACC will extend existing arrangements so there is time to transition systems before current contracts expire.
- The offered contract term will be 5-years with 3 further extensions (2 + 2 + 1) giving a potential 10-year term.
- *Refer to Appendix G for risks and mitigations with the strategy.*

8. Indicative Timeline – based on current state



See Appendix H. Responsibility Assignments for Strategy for *RASCI breakdown of delivering tasks.*

9. Approval Endorsement Sheets

[Out of Scope]ns **endorsed**

5 April 2024

[Out of Scope] - Head of Procurement Date

X As an approver, I have reviewed this recommendation and the Conflict of Interest Policy, and confirm that I do not have an actual, potential or perceived conflict of interest that prevents me from approving it.

Recommendations **endorsed**

RE_ Category Plan - External Mailhouse Services 2024-34.msg

Endorsed by email 4/4/2024

[Out of Scope] - Head of Service Operations Date

☐ As an approver, I have reviewed this recommendation and the Conflict of Interest Policy, and confirm that I do not have an actual, potential or perceived conflict of interest that prevents me from approving it.

Recommendations **endorsed**

[Out of Scope]

3 April 2024

[Out of Scope] – Head of Business Partnership Date

☐ As an approver, I have reviewed this recommendation and the Conflict of Interest Policy, and confirm that I do not have an actual, potential or perceived conflict of interest that prevents me from approving it

9. Approval Endorsement Sheets

RE: Category Plan - External Mailhouse Services 2024-34

[Out of Scope]

Reply | Reply All | Forward

Thu 4/04/2024 12:19

Endorsed too – thanks folks.

[Out of Scope]
Head of Client Recovery, ACC

Mobile [Out of Scope]
Wellington - Justice Centre - ACC
Wellington 6011 / New Zealand

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

ACC Website | ACC Newsroom | Facebook | Instagram | LinkedIn | YouTube | Twitter

From: [Out of Scope] @acc.co.nz>
Sent: Wednesday, April 3, 2024 3:07 PM
To:
Cc: [Out of Scope]
Krys
Subject: RE: Category Plan - External Mailhouse Services 2024-34

Endorsed

Appendices

Appendix A. Services Required (key non-negotiables)

- A supplier (or multiple suppliers) that will support effective printed and digital communication.
- Preparation of communications to strict brand, format and quality requirements.
- Ability to lodge mail directly with preferred mail provider(s).
- Ability to process large volumes of mail (possibly circa 450,000 envelopes per month). Must extend to returned GNA Mail.
- Support for current and future electronic solutions (such as email, SMS and e-Invoicing).
- Ensuring that work undertaken doesn't pose risks to people's health and safety.
- Adherence to ACC policies and other statutory requirements for data security and privacy.
- Sustainability and delivery of public value / broader outcomes.
- Flexibility to review and update communications as required.
- Comprehensive self-service reporting.
- Return of sent items as an 'archive file'.
- Maintaining sufficient stationery stock to facilitate planned and unplanned communications.
- Options to discontinue obsolete communications processes.
- Business continuity with providers able to operate from multiple sites.
- Commitment to investment, innovation and ensuring the development of staff to stay current in the industry.

Appendix B. Risk - PESTEL Analysis

Risks, Issues and Constraints Analysis

Political – ACC is expected to achieve operational savings while managing the resources it is responsible for. Under legislation ACC provides a range of correspondence to clients, providers and business partners with physical mail followed by email being the default channels. Breach of client privacy and loss of data have serious reputational implications. Injury prevention programmes must also show that correspondence is reaching target recipients to be effective.

Economic – Costs of service and physical distribution are increasing. Developing new communication channels requires capital investment and finding savings by stopping other services. Digital and paperless communication can reduce costs while increasing privacy and quality. Transition to digital will mean that supplier business models based on physical mail are unsustainable without ACC paying more to cover fixed costs.

Social – Increased attention to privacy and an expectation that communications are verified as delivered. Personal information must not be retained by mailhouse providers after the business requirement to hold has ended. Recipients are facing reduced mail delivery services and need active communications such as SMS message to ensure they are primed to respond and aware of the main communication.

Technological – There is an opportunity for transition to digital channels and leverage value from ACC's investments in digital communications channels. Digital channels still require the capability to compose and proof communications prior to upload and distribution

Environmental – Paper correspondence has a major carbon footprint.

Legislative – ACC must comply with the ACC Act (2002) including its supporting regulations, Privacy Act 2020, Public Records Act (2005) and the Government Rules of Procurement.

Principle 5 of Privacy Act 2020 - organisations must ensure there are safeguards in place that are reasonable in the circumstances to prevent loss, misuse or disclosure of personal information.

Section 307 (2) of the Accident Compensation Act 2001 - A document that this Act requires to be given to a person must be given by the method in subsection (3) that the person required to give the document considers is most likely to ensure that the document reaches the person.

NOTE. Subsection (3) methods include personal delivery, posting to a usual address, sending by fax or some other electronic means...

Appendix C. Market Analysis

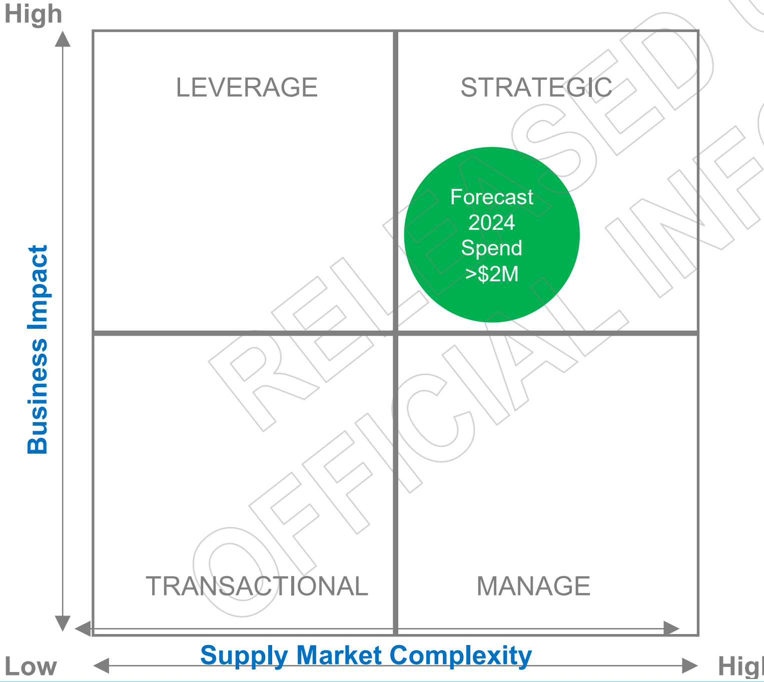
A desktop market scan identified the following supplier(s) with mailhouse capabilities. *See Appendix C for further analysis*

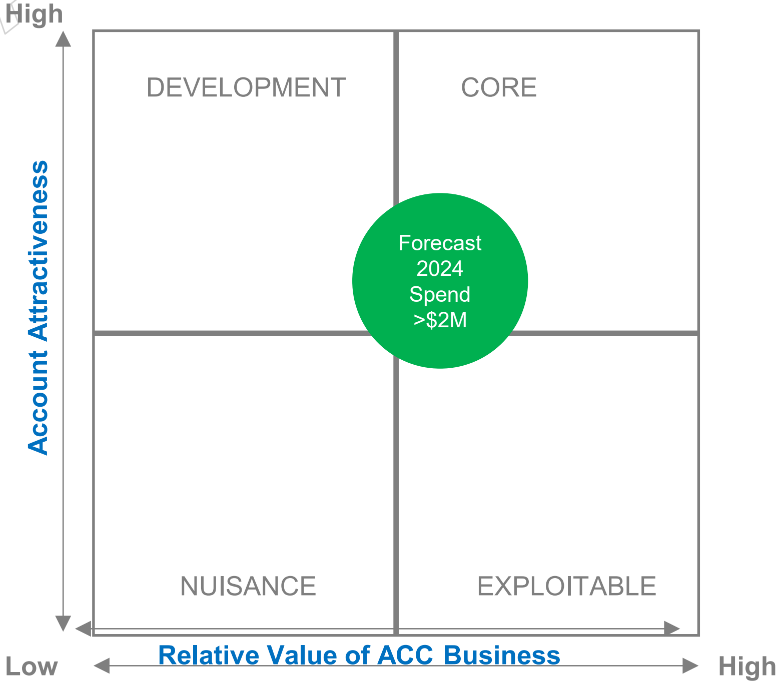
Organisation	Locations	Services	Comments
Bluestar	Auck, Wgtn, Napier, ChCh…	PDF composition and proofing, address checking, printing and enveloping, bulk mail and digital release.	ACC incumbent - provider dashboards. Full-service supplier that can track delivery/GNA Mail.
City Print Communications	Wgtn	Enhanced level of mailhouse direct mail services including address checking, printing and enveloping.	NZ Post lodgement only
Datam (NZ Post)	Auck, ChCh	PDF composition and proofing, address checking, printing and enveloping, bulk mail and digital release.	ACC Incumbent. Tracks email delivery, <u>not</u> GNA returns. NZ Post only. Investigating eInvoicing.
Dataprint	Auck (& ChCh subcontractor)	Enhanced level of mailhouse direct mail, email and SMS text services. Can print envelopes.	Lodgement with NZ Post or DX Mail, support digital and track email delivery. Part of Freightways.
Direct Mail Solutions	Auck.	Standard mailhouse direct mail services. Can print envelopes with custom sizing.	NZ Post lodgement only. No email/text services. GNA returns tracking.
Mailshop	Auck	Standard mailhouse direct mail and email services.	Able to lodge mail with NZ Post and DX Mail. Bespoke direct marketing services.
Marketing Impact	Auck, Wgtn	PDF composition and proofing, address checking, printing and enveloping, bulk mail and digital release.	ACC Incumbent - tactical communications. Full-service supplier that can track delivery/GNA Mail.
NZ Mail Group / Rocket	Auck (& subcontractors)	PDF composition and proofing, address checking, printing and enveloping, and sending of bulk mail.	Able to lodge mail with NZ Post and DX Mail. No digital services. NZM is a mail consultant to others.
OrangeBox	Auck, Wgtn	PDF composition and proofing, address checking, printing and enveloping, bulk mail and digital release.	Full-service supplier that can track delivery. Mostly private sector clients.
Western Mailing	Auck, Wgtn	PDF composition and proofing, address checking, printing and enveloping, bulk mail and digital release. Can print envelopes.	ACC Incumbent. Lodgement with NZ Post or DX Mail, supports digital, and tracks email delivery and GNA returns. Investigating eInvoicing.

Appendix C. Market Analysis – *Category View*

Category Overview

- ACC will approach a market with >5 suppliers having multiple sites and capabilities for distributing physical mail and supporting digital communications.
- The detail and sensitivity of ACC information requires suppliers that commit to interface with ACC systems using secure data transfer and APIs.
- ACC and others are moving to digital platforms and innovative customer management technology (e.g., salesforce) will reduce the demand for mailhouse services.
- There will be increasing risk of business failure if suppliers don't secure sufficient business to cover costs.
- To remain viable suppliers must be able to transition between sending physical mail in envelopes, and digital communications.
- Suppliers are now expected to invest in sustainable practices e.g., biodegradable inks, recycled paper and reducing the carbon footprint of producing and sending mail.
- Overall, the supply market will become smaller and consolidate as customers find cheaper and more efficient ways to communicate.
- The concentration of mail houses in Auckland and Wellington is unlikely to change, and suppliers may close dual-locations if business declines.





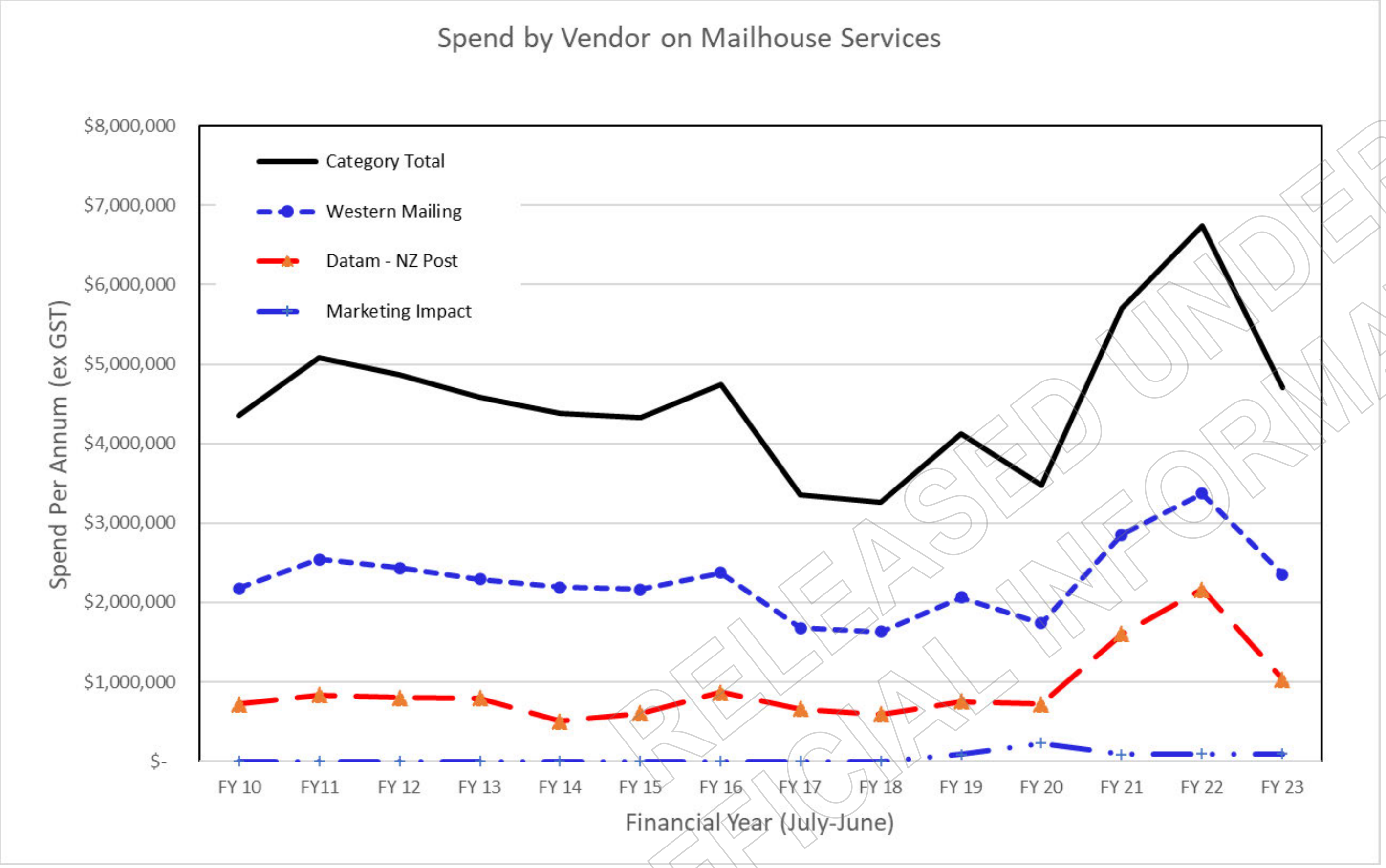
Assessment of the Market for ACC

- Any mailhouse supplier failure will be disruptive for ACC operations.
- The investment needed to service the ACC account suggests that ACC target multi-location suppliers with an economically attractive proposal.

Implications – how providers will ideally view ACC

- An economically attractive account, that can be developed as digital approaches are adopted, with sufficient value to continue legacy mail services.
- Poor positioning will mean the ACC is seen as nuisance or exploitable.

Appendix D. Spend with suppliers since 2010



- Spend was consistent during the low inflation period (2010-19) supported by consolidation initiatives.
- Much mail generated within ACC offices prior to 2018 has transitioned to mailhouses. Volume mail (from mailhouses) is more cost effective than manual mail.
- Spend increased significantly during the time of Covid lockdowns (2020–22) when ACC needed alternative ways to communicate with clients, business partners and providers. Business Customer also rebranded and completed a full review of communications during this time, which meant mailhouses needed to update processes at cost to ACC.
- Work over past 18-months to redirect outbound communications to digital channels (e.g., email and portals such as MyACC for Business) is now reducing spend to pre-covid levels. This has also reduced privacy risks and staff performing unproductive tasks.
- Costs may increase again soon as:
  - Labour costs and the costs of production such as paper and ink increase.
  - Greater volumes of correspondence are directed to mailhouses, albeit reducing costs to other business areas.

Appendix E. Options Considered for Sourcing Services

Option	Description	Pros	Cons
A	Maintain Status Quo / Direct Source to **both** incumbents	• Already have established relationships and levels of trust with current providers. • No changes required to systems or processes. • Incumbents may be amenable to invest in Services given their knowledge of ACC and cost benefits to them of avoiding a competitive tender.	• Will breach Government Procurement Rules. ACC cannot show significant technical and economic reasons for not competitively testing the market (refer NZGP Rule 14). • Current service offerings may not meet future requirements • Incumbents will not be incentivised to manage costs, limit price increases or realistically invest in Services • There are inconsistencies between what the incumbents produce that will create management overheads for ACC. • Each incumbent needs to be relationship managed doubling the workload for ACC management. • ACC will not have tested market and the current contract's terms are a dated foundation to build on. • Contract terms will still need to be negotiated and incumbent may resist reasonable new terms based on incorrect assessment of their relationship strength.
B	Maintain Status Quo / Direct Source to **single** incumbent	• Preferred incumbent may be amenable to investing in Services given the advantages of avoiding a competitive tender and obtaining all business of their main competitor • Supplier will secure sufficient business to cover their costs for delivering the Services. • Increased consistency with the provided Services • Easier to manage existing relationship with one provider • Current understanding of how best to work together.	• As per Option A. • ACC cannot show technical and economic reasons for taking business from one incumbent supplier and preferring the other without a competitive process. • Preferred incumbent will be less likely to agree changes to terms that are unfavourable to ACC. • Inability to move some correspondence workstreams without system changes. System updates will require involvement of a minimum of two Agile Release Trains. • Competitor may still be required to provide interim Services.

Appendix E. Options Considered for Sourcing Services

Option	Description	Pros	Cons
C	Competitive Tender / RFx – award to single supplier	• Contract terms, pricing and scope will meet requirements. • Increased consistency with the provided Services. • Easier to manage relationship with one provider. • Opportunity to have obsolete correspondence templates redesigned and updated. • Supplier should secure sufficient business to cover their costs for delivering the Services.	• Likelihood of significant disruption to Service Delivery. • Inability to move some correspondence workstreams without system changes. System updates will require involvement from multiple Agile Release Trains. • Incumbents will be required to provide interim Services – possibly for 12-18 months. • Evaluation will be based on fixed static specifications that due to complexity miss ACC requirements and future needs.
D	Competitive Tender / RFx – award to multiple suppliers	• Contract terms, pricing and scope will meet requirements. • ACC is not committing to award a single contract if no single supplier can meet all requirements. • Opportunity to have obsolete correspondence templates redesigned and updated.	• Likelihood of significant disruption to Service Delivery. • Inability to move some correspondence workstreams without system changes. System updates will require involvement of multiple Agile Release Trains. • Incumbents will be required to provide interim Services – possibly for 12-18 months. • Inconsistencies are possible between what the incumbents produce that will create management overheads for ACC. • Suppliers will need to be relationship managed doubling the workload for ACC management. • Evaluation will be based on fixed static specifications that due to complexity miss ACC requirements and future needs.

Appendix E. Options Considered for Sourcing Services

Option	Description	Pros	Cons
E	Competitive / Dynamic Procurement – Lean Agile RECOMMENDED	• High likelihood of finding a capable supplier(s) able to iteratively develop solutions and support transition to digital. • Evaluation will be based on dynamic specifications and adaption to use cases. • Contract terms, pricing and scope will meet requirements. • ACC is not committing to award a single contract if no single supplier can meet all requirements. • Opportunity to have templates, workflows and business processes designed anew. • Suppliers will have visibility of ACC's strategic objectives and opportunity to adapt approach if they want to retain business.	• Likelihood of significant disruption to Service Delivery. • Inability to move some correspondence workstreams without system changes. System updates will require involvement of up to five Agile Release Trains. • Incumbents will be required to provide interim Services – possibly for 12-18 months. • Multiple suppliers will need to be relationship managed increasing the workload for ACC management.

Appendix F. What is Lean Agile Procurement

- Lean Agile Procurement (LAP) is an iterative and collaborative approach to selecting suppliers.
- It is suited to complex and dynamic situations where outcomes benefit from the buyer, suppliers and stakeholders collaborating to identify and prioritise requirements, and to iteratively develop solutions.
- LAP both reduces procurement time and improves the quality of the final product which the market will provide.
- As an agile approach LAP is built around early supplier engagement before requirements become fixed and specifications are prepared which are different from what the market can deliver.
- Steps in the Methodology include:
    - Defining business needs and use cases. Using internal workshops to confirm requirements.
    - Engaging suppliers to understand capabilities, capacity and willingness to collaborate.
    - Co-creating solutions using ‘canvases’ in supplier workshops before selection of the preferred supplier(s).
    - Finalising contract(s) and starting delivery.
    - Moving contract management to a framework of continuous improvement.

Appendix G. Risk - Key Issues for Strategy

Risk	Likelihood	Consequence	Overall	Mitigations

Communications are not successfully delivered to intended recipient, affecting privacy, ACC reputation, and resulting in counterparties (clients, businesses, providers) not being aware of important information.	Almost Certain	Major		• Digital communications will be tracked to confirm delivery and opening, and reporting on this will be provided to ACC.
				• Business rules will be established requiring that where:
				  • digital communications are not sent successfully, the supplier automatically advises ACC and sends the communication using another channel e.g. failed email is then posted
				  • communications are to be posted, the supplier will complete address cleansing on all NZ addresses prior to generation and individual Gone No Address (GNA) barcodes will applied to each item of correspondence
				  • GNA mail details will be provided to ACC so our systems can be updated to prevent further correspondence being sent to that address
				  • email communications are sent, a disclaimer is included advising recipient to delete email if it is not for them and to advice ACC
				• Envelopes will have ACC branding and return addresses so undelivered items can be easily returned
				• ACC will determine the layout and content of all correspondence and robust testing and ACC approval of test outputs will be completed prior to releasing any new or amended workstreams.
				• Procurement process will ensure that successful supplier will have the capability to meet our needs
				• ACC will be able to withhold payment or require service credits if business rules not adhered to.

Appendix G. Risk - Key Issues for Strategy *- continued*

Risk	Likelihood	Consequence	Overall	Mitigations
Volume mail (permit post) envelopes sent by incumbent suppliers have a return address to a PO Box administered by Western Mailing.	Almost certain	Major		• ACC will investigate a solution involving a return PO Box controlled by ACC with clearance managed by ACC contracted courier. This will progress after the outcome of the RPF is known. • Suppliers that can print envelopes themselves will be preferred, and this will allow the dynamic update of the returned mail address. • ACC will rundown existing envelope stocks and organise replacement with stationery that has the new PO Box return address. • Allow a six-month extension for Western Mailing to continue to receive and process GNA mail they originally generated.
ACC will not be able to establish workstreams with new suppliers before contracts with incumbent suppliers' end.	Possible	Major		• Significant preparation and testing will be required between ACC and new suppliers for each workstream. This will commence before current contracts end
Supplier is successfully hacked and information systems storing ACC data are accessed	Rare	Severe		• Contracts and statements of work will require suppliers to adhere to information security standards and best practice. • Information supplied by ACC will not be retained beyond its use case to minimise the potential scale of any data leak.
Incumbent is not willing to agree to an extension	Possible	Severe		• We negotiate legacy contract extensions before proceeding with Lean Agile processes & Contract Award
ACC is unaware what functions and solutions the wider market can provide to prepare for the future and assist with move to digital strategies	Likely	Moderate		• ACC will base its procurement approach on early supplier engagement, the agile development of specifications, and iterative development of solutions.
Reduction in capacity of ARTs and/or Business Systems team to prepare and implement the changes to a new supplier/s	Possible	Major		• Contract extensions with incumbent suppliers to provide sufficient breathing space for the changes • Providing ARTs and Business Systems team with as much notice as possible of the outcome of the LAP RFP and what will be required in each space to allow for planning.

Appendix G. Risk - Key Issues for Strategy *- continued*

Risk	Likelihood	Consequence	Overall	Mitigations
Operating with more than one supplier and splitting the sending of different forms of communication between the suppliers e.g. emails sent by a different supplier to postal correspondence causes time delays and differences in the layout of output	Almost Certain	Moderate		• Seeking a supplier who can provide all channels Or • Where multiple suppliers are required then splitting the work by workstream (all claim acceptance letters) not by channel to reduce double handing of files and creation of work arounds to get files back from a supplier and off to another supplier for scenarios like where an email bounces and then the correspondence needs to be sent by post
Suppliers will close facilities to reduce costs concentrate business in a single locality, but creating business continuity risks for ACC	Unlikely	Severe		• Procurement and evaluation process will examine each supplier's ability to maintain facilities in two or more centres. • Contract will require suppliers to retain equipment and personnel in different locations to ensure business continuity.
Changes to suppliers' impact on peak periods e.g. Peak invoicing for Business Customers	Possible	Major		• Plan and negotiate for extensions to current contracts so that transition to a new supplier, if necessary, can be delayed until after ARTS have made necessary system changes and timing suits based on BAU for each job. • When changing suppliers, workstreams will be transitioned one by one. • Change freezes will be implemented so other system changes do not destabilise business processes in transition. • ACC will sequence how workstreams are transitioned. • Change management will be used to manage transition and not allow problems with one job to impact other workstreams. • Before going live each new workstreams will be thoroughly tested so the focus of management is not diverted from service delivery by the need to fix system issues.
Requirements documents for some workstreams are out of date or non-existent, making the move to a new supplier more difficult for those workstreams	Almost Certain	Moderate		• Each workstream will be separately transitioned to new supplier after a review of data feeds and business requirements (including creation where necessary), the development of new business processes and testing of outputs. • ACC will maintain an interim relationship with incumbents to allow time for transition. • When changing suppliers, workstreams will be transitioned one by one, allowing for workstreams to be thoroughly tested and approved by ACC. • Change freezes will be implemented so other system changes do not destabilise business processes in transition.

Appendix G. Risk - Key Issues for Strategy *- continued*

Risk	Likelihood	Consequence	Overall	Mitigations
ACC will lose ability to suppress individual correspondence prior to it being sent to the recipient.	Almost certain	Minor		• Business rules will clearly outline the requirement for suppression. • Need will be included in use cases and assessed as part of supplier evaluation. • ACC will have options to withhold payment or require service credits if suppression is not supported by Supplier. • Before going live each new workstream will be thoroughly tested so the management focus is not diverted from service delivery by the need to fix system issues. • ACC will require robust testing and ACC approval of test outputs will be completed prior to releasing any workstreams requiring suppression.
ACC is obliged to maintain manual inefficient processes and retain a cohort of staff for non-core processes that could be outsourced.	Almost certain	Minimal		• Contract will require supplier to offer the composition of PDF and other documents from raw data as a service with quality and performance criteria. • Contract will allow for introduction of new workstreams via Change Request process where no new channels or functions are introduced - in those cases a full SOW will be required
Provider is unable to respond quickly to changes to workstream change requests required by ACC	Possible	Minor		• Successful supplier will be required to produce correspondence and run workstreams in digital systems that can be updated at short notice
Operating with more than one supplier and splitting the workstreams between the suppliers results in inconsistencies in format of correspondence.	Likely	Minimal		• Strategy will prefer the selection of a single supplier. • ACC will be able to withhold payment or require service credits if brand and style guides not adhered to. • ACC will sequence how workstreams are transitioned. • Change management will be used to manage transition and not allow problems with one workstream to impact other workstreams. • Before going live each new workstreams will be thoroughly tested so the management focus is not diverted from service delivery by the need to fix system issues. • ACC will determine the layout and content of all correspondence and robust testing and ACC approval of test outputs will be completed prior to releasing any new or amended workstreams.

Appendix G. Risk - Key Issues for Strategy *- continued*

Risk	Likelihood	Consequence	Overall	Mitigations

Operating with more than one supplier increases the FTE required to manage the BAU relationships and does not provide any operational benefit	Almost Certain	Minimal		• Strategy will prefer selection of a single supplier.
				• During transition:
				  • ACC will sequence how workstreams are transitioned.
				  • Change management will be used to manage transition and not allow problems with one workstream to impact other workstreams.
				  • On a temporary basis different teams may be established to manage incumbent and new relationships.

Prepared correspondence is of a poor standard or displays incorrect information.	Rare	Major		• Business rules will clearly outline the brand and layout expectations for each workstream • ACC will be able to withhold payment or require service credits if business rules not adhered to. • ACC staff will have options to observe and intervene in production processes where quality is poor. • 'Proofing' of correspondence is carried out by ACC after the supplier generate the pdfs but prior to sending to ensure quality and catch any potential issues. • ACC will determine the layout and content of all correspondence and robust testing and ACC approval of test outputs will be completed prior to releasing any new or amended workstreams.
Unsuccessful suppliers claim bias in the process and challenge the outcome and award of contract(s). Transition is delayed forcing ACC to rely on incumbents who may be the parties challenging the decision.	Unlikely	Major		• Procurement process, documents, and evaluation worksheets will be subject to independent review. • External probity advisors will independently review and report on procurement plans, and the conduct of both ACC staff and suppliers, during both ROI shortlisting and LAP workshops. • External advisors will provide guidance for managing the LAP workshops.
Letterhead and envelope stationery is not available in the quantities required by new suppliers.	Rare	Major		• Procurement process will prefer the selection of suppliers with capability to print ACC branded stationery inhouse and move to print in real time instead of bulk print in advance. • External print provider will be given sufficient notice to deliver new stationery stocks. • Change management will be used to manage transition and not allow problems with one workstream to impact other workstreams.

Appendix H. Responsibility Assignments for Strategy

RASCI

TASK	Portfolio Manager	Corporate Procurement	Business Partnerships – Ops	Business Partnerships	Service Operations / Claims Assessment	Customer Engagement etc.	ECD – Architecture / BPI	Privacy	CISO - Info. Sec.	Legal Team
Category Plan	R	A	S	A	A	I	I	I	I	I
Document Use Cases and Business Processes	S	C	R	A	R/A	C	S	C	C	I
Market Notifications	R	A	C	I	I	I	S	I	I	C
Lean Agile Planning	R	A	S	C	C	I	S	C	C	S
Interim extensions	R	A	R	A	A	I	S	C	C	R
Lean Agile Registration	R	A	R	A	A	I	S	C	C	S
Lean Agile RFP Processes	R	A	R	A	R/A	S	S	S	S	R
Contract Award (s)	R	A	S	A	A	C	S	S	S	R
Transition	S	S	R	A	A	I	S	I	S	S

Participation Types

- *Responsible (R) - responsible for completing and recommending procurement*
- *Accountable (A) – answerable for completion and approval of procurement*
- *Support (S) – provides input necessary for completion of procurement*
- *Consult (C) – subject matter experts to provide advice and counsel on procurement and implementation*
- *Inform (I) – to be kept informed of progress and implementation*

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

Memorandum

TO	Megan Main – Chief Executive Officer, ACC
CC	Phil Riley – Deputy Chief Executive – Prevention & Partnerships Amanda Malu – Deputy Chief Executive – Service Delivery [Out of Scope] – Head of Service Operations [Out of Scope] – Enterprise Lead Rehabilitation & Treatment [Out of Scope] – Head of Business Partnership
VIA	[redacted] – Head of Procurement [Out of Scope] – Manager DCE Office – Corporate & Finance
FROM	Stewart McRobie – Deputy Chief Executive – Corporate & Finance
DRAFTED	[Out of Scope], Portfolio Manager, Corporate Procurement
FILE REFERENCE	Category Plan - External Mailhouse Se
DATE	29 April 2024
SUBJECT	External Mailhouse Services for ACC.

Purpose

- The purpose of this memorandum is to obtain approval for the Category Strategy for ACC's External Mailhouse Services.

Background

- ACC utilises external mailhouse services to support communication with Clients, Providers, and Business Customers.
- Services include production of physical letters and enveloping, preparing emails, distribution of communications, and processing of returned correspondence that cannot be delivered. Correspondence spans levy invoices and supporting communications, debt collection letters, injury prevention and targeted investment resources, claim notifications, and provider statements.
- Services must comply with Principle 5 of Privacy Act 2020 and Section 307 (2) of the Accident Compensation Act 2001.
- Multiple contracts have been in place since 2010 (New Zealand Post/Datam) and 2015 (Western Mail).
- The Whole of Life costs approved for the period from 2010 to 31 July 2024 is: $25,727,742.
- Mailhouse costs do not include postage, which is the subject of a separate contract directly with NZ Post, or the cost to supply mailhouses with letterhead paper and branded envelopes. Decisions related to mailhouse services do however influence what ACC spends on postage and stationery.

Proposed Activity

- Extend current contracts with New Zealand Post/Datam and Western Mailing to allow for market activity and ensure current services are maintained using Rule 14.9(d) of the NZ Government Procurement Rules - for technical and economic reasons and managing risks of disruption to ACC business.
- ACC's Business Process Improvement team is being consulted and is involved in the development of the future services requirements. There is work underway to identify opportunities to minimise postage and potential cost savings.
- Market opportunity in September 2024, aimed towards obtaining a range of benefits:
    - Innovation, Advanced Digital Capability to facilitate transition from physical mail to a paperless approach.
    - Value for Money.
    - Rationalisation, Automation, Consolidation, Standardization and Simplification of services.
- Transition to a new supplier will need to be phased, to allow for system interfaces, templates, and business processes to be changed.

Risks

Covered in Appendix B and G of the Strategy Document (see file reference).

Recommendations

It is recommended that you:

1. **Approve** the Category Strategy for External Mailhouse Services (File reference above).
2. **Approve** an extension to existing contracts with New Zealand Post/Datam and Western Mailing for a period of 18-30 months, using an Exemption under New Zealand Government Procurement Rule 14.9(d) to allow for Market Activity and Transition.
3. **Note** there is work underway identifying opportunities to minimise postage and identify potential cost savings, our procurement approach will consider this in our approach to market and the extension of existing contracts will allow ACC time to thoroughly scope our Mailhouse requirements going forward.
4. **Endorse** a Market Activity for Mailhouse Services in September 2024.

Approved by:

1 May 2024

Megan Main
Chief Executive Officer, ACC

Date

Procurement Plan – Lean Agile Procurement for External Mailhouse Services

TO:	Stewart McRobie – Deputy Chief Executive - Corporate & Finance
VIA:	[Out of Scope] – Head of Enterprise Procurement [Out of Scope] – Head of Financial Services
CC:	[Out of Scope] – Manager Client Administration [Out of Scope] – Manager Revenue Operations [Out of Scope] - Legal Manager - Commercial
FROM:	[Out of Scope] – Portfolio Manager
DATE:	21 October 2024
SUBJECT:	External Mailhouse Services

DOCUMENT APPROVAL

As an endorser or approver, please review and agree to the contents of the memorandum and provide your endorsement or approval. As part of endorsement or approval, choose one of the following options in the **COI*** column in the table below:

- **Yes** – If you have an actual, potential, or perceived conflict. You will be required to complete a Conflict-of-Interest form, a link to the E-Portal will be provided to you by Procurement.
- **No** – If you do not have an actual, potential, or perceived conflict.

Name	Title	Signature	Date signed	COI*	Action
[Out of Scope]	Head of Enterprise Procurement	[Out of Scope]	24/10/2024	NO	Endorse
With any comments					
[Out of Scope]	Head of Financial Services	[Out of Scope]	31/10/2024	NO	Endorse
With any comments					
Stewart McRobie	Deputy Chief Executive - Corporate & Finance	[Out of Scope]	01/11/2024	NO	Approve
With any comments					

Distribution List

Name	Role	Group
[Out of Scope]	Business Analyst	Levy Products & Systems
	Legal Manager	Legal - Commercial
	Legal Review	Legal – Commercial (external)
	Team Leader - Levy Systems & Processes	Financial Services
	Manager Client Administration	Recovery Administration
	Manager Revenue Operations	Financial Services
	Senior Portfolio Manager	Enterprise Procurement
	Systems Architect	Domain & Solution Architecture
	Senior Privacy Advisor	Privacy
	Information Technology Security Manager	Technology and Data

Contents

1. INTRODUCTION

1.1 Summary of proposed procurement activity

Budget	**$262,250**
Big Room Event	$14,250
Transition – Systems	$230,000
Certification and Accreditation	$18,000
Estimated whole-of-life contract spend	**$11,040,000** (current state and includes 4% inflation).
Total Est. Budget – Procurement & Services	**$11.3 Million** over 5 years
Contract Award Date	17th December 2024
Contract Start date	21st January 2025
Method of procurement	Lean Agile Procurement (Multi Step process) with an open Registration of Interest, shortlisting to 3 respondents (max.); Big Room Event (BRE) where shortlisted attendees are evaluated on solutions presented in a competitive workshop environment.
Business Owner	[Out of scope] Head of Enterprise Procurement [Out of scope] – Head of Financial Services
Subject Matter Expert	[Out of scope] – Business Analyst - Levy Products & Systems
Procurement Owner	[Out of scope] – Portfolio Manager - Enterprise Procurement
Procurement Co-ordinator	[Out of scope] – Procurement Advisor
Enterprise Architecture	[Out of scope] – Solution Architect
Information Security	[Out of scope] – Information Technology Security Manager
Privacy	[Out of scope] – Senior Privacy Advisor

1.2 Recommendation

This Procurement Plan recommends that the delegated authority:

- Approves a multi-step procurement process that will involve an openly advertised ROI, followed by a shortlist of maximum 3 respondents being invited to participate in a Big Room Event (BRE) where invitees explore and co-create solutions that are evaluated to identify the best solution for ACC needs.

- Notes the type of contract will be an ACC Master Services Agreement with Statements of Work.
- Notes the estimated value of the contract over a 5-year term is $11,300,000.
- Notes that the targeted outcome to be achieved is that ACC reduces the environmental impact and costs of business mail; and its flexibility to implement contemporary approaches to sending correspondence to better meet the needs of claimants, providers, and business customers.

1.3 Purpose of Procurement Plan

This document outlines the procurement process for selecting a preferred supplier/s to provide mailhouse services. It sets out an auditable process for:

- The nature and timing for engaging with the market and the issue of procurement documents, and
- The methodology and process for evaluating submissions and proposals.

All aspects of the procurement will fully comply with the Government Procurement Rules.

1.4 Key Stakeholders

The key stakeholders for this procurement are identified below.

Role, Title	Reason for being stakeholder	What communication is required
Head of Enterprise Procurement	Delegated Authority to approve Registration of Interest, Scenarios and Use Cases and conditions of participation in BRE. Delegated Authority to approve Recommendation to Shortlist. Review of Recommendation to Select. End user of goods/services with Delegated Authority to approve Statements of Work under the awarded contract. Refer to Corporate Delegations Policy	• Kept informed throughout • Required information provided at approval stages
Head of Financial Services	Delegated Authority to approve Recommendation to Shortlist. Review of Recommendation to Select. Refer to Corporate Delegations Policy	• Kept informed throughout • Required information provided at approval stages
Deputy Chief Executive - Corporate & Finance	Delegated Authority to approve Recommendation to Select. Delegated Authority to approve Contract Award. Refer to Corporate Delegations Policy	• Informed at key stages of procurement
Manager Revenue Operations - Financial Service	Business Owner end user of goods/services: • Ensuring that views of teams with an operational requirement for	• Work closely with throughout procurement

Role, Title	Reason for being stakeholder	What communication is required
	mailhouse services are represented in the procurement process. • Delegated Authority to approve future Statements of Work under the awarded contract.	
Manager Client Administration - Recovery Administration	Business Owner end user of goods/services ensuring that views of teams with an operational requirement for mailhouse services are represented in the procurement process.	• Work closely with throughout procurement
Solution Architect / Enterprise Architect	Alignment of proposed solutions with current system capabilities and the enterprise architecture.	• Work closely with throughout procurement
Information Security – Information Technology Security Manager	Alignment of proposed solutions with ACC requirements for information security	• Work closely with throughout procurement
Privacy – Senior Privacy Advisor	Alignment of proposed solutions with ACC requirements for protection of personal information	• Work closely with throughout procurement
Commercial Solicitors – Legal Team	Development of Master Services Agreement. Review of Terms and Conditions of participation in BRE. Assessment of Commercial Propositions and review of final contract and initial statements of work agreed under contract terms.	• Work closely with throughout procurement

1.5 Related Documents

This plan should be read in conjunction with the following key documents attached as Appendix A:

Document	Relationship
• Category Strategy for External Mailhouse Services. • Cover Memo to ACC Chief Executive Officer.	Strategy approved by ACC Chief Executive Officer.

2. INITIATE PROCUREMENT

2.1 Objectives

The main objectives of the procurement activity are to deliver the following fit for purpose benefits:

- A mailhouse service provider best able to produce effective physical and digital correspondence for ACC customers; proactively support reducing the physical mail volumes sent by ACC allowing flexibility and adaptability to future change including cost reductions; and work with ACC to design solutions that will enable the delivery of physical and digital correspondence to ACC customers, spanning claimants, clients receiving rehabilitation and compensation, business customers, providers and targeted investment groups.
- Assessing mailhouse service provision opportunities in the market.
- Ensure the provision of mailhouse services does not pose risks to people's health and safety, and will mitigate the risk of privacy breaches or unauthorised access to ACC data.

2.2 Background

- ACC has sourced mailhouse services from NZ Post (DATAM) since 2010 and Western Mailing since 2015. Neither contract has had rights of extension available for several years and ACC must return to market in 2024 to reassess supply options and assure value.
- Mailhouse services include composing formatted correspondence, the printing and placement in envelopes or emailing of correspondence, and separate provision of documentation back to ACC for upload to systems and client portals.
- Budget for Mailhouse Services comes from:
  - Enterprise Procurement (920) for correspondence sent to ACC claimants and clients for Service Operations Administration; and
  - Revenue Operations 0873 in relation to levies and invoicing.
- There is a compelling need to update, and consolidate mailhouse services under one contract, for ACC to avail itself of improved and more efficient print and mail opportunities, to reduce ACC overheads, and allow better access to digital and paperless communications. The outcome will be that ACC reduces the environmental impact and costs of business mail.
- A successful outcome from this procurement is that ACC will obtain a partner(s) that will work with us to innovate how physical and digital correspondence is produced and delivered to ACC customers which includes clients, business customers, providers and targeted investment groups.

2.3 Procurement Strategy

<u>Category Strategy</u>

The strategy is to use Lean Agile Procurement to assess mailhouse service provision opportunities, select a supplier/s that can produce physical and digital correspondence for ACC customers and proactively support reducing the physical mail volumes sent by ACC.

Outcomes to be achieved:

- Consolidation of service delivery, management and oversight to a single supplier.
- ACC has flexibility to invest in new delivery channels.

- Seamless transition enabling ACC's direction from physical mail to a digital first paperless approach.
- Tracking non-delivery and change delivery for correspondence not received.
- Avoid splitting correspondence between suppliers reducing differences in the layout of output.

New procurement is necessary

A new procurement is necessary because:

- Existing contracts were developed for an earlier era when physical mail was more prevalent, and newer services have been tacked on to contract structures without consideration of whether other providers could give a better service and product. A new procurement will contribute to achieving the purpose and objectives of being able to produce correspondence externally while reducing cost and overheads, enhancing privacy and ACC's reputation, and meeting obligations under the Accident Compensation Act 2001. There are no rights of renewal in the current contracts.
- There are no existing ACC contracts that can provide the required goods/services.
- There is no All-of-Government, Common Capability or Syndicated Agreement that can provide the required goods/services. Ensure you have checked that this is the case.

Procurement Methodology / Sourcing Approach

- The options for the sourcing approach are outlined in the Category Strategy for External Mailhouse Services attached as Appendix A.

2.4 Scope/Specification of requirements

In Scope Requirements

- A supplier that will support effective printed and digital communication.
- Correspondence prepared to strict brand, format and quality requirements.
- Ability to lodge mail directly with preferred mail provider(s).
- Ability to process large volumes of physical mail (possibly circa 450,000 envelopes per month). Must extend to returned GNA Mail.
- Support current and future electronic solutions (such as email and SMS).
- Capability and capacity to process large data sets and files in any format on a single day. Files may include.xml, .psv and .txt formats with up to 25,000 records in a file, and up to 100,000 items of correspondence needing to be dispatched on a day (across all channels and jobs).
- Ensuring that work undertaken doesn't pose risks to people's health and safety.
- Adherence to ACC policies and other statutory requirements for data security and privacy.
- Sustainability and delivery of public value / broader outcomes.
- Flexibility to review and update communications as required.
- Comprehensive self-service reporting.
- Return of sent items as an 'archive file'.
- Maintaining sufficient stationery stock to facilitate planned and unplanned communications.
- Options to discontinue obsolete communications processes.
- Business continuity with providers able to operate from multiple sites.
- Commitment to investment, innovation and ensuring staff development to stay current in the industry.

Out of Scope

- Volume mail postal collection services and delivery services.
- The sourcing of letterhead and permit post envelopes.

2.5 Health and Safety Best Practice

- Respondents will be required to have effective policies to protect the health and safety of personnel (employees and contractors) involved in providing the services.

2.6 Broader Outcomes

The following Priority Broader Outcome considerations identified:

Priority Broader Outcome	Mailhouse service considerations
Reducing emissions and waste	Respondents will be expected to show they are committed to investment in sustainable practices e.g., using biodegradable inks, recycled paper and reducing the carbon footprint of producing and sending mail.

3. FINANCIAL IMPLICATIONS

3.1 Options Analysis

The Category Strategy for External Mailhouse Services (refer to Appendix A) examined options using approaches such as PESTLE Analysis. ACC does not currently have the capability to prepare PDF-formatted correspondence or send physical mail in bulk. This procurement plan aims to identify and contract a single supplier under a master agreement. Different jobs will then be contracted using separate statements of works that can be terminated or changed as ACC's channel strategy and approach to paperless communication are implemented while retaining a supplier able to support capabilities that ACC is required to source externally.

3.2 Cost / Benefits Analysis

Current annual costs

Mailhouse	Cost - financial year 2023/2024
Datam – New Zealand Post	$1,067,098
Western Mailing	$1,122,233
Bluestar Print – *provider dashboards only*	$11,827
TOTAL	**$2,201,158**

There was no expenditure with Marketing Impact in FY 2023/24.

Other costs (2023/24) outside the contract that are dependencies on Mailhouse Service Provision and ACC's ability steer correspondence to paperless digital channels:

- Volume mail postal expenditure with New Zealand Post - **$3,070,000**; The suppression of claim acceptance letters has reduced volume mail postal costs by >50% since 1 September 2024.
- Letterhead and Envelopes - **$200,000**.

Future costs

The estimated future whole-of-life procurement costs (including any potential renewal periods) are detailed below. Includes allowance for 4% increases due to inflation in outyears.

Procurement	Amount ($)	Notes
Travel & Accommodation	3,300	Evaluators and SME's
Big Room Event Catering	3,250	Shortlisted Providers and ACC staff.
External Probity	7,700	To be confirmed.
Transition and Assurance	**$14,250**	
System transition	230,000	Redirection of 14-feeds to a new provider and system changes to Axway, EOS, Guidewire, MFP and Te Kahu platforms.
Information Security	18,000	Certification and Accreditation of new supplier's business and systems, with 3-year review for a 5-year contract.
Transition and Assurance	**$248,000**	

Procurement	Amount ($)	Notes
Mailhouse services per Section 2.4 - Scope of Services	11,040,000	Est. spend on mailhouse services is based on FY2023/24 spend of $2.2M, includes the cost savings generated by suppressing claim acceptance letters estimated at $240K per annum recently implemented and also includes 4% inflation for each year of the 5-year contract.
Mailhouse Services	**$11,040,000**	
Total budget (5-Years)	**$11,302,250**	**Rounded to $11,300,000**

Refer Appendix C – Cost Model for further cost information.

NOTE. No allowance has been made for overlap of services between incumbents and a new supplier during this time if services cannot be immediately transitioned.

<u>Benefits</u>

Benefits for ACC will be based on the degree to which ACC can:

- Reduce mail costs by decreasing the volume of correspondence sent as physical mail combined with reducing expenditure on paper, stationery, and resources.
- Reduce service management to a single supplier relationship with effort refocused on redesign and consolidation of product and implementation of channel strategy.
- Adoption of sustainable practices such as sending correspondence digitally, using biodegradable inks and recycled paper, and reducing the carbon footprint of transporting and delivering mail.

3.3 Budget Approval

Type of expenditure:	Costs will be met from Operational Expenditure.
Funding Source:	Budget will come from: • 0920 Enterprise Procurement • 0873 Revenue Operations Mailhouse services are coded to GL Account 31022 Data Mail

4. MARKET ANALYSIS

A market analysis is included in the Category Strategy for External Mailhouse Services attached as Appendix A.

4.1 Market overview

- Capabilities required by ACC can be sourced from 4-5 suppliers
- No AoG / syndicated contracts meet the complexity of ACC needs
- Mailhouses know the future is digital but may still have a print / mail first mentality.

4.2 Market summary

- There are five known mailhouses in New Zealand with two or more sites allowing for immediate change over of services and business continuity.
- Market conditions may incentivise suppliers to consolidate on a single site and outsource business capability
- Between three and five mailhouse suppliers have full-service offering including composition and proofing, address checking, printing and enveloping, bulk mail, email and digital release, processing of GNA Mail and email bounce backs, and tracking email delivery.
- The capabilities of smaller suppliers lay with print marketing and advertising campaigns, with services provided from a single premise.
- The largest mailhouse is owned by NZ Post.
- Some suppliers can:
    - lodge bulk mail with DX Mail allowing customers to seek alternative postage pricing or rebates from NZ Post
    - produce envelopes and letterhead onsite as an alternative to branded stationery.
- Capabilities for address checking and applying a correspondence hierarchy (e.g., email first followed by sending physical mail only if email correspondence has failed) are limited.
- The primary business model of mailhouses still tends to be sending physical, augmented by the sending of email. Email may be sent using third parties contracted by the mailhouse.
- Client communication management tools are evolving and may allow ACC to in future control which channel correspondence is sent.

4.3 Current Contracts

ACC currently has contracts with Datam – New Zealand Post and Western Mailing. These contracts are Master Services Agreements with services engaged using Statements of Work under the head agreement.

The contracts have been extended to 31 July 2025. As part of approving the Category Strategy for External Mailhouse Services the Chief Executive Officer for ACC has approved extending these contract further, potentially to 31 January 2027.

<u>Transition and Exiting Strategy</u>

ACC will maintain current contracts in parallel with the new contract until the new supplier is able to receive data, and systems have been configured and tested. When ACC is satisfied that the new supplier is capable of assuming a job stream, notice will be given to terminate the relevant statement of work with the incumbent.

4.4 Current State

The current state can be summarised as:

- Two principal and one (formerly two) miscellaneous mailhouse suppliers

- Contracts dating back to 2010/15 and relationships dating back even longer (pre-2000) – relationships and contract terms have been designed around physical mail, distribution of mail by NZ Post and an assumption that transitioning suppliers will be difficult and disruptive.
- There is limited scope to avoid escalating postage costs other than redesigning services for paperless digital communication.
- ACC has little leverage if mailhouses change business systems or consolidate on a single sites, compromising business continuity

4.5 Intended Future State

- ACC will have contracted a single mailhouse that will work with ACC to prepare physical and digital correspondence for ACC clients, business customers, providers and targeted investment groups.
- The mailhouse will have the capability for business continuity using its own systems and premises.
- The relationship will prioritise transition, where feasible, from sending physical mail to a digital first paperless approach.
- Service management and oversight will be consolidated to a single supplier relationship.
- ACC will not be restricted from investing in new delivery channels and services due to the capabilities and business model of its mailhouse service provider.
- There will be the ability to both track non-delivery and change delivery approaches where correspondence is not being received.
- Correspondence will not be split between suppliers, reducing differences in the output layout.

5. SOURCING

5.1 Plan approach to market

ACC has assessed the market and considered the benefits and risks of the procurement options relative to its objectives for this procurement and the new Government Procurement Rules. With reference to the Category Strategy for External Mailhouse Services attached as Appendix A the approach being taken is:

#	Description	Advantages / Benefits	Disadvantages / Risks
	A multi-step open Registration of Interest (ROI) to be followed by a Lean Agile Procurement and up to three respondents participating in a Big Room Event.	• High likelihood of finding a capable supplier(s) able to iteratively develop solutions and support transition to digital. • Only suppliers that have a realistic chance of being preferred are put to the expense of attending and participating in the BRE • There will be opportunity to revisit the scope and requirement for mailhouse services depending on the level and nature of response to the first stage. • Evaluation will be based on dynamic specifications and adaption to use cases. • Opportunity to have templates, workflows and business processes designed anew. • Suppliers will have visibility of ACC's strategic objectives and opportunity to adapt approach if they want to retain business.	• Likelihood of significant disruption to Service Delivery compared with direct sourcing to an incumbent. • Significant effort including system changes will be required to transition jobs and work streams compared with direct sourcing. • Incumbents will be required to provide interim Services – potentially for 18-24 months after award of the contract. • Multiple candidates (incumbents and preferred new supplier) may need to be relationship managed increasing the workload for ACC management.

5.2 Indicative Timetable

Action	Indicative date
Pre-procurement	
Advance notice published on GETS	*23/09/2024*
Registration of Interest developed and approved	14/10/2024
Procurement Plan approved	22/10/2024

Action	Indicative date
Panel confidentiality and conflict of interest declarations signed	22/10/2024
Registration of Interest	
Registration of Interest (ROI) advertised on GETS	16/10/2024
Last date for supplier questions	22/10/2024
Last date for ACC to answer questions	23/10/2024
ROI closing date	31/10/2024
Interviews/clarifications	5/11/2024
Review ROI responses/shortlist	6/11/2024
Respondents notified of shortlisting via a Request to Participate in BRE	6/11/2024
Lean Agile Procurement – Information Pack, Briefing and Preparation	
Confirm Use Cases and Scenarios, and draft Contract for Mailhouse Services	5/11/2024
Release Use Cases, Scenarios, and draft contract for Services to invited Respondents with terms and conditions of process	6/11/2024
Shortlisted Respondents to provide their Health and Safety Policy, Business Continuity Plan, Insurance Certificates and Financial Statements, policy for protecting personal information and incident response plan, and completed Information Security due diligence form and GCIO105 forms. NOTE. Price Schedules (with pricing for 5 years) will also be requested in advance of BRE using an itemised (item, volume and unit charge) template.	11/11/2024
Supplier Briefings	12/11/2024
ACC evaluation team / internal attendees briefings	12/11/2024
Due diligence completed - ACC review and confirm acceptability of resources provided by invited respondents	22/11/2024
Confirm respondents 'materially' accept ACC Contract for Mailhouse Services	22/11/2024
Big Room Event	
Big Room Event	27-28/11/2024 *NOTE. Reserve days are 29/11, & 9–10/12*
Evaluation Panel debrief – if required	29/11/2024
Contract Execution	
Contract approval / execution	16/12/2024
Contract award notice published on GETS	18/12/2024
Contract start date	*21/01/2025*

5.3 Evaluation

<u>Approach</u>

The approach to shortlisting, evaluation and ultimate selection is:

- **Registration of Interest** will be used to shortlist mailhouses interested in the ACC contract for mailhouse services based on the ability to meet pre-conditions of existing mailhouse service requirements, capability, capacity and track record.
- Lean Agile Procurement **Big Room Event** where shortlisted respondents will present in response to use cases and scenarios critical to ACC, review their commercial approach to contracting (pricing, contract terms and conditions, and risk management) and provide proposals following the format of the Lean Agile Procurement Canvases.

  NOTE. A canvas is an artifact that captures and visualises business objectives, needs, boundary conditions, timing, participating supplier capability, proposed resources and solutions and commercial structures.

Price will be considered in evaluating how suppliers have responded to scenarios and use cases presented during the BRE, commercial details of respondents' proposals and risk mitigations associated with their canvases.

5.3.1 Registration of Interest

To ensure the Lean Agile Procurement Big Room Event is manageable a Registration of Interest (ROI) will be used to invite expressions of interest in being the supplier of mailhouse services to ACC and to shortlist respondents to a maximum of 3 participants.

The ROI will use the ACC registration of interest template including terms and conditions that have not been amended. Before issue the ROI will be approved by the Head or Enterprise Procurement. Suppliers will have 10 business days under Government Procurement Rules to respond based on an Advance Notice of the Opportunity being given to the market via GETS.

Preconditions

Each respondent will be required to meet pre-conditions either now or by the contract's commencement date. Preconditions will include service requirements that are part of the existing mailhouse service or expected as part of the ACC enterprise architecture. In addition there will be a requirement to confirm a sound financial state, and the existence of policies related to information security, privacy and health and safety.

Evaluation Criteria and weightings

Respondents will provide short (500-1,000 word) statements and cases studies related to five questions on the topics of Capability, Capacity and Track Record.

Submissions will be evaluated on their merits according to the following criteria weightings:

Criterion	Weighting
1. Capability	30%
2. Capacity	30%
3. Track Record	40%
Total weightings	**100%**

Respondents may be asked to attend an interview with ACC to allow the opportunity for clarification and to confirm the ability to meet ACC requirements and volumes.

Evaluation and Scoring.

The Evaluation Panel specified in 5.3.5 will score and rank respondent submissions using the criteria specified in 5.3.3 below.

5.3.2 Lean Agile Big Room Event

A maximum of three respondents will be shortlisted from the ROI and invited to participate in a Big Room Event hosted at the ACC Justice Centre Offices. The invited respondents, the ACC Evaluation Panel and ACC staff supporting the event will be required to participate in person.

The Procurement Owner will be supported in managing the Big Room Event by the wider Enterprise Procurement Team and Lean Agile Procurement specialists contracted under a separate AOG Consultancy Service Order.

<u>Pre-Event Due Diligence</u>

Between shortlisting and the BRE respondents will be required to:

- Provide copies of Health and Safety policies, insurance certificates, policies and plans for information security and handling of personal information and due diligence forms required by ACC information security.
- Review the draft contract for Services and confirm their acceptance of the terms (or provide alternative terms subject to ACC's acceptance).
- Provide Proposed Price Schedules.
- Confirm acceptance of the terms and conditions of the process.

These will be provided as part of a formal Request to Participate in the BRE. Participation in the BRE will require that ACC is satisfied with the provided information or comfortable reviewing concerns further with the respondent during the BRE.

<u>Preparation for Big Room Event</u>

Prior to the BRE an information pack will be provided with:

- Use cases and scenarios to be reviewed during the BRE so that respondents have the opportunity to examine and prepare.
- A draft Big Room Event canvas that respondents will adapt and make their own.

A minimum of three use cases and scenarios are expected to be provided. Topics will be confirmed prior to issues of the Request to Participate. These will be confirmed in consultation with the Manager of Revenue Operations and Manager of Client Administration. Potential topics include:

- How services will be transitioned from incumbents to the mailhouse if selected, and the timeframe for transition of up to 14-data feeds, preferably by 31 July 2025.
- How a new job will be specified and priced and/or an existing job will be changed.
- Information Security, Privacy and Business Continuity, and how respondents would respond to a negative event or disruption.

Prior to the BRE invited respondents will be provided with a formal briefing on ACC's objectives, what to expect in the event, information they will be expected to provide, and procedures and protocols.

<u>Big Room Event</u>

In a two day workshop respondents (gathered in one room) will:

- Review ACC's BRE canvas and broader strategies;
- Give competitive presentations on each use case and scenario, addressing their capability, capacity, track record, commercials (organisation structure, pricing, risk mitigations and contract terms and conditions) and people nominated to support service delivery to ACC; and
- Co-create a BRE canvas with ACC which will become their proposal.

Other than when dealing with commercially sensitive information ("Commercials"), respondents will present in front of each other.

ACC Participants may ask questions on relevant matters, including:

- Respondent capability,

- Robustness of internal process management and quality control procedures,
- Track record of delivering products/services,
- Sustainability of product/services and management practices,
- Degree of innovation and pro-activeness of the respondent,
- Management skills,
- Health and Safety,
- Financial viability,
- Ability to deliver on time and to specification, and
- Business Continuity.

Evaluation Criteria and weightings

Presentations and other provided information will be according to the following criteria weightings:

Criterion	Weighting
1. **Capability and Capacity**: Top capabilities and capacity to resolve ACC's needs. Assessed more thoroughly than through ROI via Use Cases and Scenarios.	20%
2. **Rewards/Awards**: Track Record – what Respondent has done and how well they have done it.	10%
3. **Commercials**: Pricing and Risk Mitigations.	20%
4. **Proposed Solution**: overall canvas/high-level concept, unique selling proposition, people and resources; this criterion should consider the proposed people resources, how they behave, whether they have the necessary skills and demonstrate an understanding our requirements and strategies.	50%
Total weightings	**100%**

Evaluation and Scoring.

The Evaluation Panel in 5.3.5 will score and rank respondent submissions using the criteria specified in 5.3.3 below.

5.3.3 How Respondent Submissions will be Scored

The following scoring scales will be used to provide a common understanding for the evaluation panel and allow for the consistency of scoring against criteria. The same scoring scale will be applied to assess the Registration of Interest submissions and Solutions presented during the BRE.

Scores by individual panel members may be modified through a moderation process to reach a consensus score across the whole Evaluation Panel.

Definition	Score
Does not comply or meet the criteria at all. Insufficient information to demonstrate the criteria.	**0**
Extremely limited or no supporting evidence to meet the criteria. Minimum effort made to meet the criteria.	**1**
Satisfies a minimum of the criteria but not all. Reservations about the Respondent to adequately meet the criteria. Little supporting evidence.	**2**
Respondent demonstrates the ability to meet the criteria, with supporting evidence.	**3**

Definition	Score
Respondent demonstrates above average ability, understanding, experience and skills. Response identifies minor additional benefits, with supporting evidence.	**4**
Respondent demonstrates exceptional ability, understanding, experience and skills. Response identifies factors that will offer potential added value, with supporting evidence.	**5**

5.3.4 Conflict of Interest

To ensure ACC personnel and contractors involved in the procurement process both act and are perceived to act with probity, these people will be required to read and sign a confidentiality agreement and declare any actual, potential or perceived conflict of interest.

Declarations will be reviewed by the Procurement Owner / Co-ordinator, who will identify how conflicts or perceived conflicts will managed and confirm with the Head of Enterprise Procurement the steps being taken.

5.3.5 Evaluation Panel

The following personnel or roles will be involved with assessing respondent submissions and proposals:

Name	Position	Voting or non-Voting
[Out of scope]	Team Lead - Inbound Document Management	Voting
[Out of scope]	Solution Architect / Enterprise Architect	Voting
[Out of scope] (or nominee of Manager Revenue Operations)	Senior Business Analyst, Levy Products & Systems	Voting
[Out of scope] (or nominee of Manager Client administration)	Payment / Rehabilitation SMEs	Voting
[Out of scope]	Manager Operations Integration / Channel SME	Voting
[Out of scope] (or nominee of Manager Client administration)	Rehabilitation System Design SME's	Non-voting
[Out of scope] (or nominee of Chief Information Security Officer)	Senior Security Consultant	Non-voting – review of documents and references provided prior to BRE.
[Out of scope]	Senior Privacy Advisor	
[Out of scope]	Commercial Solicitors	Non-voting – review of documents and references provided prior to BRE. Assessment of Commercial Propositions
[Out of scope]	Business Analyst - Levy Products & Systems / Advisor on business process and risks to panel	Non-voting – Subject Matter Expert and Operational Specialist
[Out of scope]	Procurement Owner / Portfolio Manager	Non-voting
[Out of scope]	LAP Process Specialist	Non-voting

NOTE. Other SMEs, advisors and Business Sponsors that may attend BRE at key points in the process:
[Out of scope]
[Out of scope] .

Changes or substitutions may be approved by the Head of Enterprise Procurement.

The names of evaluators will be kept confidential from suppliers.

To ensure consistency of evaluations, evaluation guidelines will be prepared that will provide clear marking schedules for ROI Submissions and the use cases and scenarios, commercial propositions and the respondent canvases developed during the BRE. Briefing sessions will be held with the Evaluation Panel prior to release of the ROI Submissions and for evaluation, and prior to the BRE, so that they understand the process and protocols for reviewing and scoring

5.3.6 Documentation and Recommendations

In order to provide a clear audit trail on the shortlisting, evaluation and selection process, minutes will be kept during ROI moderation sessions and respondent interviews, and meetings of the Evaluation Panel during the BRE.

At the conclusion of ROI, BRE evaluations and post-BRE negotiations, the following documents will be produced to support the Recommendation to Select and Recommendation to Award a Contract:

- Recommendation to Shortlist, and
- BRE Evaluation Report.

Both documents will include a summary of the evaluation scores, and notes on aspects of each respondents' submissions and proposals. The Documents will require endorsement by the Evaluation Panel before submission to the Business Owner and holder of Delegated Financial Authority for approval.

5.3.7 Communication with Respondents

The guiding principle of transparent procurement is to ensure a fair process to all participants and that communications do not advantage or disadvantage participating respondents. To ensure the robustness of the procurement process a record of all formal engagements during the Procurement Process, including requests for clarification or further information in the leadup to the BRE will be maintained by the Enterprise Procurement Team.

5.4 Negotiation and Final Recommendation

Uses cases, scenarios, and draft canvases will be developed prior to the BRE, explored and then finalised in the BRE. Contract terms based on the ACC master agreement for the supply of goods / services will be provided before the BRE for shortlisted respondents to review and confirm the acceptability of the terms. Price schedules and commitments to adhere to required ACC policies, e.g., for Information Security, will also be provided in advance of the BRE and explored during the BRE before adoption as schedules of the ACC Master Agreement.

Negotiations may continue post the BRE and no recommendation to select will be made until satisfactorily concluded.

Subject to successful due diligence and conclusion of negotiations either during or after the BRE, the panel will reconvene to arrive at a consensus on contract award .

5.5 Notification

Unsuccessful respondents will be notified at the appropriate stages in the process that they have not been shortlisted or selected. This may be:

- at the completion of the evaluation and moderation process for submissions to the Registration of Interest and approval of the Recommendation to Shortlist (whereupon all respondents who were not shortlisted will be notified), or
- following the approval of a Recommendation to Select at completion of the BRE and post-BRE negotiations (although invited respondents may decide to withdraw from this process if they decide the likelihood of a positive outcome is low).

Formal debriefing sessions will be offered to all respondents. However, ACC reserves the right to keep the following information confidential from respondents about the evaluation of their tenders:

- names of the Evaluation Panel members
- scores provided by individual evaluators
- comments provided by individual evaluators.

ACC may direct the Evaluation Panel to undertake additional due diligence relating to any respondent(s) at any time during the evaluation process including post the BRE.

5.6 Implementation

The contract will specify key ACC leads managers who, depending on whether an incumbent is a successful participant in the BRE, will prioritise jobs and data feeds for transition and develop the changeover plan. Enterprise Procurement will support the development of Statements of Work to implement each changeover with input from the business and system owners and stakeholders such as Enterprise Architecture.

5.7 Project timeframes

The contract will be awarded soon after the BRE assuming satisfactory completion of the process and selecting of a respondent as preferred supplier. Work to develop the design specifications and business rules for each job stream that is to change over, and to effect system transitions and change data feeds, will commence on or about the contract start date.

Given the effort and risks to be managed in any transition ACC will endeavour to maintain good relationship with incumbents and may extend existing contracts as an interim measure until the transition of all data feed has been completed.

The strategy signed in April 2024 allowed for transition to be phased over a period of 24-30 months. No allowance has been made for overlap of services during this time. It is ACC's intent to manage and avoid overlap costs and if possible complete transition prior to 31 July 2025. There is also no allowance for change budget.

5.8 Contract and supplier management

The preferred respondent will be offered an ACC Master Services Agreement. The proposed contract term is three years with one option to extend of two years (3+2). Jobs and data feeds will be instructed as separate statements of work under the Master Services Agreement terms. Common details such a pricing and rates, compliance with information security requirements, personal information protection, and business continuity will be specified in the Master Agreement terms and conditions.

The responsibility for managing delivery under the contract and supplier relationship management will be passed to [Out of scope], Manager of Revenue Operations, Financial Services, on the signing of the contract. This person will develop a contract and relationship management, and transition plans, in consultation with the successful supplier, Enterprise Procurement, and other teams in wider ACC that reply on mailhouse services for sending correspondence.

The new supplier's performance will be reviewed in monthly meetings focused on operational delivery and six monthly with respect to contract performance.

The approach to contract management approach (KPI's, reporting, review cycle, scorecard) will be co-developed with Respondents in the BRE and factored into the contract prior to its execution.

5.9 Probity management

It is essential that ACC demonstrates ethics and integrity in its procurements. This means:

- acting fairly, impartially, and with integrity,
- being accountable and transparent,
- being trustworthy and acting lawfully,
- managing conflicts of interest, and
- protecting a respondent's commercially sensitive and confidential information.

ACC will have procedures in place that guarantee that all respondent submissions are treated fairly, whether submitted in writing or presented in person.

Probity in this procurement will be managed by:

- a probity briefing for all personnel involved in the evaluation process,
- ensuring compliance with ACC's code of conduct,
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest,
- identifying and effectively managing all conflicts of interest,
- e-Tender login details being securely stored,
- Registration of Interest submissions, details provided in response to requests for clarification, and commercial in confidence information provided during the BRE being treated in the strictest confidence,
- A consistent briefing being provided to all respondents shortlisted to participate in the BRE on what to expect, information they will be provided to expected to provide, procedures and protocols,
- printing, photocopying and electronic transfer of information provided for evaluation purposes being kept to a minimum,
- treating all respondents equally and fairly, and
- offering each respondent a comprehensive debrief at the end of the procurement process.

A Senior Portfolio Manager from the Enterprise Procurement Team will review procurement documentation, attend briefings, review communications and respondents and observe conduct and interactions during the BRE. It is not proposed to engage an independent probity advisor.

NOTE. The budget allows $7,700 for 3-days participation by an external probity advisor if deemed necessary at a later date by the Head of Enterprise Procurement.

6. RISK ASSESSMENT

Supply Risks and Sourcing Strategy Risk are stated in the Category Strategy for External Mailhouse Services attached as Appendix A.

Key risks for conducting the procurement and securing appropriate commercial terms and pricing are set out below. Risks have been identified and evaluated with respect to the Enterprise Risk Management Framework [Final Risk Management Framework V19.pdf (sharepoint.com)].

Risk	Likelihood	Consequence	Overall	Mitigation(s)
Lack of capability for business continuity and disaster recovery due to suppliers consolidating their operations on a single site or lacking capability for efficient changeover in the event of systems being disrupted	Possible	Major	High	• Procurement and evaluation process will examine each respondent's ability to maintain facilities in two or more locations. • Contract will require suppliers to retain equipment and personnel in different locations to ensure business continuity. • Respondents will be required to have a contingency plan that provides for alternative sites that will be stood up immediately and ensure seamless continued service delivery. Evidence will be required that plans are regularly tested.
Unauthorised access to information systems storing ACC data	Possible	Major	High	• Contracts and statements of work will require a supplier to adhere to information security standards and best practice, and be subject to regular certification and assurance of systems and processes. • Information supplied by ACC will not be retained beyond its use case to minimise the scale of any data leak. • BRE will be used to test and co-design solutions to maintain information security.
Correspondence is viewed by or sent to a party other than intended recipient resulting in a privacy breach.	Possible	Major	High	• Contract will require the supplier to have an acceptable policy for the management and handling of personal information, together with an incident response plan, and a privacy officer appointed with necessary delegations. • ACC will determine the layout and content of all correspondence and require robust testing and approval of test outputs before a job is released to production.

Risk	Likelihood	Consequence	Overall	Mitigation(s)
				• BRE will be used to co-design solutions that protect personal information.
Incumbent is not willing to continue supporting ACC if they loose the ACC mailhouse account.	Possible	Major	High	• Contracts with incumbents are in place to 31 July 2025. • ACC will treat incumbents with respect during the procurement exercise and ensure they know ACC's requirements so that selection decisions are known to be objective. • ACC will make certain that incumbents see ACC mailhouse job as valuable and reputationally important enough to provide services beyond 31 July 2025 if further extensions are necessary. • ACC will prioritise transition efforts.
Dedicated ACC resources are not available to enable smooth timely transition and avoid overlap costs.	Possible	Major	High	• ACC Manager of Revenue Operations will ensure a transition plan is implemented soon after contract award to ensure a smooth transition of data feeds prior to 31 July 2025. • As fallback ACC can extend contracts with incumbents beyond 31 July 2025 by mutual agreement.
Health and Safety of Staff and Visitors due to unsafe work practices or equipment failure.	Rare	Severe	High	• Pre-conditions for Registration of Interest will require minimum health and safety standards to be met and evidence of a Health & Safety Plan for staff preparing correspondence, particularly physical mail, and visitors to the respondent's premises. ACC requirements will be written into the final contract.
ACC is unaware what functions and solutions the wider market can provide to support future digital strategies	Possible	Moderate	Medium	• ACC is basing its procurement approach on supplier engagement, the agile development of specifications, and iterative development of solutions.
Difficulty selecting a supplier able to onboard ACC requirements at a fair price	Possible	Moderate	Medium	• ACC will use BRE to co-design with competing respondents the pricing and implementation of a new job supported by necessary people, systems and processes.

Risk	Likelihood	Consequence	Overall	Mitigation(s)
				• Contracts with incumbents are in place until at least 31 July 2025 removing the need to accept poor offers.
The proposed contract contains ambiguity and uncertainty, or has inadequate or inappropriate terms and conditions.	Unlikely	Major	Medium	• The offered contract will be based on the ACC Master Agreement. • An external legal counsel will be engaged to review and develop the template. ACC legal team be represented in the BRE. • The BRE will be used to co-create the scope and objectives, and to jointly review risks and develop solutions.
Poor transition of jobs and data feeds to new suppliers	Unlikely	Major	Medium	• Efficient transition of data feeds and jobs will be explored as scenarios and use cases during the BRE. • A transition schedule and plan will be developed once the preferred supplier is known and contract is awarded for the least risk changeover of jobs to the new supplier.
Start date of new contract is delayed by failure to complete negotiations in timely manner / changeover not aligning with PI Cadence	Unlikely	Major	Medium	• Contracts with incumbents are in place until at least 31 July 2025 removing the need to accept poor offers. • Efficient (and accelerated) transition of data feeds and jobs will be explored as scenarios and use cases during the BRE. • Approval will be sought from CEO to further extend contracts with incumbents until new supplier can assume service provision.
Poor interest and low quality responses	Unlikely	Moderate	Medium	• Registration of Interest is being openly advertised. • Requirements of the Registration of Interest and preparation required for BRE will <u>not</u> be onerous. • Respondents shortlisted for BRE will be briefed in advance what to expect and how to participate. • In the event that only one quality response is received to the Registration of Interest ACC reserves the right to take that Respondent through to a single participant co-design workshop.
Challenge to Procurement Process	Unlikely	Moderate	Medium	• A Registration of Interest will be openly advertised.

Risk	Likelihood	Consequence	Overall	Mitigation(s)
				• Evaluation and recommendations to shortlist from the ROI and select from the BRE will be consistent with the terms and conditions. • All shortlisted participants in the BRE will be given equal opportunity to participate. • A Portfolio Manager from the Enterprise Procurement Team, or an external advisor if deemed necessary, will observe the process and adherence to protocols and report on probity and conduct.

Appendix A - Category Strategy & Approval

Category Strategy for External Mailhouse Services (approved) – attached as separate document.

Category Plan -
External Mailhouse Se

Cover Memo to ACC Chief Executive Officer (approved) – attached as separate document.

Executive Cover
Memo - External Mail

Appendix B – Mailhouse Data Feeds

	Mailhouse	Job Stream	Source system	Frequency	Archive File Return	File Type
1	Datam	Workplace Cover / Workplace Cover for Shareholders Invoices	Guidewire - Billing Centre	Daily	Yes	XML
2	Datam	Claim Acceptance Letters - 2 feeds tbc	EOS	Daily	Yes	TSV
3	Western Mailing	Cover Plus / Cover Plus Extra Invoices	Guidewire - Billing Centre	Daily	Yes	XML
4	Western Mailing	Billing Centre Letters	Guidewire - Billing Centre	Daily	Yes	PSV
5	Western Mailing	Policy Centre Letters	Guidewire - Policy Centre (PC)	Daily	Yes	PSV
6	Western Mailing	Client Debt Letters	Te Kahu	Daily	tbc.	PSV
7	Western Mailing	Experience Rating (ER) - Simplified Experience Rating Information Sheets	Currently in ER, moving to Guidewire - PC	Daily	Yes	PSV
8	Western Mailing	Experience Rating - No Claims Discount Information Sheets	Currently in ER, moving to Guidewire - PC	Daily	Yes	PSV
9	Western Mailing	ER-NCD Quarterly Claim Reports	Currently in ER, moving to Guidewire - PC	Quarterly (Feb, May, Aug, Nov)	Yes	PSV
10	Western Mailing	ER Group Structure Letters	Currently in ER, moving to Guidewire - PC	Twice Yearly (Feb/Mar & (Aug/Sep)	Yes	PSV
11	Western Mailing	Online Letters - Link and de-link letters to agents and delegates for customer	MyACC for Business	Daily	Yes	
12	Western Mailing	Client Payment Letters	EOS	Daily	Yes	XML
13	Western Mailing	Client Travel Reimbursements	EOS	Real time as claims processed 24/7	Yes	XML
14	Western Mailing	Provider Payments	MFP	Daily	tbc.	tbc.

Appendix C – Cost Model

External Mailhouse Services extrapolated from Power BI and known cost savings

		Spend extracted from Power BI for FY2023-24		
	Column Labels			
	BLUESTAR PRINT - NEW ZEALAND	NEW ZEALAND POST LIMITED	WESTERN MAILING LIMITED	Grand Total
Sum of Amount	**$11,827.07**	**$1,067,097.37**	**$1,122,232.58**	**$2,201,157.02**
	FY 2022/23	$ 2,300,000.00	Provision of Services by Marketing Impact were discontinued 2023 saving circa $90K. Some Services also digitised around this time.	
	FY 2023/24	$ 2,200,000.00		
				NOTES.
	Calendar Year (yrs 1-5 excl., extension)			Includes 4% inflation adjustment in outyears
	2025	$ 2,038,400.00	1.04	Suppression of claim acceptance letters from 1-9-24 will result in a $240k year savings
	2026	$ 2,119,936.00	1.04	
	2027	$ 2,204,733.44	1.04	
	2028	$ 2,292,922.78	1.04	
	2029	$ 2,384,639.69	1.04	
		$ 11,040,631.91		

Procurement Cost Model Breakdown

Procurement Cost Model		
Mailhouse Services 2025-2030	$ 11,040,000.00	
Travel & Accommodation	$ 3,300	
BRE Catering	$ 3,250	
Probity	$ 7,700	*If external resource required - Tier 5 - $1,925 day*
System Transitions (14-data feeds)	$ 230,000	
Information Security (2025-2030 with 3 year reviews)	$ 18,000	
	$ 11,302,250	
Indirect / Dependent Costs Outside Contract (per year) - **NOT INCLUDED**		
Volume Mail	$ 3,070,000	
Letterhead and Envelopes	$ 200,000	

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Services Agreement

External Mailhouse Services

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Contents

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

This Services Agreement is entered into on 2024

Between (1) Accident Compensation Corporation, a Crown entity continued by the Accident Compensation Act 2001 (**ACC**)

and (2) Marketing Impact Limited, an incorporated company at 51 Dudley Street, Lower Hutt, New Zealand (the **Provider**)

Introduction

A. ACC issued the RFP on 16 October 2024, seeking proposals for the provision of Mailhouse services to ACC.

B. ACC's vision is to partner with the Provider to enable a modern and adaptable Mailhouse solution to ensure ACC's Customers (which includes ACC Client's) receive timely, accurate information and services.

C. ACC's goals (**True North**) for mailhouse services are to:

(i) **enhance ACC's reputation**: strengthen ACC's reputation by providing timely, consistent and personalised communications;

(ii) **collaborate for optimal solutions**: partner effectively to share data, deliver services, and develop innovative solutions to support ACC's business and ACC Customers;

(iii) **optimise operations**: identify and leverage opportunities to centralise, rationalise, automate, simplify, and standardise processes to improve efficiency;

(iv) **transition to digital-first**: enable ACC to transition from physical mail to a digital first approach whenever feasible to enhance efficiency and accessibility;

(v) **advance privacy standards**: design and implement processes and systems that uphold the highest standards of personal information protection and continuously improve ACC's privacy performance and maturity; and

(vi) work to meet Broader Outcomes and public good objectives.

D. The Provider submitted a proposal in response to the RFP, which included participating in the Lean Agile Procurement process.

E. In reliance on the Provider's statements, representations and warranties in the RFP Response, ACC now engages the Provider to provide Services on the terms of this Agreement.

It is agreed:

1. Scope

1.1 Appointment

(a) ACC appoints the Provider to provide Services, and the Provider accepts that appointment, in accordance with and subject to the terms of this Agreement.

(b) The Provider agrees that:

(i) ACC may appoint one or more additional providers to provide services, which are the same as or similar to the Services, and the appointment of the Provider and any additional providers is non-exclusive; and

(ii) nothing in this Agreement commits ACC to procure any minimum volume of Services from the Provider, or to pay any amount to the Provider other than the

Charges.

1.2 Acknowledgements

(a) By accepting its appointment, the Provider acknowledges:

(i) ACC's vision and True North; and
(ii) the character and sensitivity of Personal Information it will receive and hold about ACC Clients under this Agreement, and accordingly will ensure ACC Clients can be confident that the Provider will protect their Personal Information.

(b) ACC expressly disclaims any representation, warranty or undertaking, express or implied, as to the value, volume or nature of Services to be procured under this Agreement.

1.3 Entire agreement

(a) This Agreement comprises the Base Agreement, the Schedules, the Annexures, each Services Order, and Business Requirements each of which will, subject to the rest of this clause 1.3, be read and construed as part of this Agreement.

(b) This Agreement is the entire agreement between the Provider and ACC in relation to the provision of Services.

(c) This Agreement supersedes all agreements, arrangements, understandings or representations relating to the subject matter of this Agreement, except that the Provider will continue to be bound by the statements, representations and warranties made or given in the RFP Response, and acknowledges that ACC has relied on such statements, representations and warranties in entering into this Agreement and will be entitled to continue to rely on the same.

(d) Except as expressly provided for in this Agreement, all other terms or conditions applying to any services or any other communication not included in a Services Order, Schedule, Annexure, or this Base Agreement are excluded from this Agreement, even if at some later date ACC signs or otherwise purports to accept those terms and conditions.

1.4 Precedence

(a) If there is any conflict or inconsistency between any of the documents which form part of this Agreement, the order of precedence is:

(i) any change or variation to this Agreement agreed between the parties in writing or otherwise made in accordance with this Agreement;

(ii) Schedule 4 (Special Terms);

(iii) the Base Agreement;

(iv) the Schedules (other than Schedule 1 (Definitions) and Schedule 4 (Special Terms));

(v) the Annexures;

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

(vi) the applicable Services Order; and

(vii) the Business Requirements.

(b) If there is any conflict or inconsistency between information contained within the documents having the same level of precedence, the information contained in later documents will prevail over information contained in earlier documents.

2. Term

2.1 Initial Term

This Agreement will start on the Commencement Date and will, subject to clauses 2.2 (**Renewal**) and 20 (**Termination**), continue for a term of 3 years (**Initial Term**).

2.2 Renewal

(a) Subject to clause 2.2(b), the Term may be extended for 1 further period of up to 2 years (a **Renewal Term**) if ACC gives the Provider notice to that effect (a **Renewal Notice**) at least six months before the end of the Initial Term.

(b) If, within 20 Business Days following the Provider's receipt of a Renewal Notice, the Provider notifies ACC that the Provider does not wish to extend the Term for the Renewal Term specified in the Renewal Notice, this Agreement will end at the expiry of the Current Term.

2.3 Term of Services Orders

Any Services Order entered into by the parties will commence on the date specified in it and will continue for the term (including any renewal term(s)) specified in it, unless terminated earlier in accordance with clause 20.2 (Termination of a Services Order).

3. Acquiring Services

3.1 Services

The Provider will provide Services to ACC in accordance with the terms of this Agreement (including any Services Order).

3.2 Requesting information

(a) From time to time, ACC may contact the Provider about the Provider performing Services for ACC before it decides whether to enter into a Services Order.

(b) Following such contact, the Provider must provide such information reasonably requested by ACC at no cost to ACC.

3.3 Services Order

(a) If ACC wishes to engage the Provider to provide Services, ACC and the Provider will enter into a Services Order recording the agreed terms for the provision of those Services and incorporating the terms of this Agreement.

(b) The Provider must not commence provision of the Services, and is not bound to provide any Services under this Agreement, until the Services Order is entered into by ACC and the Provider.

(c) Each Services Order must:

(i) be substantially in the form of, or contain the information prescribed in Schedule 3 – Template Mailhouse Services Order; and

(ii) record the Charges, which must be based on the Rates set out and in Schedule 5 – Pricing.

(d) If the Services are required so urgently that it is impractical for the parties to fully complete the Services Order before the Provider commences providing the Services, the Provider must complete the Services Order as soon as reasonably practicable after commencing the Services, provided that the Provider first:

(i) complies with clause 3.4(a) (Conflicts of Interest) including confirming to ACC that it has no actual, potential or perceived Conflict of Interest in providing the Services subject to the Services Order; and

(ii) has received written confirmation from ACC of ACC's engagement of the Provider to deliver the Services.

(e) ACC and the Provider will each bear its own costs in respect of preparing, negotiating, agreeing and entering into any Services Order.

(f) ACC is only liable to pay for Services that are subject to a Services Order.

3.4 Conflicts of Interest

(a) The Provider, upon receipt of a Services Order or receipt of a request for information in accordance with clause 3.2 (Requesting Information) (**Request**) must make diligent inquiry whether it has any actual, potential or perceived Conflicts of Interest if it were to provide the Services specified in the Services Order or Request, and if no Conflict of Interest exists, the Provider must provide confirmation to that effect to ACC.

(b) If the Provider identifies that it has an actual, potential or perceived Conflict of Interest, the Provider must immediately notify ACC and must not begin performing the Services without the prior written approval of ACC.

(c) During the term of any Services Order, the Provider must take all reasonable steps to ensure that:

(i) a situation does not arise that might result in an actual, potential or perceived Conflict of Interest; and

(ii) any Personnel or Subcontractors of the Provider do not engage in any activity or obtain interests that might result in the Provider or such Personnel or

Subcontractors having an actual, potential or perceived Conflict of Interest.

(d) If, after commencing Services under any Services Order, the Provider becomes aware of any matter, circumstance, interest or activity that may give rise to any actual, potential or perceived Conflict of Interest, the Provider:

(i) must immediately notify ACC of all relevant details; and

(ii) must immediately cease work on the Services until such time as ACC:

(A) provides written notice to the Provider that confirms that the Provider may continue to perform the Services subject to the Provider meeting any reasonable conditions ACC may specify to address and appropriately manage the Conflict of Interest; or

(B) terminates the Services Order in accordance with clause 20.2(d) (Termination of Services Order).

(e) If ACC considers that the Provider has an actual Conflict of Interest of sufficient gravity that the Provider can no longer perform Services for it, ACC may, by written notice to the Provider, terminate the Services Order with immediate effect on the date of termination specified in that notice.

(f) Any notice given by ACC pursuant to clause 3.4(d)(ii)(A) may require the Provider to take steps reasonably required by ACC to manage the Conflict of Interest, and the Provider must provide written notice confirming its acceptance of those steps before it may continue to provide the Services under that Services Order.

4. Responsibilities

4.1 ACC's responsibilities

ACC has the following responsibilities in relation to the Services:

(a) observe all requirements applicable to it under this Agreement (including any Services Order) in accordance with this Agreement;

(b) manage its operational relationship with the Provider, including in relation to Services provided in accordance with a Services Order;

(c) notify the Provider of all relevant policies, guidelines and procedures of ACC that the Provider must comply with when performing the Services under a Services Order;

(d) provide adequate and timely instructions and disclosure of all material and other information requested by the Provider that is reasonably required in order to allow it to perform the Services under a Services Order;

(e) make timely decisions where approval or consent of ACC is reasonably sought by the Provider in performing the Services under a Services Order; and

(f) pay the Charges in accordance with the terms of this Agreement.

4.2 Provider's service standards responsibilities

(a) The Provider will provide the Services to a standard that meets or exceeds the Service Levels.

(b) In addition, the Provider must:

(i) provide the Services diligently, efficiently, effectively and in accordance with Industry Best Practice;

(ii) ensure that the Services to be performed under a Services Order are provided in accordance with the Business Requirements specified in that Services Order;

(iii) if the Services are to be provided by a date or time specified in a Services Order, ensure that those timeframes are met;

(iv) ensure that all Documentation, information and advice (verbal or written) provided to ACC (including Documentation, information and advice provided prior to the issue of a Services Order) is Fit for Purpose, so that, without limitation, it contains sufficient content and detail to enable ACC to make use of the Services or Documentation for the purpose for which it was requested and is in a readable and readily useable format;

(v) ensure, to the greatest extent possible, that performance of the Services does not disrupt or adversely affect ACC;

(vi) at all times act in the best interests of ACC in the provision of Services to ACC; and

(vii) provide the Services to the reasonable satisfaction of ACC.

4.3 Delay

(a) Subject to the requirements set out in paragraph 2 of Schedule 4 – Special Terms, if the Provider considers that it is (or is likely to be) prevented or delayed from achieving a date or time for performance specified in a Services Order or the Service Levels (**Delay**), it will:

(i) immediately provide notice orally or in writing to ACC, setting out:

(A) the cause of the Delay and its expected duration;

(B) the effect of the Delay on its ability to perform its obligations under the Services Order (including any future Deliverables and/or Milestones);

(C) what extension, if any, to the relevant Deliverable and/or Milestone is being sought; and

(D) what steps, if any, ACC may take to mitigate the effect of the Delay; and

(ii) take all reasonable steps necessary (including by the allocation of additional resources) to eliminate or avoid the Delay and, in all cases, mitigate its effects.

(b) If the Provider and ACC agree that the Delay is acceptable or wish to amend the Deliverable and/or Milestone, the Provider will draft a written variation to the Services Order and submit the varied Services Order to ACC. Upon receipt of the varied Services Order, ACC must promptly advise the Provider in writing if it accepts the variation. If ACC accepts the variation, both parties must sign the varied Services Order.

(c) If the Provider does not achieve the Deliverable and/or Milestone (as amended from time to time) and ACC has not caused the Provider to fail to achieve the Deliverable and/or Milestone, ACC may, without prejudice to any other right or remedy, suspend payment of any Charges relating to that Services Order until the Provider remedies the relevant failure.

4.4 Provider's general responsibilities

The Provider will:

(a) obtain, maintain and comply with any governmental, regulatory or other approvals, permissions, consents, licences, and requirements necessary to provide the Services and perform its obligations under this Agreement;

(b) comply with all Laws in so far as they relate to the provision of the Services;

(c) pay ACC levies in accordance with the Accident Compensation Act 2001;

(d) adhere to the Conduct Requirements, the Supplier Code of Conduct available at www.procurement.govt.nz and any other codes of conduct listed in this Agreement or notified to the Provider by ACC from time to time;

(e) in performing Services under a Services Order comply with all policies, guidelines and procedures issued by ACC and notified or made available to the Provider;

(f) ensure that its arrangements with Subcontractors used in connection with the Services are in accordance with Industry Best Practice, including as to terms, cost and overall value for money;

(g) unless specified otherwise in this Agreement, keep full, accurate and up-to-date accounts and records in relation to all material aspects of its activities under the Agreement, including the Services, Deliverables and Charges, to a standard consistent with prudent business practice, and:

(i) retain them for not less than 7 years from creation (**Retention Period**); and

(ii) make such accounts and records available to ACC during the term of the Agreement and the Retention Period (unless already provided to ACC earlier);

(h) respond promptly, accurately and adequately to any reasonable requests for information made by ACC in relation to the Services, including requests for advice, and ensure that all information provided contains sufficient content and detail to enable

ACC to make use of the information for the purpose for which it is requested;

(i) provide to ACC all information reasonably requested by it in respect of the provision of the Services or for the purpose of determining whether the Provider is complying with its obligations under this Agreement, and provide to ACC such information as may be agreed in a Services Order or as otherwise requested by ACC in accordance with Schedule 8 – Reporting;

(j) keep ACC informed of all matters of which it ought reasonably to be made aware, and, as soon as is practicable, notify ACC of any problems or issues that arise in relation to the performance of its obligations under this Agreement, including any problems or issues that will, or are likely to, affect the provision or quality of the Services or the ability of the Provider to perform its obligations under this Agreement;

(k) assess ACC's use of the Services and identify, notify ACC of, and, if requested, provide ACC with opportunities to realise, cost savings or cost efficiencies in their procurement of Services; and

(l) without limiting any other provision of this Agreement, use its best endeavours to avoid damaging or adversely affecting ACC's reputation.

4.5 Notifications

Without limiting any other provision of this Agreement, in advance of any meeting held in accordance with paragraph 4 (Relationship management) of Schedule 7 – Governance, the Provider must notify ACC if there are any:

(a) changes or anticipated, impending or proposed changes in Law (including industry codes, rules and policies to which the Provider is or may be bound);

(b) material changes or proposed material changes in the manner of Service provision (including system changes, any proposed offshoring of key services or proposed changes to Subcontractors); or

(c) material evolutions, improvements, changes or innovations in relevant technology, equipment, practices, standards, architectures or industry developments,

that relate to, and will or may impact on, the Services, provided that no such changes, evolutions, improvements or innovations will result in any amendment or variation to this Agreement (including any Services Order) unless agreed or determined in accordance with clause 7 (Changes).

4.6 Continuous improvement

In addition to its other obligations under this Agreement (including clause 4.5 (Notifications)), the Provider will:

(a) continually plan and cater for the evolution of the Services and seek to improve its performance under this Agreement without adding to, or increasing the Charges; and

(b) on request by ACC, implement, as soon as reasonably practicable, any improvement that may reduce the Charges or improve the efficiency of the Services.

4.7 Broader Outcomes

(a) ACC wishes to leverage this Agreement to achieve certain wider social, economic, cultural and/or environmental outcomes that go beyond the immediate purchase of the Services.

(b) The Provider will meet the Broader Outcomes for this Agreement and any other Broader Outcomes agreed and recorded in a Services Order.

(c) The Provider must report on how it is meeting the Broader Outcomes for this Agreement to ACC, on request.

(d) The Provider will:

(i) take reasonable steps to actively reduce its organisation's carbon emissions and use sustainable practices (for example, using biodegradable links, recycled paper and reducing the carbon footprint of producing and sending mail; and

(ii) ensure that each person performing any Specified Role in the Provider's delivery of the Services under this Agreement is paid, for each hour worked, at a rate no less than the Minimum Living Wage Rate applicable at the time;

(iii) take steps to actively identify any modern slavery and worker exploitation risks in its business' supply chain, promptly notify ACC of any such risks and work with ACC in a timely manner to address the risks (as appropriate);

(iv) deliver the Services in a manner that is culturally appropriate for Māori and other ethnic or indigenous groups and will take Treaty of Waitangi principles into account when providing the Services; and

(v) comply, and ensure that its Subcontractors and Personnel comply, with all relevant employment standards and Laws including Health and Safety Legislation. The Provider will report any instances where it, its Subcontractors, or its Personnel are being investigated by the Labour Inspectorate, or where it identifies that it has breached any of the relevant employment standards or Laws.

4.8 Health and Safety

(a) In performing its obligations under this Agreement, the Provider must:

(i) comply, and ensure its Personnel and Subcontractors comply, with Health and Safety Legislation;

(ii) so far as reasonably practicable, ensure the health and safety of:

(A) ACC's and the Provider's Personnel; and

(B) ACC Customers;

(iii) take all practical steps to ensure that no act or omission gives rise to, or is likely to give rise to, the issue of an improvement or prohibition notice, enforcement action or a prosecution under Health and Safety Legislation against ACC or the

Provider;

(iv) advise ACC in writing as soon as possible of:

(A) any hazards or risks that the Provider or its Subcontractors identifies or creates, and all accidents, incidents and near misses, relating to the Services on ACC's premises or otherwise within ACC's control (using the online form provided by ACC on ACC's website);

(B) all notifiable events (as defined in the Health and Safety Legislation) relating to the Services (using the online form provided by ACC);

(C) any contact by any regulatory agency in relation to any health, safety or environmental matter relating to the Services (unless the Provider is prohibited by any Law from so advising ACC);

(D) comply with ACC's reasonable instructions in relation to any matter referred to clause 4.8(a)(iv).

(b) If the Provider is performing any Services on ACC's premises, or ACC is on the Provider's premises for reasons related to this Agreement, prior to commencing work on those premises both parties must meet and consult on the security, health and safety policies, safety and works requirements and any other local instructions for those premises.

5. Resourcing

5.1 General requirements

The Provider will provide and maintain sufficient resources (including human resources, equipment, telecommunications connectivity, premises and other facilities) to enable it to perform its obligations on time and otherwise in accordance with this Agreement.

5.2 Personnel

(a) The Provider will ensure that all of its Personnel who are engaged in the performance of the Provider's obligations under this Agreement:

(i) have the requisite skills, expertise, qualifications, accreditations and experience;

(ii) have, before performing any such obligations, obtained all security clearances and passed all probity checks necessary to provide the Services unless otherwise specified by ACC;

(iii) comply with any health, safety, security and other policies, codes of conduct, procedures and reasonable directions as may be reasonably required by ACC from time to time;

(iv) carry out their respective duties with due care, skill and diligence; and

(v) observe the Provider's relevant obligations under this Agreement (including as to confidentiality).

(b) ACC will notify the Provider if any security clearances and probity checks are not necessary in respect of a Service in a Services Order.

5.3 Provider's Nominated Personnel

(a) ACC may, in any Services Order, nominate specific Personnel (**Nominated Personnel**) to be the primary providers or to supervise the delivery of the Services.

(b) If any Nominated Personnel are not available to provide or supervise the Services requested, the Provider must:

(i) immediately notify ACC and specify the period for which the Nominated Personnel will continue to be unavailable; and

(ii) provide details of other Personnel (if any) with the necessary skills and experience to provide or supervise the Services requested pursuant to that Services Order.

(c) Upon receipt of such a notice, ACC must notify the Provider whether the replacement Personnel are acceptable.

(d) ACC is under no obligation to accept any replacement Personnel and, if it does not approve the replacement Personnel, the Provider may not commence or continue providing the Services.

5.4 Data Event Manager

(a) The Provider will nominate one of its Personnel as the official incident manager who will be the key contact for the duration of any Data Event and who will manage the situation until its resolution (**Data Event Manager**).

(b) The Provider will notify ACC in writing of the Data Event Manager's name, position and contact details prior to or immediately following the Commencement Date.

(c) To avoid doubt, the Data Event Manager is Key Personnel for the purpose of this Agreement.

5.5 Provider's Key Personnel

(a) The Provider will nominate at least one Key Personnel.

(b) The Provider may change its Key Personnel by notifying ACC in writing and any such change will take effect on:

(i) a date agreed between the Provider and ACC; or

(ii) failing agreement, on the date of ACC's receipt of the Provider's notice.

(c) To avoid doubt, a change in Key Personnel in accordance with this clause does not require a formal contract variation under clause 7.1 (Change Procedure).

5.6 Subcontracting

(a) Subject to the remaining provisions of this clause 5.6, the Provider may subcontract the performance of some of the Services.

(b) The Provider will not subcontract the performance of all or part of the Services or any of its other obligations under this Agreement, except with the prior written consent of ACC.

(c) The Provider must ensure that sufficient details of the proposed subcontracting arrangement are included in the Services Order (including name of the Subcontractor and a description of the Services to be Subcontracted).

(d) The Provider is solely responsible for the selection of each Subcontractor and must ensure that each Subcontractor is creditworthy, qualified and has the relevant experience to perform the work it is required to carry out for the Provider.

(e) To the extent permitted by Law, the Provider is and remains fully responsible for any act or omission of any Subcontractor.

(f) The Provider must ensure that each subcontract imposes obligations on the Subcontractor that are consistent with the relevant terms of this Agreement, including in relation to clauses 3.4 (Conflicts of Interest), 4.4 (Provider's general responsibilities), 11 (Confidentiality), 12 (Privacy), 13 (Data Protection), 15 (Intellectual Property), 16(Assurance) and 20 (Termination) and Schedule 6 – Performance Measurement.

(g) If, in ACC's reasonable opinion, a Subcontractor is:

(i) materially not performing in accordance with the terms of this Agreement, ACC may, by notice to the Provider, require the Provider to procure that the Subcontractor performs the relevant obligations within 10 Business Days, failing which ACC may, by notice to the Provider, require the Provider to remove that Subcontractor; or

(ii) a material threat to the health, safety or security of the Personnel or property of ACC, or has breached health, safety, security, data protection, privacy, or confidentiality requirements of this Agreement, ACC may, by notice to the Provider, require the Provider to remove that Subcontractor.

(h) The Provider must comply with any notice from ACC to remove a Subcontractor.

5.7 Crisis Manager

(a) The Provider must nominate one of its Personnel as the key point of contact between ACC and the Provider in the event of any disaster or crisis (other than a Data Event) affecting any of the Services under this Agreement (**Crisis Manager**).

(b) The Provider will notify ACC in writing of the Crisis Manger's name, position and contact details prior to or immediately following the Commencement Date.

(c) To avoid doubt, the Crisis Manager is Key Personnel for the purpose of this Agreement

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

6. Governance

The governance arrangements for this Agreement are set out in Schedule 7 - Governance.

7. Changes

7.1 Change procedure

(a) Subject to the remainder of this clause 7 and unless specified otherwise in this Agreement, this Agreement may only be amended with the mutual consent of ACC and the Provider and all amendments must be agreed in writing before becoming effective, and be set out in a form specified by ACC.

(b) By notifying the Provider, ACC may, acting reasonably and with regard to likely cost implications for the Provider, amend:

(i) the template Services Order (Schedule 3 (Template Mailhouse Services Order)) including to automate the Services Order and to make it available via a document automation tool;

(ii) the reports a Provider must supply under Schedule 8 (Reporting); and

(iii) any other part of this Agreement if the amendment does not involve a material alteration or deviation from this Agreement, or is otherwise to correct a manifest error,

(c) Any amendments made by ACC under clause 7.1(b) will take effect 30 days after receipt of such notice by the Provider.

7.2 Changes to Services Orders

(a) The Provider and ACC may vary a Services Order.

(b) Any amendment to a Services Order must be agreed in writing by ACC and the Provider.

8. Price and payment

8.1 Calculation of Charges

The Charges will be calculated in accordance with the terms of Schedule 5 (Pricing) and each Services Order and, unless otherwise stated, are exclusive of GST.

8.2 ACC to pay for Services provided

(a) ACC will pay the Provider the Charges applicable to any Services procured by ACC, and provided by the Provider in accordance with this Agreement, on the terms of this clause 8.

(b) The Charges plus GST (where applicable) comprise the total amount payable.

8.3 Invoicing and payment

Unless agreed otherwise by the parties, the Provider will invoice ACC for the applicable Charges and ACC will pay those Charges, in accordance with the following terms:

(a) the Provider must send invoices to the relevant email addresses specified by ACC;

(b) the Provider will render one itemised invoice for each Service Order to ACC the end of each month during the term of the Services Order for all Services performed during that month under specifying in reasonable detail (as applicable):

(i) a breakdown of the Charges for that month for each Services Order as itemised with reference to the Rates in Schedule 5 – Pricing; and

(ii) any other information necessary to enable the invoice to constitute a valid tax invoice or equivalent document containing information as meets the definition of 'taxable supply information' for the purposes of the Goods and Services Tax Act 1985 where GST is payable in respect of part or all of the Charges for that month;

(c) without limiting clause 8.3(b) each correctly rendered invoice will be payable on or before the 20th day of the month following the month in which the invoice was received, except to the extent the Services Order expressly provides for an earlier date;

(d) ACC will have no obligation to pay any Charges which are invoiced more than 90 days after the date that such amount was required to be invoiced pursuant to this clause 8.3;

(e) the Provider may only invoice ACC for any Expenses at the cost actually incurred by the Provider;

(f) if specified by ACC, the Provider may only provide an invoice if ACC has approved the relent draft invoice; and

(g) if requested by ACC and agreed in a Services Order, the Provider will, at its own cost, provide ACC with an e-invoice for the Services performed.

8.4 Payment disputes

If ACC or the Provider disputes an invoice or other payment to the Provider:

(a) ACC may (to the extent not already paid) withhold the disputed sum until the dispute is resolved;

(b) the dispute will be resolved in accordance with clause 6 (Dispute Resolution);

(c) it will pay any undisputed and unpaid portion in accordance with clause 8.3 (Invoicing and Payment); and

(d) the Provider will not be excused from performing its obligations under this Agreement while an invoice or other payment to the Provider is disputed by ACC.

8.5 Increasing or reducing the Rates or Fees

(a) Increasing the Rates or Fees

(i) The Provider will not increase the Rates or Fees at any time during the Term unless the Provider complies fully with this clause 8.5(a)

(ii) The Provider may not request an increase to the Rates or Fees during the first Contract Year and may only request an increase to the Rates or Fees once in any subsequent Contract Year.

(iii) If the Provider wishes to propose an increase to the Rates or Fees, it will provide to ACC notice of its proposed alteration and all information required to substantiate the proposed increase.

(iv) Any proposed increase to the Rates or Fees must be agreed by ACC and will only be acceptable to ACC to the extent that the Provider can demonstrate (to ACC's reasonable satisfaction) that:

(A) the additional or increased cost or expense has been imposed on service providers of the same or similar services generally in New Zealand and applies to the Services specifically;

(B) the additional or increased cost or expense is directly incurred by the Provider in connection with the provision of the relevant Services to ACC; and

(C) the corresponding proposed increase to the Rates or Fees is:

(1) proportionate to such cost or expense;

(2) not more than the total percentage change calculated by the LCI Calculator between:

– for the first request, the Commencement Date; and

– for any subsequent request, the first day of the Contract Quarter following the date ACC has agreed any previous increase to the Rates or Fees,

and the last day of the Contract Quarter immediately preceding the date of the Provider's request to increase the Rates or Fees; and

(3) to be applied generally to all of its customers.

(v) Changes to the Rates or Fees to reflect any increase agreed under this clause 8.5(a) will be agreed by the parties as a Change in accordance with clause 7.1(a) (Change Procedure).

(vi) Any increased Rates or Fees will take effect from the start of the Contract Quarter following the date ACC has agreed any proposed increase to the Rates or Fees further to this clause 8.5(a) and, unless agreed in writing by ACC and the Provider, no increase in Rates, Fees, or Charges will apply:

(A) in respect of the first Contract Year;

(B) to any Services provided before the start of the Contract Quarter from which the Rates, Fees, and/or Charges will be increased; and

(C) to vary any Rates, Fees and/or Charges fixed or capped with respect to any Services under a Services Order.

(b) Reducing the Rates or Fees

(i) The Provider may reduce the Rates or Fees applicable to any Services at any time during the Term by giving written notice to ACC.

(ii) ACC may (at its sole discretion) undertake a review of the Rates or Fees applicable to the Services at each annual review meeting held in accordance with paragraph 4.1 (Review meetings) of Schedule 7 – Governance and, following such review, ACC may request a reduction to the Rates or Fees pursuant to this clause 8.5(b).

(iii) Changes to the Rates and Fees to reflect any reduction notified under this clause 8.5(b) or agreed under clause 8.5(b)(ii)will be agreed by the parties as a Change in accordance with clause 7.1 (Change procedure). The parties will agree whether any Change will apply to existing Services Orders or only to new Services Orders entered into after the Change's effective date.

8.6 Taxes

(a) Except for any GST payable by ACC in respect of any Services supplied under this Agreement, any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including applicable interest and penalties) payable in respect of any Services supplied under this Agreement under any Law is to be paid by the Provider and not passed on to ACC unless otherwise expressly agreed in writing by ACC.

(b) ACC may deduct from any payment to be made to the Provider any withholding taxes or other deductions that it is required by Law to make.

8.7 Payments by Provider

The Provider will pay any amount payable by it to ACC (including any amount by which an invoice paid by ACC is subsequently found to have overstated the amount properly payable), to ACC, within 10 Business Days following the date on which that liability is discovered (or such other date as is agreed between the Provider and ACC).

8.8 Suspension of payment

(a) Without prejudice to any other right or remedy that may be available to ACC, ACC may suspend payment of all or any part of the Charges if ACC has notified the Provider that the Provider is in Material Breach of the Agreement or the relevant Services Order (as applicable), until that Material Breach is remedied.

(b) Without limiting any other rights under this Agreement, if the Material Breach is not capable of remedy, ACC and the Provider may treat the Charges as being in dispute and clause 19 (Dispute Resolution) will apply.

8.9 Set-off

ACC may deduct from, or set-off against, any amount owing to the Provider under this Agreement any amount payable by the Provider under or in connection with this Agreement.

8.10 E-invoicing

(a) Further to clause 8.3(g) (Invoicing and payment) and subject to clause 8.10(b), the Provider must be able to issue an e-invoice to ACC through a platform that is compatible with ACC's systems.

(b) Following the Commencement Date, if the Provider does not have an established e-invoicing system that is compatible with ACC's invoicing and payment systems, the Provider will transition to an e-invoicing platform that is compatible with ACC's invoicing and payment systems as soon as requested by ACC to enable the issue of e-invoices by default.

9. Business Continuity

9.1 Business continuity plan

(a) The Provider must:

(i) maintain at all times a business continuity and disaster recovery plan (**Plan**) in respect of the Services; and

(ii) include in the Plan such changes as ACC considers reasonably necessary to ensure continuity of the provision of Services in the event of a disaster in accordance with Industry Best Practice for business continuity.

(b) The Provider will use all reasonable endeavours to prevent or mitigate any Initiating Event that may affect the Provider's ability to provide the Services.

(c) Upon the occurrence of one or more Initiating Events, the Provider will inform ACC in writing as to whether it is implementing the relevant portion or portions of the Plan and, if not, why not.

(d) The Provider must review, test and, where appropriate, update the procedures set out in the Plans no less than once per calendar year. On written request, a testing report will be made available to ACC following completion of the test.

9.2 Disengagement

(a) The Provider acknowledges and agrees that, prior to the end of the Term, ACC must be able to maintain continuity of the Services, whilst inviting proposals from the marketplace, putting a new provider in place or taking provision of the Services itself.

(b) The Provider will co-operate to ensure that any hand-over of the Services to another provider or to ACC itself is conducted smoothly and professionally. The Provider is not required to provide access to, disclose or make available its know-how, techniques, Intellectual Property or information that is confidential to it in complying with this requirement.

(c) In the event of the need for a hand-over of the provision of the Services, the Provider will continue to provide the Services until the end of the Term. The Provider will also cooperate with ACC and any incoming provider to develop and implement a phase in/phase out plan with a mutually agreed schedule for hand-over of responsibilities to the incoming provider.

(d) The Provider will provide all reports and additional information required for transition at no cost to ACC and without limitation on ACC's ability to access or retrieve such reports or additional information.

(e) The Provider will prepare and provide to ACC a Disengagement Plan within 10 Business Days of receiving a request from ACC. ACC may request that the Disengagement Plan relates to the termination or expiry of the Agreement, or to the termination or expiry of a specific Services Order. The Provider will update the Disengagement Plan with any changes reasonably required by ACC.

(f) The Disengagement Plan must include:

(i) the transition and handover activities and timeframes for the relevant Deliverables and Services to alternative provider(s) and/or to Personnel of ACC;

(ii) the roles and responsibilities of the relevant parties and Personnel;

(iii) any assumptions or prerequisites for the transition and handover; and

(iv) any risks and mitigations.

(g) If the Agreement or a Service Order expires or is terminated, the Provider will:

(i) comply with any relevant Disengagement Plan(s); and

(ii) provide all reasonable assistance to ACC and any incoming provider to enable the Disengagement Plan to be implemented and to minimise any business disruption to ACC.

10. Warranties

10.1 General warranties

Each party represents, warrants and undertakes that:

(a) it has full power, capacity and authority to execute, deliver and perform its obligations under this Agreement;

(b) it has, and will continue to have, all the necessary consents, permissions, licences and rights to enter into and perform its obligations under this Agreement; and

(c) this Agreement constitutes its legal, valid and binding obligations and is enforceable in accordance with its terms.

10.2 Provider's warranties

The Provider represents, warrants and undertakes that:

(a) it will perform its obligations under this Agreement with due care, skill, promptness and diligence at all times and in accordance with clause 4.2 (Service Standards);

(b) it has, and will have throughout the Term, sufficient Personnel to provide the Services and to perform its other obligations under this Agreement;

(c) it, and each of its Personnel engaged in the performance of the Services, has, and will have throughout the Term, the necessary expertise and all necessary governmental, regulatory or other approvals, permissions, consents, licences, qualifications, accreditations and requirements to provide the Services and perform its other obligations under this Agreement;

(d) it will comply with the requirements of all Law as it relates to the provision of Services by the Provider;

(e) in order to comply with the Health and Safety Legislation:

(i) it has appropriate policies and procedures in place; and

(ii) its Personnel are appropriately qualified and trained to provide the Services;

(f) neither the supply, receipt or use of the Services nor the possession or use of any information or materials supplied under this Agreement, will infringe the rights of any third party;

(g) all Documentation (and any other information, advice or data supplied by it to ACC, whether before or after entering into a Services Order) and any information and data reported to ACC, will be accurate, complete and Fit for Purpose;

(h) there are no existing agreements, undertakings or arrangements which prevent it from entering into this Agreement, or which would impede the performance of its obligations under this Agreement, or that it would breach by entering into this Agreement;

(i) it is not (and nor is any of its Personnel) a party to any litigation, proceedings or disputes which could adversely affect its ability to perform its obligations under this Agreement;

(j) it has not offered any inducement in connection with the entering into or the negotiation of this Agreement, and will not offer any inducement (including benefits in addition to those provided in this Agreement) in connection with the provision of Services to ACC;

(k) the systems and facilities used to provide the Services are operated and supported by the Provider (or an approved Subcontractor) in accordance with Industry Best Practice;

(l) in responding to the RFP and establishing the Charges, such decisions and prices were arrived at independently and without collusion; and

(m) all statements, representations and warranties made or given in the RFP Response were true, complete and correct when provided to ACC.

10.3 Continuous application

The warranties, representations and undertakings set out in clause 10.2 (Provider's warranties) will be deemed to be given by the Provider continuously throughout the Term.

10.4 Notification

Each party will promptly notify the other if at any time during the Term it breaches any of the warranties, representations and undertakings in this Agreement.

10.5 Other warranties excluded

All warranties (statutory, express or implied) which are not expressly referred to in this Agreement are excluded to the fullest extent permitted by Law.

11. Confidentiality

11.1 Protection of Confidential Information

(a) Subject to clauses 11.1(c) and 11.2 (Limited disclosure), the Provider and ACC will treat as confidential, and not disclose to any third party nor use for its own benefit, any Confidential Information that is the Confidential Information of the other.

(b) The Provider will:

(i) ensure that all Confidential Information of ACC (and any backup archives containing such Confidential Information) in the possession or control of the Provider from time to time is kept secure and managed and protected in accordance with Industry Best Practice and only disclosed or otherwise dealt with in accordance with this Agreement; and

(ii) not use any ACC Information for its own purposes or for any purposes different from those contemplated by this Agreement, except with the express written consent of ACC.

(c) Clause 11.1(a) does not prevent the disclosure of Confidential Information:

(i) that the recipient is required by Law or parliamentary practice (including parliamentary questions) to disclose to a select committee or to a minister of the Crown, so long as the recipient provides notice of the required disclosure promptly upon receipt of notice of the required disclosure (if it is permitted to do so by Law);

(ii) that becomes available to the recipient from a source other than a party to this Agreement, provided that the recipient has no reason to believe such source is itself bound by an obligation of confidence to the person that disclosed that information or is otherwise prohibited under Law from disclosing such information;

(iii) subject to clause 11.2(d) (Limited disclosure), to any Professional Adviser for the purposes of rendering professional services to a party in relation to this Agreement; or if such disclosure is approved for release with the consent of the owner of the Confidential Information.

(d) Clause 11.1(a) does not prevent the use or disclosure of Confidential Information by the recipient:

(i) if that information was known, or becomes known, to the public through no act or default of the recipient;

(ii) that was lawfully known to the recipient prior to the date it was received;

(iii) to the extent that the use or disclosure is expressly authorised by this Agreement; or

(iv) to the extent the Confidential Information is lawfully acquired by the recipient from a source other than a party to this Agreement, provided that the recipient has no reason to believe such source is itself bound by an obligation of confidence to the person from whom the information was acquired or is otherwise prohibited under Law from disclosing such information.

11.2 Limited disclosure

(a) The Provider may, subject to clause 11.2(d) disclose the Confidential Information of ACC to its Subcontractors, Personnel, Related Entities and Professional Advisers only to the extent that each has a “need to know” for the sole purpose of enabling the Provider to perform its obligations and exercise its rights under this Agreement, and the Provider will ensure that its Subcontractors, Personnel, Related Entities and Professional Advisers are aware of, and comply with, the terms of this clause 11 (Confidentiality) as if each reference to the Provider also applied to them.

(b) ACC may, subject to clause 11.2(d) disclose the Confidential Information of the Provider to its third party suppliers, Personnel and Professional Advisers and any other Government Agency who need to know the same in connection with the Services, and ACC will ensure that, if it discloses Confidential Information to its third party suppliers, Personnel, Professional Advisers or any other Government Agency, they are aware of, and comply with, the terms of this clause 11 (Confidentiality) as if each reference to ACC also applied to them.

(c) ACC may disclose Confidential Information to persons who need to know the same in connection with this Agreement, the performance of ACC’s obligations and/or the exercise of ACC’s rights under this Agreement.

(d) The Provider will not disclose ACC's Confidential Information to any of its Subcontractors, Related Entities or Professional Advisers, and ACC will not disclose the Provider's Confidential Information to any of its third party suppliers or Professional Advisers, unless (except to the extent ACC expressly waives the following requirements in writing):

(i) the recipient has given a written confidentiality undertaking to the disclosing party on terms no less strict than those applying to the Provider under this clause 11 (Confidentiality); and

(ii) in the case of disclosure by the Provider, the recipient has met any additional or special requirements of ACC as set out in or contemplated by the applicable Services Order that could apply to the disclosure, including in respect of any required security clearance to receive and access highly sensitive or "Secret" or "Top Secret" classified information.

(e) Any undertaking given pursuant to clause 11.2(d) will be provided to the other party to this Agreement on request.

(f) Nothing in this Agreement prevents ACC from publishing data relating to ACC's spend under this Agreement with the Provider.

12. Privacy

12.1 Protection of Personal Information

Where the Provider has access to, stores, processes or transmits ACC Information that includes Personal Information (including information about ACC Clients) under or in connection with this Agreement, the Provider must:

(a) comply with the Privacy Act (including any notices or directions given by the Privacy Commissioner) and not do anything under this Agreement that would cause ACC to breach the Privacy Act;

(b) only use, access, store, process or transmit that Personal Information for the purposes of the Agreement;

(c) implement and maintain reasonable security safeguards to protect the Personal Information, including from unauthorised use or disclosure;

(d) provide all information and assistance reasonably required by ACC to comply with its obligations under the Privacy Act in relation to this Agreement; and

(e) only transfer, disclose or otherwise make available such Personal Information outside of New Zealand with the prior written consent of ACC, in circumstances where the Provider can ensure that the requirements of the Privacy Act are satisfied in relation to the relevant Personal Information.

12.2 Privacy Breaches

(a) If the Provider becomes aware of, or has reason to suspect the existence of, any Privacy Breach in relation to this Agreement, it will notify ACC's Representative as soon as possible of that Privacy Breach (with a copy of such notification provided to privacy.officer@acc.co.nz by the Provider at the same time) and take all reasonable steps:

(i) to identify the person or persons affected by any Privacy Breach, including any ACC Clients;

(ii) to investigate and respond to any Privacy Breach (including by notifying relevant parties if required to do so by Law, provided that it informs ACC in advance that it intends to make such notification(s), provides ACC with a copy of the proposed notification(s) and considers any reasonable requests from ACC regarding the proposed notification(s));

(iii) required by ACC to assist ACC to determine the extent of the Privacy Breach and undertake its own investigation;

(iv) to stop, and/or mitigate the impact of, any Privacy Breach and prevent its reoccurrence; and

(v) to prevent future privacy breaches from occurring.

(b) Unless required by Law, the Provider will not notify affected individuals or the Privacy Commissioner of any Privacy Breach except with ACC's prior written agreement.

(c) The Provider will comply with any reasonable direction from ACC, where ACC reasonably considers that this is necessary to enable ACC to comply with a notice or direction given to ACC by the Privacy Commissioner.

(d) The Provider will not comment publicly, including to the media, about any Privacy Breach without the written consent of ACC.

12.3 Application to Confidential Information

The obligations imposed on each party under this clause 12 (Privacy) are not limited by and do not limit either party's other obligations as regards the protection or security of Confidential Information set out in clause 11 (Confidentiality) provided that, to avoid any doubt, any disclosure of Confidential Information under clause 11.1(c) (Protection of Confidential Information) is subject to this clause 12.

13. Data protection

13.1 Protection of ACC information

(a) Subject to clause 12.1(e) (Protection of Personal Information), the Provider will:

(i) not permit any ACC Information to be transferred, stored, or made available to any person or computing facilities outside of New Zealand unless expressly authorised by ACC in writing in advance, which may be subject to conditions; and

(ii) confirm that the requirements of clause 11.1 (Protection of Confidential Information) and clause 12 (Privacy) will be met while such ACC Information is stored outside New Zealand.

(b) The Provider will not provide or allow access to ACC Information to any agents, Subcontractors or any service providers which the Provider has contracted or may intend to contract with to support or enable the provision of Services to ACC (including any contract for software and platforms used by the Provider) (Third Party Suppliers) without the prior written consent of ACC.

(c) The Provider will maintain technical and all other reasonable safeguards to protect ACC Information against any unauthorised destruction, unauthorised access, loss, loss of integrity, alteration, misuse or disclosure, including by implementing and maintaining adequate malware protection.

(d) The Provider acknowledges that certain public sector agencies' relevant systems and technology environments must comply with the New Zealand Information Security Manual and Protective Security Requirements.

(e) Further to clause 13.1(d), the Provider will provide all documentation, information and explanations reasonably requested by ACC about its personnel security, physical security, security governance and information security to enable ACC to conduct and discharge its assurance, certification, accreditation and other duties including those under the New Zealand Information Security Manual and the Protective Security Requirements, and/or review the security and integrity of the Provider's processes and technology environments.

(f) The Provider acknowledges that ACC may refuse to consent to the transfer or storage outside New Zealand of ACC Information.

13.2 Data protection breaches

(a) If the Provider becomes aware of, or has reason to suspect the existence of, any breach of its obligations under clause 13.1 (Protection of ACC Information) including unauthorised or accidental access to, loss, alteration, misuse or disclosure of ACC Information, or a loss of integrity of any system holding such information (a **Data Event**), clause 12.2 (Privacy Breaches) will apply to any Privacy Breach and in respect of any other Data Event and the Provider will notify ACC as soon as possible and take all reasonable steps:

(i) to identify the person or persons affected by any Data Event;

(ii) to investigate and respond to any Data Event (including by notifying relevant parties if required to do so by Law, provided that it informs ACC in advance that it intends to make such notification(s), provides ACC with a copy of the proposed notification(s) and considers any reasonable requests from ACC regarding the proposed notification(s));

(iii) required by ACC to assist ACC to determine the extent of the Data Event and undertake its own investigation;

(iv) to stop, and/or mitigate the impact of, any Data Event and prevent its reoccurrence; and

(v) to prevent future Data Events from occurring.

(b) The Provider will not comment publicly, including to the media, about any Data Event, or any breach of clause 13.1 (Protection of ACC Information), without the written consent of ACC.

13.3 Data Event reporting

(a) The Provider will provide ACC a detailed post-Data Event report within two Business Days following the occurrence of a Data Event that must include:

(i) a detailed description of the Data Event;

(ii) members of the Data Event management team and contact details;

(iii) details of when the Data Event occurred;

(iv) duration and impact of the Data Event, including the location, systems, and users impacted;

(v) interim actions taken to address and/or resolve the Data Event;

(vi) root cause analysis;

(vii) remediation actions; and

(viii) preventative actions.

(b) ACC may confirm its approval (in writing) of the Provider's resolution of the Data Event as set out in the detailed post-Data Event report.

14. Disabling Code

14.1 Disabling Code

(a) The Provider will take all appropriate precautions to prevent the introduction of Disabling Code to ACC when providing the Services including:

(i) using all reasonable endeavours to ensure that no Disabling Code is coded or introduced into the ACC System;

(ii) ensuring that all systems and technologies used to provide the Services and to communicate with ACC, are kept secure and employ best-in-class and up-to-date versions of reputable third party anti-virus software that is capable of the detection, shielding and inoculation of recently created Disabling Code;

(iii) checking files for Disabling Code using anti-virus software; and

(iv) taking appropriate action when Disabling Code is discovered, such as quarantining the file.

(b) The Provider will be responsible for all losses suffered by ACC as a result of Disabling Code being introduced if:

(i) the Provider knowingly or negligently introduced the Disabling Code; or

(ii) the introduction of the Disabling Code was caused by the Provider's negligence or failure to comply with this Agreement.

15. Intellectual Property

15.1 Intellectual Property owned by the Provider

(a) ACC acknowledges that all Intellectual Property rights held by the Provider before the Commencement Date remain the Provider's sole and exclusive property (**Provider IP**).

(b) The Provider grants to ACC, a royalty-free, non-exclusive, irrevocable, perpetual license (including the right to sublicense) to use, reproduce, adapt, modify and store any works containing Provider IP to the extent ACC needs to use any Provider IP to receive the full benefit of the Services, and to exercise any rights or comply with its obligations under this Agreement.

15.2 Intellectual Property owned by ACC

(a) The Provider acknowledges that ACC or its licensor has, and continues to have, sole and exclusive ownership of all Intellectual Property rights in all of ACC Information (**Pre-contract ACC IP**).

(b) Subject to clause 15.1(a) (Intellectual Property owned by the Provider), all Intellectual Property in works created or developed by the Provider or its Personnel or Subcontractors in performing the Services and developing the Documentation will be owned by ACC from the date the Intellectual Property is created or developed (**Post-contract ACC IP** and, together with the Pre-contract ACC IP, the **ACC IP**).

(c) To avoid doubt, all physical or digital files or documents created, developed, or produced by the Provider or its Personnel or Subcontractors in performing the Services (**Materials**) are Post-contract ACC IP and will be owned by ACC from the date the Materials are created, developed or produced. Further, the Provider will:

(i) ensure that all Materials (and any backup archives) from time to time in the possession or control of the Provider or its Subcontractors are kept secure and managed and protected to prevent their loss, damage or destruction, and will only be disclosed or otherwise dealt with in accordance with this Agreement (including any Services Order);

(ii) maintain up-to-date records of all Materials from time to time in the possession or control of the Provider or its Subcontractors; and

(iii) transfer or return all relevant Materials in the possession or control of the Provider or its Subcontractors on termination or expiry of a Services Order or this Agreement in accordance with clause 20.5 (Consequences of termination or expiry).

(d) If the Provider (or any of its Subcontractors or Personnel) has under any Law any right in or claim to any of the ACC IP or holds any of the ACC IP, the Provider:

(i) holds, and will ensure that its Subcontractors and Personnel hold, that ACC IP on trust for ACC;

(ii) hereby assigns, and will ensure that its Subcontractors and Personnel assign, to ACC (including by present assignment of future copyright) all of its rights, title and interest in and to that ACC IP from the date it was created or developed;

(iii) waives, and will ensure that its Subcontractors and Personnel waive, all rights of lien or similar rights as may now or later be claimed in that ACC IP; and

(iv) waives, and will ensure that its Subcontractors and Personnel waive, all of its moral rights under Part 4 of the Copyright Act 1994 in that ACC IP, and the Provider will, and will ensure its Subcontractors and Personnel, sign all documents and do all acts and things that are necessary to give effect to this clause 15.2(d)

(e) Subject to clause 15.2(f) to the extent that the Provider needs to use any of ACC IP for the purpose of performing its obligations under this Agreement, ACC grants to the Provider a royalty-free, non-exclusive, non-transferable licence to use and store that ACC IP for the sole purpose of performing its obligations under this Agreement during the Term.

(f) The Provider may not use ACC's legal names, logos, trademarks, brands or images of ACC, including any coat of arms or emblem used by ACC, without ACC's prior written consent (which may be given subject to conditions).

15.3 Intellectual Property owned by third parties

To the extent that the Provider uses or provides to ACC any works containing Intellectual Property held or owned by a third party (**Third Party IP**) in performing the Services under a Services Order, the Provider will:

(a) ensure that the Provider's use of the Third Party IP does not infringe the Third Party IP;

(b) identify the Third Party IP, and any terms and costs that apply to the use of the Third Party IP by ACC, in the relevant Services Order, and ensure that ACC is granted a licence to use the Third Party IP on the terms set out in the Services Order; and

(c) ensure that, except to the extent the Services Order expressly provides otherwise, ACC is granted a royalty-free, non-exclusive, irrevocable, perpetual licence (including the right to sublicense) to use, reproduce, adapt, modify and store the Third Party IP as required for ACC to receive the full benefit of the Services and exercise any rights or comply with its obligations under this Agreement.

15.4 Mātauranga Māori

ACC acknowledges that it does not have any ownership rights in relation to Mātauranga Māori. This includes any Intellectual Property Rights that rely or derive from Mātauranga Māori.

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

15.5 Know how

Each party may use, in any way, the know-how, ideas and concepts learnt, contributed to or developed in relation to the Services, including through information shared under this Agreement provided that the use:

(a) does not breach any confidentiality or privacy obligations under this Agreement;

(b) does not use, modify or distribute Mātauranga Māori without the consent of the respective kaitiaki (guardian); and

(c) does not infringe the other Party's or a third party's Intellectual Property Rights.

16. Assurance

16.1 Declaration of compliance

ACC may at any time request:

(a) a signed declaration from the Provider confirming compliance with all or any part of this Agreement; or

(b) information relevant to the Provider's viability or suitability to deliver all or any part of the Services,

and the Provider will provide ACC with that declaration or information promptly and within the period reasonably requested by ACC.

16.2 Self-assessment

The Provider must monitor its own performance against the requirements of this Agreement. ACC may at any time request the Provider to perform a self-assessment on all or any part of this Agreement. If requested to perform a self-assessment, the Provider will:

(a) complete the self-assessment; and

(b) provide ACC with information from the self-assessment within 20 Business Days or a timeframe otherwise agreed by the parties.

16.3 Right to audit

(a) ACC may, subject to its compliance with clause 16.4 (Audit process), carry out an audit for the purpose of confirming:

(i) the operational integrity of the Provider and any of the Provider's Subcontractors;

(ii) the calculation of Charges under this Agreement;

(iii) the accuracy of any invoice rendered by the Provider;

(iv) the accuracy or completeness of any data or information reported by the Provider to ACC; or

(v) the Provider's compliance with, and/or ability to perform any of, its other obligations under, or in connection with, this Agreement.

(b) ACC will not undertake an audit more than once in any calendar year unless ACC considers, acting reasonably, that the Provider has breached any of its obligations under this Agreement or it is required by Law to carry out an audit, in which case audits may occur more frequently.

16.4 Audit process

If ACC conducts an audit under this clause 16:

(a) it will be conducted during Business Hours and following at least five Business Days' notice to the Provider;

(b) it may be undertaken, at ACC's option, by its Personnel or an independent expert (the **Auditor**), with such Auditor to be under a duty of confidentiality;

(c) ACC will procure that the Auditor complies with the Provider's reasonable security, confidentiality and health and safety requirements;

(d) ACC will procure that the Auditor uses its reasonable endeavours to minimise any disruption to the Provider's business during the course of the audit;

(e) the Provider must co-operate in a timely manner in respect of any audit and must promptly provide:

(i) reasonable access and assistance to the Auditor in respect of any audit (including access to the Provider, its Personnel, facilities, systems, records and resources used in the performance of this Agreement); and

(ii) any explanation, information and documentation that the Auditor may reasonably require in relation to the audit; and

(f) ACC or the Auditor will provide a copy of the audit report to the Provider.

16.5 Cost of audit

The parties will each be responsible for their own costs in relation to any audit undertaken in accordance with this clause 16 unless the audit reveals overcharging of ACC, fraud or a Material Breach, in which case the Provider will reimburse ACC for its reasonable actual costs in carrying out the audit.

17. Security Review

17.1 Right to undertake Security Review

(a) ACC may carry out an assurance exercise for the purpose of reviewing the security and integrity of the Provider's processes and technology environments to determine if appropriate key security controls have been implemented and are operating effectively (**Security Review**).

(b) ACC will not undertake a Security Review more than once every two calendar years, unless there is a significant change to the technology environment or the relationship between ACC and the Provider, in which case, ACC may conduct an additional Security Review.

(c) Any Security Review undertaken in accordance with this clause is not an audit for the purposes of clause 16 (Assurance) above.

(d) Any Security Review will be planned and implemented in consultation with the Provider.

18. Liability

18.1 Indemnity

The Provider will, to the extent permitted by Law and subject to clauses 18.2(c) (IP Claims) and 18.3 (Categories of loss), indemnify ACC against all Losses suffered or incurred by ACC as a result of any:

(a) unlawful, malicious or negligent act or omission by the Provider;

(b) personal injury, sickness or death, or loss of, or damage to, tangible property, due to an act or omission of the Provider;

(c) claim that the:

(i) use of the Services;

(ii) possession or use of any information or materials supplied to ACC under this Agreement; or

(iii) use of any Intellectual Property used to provide the Services;

(iv) infringes any third party's rights (**IP Claim**); or

(d) breach by the Provider of its obligations under this Agreement.

18.2 IP Claims

(a) In the event of an IP Claim:

(i) ACC will give the Provider notice of the IP Claim as soon as practicable and, unless a Cabinet Direction or Law prevents it, permit the Provider (at the Provider's cost) to handle all negotiations for settlement and to control and direct any litigation that may follow (**Control of the IP Claim**);

(ii) if the Provider notifies ACC that it will assume Control of the IP Claim and ACC permits it under this clause 18.2:

(A) ACC will provide all reasonable assistance to the Provider (at the Provider's cost) in the handling of any negotiations and litigation; and

(B) the Provider will keep ACC informed of the defence or negotiations of the IP Claim and diligently conduct any litigation or negotiations, using competent counsel and in a manner that does not adversely affect the name or reputation of ACC;

(iii) the Provider will not enter into any settlement or compromise in relation to the IP Claim without the prior written consent of ACC (which will not be unreasonably withheld if the Provider has Control of the IP Claim); and

(iv) if the Provider fails to notify ACC that it will assume Control of the IP Claim promptly after receiving notice of the IP Claim (in circumstances where it is permitted to assume Control of the IP Claim), nothing will prevent ACC instead assuming Control of the IP Claim.

(b) If any IP Claim disrupts ACC's use or enjoyment of a Service, the Provider will (unless otherwise requested by ACC), at its own expense and at its option, immediately:

(i) obtain for ACC the legal right to continued use of the affected information, materials or Service in which the relevant Intellectual Property exists; or

(ii) replace, modify or resupply the affected information, materials or Service in which the relevant Intellectual Property exists so that there is no further infringement, without adversely affecting the performance or functionality of those items.

(c) The Provider will have no liability under clause 18.1(c) (Indemnity) to the extent that any IP Claim arises from any:

(i) modification by ACC of any item of Intellectual Property supplied or licensed by the Provider without the approval of the Provider, to the extent the modification is inconsistent with any licence rights granted to ACC by the Provider under the Agreement; or

(ii) use of that Intellectual Property by ACC for any purpose contrary to the rights granted by this Agreement or the applicable Intellectual Property licence (but only if the licence has been provided to ACC prior to such use).

18.3 Categories of loss

(a) ACC or the Provider will not, under any circumstances, be liable for any indirect loss or damage (including consequential loss) arising under or in connection with this Agreement.

(b) For the purposes of clause 18.3(a), neither party will, under any circumstances, be liable for any loss of profits or loss of revenue suffered by the other in connection with this Agreement.

(c) Any Losses relating to:

(i) administration, operations, fines and penalties;

(ii) the reconstruction or reloading of data;

(iii) the cost of procuring and implementing replacement services,

arising from the Provider's act or omission will be considered direct loss or damage that ACC is not prevented from recovering by clause 18.3(a).

(d) Any exclusion of liability in clause 18.3(a) will not limit the liability of the Provider under clause 18.1(c) (Indemnity) or ACC or the Provider for any breach of confidentiality.

18.4 Source of liability

The limitations and exclusions of liability in this clause 18 will apply irrespective of how liability arises, whether in contract, equity, tort (including negligence), breach of statutory duty or otherwise.

18.5 Force majeure

(a) ACC will not be liable to the Provider, and the Provider will not be liable to ACC, for any failure to perform its obligations under this Agreement during the time and to the extent that such performance is prevented, wholly or substantially, by reason of any Force Majeure Event.

(b) The party subject to the Force Majeure Event (the **non-performing party**) must:

(i) notify the other party as soon as practicable after the Force Majeure Event occurs and provide full information concerning the Force Majeure Event, including the extent of its inability to perform, an estimate of the time likely to be required to overcome the Force Majeure Event and the steps the non-performing party will take to comply with clauses 18.5(b)(ii) and 18.5(b)(iii);

(ii) use its best endeavours to mitigate and remedy the effect of the Force Majeure Event and minimise the impact of the event on the other party (including, if the non-performing party is the Provider, on ACC Customers); and

(iii) use its best endeavours to perform its obligations under this Agreement as far as is practicable,

and ACC will not be required to pay Charges to the extent that the Provider fails to perform its obligations to ACC due to a Force Majeure Event.

18.6 Insurance

(a) During the Term and for a period of two years following the effective date of expiry or termination of this Agreement, the Provider will, at its own expense, maintain adequate insurance in respect of its potential liability for loss or damage under this Agreement in accordance with Industry Best Practice, but as a minimum the Provider must hold:

(i) professional indemnity insurance of at least $5 million in the annual aggregate;

(ii) public liability insurance in respect of the Services provided under this Agreement;

(iii) cyber insurance of at least $5,000,000 in the annual aggregate; and

(iv) other insurance to cover standard commercial risks (including in respect of Documentation which is the property of ACC and in the Provider's possession or control).

(b) The Provider will, at ACC request, promptly provide satisfactory evidence that it has complied with its obligations in this clause 18.6.

19. Dispute resolution

19.1 Dispute

In the event of any dispute, difference or question arising out of, or in connection with, this Agreement or its formation (a **Dispute**):

(a) ACC and the Provider will each use its best efforts to resolve the Dispute through good faith negotiations and informal dispute resolution techniques, and will continue to perform its obligations under this Agreement as far as possible as if the Dispute had not arisen, pending final settlement of the Dispute;

(b) ACC and the Provider will follow the process set out in this clause 19; and

(c) neither ACC nor the Provider will commence any formal proceedings relating to the Dispute unless it has complied with clauses 19.2 (Escalation) and 19.3 (Mediation).

19.2 Escalation

(a) Where a Dispute arises, ACC or the Provider may give written notice to the other person's Representative through its own Representative, notifying the Dispute and requesting a meeting with a view to resolving it (**Dispute Notice**). No party to the Dispute will take any other action in relation to the Dispute before a Dispute Notice is given.

(b) The Representatives will use their best efforts to resolve the Dispute in accordance with clause 19.1(a) (Dispute).

(c) If the Dispute is not resolved within 20 Business Days, the Dispute may, on notice by either party to the other, be escalated to [ACC's Head of Enterprise Procurement] or equivalent and the Provider's Chief Executive or equivalent.

19.3 Mediation

(a) If a Dispute is not resolved under clause 19.2 (Escalation), either party to the Dispute may, by written notice to the other, refer the Dispute to mediation, or they may agree in writing to refer the Dispute to mediation.

(b) The mediation will be conducted by a single mediator in accordance with the terms of the Resolution Institute Standard Mediation Rules and at a fee to be agreed by the parties.

(c) If the parties to the Dispute fail to agree on the identity of the mediator and/or the mediator's fee within 10 Business Days of referral of the Dispute to mediation, the mediator will be chosen, and the mediator's fee determined, by the chairperson for the time being of the Resolution Institute (or the chairperson's nominee).

19.4 Urgent relief

Nothing in this clause 19 will preclude either party from taking immediate steps to seek urgent interim relief before a New Zealand court.

20. Termination

20.1 Termination by ACC

(a) **Material Breach by the Provider**

(i) ACC may terminate this Agreement by notice to the Provider, with immediate effect on the date of termination specified in that notice, if the Provider commits a Material Breach which is:

(A) not capable of being remedied (and, to avoid doubt, paragraphs (c)(i) and (c)(ii) of the definition of "Material Breach" in Schedule 1 – Definitions are deemed incapable of being remedied); or

(B) capable of being remedied but which is not remedied to the reasonable satisfaction of ACC within 20 Business Days following the date of receipt by the Provider of ACC's notice of the Material Breach.

(ii) For the purposes of clause 20.1(a)(i), repeated breaches or a series of minor breaches may constitute a Material Breach.

(b) **Convenience**

At any time during the Term, ACC may terminate this Agreement for convenience by giving the Provider at least six months' prior notice.

(c) **Force Majeure Event**

ACC may terminate this Agreement by notice to the Provider, with immediate effect on the date of termination specified in that notice, if the Provider has been unable to perform all, or a material part, of its obligations under this Agreement in accordance with this Agreement as a result of a Force Majeure Event for a continuous period of 20 Business Days.

20.2 Termination of Services Order

ACC may terminate a Services Order:

(a) in accordance with any termination rights of ACC specifically set out in the Services Order;

(b) by notice to the Provider with immediate effect on the date of termination specified in that notice, if the Provider commits a Material Breach which is:

(i) not capable of being remedied (and, to avoid doubt, paragraphs (c)(i) and (c)(ii) of the definition of "Material Breach" in Schedule 1 (Definitions) are deemed incapable of being remedied); or

(ii) capable of being remedied but which is not remedied to the satisfaction of ACC within 10 Business Days following the date of receipt by the Provider of ACC's notice of the Material Breach;

(c) for convenience by giving the Provider at least 90 days' prior written notice;

(d) in accordance with 3.4(e) (Conflicts of Interest); or

(e) by notice to the Provider, with immediate effect on the date of termination specified in that notice, if the Provider has been unable to perform all, or a material part, of its obligations under the Services Order in accordance with this Agreement as a result of a Force Majeure Event for a continuous period of 20 Business Days.

20.3 Termination by the Provider

(a) At any time during the Term, the Provider may notify ACC that it wishes to terminate this Agreement.

(b) Within 20 Business Days following receipt of the Provider's notice, ACC will notify the Provider whether (in ACC's absolute discretion) it consents to the Provider's notice of termination.

(c) If ACC:

(i) consents, this Agreement will be terminated with effect from the date six months after the date of the Provider's notice of termination (or such other date as the parties may agree); or

(ii) does not consent, this Agreement will continue in full force and effect as if the Provider's notice of termination had not been given.

(d) The Provider may, in the event of Material Breach of this Agreement by ACC, seek to recover damages from ACC, but will continue to fully perform its obligations under this Agreement and will not terminate this Agreement.

(e) To avoid doubt, to the maximum extent permitted by law sections 36 to 42 (Cancellation) of the Contract and Commercial Law Act 2017 will not apply to clause 20.3(d)

20.4 Partial termination

(a) If ACC is entitled to terminate this Agreement under clause 20.1 (Termination by ACC), it may elect to only terminate part of the Agreement, in which case:

(i) ACC will provide notice of termination to the Provider (**Notice of Partial Termination**) setting out the part that is to be terminated, any amendments required to this Agreement and the date of termination; and

(ii) if reasonably required by ACC, this Agreement will be varied and the relevant parts of this Agreement (if any) terminated, on the date and in the manner specified in the Notice of Partial Termination, with such variation to be documented by ACC and treated by the parties as a variation to this Agreement.

(b) If ACC is entitled to terminate a Services Order under clause 20.2 (Termination of Services Order), it may elect to only terminate a part of the Services Order, in which case clause 20.4(a)(i) and (ii) apply.

20.5 Consequences of termination or expiry

(a) **Termination by ACC for Material Breach or Force Majeure Event**

If ACC gives notice of termination under clauses 20.1(a) (Material Breach by the Provider) or 20.1(c) (Force Majeure Event):

(i) each Services Order will automatically terminate on the date of termination of this Agreement;

(ii) ACC will pay to the Provider all Charges accrued up to (and including) the date of termination for Services provided under each relevant Services Order;

(iii) the Provider will provide all assistance reasonably requested by ACC to ensure a smooth, efficient and effective transition of ACC to the supply arrangements of another provider of services in a manner which minimises disruption to, or adverse impact on, ACC and ACC Customers; and

(iv) no other Services will be provided pursuant to any Services Order from the date of termination.

(b) **Termination by the Provider**

If ACC notifies its consent to the Provider's notice of termination under clause 20.3 (Termination by the Provider):

(i) unless ACC's notice of consent includes a condition for Services Orders to continue (in which case the process in clause 20.5(c) (Termination for convenience or expiry) will apply):

(A) each Services Order will automatically terminate on the date of termination of this Agreement;

(B) ACC will pay to the Provider all Charges accrued up to (and including) the date of termination for Services provided under each relevant Services Order;

(C) the Provider will provide all assistance reasonably requested by ACC to ensure a smooth, efficient and effective transition of ACC to the supply arrangements of another provider of services in a manner which minimises disruption to, or adverse impact on, ACC and ACC Customers; and

(D) no other Services will be provided pursuant to any Services Order from the date of termination or expiry.

(c) **Termination for convenience or expiry**

If this Agreement expires or is terminated by ACC pursuant to clauses 20.1(b) (Termination for convenience or expiry), and if the term of a Services Order is due to expire after the Term,

(i) the Provider will, from the end of the Term, continue to perform that Services Order and ACC will continue to pay the Charges until the Services Order expires or is terminated;

(ii) the expiry or termination of this Agreement will not affect the provisions of this Agreement relevant to the performance of that Services Order (which will continue to apply until the expiry or termination of that Services Order);

(iii) that Services Order will be deemed amended with effect from the end of the Term so that :

(A) ACC retains all rights to terminate that Services Order as set out in clauses 20.2 (Termination of Services Order) and 20.4 (Partial termination); and

(B) ACC and the Provider will use all reasonable endeavours to agree upon any consequential amendment to that Services Order, with any Dispute as to consequential amendments to be resolved in accordance with clause 19 (Dispute Resolution).

(d) **Termination or expiry of Services Order**

If a Services Order expires or is terminated by ACC under clause 20.2 (Termination of Services Order):

(i) ACC will pay to the Provider all Charges accrued up to (and including) the date of termination for Services provided under the Services Order;

(ii) the Provider will provide all assistance reasonably requested by ACC to ensure a smooth, efficient and effective transition of ACC to the supply arrangements of another provider of services in a manner which minimises disruption to, or adverse impact on, ACC and ACC Customers; and

(iii) no other Services will be provided pursuant to the Services Order from the date of its termination or expiry.

(e) **Return of information**

After expiry or termination of this Agreement, or termination or expiry of a Services Order, each relevant party will, within five Business Days of receiving notice from the other party, return all Documentation, Confidential Information or other property belonging to the other party (or destroy such Confidential Information, if requested), except if such Documentation, Confidential Information or other property is required to be retained by Law or under this Agreement.

(f) **Survival**

Termination or expiry of this Agreement or a Services Order will not, unless otherwise provided in this Agreement, affect:

(i) any rights and remedies available to a party which have accrued up to and including the date of termination or expiry; and

(ii) the provisions of this Agreement which expressly, or by their nature, survive termination or expiry, including clauses 1.3 (Entire agreement), 1.4 (Precedence), 8.7 (Payments by Provider), 11 (Confidentiality), 12 (Privacy), 13 (Data Protection), 15 (Intellectual Property), 16 (Assurance), 18 (Liability), 19 (Dispute Resolution), 20.5 (Consequences of termination or expiry) and 21 (General) and Schedule 1 – Definitions.

(g) **Partial termination**

If ACC gives Notice of Partial Termination under clause 20.4(a) (Partial termination), clauses 20.5(a) to 20.5(f) apply with any necessary modifications to the terminated parts of this Agreement or relevant Services Order (as applicable).

20.6 Termination rights limited

The Provider agrees that its rights to terminate this Agreement and/or any Services Order (including for breach, repudiation, mistake, misrepresentation or any other reason) are limited to those expressly set out in this Agreement. The Provider waives irrevocably all other rights it would otherwise have to terminate this Agreement and/or any Services Order, and to the extent that such rights are not capable of being waived, the Provider undertakes not to exercise them.

21. General

21.1 Interpretation

(a) In this Agreement, unless the context otherwise requires:

(i) the terms used in this Agreement and defined in Schedule 1 – Definitions will have the meanings recorded in that Schedule;

(ii) a reference to a clause or Schedule is a reference to a clause of, or a schedule to, the Base Agreement, and a reference to a paragraph or an Annexure is a reference to a paragraph of, or an annexure to, that Schedule, and a reference to a paragraph in an Annexure is a reference to, a paragraph of that Annexure;

(iii) a gender includes each other gender;

(iv) the singular includes the plural and vice versa;

(v) a reference to documentation includes:

(A) a reference to that documentation as varied, supplemented, novated or substituted from time to time; and

(B) a reference to that documentation in any form, whether paper based or in electronic form encoded on or as part of any form of media;

(vi) a reference to the Provider includes a reference to its respective successors in title and permitted assigns (and, where the context so permits, its respective Personnel, Subcontractors, Related Entities, agents and representatives);

(vii) any agreement not to do a thing also constitutes an agreement not to suffer or permit or cause that thing to be done;

(viii) any reference to consent, permission, licence, approval or similar (a **consent**) requires the prior written consent of the person required to give that consent;

(ix) whenever the words "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation";

(x) a reference to any legislation, policy, industry code of practice or conduct, rule or standard includes a modification of that legislation, policy, code, rule or standard or, in the case of legislation, legislation enacted in substitution for that legislation and a regulation, order-in-council and other instrument from time to time issued or made under that legislation;

(xi) headings to clauses and the table of contents are included for ease of reference only and are not to have any effect on construction and interpretation;

(xii) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or other entity, whether corporate or unincorporated;

(xiii) the "Introduction" forms part of this Agreement;

(xiv) a reference to days, other than Business Days, is a reference to any calendar day of the year, and a reference to months is a reference to calendar months;

(xv) a reference to any time is a reference to New Zealand time;

(xvi) unless expressly provided otherwise, where a provision in this Agreement grants an express or implied discretion to a party, that discretion may be exercised at that party's sole and absolute discretion, and all implied terms of reasonableness are expressly disclaimed; and

(xvii) unless expressly provided otherwise, a reference to currency is a reference to New Zealand currency and stated exclusive of GST and all amounts payable under this Agreement are to be paid in that currency.

(b) None of the terms of this Agreement are to be construed against a party by reason of the fact that that term was first proposed or was drafted by that party.

21.2 Relationship of the parties

Nothing expressed or implied in this Agreement will be deemed to constitute any partnership, agency, or joint venture as between the parties.

21.3 Costs

A party who has an obligation to do anything under this Agreement will perform that obligation at its own cost, unless a term of this Agreement expressly provides otherwise.

21.4 Assignment and replacement

(a) Subject to clause 21.4(b) neither party may assign, novate, transfer or otherwise dispose of the whole or any part of its rights and obligations under this Agreement without first obtaining the other party's consent (which will not be unreasonably withheld or delayed).

(b) If ACC is or will be replaced, amalgamated with, or have a material portion of its functions or powers transferred to, any other Government Agency (**Successor Agency**):

(i) each Services Order between ACC and the Provider will be deemed to be transferred to the Successor Agency effective once ACC or the Successor Agency notifies the Provider of the transfer in writing:

(ii) on transfer:

(A) the Successor Agency will assume all obligations of ACC under the Services Order and ACC will be released in full from those obligations; and

(B) all rights of ACC (including any accrued rights under the Agreement) will become those of the Successor Agency; and

(iii) if multiple Services Orders are transferred to one Successor Agency, the Successor Agency may request that the Services Orders are consolidated into one Services Order, and that the consolidated Services Order includes reasonable changes to the Services to account for the new role and requirements of the Successor Agency and the Provider will not unreasonably refuse such a request.

21.5 Public disclosures

Subject to clause 11 (Confidentiality), all public disclosures by the Provider relating to this Agreement, including the fact of its existence and promotional or marketing material (but not including any announcement intended solely for internal distribution or any disclosure required by legal, accounting or regulatory requirements), will be co-ordinated with, and must first be approved in writing by, ACC to release.

21.6 Notices

(a) Each notice or other communication under this Agreement will be made in writing and delivered by email, post, or personal delivery to the email address (as applicable) or the addressee at the addressee's postal address, or physical address and marked for the attention of the Representatives set out in Schedule 7 – Governance, or the person or office holder (if any) from time to time designated for that purpose by the addressee.

(b) Each party will notify the other of their postal address, physical address and email address at least 10 Business Days prior to the Commencement Date.

(c) Each party may change its address for notice from time to time by notifying the other party in writing.

(d) A notice or other communication will be deemed to be received:

(i) in the case of a letter sent to the addressee's postal address, on the fifth Business Day after posting;

(ii) in the case of personal delivery, on receipt; and

(iii) in the case of an email, at the time the email leaves the communications system of the sender, provided that the sender:

(A) does not receive any "out of office" or any error message relating to the sending of the email, or other notification that the message has not been delivered, at the time of sending; or

(B) has obtained confirmation that the email has been delivered to the recipient (which confirmation may be oral, written, or in the form of an automated delivery receipt from the communications system of the recipient),

on the Business Day on which it is dispatched or, if dispatched after 5 p.m. (in the place of receipt), on the next Business Day after the date of dispatch.

21.7 Severability

If any term or provision of this Agreement is held to be illegal, invalid or unenforceable it will be severed from this Agreement without affecting the legality, validity or enforceability of the remaining provisions.

21.8 Waiver

(a) Neither party will be deemed to have waived any right under this Agreement unless the waiver is in writing and signed by the person waiving the right.

(b) Any failure or delay by a party to exercise any right or power under this Agreement will not operate as a waiver of that right or power.

(c) Any waiver by a party of any breach, or failure to exercise any right, under this Agreement will not constitute a waiver of any subsequent breach or continuing right.

21.9 Remedies cumulative

Except as is expressly stated otherwise in this Agreement:

(a) the rights, powers and remedies provided in this Agreement are cumulative and are not exclusive of any rights, powers or remedies provided by Law or under this Agreement; and

(b) the exercise of any rights, powers and remedies provided in this Agreement will not prejudice the exercise of any other right, power or remedy under this Agreement or existing at Law.

21.10 Counterparts

This Agreement and any variation (unless expressly stated otherwise) may be signed in two counterparts, each of which will be deemed an original, but both of which together are to constitute a single instrument.

21.11 Electronic signatures

Each party consents to the use of, and will accept, an electronic signature of a signatory to this letter applied on behalf of a party through DocuSign, or a substantially similar electronic signature technology, as if that electronic signature were an original signature.

21.12 Governing law and jurisdiction

(a) This Agreement is governed by, and will be construed in accordance with, the laws of New Zealand.

(b) Subject to clause 19 (Dispute Resolution), each party irrevocably submits to the exclusive jurisdiction of the New Zealand courts for the purpose of hearing and determining any Dispute under or in connection with this Agreement.

Executed as an agreement:

SIGNED for and on behalf of **Accident Compensation Corporation** by	)	Signature
Print Name	)	Position
Stewart McRobie		Deputy Chief Executive – Corporate & Finance

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

SIGNED for and on behalf of **Marketing Impact Limited** by	)	[Out of scope]
	)	Signature
Print Name	)	Position
[Out of scope]		Chief Executive Officer

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Schedule 1 – Definitions

In this Agreement, unless the context otherwise requires:

ACC Client means any person who has made a claim to ACC for cover for personal injury under the Accident Compensation Act 2001 and any other person or class of persons ACC regards as a client for the purposes of this Agreement;

ACC Customer means any and all individuals, organisations, entities and groups which ACC has professional dealings within the course of ACC undertaking its statutory and contractual functions (excluding any third party suppliers in their capacity as suppliers to ACC), including applicants, ACC Clients, employers, shareholder employees, self-employed individuals and levy payers, and their respective tax agents, accountants and advisors;

ACC Information means all:

(a) materials, data, information, records, lists and configurations of ACC supplied to, collected, processed, transmitted, accessed, or used by the Provider in connection with, or in the course of, its performance under this Agreement;

(b) compilations of data created by ACC or the Provider in connection with the performance of their respective obligations under this Agreement or otherwise for the purposes of this Agreement;

(c) legal names, logos, trademarks, brands or images of ACC, including all related Intellectual Property of ACC and any coat of arms or emblem used by ACC; and

(d) Personal Information and Confidential Information of ACC Personnel, ACC Clients and ACC Customers that is supplied or made available by ACC to the Provider or otherwise collected, stored, processed or accessed by the Provider under or in relation to this Agreement or derived or generated by the Provider in relation to the same;

ACC System means the information technology and telecommunications systems and related infrastructure (including all computer equipment, computer software, and data and telecommunications networks) licensed to, or owned or used by, ACC from time to time;

Agreement is described in clause 1.3(a) (Entire agreement) of the Base Agreement;

Alternative Pricing Model means an approach to calculating the Fees for Services that may or may not reference the Rates, for example, pricing set with reference to specified outcome(s) or phase(s) of work, or a subscription fee model;

Annexure means any document physically attached to a Schedule and identified as such and any other document incorporated by reference in any part of this Agreement (other than an Annexure);

Base Agreement means clauses 1 to 21 (inclusive) of, and Schedule 1 – Definitions to, this Agreement;

Broader Outcomes means the secondary benefits that are generated from procurement activity, as further described in the Government Procurement Rules. These outcomes can be social, environmental, cultural or economic benefits, and are intended to deliver long term public value for New Zealand;

Business Day means any day of the year other than a Saturday, a Sunday or a public holiday (as defined in section 44 of the Holidays Act 2003) observed in Wellington, New Zealand;

Business Hours means the hours between 8.00 a.m. and 5.00 p.m. on any Business Day;

Business Requirements means the business requirements specified in a Services Order;

Change means any change to this Agreement made in accordance with clause 7.1 (Change procedure);

Charges means the amount payable by ACC for Services as specified in this Agreement, and includes applicable Fees and Expenses;

Commencement Date means the date specified on page 2 of this Agreement as the date that the Services Agreement is entered into;

Conduct Requirements means the ethical and corporate social responsibility standards, codes or practice that would reasonably be expected to be followed and/or applied by a prudent, experienced and responsible provider of mailhouse services in New Zealand having regard to market practice and industry standards at the relevant time;

Confidential Information means:

(a) all information and trade secrets already communicated or subsequently communicated under or in connection with this Agreement, including information obtained during the negotiation of this Agreement or in the performance of this Agreement;

(b) any information about the business or property of either party including any information:

(i) relating to the financial position of that party;

(ii) concerning that party's suppliers and customers; or

(iii) relating to that party's internal management, structure, Personnel or strategies;

(c) the terms of this Agreement; and

(d) ACC Information;

Conflict of Interest means any matter, circumstance, interest or activity of the Provider, its Personnel or Subcontractors, arising by whatever means that directly or indirectly conflicts with:

(a) the duties of the Provider and any of its Personnel or Subcontractors to ACC who issued the Services Order; or

(b) the interests of ACC in relation to this Agreement (including any Services Order) or otherwise in respect to the provision of services to ACC either before or after the Commencement Date,

or otherwise impairs or might appear to impair the ability of the Provider (or any of its Personnel or Subcontractors) to provide the Services to ACC under a Services Order diligently, independently, impartially and in the best interests of ACC;

Contract Manager is Key Personnel assigned as responsible for:

(a) managing the commercial and strategic relationship between the parties;

(b) overall performance of the Provider;

(c) overseeing the effective implementation of this Agreement;

(d) overseeing the effective implementation of each Service Order (unless specified otherwise in a Services Order);

(e) identification of potential savings and improvements; and

(f) coordination of all reporting and review meeting;

Contract Quarter means a period of three consecutive months commencing on 1 January, 1 April, 1 July or 1 October, provided that:

(a) the first Contract Quarter will begin on the Commencement Date and end on 31 March 2025 and

(b) the final Contract Quarter will end on the effective date of expiry or termination of this Agreement;

Contract Year means a period of 12 consecutive months commencing on 1 July and ending on 30 June (inclusive, in each case), except that:

(a) the first Contract Year will begin on the Commencement Date and end on 30 June 2025; and

(b) the final Contract Year will end on the effective date of expiry or termination of this Agreement;

Control means, in relation to the Provider or any ultimate or intermediate holding company or Holding Entity of the Provider, the power to:

(a) manage, directly or indirectly, the operation of the business; or

(b) control, directly or indirectly, the composition of the board of directors or board of management or equivalent governing body,

of the Provider or such ultimate or intermediate holding company or Holding Entity, whether through the ownership of voting securities, by contract or otherwise, and for these purposes "holding company" will have the same meaning as in section 5 of the Companies Act 1993;

Data Event has the meaning given to that term in clause 13.2 (Data protection breaches);

Deliverable means a tangible output resulting from the delivery of the Services as stated in a Services Order. A deliverable may be a document, information or data stored by any means including all copies and extracts of the same;

Disabling Code means software or programming code including source and object code that could disrupt, impair, disable or otherwise adversely affect, shut down or deny access to any or all parts of the Deliverables, Services or the ACC System;

Disengagement Plan means a plan for the transition and handover of the relevant Deliverables and Services from the Provider to an alternative provider or providers, or to Personnel of ACC;

Dispute has the meaning given to that term in clause 19.1;

Documentation means all advice, communications, documentation and reports (whether in paper, electronic, audio or audio-visual format) relating to, or provided as part of, the Services together with additions, modifications to, and replacements of, that documentation;

Estimate means an estimate of the total Charges for the Services required by ACC;

Expenses means any actual and reasonable out-of-pocket costs incurred by the Provider in the delivery of the Services and agreed to in advance of being incurred in any Services Order, and includes any travel or accommodation;

Fees means the fees payable by ACC to the Provider for the Services as set out in Schedule 5 – Pricing as varied under clauses 8.5(a) (Increasing the Rates or Fees) or 8.5(b) (Reducing the Rates or Fees), excluding Expenses;

Fit for Purpose means, in relation to any Services or Documentation to be provided by the Provider, that such Services or Documentation are, in descending order of priority, fit for the purpose(s):

(a) expressly made known in writing by ACC to the Provider; or

(b) for which the Provider, given its knowledge of ACC and understanding why the Services or Documentation are required, has reason to expect such Services or Documentation to be used;

Force Majeure Event means an event or circumstance beyond the reasonable control of either party which makes it impossible or illegal to perform, or prevents compliance with, or the performance of, a party's obligations under this Agreement, including:

(a) fire, floods, tsunami, storms, tempest, earthquake or other act of God;

(b) any act of a public enemy, war, riot, or act of civil or military authority;

(c) nuclear, chemical or biological contamination;

(d) epidemic (including a pandemic); and

(e) subject to paragraph (h) of this definition, any act of a third party engaged in subversive or terrorist activity or sabotage,

but does not include an event (including those set out in (a)-(e) above) to the extent that:

(f) the effect of that event could have been substantially prevented, avoided or overcome or mitigated by:

(i) implementation of any contracted business continuity or disaster recovery service, or any contingency plans agreed between the parties or which a party has represented it has in place; or

(ii) the Provider or its Related Entities exercising a reasonable standard of foresight, planning and care to the standard of Industry Best Practice; or

(iii) using information provided by the other party or which is available in the public domain; or

(g) it is an event for which the party affected is or was directly responsible; or

(h) that event is constituted or caused by any act or omission of Personnel or a Subcontractor unless and to the extent that the Personnel or Subcontractor was itself affected by an event, which if it occurred in relation to either party would have been a Force Majeure Event; or

(i) that event is constituted or caused by an Insolvency Event or the insolvency of a Subcontractor or lack of funds for any reason;

Government Agency means any Crown agency or entity and any governmental, local governmental, semi-governmental, judicial, statutory or regulatory entity, authority, body or agency or any person charged with the administration of any law.

GST means goods and services tax imposed under the Goods and Services Tax Act 1985;

Health and Safety Legislation means the Health and Safety at Work Act 2015 and any codes or regulations issued under that Act;

Holding Entity means a trust, unit trust, partnership, limited partnership, unincorporated joint venture or other body corporate or unincorporated body of persons that Controls the Provider, and includes any natural person that Controls the Provider;

Industry Best Practice means the high professional standard that would reasonably be expected from a prudent, expert and experienced person or provider of services in New Zealand having regard to market practice and industry standards at the relevant time;

Initial Term has the meaning given in clause 2.1 (Initial Term) of the Base Agreement;

Initiating Event means:

(a) a disaster or crisis situation (including any financial crisis or stress impacting provision of the Services); or

(b) a situation or event where the Provider's business infrastructure or resources or relevant third-party infrastructure are destroyed, damaged or their use or availability is otherwise interrupted;

Insolvency Event means, in relation to the Provider:

(a) the presentation of an application for its liquidation that is not discharged within 30 days of its filing or which is not demonstrated to ACC to the expiry of that 30 day period as being an application that is frivolous or vexatious;

(b) any step taken in or toward the making of any compromise, proposal or deed of arrangement with all or some of its creditors;

(c) the appointment of a liquidator, receiver, statutory manager, administrator or similar official, to it;

(d) the suspension or threatened suspension by it of the payment of its debts;

(e) cessation by it of a whole or any relevant part of its business in New Zealand;

(f) the enforcement of any security against the whole or a substantial part of its assets; or

(g) any other insolvency event or proceedings analogous to any of the foregoing occurring in any relevant jurisdiction;

Intellectual Property includes copyright, and all rights which are recognised or protected under Law in relation to inventions (including patents), trademarks, designs, circuit layouts, domain names, rights in databases, trade secrets, know-how and other proprietary rights or rights derivative of those rights, whether registered or unregistered, anywhere in the world;

Key Personnel means those Personnel who the Provider has notified ACC (in writing) as being duly authorised representatives of the Provider for particular purposes of this Agreement (for example, further to clause 5.5 (Provider's Key Personnel), Schedule 7 – Governance and Schedule 8 – Reporting);

Law means:

(a) any statute, regulation, bylaw, ordinance or subordinate legislation in force from time to time to which a party is subject;

(b) the common law and the law of equity as applicable to the parties from time to time;

(c) any binding court order, judgment or decree;

(d) any applicable industry code of practice or conduct, convention, policy, rule or standard to which a party is bound, including the Advertising Standards Code and any other codes published from time to time by the Advertising Standards Authority; or

(e) any applicable direction, policy, permission, consent, licence, rule or order that is binding on a party and that is made or given by any governmental or regulatory body having jurisdiction over a party or any of that party's assets, resources or business,

in any jurisdiction that is applicable to this Agreement;

LCI means the Labour Cost Index (Professional, Scientific, Technical, Administrative and Support Services) or if that index is discontinued or materially altered, such substituted index as may be agreed between the parties or, if not agreed, as may be determined by the President of the New Zealand Law Society to be an appropriate index reflective of the general level of inflation in New Zealand;

LCI Calculator means the Reserve Bank of New Zealand's inflation calculator for wages (https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/inflation-calculator);

Losses means liabilities, expenses, losses, damages and costs (including legal costs on a full indemnity basis);

Material Breach means:

(a) any material breach by the Provider of the terms of this Agreement; or

(b) the occurrence of any event having a material adverse effect on the ability of the Provider to perform its obligations under this Agreement (other than a Force Majeure Event) including:

(i) the occurrence of an Insolvency Event in relation to the Provider or the likely occurrence of an Insolvency Event in relation to the Provider;

(ii) the occurrence of a change in Control of the Provider or any ultimate or intermediate holding company or Holding Entity of the Provider that ACC has not previously approved (acting reasonably);

(iii) any representation or warranty made by the Provider in terms of this Agreement being found to be untrue or incorrect;

(iv) any failure on the part of the Provider to comply with, observe or perform any of the terms of this Agreement in circumstances where that contract breach or that contract breach together with other contract breaches is considered by ACC on reasonable grounds to cause the Provider to be unable or unwilling, or be likely to be unable or unwilling, to perform its obligations under this Agreement;

(v) any failure by the Provider to comply with or observe the Conduct Requirements or the Supplier Code of Conduct such that ACC considers it no longer has trust and confidence in the Provider having a relationship with government;

(vi) the Provider committing three or more Service Level Defaults in any 12-month period; or

(vii) any circumstances covered by clause 20.1(a)(ii) (Material Breach by the Provider);

Milestone means a phase or stage in the delivery of Services resulting in a measurable output;

Minimum Living Wage Rate means, during the applicable period, such hourly rate as set out on the Ministry of Business, Innovation and Employment's Government Procurement website (https://www.procurement.govt.nz/broader-outcomes/improving-conditionsfor-new-zealand-workers/), as updated annually;

New Zealand Government Procurement means the Ministry of Business, Innovation and Employment business unit responsible for government procurement system leadership;

New Zealand Information Security Manual means the New Zealand Government's manual on information assurance and information systems security (as may be amended from time to time);

Operational Manager is Key Personnel assigned as responsible for:

(a) scheduling and managing the production of Deliverables;

(b) the tactical operational relationship between the parties;

(c) overseeing the effective management of this Agreement on a day-to-day basis;

(d) overseeing the effective establishment of each Service Order, and management of those Service Orders on a day-to-day basis (unless specified otherwise in a Services Order); and

(e) acting as a first point of contact for any issues that arise**;**

Personal Information has the meaning given to that term in the Privacy Act;

Personnel includes partners, principals, directors, employees, agents, officers and individual independent contractors;

Privacy Act means the Privacy Act 2020 and includes any codes or regulations issued under that Act;

Privacy Breach means any:

(a) unauthorised or accidental access to or use of, or disclosure, alteration, loss, or destruction of any Personal Information; and

(b) action that prevents ACC from accessing Personal Information on either a temporary or permanent basis, whether or not:

(c) caused by a person inside or outside of the Provider's business;

(d) attributable in whole or in part to any action by the Provider; or

(e) ongoing;

Professional Adviser means any accounting, legal, procurement or technical professional;

Protective Security Requirements means the New Zealand Government's expectations for security governance and for personnel, information and physical security including mandatory requirements for Government organisations (as may be amended from time to time);

Provider means the provider named in this Agreement as the provider;

Quote means a fixed price, capped price, or other pre-agreed basis for establishing the Charges for Services required by ACC where the Provider is prevented from increasing the Charges without the prior written consent of ACC;

Rates means, where the Fees are calculated based on the time spent delivering the Services, the rates excluding GST (whether hourly, daily or weekly or on another time-related basis) as set out in Schedule 5 (Pricing) as varied under clause 8.5 (Increasing or reducing the Rates or Fees), excluding Expenses;

Related Entity means a related company under section 2(3) of the Companies Act 1993, provided that any reference in the Companies Act 1993 to a "company" is deemed to include any partnership, body corporate, association or other entity, whether corporate or unincorporated, irrespective of the place of incorporation or registration of that partnership, body corporate, association or other entity;

Reports mean the reports generated by the Provider specified in Schedule 8 - Reporting, as amended from time to time by the Provider;

Renewal Term has the meaning given in clause 2.2 (Renewal) of the Base Agreement;

Representative has the meaning given in paragraph 3.1 (Appoint Representative) of Schedule 7 – Governance;

RFP means the request for proposals in relation to the supply of the Services, issued by ACC on 16 October 2024;

RFP Response means the Provider's original response to the RFP, the Provider's Proposals presented and discussed during the Lean-Agile Procurement Process and subsequent correspondence (including questions and answers) between ACC and the Provider prior to the Commencement Date;

Service Level means a required standard for the Provider's performance of its obligations under this Agreement, as described in Schedule 6 – Performance Measurement or in a Service Order;

Service Level Default means a failure by the Provider to meet one or more Service Levels;

Services means:

(a) the services provided from time to time under the terms of this Agreement, including any Services Order, as described in Schedule 2 – Scope of Services; and

(b) any ancillary services, functions, responsibilities, activities or tasks not specifically described or included within the description of Services in the Schedule 2 – Scope of Services or a particular Services Order but which now or in the future could reasonably be expected by ACC to be provided by the Provider without additional charge to properly provide or perform the services referred to in paragraph (a), including as a necessary, inherent or incidental part of those services;

Services Order means a service order relating to the supply of Services, substantially in the form attached as Schedule 3 – Template Mailhouse Services Order, as agreed between ACC and the Provider;

Specified Role means any functional role as a cleaner, caterer and/or security guard, and each subcontractor and casual worker;

Subcontractor means any person to whom the Provider has subcontracted any part of its obligations under this Agreement or who is a supplier to the Provider in respect of this Agreement and includes the employees and subcontractors of that person and **Subcontract** will be construed accordingly;

Term means the period commencing on the Commencement Date and ending on the earlier of:

(a) the Initial Term plus any Renewal Term (as each is defined in clause 2 (Term)); and

(b) if this Agreement is terminated earlier in accordance with its terms, the effective date of termination; and

True North means ACC's goals for the Service, as set out in the introduction to this Agreement.

Schedule 2 – Scope of Services

1. Description of Services

The Services include:

(a) preparing printed and digital correspondence from ACC to ACC Customers in accordance with any requirements specified by ACC as to branding format and quality;

(b) sending printed and digital correspondence to ACC Customers on behalf of ACC;

(c) being able to lodge mail directly with alternative mail provider(s);

(d) processing large volumes of physical mail including mail returned as undeliverable;

(e) processing files and data in any format including having the capability and capacity to process any such files or data in a single day;

(f) providing the Services sustainably and in a manner that delivers the Broader Outcomes and public value;

(g) reviewing and updating communications in accordance with ACC's Business Requirements;

(h) undertaking comprehensive self-service reporting;

(i) returning sent items to ACC as an 'archive file';

(j) maintaining sufficient stationery stock to facilitate planned and unplanned communications;

(k) developing the Provider's Personnels' skillsets to ensure their continuing ability to provide the Deliverables to a high quality and standard;

(l) sourcing stationery (paper and envelopes) or storage without degradation of stationery provided by ACC; and

(m) any other services agreed by ACC and the Provider in a Service Order.

2. Out of Scope

The Services do not include:

(a) volume mail postal collection services and delivery services; and

(b) support and maintenance for technology solutions that are not hosted or provided by the Provider.

Schedule 3 – Template Mailhouse Services Order

MAILHOUSE SERVICES ORDER

This Mailhouse Services Order is subject to, and forms part of, the ACC Services Agreement relating to the supply of Mailhouse Services between the Provider and the Accident Compensation Corporation (the Agreement). Capitalised terms used but not defined in this Mailhouse Services Order have the meaning given to them in the Agreement.

Elements with a blue right-hand border are usually completed by ACC, often with input from the Provider
Elements with a green right-hand border are usually completed by the Provider, with feedback from ACC
Fields marked with an asterisk must be completed
Delete any unused drafting options and drafting instructions once you have completed drafting the Mailhouse Services Order

Services Order details

Project / Services name	
ACC's reference number (e.g., contract number or purchase order number)	
Variation number and effective date of variation (if applicable)	Variation #: Effective date: [insert specific date or 'The date both parties have duly signed the variation.']

ACC and Provider details

ACC

Unit/team	
ACC Operational Manager contact	Name: Position or title: Phone: Email:
ACC Contract Manager contact	Name: Position or title: Phone: Email:

Provider

Name	
Provider contact	Name: Position or title: Phone: Email:
Nominated personnel	Role: ☐Supervising Personnel ☐Primary Personnel Name: Position or title: Phone: Email:
Will any Subcontractor(s) be used to provide the Services?	☐ Yes ☐No
If applicable, list the full legal name(s) and role(s) of the proposed Subcontractor(s) and indicate whether they are on the Panel	[Insert full legal name of Subcontractor]: • [insert Services to be provided by the subcontractor] • [indicate whether subcontractor is on the panel]

Engagement details

Background, purpose and objectives

Describe the background, purpose and/or objectives of the services or project, including any desired outcomes and risks to ACC. You may use the subheadings below if relevant or attach a project brief or similar.

BACKGROUND

[Insert description]

PURPOSE

[Insert key objectives]

Specific services to be provided

[Insert specific questions and instructions]

[Allow for phased / milestone delivery]

[Specify what is out of scope of Services]

Prerequisites

This Services Order is dependent on the following prerequisites:

Describe what (if anything) must be done before this work can be undertaken and who needs to *complete these prerequisites*

XXX

Timeframes/deadline

Start date	
End date	[insert specific date] **or** [On the Provider's successful completion of the Services.] **or** [The Services must be completed within [insert number of Business Days/weeks/months] of the start date.] **or** [The date that the Base Agreement expires or is terminated]
Renewal term(s)	[insert start and end dates of any renewal terms **or** 'N/A']

[Free text here to add other details/requirements regarding timeframes, for example, dependencies and/or deadlines for any deliverables and/or phases of work.]

OR

The Services must be carried out in accordance with the requirements detailed in the table below:

Start date			
Milestone	**Milestone activities**	**Deliverables**	**Due**
1. [insert description of Milestone to be achieved]	[Insert description of the activities for each Milestone]	[Insert description of tangible output(s) to be delivered]	[Insert due date]

Reference material

[Insert list of any reference material to be attached to this Services Order]

ACC's specific requirements

[Include relevant ACC requirements that the Provider must comply with when performing the Services – e.g., any skill, security, health and safety or invoicing requirements; any business rules, policies or procedures of ACC relevant to the Services; any additional termination rights (further to those set out in clause 20.2 of the Agreement)].

1 **Business Requirements**

The Provider must comply with the following Business Requirements:

- [Name of Business Requirement – *allow for phased / milestone deliverables*]

Provider assumptions

1 [Insert assumptions and expand list as necessary – *allow for phased / milestone deliverables*]

Additional information from the Provider

1 [Insert additional information and expand list as necessary – *allow for phased / milestone deliverables*]

2 [Insert any risks and contingencies identified]

Estimate/Quote

The Provider's Charges are an Estimate or a Quote (as those terms are defined in the Agreement):

☐ The Charges are an Estimate

☐ The Charges are a Quote

Charges

Select relevant Fee presentation option or combination thereof (e.g., fixed fee, Milestones or Deliverables, capped fee, other), and select whether Expenses are payable.

The Provider's Charges will be calculated based on the Rates set out in Schedule 5 – Pricing of the Agreement , unless specified otherwise below.

Fees

Fixed Fee

$[insert amount] plus GST

OR

[Detail all Fees and Expenses in free text here.]

OR

[Milestones or Deliverables]

[Milestone or Deliverable]	Fees	Expenses	Total (excl. GST)
[Insert description of Milestone/Deliverable]	$[insert]	$[insert]	$[insert]

[Milestone or Deliverable]	Fees	Expenses	Total (excl. GST)
[Insert description of Milestone/Deliverable]	$[insert]	$[insert]	$[insert]
TOTAL	$[insert]	$[insert]	$[insert]

OR

The Provider's Fees will be calculated based on [a combination of] actual hours worked at the hourly Rates for each of the Nominated Personnel set out below [and fixed fees], up to the total maximum stated (excluding GST), in accordance with the following table:

Fees			**Amount (excl. GST)**
[Insert position]	[insert #] hours	@ $[insert] per hour	$[insert]
[Insert position]	[insert #] hours	@ $[insert] per hour	$[insert]
Fixed fee for [insert description]			$[insert]
		Fees	**$**[insert]
		TOTAL	**$**[insert]

Other fee components

Include any other fee components, such as Subcontractor fees where the Provider will use Subcontractors to deliver an aspect of the Services.

	Amount (excl. GST)
A [insert description]	$[insert]
B [insert description]	$[insert]
TOTAL	**$**[insert]

Total fees

	Amount (excl. GST)
FEES	$[insert]
OTHER FEE COMPONENTS	$[insert]
GRAND TOTAL	**$**[insert]

OR

The Provider's Fees will be calculated based on [a combination of] actual hours worked at the hourly Rates for each of the Nominated Personnel set out below [and fixed fees], up to the total maximum stated (excluding GST) for each Phase of Services, in accordance with the following tables:

Phase #1:

Fees			Amount (excl. GST)
[Insert position]	[insert #] hours	@ $[insert] per hour	$[insert]
[Insert position]	[insert #] hours	@ $[insert] per hour	$[insert]
Fixed fee			$[insert]
		Fees for Phase #1	**$[insert]**
Expenses			
Description expense			$[insert]
TOTAL FOR PHASE #1 (including [Administration Fee and] Expenses)			**$[insert]**

Phase #2:

Fees			Amount (excl. GST)
[Insert position]	[insert #] hours	@ $[insert] per hour	$[insert]
Fixed fee			$[insert]
		Fees for Phase #2	**$[insert]**
Expenses			
Description expense			$[insert]
TOTAL FOR PHASE #2 (including Expenses)			**$[insert]**

Other fee components

Include any other fee components, such as Subcontractor fees where the Provider will use Subcontractors to deliver an aspect of the Services.

	Amount (excl. GST)
A	$[insert]
B	$[insert]
TOTAL	**$[insert]**

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

TOTALS FOR ALL PHASES

	Amount (excl. GST)
FEES	$[insert]
OTHER FEE COMPONENTS	$[insert]
EXPENSES	$[insert]
GRAND TOTAL	$[insert]

OR

[Free text here to add other details/requirements of Alternative Pricing Models if Fee presentation options above do not reflect the methodology underlying the Alternative Pricing Model to be used.]

Expenses

Select one option, insert relevant details, and delete remainder. Expenses are any actual and reasonable out-of-pocket costs of the Provider, e.g., any travel or accommodation.

No Expenses are payable. **OR**
Up to the amount(s) stated in the Fees table(s) above. **OR**
Up to $[insert amount] plus GST for actual and reasonable Expenses incurred in delivering the Services. **OR**
Up to $[insert amount] plus GST for actual and reasonable Expenses incurred in delivering the Services for the following: [detail the types of Expenses and/or any amounts allocated to each type of Expense].

Notes

Use this section if you need to add any explanatory notes to accompany the Estimate or Quote.

- [Insert explanatory pricing note and expand list as necessary]

Invoices

The Provider must send ACC an invoice for the Charges at the following times:

At the end of the month, for Services delivered during that month. **OR**
On completion of the Services. **OR** At the end of the month, for services delivered during that month if ACC has approved the

draft invoice submitted by the Provider.		
Subject to the Provider's successful completion of the relevant [Milestones/Deliverables/Phases], on the due dates for the [Milestones/Deliverables/Phases] stated above in the Services Order. **OR**		
On the following dates subject to completion of the relevant [Deliverables/Milestones/Phases]:		
Deliverable/Milestone/Phase	**Due date**	**Amount due (excl. GST)**
[insert specific Deliverables/Milestones/Phases to be achieved]	[insert date for completion of Deliverable/Milestone/Phase]	$[insert amount payable on completion of the Deliverable/ Milestone]
OR [In free text detail all invoicing requirements here when payment is via an arrangement, including any reporting requirements relating to that arrangement]		

Confirmations from the Provider

The following confirmations are given by **[insert name]** on behalf of **[insert name of Provider]**:

Conflicts of Interest

☐ I, have made diligent inquiry whether **[insert name of Provider]** has any actual, potential or perceived Conflicts of Interest were it to provide the Services described in this Services Order.

☐ No actual, potential or perceived Conflicts of Interest have been identified.

OR

☐ I have disclosed any actual, potential or perceived Conflicts of Interest and how they will be managed below:

Conflict of Interest management plan: [detail the Conflicts of Interest and how they will be managed]

Nominated Personnel

☐ I confirm that the Nominated Personnel are available to provide the Services.

Timeframes

☐ I confirm that the timeframe outlined above is acceptable.

Acceptance of [Services Order or Variation #[insert]]

SIGNED by the **Accident Compensation Corporation** ACC acknowledges any Conflicts of Interest and appoints the Provider to deliver the Services outlined in this Services Order.
Signature
Name
Position
Date

SIGNED by the **Provider** The Provider agrees to deliver the Services outlined in this Services Order.
Signature
Name
Position
Date

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Schedule 4 – Special Terms

1. Introduction

This Schedule sets out the Special Terms that the Provider must comply with. Unless specified otherwise, these terms take precedence over the terms in the Base Agreement and the other Schedules in this Agreement.

2. Delay and notification of issues

(a) In addition to clause 4.2 of the Base Agreement, if the Provider considers that there is (or is likely to be) an issue that will impact on a Job Run or Active Production Run, the Provider must:

(i) notify ACC orally or in writing:

(A) immediately, if it is 48 hours or less from the time that the issue (or likely issue) is identified to the time that the Active Production Run or Job Run is to be undertaken; or

(B) within 24 hours, if it is 49 hours or more from the time that the issue (or likely issue) is identified to the time that the Job Run is to be undertaken; and

(ii) ensure that each required notification sets out:

(A) the issue that has been identified;

(B) the actions that the Provider is undertaking to investigate, mitigate and address the identified issue; and

(C) provide ACC with regular updates on the Provider's investigation and actions until the Provider has determined that the issue has been resolved.

(b) The Provider must respond to any issue that ACC notifies the Provider of (either in writing or orally):

(i) as soon as possible, but no later than 2 hours from the time that the Provider is notified of the issue if it impacts an Active Production Run; or

(ii) within 24 hours from the time that the Provider is notified of the issue if it does not impact an Active Production Run.

(c) To avoid doubt, the hours referred to in this clause 2 (Delay and notification of issues) are actual hours, and not Business Hours.

3. Changes to Business Requirements

In addition to clause 7.2 of the Base Agreement, the Provider and ACC may vary the Business Requirements in accordance with the following process:

(a) if ACC wishes to make a change to the Business Requirements, ACC must send the Provider a Change Request document that sets out:

(i) a copy of the updated Business Requirements;

(ii) if appropriate, a test file to which the change relates;

(iii) the date that the change to the Business Requirements will take effect;

(iv) the Services Order to which the change to the Business Requirements relates; and

(v) any other information that ACC considers relevant;

(b) after considering the Change Request document, the Provider must provide a Quote within 5 Business Days based on the Rates in Schedule 5 – Pricing for ACC's approval; and

(c) if ACC accepts the Provider's Quote, ACC will notify the Provider that the Business Requirements have been amended, and for the purposes of clause 7.2 of the Base Agreement, the relevant Service Order to which the Business Requirements relate will be deemed to be amended.

4. ACC's responsibility during Active Production Run

(a) To enable the Provider to complete an Active Production Run that requires proofing (as set out in the Business Requirements), within 3 Business Hours of receipt of a PDF for proofing, ACC will advise the Provider (through an agreed proofing process):

(i) the outcome of the PDF proofing (ie., whether it is approved or not approved); and

(ii) any items that require extraction.

5. Retention of data

(a) In respect of the types of data specified in the table below, the Provider must:

(i) ensure that it securely retains the data for the corresponding Minimum Retention Period (ie., the Provider must not cleanse the data prior to the timeframe specified);

(ii) delete the data after the corresponding Minimum Retention Period but before the corresponding Maximum Retention Period.

(b) The Provider must make such data available to ACC during the term of the Agreement and up to the Maximum Retention Period.

Data type	High level description of Data type	Minimum Retention Period	Maximum Retention Period
Production data files sent from ACC	Data files for Service Orders sent by ACC	6 months from completion of Job Run for that file	9 months from completion of Job Run for that file
Production outputs including archive files	Archive files, pdf outputs and digital channel outputs that are delivered to either ACC	6 months from completion of Job Run for that file	9 months from completion of Job Run for that file

Data type	High level description of Data type	Minimum Retention Period	Maximum Retention Period
	or recipients from the data file		
Test data files sent from ACC	Data files for different Service orders sent by ACC Does not include any Change Request or Business Requirement documents	3 months from closure of associated process e.g. test file is for a Change Request, 3 months from when Change Request either is released into production or is cancelled	6 months from closure of associated process (e.g. test file is for a Change Request), 3 months from when Change Request either is released into production or is cancelled
Test outputs including archive files	Any test file output e.g. pdf, digital channel outputs Does not include any Change Request or Business Requirement documents	3 months from closure of associated process e.g. test file is for a Change Request, 3 months from when Change Request either is released into production or is cancelled	6 months from closure of associated process e.g. test file is for a Change Request, 6 months from when change request either is released into production or is cancelled
Digital send status confirmation information	Contains but not limited to email address, dates, send/open/received/read status	4 years from send date	4 years, 3 months from send date

6. Goods

(a) If the Provider creates or manufactures goods (including envelopes) that are used to provide the Services, the Provider must ensure, and warrants that the goods are:

(i) of merchantable quality and free from defects in design, materials or construction;

(ii) fit for purpose for which they are intended to be used; and

(iii) new and unused, unless ACC has agreed otherwise in writing;

(b) If a warranty or maintenance obligation applies in relation to any goods, the Provider will ensure that the benefit of the warranty or obligation is passed on to ACC.

7. Non-solicitation

Neither party may actively solicit for employment, consultancy, or any other contractor arrangement, during the Term and for a period of 6 months after the Term, any employee or independent contractor who has been engaged by that party in connection with this Agreement, or any consultant who is engaged by that party in connection with this Agreement, other than through a publicly advertised recruitment process, provided that nothing in this clause will prevent ACC from:

(a) soliciting any Provider Personnel whose contract for employment or engagement with the Provider has ended; and

(b) soliciting any Provider employee, consultant or independent contractor at the end of the Term.

8. Definitions

In this Schedule the following terms have the specified meaning:

Active Production Run is the process where ACC Information transformed into correspondence Deliverables and sent to ACC Customers. This process is either in action at the relevant time or will start within the next 24 hours; and

Job Run is any process where ACC Information is received by the Provider and transformed into correspondence that is sent to ACC Customers. There is no timeframe for a job run.

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Schedule 5 – Pricing

1. Introduction

This Schedule sets out the general principles underlying the Charges, together with the Charges payable for Services.

2. Principles

2.1 ACC will only pay for agreed Services

(a) The Provider will invoice ACC for the Charges in accordance with clause 8.3 (Invoicing and Payment) of the Base Agreement and the applicable Services Order.

(b) ACC will only pay for Services provided to ACC to the extent ACC has agreed to pay for those Services under a Services Order.

2.2 No minimum volume

The Provider acknowledges that ACC is not required to meet a minimum aggregate expenditure or volume level for any Services.

2.3 Most favoured nations

(a) Subject to sub-paragraph (c) the Provider will, at all times during the Term, ensure that the pricing it or any of its Related Entities offers to any other Government Agency for any services equivalent to the Services is not equal to, or less than, the Charges based on, or derived from, the Fees and/or Rates of the Base Agreement offered to ACC for any Services.

(b) If the Provider does offer more favourable pricing to another Government Agency, then the relevant Charges payable by ACC under this Agreement will immediately reduce to the level of the more favourable pricing offered.

(c) Sub-paragraph (a) will not apply to any pricing offered by the Provider to another Government Agency:

(i) that is based on:

(A) a fixed fee;

(B) a volume based discount subject to sub-paragraph (d); or

(C) Fees and Rates that the Provider proves to the reasonable satisfaction of ACC are not profitably sustainable for the Provider to offer to ACC; and

(ii) prior to the Commencement Date (although sub-paragraph (a) will apply to any variations or renewals of agreements between the Provider and a Government Agency entered into before the Commencement Date)

(d) Any change to the Charges required to maintain compliance with sub-paragraph (b) will be documented by ACC and treated as a variation to this Agreement and will be promptly recorded by the Provider in each relevant Services Order.

(e) Within 20 Business Days of the end of each Contract Year, the Provider will send to ACC certificate signed by the Chief Executive or equivalent of the Provider confirming that the Provider has fulfilled its obligations under this paragraph 2.3.

2.4 No interest

No interest will be payable on any amount due to the Provider under this Agreement.

3. Charges

3.1 Fees

(a) The Fees payable by ACC for the provision of Services by the Provider under a Services Order may be either an Estimate or a Quote and calculated based on any of the fee models set out below:

(i) set with reference to the time expected to take for the Provider to complete the work;

(ii) set with reference to Milestones or Deliverables; and/or

(iii) set as a fixed fee or a capped fee.

To avoid doubt, the Fees payable under a Services Order may reflect any one or more of these pricing models (for example, Fees may be structured with reference to Deliverables or Milestones, with a fixed fee payable for particular Deliverables or Milestones and Provider's Rates to be used for the remaining work up to a maximum amount).

(b) The Fees payable by ACC for Services must not be calculated with reference to Rates higher than those recorded in this Schedule 5 (Pricing).

(c) Notwithstanding paragraphs 3.1(a) and 3.1(b), if Schedule 2 – Scope of Services specifies that the Provider may offer Alternative Pricing Models:

(i) the Fees payable by ACC for the provision of Services by the Provider under a Services Order may be calculated with reference to an Alternative Pricing Model; and

(ii) the Provider will make the methodology underlying its Alternative Pricing Model available to ACC upon request, further to clause 3.2(b) (Requesting Information).

(d) The Fees set out in a Services Order may be adjusted in accordance with paragraph 3.4 (Estimates and Quotes).

3.2 Rates

(a) Fees will be calculated based on the following Rates:

Item	
Labour – Developer Analyst	[s 9(2)(b)(ii)]
Labour – Project Management	

Item	[s 9(2)(b)(ii)]
Labour - Operations	
Labour – Template and print room management	
Labour – Solution Architecture and information security	
Produce Proof	
Testing/Quality Assurance/Documentation	
Technical Business Requirements if requested	
Validation – Post Address	
PDF Document Composition – ready for printing	
Process and Send Email Messages	
Set-up for Printing – B&W	
Set-up for Printing – Colour	
Digital Print – Colour	
Supply Paper – A4 80GSM White	

Item	
Paper Folding	[s 9(2)(b)(ii)]
Hand collate and insert into envelopes	
Collate and Insert into Envelope - DLE	
Collate and Insert into Envelope - DLE	
Collate and Insert into Envelope – C5	
Collate and Insert into Envelope – C5	
Collate and insert into Envelope – C4	
Collate and Insert into Envelope – C4	
Supply DLE envelopes tropical seal window	
Supply 'Maxpop' envelopes tropical seal window	
Supply C5 envelopes tropical seal window	
Supply C4 envelopes tropical seal window	
Supply DLE envelopes tropical seal non-window	
Supply 'Maxpop' envelopes tropical seal non-window	
Supply C5 envelopes tropical seal non-window	
Supply C4 envelopes tropical seal non-window	
Overprint envelopes with colour artwork	

Item	[s 9(2)(b)(ii)]
Overprint envelopes with black address	
Guillotining / Trimming	
Suppression / Extraction from Print Run	
Suppression / Extraction from Data File	
Storage of Materials	
Lodge with Postal Service Provider	
GNA Scanning	
Collection of GNA Mail	
Wheelie Bin Destruction	
Storage of electronic production information - PDF	
Dedicated ACC email account monthly licence	

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Item	[s 9(2)(b)(ii)] [redacted]
[redacted]	[redacted]
ACC email account support as required	[redacted]
IT solutions support and maintenance	[redacted]
Miscellaneous third-party costs	[redacted]
Reporting	[redacted]

(b) [s 9(2)(b)(ii)] [redacted]

[redacted]

(c) Where the Provider and ACC wish to agree a daily, weekly or monthly rate, they may do so provided that such rate is calculated using a rate equivalent to or less than these Rates..

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

3.3 [s 9(2)(b)(ii)]

[redacted]

3.4 [s 9(2)(b)(ii)]

[redacted]

Schedule 6 – Performance Measurement

1. Introduction

This Schedule describes:

(a) the Service Levels;

(b) how performance against Service Levels will be measured;

(c) how performance against Service Levels will be reported; and

(d) the consequences of a failure to achieve any Service Level.

2. Service Levels

2.1 Format

Each Service Level in Annexure A to this Schedule described using the following format:

Parameter	Description
Description	Description of what the Service Level will measure
Purpose	Why it is important to ACC that the Service Level is met
Calculation Method	Method for calculating the Service Level
Service Level	The performance standard that the Provider is required to meet or exceed

2.2 Service Levels must be met

(a) At all times during the Term, the Provider will perform its obligations to meet or exceed the Service Levels.

(b) The Provider acknowledges that any failure to meet the Service Levels may have a significant impact on ACC.

2.3 Changes to Service Levels

(a) From time to time during the Term, ACC and the Provider may negotiate in good faith to add, delete or modify then-existing Service Levels to reflect changes in ACC's requirements or objectives.

(b) Any agreed changes will be effected in accordance with clause 8 (Changes) of the Base Agreement.

(c) If a Service Order includes a Service Level that is different from a Service Level specified in this Schedule 6 – Performance Measurement, the Service Level in the Service Order will take precedence.

3. Performance measurement

3.1 Implement tools

ACC will implement appropriate measurement, monitoring and management tools and procedures to enable it to measure the Provider's performance against the Service Levels.

3.2 Measure performance

ACC will measure the performance of the Provider under this Agreement against the Service Levels recorded in Annexure A to this Schedule 6 - Performance Measurement.

3.3 Measurement period

Each Service Level will be measured by reference to performance over a Contract Quarter.

3.4 Failure to meet Service Levels

If the Provider fails to achieve one or more of the Service Levels in any Contract Quarter or period of two consecutive Contract Quarters, it will:

(a) take such steps and do all things necessary, as soon as possible, to correct the failure;

(b) notify ACC the subject of the Service Level Defaults, of the reasons for the failure and the steps that the Provider is taking to ensure that the failure is not repeated; and

(c) without limiting any other rights ACC may have in respect of the failure(s), consider whether the Charges for the Services that are subject to the Service Level Default should be reduced to reflect the lower value of the Services provided.

3.5 Respond to feedback on performance

The Provider will respond constructively to ACC's feedback on Service Level performance, and to all other reasonable requests from ACC for additional metrics, analyses and reports relating to performance against Service Levels from time to time during the Term, at no additional cost to ACC.

Annexure A – Service Levels

ACC will measure the Service Levels using the data obtained via the Provider's reports provided further to Schedule 8 – Reporting.

[s 9(2)(b)(ii)]

[s 9(2)(b)(ii)]

[s 9(2)(b)(ii)]

Schedule 7 – Governance

1. Introduction

1.1 Scope

This Schedule sets out:

(a) the relationship principles for the Provider and ACC in relation to each other;

(b) the governance model to be used for this Agreement;

(c) the Provider's Representative(s) and their role and responsibilities; and

(d) the Provider's obligations in relation to the management of records.

1.2 Purpose

The purpose of this Schedule is to maximise the value of the relationship between the Provider and ACC by supporting and encouraging communication and collaboration at all levels.

2. Relationship principles

2.1 Principles

The Provider will, in its interactions with ACC:

(a) engage effectively across strategic, tactical and operational levels;

(b) work to continuously improve the delivery of Services under this Agreement;

(c) adopt a working approach that is collaborative, open, transparent, ethical and honest;

(d) acknowledge and promptly address any issues as they arise;

(e) provide reliable, timely and proactive feedback at all levels; and

(f) display high levels of commitment, proactivity, flexibility and timeliness.

2.2 Understand ACC

The Provider will seek to understand ACC's business drivers and objectives to the extent that such understanding is relevant to the Provider's performance of its obligations under this Agreement.

3. Representatives

3.1 Appoint Representative

(a) The Provider and ACC will appoint and maintain during the Term suitably qualified and experienced persons as relationship managers (Representative).

(b) ACC may appoint two Representatives:

(i) an Operational Manager; and

(ii) a Contract Manager.

(c) ACC's Representatives are set out in Annexure A of this Schedule 7. ACC may change its Representatives from time to time by notifying the Provider in writing.

3.2 Primary point of contact

(a) The Provider's Representative will serve as the primary point of contact with ACC's

Representatives and will have overall responsibility for managing and coordinating the performance of the Provider's obligations under this Agreement.

(b) The Provider's Representatives are set out in Annexure A of this Schedule 7. The Provider may change its Representatives from time to time by notifying ACC in writing.

3.3 Role of Provider's Representative

The functions and duties of the Provider's Representative include:

(a) ensuring that the Services are provided to the standards required and the Provider's other obligations are performed in accordance with the terms of this Agreement;

(b) managing reports and other information flows required under this Agreement;

(c) ensuring that monitoring procedures for the Service Levels are in place, are robust and are adhered to;

(d) liaising with the ACC's Representatives and other ACC Personnel, both formally and informally, to facilitate the performance of the Provider's obligations in accordance with the terms of this Agreement; and

(e) managing any Dispute or potential Dispute in accordance with the escalation procedure set out in clause19.2 (Escalation) of the Base Agreement.

4. Relationship management

4.1 Review meetings

(a) At ACC's discretion the Representatives of the parties will meet up to once every six months during each Contract Year (each a review meeting) to:

(i) discuss matters of importance to the strategic, commercial and operational relationship between the parties;

(ii) review the performance of the Provider over the preceding two Contract Quarters, measured against the Service Levels and its performance of its other obligations under this Agreement;

(iii) discuss potential cost savings initiatives; and

(iv) set goals and objectives for the following two Contract Quarters.

(b) For each review meeting, ACC will:

(i) convene the meeting by at least 10 Business Days' written notice to the Provider;

(ii) prepare the agenda; and

(iii) record the minutes (and will send a copy of those minutes to the Provider promptly following the meeting, for the Provider's review).

4.2 Ad hoc meeting

(a) Either party may, by two Business Days' written notice to the other party, convene a meeting (in person or by teleconference) to discuss one or more Service Level Defaults or any urgent or material issue relating to the performance of the Provider's obligations under this Agreement.

(b) For each such meeting:

(i) the agenda will be prepared by the party giving notice of the meeting, and sent with that notice;

(ii) the Provider's Representative is to participate; and

(iii) ACC will record the minutes (and will send a copy of those minutes to the Provider promptly following the meeting, for the Provider's review).

4.3 Conduct of meetings

When attending the meetings described in paragraphs 4.1 to 4.2 the parties are to:

(a) take a reasonable and pragmatic approach to fact-finding and the issues raised; and

(b) endeavour to reach consensus on an issue wherever reasonably practicable.

5. Records

5.1 Maintain records

The Provider will, at all times, maintain, store and archive true, up-to-date, accurate and complete records of all:

(a) invoices;

(b) Services Orders received;

(c) Documentation provided to ACC by the Provider; and

(d) other records relating to its performance under this Agreement, and will ensure that each of its Subcontractors (if any) does the same.

5.2 Content of records

The Provider will ensure that the records described in paragraph 5.1 (Maintain records) provide sufficient detail to enable ACC to reconcile those records with:

(a) the contents of the reports the Provider issues to ACC under Schedule 8 – Reporting; and

(b) the invoices that the Provider renders to ACC under clause 8.3 (Invoicing and payment) of the Base Agreement.

Annexure A – Representatives

The Representatives and their contact details are set out below:

	ACC's Operational Manager
Name	[Out of Scope]
Role / Title	Business Analyst
Postal address	PO Box 242, Wellington, 6140
Phone	[Out of Scope]
Email	[Out of Scope]@acc.co.nz

	ACC's Contract Manager
Name	[Out of Scope]
Role / Title	Portfolio Manager
Postal address	[Out of Scope]
Phone	[Out of Scope]
Email	[Out of Scope]@acc.co.nz

	Provider's Representative
Name	[Out of Scope]
Role / Title	Contract Manager
Postal address	[Out of Scope]
Phone	[Out of Scope]
Email	[Out of Scope]

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

	Provider's Representative
Name	[Out of Scope]
Role / Title	Data Event Manager / Crisis Manager
Postal address	[Out of Scope]
Phone	[Out of Scope]
Email	[Out of Scope]

	Provider's Representative
Name	[Out of Scope]
Role / Title	Operational Manager
Postal address	[Out of Scope]
Phone	[Out of Scope]
Email	[Out of Scope]

Schedule 8 – Reporting

1. Provide reports

The Provider will provide:

(a) the reports described in Annexure A to this Schedule as amended from time to time;

(b) any other report requested by ACC from time to time in accordance with the terms of this Schedule and ACC's reasonable instructions (including as to content, format and timeliness); and

(c) any other report requested by ACC concerning the provision of Services, as agreed by ACC and the Provider.

2. Timing of reports

The Provider will submit:

(a) the reports described in Annexure A to this Schedule by the date specified in that Annexure with the due date of each report set with reference to the Commencement Date; and

(b) any other report requested by ACC within a reasonable timeframe specified by ACC.

3. Format and provision of reports

(a) Reports will be provided in the report format stipulated in Annexure A to this Schedule or as requested by ACC further to paragraph 1 (Provide reports) above.

(b) Any part of a report that contains numerical information, or which is required to be provided in table format (rows and columns), is to be provided in Microsoft Excel file format (.xls) unless otherwise agreed in writing by ACC.

(c) In respect of the reports described in Annexure A, the Provider will email the reports to ACC, unless otherwise requested.

(d) Any other report requested by ACC will be emailed by the Provider to that party unless otherwise requested.

Annexure A – Reports

The Provider will provide the following reports at the stated frequency in the table below.

Report	Description	Reporting period	Report due
Services Report	The Provider must provide ACC with reports each month, in the format specified by ACC, that set out for each Services Order: • volume of communications delivered (including volume by each channel that those communications were sent) under the Services Order; • amount invoiced; • any identified trends; • data showing performance against Service Levels; and • any other information specified by ACC.	Monthly	3rd Business Day of the following month
Reconciliation report	The Provider must provide to ACC a report that contains: • number of records in the file received • number of records processed • number of items not sent. Each report must be broken down by item type and send channel	Per file for each Job Run (as defined in Schedule 4 (Special Terms))	Within 2 hours of either: • data file received by Provider; or • ACC providing their approval of the proofing file (if applicable).

Report	Description	Reporting Period	Report Due
Broader Outcomes Report	The **Broader Outcomes Report** will be completed by the Provider at ACC's request during the Term of the Agreement.	At ACC's request but not more than once every Contract Year	10th Business Day after a request by ACC.

External Mailhouse Services LAP Wrap Up

CONFIDENTIAL

DATE: 10 January 2025

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

Project Overview – Purpose and Objectives

- ACC engaged the market to identify a suitable partner for External Mailhouse Services, adapting a Lean Agile Procurement (LAP) process.
- Our aim was to collaborate with a shortlist of invited Suppliers to explore and identify the best solution that will meet our needs and deliver our vision. Our intent was to partner with a single supplier that will enable a modern and adaptable mailhouse services solution, ensuring ACC's clients, business customers, and partners receive timely, accurate information and services.
- Our procurement objectives included:
  - Assess supply options.
  - Consolidate services under one contract.
  - Reduce costs of print and mail operations, deriving value for money.
  - Improve efficiency in services.
  - Reduce the environmental impact of business mail.

Project Overview – Goals

Our goals were to partner with a supplier that would:

- Assist ACC with enhancing it's reputation by providing timely, accurate, consistent and personalised communications.
- Collaborate with ACC to deliver innovative solutions that support our business, claimants, providers and business customers.
- Optimise ACC's operations by identifying and leveraging opportunities to centralise, rationalise, automate, simplify, and standardise processes to improve efficiency.
- Assist ACC transition from physical mail to a digital-first approach as feasible, enhancing efficiency and accessibility.
- Design and implement processes and systems that uphold the highest standards of personal information protection and continuously improve our privacy performance and maturity.

Project Overview – Timeline: Planned versus Actual

The process was managed within the LAP timeline.

Activity	Planned Timeline	Actual Timeline
Registration of Interest published	3 October 2024	16 October 2024
Registration of Interest closed	22 October 2024	31 October 2024
Respondents notified of shortlisting	4 November 2024	8 November 2024
LAP Invitation to Participate in the BRE sent to shortlisted Suppliers	4 November 2024	8 November 2024
Suppliers confirm acceptance of invitation to Participate and complete Confidentiality Agreement	8 November 2024	11 November 2024
Suppliers sent due diligence information to be completed pre-BRE, and asked to confirm acceptance of proposed contract terms (or alternative terms proposed)	11 November 2024	11 November 2024
Suppliers completed all due diligence information, completed proposed pricing schedules and confirm 'materially' accept terms of proposed contract pre-BRE	22 November 2024	22 November 2024
ACC and Suppliers attended the two-day Big Room Event (BRE)	27 and 28 November 2024	27 and 28 November 2024
Contract negotiations conclude and contract award	16 December 2024	20 December 2024
Start date of Master Services Agreement (indicative)	21 January 2025	21 January 2025

Project Overview – Scope

The scope of this project included the following:

- Preparation of communications to meet strict brand, format, and quality requirements, supporting effective printed and digital communication.
- Ability to lodge mail directly with preferred mail provider(s).
- Ability to process large volumes of mail (possibly around 450,000 envelopes per month). This ability must extend to returned GNA Mail.
- Support for current and future digital solutions (such as email, SMS and e-invoicing).
- Ensuring that work undertaken doesn't pose risks to people's health and safety.
- Adherence to ACC policies and other statutory requirements for data security and privacy.
- Sustainability and delivery of public value / broader outcomes.
- Flexibility to review and update communications as required.
- Comprehensive self-service reporting.
- Return of sent items as an 'archive file'.
- Maintaining sufficient stationery stock to facilitate planned and unplanned communications.
- Options to discontinue obsolete communications processes.
- Business continuity with providers able to operate from multiple sites.
- Commitment to investment, innovation and ensuring staff development to stay current in the industry.
- Capability to send ad-hoc / small jobs using application program interfaces (APIs)

Key Outcomes

- Confident ACC engaged in appropriate market analysis to reassess supply options for mailhouse services and has partnered with a supplier whose values and ways of working align well with ACC's culture and values.
- Successfully consolidated services under **one Master Services Agreement**. The establishment of a transition plan as the first deliverable will set the pace for agreed deliverables and timeframes, ensuring a smooth transfer of services. The contract is intended to enhance efficiency and lower costs of print and mailhouse services over the life of the contract.
- The new supplier provides an increased opportunity that will **enable ACC shift to a digital-first approach**. Future-proofing the contract will enable ACC to realise the cost and efficiency benefits of utilizing digital communications channels.
- The new contract enables ACC automate, simplify, and standardize the management of job streams. By leveraging new tools coupled with supplier support, this has **great potential** to reduce **ACC's workload**, freeing up ACC staff capacity and time.
- Testing market capability provided assurance that ACC can maintain the **highest standards of personal information protection and privacy performance.**
- The feedback and comments on the whole process and ACC's management of the LAP process and the Big Room Event (BRE) were **positive**.
- The time to complete the two-stage LAP approach was **significantly accelerated compared with a traditional procurement approach (2-3 months instead of 6-9 months standard RFP).**

Challenges

- Open Market Opportunity - ACC had not visited market for a long time, and our market knowledge was somewhat limited. We had long-standing relationships with incumbent providers and were quite set in our ways of doing things. The LAP process enabled greater insights than we would otherwise have gained through a traditional approach to market.
- Procurement Timeline - Managing all the activities within a short timeframe, as well as managing BAU activities, was challenging. Allowing sufficient time for planning and ensuring the commitment of ACC resources (including key people's availability) is critical to successful outcomes through LAP.
- Step 1 (ROI process) - Preparing and designing the ROI took longer than expected. Significant consideration was given to balancing the information requested at this stage with that provided in the BRE presentations. Having ACC-aligned templates that reflected the LAP process, and for example utilised interviews, would have been beneficial for ACC to work from.
- Evaluating the ROI also took longer than anticipated, with an additional moderation meeting required to ensure consensus among the evaluators.
- Risk Mitigation - One incumbent supplier failed to make the ROI shortlist, requiring additional effort to mitigate potential risk.
- Probity - Procurement felt that managing probity was a challenge in the BRE. Conversations between ACC staff in the BRE occurred with suppliers in the room. A key takeaway was the criticality of briefing ACC staff to manage expectations so that key people understand their roles and act appropriately.
- Transition - The transition to a new single supplier and the transition out of two incumbent suppliers will require careful planning and execution.

ACC Internal Stakeholder Feedback

Stakeholders who provided feedback told us:

- They found the LAP experience better than a traditional procurement approach.
- The LAP process required more effort than a traditional procurement. This may be in part because it was ACC's first time applying this procurement methodology, so the team were building their understanding of the process alongside designing the approach.
- The LAP approach enabled ACC clearly articulate its requirements, which benefited potential suppliers. They were able to present proposals that addressed the requirements to ACC's needs.

ACC Internal Stakeholder Feedback

What worked well:

- All suppliers pitch their service in real-time whilst having their competitors in the same room. This made it easier to compare and see everything, assess each Supplier's potential in the provision of services required, not just what the suppliers provide ACC on paper (written response). Interaction with the Suppliers provided insights into future potential working relationships with ACC.
- Open, transparent discussions about ACC's service requirements; selection of a supplier on Day Two, and effective completion of the contract negotiation at the end of Day Two.
- The big room event went really smoothly, and kept to the time schedule. The ACC Team worked to plan and schedule. Provision of a dedicated ACC POC for each supplier was beneficial, well received and acknowledged. Separation of duties and tasks into two separate work streams enabled a successful and smooth 2-Day programme delivery.
- **Provision of actual scenarios to get an idea of how things could work.**
- **ACC learned about current market opportunities and was able to compress the procurement timeframe.**

ACC Internal Stakeholder Feedback

What didn't work well

- Time frame - short turnaround for preparation and documentation.
- BRE – Long Days; addition of a ½ day to provide debrief to unsuccessful suppliers.
- Suite of ACC templates for LAP process, rather than creating and adapting templates from other sources.
- Pre-session on our requirements to the suppliers so they could come in more prepared and on a more level playing field. *Note: this is what the Supplier Briefing is intended to deliver for potential suppliers.*

Supplier Feedback

- Overall, Suppliers said they found the process **engaging and collaborative**, offering a **unique and valuable learning opportunity, and build relationships.**
- Participants found the experience **fair and worthwhile**, and expressed a willingness to participate in a process like this again in the future.
- Some suppliers felt the two-stage process required **more effort than a traditional RFP**, but the **deeper understanding of requirements and collaboration opportunities was rewarding.**
- Participants found the experience **positive and valuable** even though they felt challenged at times.

What worked well:

- **Positive atmosphere:** Welcoming environment with a good vibe for presenting, making it collaborative and enjoyable. Participants felt comfortable presenting.
- **Facilitation and preparation:** Clear instructions and thorough pre-BRE briefing helped participants feel well-prepared. Facilitation was effective and good timekeeping ensured smooth proceedings.
- **Focus on content:** The emphasis on substance over flashy presentations was valued and aligned with expectations.
- **Collaboration and learning:** Suppliers valued the opportunity to see competitors' approaches and collaborate within teams.
- **Support and hospitality:** A single point of contact, effective support staff, supportive facilitators and excellent food contributed to a positive experience.
- **Facilities:** Breakout rooms and tech setup were helpful, though improvements were noted (e.g., power sockets, additional swipe cards etc).
- **Timeliness:** The process adhered more closely to procurement timelines compared to typical experiences.

Supplier Feedback

What worked well:

- **Positive atmosphere:** Welcoming environment with a good vibe for presenting, making it collaborative and enjoyable. Participants felt comfortable presenting.
- **Facilitation and preparation:** Clear instructions and thorough pre-BRE briefing helped participants feel well-prepared. Facilitation was effective and good timekeeping ensured smooth proceedings.
- **Focus on content:** The emphasis on substance over flashy presentations was valued and aligned with expectations.
- **Collaboration and learning:** Suppliers valued the opportunity to see competitors' approaches and collaborate within teams.
- **Support and hospitality:** A single point of contact, effective support staff, supportive facilitators and excellent food contributed to a positive experience.
- **Facilities:** Breakout rooms and tech setup were helpful, though improvements were noted (e.g., power sockets, additional swipe cards etc).
- **Timeliness:** The process adhered more closely to procurement timelines compared to typical experiences.

Supplier Feedback

What didn't work well:

- **Time constraints:** Limited time hindered deeper discussions, feedback opportunities, and thorough presentations.
- **Compressed schedule:** Consecutive full days with minimal breaks made it difficult for participants to reflect or refine their approaches. Short timelines for preparation and delayed feedback resulted in challenges.
- **Room layout and audience size:** The overwhelming number of stakeholders and seating arrangements impacted engagement, comfort, and focus. A heads-up from ACC prior to the event on the number of attendees and their roles relevant to the process would have been appreciated.
- **Feedback challenges:** Limited opportunities for interactive or immediate feedback hindered engagement. Feedback felt rushed, not always delivered by the right people, and lacked opportunities for interactive discussion.
- **Communication issues:** Delayed or unclear communications (e.g., late pricing queries, unclear pre-BRE messaging) caused some confusion. No suppliers had being involved with Lean Agile Procurement prior to the BRE and suggested there be more guidance provided on how to prepare and present.
- **Content breadth:** Broad questions, particularly on certifications (e.g., ISOs), diverted focus from other critical topics.
- **Lack of interactivity:** Suppliers wanted more two-way dialogue with ACC instead of primarily presenting to an audience.
- **Pricing and commercials:** Late responses to pricing Q&A and unclear expectations for some sections added unnecessary pressure.
- **Communication:** Occasional delays and rushed email communications affected clarity.

Supplier Feedback – what could we do differently?

- **Allow more time:** Space out sessions and provide breaks for reflection, adjustment and preparation for subsequent discussions.
- **Enhance feedback mechanisms:** For better clarity, offer immediate or real-time feedback directly from relevant stakeholders during sessions or post-session feedback.
- **Optimise logistics:** Improve room layouts, provide adequate power sockets in breakout rooms, and ensure functional name tags.
- **Narrow content scope:** Focus on specific topics or targeted questions (e.g., ISOs, self-service expectations) to save time, reduce ambiguity, and improve clarity and precision.
- **Enhance communication:** In advance, clarify stakeholder roles, audience size, and purpose. For urgent updates, use calls instead of late emails and clarify expectations ahead of time.
- **Increase interactivity:** Increase one-on-one time with ACC and incorporate interactive discussions during sessions.
- **Streamline commercials process:** Provide clear guidance on commercial sections and ensure timely responses to pricing queries.

Lessons Learned – what went well

What processes, tools and strategies were effective?

- Thorough planning ensured everyone participating in the process was confident in the approach.
- The ROI process ensured that ACC had three capable supplier teams involved in the BRE.
- The supplier and ACC internal attendee briefings were comprehensive, ensuring that everyone participating in the Big Room Event was well prepared.
- The BRE ran smoothly with plenty of on-the-ground support from ACC staff.
- The sessions led by ACC's SME received great feedback from both attendees and suppliers. They were considered highly valuable in helping suppliers better understand ACC's needs and key areas of importance.
- Suppliers were relatively comfortable quickly, and having a range of representatives from their organisations was valuable for ACC to gain insights into the team they would be working with.
- The evaluation panel worked well together throughout the event to reach consensus.

Lessons Learned – what to keep in mind for next time

- Ensure that business stakeholders are fully committed and engaged early in the process, their involvement greatly contributes to successful outcomes. Gain their commitment early in the planning stage regarding attendance and contribution during the Big Room Event.
- Set up your cross-functional team at the project's initiation and involve them throughout – ensure the team has the capacity to support the project through key activity periods.
- Have SMEs discuss needs in detail and manage Q&A sessions with suppliers during the supplier briefings and BRE. Suppliers valued this engagement.
- Resolve major contract issues before the Big Room Event starts. No deal-breakers should remain unresolved for suppliers entering the BRE.
- Provide supplier feedback throughout the Big Room Event. Ensure suppliers remain engaged and encouraged throughout the process and deliver feedback carefully and strategically.
- Focus the BRE presentations on what sets suppliers apart. Pre-Big Room Event interactions are better for addressing compliance-related questions.
- Inform suppliers in advance about who will be present from ACC so they understand who will attend and the purpose of their presence.
- Ensure room layout creates an environment that is comfortable for all participants.

Risk Management

- Risks that surfaced throughout the process were carefully managed.
- One incumbent supplier was unsuccessful through the ROI process, requiring additional effort to mitigate potential risk.
- Several contractual issues remained unresolved at the start of the BRE, presenting a risk of having suppliers in attendance who might not have been willing to finalize a contract by the event's conclusion. While this risk was managed during commercial discussions, careful consideration should be given to addressing any deal-breakers before the commencement of the Big Room Event in the future.

Team Performance

ACC Personnel

- The ACC team worked collaboratively to deliver an optimal outcome through this procurement.
- As this was the ACC Corporate Procurement Team's first attempt at using this sourcing approach, additional effort was required to understand the methodology, develop documentation, and develop capability in its application. This was a valuable learning and development activity for all staff involved.
- The Procurement Lead, [Out of Scope] and the Operational Lead, [Out of Scope], worked diligently to ensure all documentation released to Suppliers were of a high quality and standard; all processes were accounted for and delivered effectively. They were well supported by the Corporate Procurement Team.

External Support

- ACC Corporate Procurement Team contracted Expert Procurement Solutions to provide training and support through the Live LAP process for Mailhouse Services. Andrew and Larissa provided training and enormous support to the ACC Team leading to the successful completion of this procurement activity.

Final Thoughts

- LAP is another sourcing method for the ACC procurement toolkit, and it was great to see the ACC procurement team and business stakeholders engaged in the procurement process.
- LAP is intended to be less onerous than a traditional RFP process. Supplier feedback indicated that they found the LAP process comparable to the effort required to respond to a conventional RFP. This may be partly attributed to ACC's first time applying this sourcing approach, which is likely to improve as capability and confidence in the methodology grow through its application.
- It is recommended that templates be developed that align with ACC Rfx and contract terms and conditions for future applications of LAP. This will streamline the process and reduce ACC's effort.
- It is recommended that ACC consider the 'lean' principles in future applications of LAP to reduce effort, time, and resources for both ACC and potential respondents.

Next Steps

- Contract with successful supplier finalised
- Debrief unsuccessful suppliers
- Transition planning
  - Transition-in plan developed in collaboration with new Supplier
  - Transition-out plan for two incumbent suppliers

Questions

Who to contact if you have any questions or would like to know more about LAP

ACC Procurement

[Out of Scope] @acc.co.nz
[Out of Scope] @acc.co.nz

Expert Procurement Solutions (EPS)

[Out of Scope] @eps.net.nz
[Out of Scope] @eps.net.nz

Recommendation to Select and Contract

TO	Stewart McRobie - Deputy Chief Executive - Corporate & Finance
CC	[Out of Scope] – Manager Revenue Operations [Out of Scope] – Team Manager Levy Systems & Processes [Out of Scope] – Business Analyst, Levy Systems & Processes [Out of Scope] – Senior Portfolio Manager, Enterprise Procurement [Out of Scope] – Manager Client Administration [Out of Scope] – Team Leader Client Administration
VIA	[Out of Scope] – Head of Enterprise Procurement [Out of Scope] – Head of Financial Services
FROM	[Out of Scope], Portfolio Manager
DATE	22 January 2025
SUBJECT	Recommendation to Select and Contract – External Mailhouse Services

Purpose

This document requests that you provide approval to select and enter into a contract with Marketing Impact Limited for the supply of External Mailhouse Services following a Lean Agile Procurement ("LAP") Process.

PART A – RECOMMENDATION

This paper recommends that you:

Approve the recommendation and award of a contract to Marketing Impact Limited ("Provider") for the supply of External Mailhouse Services (refer to Appendix D – External Mailhouse Services Agreement - Marketing Impact).	**Approved Yes / No**
Note that due diligence and negotiations have been successfully completed following the Lean Agile Procurement process and selection of the preferred Supplier.	**Noted**
Note that: Total estimated forecast for whole of life cost of the contract for a period of 5 years is: **$10.906 million**. Total funds for ACC system transition and information security: **$248,000.** Total budgeted cost per the procurement plan (Appendix A) including ACC transition costs is: **$11.3 million**. Surplus per procurement plan is: **$146,000.** Total funds for ACC resources supported by business case <u>to be approved</u> is: **$330,000**.	**Noted**

Note that per the Corporate Delegations Schedule (Procurement) dated 9th October 2024, the Deputy Chief Executive – Corporate & Finance has authority in respect to approving the recommendation and executing contracts within the parameters set out in this document.	**Noted**

DOCUMENT APPROVAL

Please choose one of the following options in the **COI*** column in the table below:
Yes – If you have an actual, potential, or perceived conflict. You will be required to complete a Conflict-of-Interest form, a link to the E-Portal will be provided to you by Procurement.
No – If you do not have an actual, potential, or perceived conflict.
As an endorser or approver, please review and agree to the contents of the memorandum and provide your endorsement or approval.

Approval/Endorsement

Name	Title	Signature	Date signed	COI*	Action
[Out of Scope]	Head of Enterprise Procurement	[Out of Scope]	23/01/25	NO	Endorse
With any comments					
[Out of Scope]	Head of Financial Services	[Out of Scope]	23/01/25	**NO**	Endorse
With any comments					
Stewart McRobie	Deputy Chief Executive – Corporate & Finance			NO	Approve
With any comments					

Legal Review

Name	Title	Date signed	Signature
[Out of Scope]	Legal Manager - Commercial	9 January 2025	RE_ Recommendation to Select and Contrac *Email confirmation that* [Out of Scope] *has acted as ACC's legal advisor to prepare and support negotiations for the contract*

PART B – SUMMARY OF LEAN AGILE PROCUREMENT AND EVALUATION PROCESS

An open Registration of Interest was released on the Government Electronic Tender Service (GETS) website on 16 October and closed on 31 October 2024. Simultaneously, a Procurement Plan progressed through approvals and was fully approved on 01 November 2024 (refer Appendix A).

The Registration of Interest (ROI) received responses from 8 suppliers as listed below:

- Blue Star Print Group
- DXC Enterprise NZ
- Marketing Impact
- New Zealand Document Exchange
- New Zealand Post – Datam (incumbent supplier)
- Orangebox Ltd
- Solution Dynamics
- Western Mailing Limited (incumbent supplier)

Following review of the ROI responses and evaluation (as described below), the Evaluation Panel short-listed the following respondents to be invited and participate in the Big Room Event, Lean Agile Procurement process, (refer Appendix B – Recommendation to Shortlist memorandum):

- DXC Enterprise
- Datam - NZ Post
- Marketing Impact

Evaluation methodology

Information about the Evaluation Panel, methodology, criteria and weightings can be found in the Procurement Plan.

Registration of Interest Debriefs

Debriefs to unsuccessful ROI respondents were provided in person to Western Mailing Limited as an incumbent, and to the other unsuccessful respondents by way of letter. Debriefs covered evaluation methodology, how the respondent scores ranked, and feedback comments from the Evaluation Panel that could inform future tender responses.

Broader Outcomes

Specific Broader outcomes addressed by the procurement are reducing emissions and waste. Further information can be found in the Procurement Plan.

Conflicts of Interest

Conflicts of Interest forms were sent out via email and can be viewed upon request. Those who indicated a conflict had an appropriate management plan set up which they have agreed to.

Probity

Probity was managed internally by Corporate Procurement.

Big Room Event, Lean Agile Procurement Process

Following the Registration of Interest process the three short-listed respondents were invited to take part in a Big Room Event, which is a 2-day workshop where participants present their solution (excluding commercial information) to the Evaluation Panel and Decision Makers in an open forum. Commercials were presented individually by each participant, separately, in a closed environment to the Evaluation Panel and Decision Makers.

Submissions were evaluated against criteria stated in the Procurement Plan.

Due Diligence

Prior to the BRE the invited participants provided ACC with key documents and resources such as their financial statements, policies and plans for information security and handling of personal information and due diligence forms required by ACC information security. Review by Corporate Procurement and subject matter experts found no concerns that would prevent any of the shortlisted participants from contracting to ACC.

Commercial Terms

Invited participants were allowed to review the draft contract for Services and confirm their acceptance of the terms (or provide alternative terms subject to ACC's acceptance). Some minor adjustments and clarifications were allowed. Prior to the final evaluation session and shortlisting session all participants were required to confirm they accepted the final contract terms that ACC had presented to them.

Debrief following LAP process

In parallel with this award of the contract ACC is providing in-person debriefs to the unsuccessful participants to the Lean Agile Procurement Process Big Room Event. In addition to the comparison of scores the debriefs include providing observations made by Evaluation Panel members that could assist the unsuccessful parties in preparing for future tender opportunities.

PART C – EVALUATION REPORT

In the two day BRE the invited participants gathered in one room to:

- Review high level requirements and broader strategies;
- Give competitive presentations addressing their capability, capacity, track record, commercials (organisation structure, pricing, risk mitigations and contract terms and conditions), responded to use cases, and discussed the roles that would support service delivery to ACC.

After each presentation session and hearing the views of non-voting subject matter experts, the evaluation panel scored presentations according to the following criteria and weightings:

Criterion	Weighting
1. **Capability and Capacity**: Top capabilities and capacity to resolve ACC's needs. Assessed more thoroughly than through ROI via Use Cases and Scenarios.	20%
2. **Rewards/Awards**: Track Record – what participant has done and how well they have done it.	10%
3. **Commercials**: Pricing and Risk Mitigations.	20%
4. **Proposed Solution**: overall canvas/high-level concept, unique selling proposition, people and resources; this criterion should consider the proposed people resources, how they behave, whether they have the necessary skills and demonstrate an understanding our requirements and strategies.	50%
Total weightings	**100%**

Evaluators could revise their scores as the BRE progressed in review and moderation sessions . Individual scores of the participants across the criterion were combined as a weighted average. The final scores can be found in Appendix C – Consolidated Evaluation Scoring Sheet. The overall final results were:

Summary of findings for shortlist
• Marketing Impact – 83% • Datam/ NZ Post – 74% • DXC Enterprise – 64%

Prior to awarding the contract:

- Reference checks were completed,
- Minor concerns and gaps with pricing presented during the LAP process has been clarified, and
- areas of uncertainty with Service Levels and Service Schedules of have been resolved.

PART D – IMPLICATIONS

Cost impact

Current annual costs

Mailhouse Services	Cost (NZD) FY 2023/24
Datam – New Zealand Post	$1,067,098
Western Mailing	$1,122,233
Bluestar Print – *provider dashboards only*	$11,827
TOTAL	**$2,201,158**

Amounts do not include system enhancement or maintenance costs including modifications needed dues to changes in legislation or ACC changing its business process.

Spend with Datam – New Zealand Post included the full (pre-suppression) cost of preparing claim acceptance letters.

Estimated future costs

Estimated whole-of-life costs for the services, over the term of 5 years (including any extension periods) are set out below. Whole of Life Contract Value (WOLV) is forecast using rates the Provider will commit to in the contract, estimated volumes of correspondence, and adjustments for the complexity and uncertainty around job streams.

Costs will be funded by cost centres 920 Enterprise Procurement and 873 Revenue Operations.

Description of Services from Marketing Impact Limited	Amount (NZD)
Transition of 14 Job Streams - [s 9(2)(b)(ii)] Transition of 2 additional job streams - [s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]
Maintenance of Systems and Processes configured for ACC (Years 1 – 3)	
Services preparing and sending correspondence (Years 1 – 3)	
Maintenance of Systems and Processes configured for ACC (Years 4 – 5)	
Services preparing and sending correspondence (Years 4 - 5)	
Contingency Funds (transition and other miscellaneous costs)	
Estimated whole of life contract cost (5 Years Forecast)	**$10,906,000**
Other ACC internal expenses	
System transition – changes to Axway, EOS, Guidewire etc ($230,000) Information Security Certification and Accreditation ($18,000 over Years 1 - 5)	$248,000
ACC resources to support transition (project manager, business analyst etc.) supported by business case in progress for approval.	$330,000
Estimated costs of implementing contract and delivery of mailhouse services	**$11,484,000**

Forecasts include 5% annual CPI adjustments
Total budgeted cost per the procurement plan including ACC internal and transition costs is **$11.3 million**.
Business case for additional resources (to be approved) is **$330,000**.

ACC system changes

As part of transition and change planning ACC will confirm the internal costs to change its own systems and provide information security assurance. This was initially estimated in the procurement plan to be $248,000 (refer Appendix A – Procurement Plan).

Procurement Policy

This activity is being approved in line with the Procurement Policy and the Government Procurement Rules.

Risks

Risks associated with the delivery of this contract have been identified and evaluated with respect to the Enterprise Risk Management Framework [Final Risk Management Framework V19.pdf (sharepoint.com)](#).

Risk	Likelihood	Consequence	Rating	Mitigation Strategy
Implementation of job stream service orders and transition is delayed by the either the complexity of technical business requirements or a lack documentation requiring a process of rediscovery.	**Almost Certain**	**Moderate**	**High**	• Contracts with existing incumbents are in place until at least 31 July 2025. The contracts have options to extend by mutual agreement. The approved transition plan will determine the periods of extension that are needed. • ACC Manager Revenue Operations, Financial Services to seek project funds for transition resource, ensure resources and funding are available in a timely manner to support the transition and implementation, and ensure that agreed schedules are maintained.
Key ACC resources are not available to enable smooth timely transition.	**Likely**	**Major**	**High**	• ACC will ensure resources are made available at appropriate times per the accepted resourcing and transition plan and schedules.
Existing Incumbents are not willing to continue supporting ACC if they	**Possible**	**Major**	**High**	• ACC will work with existing incumbents, maintain good relationships with them to ensure services are

Risk	Likelihood	Consequence	Rating	Mitigation Strategy
lose the ACC mailhouse account.				delivered, and uninterrupted during the transition. Will also facilitate conversations with the new supplier to ensure a smooth transition of job streams, and keep lines of communication open between our existing and new providers.
Poor transition of jobs streams to new Provider.	**Possible**	**Major**	**High**	• Ensuring appropriate and experienced resources are assigned and available at appropriate times per the accepted plans for resourcing and transition.
Correspondence is viewed by or sent to a party other than intended recipient resulting in a privacy breach.	**Rare**	**Major**	**Medium**	• Contract requires the Provider to have an acceptable policy for the management and handling of personal information, together with an incident response plan, and a privacy officer appointed with necessary delegations. • ACC will determine the layout and content of all correspondence and require robust testing and approval of test outputs before a job is released to production.
Unauthorised access to information systems storing ACC data	**Unlikely**	**Major**	**Medium**	• Contracts and statements of work require the Provider to adhere to information security standards and best practice, and be subject to regular certification and assurance of systems and processes. • Information supplied by ACC will not be retained beyond its use case to minimise the scale of any data leakages
Lack of capability for business continuity and disaster recovery due to Provider consolidating their operations on a single site or lacking	**Unlikely**	**Major**	**Medium**	• The contract requires seamless service delivery, Provider has contingency plans that are regularly tested during the contract's term. Regular updates will

Risk	Likelihood	Consequence	Rating	Mitigation Strategy
capability for efficient changeover in the event of systems being disrupted.				be provided to ACC's nominated operational and contract managers.

Health and safety risk for the activity is assessed to be low. Shared risks to health and safety have been mitigated through evaluation, selection and the contract provisions.

Risks relating to information security and protection of personal information are material and were also mitigated through evaluation, selection and the contract provisions. These risks will be noted in risk registers, regularly reviewed, and subject to controls.

Contract and Supplier Management

The Provider is classified as a Tier 2 provider.

The Manager responsible for establishment, operational management, implementation of Service Orders as well as relationship and performance management is the Manager of Revenue Operations, Financial Services.

The Head of Enterprise Procurement will oversee the commercial and strategic relationship between ACC and the Provider and represent Service Delivery in respect of correspondence streams directed to ACC clients and claimants.

The contract form is a Master Services Agreement (MSA) tailored to External Mailhouse Services setting requirements for contract management, price review, and overarching performance. Transition, service delivery and establishment of new job streams will be managed as Service Orders.

Transition

Upon execution of the contract, a first service order will next be agreed and executed for the Provider to gather information and requirements and to prepare a transition plan for ACC's review and acceptance. This transition plan will also consider opportunities and costs to:

- redirect correspondence to paperless digital channels,
- automate processes that require manual involvement of ACC staff,
- have the Provider provide letterhead stationery and envelopes where physical mail is still necessary,
- better protect personal information by using windowless envelopes with addresses printed on to envelopes, and
- implement additional job streams where correspondence is still produced internally by ACC (e.g., FLIS processes) and redirection to a mailhouse will increase efficiency / reduce cost.

As part of ACC review and acceptance the managers responsible for contract and supplier Management will confirm roles and responsibility for providing resources and information needed for the transition plan to be delivered in a timely manner.

PART E – APPENDICES

Appendix A – Procurement Plan

External Mailhouse
Services - Procuremei

NOTE. This Procurement Plan includes the preceding category strategy and Chief Executive's approval for ACC to return to market for External Mailhouse Services.

Appendix B – Recommendation to Shortlist

Recommendation to
Shortlist External Mail

Appendix C – Consolidated Evaluation Scoring Sheet

Consolidated
Evaluation External M

Appendix D – External Mailhouse Services Agreement - Marketing Impact

External Mailhouse
Services Agreement -

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

Business Case for changes - template

This business case template is to be used to provide the rationale, approvals and required details for people and position management processes which impact on headcount, budget and organisation structure.

Requests need to be made far enough in advance for the appropriate approvals to be obtained and the request processed. Payroll cut off times/dates can be found on the My Pay page. If you think an overpayment situation may occur, you should contact HR Help as soon as possible.

What is the required change?

The transition to the new mailhouse provider is underway. Planning has commenced and has given us more certainty regarding the staffing required to ensure the transition is delivered successfully.

The transition will incur internal costs (staff from across ACC, mainly technology and Levy Systems, to support the transition), external costs (new fixed term resources to backfill internal staff) and mailhouse provider costs to build and implement the required communications. The total cost for the transition is expected to be between $1.2m-$1.6m, spread across 2024/25 ($350k) and 2025/26 ($950k). Costs for the 2024/25 year will be met within the Corporate & Finance approved budget. Costs for 2025/26 have been included in the Revenue Operations budget.

An initial request was made for up to eight staff to support the transition. A project manager has been appointed (an internal ACC resource) and we would like to recruit **two fixed term business analysts** to backfill three Levy Systems team members who are now working full-time on the transition project.

This should be the extent of the external recruitment required as other work will be delivered by ACC's agile release train resources.

Why is the change required?

Choose which of the following criteria (one or more) is relevant to the change you want to make:

1. Critical to improving efficiency and effectiveness, removing duplication and effort
5. Or by exception, when position and people management changes still need to be made to allow teams to fulfil critical functions

ACC utilises two external mailhouse providers to create and distribute electronic and physical mail for ACC clients, providers and business customers. The contract with the existing mailhouses end in July 2025. A procurement process has been completed, and a contract with a single new provider is now in place.

The transition to the new provider will be complex due to the volume and complexity of jobs that need to be developed by the new provider and could take up to 24 months (possible worst case). The transition will include the documentation, building and testing of all ACC correspondence outputs and building new system integrations with the new provider.

If the transition is not resourced appropriately it puts ACC's business customer invoicing at risk. In July and August over $1.5b of invoices need to be issued by the mailhouse. Any delay or disruption to this process has the possibility of financial impact for ACC. If levy invoicing and cash collections are delayed it could result in $200k per day of lost investment income.

He Kaupare. He Manaaki. He Whakaora.
prevention. care. recovery.

A well-resourced transition team will ensure that the move to the new mailhouse provider is effective and efficient and will allow the focus to move more quickly onto improving processes, particularly moving to a digital first approach. A digital first communication strategy should result in reduced postage costs, more efficient communications with clients and more timely payment of levies.

If additional resources are not approved, the transition process will lengthen, and resources will need to be reassigned from their BAU tasks to assist. The deprioritised BAU tasks would likely result in an increase in levy invoicing issues which would have a negative financial impact on ACC.

It is possible that the new mailhouse provider could provide resources to contribute to the transition process, but these would likely come at a much greater cost than managing the resources internally. Given the complexity of some jobs, resourcing from the mailhouse provider would still require significant input from ACC.

This process cannot be delayed any longer. The existing contract has been extended a number of times and a genuine procurement process needed to be carried out. It is likely that the contract with the current provider will need to be extended from the current expiration date of 1 July 2025, but the transition needs to commence immediately to reduce the likelihood that further extensions would be required.

What, if any, are the cost implications?

The two business analysts required for backfilling BAU work are expected to be band 16 roles which have a mid-point of $100,043.

The transition will incur internal costs (staff from across ACC, mainly technology and Levy Systems, to support the transition), external costs (new fixed term resources to backfill internal staff) and mailhouse provider costs to build and implement the required communications. The total cost for the transition is expected to be between $1.2m-$1.6m, spread across 2024/25 ($350k) and 2025/26 ($950k). Costs for the 2024/25 year will be met within the Corporate & Finance approved budget. Costs for 2025/26 have been included in the Revenue Operations budget.

Total Project Costs	**2024/25 Costs**	**2025/26 Costs**	**Total**
Levy Systems (PM + 2-3 backfilled BA)	129,400	498,600	628,000
Technology/ARTS (System Architect + various resources)	105,420	196,980	302,400
Mailhouse Provider	97,133	85,868	183,000
Contingency	58,571	105,429	164,000
	390,524	886,876	1,277,400

Are there any other implications or considerations?

The mailhouse provider is critical to the successful invoicing of ACC's annual levy invoices and client communications. An insufficiently staffed transition team could lead to errors in the development of client letters or business customer invoices. There are also legal and legislative risks that need to be considered, regarding the method and timing of communications and invoicing and processing of payment plans and direct debits.

The successful transition to a new provider will also accelerate the introduction of process improvements and the anticipated transition to a digital first approach which will deliver improved communication with ACC clients and customers and deliver cost savings.

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

Additional information

Transition planning is underway, and Levy Systems resources are already shifting their focus from BAU to the mailhouse project. The recruitment of these positions needs to commence immediately to ensure the Levy Systems team is able to deliver BAU tasks, which includes the resolution of invoicing issues.

Endorsements

Using the endorsement and approvals process below, please complete the boxes below based on the change you require.

With the exception of Service Delivery, final approval for any changes will sit with DCEs.

In Service Delivery:

- ***only changes that impact headcount/FTE or have a budget implication will need DCE approval, with endorsement from a Head of.***
- ***all other people / position management changes that are no longer available for self-service in line with our new guidelines and delegations can be approved by a Head of.***

In addition to the above delegations, if the request involves disestablishment of a position, or establishing a new permanent position above established FTE, endorsement must be gained by the DCE People and Culture before going to the business unit DCE for approval.

Manager Finance Business Partnering (where there is a cost implication)	
Comments: **Confirm there is sufficient funding available to cover the cost of backfilling**	
Name: [Out of Scope]	Date: 19 February 2025

1 up Manager	
Comments:	
Name:	Date:

He Kaupare. He Manaaki. He Whakaora.
prevention. care. recovery.

Head of (Service Delivery only)	
Comments:	
Name:	Date:

Required Approval

DCE People and Culture (for any request which involves disestablishment of a position, or establishing a new permanent position above established FTE)	
Comments:	
Name:	Date:

DCE of Business Group	
Comments:	
Name: Stewart McRobie	Date:

Chief Executive (final approver)	
Comments:	
Name:	Date:

Once this business case is complete, please send it to HRhelp@acc.co.nz with the subject line Position Management.

Business Case (Small) – Mailhouse Transition Project

Initiative Data

Version	Final
Date	<date>
Author	[Out of Scope]
Investment Class	Run
New WR for FYxx/xx	NA

Purpose

This Business Case seeks approval for the Mailhouse Transition Project to commence delivery with funding of $1.6M Opex from the Project Sponsor and Senior Responsible Owner.

Recommendation

It is recommended that the Senior Responsible Owner

1. **Approve** the contents of this Business Case for the mail house transition project.
2. **Note** the funding of $1.6M (Opex) for the project. This project is funded out of BAU cost centre 0873
3. **Note** there is no impact on ongoing BAU costs resulting from the project, as this is an existing service .

Endorsement

Role	Endorsed by	Date
Project Manager	[Out of Scope]	26 May 2025
Business Owner	[Out of Scope], Manager Treasury & Revenue Operations	6 June 2025
Steering Group	[Out of Scope]	<meeting date>

Approval

Name and Role	Approval	Date
[Out of Scope], Head of Financial Services (Senior Responsible Owner)	Per email approval	6 June 2025
Stewart McRobie, Deputy Chief Executive – Corporate and Finance (Sponsor)	<Per email approval>	<email date>

Reviewed

Name	Title	Name	Title
[Out of Scope]	EPMO Practice Lead	[Out of Scope]	Manager DCE Office
[Out of Scope]	Senior Financial Advisor	[Out of Scope]	Manager IT Enterprise Planning
		[Out of Scope] (Risk)	Principal Advisor

Related documents

Document	Location (link)
Cost tracker	Mailhouse transition cost tracker
Benefits Realisation Plan	NA
Risk Profile Assessment	Mailhouse transition RPA
Project Files	Group - Mail house transition project - Home

Lean Business Case - Mailhouse Transition Project

Initiative Description

The purpose of this project is to consolidate all mail house services under a new contract with Marketing Impact.

Problem or Opportunity

ACC has sourced mail house services from NZ Post (DATAM) since 2010 and Western Mailing since 2015. Neither contract has had rights of extension available for several years.

Therefore in 2024, ACC returned to market to reassess supply options and assure value. Through this procurement process, the successful supplier was Marketing Impact.

The problem being solved:
This project will implement the outcome of the mail house services procurement process, moving all mail house services to Marketing Impact.

Strategic Alignment

Strategic Priority	Portfolio/Business Group Outcome
Deliver an efficient, capable and resilient ACC	

Project Cost and Funding Request

DETAIL OF PROJECT *(Amounts in $000s)*	TOTAL		FY24/25	FY25/26	FY26/27
ACC Personnel	586	38%	67	506	13
Contractor resource	277	18%	58	219	0
ACC technology/ ARTs	213	14%	66	147	
Marketing Impact	421	27%	119	302	
Other Costs	15	1%	15	0	0
Project Overheads	45	3%	10	35	0
TOTAL	1,557	100%	335	1,208	14
Capex/Opex split:					
Capex	0	0%	0	0	0
Opex	1,557	100%	335	1,208	14
TOTAL	1,557	100%	335	1,208	14

Project Benefits

Financial

Benefit description	Measure	Benefit start date	Benefit owner
The project enables continuity of delivery of customer communications, but does not directly deliver benefits	NA	NA	NA

Non-financial

Benefit description	Measure	Benefit start date	Benefit owner

Ongoing Operational Cost

There is no increase in ongoing operational costs and no new costs are being introduced by this project.

Although the new contract should result in some savings, these are difficult to quantify at this stage, and we are currently assuming that ongoing mailhouse costs will remain at the current level. It should also be noted that cost savings will likely offset NZ Post price increases, so savings may not be immediately or easily visible.

ONGOING OPERATING COSTS *(Amounts in $000s)*	TOTAL	%	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
New Costs:									
Cost 1	0	#	0	0	0	0	0	0	0
Cost 2	0	#	0	0	0	0	0	0	0
Cost 3	0	#	0	0	0	0	0	0	0
Cost 4	0	#	0	0	0	0	0	0	0
Cost 5	0	#	0	0	0	0	0	0	0
TOTAL	0	#	0	0	0	0	0	0	0
Reduction of existing costs:									
Cost 1	0	#	0	0	0	0	0	0	0
Cost 2	0	#	0	0	0	0	0	0	0
Cost 3	0	#	0	0	0	0	0	0	0
Cost 4	0	#	0	0	0	0	0	0	0
Cost 5	0	#	0	0	0	0	0	0	0
TOTAL	0	#	0	0	0	0	0	0	0
ADDITIONAL ONGOING OPERATION COSTS	0		0	0	0	0	0	0	0

Lean Business Case - Mailhouse Transition Project

Solution Option

No.	Option
1	***RECOMMENDED:*** *Migrate mail house services from Western Mailing/ NZ Post Datam to Marketing Impact over seven releases* ***Note****: No other options provided as project is to enact a procurement decision already made.*

Project Scope

No.	In scope	Out of scope
1	Transition 15 mail jobs and Gone No address management from Western mailing/ NZ Post to Marketing Impact	Delivery of e-invoicing for levy invoices
2	Updates to transfers at ACC to new provider, with full end to end testing from source systems to Marketing Impact	Changes to data files created by core systems
3	Rebranding of all comms to current brand standards, Update some letters in EOS	New Axway transfers
4	Deliver quick win improvements to email experience and LSP processes	BAU management of mail house activity
5	Facilitate closing the relationships with Datam and Western Mailing	

Project Risk Summary

Risk Description (If/Then)	Current (Residual) Impact / Likelihood	Current (Residual) Risk Rating	Treatment / Mitigation Plan	Target (Post Treatment) Impact / Likelihood	Target (Post Treatment) Risk Rating
As current state is not well documented, unexpected requirements may be identified resulting in delays and/or increased costs and/or errors in correspondence	Minor Almost certain	High	Marketing Impact provided with all current documentation. Process to evaluate unexpected requirements as soon as arise Comprehensive testing before go live	Minor Possible	Medium
ACC will share identifiable (PII) data with MI for testing/build purposes. This creates a risk of a privacy breach for ACC.	Moderate Possible	Medium	PRA completed and approved Interim approval from info security.	Moderate Unlikely	Medium
If EOS and Guidewire to Cloud projects conflict with project timelines or deliverables this could result in additional testing and/or delays to the project	Minor Likely	Medium	No changes to Guidewire planned. Minor EOS letter changes required Working with ARTs to manage timing and identify impacts early	Minor Unlikely	Low
If key resources are unavailable due to organisational priorities or regulatory changes it could delay testing and delivery	Minor Likely	Medium	Working with ARTs and key resources to manage timing and identify impacts early.	Minor Possible	Medium

Key Milestones & Deliverables

Milestone	Target Date
Project start-up/ initiate phase start	Complete
Deliver phase start	Complete
Release one live – GNA management & two mailhouse jobs	1 Sept 2025
Release two – three mailhouse jobs	24 Nov 2025
Release three – four mailhouse jobs (Service Delivery)	16 Feb 2026
Release four – two mailhouse jobs	13 Apr 2026
Release five – one mailhouse jobs (invoicing)	18 May 2026
Release six - one mailhouse jobs (invoicing)	8 June 2026
Release seven – two mailhouse jobs (manual)	29 June 2026
Early Life Support complete	11 July 2026
Closeout phase start	29 June 2026
Project End Report approved (project closed)	11 July 2026

Financial Services | July 2025

Finance

[Out of Scope]

[Out of Scope]

People

[Out of Scope]

Commentary

Highs

- [Out of Scope]

Lows

- [Out of Scope]
- **Mailhouse** provider transition is complex and may require changes to resourcing and operating focus/methods to ensure successful delivery.

Focus for next month

- [Out of Scope]

Status Completed On-track Off-track At risk Not started

Financial Services | July 2025

Change Delivery Updates

Project	Owner / Contact	Comment	Emerging Risks	Status	% Complete
[Out of Scope]					
Mailhouse	[Out of Scope]	• The transition comprises seven releases and was scheduled for completion in June 2026. This work largely involved the Levy Systems & Products team (within Revenue Operations) and the new provider, Marketing Impact.	• The complexity of this project is greater than anticipated, both for ACC and Marketing Impact. Development work is taking longer than expected. It is likely that additional resources will be required to limit the impact on timeframes.		5%

[Out of Scope]

Status Completed On-track Off-track At risk Not started

Financial Services | August 2025

Finance

[Out of Scope]

People

[Out of Scope]

BAU Change Delivery Updates

Project	Owner / Contact	Comment	Emerging Risks	Status	% Complete
[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]%
[redacted]	[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]
Modernising Collections & E-Invoicing	[Out of Scope]	• Modernising Collections – Work with IR is on hold until further notice.	• **ON-HOLD**	**ON-HOLD**	**ON-HOLD**
	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]	[redacted]

Status Completed On-track Off-track At risk Not started

Commentary

Highs

- [Out of Scope] [redacted]

Lows

- [Out of Scope] [redacted]

Focus for next month

- [Out of Scope] [redacted]
- Replanning of the Mailhouse project, implementing new testing approach, and reviewing resourcing.
- [Out of Scope] [redacted]

Project Expenditure

[Out of Scope] [Out of Scope]

Change Delivery Updates

Project	Owner / Contact	Comment	Emerging Risks	Status	% Complete
[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]	[redacted]
Mailhouse	[Out of Scope]	• The complexity of this project is greater than anticipated, both for ACC and Marketing Impact. Development work is taking longer than expected. It is likely that additional resources will be required to limit the impact on timeframes. • The transition comprises seven releases and was scheduled for completion in June 2026. This work largely involved the Levy Systems & Products team (within Revenue Operations) and the new provider, Marketing Impact.	• A range of risks are being managed by the Steering Committee. • The highest risks relate to key person and resource capacity. A resourcing request has been submitted. If approved, additional resources will mitigate these or other resources will have to be re-prioritised or the timeline for transition will extend further.		10%
[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]			[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Status Completed On-track Off-track At risk Not started

Financial Services | September 2025

Finance

[Out of Scope] [redacted]

People

[Out of Scope] [redacted]

BAU Change Delivery Updates

Project	Owner / Contact	Comment	Emerging Risks	Status	% Complete
[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Commentary

Highs

- [Out of Scope] [redacted].

Lows

- Nil

Focus for next month

- [Out of Scope] [redacted].
- Review of resourcing and roles and responsibilities as part of replanning of the **Mailhouse** project team.
- [Out of Scope] [redacted].

Status Completed On-track Off-track At risk Not started

Project Expenditure

[Out of Scope]

[redacted]

Change Delivery Updates

Project	Owner / Contact	Comment	Emerging Risks	Status	% Complete
PBE IFRS 17 [redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]	[redacted]
Mailhouse	[Out of Scope]	• The complexity of this project is greater than anticipated, both for ACC and Marketing Impact. • An additional resource has been approved and two existing Mailhouse related secondments have been extended. • As part of the onboarding of resources, roles and responsibilities and ways of working will be confirmed, which should improve the efficiency of the project.	• A range of risks are being managed by the Steering Committee. • The highest risks relate to key person and resource capacity. This should be addressed through (now approved) additional resources.	Off-track	10%
[redacted]	[redacted]	[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]			[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Status Completed On-track Off-track At risk Not started

Project Expenditure [Out of Scope]

Change Delivery Updates

Project	Owner / Contact	Comment	Emerging Risks	% Complete
[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]
Mailhouse	[Out of Scope]	• Work is progressing but continues to be more complex than expected and is likely to impact the project timeline. Work is underway to re-plan the timeline. • A Senior Business Analyst should be appointed by 14 November. This new position along with some increased involvement of Revenue Operations Leadership Team should provide needed structure to the project. • In conjunction with resourcing changes, the roles and responsibilities are being reviewed to provide clarity to the project team.	• A range of risks are being managed by the Steering Committee. • Key risk is likely to move from key person risk to the complexity of the transition work.	10%
[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Status Completed On-track Off-track At risk Not started

Project Expenditure	[Out of Scope]

Change Delivery Updates

Project	Owner / Contact	Comment	Emerging Risks	% Complete
[redacted]	[redacted]	[Out of Scope] [redacted]	[redacted]	[redacted]
Mailhouse	[Out of Scope]	• A Senior Business Analyst was appointed during November. The roles and responsibilities of the team are being reviewed and confirmed and a number of replanning activities are being held with the team in order to provide structure, support and direction for the remainder of the project. • A business analyst from the Mailhouse provider came onboard and has been developing the requirement documents for one of the releases. This extra capacity may provide increased flexibility to be utilised over the rest of the project. • The first release (of seven planned) went live on 1 December. The timing and content of releases two and three are currently being reviewed. • Work is progressing but continues to be more complex than expected and is likely to impact the project timeline. Work is underway to re-plan the timeline.	• A range of risks are being managed by the Steering Committee. • Key risk is likely to move from key person risk to the complexity of the transition work.	15%
[Out of Scope] [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Status: Completed | On-track | Off-track | At risk | Not started

Project Expenditure

[Out of Scope]

Change Delivery Updates

Project Contact	Initiative Update Emerging Risks	Progress
	[Out of Scope]	
Mailhouse [Out of Scope]	• The Mailhouse team met in December to clarify roles, responsibilities and review ways of working. This was required due to staff changes and will set the team up well for the remainder of the project. • A replanning exercise with Marketing Impact was completed in December. The new timeline for releases two and three (of seven) will be discussed with Marketing Impact on 22 January. • While work is progressing, it continues to be more complex than expected and is likely to impact the project timeline. A range of risks are being managed by the Steering Committee. • Key risk is likely to move from key person risk to the complexity of the transition work.	15%
[Out of Scope]		

Status		Completed		On-track		Off-track		At risk		Not started

Project Expenditure

[Out of Scope]

Change Delivery Updates

Project Contact	Initiative Update Emerging Risks	Progress
PBE IFRS 17 Implementation [Out of Scope]	• [Out of Scope] [redacted]	[redacted]
Mailhouse [Out of Scope]	• The transition project leadership team met with the Marketing Impact leadership team to discuss the project timeline and impacts on Marketing Impact. It was a productive meeting and requests made by Marketing Impact regarding funding are being considered. • Work on the project continues to be challenging from a technical perspective but testing for the most recent release has been much more efficient than the previous release. • Once the FY26/27 budget and new project timeline are agreed the project status could be reset to green. • A range of risks are being managed by the Steering Committee. • Key risk is likely to move from key person risk to the complexity of the transition work.	15%
[Out of Scope] [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

Financial Services | February 2026

Project Expenditure

[Out of Scope]

Project Contact	Initiative Update Emerging Risks	Progress
	[Out of Scope]	
Mailhouse [Out of Scope]	• Transition work continues with improvements seen in testing results (fewer defects and missed requirements = more efficient) and marked improvement in team morale. • Once the FY26/27 budget and new project timeline are agreed the project status could be reset to green. • A range of risks are being managed by the Steering Committee. Key risk is likely to move from key person risk to the complexity of the transition work.	20%
	[Out of Scope]	
[Out of Scope]		

Status		Completed		On-track		Off-track		At risk		Not started

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

To	Stewart McRobie, DCE Corporate & Finance
From	[Out of Scope], Head of Finance (Acting)
Date	2 September 2025
Subject	Additional FTE to support critical Revenue Operations activities

Purpose

This paper seeks your guidance with an emerging risk to the Mailhouse Service Transition and the requirement for additional people resources.

Key Points

- The status of the Mailhouse Service Transition project has rapidly deteriorated and the risk of not being able to deliver on time has escalated to **HIGH**.
- [Out of Scope] .
- A largely temporary uplift of FTE is the only viable mitigation option—Revenue Operations can reprioritise costs to cover this expense.
- While not directly related to rehabilitation performance, improving the efficacy of our levy invoicing system will deliver better outcomes for the Scheme.

Recommendations

1. **Endorse** the proposal to increase FTE with one additional permanent position, one fixed-term position, and the extension of four existing fixed-term FTE (with fixed-term or contracted backfill).[1] This will be cost neutral in 2025/26 due to budget reprioritisation within Revenue Operations. (**Preferred Option**)

   And / Or

2. **Provide** guidance for the reprioritisation of our existing FTE to safeguard the highest priority organisational issues.

   Or

3. **Accept** the risk.

[1] Authority to approve new positions above Business Group establishment agreed in the annual plan resides with the Chief Executive (following consultation with Organisational Design and endorsement from the relevant DCE).

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Overview

The likelihood of the Mailhouse Service Transition project being delivered on time has rapidly deteriorated. This is principally due to the increased complexity of the of the project. [Out of Scope] .

Mailhouse Service Transition

Background

ACC sends more than three million invoices and letters to customers and clients each year. All these communications, regardless of being sent via post or email, are processed by a third-party mailhouse provider. ACC is currently transitioning to a new mailhouse provider. The mailhouse project comprises seven releases and was scheduled to end in June 2026.

Situation

The transition of mailhouse services to the new provider (Marketing Impact) is proving more technical and time consuming than initially expected. The first two releases are 2-3 months behind the original schedule; subsequent releases are facing significant delays. When first identified, corrective strategies were developed to ensure the project remains on schedule as much as possible. However, these actions have not been successful in reversing the declining project status. Without additional interventions, the project timeline will need to be extended considerably.

ACC's Technical Delivery & Quality team is providing advice on resourcing to ensure the focus is appropriately targeted and reviewing the testing process to determine whether a risk-based approach can be used to increase efficiency. While we expect the teams at ACC and Marketing Impact will become more efficient as the project progresses, it is possible that an increase in efficiency is offset by the increasing complexity of the work.

Additionally, the mailhouse service has a single point of failure risk. Most of the experience and knowledge relating to mailhouse operations sits with a single staff member in the Levy Systems & Processes team. Given the criticality of the mailhouse service, this creates a critical vulnerability for ACC and presents a significant risk as a single point of failure. Their absence, whether temporary or permanent, has the potential to disrupt operations, delay the project or lead to irrecoverable knowledge loss.

[Out of Scope]

[redacted]

What is the Overarching Problem?

There are not enough specialist resources in the Revenue Operations team to support the multiple streams of work.

What is the Risk?

The risk of not achieving the Mailhouse Service Transition on time has now increased to **HIGH**. The likelihood is assessed as *Almost Certain*.[4] The cost to ACC if this risk is realised is up to $600,000 per annum, excluding any costs from the provider.

ACC's risk appetite for this type of risk is *Cautious*.[5]

[2] [Out of Scope] [redacted]

[4] The event is expected to occur and is almost inevitable.

[5] A rating of *Cautious* infers a preference for very safe options that have a low degree of risk with low tolerance for uncertainty whereby we will accept risk only if essential with limited possibility or impact of failure.

What are our Options?

Broadly, we have three options to mitigate these risks:

1. Increasing Revenue Operations FTE (**preferred option**).
2. Re-prioritise existing FTE to safeguard the highest priority organisational issues.
3. Accept the risk.

1. Increase Revenue Operations FTE

A largely temporary uplift with Revenue Operations FTE would significantly mitigate the identified risks—this can be funded through a reprioritisation of costs within the Revenue Operations budget. This would be achieved by implementing the following:

- **One** fixed-term Business Analyst to support the Mailhouse Service Transition (contracted).
- Extension of **four** existing fixed-term FTE to support the Mailhouse Service Transition and management of invoicing issues.
- **One** permanent Senior Business Analyst in the Levy Systems & Processes team to assist leading the Mailhouse Service Transition and remove the mailhouse single point of failure risk.

The permanent addition of a Senior Business Analyst will add structure to the way ACC manages the mailhouse and will provide an additional resource to develop internal knowledge and experience. The additional capacity created with this position will enable the transition project to progress faster and with less risk. Notwithstanding, delays to delivery may still be possible but will be significantly reduced. It will also allow for the development of future enhancements and cost savings by supporting a move to digital communications and delivering improvements to the invoicing process.

Revenue Operations is budgeted for 86 FTE. These additional positions would exceed budget by four FTE for 2025/26 and reduce to one FTE in the outyears. This uplift can be sustained through the ongoing reprioritisation of costs.

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

Projected FTE Costs

	2025/26	2026/27	
Invoicing Issue Management Extending secondments (x2)	[s 9(2)(a)] [redacted]	[redacted]	Extend to Jan 2027
Mailhouse External Business Analyst (contracted) Senior Business Analyst (permanent) Extending secondments (x2) Three Revenue Operations resources	[s 9(2)(a)] [redacted] - [s 9(2)(a)]	[s 9(2)(a)] [redacted] - [s 9(2)(a)]	October start October start Extend to Jan 2027 No backfill
Total cost to be absorbed	[s 9(2)(a)]	[redacted]	

2. Re-prioritise existing FTE

Re-prioritising existing FTE could reduce the inherent risks and safeguard the highest priority organisational issues. However, due to the specialist nature of the skills required to deliver the mailhouse transition and [Out of Scope], the organisation is limited with what can be paused or re-prioritised; stopping other work will not necessarily free up staff with the right skills.

De-prioritising the [Out of Scope] would free up resources which could be applied to the Mailhouse Service Transition. Up to three Business Analysts (one Senior Analyst and one or two Analysts) could be reprioritised to the Mailhouse Service Transition. While this could reduce the risk of not delivering the project on time (residual risk mitigated from HIGH to LOW), [Out of Scope].

3. Accept the risk

Mailhouse Service Transition. If additional mailhouse resources are not approved, the implementation timeline will extend, likely by 12 months (or more). While the costs for some of the staff are within existing budgets, an extended timeline will result in increased project management costs within ACC and at Marketing Impact. Combined with extended testing costs, monthly costs of $50,000 are anticipated ($600,000 per annum) if the timeline extends (excluding Marketing Impact costs).

An extended transition plan will place increased reliance on the existing mailhouse providers who are likely seeking other revenue opportunities to offset the loss of ACC services. Contracts are in place with the two existing providers which require their continued support through the transition process. There remains some risk that they could attempt to cease providing services to pursue long term arrangements with new suppliers.

[Out of Scope]

Strategic Analysis

Improving the efficacy of our levy invoicing system will deliver better outcomes for the Scheme. Delivering the Mailhouse Service Transition is essential to provide surety with our customer and client communication. [Out of Scope] . While not related to rehabilitation performance, the positions requested will lift the performance of the Revenue Operations team and allow them to deliver on these two key work programmes.

To	Megan Main, CEO
Through	Lisa Hansen, DCE People & Culture
From	Stewart McRobie, DCE Corporate & Finance
Date	8 September 2025
Subject	Additional FTE to support critical Revenue Operations activities

Purpose

This paper seeks your approval for FTE changes to mitigate an emerging risk to the Mailhouse Service Transition project.

Key Points

- The status of the Mailhouse Service Transition project has rapidly deteriorated and the risk of not being able to deliver on time has escalated to **HIGH**.
- [Out of Scope] .
- A largely temporary uplift of FTE (within budget) is the only viable mitigation option.
- While not directly related to rehabilitation performance, improving the efficacy of our levy invoicing system will deliver better outcomes for the Scheme.

Recommendations

1. **Note** that FTE and costs will remain within budget in 2025/26 and the outyears.
2. **Approve** the following FTE changes:[1]
    a. one additional permanent Senior Business Analyst position (Band 17);
    b. one contracted fixed-term Business Analyst position (six months); and
    c. the extension of four existing Business Analyst fixed-term FTE (Band 16) to January 2027 (with fixed-term or contracted backfill).
3. **Approve** the direct appointment of the four existing Business Analysts into the extended positions (as per 2.c. above) to retain continuity of knowledge on the project.

[1] Authority to approve new positions above Business Group establishment agreed in the annual plan resides with the Chief Executive (following consultation with Organisational Design and endorsement from the relevant DCE).

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

4. **Note** that recruitment for the two new roles (as per 2.a. and 2.b. above) will comply with ACC's Recruitment, Appointment and Engagement Policy.
5. **Note** that Organisational Design and Employment Relations have been consulted and have no concerns with the recommendation.

Z.P. Goodall

Zoe Goodall
Acting DCE Corporate & Finance

Date: 8 September 2025

Endorsed: Yes / No

Lisa Hansen
DCE People & Culture

Date:

Approved: Yes / No

Megan Main
Chief Executive

Date:

Overview

The likelihood of the Mailhouse Service Transition project being delivered on time has rapidly deteriorated. This is principally due to the increased complexity of the project. [Out of scope]

Mailhouse Service Transition

Background

ACC sends more than three million invoices and letters to customers and clients each year. All these communications, regardless of being sent via post or email, are processed by a third-party mailhouse provider. ACC is currently transitioning to a new mailhouse provider. The mailhouse project comprises seven releases and was scheduled to end in June 2026.

Situation

The transition of mailhouse services to the new provider (Marketing Impact) is proving more technical and time consuming than initially expected. The first two releases are 2-3 months behind the original schedule; subsequent releases are facing significant delays. When first identified, corrective strategies were developed to ensure the project remains on schedule as much as possible. However, these actions have not been successful in reversing the declining project status. Without additional interventions, the project timeline will need to be extended considerably.

ACC's Technical Delivery & Quality team is providing advice on resourcing to ensure the focus is appropriately targeted and reviewing the testing process to determine whether a risk-based approach can be used to increase efficiency. While we expect the teams at ACC and Marketing Impact will become more efficient as the project progresses, it is possible that an increase in efficiency is offset by the increasing complexity of the work.

Additionally, the mailhouse service has a single point of failure risk. Most of the experience and knowledge relating to mailhouse operations sits with a single staff member in the Levy Systems & Processes team. Given the criticality of the mailhouse service, this creates a critical vulnerability for ACC and presents a significant risk as a single point of failure. Their absence, whether temporary or permanent, has the potential to disrupt operations, delay the project or lead to irrecoverable knowledge loss.

He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

[Out of Scope]

[redacted]

[redacted]

[redacted]

[redacted]

What is the Overarching Problem?

There are not enough specialist resources in the Revenue Operations team to support the multiple streams of work.

What is the Risk?

The risk of not achieving the Mailhouse Service Transition on time has now increased to **HIGH**. The likelihood is assessed as *Almost Certain*.[4] The cost to ACC if this risk is realised is up to $600,000 per annum, excluding any costs from the provider.

ACC's current[5] risk appetite for this type of risk is *Cautious*[6]—accepting this risk is not considered a viable option.

---

[2] [Out of Scope] [redacted]

[4] The event is expected to occur and is almost inevitable.

[5] Noting Risk Appetite is current under review.

[6] A rating of *Cautious* infers a preference for very safe options that have a low degree of risk with low tolerance for uncertainty whereby we will accept risk only if essential with limited possibility or impact of failure.

Recommended Risk Mitigation

A largely temporary uplift of FTE—which is within budget—is assessed as the only viable risk mitigation option. This would be achieved with the addition of:

- **one** additional permanent Senior Business Analyst (Band 17) in the Levy Systems & Processes team to assist leading the Mailhouse Service Transition and remove the mailhouse single point of failure risk;
- **one** contracted fixed-term Business Analyst for six months to support the Mailhouse Service Transition; and
- the extension of **four** existing fixed-term Business Analyst FTE (Band 16) to January 2027 to support the Mailhouse Service Transition and management of invoicing issues.

The permanent addition of a Senior Business Analyst will add structure to the way ACC manages the mailhouse and will provide an additional resource to develop internal knowledge and experience. The additional capacity created with this position will enable the transition project to progress faster and with less risk. Notwithstanding, delays to delivery may still be possible but will be significantly reduced. It will also allow for the development of future enhancements and cost savings by supporting a move to digital communications and delivering improvements to the invoicing process.

Revenue Operations is budgeted for 94 FTE. These additional positions and costs will be managed within budgeted FTE levels for 2025/26 and the outyears.

Additional mitigation considered

Re-prioritising existing FTE to safeguard the highest priority organisational issues was also considered. However, due to the specialist nature of the skills required the organisation is limited with what can be paused or re-prioritised; stopping other work will not necessarily free up staff with the right skills.

Projected FTE Costs

A breakdown of costs is provided below. These costs are within budget.

	2025/26	2026/27	
[Out of scope] [redacted]	[Out of Scope]	[redacted]	[Out of scope]
Mailhouse			
External Business Analyst (contracted)	[s 9(2)(a)]	[redacted]	October start
Senior Business Analyst (permanent)	[redacted]	[redacted]	October start
Extending secondments (x2)	[redacted]	[redacted]	Extend to Jan 2027
Three Revenue Operations resources	[redacted]	[redacted]	No backfill
Total cost to be absorbed	**$389,865**	**$414,566**	

Strategic Context

Improving the efficacy of our levy invoicing system will deliver better outcomes for the Scheme. Delivering the Mailhouse Service Transition is essential to provide surety with our customer and client communication. [Out of Scope] [redacted]. While not related to rehabilitation performance, the positions requested will lift the performance of the Revenue Operations team and allow them to deliver on these two key work programmes.

Consultation

ACC's Organisational Design and Employment Relations have been consulted on this proposal and have no concerns with the recommendation.