



## Board Minutes

<b>Date</b>	7 November 2022
<b>Time</b>	9.00am – 4.15pm
<b>Location</b>	Microsoft Teams
<b>Board</b>	Steve Maharey (Chair), Tracey Batten (Deputy Chair), Sandra Alofivae, Pat Bowler, Mark Cross, David Hunt, Helen Nott, and Bella Takiari-Brame.
<b>Attendees</b>	Megan Main (CE), Tane Cassidy (DCE, Prevention & Partnerships), Stephen Crombie (NZIIS Executive Lead), Peter Fletcher (DCE, Enterprise Change Delivery), Michael Frampton (DCE, People and Culture), 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).
<b>Presenters</b>	[Name withheld] (Manager Strategy & Customer Systems), [Name withheld] (Head of Legal/General Counsel), [Name withheld] (Head of Actuarial Services), [Name withheld] (Manager, Actuarial Monitoring & Insights), [Name withheld] (Manager Legal Corporate & Investments), [Name withheld] (External), [Name withheld] (Manager Policy), [Name withheld] (Head of Finance & Planning), [Name withheld] (Programme Lead WTT), [Name withheld] (Chief Clinical Officer & Head of Health Partnerships), [Name withheld] (Manager Service Strategy & Insights), [Name withheld] (Head of Health Safety Wellbeing), [Name withheld] (Head of Risk & Assurance), [Name withheld] (Head of Privacy).

Item	Resolutions and Actions (Due Date)
<i>The meeting opened at 9.00am with all Board members present.</i>	
<b>Board Only Time (Karakia)</b>	
Board Only Discussion	
<i>Megan Main joined the meeting at 9.30am</i>	
CE only session	
<i>Tane Cassidy, Stephen Crombie, Peter Fletcher, Michael Frampton, Amanda Malu, Stewart McRobie, Andy Milne, Michelle Murray, [Name withheld] and [Name withheld] joined the meeting at 10.05am.</i>	
<b>1. Introduction</b>	
<b>1.1. Welcome and Apologies</b> There were no apologies from Board Members.	

**IN CONFIDENCE**

<b>Item</b>	<b>Resolutions and Actions (Due Date)</b>
1.2. <b>Register of Key Interests</b>	The Board <b>reviewed</b> the Register of Key Interests and <b>noted</b> 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. <b>Previous Minutes</b>	The Board <b>approved</b> : <ul style="list-style-type: none"> <li>• The 6 October 2022 minutes, subject to the change to the “Approach to Trust measures’ resolution.</li> <li>• The 6 October 2022 minutes for proactive release on the ACC website with the redactions identified.</li> </ul>
1.4. <b>Actions List</b> Action 5 - corrected year to 2023 and added Tumu Pae Ora as responsible Executive Lead.	The Board <b>noted</b> the Actions List.
1.5. <b>Chair Update</b> <ul style="list-style-type: none"> <li>• There was no meeting with the Minister this month.</li> <li>• The Chair will speak about Injury Prevention at the ACC Futures conference.</li> </ul>	The Board <b>noted</b> the update.
1.6. <b>CE’s report</b> Megan Main introduced her report. The Board discussed the following updates: <ul style="list-style-type: none"> <li>• Initial lessons learned from two recent cyber security breaches in Australia, including MediBank, which Tracey Batten noted that she was on the Board of.</li> <li>• Artificial intelligence and machine learning advances in Australia to enable better access to information and insights for case managers. ACC’s systems do have the capacity for additional functionality.</li> <li>• The Health, Safety and Wellbeing report highlights an increase in the number of incidents of abuse towards ACC staff. Management is comfortable the appropriate processes are in place to equip staff to deal with the incidents and is thoughtful of supporting people working 60% of the time from home.</li> </ul>	The Board <b>noted</b> the report.

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<ul style="list-style-type: none"> <li>Staff retention and culture.</li> </ul>	
<p><b>2. Associate Minister Jackson – postponed</b></p>	
<p><b>3. Committee Updates</b></p>	
<p><b>3.1. Board Investment</b></p> <p>Mark Cross provided updates on the following from the Committee’s meeting on 2 November:</p> <ul style="list-style-type: none"> <li>Investment returns and the impact of inflation, which is more minimal on ACC’s long-term portfolios.</li> <li>Health and Safety impact fund investment in an injury prevention digital training product.</li> <li>The active approach to appointing and monitoring external fund managers.</li> <li>The Climate Change narrative had been considered by the Committee and will be circulated to the Board when finalised.</li> </ul>	<p>The Board <b>noted</b> the update.</p> <p><b>ACTION:</b> Consider the impact of proposed Modern Slavery legislation on the ethical investment exclusion list.</p>
<p><b>3.2. Risk, Audit and Assurance</b></p> <p>Bella Takiari-Brame provided key updates from the Committee’s meeting on 2 November, including:</p> <ul style="list-style-type: none"> <li>EY’s assurance report on ACC’s current climate change disclosures will be circulated to the Committee out of cycle. EY provided a verbal high summary of their findings - ACC complies with climate reporting disclosures and is considered ahead of the market.</li> <li>Progress on the Internal Audit plan including the Committee’s recommendation on the Kaupapa Māori post-implementation review and providing clarity on the operating model using the three lines of defence model.</li> <li>The Quarterly Enterprise Risk Compliance Report, which included Committee’s discussion on high and trending risk themes, multiple drivers of changes and how ACC staff are dealing/coping with the different levels of changes.</li> </ul>	<p>The Board:</p> <ul style="list-style-type: none"> <li><b>Appointed</b> Sandra Alofivae as a member of the Board Risk, Audit and Assurance Committee effective 7 November 2022.</li> <li><b>Noted</b> the update.</li> </ul>

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<ul style="list-style-type: none"> <li>The Integrity Services update, which noted the positive feedback from ACC teams on the Integrity Policy and Guidelines, and ACC initiatives to build a proactive integrity culture.</li> </ul>	
<p>3.3. <b>Social Unemployment Insurance</b></p> <p>Pat Bowler provided updates on the following from the Committee's meeting on 25 October:</p> <ul style="list-style-type: none"> <li>[ s 9(2)(f)(iv) ]</li> <li>Procurement had been discussed at length by the Committee.</li> <li>The decision about ACC's role in the end-to-end case management model has not yet been finalised. NZIIS risks will be highlighted on the ACC risk register, which will be refreshed with the new strategy.</li> </ul> <p><i>The Board and Management took a short break at 11.10am and returned at 11.20am.</i></p> <p>The Board discussed the proposed consultancy agreement, noting that it had not been endorsed by the SUI Committee. The Board was satisfied with the checks in place to ensure continued performance but asked that Management provide the paper and appendices to the SUI Committee for approval on 18 November, which can be ratified by the Board at its next meeting.</p>	<p>The Board <b>noted</b> the update.</p> <p>The Board <b>noted</b> the proposed consultancy agreement will be considered by the SUI Committee at its meeting on 18 November.</p>
<p><b>4. Strategic, Governance and Policy Matters</b></p>	
<p>4.1. <b>Board and Executive's Perspectives – Working Together</b></p> <p>The Board Chair and the Chief Executive introduced the discussion noting the similarities between the Board and Executive perspectives, as set out the Appendices. The Board and Executive discussion included:</p>	<p>The Board <b>discussed</b> the Board and Executive's perspectives.</p> <p><b>ACTION:</b> Board and Executive to have a follow up perspectives discussion in mid-2023.</p>

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<ul style="list-style-type: none"> <li>Ensuring there is Board time on strategic, external facing and performance matters - the agenda could be reoriented to reflect these priorities.</li> <li>The importance of trust and confidence between the Board and Executive.</li> <li>Reducing the number of attendees at Board meetings.</li> <li>Less data and more insights in papers. Accurate reports that the Board can rely on.</li> <li>There is ongoing work to improve the quality of papers and meetings, and develop the Board Work Programme.</li> <li>The 'critical friend' role of the Board. The strategic insight from the Board is valued by the Executive.</li> <li>All communications are to go through the Board Chair and CE, except for Committee Chairs with their lead Executive.</li> </ul>	
<p>[Name withheld] and [Name withheld] also joined the meeting at 12.00pm</p>	
<p>4.2. <b>Strategy – Enterprise Strategy Narrative &amp; Guiding Principles</b></p> <p>Andy Milne introduced the paper. The Board noted it was comfortable with the direction of the narrative and discussed:</p> <ul style="list-style-type: none"> <li>The flow through of the strategic narrative into the Statement of Intent and the future operating model.</li> <li>Ensuring the narrative is consistent, and that ACC can deliver what it says.</li> <li>The definition of equity and outcomes for all people in Aotearoa.</li> <li>Clarification of the dual-framed goals under the Waka Hourua approach.</li> </ul>	<p>The Board:</p> <ul style="list-style-type: none"> <li><b>Approved</b> the attached strategy document Huakina Te Rā, subject to clarification of the points raised by the Board.</li> <li><b>Approved</b> the work that has been done on the Strategy to date, noting the further work underway.</li> <li><b>Noted</b> [ s 9(2)(h) ]</li> <li><b>Noted</b> the draft Statement of Intent for 2023-2027, which sets out how Haukina Te Rā translates into action for the next four years (2023-2027), will be considered at the December Board meeting.</li> </ul>
<p><i>The Board stopped for lunch at 12.30pm and the meeting reconvened at 1.00pm. Stephen Crombie had left the meeting during the break.</i></p>	
<p><b>Referencing Te Tiriti o Waitangi/the Treaty of Waitangi</b></p> <p>[Name withheld] [ s 9(2)(h) ]</p>	<p>The Board:</p> <ul style="list-style-type: none"> <li>[ s 9(2)(h) ]</li> </ul>

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<ul style="list-style-type: none"> <li>• [ s 9(2)(h) ]</li> <li>• [ s 9(2)(h) ]</li> <li>• [ s 9(2)(h) ]</li> <li>• [ s 9(2)(h) ]</li> </ul>	<ul style="list-style-type: none"> <li>• [ s 9(2)(h) ]</li> <li>• [ s 9(2)(h) ]</li> </ul>
<p><i>Tane Cassidy, Peter Fletcher, Michael Frampton, Amanda Malu, Michelle Murray, [Name withheld] and [Name withheld] left, and [Name withheld] and [Name withheld] joined the meeting at 1.30pm.</i></p>	
<p><b>4.3. ACC Reinsurance Needs – Review</b></p> <p>[Name withheld] introduced the paper. The Board discussed:</p> <ul style="list-style-type: none"> <li>• The assumptions in each scenario are based on the status quo, rather than taking into account of other subsequent events, but do assume no policy response.</li> <li>• Potential impact of NZIIS on ACC’s reinsurance needs.</li> </ul>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Approved</b> that ACC will not obtain reinsurance cover at this time.</li> <li>• <b>Approved</b> that ACC will reconsider the question of any future need for reinsurance in 5 years’ time (by the end of 2027) and bring this to the Board at this time.</li> </ul> <p><b>ACTION:</b> Report back in 12 months (November 2022) on ACC’s reinsurance needs taking into account NZIIS.</p>
<p><b>4.4. ACC 2022 Financial Condition Report</b></p> <p>[Name withheld] introduced the paper. The Board’s discussion and feedback included:</p> <ul style="list-style-type: none"> <li>• The financial condition is multi-dimensional, and the language is important to provide a strong message on deteriorating claims performance and the impact on funding pathways.</li> <li>• The underwriting, economic and net surplus/deficit table and the part of investments that ACC can control as part of the insurance cycle. It would also be useful to include more than three years of data.</li> <li>• The Board will have a deep dive into the OCL in February 2023. A focus on the three to four areas of strain will be helpful for that discussion, as well as the ‘human factor’ and sensitive claims.</li> </ul>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> that in accordance with the Board’s delegation, the Appointed Actuary has prepared and will issue the Annual Financial Condition Report.</li> <li>• <b>Noted</b> that the key conclusion of the 2022 FCR – that ACC can improve client outcomes and its declining financial condition through more effective investment in injury prevention and long-term rehabilitation.</li> <li>• <b>Noted</b> that the 2022 FCR closes one recommendation that has been resolved and places one recommendation on hold.</li> <li>• <b>Noted</b> that four recommendations from previous FCRs remain open.</li> <li>• <b>Noted</b> that the FCR makes one new recommendation focused on measuring customer outcomes.</li> </ul>

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<ul style="list-style-type: none"> <li>The treatment injury recommendation is on hold due to other pressing priorities for the health sector and ACC. Management will do more investigation before closing.</li> <li>The management expense ratio is good and has remained relatively consistent year-on-year.</li> <li>The data deficit in relation to Māori access, outcomes and experience. The collection of data and design of measurement frameworks are at the early stages. There is no good baseline of data, but some anecdotal evidence.</li> <li>Inclusion of NZIIS in the FCR.</li> <li>How to communicate and further evolve the FCR messaging.</li> </ul>	<ul style="list-style-type: none"> <li><b>Approved</b> providing the report to the Minister for ACC, subject to the Appointed Actuary considering any feedback provided by the Board.</li> </ul>
<p>[Name withheld] and [Name withheld] left, and [Name withheld] and [Name withheld] joined the meeting at 2.20pm.</p>	
<p>4.5. <b>Shamrock Superannuation Limited</b></p> <p>Stewart McRobie introduced the paper.</p> <p>The Board discussed that the external assurance review will be across governance of Shamrock, including Master Trust arrangements and appointment of Directors. All elements previously discussed by the Board are incorporated into that review, which is due back in 2023.</p>	<p>The Board:</p> <ul style="list-style-type: none"> <li><b>Noted</b> the contents of this paper.</li> <li><b>Noted</b> that Management will, as part of a wider review of ACC's remuneration and conditions of employment, commission an external review of the Scheme considering how ACC provides superannuation benefits to its people. This review will commence in early 2023.</li> <li><b>Approved</b> the appointment of Paul Dyer, Michael Frampton, and Stewart McRobie as directors of Shamrock, effective 1 January 2023 and subject to the approval of the Financial Markets Authority (FMA).</li> <li><b>Approved</b> ACC's entry into Deeds Relating to Indemnity, Access and Insurance with Paul Dyer, Michael Frampton, and Stewart McRobie.</li> <li><b>Delegated</b> the ACC Board's responsibility for monitoring Shamrock's operations to the People and Remuneration Committee.</li> </ul>
<p>[Name withheld] and [Name withheld] left, and [Name withheld] joined the meeting at 2.25pm.</p>	
<p>4.6. <b>Policy Update - Regulated Rates for Treatment Providers</b></p>	<p>The Board:</p>

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<p>Andy Milne and [Name withheld] introduced the paper. The Board discussed:</p> <ul style="list-style-type: none"> <li>• Provider feedback on the increases is not expected, which may address some cost pressures.</li> <li>• The timing of the review, noting that it had recently been extended to two years from annually. There had been recent overlaps due to Covid, but Management is preparing for the next review and will come back to the Board with sufficient timing in late 2024 (October and December).</li> <li>• There is a larger piece of work with MBIE and ACC policy teams to look at all levers on co-payments. The Board will be kept updated on this work.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Noted</b> the contents of this paper, which updates the Board on the biennial review of rates paid under the Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003 (the CoTR) and Accident Compensation (Apportioning Entitlements for Hearing Loss) Regulations 2010.</li> <li>• <b>Noted</b> that ensuring that the regulated rates keep pace with price changes in provider markets aims to ensure that clients don't face treatment access barriers, and facilitates provider trust in ACC.</li> <li>• <b>Endorsed</b> the proposed bespoke rate increases for different provider groups, as outlined in Appendix One.</li> <li>• <b>Endorsed</b> the addition of a new pricing code to support implementation of maternal birth injury claims.</li> </ul>
<p>[Name withheld] and Andy Milne left the meeting at 2.35pm. Peter Fletcher re-joined the meeting. The Board took a short break until 2.40pm.</p>	
<p>4.7. <b>ICIP Cabinet Paper</b></p> <p>Peter Fletcher introduced the paper. The Board discussed:</p> <ul style="list-style-type: none"> <li>• The risk of negative NPV is low. The bulk of the drop relates to claims already received by ACC.</li> <li>• New SOI measures will be discussed in early 2023, with a view to providing a paper to the Board to close ICIP in April 2023.</li> </ul>	<p>The Board <b>approved</b> the ICIP Cabinet paper.</p>
<p><i>Peter Fletcher left and [Name withheld] joined the meeting at 2.45pm</i></p>	
<p>4.8. <b>HYEFU 2022 – Approved Out of Cycle</b></p> <p>[Name withheld] provided a verbal update to the Board.</p>	<p>The Board <b>noted</b>:</p> <ul style="list-style-type: none"> <li>• the 2022 HYEFU, which was approved out cycle</li> <li>• the 2023 HYEFU is in the 2023 RAAC work programme.</li> </ul>
<p><b>5. Reports</b></p>	
<p><i>Tane Cassidy and Michelle Murray re-joined the meeting at 2.50pm.</i></p>	

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<p>5.1. <b>Performance</b></p> <p>Megan Main and Stewart McRobie introduced the report. The Board discussed:</p> <ul style="list-style-type: none"> <li>• The rehabilitation performance project within the long-term claims pool is an example of gaining a better understanding of performance, although real change will take a system-wide approach.</li> <li>• Ideally, measurements will show leading and lagging information on what ACC can control with the right targets. Service Agreement measures are important but could be an appendix to performance reporting that provides evidence-based information to the Board.</li> <li>• The current public trust and confidence measure for 2022/23 is the same as used in 2021/22.</li> <li>• Changes in some of the commentary of the report that will tell an authentic evidence-based story.</li> </ul>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the contents of the report.</li> <li>• <b>Approved</b>, subject to any final changes, the submission of the first quarterly report 2022/23 to the Minister by 9 November 2022.</li> </ul>
<p>[Name withheld] <i>joined the meeting and</i> [Name withheld] <i>left the meeting at 3.20pm.</i></p>	
<p>5.2. <b>Kōkiri Whakamua</b></p> <p>Michelle Murray introduced the report. The Board discussed:</p> <ul style="list-style-type: none"> <li>• The work programme with Waikato Tainui, who continue to be engaged on Kia Mahea Kia Puāwai.</li> <li>• Ngā Tini Whetū and the pause on the expansion to the South Island. ACC's contribution remains the same and work continues in the North Island. The Board will receive an update for noting at the December meeting.</li> </ul>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> Kōkiri Whakamua will continue to provide an overview of delivery of Māori strategy priorities, whilst we work towards preparing for the implementation of Huakina te rā (Enterprise Strategy).</li> <li>• <b>Noted</b> the Kōkiri Whakamua report attached.</li> <li>• <b>Noted</b> the highlights for Kōkiri Whakamua in Quarter 1, including the launch of the ACC Te Reo Strategy.</li> <li>• <b>Noted</b> the challenges experienced in Quarter 1.</li> </ul>
<p>[Name withheld] <i>left, and</i> [Name withheld] <i>and</i> [Name withheld] <i>joined the meeting at 3.30pm.</i></p>	
<p>5.3. <b>Health Sector Strategy</b></p> <p>Tane Cassidy and [Name withheld] introduced the report. The Board discussed:</p>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the quarterly Health Sector Strategy update to the Board.</li> </ul>

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
<ul style="list-style-type: none"> <li>The HSS IQA recommendations. The IQA would go to the HSS Advisory Committee for noting before being provided to RAAC.</li> <li>The approval for ECP in March 2023 will need to include information on market power and an appropriate commissioning approach. This is a work in progress, with the model shifting to enable smaller providers to engage and to facilitate a market through data</li> <li>Definitions of value, and the recent feedback on wider value.</li> </ul>	<ul style="list-style-type: none"> <li><b>Noted</b> the proposed shift in focus towards Value Based Healthcare as the approach for health commissioning at ACC.</li> <li><b>Noted</b> that the Escalated Care Pathways program, our largest Health Sector Strategy proof of concept, four-year contract ends December 2023 and will need Board approval by March 2023 to proceed to market with a scaled model.</li> </ul>
<p>[Name withheld] and [Name withheld] left, and Michael Frampton, [Name withheld], [Name withheld] and [Name withheld] joined the meeting at 3.40pm.</p>	
<p>5.4. <b>Health, Safety and Wellbeing</b></p> <p>Michael Frampton introduced the report. The Board discussed the new report format.</p>	<p>The Board <b>noted</b> the contents of the report.</p>
<p>[Name withheld] left the meeting at 3.45pm.</p>	
<p>5.5. <b>Enterprise Risk and Compliance Report</b></p> <p>Stewart McRobie introduced the report, which had been considered by RAAC. [Name withheld] responded to questions from the Board.</p>	<p>The Board:</p> <ul style="list-style-type: none"> <li><b>Noted</b> the contents of the Quarterly Enterprise Risk and Compliance Report, and commented favourably on the new format of the report.</li> <li><b>Noted</b> that the rating of ACC's entity risk profile remains High but has reduced to a stabilising risk trend as a result of progress evidence against action plans overall.</li> </ul> <p><b>ACTION:</b> Management to reconsider the 'medium' rating of cyber security risk (December 2022).</p>
<p>[Name withheld] left the meeting at 3.55pm.</p>	
<p>5.6. <b>Personal Information and Privacy</b></p> <p>[Name withheld] introduced the report. The Board discussed the self-assessment, which did not identify any gaps or additional work to add to the action plan.</p>	<p>The Board:</p> <ul style="list-style-type: none"> <li><b>Noted</b> the contents of the paper.</li> <li><b>Approved</b> a quarterly reporting cadence for personal information and privacy updates going forward.</li> </ul>

**IN CONFIDENCE**

Item	Resolutions and Actions (Due Date)
	<ul style="list-style-type: none"> <li><b>Noted</b> the change of Senior Responsible Officer, from Megan Main to Stewart McRobie, DCE Corporate and Finance.</li> </ul> <p>Megan Main, Tane Cassidy, Stewart McRobie, Michelle Murray, [Name withheld], [Name withheld] and [Name withheld] left the meeting at 4.05pm.</p>
<b>6. Conclusion</b>	
6.1. <b>Board Work Programme</b>	
6.2. <b>Next Meeting</b>	
<b>Board Only</b>	
6.3. <b>Review Actions to be taken</b>	
6.4. <b>Meeting Evaluation (reflections and feedback)</b>	
<b>Meeting Close (Karakia)</b>	

**Approved**



Chair signature: \_\_\_\_\_

Chair Name: Hon Steve Maharey

Date: 7 December 2022