



Board Minutes

Date	16 February 2023
Time	9.00am – 4.00pm
Location	Wellington Boardroom / Microsoft Teams
Board	Steve Maharey (Chair), Tracey Batten (Deputy Chair), Sandra Alofivae, Mark Cross, David Hunt, Helen Nott, and Bella Takiari-Brame.
Attendees	Megan Main (CE), Tane Cassidy (DCE, Prevention & Partnerships), Stephen Crombie (NZIIS Executive Lead), Peter Fletcher (DCE, Enterprise Change Delivery), Amanda Malu (DCE Service Delivery), Stewart McRobie (DCE, Corporate & Finance), Andy Milne (DCE Strategy, Engagement, and Planning), Michelle Murray (Tumu Pae Ora), [Name withheld] (Manager Governance) and [Name withheld] (Senior Corporate Secretary - Secretary).
Presenters	[Name withheld] (Head of Client Recovery), [Name withheld] (Head of Actuarial Services), [Name withheld] (Enterprise Lead Rehab Performance), [Name withheld] (General Counsel and Head of Legal), [Name withheld] (Manager Litigation) and [Name withheld] (Chief Clinical Officer and Head of Health Partnerships).
Whānau Oranga Pūmau	Julie Wharewera-Mika (Chair), Teina Boyd, Tuahu Watene, Steven Renata, Maria Clarke, Rangi Pouwhare and Brandi Hudson.

Item	Resolutions and Actions (Due Date)
<i>The meeting opened at 9.00am with all Board members present.</i>	
Board Only Time (Karakia)	
Board Only Discussion	
<i>Megan Main joined the meeting at 9.50am</i>	
CE only session	The Board agreed to defer any planned work on brand refresh / revitalisation for at least the next year, in light of the recent decision to defer NZIIS.

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	The Board discussed and noted the importance of ensuring clarity of roles and responsibilities for improving equity of access within the organisational operating model.
<i>Tane Cassidy, Stephen Crombie, Peter Fletcher, Amanda Malu, Stewart McRobie, Andy Milne, Michelle Murray and [Name withheld] joined the meeting at 10.10am.</i>	
1. Introduction	
1.1. Welcome and Apologies Pat Bowler and Michael Frampton were apologies.	
1.2. Register of Key Interests	The Board reviewed the Register of Key Interests and noted that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.
1.3. Previous Minutes	The Board approved : <ul style="list-style-type: none"> • The 6 December 2022 and 7 December 2022 minutes, with no changes. • The 6 December 2022 and 7 December 2022 minutes for proactive release on the ACC website with the redactions identified.
1.4. Actions List The Board Chair introduced the actions list. An update on ACC's climate change response is due to the Board in March.	The Board noted the Actions List.
<i>[Name withheld] joined the meeting at 10.20 am.</i>	
1.5. Chair Update <ul style="list-style-type: none"> • Minister Sepuloni, the outgoing Minister for ACC and the new Deputy Prime Minister, had asked the Chair to pass on her thanks to ACC and expressed her continued support of the organisation. • The Board had endorsed out-of-cycle in January the final proposed changes to the Accredited Employers Programme. 	The Board noted the update.

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<ul style="list-style-type: none"> The Chair is meeting regularly with his Crown entity colleagues, and met with the Chair of WorkSafe earlier in the week. The Chair and Deputy Chair are meeting with each member of the Executive over the next few days. The Secretary will ensure the Board has access to the notes from the Chief Executive's six-monthly review. <p>The Board thanked staff for all their mahi over the last week to support clients and staff in response to Cyclone Gabrielle.</p>	
<p>1.6. CE's report</p> <p>Megan Main introduced her report. The Board's discussion included:</p> <ul style="list-style-type: none"> ACC's continued delivery of service during Cyclone Gabrielle. The amendment to the Corporate Delegations Policy. [s 9(2)(f)(iv)] Strategic priorities and Huakina Te Rā dual framed goals in Board papers. For Management to be open and call out constraints and limits of maintaining 'momentum'. 	<p>The Board:</p> <ul style="list-style-type: none"> Noted the report. Endorsed the updated Corporate Delegations Policy in Appendix 1.
<p>2. Committee Updates</p>	
<p>2.1. Board Investment (including BIC Terms of Reference)</p> <p>Mark Cross provided updates on the following from the Committee's meeting on 14 February:</p> <ul style="list-style-type: none"> Modest out-performance of the fund spread through active risk. People retention, succession planning and remuneration. Investments is well on track to achieve carbon reduction targets. The Committee recommendation that the Board approves the revised BIC Terms of Reference, which are minor amendments to 	<p>The Board:</p> <ul style="list-style-type: none"> Noted the update. Approved the updated BIC Terms of Reference. <p>ACTION: Provide Investment Statement to Bella Takiari-Brame and Michelle Murray ahead of Board consideration of the Service Agreement in April.</p>

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<p>descriptions in the Investment Group governance documents and role titles.</p> <ul style="list-style-type: none"> The Investment Statement in the Service Agreement had been updated. This will come to the Board as part of the overall Service Agreement approval in April. To consider Te Tiriti obligations in Board Governance documents and Committee Terms of Reference. The Board Chair is meeting with Treasury in March. 	
<p>2.2. Social Unemployment Insurance</p> <p>Stephen Crombie provided an update on Social Unemployment Insurance/NZIIS:</p> <ul style="list-style-type: none"> The Disestablishment of the Income Insurance Programme paper was endorsed by the Committee the previous day. There are ongoing discussions with MBIE and the relevant Ministers. A paper will be provided to the Board on further implications including estimating costings, which may be out of cycle. Work has begun to capture lessons. 	<p>The Board noted the update.</p> <p>The Board acknowledged and thanked the NZIIS team for its outstanding work on the scheme.</p> <p>The Board acknowledged and thanked Rā Matua in assisting ACC to navigate the complexity of the initial design.</p>
<p>3. Strategic Direction</p>	
<p>3.1. NZIIS Update</p> <p>This item was covered by Stephen Crombie at 2.2.</p>	
<p>Cyclone Gabrielle</p> <p>Management provided an update to the Board.</p>	<p>The Board discussed the ongoing welfare checks for staff and vulnerable clients following the impacts of Cyclone Gabrielle.</p> <p>The Board noted there were no current concerns for any staff, and vulnerable clients who had not been contactable were put onto the list for welfare checks due to dependence on electricity for sustaining life.</p>

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<p>3.2. Sign off Strategy The Board Chair and Chief Executive noted that this was the last formal step for the Board to officially sign off Huakina Te Rā, as presented to the Board on 6 December 2022.</p> <p>The Board noted there will be wording changes in the Strategy, in light of NZIIS being deferred.</p>	<p>The Board:</p> <ul style="list-style-type: none"> • Approved ACC's Strategy Huakina Te Rā.
<p>4. Performance</p>	
<p>4.1 Second Quarterly Report</p> <p>Megan Main introduced the Second Quarterly Report, noting there were synergies between the performance information and the OCL strain paper on the Board's agenda for discussion after lunch, which both show gradually improving performance.</p> <p>Amanda Malu also provided the following introductory comments:</p> <ul style="list-style-type: none"> • There is a clear and deliberate focus from Management on long-term, sustainable improvement in rehabilitation performance. The cross-functional Rehabilitation Improvement Group enables close connection and alignment with other priority areas. The Board will be updated on two major pieces of work from the group in April: <ul style="list-style-type: none"> ○ Continuous improvements in good operational practice e.g., capability streaming, efficiencies in automation, creating and retaining capability. ○ Systems design, including building an end-to-end view of customer services. <p>The Board's discussion focussed on:</p> <ul style="list-style-type: none"> • Influenceable versus non-influenceable impacts on the OCL strain, and the link to achieving the business plan. Meaningful improvement would see a release in the OCL strain. The underlying activities should see an improvement in influenceable strain, although that is yet to be quantified. 	<p>The Board:</p> <ul style="list-style-type: none"> • Approved the submission of the second quarterly report 2022/23 to the Minister by 17 February 2023. • Noted the additional information for December 2022.

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<ul style="list-style-type: none"> The importance of having the right measures. 	
<p>[Name withheld], [Name withheld] and members of Whānau Oranga Pūmau joined the Board meeting at 12.10pm: Julie Wharewera-Mika (Chair), Teina Boyd, Tuahu Watene, Steven Renata, Maria Clarke, Rangī Pouwhare. Brandi Hudson joined the meeting at 12.50pm.</p>	
<p>Whanaungatanga (including lunch) with Whānau Oranga Pūmau</p>	
<p>The Board had whanaungatanga with Whānau Oranga Pūmau on a wide range of matters including:</p> <ul style="list-style-type: none"> Māori access to the full suite of ACC supports Lived experience of ACC clients, including during response to Cyclone Gabrielle. The career path across the health system for carers. The implementation plan for Huakina Te Rā. Simplification of performance measures and data that can be shared with Whānau Oranga Pūmau. Respective challenges/opportunities that ACC and Whānau Oranga Pūmau can progress. 	<p>ACTION: Provide more information to the Board on the career path for carers.</p>
<p>[Name withheld] [Name withheld] and [Name withheld] joined the meeting at 1.40pm.</p>	
<p>4.2 OCL strain for weekly compensation rehabilitation rates, serious injury care hours and sensitive claims</p> <p>The Board continued its discussion from item 4.2, which included:</p> <ul style="list-style-type: none"> From the Performance Report: Cyber security reporting to go through the Risk Assurance and Audit Committee up to the Board. Deliberate testing had seen an increase in more malware being reported. From the Performance Report: Trust and confidence indicators are linked to public trust and confidence. ACC had one of its best periods in the lead up to Christmas on public media coverage and public sentiment. There is ongoing work on the overall measures and lead indicators. 	<p>The Board:</p> <ul style="list-style-type: none"> Noted that over the last five years \$3.9 billion of cumulative influenceable OCL strain has been caused by weekly compensation rehabilitation rates, serious injury care hours, and sensitive claims. Noted that while there is a risk of further strain from weekly compensation rehabilitation rates in the June 2023 OCL valuation, there are signs that rehabilitation performance is starting to improve. Noted that strain from increasing serious injury care hours has continued and we are forecasting \$361m of new strain in 2023. Noted that while strain has continued in sensitive claims and is projected to continue in 2023, there are signs that increases to average payments may have plateaued.

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	<ul style="list-style-type: none"> • Noted that ACC is responding to strain strategically through the Rehabilitation Improvement Group and ISSC Evolution Programme and tactically through the Rehabilitation Performance Programme. • Noted that it will take time to deliver the sustained performance improvements needed to reverse OCL strain, and we do not expect to see much of the impact of our work on strain until June 2024 at the earliest. • Agreed that Management should focus on the performance system for the upcoming financial year, including on inputs and outputs that will ultimately influence the OCL. • Acknowledged and thanked the Actuary team and Management for its work on the paper. <p>ACTION: Provide the Board with the full cyber security benchmarking report (March).</p>
<p><i>Amanda Malu left the meeting at 2.10pm.</i></p>	
<p>5. Accountability, Policy and Governance</p>	
<p>5.1. Solnet Contract Renewal</p> <p>Peter Fletcher introduced the paper, and highlighted that Management regularly reviewed the position of suppliers in the market.</p>	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the current renewal period on the Solnet MSA expires on 25 February 2023, with one right of renewal for 12 months remaining. • Noted the continuation of support services provided by Solnet aligns with ACC’s strategic approach to transition and decommission legacy systems. • Noted the likely completion date for MFP replacement and decommissioning is estimated to be FY25/26 however, due to complexities and high risk of MFP there is a possibility that this date may be extended. • Noted the legal position, and procurement activities comply with Government Procurement Rules and ACC’s Procurement Policy.

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	<ul style="list-style-type: none">• Approved the renewal of the MSA between ACC and Solnet Solutions Limited, with proposed variations and a further three rights of renewal for 12 months each.• Authorised the execution of the contract documents and renewals be delegated to the Chief Executive.• Authorised a financial commitment of up to [s 9(2)(b)(ii)] excluding GST, which is the estimated whole of life cost (WOLC) of the Agreement until February 2027. This is made up of [s 9(2)(b)(ii)] spend (February 19 – February 23) and forecasted spend of [s 9(2)(b)(ii)] March 23 – February 27.
<p>Peter Fletcher left the meeting at 2.15pm. [Name withheld] and [Name withheld] joined the meeting at 2.45pm</p>	
5.2. [s 9(2)(h)]	<p>[Redacted content]</p>

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	options in pursuing a legislative amendment to address the 'anomalous and unfair' provisions in the Accident Compensation Act.
<p><i>Andy Milne, [Name withheld] and [Name withheld] left the meeting and [Name withheld] joined the meeting at 3.10pm.</i></p>	
<p>5.3. Prevention and Partnerships Procurement</p> <p>Tane introduced the paper. The Board discussed:</p> <ul style="list-style-type: none"> Participation of Māori providers within the procurement framework. Within the Housing Modifications contract, an individual client can choose a preferred builder through the two current service providers. [s 9(2)(i)] A set of standard terms is also being added to ACC's procurement contracts to incorporate the broader government outcomes. <p>The Board noted that the spirit of Huakina Te Rā was apparent in the thinking and planning in prevention and partnerships procurement.</p>	<p>The Board:</p> <ul style="list-style-type: none"> Noted that the proposed changes to the three health contracts – Non-Acute Rehabilitation Pathways, [s 9(2)(i)] and Housing Modifications Service – align with ACC's strategic approach to commissioning under Value Based Healthcare. [s 9(2)(h)] Approved the Non-Acute Rehabilitation Pathways contract extension and approval to opt out of an open procurement process as per 12(3) of the Government Procurement rules, as set out in Appendix 1. Approved a return to market for Housing Modifications as set out in Appendix 2. [s 9(2)(i)]
<p><i>Mark Cross left the meeting at 3.15pm and Bella Takiari-Brame left at 3.30pm.</i></p>	
<p>5.4. Health Sector Contracts – Annual Pricing Review</p> <p>Tane introduced the paper. The Board's discussion included:</p> <ul style="list-style-type: none"> The numbers in the paper, which had been accommodated in the budget, were as expected at the time of writing. There may be a significant impact from recent weather events, with some services stopping and others seeing an increased need. If the total exceeds 	<p>The Board:</p> <ul style="list-style-type: none"> Noted we are requesting an envelope of funding up to \$145.2 million as set out in Appendix 1. Noted the figures increase column in Appendix 1 reflect both known price impacts of inflation and settled equity and MECAs and

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<p>the envelope approved by the Board, then Management will revert with a further approval.</p> <ul style="list-style-type: none"> Management will endeavour to track additional client costs associated with the cyclone. 	<p>estimated price impacts for currently unsettled equity and MECAs but due to be settled within the financial year.</p> <ul style="list-style-type: none"> Noted there could be a budgetary underspend in health services where we either agree to a lower amount or a MECA remains unsettled. Noted that under ACC’s Corporate Delegations Framework any new spend above this approved cap (e.g., a settlement higher than expected) must be approved by the Board. Approved the amounts as set out in Appendix 1.
<p><i>Tane Cassidy and [Name withheld] left the meeting at 3.40pm.</i></p>	
<p>6. Conclusion</p>	
<p>6.1. Board Work Programme and Next Meeting</p> <p>The Board briefly discussed the Board Work Programme for March, including the Dunedin study, and noted the meeting would be in-person in Wellington for those who would be able to join.</p> <p>An invitation will be sent to the Board to join the Executive waka hourua experience in Auckland on 31 March.</p>	
<p>Meeting Close 4.00pm (Karakia)</p>	

Approved



Chair signature:		
Chair Name: Hon Steve Maharey	Date: 21 March 2023	