

20 June 2022

Kia ora [REDACTED]

Your Official Information Act request, reference: GOV-014827

Thank you for your email of 21 October 2021, asking for ACC Board Minutes from February 2021 under the Official Information Act 1982 (the Act).

We have withheld some information from the minutes

We have interpreted your request as seeking the board minutes from March to September 2021 (which was the most recent minutes at the date of your request). We provided you the February 2021 minutes on 5 October 2021 for a previous request (ref: GOV-010269).

Attached are copies of the approved board minutes for that period. We have withheld some information under the following grounds:

- 9(2)(a) - to protect the privacy of natural persons
- 9(2)(f)(iv) - to maintain the constitutional conventions that protect the confidentiality of advice
- 9(2)(h) - to maintain legal professional privilege
- 9(2)(j) – to carry on, without prejudice or disadvantage, negotiations.

We have considered the public interest with respect to the information withheld and are of the view it does not outweigh the interests being protected. We have also redacted the names of individuals, except Board members and Executive staff, noting your email of 18 May 2022 confirming you did not require this information.

As this information may be of interest to other members of the public

ACC has decided to proactively release a copy of this response on ACC's website. All requester data, including your name and contact details, will be removed prior to release. The released response will be made available www.acc.co.nz/resources/#/category/12.

If you're concerned about this response, please get in touch

You can contact our Media team at media@acc.co.nz. If you are not happy with this response, you can also contact the Ombudsman via info@ombudsman.parliament.nz or by phoning 0800 802 602. Information about how to make a complaint is available at www.ombudsman.parliament.nz

Ngā mihi



Sara Freitag
Acting Manager Official Information Act Services
Government Engagement & Support

Minutes of a meeting of the Board of the Accident Compensation Corporation held via videoconference at the ACC Boardroom, Level 27, HSBC Tower, 188 Quay Street, Auckland, on Thursday, 25 March 2021 at 9.00 am.

Present

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

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully	Chief Operating Officer	
Ms Sharon Champness	Chief Talent Officer	
Mr John Healy	Chief Financial Officer	
Ms Vanessa Oakley	Chief General Counsel	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Emma Powell	Chief Customer Officer	
Mr Herwig Raubal	Chief Risk and Actuarial Officer	
Ms Gabrielle O'Connor	Head of Client Recovery	Item 4.1
Outside of scope	Enterprise Advisor, Operations	Item 4.1
Outside of scope	Product Manager, Operations	Item 4.1
Outside of scope	Head of Communications and Engagement	Item 5.1
Outside of scope	ACC Brand and Identity Manager	Item 5.1
Outside of scope	Head of Injury Prevention	Item 5.1
Outside of scope	Manager Social Marketing	Item 5.1
Outside of scope	Head of Health, Safety and Wellbeing	Item 6.1
Outside of scope	Manager, Investments Legal Services	Item 6.2
Outside of scope	Head of Strategy Policy and Research	Item 6.2
Outside of scope	Acting Manager Corporate Secretariat	
Outside of scope	Associate Company Secretary	

1 Procedural Business

1.1 Apologies

There were no apologies received for the meeting.

1.2 Register of Conflicts of Interest

In relation to the Legal Update, Ms Takiari-Brame noted that she knew Mr Stafford.

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Investments Committee

Mr Miller provided an update on the Investment Committee:

- The fund continued to perform well and was 120bps up year-to-date.
- The Committee approved modest, interim changes to the Strategic Asset Allocation reflecting a reduction in equity and move to long bonds.
- The Committee had an extensive discussion on the appointment of Aotea Asset Management as a new manager in New Zealand under the Private Equity team to work in the non-corporate debt market. This was a new area for ACC and the Committee recommended material changes to Management.
- A range of governance documentation was discussed by the Committee: Terms of Reference, delegations, Investment Statement and the Risk Management Policy. The changes generally modernised and simplified the documents and reflected the Governance Review. Because a high level of attention to detail was needed, the Committee formed a sub-committee to go through that detail and recommend the final versions to the Committee and the Board.
- Defence companies Raytheon and BAE Systems would not be added to the Direct Investment Exclusions list but would remain constantly under review. Investments aligned with New Zealand law, and the position was quite complex at the detailed level. The Committee asked Management to come back with a more graduated scale of exclusions for companies which might be in the grey area.

The Board Chair noted that the Power of Attorney item on the Board agenda had been deferred in line with the Board Investment Committee discussions on governance documentation.

2.2 Health Sector Strategy Advisory Committee

Dr Batten provided an update on the HSS Advisory Committee:

- Dr Robson was now permanent in his role and took the Committee through the new Operations structure. The new structure allowed the different groups within the division to work closely together to implement the HSS.
- Messrs **Outside of scope** and **Outside of scope** presented on the HSS Targeted Assessment from EY, noting that the implementation of the Health and Disability System Review was likely to disrupt the sector in the coming months.
- The draft HSS Roadmap was presented. This was a key recommendation out of the EY assessment. The Roadmap would come back to the April Board for consideration.
- The external review of ECP showed positive feedback, however there was no control group to show comparisons for clients not on the ECP programme. The financial modelling was starting to show benefits and the reinjury rates were encouraging.
- **Outside of scope** (Māori Health Manager) provided a positive update to the Committee on Māori Health Services work. ACC was now starting to get data for Māori and other populations about access to services compared to other demographic groups.
- Mr Fletcher's team provided an update on the technology platform. The team was doing a good job of engaging with the sector to provide a shared view of care plans and performance.
- The Committee would be completing an evaluation out of cycle, with results to be presented at the next meeting.

The Board thanked Dr Batten for her work in chairing this Committee.

3 Board Only Session

3.1 Chief Executive's Report

The Chief Executive covered the following in his report:

- Executive team update
- Rehabilitation performance focus - discussion
- Health & Disability Review - update of engagement
- Public awareness campaign and brand update - discussion
- Corporation's response to recent earthquake & tsunami warning.

3.2 Carbon Emissions Target Review

The Board continued the discussion from the Board Investment Committee the previous day, and asked Mr Dyer if Management was comfortable to move to a 60% reduction in the carbon intensity of the investment's global equity portfolio by 2025 and a 65% reduction by 2030.

The Board asked Mr Dyer to work with NZ Super on an agreed approach to fossil fuel exclusions.

The Board discussed future investment approaches and exclusions and the difficulty with sector classification as some companies might swap from sector to sector depending on their primary or most profitable business at the time. It was important for ACC to avoid investment policies that might result in absurd outcomes – for example, excluding investment in Air New Zealand and then travelling by plane.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the background to, and progress made to date against, ACC's existing carbon emissions targets.
- (b) **Approve** the following change to ACC's Investments carbon emissions target: Amend the description of the in-scope Investments from "global equity portfolio" to "listed equity portfolio".
- (c) **Approve** the following change to ACC's Investments carbon emissions target subject to e): Reducing the carbon intensity of the Investment's listed equity portfolio by at least 60% by 2025 and 65% by 2030 compared to 2019 levels.
- (d) **Approve** no change to ACC's Corporate carbon emissions target subject to e).
- (e) **Note** that any change to carbon emissions targets and any decisions on offsetting are contingent on the outcome of the current discussions between the CFIs and Government about the public sector net zero by 2025 targets and about definitions of emissions and offsetting.
- (f) **Note** that the Corporate emissions target will be reviewed again in early 2022 following completion of the 2020/21 Toitū audit, and an expected return to a new 'normal' level of business activity as part of the COVID recovery
- (g) **Note** that the Investments team will work with NZ Super on an agreed definition of fossil fuels to be used for future discussions on carbon emissions.

4 Operational Reporting

4.1 (a)(i) Performance Update

The Board raised the following items from the Performance Update during discussion of the Short-Term Rehabilitation Focus paper:

- The changes to the acupuncture framework, reducing the allowed number from 16 sessions in 52 weeks to 12 sessions in 12 weeks. Mr Tully explained that this change could only be made as a result of the evidence gained through the clinical efficacy guidelines. A similar approach would be undertaken for other services.
- Social rehabilitation was 28.8% higher than projected. Mr Tully responded that there had been a focus on the various increases within the budget: home support, equipment and training for independence, which was 16.6% over budget due to volume increases. Tactical changes would be addressed through the Health Agile Release Train and the planning process for this gets underway the week following the Board meeting.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the Claims Cost performance.
- (b) **Note** the Operational and Financial Performance.

4.1 (a)(ii) Short-Term Rehabilitation Focus

Mr Tully introduced the performance update focussed on the 70-day and 273-day rehabilitation performance and initiatives. The paper provided an overview of the 52-week rolling average for both rehabilitation measures, and Mr Tully explained how the measures were calculated, noting that the rolling average still reflected the negative impact the COVID-19 lockdown had on performance. Based on current performance, Management was confident that both the 70-day and 273-day targets would be met.

Performance from 1 July 2020 had not been as strong as anticipated due to continued small COVID-19 lockdowns and the delayed rollout of Next Generation Case Management (NGCM), resulting in frontline teams spending longer in the transition period.

The Board expressed its full support for Mr Tully and his team in achieving these targets, and asked Mr Tully to confirm that there were no resource constraints. Mr Tully responded that there was some additional resource starting with the team in the next week, as well as personnel to manage outstanding tasks which would support meeting the performance targets ahead of the end of this financial year and into the next.

The Board queried the plan to get to a 69% target by 30 June 2024, as this was a big step. Mr Tully explained that the paper coming to the Board in April would show that plan and trajectory.

The Board asked what impact another COVID lockdown would have on performance targets. A prolonged lockdown in Auckland or a shorter New Zealand-wide lockdown would affect the rolling results for the next 12 months, but smaller lockdowns would not result in a material change. It was important for Management to be clear when signalling confidence in reaching performance targets that this could still be impacted by a lockdown.

The Chief Executive explained that this was a broader challenge than just COVID – ACC had not had a chance since NGCM was fully rolled out to get to a new normal, and so assumptions would need to be made about what 'good' looked like. For example, in previous years the target was 80% and now 69% in 2024 was an ambitious goal. Ms O'Connor continued that while the business was not standing still, this was an ongoing question as the model was embedded. It would also be useful for the Board to get an idea of whether, since COVID, there had been any behavioural shift in New Zealand that might change the new normal. ACC was constantly improving on receiving and acting upon the voice of the customer, which gave confidence that Management would pick up on any of these macro trends.

The Board discussed the impact of mental health on ACC claims, noting that this was another area that had been impacted and accelerated by COVID which could play out over a long period.

The Board asked Management to think about and present to the next meeting on how to ensure the rehabilitation performance continued to improve if the spotlight focus shifted.

RESOLVED: The ACC Board resolved to note the discussion on the Short-Term Rehabilitation Focus.

4.1 (b) Quarterly Enterprise Risk and Compliance Report

Mr Raubal introduced the Quarterly Report, noting that the overall risk profile had reduced from high to medium, and there were six high risks across the business. The discussion of the report focussed on the following:

- Claims cost management – a paper was coming to the Board in April following the November 2020 paper on drivers of claims.
- Māori access and outcomes risk – it was difficult to define outcomes and the baseline in this area, and there was an opportunity for Whāia Te Tika activities to lead and show how that could be done well.

The Board queried how this was reflected in the budget. Ms Powell explained the costs were not all in the same place – the Māori and Cultural Capability team had a budget for personnel

and projects, but there was also significant funding under the HSS, codesign work for kaupapa Māori and the injury prevention investment fund. Data was a big part of being able to measure progress in this area and, while the trajectory was good, focus was still required.

- Implementation of the Health and Disability System Review would require engagement from ACC. The vaccine rollout would also have an impact on the health system and treatment injury implications for ACC were being worked through.

The Board Chair noted the discussion at the Investment Committee the previous day on the risk responsibilities for both the Board and the Committee. The Board could not delegate its risk responsibilities, but the Investment Committee was across the detail of investment related risks. The Risk and Assurance team had had a session with the Investments team to ensure the right assurance settings for investments following the governance review. The Board set the risk appetite, but there must be a mechanism for the Investment Committee to notify the Board if it were operating outside that appetite. Mr Raubal confirmed that this had recently been clarified in the revised Risk Assurance and Audit Committee Terms of Reference.

The Board noted that Mr Raubal was working to bring a more risk appetite lens to risk reporting. The target risks were annually updated.

RESOLVED: The ACC Board resolved to **note** the Quarterly Enterprise Risk and Compliance Report.

5 Board Papers

5.1 (a) Public Awareness Campaign and Brand Update

Ms Powell introduced the paper, explaining that the focus of the awareness campaign had been to build up a currency of trust for ACC. **Outside of scope** took the Board through the awareness campaign activity over the last year centred around ACC improving lives every day. Despite the volatility during 2020, the strategy presented to the Board in October 2019 still held strong. There were eight awareness campaigns through 2020, including a 'bubble life' campaign during COVID. The metrics had scored well: people looked at the content 14m times and clicked through to ACC's Newsroom 1.1m times. Management was particularly heartened by some of the results received from Māori youth, with an uptake in Māori ticking the box that 'ACC looks and feels like me'.

The Board queried the benchmark from December 2019, noting that these numbers were the baseline, and asked how the metrics compared with IRD, which had been used as a comparator for ACC when the campaign was endorsed by the Board. The metrics were very similar and on track.

The Board asked how levy paying business customers were reflected throughout the campaigns. **Outside of scope** explained that this was part of the plan for FY2022. ACC had been focussed on spreading awareness during 2020 and was now looking at how to use communications and engagement levers in all areas of the business to get a better outcome. Ms Powell continued that there were a range of factors that impacted business customer trust – some would be addressed through public campaigns, while others through direct communications.

Outside of scope introduced the Board to the incremental and multi-year brand revitalisation programme. This approach would retain all the positive associations with ACC's brand, but would allow for a new and more relevant expression. The changes would be built from the inside-out. The Board asked that Management engage early with the Board on images and other brand changes.

The Board thanked Management for the presentation, noting the challenge that ACC has as most clients engaged directly with providers. This was a multi-year process and it was useful to see the progress made in this environment.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the early positive results of ACC's public awareness activity during the 2020 calendar year, including a steady uplift in key ACC campaign metrics – awareness, visibility, understanding and sentiment.
- (b) **Endorse** ACC's public engagement approach and plans for FY22, with a strong focus on engagement to support business performance.

5.1 (b) Preventable Campaign

Outside of scope introduced the paper. The production of materials for the preventable campaign was almost complete, with 'go-live' scheduled for 11 April. Management would provide the material for the Board to preview and would continue to report back on progress through weekly and monthly reporting.

Management explained the key research cohort involved in preventable, which included 900 people to allow tracking and measurement of the claim profile.

The Board discussed digital engagement beyond delivery of advertising. Management responded that there was active monitoring and proactive messaging across multiple sources. The campaign would direct people to the ACC Newsroom.

The Board discussed the campaigns, noting that the profile of investment over five years had been deliberate with an initial focus to build awareness and benchmarking. It was important to keep the campaigns aligned internally.

RESOLVED: The ACC Board resolved to:

- (a) **Endorse** the public launch of the 'Preventable' injury prevention initiative on 11 April 2021, subject to sending the material to the full Board and sign off by the Chief Executive and the Board Chair.
- (b) **Note** that significant stakeholder engagement is underway to ensure employees and external partners are briefed and able to actively support the launch. This includes the opportunity for Ministerial involvement through a media statement.
- (c) **Note** that it is designed to directly impact on the whole ACC claim portfolio - as well as support the impact of individual Injury Prevention programmes to enhance wellbeing and reduce the cost of claims.
- (d) **Note** that it is primarily a communications initiative that has been funded for a two-year proof of concept phase.
- (e) **Note** that significant independent consumer research and expert guidance has underpinned its development and a robust monitoring framework is in place.
- (f) **Note** that 'Preventable' was designed with reference to ACC's Whāia Te Tika strategy.
- (g) **Note** that it supports, and is supported by, the ACC Public Awareness campaign and Brand activity.

5.2 Statement of Intent & Service Agreement

Mr Healy introduced the accountability documents, noting that following during 2020, the Service Agreement had been delayed by three months and the Annual Report had also been delayed due to COVID. As explained to the Board last month, the Statement of Intent would not change significantly this year but would undergo a full refresh later in 2021.

The Service Agreement would be provided to the Board as soon as possible ahead of a formal review at the meeting in April.

The Board discussed the "Stronger Together" theme for the Annual Report outlined in the paper. It was important that ACC speak to its clients and levy payers about what it was doing for and through them and this needed to strongly come through in all documentation. This emphasis could even be seen in the sentence structure, which was very ACC focussed.

The Board's specific feedback was as follows:

- There was no reference to the HSS and improving outcomes for clients in the key messages – this was important to include.
- Investments was referred to three different ways throughout and should be aligned.

- The value order was not consistent – safe kiwis should be the top value.
- Customer and client were used interchangeably throughout.
- Feedback from the previous meeting on financial sustainability had been incorporated, but now read as financial sustainability plus ESG.
- The use of te reo Māori was excellent, but Management should check spelling and macrons.

The Board had a broader discussion on ACC's vision, noting that it did not reflect business customers. Mr Pickering noted that the Board would have a chance to discuss this in depth later in the year, but Mr Healy would also reflect this in the current SOI. The 'unique partnership' represented the unique interactions that ACC had in the lives of New Zealanders.

The Board noted that it had had a discussion yesterday on the link between the accountability documents and the Minister's Letter of Expectations and asked Mr Healy to reflect the upcoming 2021 refresh of the Statement of Intent.

The Board Chair asked the Board to provide any detailed feedback to Mr Healy directly.

The Board Chair noted that Dr Nott, Mr Bowler, Mr Brabazon and Dr Batten were happy to be involved in any further reviews of the accountability documents.

RESOLVED: The ACC Board resolved to:

- Review** the draft SOI21-25 and provide feedback to management as appropriate.
- Approve** the release of the draft SOI21-25 to Treasury, MBIE and EY for their review pending any Board revisions.
- Note** management's proposed theme and key messages for the Annual Report 2021 and provide feedback.
- Note** the proposed timeline for the annual report, with a first draft to the Board in late July 2021 and presentation to the House in September/October 2021.

5.3 Budget 2020/21 (BEFU2021)

Mr Healy presented the proposed budget, the forecast for this financial year, and the forecast for the following three years. The update reflected strong economic growth assumptions from Treasury, which in turn lead to higher claims cost. The budget assumed the trajectory of improvement in rehabilitation performance would continue. ACC was still awaiting more information from the Ministry of Health on the PHAS costs and was currently working within a 3-11% increase, with 8.5% assumed in the budget. The OCL strain was not assumed in the budget. Management believed this was a fair and appropriate budget.

The Board reviewed the recommendations, noting that it was difficult to approve the budget without a business plan, including injury prevention and rehab performance. The Board was able to approve providing the forecast to Treasury, but not the budget for Management to work with for the rest of the year.

The Board asked how the gap between levies and new year claims costs was reflected and assumed within the proposed forecast. Mr Healy responded that levy increases were projected in line with the funding policy, but there would only be a small impact in FY 2021/22.

The Board noted that some ICIP benefits had been included and some excluded. This would be clarified for the Board as part of the business plan.

The Board asked Management to amend some of the language used, for example the combination of sensitive claims and kaupapa Māori.

The Board discussed whether the Risk Assurance and Audit Committee had a role in approving this budget, but that the timing was slightly wrong given the next Committee meeting was not until May.

RESOLVED: The ACC Board resolved to:

- (a) **Approve** the preliminary Budget and Forecast for the financial years 2021/22 to 2024/25 be provided to Treasury by 6 April 2021 subject to any amendments arising from the Board's review being approved by the Board Chair and Deputy Chair.
- (b) **Note** the preliminary Budget and Forecast is subject to upcoming business planning processes.

5.4 Internal Audit Charter

In response to a query from the Board, Mr Raubal explained the assurance processes. The Board noted that this had been provided directly to the Board at the request of the Risk Assurance and Audit Committee Chair, and that she had no comments on the changes.

RESOLVED: The ACC Board resolved to **approve** the Internal Audit Charter.

5.5 Information Management Policy

The Board asked Mr Fletcher to ensure that the government responsibilities of the Chief Information and Technology Officer were included. In response to a query regarding data sharing and potential breaches, Mr Fletcher explained that each agency was responsible for data under its control and sharing arrangements were governed by Memoranda of Understanding.

In response to a query regarding the ethical use of data, Mr Fletcher explained that an Ethics Group was embedded into ACC's procedures involving data.

The Board asked Mr Fletcher to make minor updates to the Policy including referring to the Ethics Group and to continuous improvement in the corporations' processes.

RESOLVED: The ACC Board resolved to **approve** the Information Management Policy subject to the changes requested by the Board.

6 Performance Reports

6.1 Health, Safety and Wellbeing Report

The Board took the report as read and discussed focussed on:

- ACC's PCBU responsibilities in relation to providers.
- Work related stress incidents, and concern about staff not wanting further support. The Board requested that this be looked at in detail at the next Governance and Remuneration Committee.

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there were no notifiable events in February 2021.
- (c) **Note** the health, safety and wellbeing performance indicators.

6.2 (a) Legal Report

Outside of scope offered to take the report as read and talked to the key points relating to the *Stafford* decision, which was a positive result for ACC. ACC would be making submissions on the notification process arising out of the decision which were due on 29 March. The Board requested that Management provide the submissions to Messrs Miller and Bowler for review.

In response to a matter arising, Outside of scope explained the legal and court fees to date for *Stafford* was \$325,000. The Board requested the final total of cost of the *Stafford* appeal be brought to the Board Investment Committee.

RESOLVED: The ACC Board resolved to **note** the High Court's decision in *Stafford* confirms the Crown cannot direct ACC about an investment property, but has asked for further submissions on a strengthened notification process.

6.2 (b) Policy Update

Ms Powell introduced the report and explained that the Cabinet paper was drafted by the Ministry of Business, Innovation and Employment and was yet to go to the Minister. The proposals were not substantial, and many had already been agreed by Cabinet during the previous term. The content had not changed since the previous meeting, and there were no new risks raised that the Board had not seen before. The changes to the draft confirm current operational practice and took out ambiguity from a stakeholder perspective.

The Board Chair clarified that this was the Minister's paper and the Board could only provide its comments. The Board did not have any further comments.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that MBIE has prepared a draft Cabinet paper on proposals for an Accident Compensation (Work-Related Injury and Other Matters) Amendment Bill (the Bill), intended to come into effect in July 2022.
- (b) **Note** that the Bill has a limited scope, and consists of proposals previously raised with Cabinet or the Minister for ACC.
- (c) **Note** that the Bill includes:
 - i. Technical proposals, which have largely already been approved by Cabinet, to improve consistency with other systems and support operational improvements.
 - ii. Targeted Scheme policy proposals to address Ministerial priorities, largely focused on work-related injury.
- (d) **Provide comment** on the enclosed draft paper, 'Cabinet Social Wellbeing Committee: Proposals for the Accident Compensation (Work-Related Injury and Other Matters) Amendment Bill' by 30 March 2021.

7 Board Administration

7.1 Minutes of Meeting held on 25 February 2021

RESOLVED: The ACC Board resolved to **approve** the minutes of the meeting held on 25 February 2021, subject to the following changes:

- A sentence added to the beginning noting that Propero consultants were in attendance to observe the Board meeting and provide a report to the May Board meeting.
- Add the upcoming disability support discussion paper to the Matters Arising.

7.2 Schedule of Matters Arising

The Board queried the completion of the matter regarding the ROI and KPIs in ACC's engagement strategy. Corporate Secretariat would follow up with Ms Powell. The matter regarding cost on *Stafford* would be reported to the BIC when appropriate.

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

7.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

- (a) **Confirm** that there were two matters decided out of cycle during the period of 19 February 2021 to 18 March 2021 regarding the ACC Board Risk Assurance and Audit Committee's Terms of Reference, and the Renewal of Operational Contracts.
- (b) **Note** there were no papers held over from previous meetings.

7.4 Annual Work Programme

The Board Chair suggested that the programme include key people the Board should meet as well as any site visits. Mr Pickering agreed and noted that an upcoming meeting could showcase the new ways of working being adopted in the Justice Centre, and he would also ensure the Board visited new sites in both Hamilton and Dunedin in due course.

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

8 General Business

There were no items of General Business.

Closure: The meeting closed at 3.30 pm.

Approved

Chair

Date

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

Present

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

In attendance

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

Acting Manager Corporate Secretariat

Items 1 – 2.2 and 4.3
onwards

Associate Company Secretary

Items 1 – 2.2 and 4.3
onwards

*joined via videoconference

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

1 Procedural Business

1.1 Apologies

There were no apologies for this meeting.

1.2 Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Governance and Remuneration Committee

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

2.2 Board Investment Committee Delegations

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

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

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

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

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

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

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

RESOLVED: The ACC Board resolved to:

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

3 Board Only Session

3.1 Chief Executive's Report

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

4 Operational Reporting

4.3 Quarterly Performance Report & March Additional Information

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

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

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

RESOLVED: The ACC Board resolved to:

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

5 Discussion with Treasury

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

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

6 Board Papers

6.1 Accountability Documents 2021

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

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

RESOLVED: The ACC Board resolved to:

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

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

6.2 Budget Delegations Amendments

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

RESOLVED: The ACC Board resolved to:

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

6.3 Deep Dive – Security at ACC Offices

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

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

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

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

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

7 Performance Reports

7.1 Health, Safety and Wellbeing Report

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

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

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

RESOLVED: The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.

- (b) **Note** there were no notifiable events in March 2021.
- (c) **Note** the health, safety and wellbeing performance indicators.

7.2 Litigation Report

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

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

9(2)(h)

RESOLVED: The ACC Board resolved to:

- (a) **Note** the updated advice on litigation related to the scope of “treatment injury” cover, when the injury is an ordinary consequence of treatment
- (b) **Note** the analysis carried out within ACC regarding claims accepted between 2018 (the High Court ruling) and 7 July 2020 (the Court of Appeal ruling) (“**Interim Claims**”).
- (c) **Endorse** Management’s view that ACC does not re-assess Interim Claims.

7.3 Monthly Policy Update

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

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

RESOLVED: The ACC Board resolved to:

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

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

8 Board Administration

8.1 Minutes of Meeting held on 25 March 2021

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

8.2 Schedule of Matters Arising

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

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

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

8.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The ACC Board resolved to:

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

8.4 Annual Work Programme

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

9 General Business

There were no items of General Business.

Closure: The meeting closed at 4 pm.

Approved

Chair

Date

**Minutes ACC Full Board Meeting
27 May 2021, 9.19 am to 3.45 pm**

ACC Boardroom, Level 27, HSBC Tower, 188 Quay Street, Auckland

In Attendance

Board Members	<ul style="list-style-type: none"> • Dame Paula Rebstock – Chair • Mr James Miller – Deputy Chair • Dr Tracey Batten – Member • Mr John Brabazon – Member • Dr Helen Nott – Member • Ms Bella Takiari-Brame – Member • Mr Pat Bowler – Member • Hon Steve Maharey – Member 	
ACC Staff	<p>Mr Scott Pickering – Chief Executive</p> <p>Mr Mike Tully – Chief Operating Officer</p> <p>Ms Sharon Champness – Chief Talent Officer</p> <p>Mr John Healy – Chief Financial Officer</p> <p>Ms Vanessa Oakley – Chief General Counsel (Secretary)</p> <p>Outside of scope – Acting Manager Corporate Secretariat</p> <p>Mr Peter Fletcher – Chief Technology & Transformation Officer</p> <p>Ms Emma Powell – Chief Customer Officer</p> <p>Mr Herwig Raubal – Chief Risk and Actuarial Officer</p> <p>Ms Michelle Murray – Tumu Pae Ora</p> <p>Ms Gabrielle O'Connor – Head of Client Recovery*</p> <p>Outside of scope - Enterprise Advisor, Operations</p> <p>Outside of scope – Manager Service Strategy & Commissioning</p> <p>Outside of scope – Head of Health, Safety and Wellbeing*</p> <p>Outside of scope – Manager, Litigation*</p>	<p>Items 3.1 onwards</p> <p>Items 3.1 onwards</p> <p>Items 4.1 – 7.1</p> <p>Items 4.1 – 6.3</p> <p>All excl item 3</p> <p>All excl item 3 & 6.5</p> <p>Items 4.1 – 6.3</p> <p>Items 4.1 – 5</p> <p>Items 4.1 – 6.3</p> <p>Items 4.1 – 6.3</p> <p>Item 4.1 & 6.3</p> <p>Item 4.1</p> <p>Item 4.1</p> <p>Item 7.1</p> <p>Item 7.2</p>
External attendees	<ul style="list-style-type: none"> • Outside of scope – DPMC* (item 5) • Outside of scope – DPMC* (item 5) 	
	*joined via videoconference	

1 Procedural Business

The meeting commenced at 9.19 am with all Board members present and Outside of scope and Ms Oakley. The Chair formally welcomed the Hon. Steve Maharey to the Board. He introduced himself.

1.1 Apologies

There were no apologies.

1.2 Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

2 Committee Updates

2.1 Nominations Committee

Mr Miller informed the Board that:

- He canvassed input from Board Members prior to fully briefing Maritana Partners.
- The Nominations Committee met with Maritana Partners on the role specification and has given guidance on the need for skills in the areas of public service, commercial and New Zealand.
- An advertisement is being prepared for a Wellington based CEO. This will be available to all Board members.
- The legal issues for a CEO contract were discussed.
- Full Board interviews of candidates is anticipated for August.

ACTION: A Terms of Reference for the Committee will be circulated for approval out of cycle.

2.2 Investment Committee

Mr Miller informed that Board about the Investment Committee meeting and highlighted that:

- Paul Dyer could not be present at the meeting.
- Performance of the fund was strong, tracking at 8.7%
- The Committee **agreed in principle** to the creation of the Climate Change Impact Portfolio. This was one of the recommendations from the PwC review, and the fund would start at \$50m with the potential to go up to \$100m. A specialist resource would be appointed to lead the fund. Mr Dyer and Mr Miller would sign off on the press release once it was ready. David Hunt would continue to be involved as an expert in this subject matter.
- The Committee **approved**:
 - The addition of State Street, Goldman Sachs International, Morgan Stanley & Co International PLC and Merrill Lynch International to the list of Authorised Banks for derivatives only.
 - The addition of Macquarie Bank and MUFG Bank to the list of Authorised Banks for all instruments.
- The Committee **did not approve** the amendment to the Investment Guidelines removing the requirement for the A- credit rating or above.
- The Committee **approved** the proposed changes to the Investment Guidelines for the Bond and Equity Futures.
- The Committee **recommended that the ACC Board approve** the Ethical Investment Policy, which was updated to include the ability to place companies under observation.

- The Committee **noted** the changes to the Direct Investments Exclusions List, which were the result of more companies being included in the sector-based classifications. The Committee asked Management to consider the medical marijuana classification when it next comes back for review.
- The Investments Risk Management Policy was **approved**.
- At the April Board meeting a new delegation from the Board to BIC was approved. This month, the Committee **approved** the Investments Delegations that provide a general delegation to the Chief Investment Officer subject to the limits, constraints and reporting requirement specified by the BIC, subject to one paragraph being finalised with the Committee Chair and Board Chair.
- The Committee **recommends that the ACC Board revoke** the existing Board delegations to Investments staff as they are now redundant.
- The Committee **endorsed** the Investment targets and measures in the ACC service agreement for FY21/22 to FY24/25 and recommends that the ACC Board retain the FY20/21 Investment targets and measures in the ACC Service Agreement for FY21/22 to FY24/25. This was on the agenda to be discussed later at this meeting.
- The Committee **agreed** to proceed with the appointment of Axiom.
- The Committee **endorsed** the FY22 Investment Internal Audit Plan for RAAC approval.
- The Committee **noted** the updates on Australian Equities and Listed Property.
- Treasury Officials joined the meeting. The discussion focussed around the governance review and the review process generally.

Mr Miller noted that discussions continued with Treasury and other CFIs on carbon neutral targets.

The Board noted the report of the Committee and resolved to approve, on recommendation of the Investment Committee:

- The Ethical Investment Policy.

ACTION: The Board requested that delegations from the Investment Committee, and revocation of existing delegations, be circulated out of cycle for review and approval.

2.3 Risk Assurance and Audit Committee

Ms Takiari-Brame informed the Board about the Risk Assurance and Audit Committee's meeting and highlighted that the Committee:

- **Held** a confidential Members only discussion with an external party relating to potential cyber risks.
- **Noted** Management's advice that ACC standard contracts required notification of any data breach and/or potentially high profile issue.
- **Discussed** the risk of backdoor from ransomware attack on providers and the various controls in place. The Committee asked for more information to be provided in the next few weeks out of cycle on the risk for sensitive claims data and ACC data that is held by DHBs.
- **Noted** and received a verbal update on Project Able from the Head of Integrity Services.
- **Noted** that audit planning for the end of the year was on track and outstanding actions were tracking well to close.
- **Requested changes** to the Investments Valuation Policy, which would go to the next Investment Committee meeting prior to going to the Board.
- **Noted** Management would work with EY on climate related disclosures.

- **Noted** that Terms of Reference for the Independent Reviews for Best Practice Risk Management including Compliance and Internal Assurance had been approved out of cycle under delegation from the Committee.
- **Noted** the Quarterly Risk Mitigation Report. The main risks discussed were the financial models (excel spreadsheets continued to be reduced) and privacy.
- **Requested further review** of the Integrity Services Prosecution framework.
- **Noted** good progress on Internal Assurance. The Committee asked for more trend reporting in the future.
- **Approved** the deferral of the Technology and Innovation Operational Assurance and Whāia Te Tika reviews to FY22.
- **Requested changes** to Appendix B of the draft 21/22 IAS Plan and asked for Appendix B to be reformatted to underscore the area of the Plan which were driven by key risks,
- **Approved** the draft IQA plan.
- **Noted** PIR3 and Targeted Assessment of HSS – all actions were on track.
- **Noted** and discussed the progress on the Financial Condition Report Actions.
- **Noted** the Claims Costs Actions to Address Outstanding Issues and, in particular, that more was required than what was contained in ACC's three-year plan to achieve the targets.

The Board discussed:

- Whether the PIR3 action was closed appropriately.
- That the Chair of RAAC should be involved in substantial fraud issues.
- The potential for the RAAC August meeting to be moved to September.
- The importance of ensuring there is appropriate medium to long term thinking up front in the design, numerical estimates and explanatory material for climate reporting.
- Having the CTO in the room for the confidential discussion held is recommended for similar matters in the future.

ACTION: The Board requested that the HSS medium term roadmap be provided to the Board in August.

ACTION: The Board requested that RAAC Chair involvement in substantial fraud issues be built into the Chief General Counsel's review of the prosecution framework and that it return to the Board following review by the RAC.

Outside of scope and Ms Oakley left the meeting at 10.10 am.

3 Board Only Session

Mr Pickering and Mr Tully joined the meeting at 10.45 am.

3.3 Chief Executive's Report and 3.2 Board Strategy Day Planning

Mr Pickering advised the secretary that the following were discussed:

- One front door.
- Social Insurance.

- Board Strategy Day.

4 Operational Reporting

Outside of scope, Ms Oakley, Mr Raubal, Outside of scope, Mr Healy, Ms Powell, Mr Fletcher, Ms Champness, Ms Murray and Ms O'Connor joined the meeting at 11.15 am.

The Chair introduced the Hon. Steve Maharey to Management and he introduced himself to Management.

4.1 (a) Quarterly Business Review Update

Mr Tully introduced the paper and a range of matters were discussed including that:

- Short term rehabilitation performance was tracking positively.
- There is no target for sensitive claims. Work is underway for presentation to the Board in August.
- In the area of injury prevention, ROI is under pressure, primarily because of WorkSafe performance. Management will be responding further to WorkSafe. The WorkSafe Board have engaged HASANZ and asked for ACC to be part of its review and a system wide approach. Pillars of leadership, capability and technology align well with ACC injury prevention.
- There are four value streams (on page 21 of Diligent) as referenced in the horizon roadmaps in the paper. The future state is highly iterative.
- The “one front door” initiative arises from previously different entry points to ACC and, different resulting experiences. There are positive early results. The Board enquired about the impact for providers. Management advised that providers have more calls with ACC so they are more impacted by call waiting times. All provider calls are dealt with through this initiative also. Improvement is being monitored but it is too early to advise.
- The increased visibility enabling these initiatives is a function of the transformation investments.
- In response to enquiry as to what “enabling Maori sovereignty” means, Management advised that it is about partnering, enabling and working with iwi. There are some good initiatives but there is more work to do. The Board enquired about alignment with the Crown in the area of Maori health. Management advised that work in ACC does align and, so does the Whaia te tika strategy. Work is underway to join all of this together, align in the wider environment and, how to measure outcomes.

RESOLVED: The Board resolved to:

- **Note** the performance focus areas
- **Note** the ACC horizon roadmap
- **Note** the delivery focus areas

4.1(b) Performance Update

Mr Healy introduced the paper. He highlighted that:

- Injury prevention work continues and may improve the ROI.
- Operating costs were within budget.

The Board enquired about a range of matters including:

- The “return to independence for those not in the workforce” measure (page 30 of board books). The Board guided that it was important to finalise views on the Covid situation. Management advised there is no backlog from Covid and discussion the analysis.
- Levy revenues which should be showing as above expectations given the improvement in the economy being stronger than expected. Management advised that there can be a timing difference between claim costs and revenue improvements. Weekly compensation does appear to be high however - with a 14% increase over two years.
- Management advised that it does not have mental health analysis but exploratory work can be undertaken.

RESOLVED: The Board resolved to:

- **Note** the Claims Cost performance
- **Note** the Operational and Financial Performance

4.1(c) ICIP Quarterly Update

Mr Fletcher introduced the paper and highlighted the benefits on page 84 of board books. He highlighted resource efficiencies. The Board was informed that:

- Next month the Board would be briefed on closures of data centres and the Te Kahu (ERP) project.
- There is significant pressure on IT capability in the market and potential issues for retention and therefore delivery. This is being actively managed. It is exacerbated by the pay guidance recently released.

RESOLVED: The Board resolved to **note** the ICIP Q3 FY20-21 Update.

12.07 pm The Board stopped for a short break.

5 Discussion with Outside of scope

The meeting resumed at 12.20 pm with the same Board and Management attendees. Mr Robson, Mr Outside of scope and Outside of scope also joined the meeting.

Outside of scope outlined the Health & Disability review work, high level implementation timeline ahead and potential areas for future consideration. There was a general discussion about the future system operating model.

Outside of scope and Outside of scope left the meeting at 1.10 pm.

4.1(d) Customer Feedback Report

Ms Powell introduced the paper.

The Board enquired about the suicide “severity two” categorisation and how ACC can think about identifying and tagging mental health risks. Management noted that ongoing learning to inform early identification and “tagging” of such risks to increase active management is underway.

The Board was also informed that ACC systems are “claims centric” rather than “customer centric”. This is an area for ongoing consideration.

ACTION: Management to consider how to increase identification and flagging of mental health risks of claimants.

RESOLVED: The Board resolved to:

- **Note** the key insight themes, contributing factors, and actions being taken by the organisation as outlined in the Quarter 3 2020/21, Customer Feedback Report.
- **Note** that there were two Severity two and no Severity three customer complaint cases (including those escalated to the Customer Resolutions team and those dealt with by the Issues Management and Media teams) during Quarter 3, and that management has taken the appropriate actions (outlined in Appendix 2, Board Dossier of Complaints and Issues – Quarter 3) to address them.
- **Note** that complaint volumes, ratios and service levels have remained stable in Quarter 3 and the continued focus to improve the quality of customer service through a focus on lifting people capability, operational improvements and the deployment of technology changes.
- **Note** the approaches ACC is using to detect the early signs of dissatisfaction and trigger alerts that prompt staff to proactively intervene to recover the service experience.

Ms Powell left the meeting at 1.23 pm.

6 Board Papers

6.1 Accountability Documents 2021

Mr Healy introduced the paper. In relation to the Service Agreement (SA) he informed the Board on a range of matters including that:

- The targets in the SA are the publicly agreed targets and need to be realistic and demonstrate improvement.
- Challenge is anticipated on “trust” and “rehabilitation” measures. Management suggests that longer term views are needed over “trust” measurement. On rehabilitation, Management proposes that enhanced rehabilitation measures be considered in the future when more information is available.

The Board and Management discussed:

- Measures need to be challenging but realistic.
- The increasing time in weekly compensation, a need to re-baseline weekly compensation and, to introduce an independent assessment and linkage back to ICIP benefits from October 2020.
- The intention to evolve new measures for Injury Prevention impact measurement beyond ROI. It was noted that ROI was brought in to assist guiding how and where to invest to create the greatest impact and value of injury prevention initiatives. The CEO is preparing a further paper/presentation.
- The inclusion of wording regarding sustainability and ESG targets that already exist.
- The challenge in meeting the benefits/NPV of ICIP. This highlights that there is already significant stretch in the proposed targets.
- Data insights around Maori and ethnicity and the potential to do more data. It was noted that multi-millions are intended to be invested here in the budgets ahead.

RESOLVED: The Board resolved to:

- **Note** the feedback likely to be received on the draft SOI and draft SA21/22, and proposed management’s responses.
- **Delegate** signing authority for the SOI to the Board Chair and Deputy Chairperson.

- **Delegate** final approval of the SA21/22 to a sub-group of Board members to enable finalisation by 30 June 2021.
- **Agree** recommended targets for average weekly compensation days paid measure and note commitment from Management to provide a detailed paper on baseline adjustments and reassessment of related ICIP benefits.
- **Delegate** signing authority for the SA21/22 to the Board Chair and Deputy Chairperson.
- **Note** the next steps for finalisation and publication of the SOI and SA21/22.
- **Note** information provided on proposed digital changes to the Annual Report 2021.

6.2 Operations Response Paper: Opportunities to Curb Future Funding Growth

Mr Raubal introduced the paper. He noted the paper was a response to a previous presentation.

There was a general discussion around customer centricity not being compromised by OCL strain management.

RESOLVED: The Board resolved to:

- **Note** that areas have been prioritised and will be targeted operationally to reduce OCL strain based on the insights provided in the October 2020 'Opportunities to curb future funding growth' paper – these areas are duration of long term weekly compensation days, cost and volume of serious injury care hours, and spending on large capital items.
- **Note** the targets that have been established to reduce OCL strain for the areas that have been prioritised.
- **Note** that the operational metrics that drive OCL strain for each area will be monitored by Value Stream Boards monthly, and by the Risk Assurance & Audit Committee (RAAC) quarterly.

6.3(a) Market Strategy

Outside of scope

, Mr Robson and Ms O'Connor joined the meeting at 2.05 pm.

Mr Tully and Mr Robson introduced the papers. He highlighted the business case information regarding ECP (page 354) and the weekly compensation benefits in Appendix 3 of the paper.

RESOLVED: The Board resolved to:

- **Note** this paper outlines the work that is continuing to progress ACC market strategy.
- **Note** that we will come back in 6 months with an update.

6.3(b) Escalated Care Pathways – Phase 2 Expansion Funding Approval

Dr Batten noted the importance of clinical and financial benefits and the additional papers at item 6.3(c) of Diligent. Clinical benefits appear to be showing up. The financial benefits appear to have reduced but, still outweigh the costs. In the round, this is worth continuing. Management intend to report back quarterly. It was further discussed that:

- There is an ongoing ability to terminate on six months' notice. Management will be reporting back quarterly that fits with the continuation of this journey.
- Consideration needs to be given to the size of consortia, understanding the market and market players, sustainability of, and profitability of, providers and opportunities for open book data.

RESOLVED: The Board resolved to:

- **Note** that the 18-month review was included into the four-year ECP contracts by ACC as a risk mitigation for the uncertainty that underpinned this model and investment required to test the model.
- **Note** that the first 18-months has evidenced that this model can deliver financial and non-financial benefit to ACC, providers, and its clients.
- **Note** that the total Cost Benefit Analysis from the August 2019 board paper has not been re-modelled for clients currently on the pathway and for future clients due to the complexity of predicting future client recovery, and that exited clients provide the most accurate indication of performance.
- **Note** that when analysis of ECP performance accounts for macro factors that reflects actual conditions, the service is already accruing Weekly Compensation savings for exited clients. Claims cost and Weekly Compensation savings resulting from re-injury prevention are ahead of forecast.
- **Note** that the evidence of improved client outcomes, provider experience and financial benefits by an external consultant informs and creates assurance that further investment in ECP is justified.
- **Note** that to successfully scale this value-based commissioning model beyond the four-year contract period, ACC must return to market with a fit for purpose service and commercial model supported by a contracting approach within the context of the Elective Services and Rehabilitation market.
- **Note** that the ECP project has significantly improved the relationship between the sector and ACC, particularly in the orthopedic workforce, which reflects a growing partnership and adoption of new ways of working under the Health Sector Strategy.
- **Accept** that the assessed level of risk at this point in continuing ECP is acceptable, noting that key risks have been considered and that mitigation is provided from robust contract management with contractual control over variation and termination at any stage, effective performance management, and assurance around leading indicators.
- **Approve** the funding for the next two years of service delivery of \$82.6 million, comprising \$74.1 million in health services improvement and early interventions, \$5.6 million relating to provider project costs, and \$3.0 million in ACC project costs.
- **Note** that the requested funding is included in FY21/22 and will be included in FY22/23 budgets.
- **Note** that the total whole-of-life contract size of the five partnerships is expected to be \$296.4 million over four years. This is \$105.4 million above what we would expect to pay under the existing Vocational Rehabilitation, Elective Services, Physiotherapy and other contracts. This comprises: \$87.8 million in health services improvement, early interventions, and removal of co-payments; \$12.7 million in provider project costs; and \$4.9 million in ACC project costs.

Outside of scope [redacted] Ms O'Connor, Outside of scope [redacted], Ms Murray, Mr Pickering and Mr Robson left the meeting at 2.30 pm.

The Board took a short break at 2.30 pm.

6.4 Design of 2021 Levy-related Proposals

The Board resumed at 2.35 pm. The same attendees were present.

Mr Raubal introduced the paper.

There was a general discussion including:

- Motorcycles and cross subsidisation.

- Impact of levies for businesses online.
- Loading for fatalities in an experience rating and different potential circumstances for larger sized employers.
- The ability of business to influence behaviours to reduce fatalities and serious injury.
- How this is perceived with business customers and potential views that levies are a tax.
- Electric vehicles will see a reduction of levies on petrol and there is no transition plan.
- The ability to provide a credit to business for people returning to work part-time cannot currently be implemented due to data limitations.
- Noting the legal advice and that the Board note the design and that Management can discuss the levy related proposals based on this discussion with the Board.

RESOLVED: The Board resolved to:

- **Note** preparations are well underway for levy consultation in September 2021.
- **Note** in February 2021 you agreed to progress a suite of levy-related proposals for possible inclusion the 2021 levy consultation.
- **Approve** the design of the Experience Rating proposals.
- **Note** the design of the Ministerial levy-related proposals, for further engagement with the Minister.
 - Changes to specific Classification Units
 - Payment plan fees
 - Changing the rate of credit interest
- **Note** Management have worked with MBIE to develop options for the future of the Motorcycle Safety Levy, to be included in MBIE's advice to the Minister for ACC.
- **Note** that in June 2021, MBIE and ACC will provide joint advice to the Minister on the design of all levy-related proposals.
- **Note** that Management will provide you with an update on the communications approach and draft levy rates narrative in June 2021.
- **Note** the final Levy Consultation package, including levy-related proposals and aggregate levy rates, will be presented to the Board in July 2021 for approval.
- **Note** the detailed levy rates, for each business and vehicle classification, will be available in early August 2021 for out-of-cycle approval.

Mr Raubal left the meeting at 3.10 pm.

7 Performance Reports

7.1 Health, Safety and Wellbeing Report

Outside of scope joined the meeting at 3.10 pm.

Ms Champness introduced the Report and highlighted a number of matters including:

- Stress related work incidents, active management and how to stay in front of this and ongoing assessment of what else ACC can be doing.
- Threat incidents.
- Benchmarking of the lost time injury frequency rate, which showed that ACC was higher than the comparative sector although the days lost were lower.

Outside of scope expanded on the ongoing work in relation to stress management including, for example, feelings of unfair work allocations as against how work allocation is occurring.

RESOLVED: The Board resolved to:

- **Note** progress toward becoming a leader in health, safety and wellbeing.
- **Note** there were no notifiable events in April 2021.
- **Note** the health, safety and wellbeing performance indicators.

7.2 Litigation Report

9(2)(h)

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

9(2)(h)

Outside of scope and Mr Fletcher left the meeting at 3.35 pm.

8 Board Administration

8.1 Minutes of Meeting held on 29 April 2021

APPROVED: the Board approved the minutes of the meeting held on 29 April 2021 with clarificatory amendments provided in hard copy tracked change and read out to the Board.

8.2 Schedule of Matters Arising

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

8.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: The Board resolved to:

- **Confirm** the two matters decided out of cycle during the period 23 April 2021 to 20 May 2021 regarding the approval of the Pain Management Services, Allied Health and Orthotic Services and Residential Support Services contracts and Kiwibank Director Appointment.
- **Confirm** the receipt of the two out of cycle updates from Management regarding the Board Strategy Day and Project A.
- **Note** there were not papers held over from previous meetings.

8.4 Annual Work Programme

RESOLVED: The Board resolved to **note** the annual work programme and that it would be revised later in the year.

6.5 Deed of Indemnities

Ms Champness, Mr Tully and Outside of scope left the meeting at 3.40 pm.

Ms Oakley introduced the paper.

RESOLVED: The Board resolved to:

- **Approve** the granting of a deed of indemnity in the form in the Appendix to the Hon. Steve Maharey CNZM.
- **Delegate authority** to the Chair and Deputy Chair to sign the aforementioned deed of indemnity on behalf of the Board.
- **Note** the advice in this paper and that independent advice has been sought from Russell McVeagh, who has also prepared the deeds in the Appendices.
- **Endorse** the framework and form of indemnities for these approvals and future requests for approvals for Board Members, Employees and Non-Employees to be granted a deed of indemnity.
- **Note** the current position across the indemnity landscape summarised in Appendix A.
- **Approve** the deed in Appendix B as the standard form of indemnity used for the CEO, Executive team members and/or other employees whom ACC asks to take on directorships and, note that the deed will cover any temporary or permanent changes in employment roles within ACC as well as any appointments on external Boards, without the need for additional deeds.
- **Approve** the granting of the deed of indemnity in Appendix B to the following:
 - Scott Pickering.
 - All Executives, namely:
 - Mike Tully
 - John Healy
 - Emma Powell
 - Herwig Raubal
 - Sharon Champness
 - Paul Dyer
 - Peter Fletcher
 - Michelle Murray
 - Vanessa Oakley
- **Re-approve** other staff approved to receive deeds of indemnity in February 2021 to receive the deed of indemnity in the form in Appendix B as follows:

Outside of scope

- **Note** the position in relation to Shamrock directors in Appendix A and that any new directors of Shamrock who are employees should be presented for approval to receive the form of deed in Appendix B.
- **Approve** the deed in Appendix C as the standard form of indemnity used for non- employees taking on external ACC roles.
- **Approve** the granting of the deed of indemnity in Appendix C to the following:
 - Scott Pickering in relation to his appointment at Kiwibank continuing while his employment at ACC will end on 30 June 2021.
- **Delegate authority** to the Chair and Deputy Chair to sign the aforementioned deeds of indemnity to approved individuals.

- **Require** that D and O insurance is reviewed for full alignment with the deeds of indemnity and that it be presented to the Board in June (with any cost implications) and, that a view on the interplay with employment agreements backwards and forwards also be provided.

9 General Business

There were no items of General Business.

Closure: The meeting closed at 3.45 pm.

Approved

Chair

Date



Minutes ACC Full Board Meeting
Wednesday 23 June 2021, 10 am to 4.00 pm
ACC Boardroom, Wellington

In Attendance

Board Members	<ul style="list-style-type: none">• Dame Paula Rebstock – Chair• Mr James Miller – Deputy Chair• Dr Tracey Batten – Member• Mr John Brabazon – Member• Dr Helen Nott – Member*• Ms Bella Takiari-Brame – Member• Mr Pat Bowler – Member• Hon Steve Maharey – Member
*By VC	
ACC Staff	<ul style="list-style-type: none">• Mr Scott Pickering – Chief Executive• Mr Mike Tully – Chief Operating Officer• Ms Sharon Champness – Chief Talent Officer• Mr John Healy – Chief Financial Officer• Ms Vanessa Oakley – Chief General Counsel (Secretary)• Outside of scope – Acting Manager, Corporate Secretariat• Mr Peter Fletcher – Chief Technology & Innovation Officer• Ms Emma Powell – Chief Customer Officer• Mr Herwig Raubal – Chief Risk and Actuarial Officer• Ms Gabrielle O'Connor – Head of Client Recovery• Outside of scope – Enterprise Advisor, Operations• Outside of scope – Head of Injury Prevention• Outside of scope – Manager, Targeted Investment• Outside of scope – Head of Strategy, Policy and Research• Outside of scope – Head of Levies

PROCEDURAL BUSINESS

The meeting commenced at 10.00 am with all Board members, Outside of scope and Ms Oakley in attendance.

1. Apologies

There were no apologies.

2. Register of Conflicts of Interest

Hon Maharey noted he had disclosed a family trust and that his step-son's wife worked at ACC which would both be included on the member register. Dame Rebstock noted that she is Chair Elect for the Asia Pacific Health Group. The role would begin after she left ACC.

The Board reviewed the register of member's conflicts of interest and confirmed there were no other matters required to be disclosed (including matters reported to, and decisions to be made by, the Board at this meeting).

3. Investment Committee Report

Mr Miller highlighted the following:

- The green fund was launched yesterday.



- The dynamic asset allocation plan was up and running.
- The Committee held its annual strategy day which included:
 - A presentation from each head of investment
 - A technology update and significant progress has been made on process improvements and reduced reliance on spreadsheets.
 - A range of presentations including on inflation and global trends.
- Performance is strong.
- The Committee reviewed and recommends approval of a change to the Ethical Investment Policy.

The Board, on recommendation of the Investment Committee:

- **Approved** the proposed change to section 7 of the Ethical Investment Policy.
- **Noted** that allocation of exposure deviations from the strategic asset allocations (SAA) are to be more customised to each scheme account.

The Board had a general discussion about investment staff and auditing of models.

Outside of scope and Ms Oakley left the meeting at 10.35 am.

BOARD ONLY SESSION

The Chair informed the secretary that the Board:

- Agreed Board Committee membership which would be further reviewed with two new members starting
- Discussed the agenda for the day
- Discussed final pay for CEO, with the exception of the “at risk” component that was discussed today
- Discussed the revised structure of the CIO “at risk” pay.

4. Propero Report

This item was deferred until later in the day.

5. Chief Executive’s Report

Mr Pickering and Mr Tully joined the meeting at 11.45 am.

Mr Pickering advised the secretary that the following matters were discussed:

- Background context for the PHAS paper on the agenda.
- Board Strategy Day update.
- Brand work – overview of next steps and connection to Board Strategy Day conversation.
- Rehabilitation performance update.

OPERATIONAL REPORTING

Mr Miller left the meeting at 12.30 pm. Mr Fletcher, Ms Powell, Mr Raubal, Ms Champness, Mr Healy, Ms Oakley, Outside of scope and Outside of scope joined the meeting.

6. Performance Update

Mr Healy and Outside of scope spoke to the paper. The Board made a number of enquiries and discussed a range of matters including:

- The “return to independence for those not in the workforce” measure. Management advised that:



- This is a measure of the proportion of clients who are no longer receiving non-weekly compensation entitlements 12 months after registration. It is reported as a 12 month rolling average.
- The measure incorporates the status of new registrations over the span of the last 12 months so, the impact of last year's alert level restrictions on the measure have not been fully realised.
- During the lockdown months there was a temporary drop in rehabilitation service utilisation leading to a period of improvement in the results. However, since June 2020 when most services resumed and clients re-engaged with their rehabilitation, this measure has been adversely impacted.
- The performance of new claims which occurred during national lockdown last year are anticipated to drive declining performance over the next 3-5 months. Delays accessing health services during national lockdown (e.g. elective surgery) would have extended rehabilitation timeframes beyond the one-year threshold this measure is based on.
- Performance is expected to gradually decline into the first quarter of 2021/22, and from then on, a positive trajectory is anticipated to 2021/22 target levels.
- Whether there could be outsourcing or offshoring opportunities that could assist with better solutions and service standards for clients at better costs, noting the increase in claims costs and potential shortages of resources. Management noted that telehealth services are available and more needed to be explored in terms of bringing together the importance of therapeutics (including senses of safety and security), clear clinical advice and customer willingness to engage.
- Increased channels for Maori are being utilised but note yet translating to an uplift in claims.
- The Board expressed appreciation to Ms O'Connor's team.

ACTION: The Board requested that Management provide further information about policy settings and good practise in terms recovery compared to entry into the OCL when the next report is made on sensitive claims.

The Board noted:

- The claims cost performance; and
- The operational and financial performance.

7. Quarterly Enterprise Risk and Compliance Report

Mr Miller re-joined the meeting at 12.50 pm.

Mr Raubal introduced the paper and highlighted:

- The OCL; and
- Increased confidence and promising signs with ECP for benefits realisation, while risk remains present.

The Board enquired about:

- Strategic consideration of a situation where there was an over-performance of investments and how to balance that with levy considerations. Management advised this was unlikely given interest rates and caps on levies but that there was the potential to step in if such concerns ever arose.
- How Covid-19 might impact metrics in the future.
- The potential for deeper dives on mental health, Maori strategy and other matters in the future.

The Board noted the Quarterly Enterprise Risk and Compliance Report.

The Board stopped for lunch at 1.00 pm. The walkaround the Justice Centre was cancelled.

ACTION: Reschedule a walk around or equivalent for the Board.



The meeting resumed at 1.30 pm with all Board members except Dame Rebstock present. Mr Tully and Ms Oakley were also present.

4. Propero Report

The Board was supportive of the insights in the Propero report and discussion included:

- The desire to improve papers so they increase insight rather than information and, are shorter.
- That legal review and the Chief General Counsel support these aims.
- That templates prompt the inclusion of all relevant matters including financial input.
- That CEO reports focus on strategy and what is important and not where time is spent.
- That the performance and operational reports are simplified as they are currently repetitive.
- Opportunities for the Board to discuss further what good looks like, the approach to meetings and how value is added to Management, including working with a new CEO once appointed and on resetting the approach to engagement with key external stakeholders.

Dame Rebstock re-joined the meeting at 1.55 pm.

- The July strategy day and a potential further strategy session in September supported a journey over the next six months or so for the Board to form ahead.

The Board noted the Propero Report.

BOARD PAPERS

8. Social Unemployment Insurance Update

Ms Champness, Mr Healy, Ms Powell, Mr Raubal, Outside of scope and Mr Fletcher joined the meeting at 2.00 pm.

Ms Champness introduced the paper and updated the Board on:

- ACC's recent discussions with officials on potential design settings.
- Risks to the ACC scheme and how to prepare if there is to be a new scheme.
- Indicative timings for consideration of, and consultation on, a potential new scheme.

Mr Pickering re-joined the meeting at 2.10 pm.

The Board's discussion included:

- What administration of a new scheme might involve and what might be similar or different to the current scheme and how that could impact the ability to influence outcomes.
- How incentives of a range of stakeholders may interplay and how success might be defined, that it varies in other countries and can be impacted by other policies eg: wage scarring, labour market policies and employment contracts.
- Whether a new scheme might be branded as ACC or separate.
- The engagement activity and process currently and, how ACC might be appropriately and actively involved and funded.
- That there is a lot of detail about how a potential new scheme that has not been outlined and discussed including in the areas of IT, levies and asset and liability matching.

Mr Pickering left the meeting at 2.40 pm.

ACTION: The Board requested that Management present a work programme to the Board to support Board participation on the design and execution of a potential new social unemployment insurance scheme.

The Board:

- **Noted** the update on the Government's proposed social unemployment scheme.
- **Delegated** the ability to discuss these matters with the Minister to Mr Miller and the Hon. Maharey.

9. Levy Narrative & Approach

Outside of scope joined the meeting at 2.45 pm.

Mr Raubal introduced the paper and sought the Board's input to inform the approach to consultation. The Board discussed and provided feedback which included the following:

- Suggestions and the need to improve clarity and simple communication to the public.
- The importance of the ability to change levies and ideally avoid shocks while ongoing increases occur given increasing costs and past reductions.
- That a sensitivity analysis of the potential for future surpluses (eg: if interest rates rise) and how that might inform the appropriate narrative.
- The need to consider the future implications around motor vehicle related levies that can be foreseen to significantly reduce in contribution.
- That Management will present a base-case around how fund performance interplays with levies.
- Whether there is a focus group to assist with translation of the consultation material and communication.

The Board:

- **Agreed** to the approach to consultation.
- **Noted** the layered approach to the design of the consultation pack.
- **Discussed** the draft levy rates narrative (at annex 1).
- **Noted** the Minister has requested an 'educative' approach to consultation and that ACC was to guide levy payers through a simple and consistent story for each proposal.
- **Noted** that Management are engaging with MBIE on their request to explore an alternate approach to increasing the impact of a fatality in experience rating and would keep the Board updated through weekly reporting.
- **Noted** the consultation package and supporting materials are being finalised for approval in July 2021.

Outside of scope and Mr Raubal left the meeting at 3.20 pm.

10. Young Driver Business Case

Ms O'Connor, Outside of scope and Outside of scope joined the meeting at 3.20 pm.

The Board had no questions and:

- **Noted** young drivers (aged 16-24) that participate in Drive are 40 percent less likely to have an accident resulting in an injury than young drivers that have not participated in Drive.
- **Noted** in the last three years the number of Drive users has increased from 40,000 to more than 80,000. 15% identify as Māori.
- **Noted** Drive's return on investment of:
 - \$2.91 for every \$1 invested (against target of \$2.48) for the current three-year investment period – ending 30 June 2021.



- \$3.02 for every \$1 invested is expected for the proposed three-year investment period – ending 30 June 2024.
- **Noted** that funding for the three-year investment for Drive will come from the ACC Injury Prevention budget.
- **Noted** that as a partner in Drive, Waka Kotahi expects to invest approximately \$7.71m alongside ACC investment during the three years from 1 July 2021.
- **Noted** that Board approval is required in accordance with ACC Corporate Delegations Schedule B, as the whole-of-life investment now exceeds \$30 million.
- **Approved** \$8.962m additional investment to continue delivery of the Drive Programme until 30 June 2024.

Outside of scope and Outside of scope left the meeting at 3.22 pm.

11. Public Health Acute Services (PHAS) Annual Service Agreement 2021/2022

The Board took the paper as read and:

- **Noted** that the Minister of Health and Minister for ACC will be requested to approve and sign the 2021/22 Public Health Acute Services (PHAS) Agreement and joint Health Report (the briefing) by 1 July 2021.
- **Noted** that the ACC contribution for the 2021/22 PHAS Agreement is \$670.912 million, which is a 12.35% increase on last year's amount of \$597.140 million.
- **Noted** that the \$670.912 million is \$20.5 million more than is allowed for in the claims cost budget for 2021/22. This will result in a variance against the budget throughout the 2021/22 year, which Management will look for options to offset.
- **Noted** there is an agreed calculation methodology, which covers demographic and cost pressures, and changes in pricing for the services under the PHAS Agreement.
- **Noted** that the percentage increase has been moderated – it is lower than the actual increase in district health board costs, but moves to decrease the gap between cost and changes in pricing for the services covered under the Agreement.
- **Noted** that ACC is working with the Ministry of Health on improving the PHAS data that ACC can access, and ACC will work with the Transition Unit on any interactions with PHAS and Government health reforms.
- **Endorsed** the Public Health Acute Services Agreement 2021/22 and the joint Health Report, which are in a form that reflects the information in this paper, for forwarding to the Minister of Health and the Minister for ACC to approve.
- **Delegated** authority to the Chief Executive to sign the joint Health Report.

Ms O'Connor left the meeting at 3.23 pm.

12. Te Kahu Business Case

Mr Healy introduced the paper.

The Board enquired about the procurement process. Management confirmed that the market was tested for solutions and partners and that procurement had been undertaken in accordance with the Government Procurement rules. The Board questioned the further investment and benefits.

The Board:

- **Approved** a total budget of \$26.3 million for the delivery of Release 1 and 2 by March 2022, excluding contingency.
- **Noted** that total budget includes the Executive-approved budget to date of \$9.286 million which covers project activity to 30 June 2021. Funding to date has been for the Initiate Phase of the project which covers planning and design, and early commencement of Build activity.
- **Noted** an estimated contingency funding of \$4.5 million for Release 1 and 2. This will be governed

by the ACC Board and only made available to the Te Kahu project on specific submission.

- **Noted** the total funding investment to complete full delivery of the project is estimated between \$32 to \$37 million over the financial years 2020 – 2023. This includes Release 1, 2 & 3, and contingency.
- **Noted** the management forecast for Releases 1 & 2 of project is higher than budgeted in FY22 Enterprise Change Portfolio, (ECP) baseline budget, creating additional pressure in the ECP FY22 budget. Management will monitor progress and take action where necessary to manage within the overall ECP financial year budget, or if required raise with the ACC Board.
- **Noted** the management forecast for the project as included in ICIP Financial Forecast Update Board Paper November 2020 was estimated at \$20 million. Management is still confident that the total ICIP forecast will remain within \$619 million.
- **Noted** that the Chief Executive has endorsed the Te Kahu Implementation Business Case for submission to the ACC Board.

13. Strategic Platform Adoption (SPA) Business Case

Mr Fletcher introduced the paper.

The Board:

- **Approved** the drawdown of \$8.814 million (exclusive of contingency) FY21/22 and \$0.554 million for FY22/23 to deliver the migration and decommission phase of the data centre exit.
- **Approved** the contingency sum of \$2 million in FY21/22 should additional moves be required by dependent initiatives.
- **Approved** that the contingency sum to be governed by the Chief Executive, and only made available on specific submission to the Enterprise Change Authority.
- **Noted** the total funding investment to complete full delivery of the project is estimated at \$18.5 million (including contingency) over the financial years 2020 – 2023.
- **Noted** the contents of this paper.

14. D&O Insurance

Mr Healy introduced the paper. He advised that:

- The D&O insurance was appropriate having worked with legal advice, making some minor clarifications and that an additional cost of \$100,000 would be incurred.
- If the Board would like to consider other forms of insurance (eg: cyber), he could bring back other proposals.

The Board:

- **Noted** that D&O policy cover was sufficient.

ACTION: Management to present other insurance (such as cyber) options to the RAC for consideration.

TECHNOLOGY CONTRACT RENEWALS

15. Datacom

Mr Fletcher introduced the paper and responded to the Board's questions, including on financials.

The Board:

- **Approved** entry into a revised Master Services Agreement, ICT Services Supplementary Agreement, and ICT Project Services Supplementary Agreement with Datacom for up to four years in substantially similar terms as outlined in this paper.



- **Approved** that the execution of the contract documents be delegated to the Chief Technology and Innovation Officer.
- **Authorised** the financial commitment up to \$38.9 million over the next four years, bringing the whole of life cost of the agreement to \$127.6m

16. PwC

Mr Fletcher introduced the paper and responded to the Board's questions. This included discussion around the relationship with PwC, PwC's Maori Health practise, the amount of the spend and the potential re-prioritisation of budget.

The Board:

- **Authorised** the Financial Commitment of up to \$13.8m (a maximum of \$12m in time and materials, up to \$600,000 in expenses, and a maximum risk and reward component of \$1.8m) over the next financial year, bringing the whole of life cost of the MSA to \$101.1m;
- **Approved** the MSA extension and SOW for FY2021/22;
- **Noted** the \$12m represents the cap in time and material spend for PwC versus an existing PwC consultancy budget of \$7.2m. Budget will need to be identified and re-prioritised from other areas if spend is expected to be above \$7.2m; and
- **Delegated** signing of the MSA Extension and the SOW to the Chief Executive.

17. Microsoft

Mr Fletcher introduced the paper and responded to the Board's questions, including on Microsoft Azure and carbon footprint considerations.

The Board:

- **Approved** entry into the Microsoft Cloud, Software and Services Agreement (MCSSA) in substantially similar terms as outlined in this paper.
- **Approved** that the execution of the contract documents be delegated to the Chief Technology and Innovation Officer (CTIO).
- **Authorised** the financial commitment estimated to be \$31,831,666 over the Agreement term (3 years).

MONTHLY REPORTS

18. Health, Safety and Wellbeing Report

The Board took the paper as read and:

- **Noted** progress towards becoming a leader in health, safety and wellbeing.
- **Noted** there were no notifiable events in May 2021.
- **Noted** the health, safety and wellbeing indicators.

19. Litigation Report

The Board took the paper as read.

Outside of scope *joined the meeting at 3.50 pm.*

Ms Oakley provided verbal advice on the implications of the Calver decision.

9(2)(h)



20. Policy Update

The Board had no comments on the paper.

Ms Powell informed the Board of a potential \$25 million lifetime cost per year. The Board requested that it be kept informed. The Board was also informed that the option of ACC being the delivery agent for the disability transformation and system review was being explored and likely to be discounted.

The Board:

- **Noted** that the Ministry of Business, Innovation and Employment (MBIE) is providing advice to the Minister for ACC on hearing loss settings in legislation ^{9(2)(f)(iv)} [redacted], and will recommend that the Minister agree to:
 - ^{9(2)(f)(iv)} [redacted]
 - Confirm the decision by the former Minister for ACC to change the hearing loss injury-related cover threshold from 6% to 5%.
- **Noted** that ACC and MBIE advised the former Minister for ACC to retain the hearing loss cover threshold at 6% and Management do not consider there are grounds to change this position.
- ^{9(2)(f)(iv)} [redacted]
- **Noted** that ^{9(2)(f)(iv)} [redacted], as well as lowering the cover threshold to 5%, is estimated to have cost impacts ranging from:
 - An impact on the Outstanding Claims Liability of \$2 million in 2020, rising to \$4 million in 2025 (lower bound), through to an impact of up to \$20 million 2020, rising to \$24 million in 2025 (upper bound).
 - A Work Account levy impact of less than 1 cent (lower bound), through to an impact of up to 1 cent for levies in 2022/23 to 2027/28 (upper bound).
- ^{9(2)(f)(iv)} [redacted]
- **Noted** that Management will bring a discussion paper to the Board in November 2021 on the implications for ACC of proposed machinery of government changes supporting transformed Disability Support Services, as this work is still being developed.



BOARD ADMINISTRATION

21. Minutes

The Board:

- **Approved** the minutes of the meeting held on 27 May 2021 with no amendments.

22. Matters Arising

The Board:

- **Noted** the matters arising.

23. Confirmation of Decisions Made Out of Cycle

The Board:

- **Confirmed** the one matter decided out of cycle during the period of 21 May 2021 to 17 June 2021 regarding the establishment of the Nominations Committee.
- **Noted** there were no papers held over from the previous meetings.

24. Annual Work Programme

The Board:

- **Noted** the annual work programme.

GENERAL BUSINESS

The Board provided sincere thanks and gratitude to Mr Pickering for his leadership of ACC, his significant contribution and, wished him every success for the future.

There was no other general business.

The meeting closed at 4 pm.

Chair

Date



Minutes ACC Full Board Meeting
Thursday 29 July 2021, 10.10 am to 4.00 pm
ACC Boardroom, Auckland

In Attendance

<p>Board Members</p> <p>*By VC</p>	<ul style="list-style-type: none"> • Dame Paula Rebstock – Chair • Mr James Miller – Deputy Chair • Dr Tracey Batten – Member • Mr John Brabazon – Member • Dr Helen Nott – Member* • Ms Bella Takiari-Brame – Member • Mr Pat Bowler – Member • Hon Steve Maharey – Member
<p>ACC Staff</p> <p>*By VC</p>	<ul style="list-style-type: none"> • Mr Mike Tully – Acting Chief Executive • Ms Sharon Champness – Chief Talent Officer • Mr John Healy – Chief Financial Officer • Ms Vanessa Oakley – Chief General Counsel (Secretary) • Outside of scope – Acting Manager, Corporate Secretariat • Ms Emma Powell – Chief Customer Officer • Mr Herwig Raubal – Chief Risk and Actuarial Officer • Ms Michelle Murray – Tume Pae Ora • Mr Paul Dyer – Chief Investment Officer • Outside of scope – Manager Externally Managed Funds* • Outside of scope – Head of Investment Risk and Performance* • Outside of scope – Responsible Investment Manager • Outside of scope – Executive Advisor • Outside of scope – Head of Operational Performance and Intelligence • Outside of scope – Acting Head of Client Recovery* • Outside of scope – Head of Actuarial* • Outside of scope – Head of Injury Prevention • Outside of scope – Manager Strategic Investment* • Outside of scope – Head of Levies* • Outside of scope – Manager, Litigation*
<p>External Attendees</p> <p>*By VC</p>	<ul style="list-style-type: none"> • Outside of scope – Treasury* • Outside of scope – Treasury* • Outside of scope – Taylor Fry* • Outside of scope – Taylor Fry*

PROCEDURAL BUSINESS



The meeting commenced at 10.13 am with all Board members present and Outside of scope and Ms Oakley.

1. Apologies

There were no apologies.

2. Register of Conflicts of Interest

CONFIRMED: The Board reviewed the Register of Members' Conflicts of Interest and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure except for:

- Dr Batten notified the Secretary that she is an independent director of EBOS Group Limited.
- Dame Rebstock noted that her role with Asia Pacific Group began on 1 July 2021.

Outside of scope and Ms Oakley left the meeting at 10.14 am.

3. Governance and Remuneration Committee Report

Dr Batten updated the Board during Board Only time on the Committee meeting held earlier that day.

The secretary was advised that **the Board approved**, on recommendation of the Governance and Remuneration Committee:

Chief Executive Performance

- ^{9(2)(a)} [REDACTED]

Short-Term Incentive Review

- The removal of short-term incentives by increasing base salary by a discounted amount equivalent to 80% of the potential short-term incentive.
- The backdating base salary increases from 1 July 2020 to remove short-term incentives for financial years 20/21 and beyond.

Changes to Investment Incentive Scheme

- A change to investment scheme incentive arrangements for the funds management teams (effective for the 20/21 and subsequent years) to allow employees with 'carry forward losses' to be paid 50% (currently nil) of any subsequent year's bonus, with the remaining 50% to be offset against any 'carry forward loss'.
- The approach taken for portfolio transitions which includes a performance holiday for incoming Portfolio Managers and adjustments for relevant front office staff heavily impacted by the transition of no longer than three months.

Proposed Investment Staff Incentive Scheme payments for 2020/21



- The proposed indicative Investment Staff Incentive Scheme payments for FY2020/2021, subject to there being no significant changes following final Private Markets valuations and external assurance.

BOARD ONLY SESSION

4. Board Only Discussion

5. Chief Executive's Report

Mr Tully joined the meeting at 11.25 am.

The Board noted the contents of this paper.

OPERATIONAL REPORTING

Ms Champness, Mr Healy, Ms Oakley, ^{Outside of scope}, Ms Powell, Mr Raubal, Ms Murray, ^{Outside of scope} and ^{Outside of scope} joined the meeting at 11.55 am.

6. Fourth Quarterly Report

The paper was taken as read. The Chair invited questions and comments.

Mr Healy highlighted the volatility due to interest rates. The Board discussed a range of matters including:

- The statement on page 37 of boardbooks that the firearms programme achieved one third of expectations. The Board noted that work at the time was to support a small investment that was made. The Government funded a range of activity and ACC only invested to the extent justified by an expected return and reduction of future claims.
- Noting the trust scores on page 39 of boardbooks and discussion as to Management's level of confidence about improvement of these. Management noted the that the provide and business scores were lower than expected and, client scores were slightly behind.
- The bond rate as used by Treasury and averaged in this period.

The Board:

- **Approved** the presentation of the fourth quarterly report 2020/21 to the Minister by 31 July 2021.
- **Noted** the additional information for June 2021.
- **Noted** the three performance dashboards in the Resource Centre that will be released to the Minister for ACC July 2021 board meeting.

*^{Outside of scope} left the meeting at 12.10 pm. Mr Dyer, ^{Outside of scope} (*Treasury*) and ^{Outside of scope} (*Treasury*), ^{Outside of scope} and ^{Outside of scope} joined the meeting at 12.10 pm.*

7. Responsible Investing

Outside of scope from Treasury introduced the paper. Mr Dyer informed the Board that discussions had gone very well and, the key matters to resolve are in the detail.

The Board discussed a range of matters with Treasury including the following:

- Government policy is a medium-term transition for carbon neutral by 2025 and CFIs respond with what is possible. This is the third update on a framework, of which carbon is the first part.
- The potential risks of increasing costs of capital and ACC not wishing to get ahead of Government policy.
- ACC resetting its own targets within six months is a demonstration of its commitment towards the goals and, still reflecting returns. The Board noted it was important to commit to realistic goals and the framework to support integrity.
- Treasury is meeting with three other boards next week, after a meeting with the Minister of Finance this week and then discussions will continue with the ACC team. Treasury intends to provide a written update.
- On enquiries from the Board about the climate hauora framework, Treasury noted they would be speaking with their Maori capability team ahead.

ACTION: The Board requested that Mr Dyer prepare and provide exact words on common ground across CFIs on responsible investing to avoid any misunderstandings.

Outside of scope and Outside of scope from Treasury left at 12.43 pm.

Mr Dyer discussed his views with the Board. There was a general discussion about ACC improving how it tells its story.

8. Responsible Investing, BOARD ONLY

There was no Board only session on this topic.

The Board **stopped** for lunch at 1.05 pm.

The meeting **resumed** at 1.30 pm with all Board Members present. Mr Tully, Ms Champness, Mr Healy, Ms Oakley, Outside of scope, Ms Powell, Mr Raubal, Ms Murray, Mr Outside of scope and Outside of scope present.

BOARD PAPERS

9. Valuation of OCL

Mr Raubal introduced the paper.

Taylor Fry highlighted page 94 of boardbooks and the following matters:

- The 8.2 billion dollar decrease, largely due to uncontrollable matters.

- Large increases (approximately \$700 million) were offsetting this and, he advised that is where Management and the Board should focus.
- The three main items on page 97 of boardbooks and, particularly weekly compensation, are driven by lower rehabilitation rates.
- Projected CPI and inflation rates are provided by Treasury which all Crown Entities are required to use assisting Treasury with consistency of reporting.
- Responding to questions regarding claims experience, he informed the Board that weekly compensation has deteriorated experience. For sensitive claims, the numbers increase over time. While the numbers reduced due to CV-19, the claims were still there, they were just not reported. It was noted that there may be a supply issue/limited specialists and rehabilitation rates have reduced for sensitive claims also.

The Board:

- **Approved** the basis for the June 2021 valuation of the OCL.
- **Noted** the result of the June 2021 valuation of the OCL.

Outside of scope and Outside of scope left the meeting at 2.00pm
and Outside of scope joined the meeting.

10. Levy Consultation Pack

Mr Raubal introduced the paper. He informed the Board, and discussed a range of matters, including the following:

- Economics are applied at 30 June.
- The Work Account rises and falls on page 111 of boardbooks. This is an outcome of a formulaic approach that is required to follow the funding policy. There is some history and principles that removed discretion in implementation of the funding policy. The Board discussed that a smoother path is an option but a matter for Government.
- On the basis of feedback, he advised that he would:
 - o Align wording on page 112 of boardbooks to the media release.
 - o Reference the climate change report in the petrol levy commentary.
 - o Circulate the final versions to Mr Miller and Hon. Maharey prior to circulation to the Minister.
- Interplays with the investment team and market returns and expenses.
- Enquiries about the experience rating list of organisations.

Outside of scope joined the meeting at 2.33 pm.

- Management will further consider if Te Arawhiti is the right and best engagement approach.
- Timing and decisions by Cabinet in December.

ACTION: Provide the Minister of ACC with the full consultation pack on 30 July, to progress Cabinet processes ahead of consultation, subject to inclusion of the feedback of the Board and review by Mr Miller and Hon. Maharey.

The Board:

- **Noted** ACC's 2021 levy consultation proposals for the consultation. This includes:
 - ACC's levy rate proposals, including aggregate levy rates (Annex A to the paper).
 - ACC's Experience Rating proposals (Annex B to the paper).
- **Agreed** to provide the Minister of ACC with the full consultation pack on 30 July, to progress Cabinet processes ahead of consultation, subject to inclusion of the feedback of the Board and review by Mr Miller and Hon. Maharey.
- **Delegated** confirmation of the detailed levy rates.
- **Noted** the Minister's 2021 levy-related proposals (Annex C to the paper), for inclusion in levy consultation alongside ACC's proposals.

Outside of scope left the meeting at 2.40 pm. Outside of scope joined the meeting.

11. Injury Prevention: Reducing Sexual Violence

Outside of scope introduced the paper and a range of matters were discussed including the following:

- Thought leadership and national strategy work is underway. There is however no budget behind it at a wider Government level.
- The Board noted the size of the investment compared to the size of the issue for New Zealand and, asked how other agencies might contribute to the system ambitions.
- Management advised that ACC's ability to influence at a system level has increased. The Board challenged the need for wider Government step up and front up with resource to prioritise this issue even if ACC takes a lead.
- The Board enquired about next steps, when it would hear of stakeholder feedback and why no report back was proposed until March 2023, while six monthly reports are proposed. The Board requested that ACC staff request other agencies to commit financially with ACC in the September paper.

ACTION: Management ensure that the injury prevention sexual violence paper to be prepared for the Minister in September includes:

- The full estimated costs and full investment required for this important New Zealand issue; and
- Request that all agencies commit financially with ACC in that paper.

The Board:

- **Approved** the drawdown of \$44.950m between 2021/22 and 2024/25 to deliver a fit-for-purpose, enduring sexual violence primary prevention system
- **Approved** additional funding of \$3.300m in 2022/23 for a limited, one-year extension of funded delivery of Mates & Dates through to December 2022.



- **Noted** proposed reporting to the Board every six-months and an investments stage-date decision on future funding by March 2023. [COME BACK ON
- **Requested** that Management ensure that the injury prevention paper on sexual violence to be prepared for the Minister in September includes:
 - The full estimated costs and full investment required for this important New Zealand issue; and
 - Request that all agencies commit financially with ACC in that paper.

Outside of scope and Outside of scope left the meeting at 3.20 pm.

12. ACC's Role in Social Unemployment Insurance

Ms Champness introduced the paper, noted the presentation from MBIE to the Board yesterday and noted she was not seeking any decisions from the Board. The Board had a general discussion that included the following:

- The need for a Board conversation about potential structuring options as well as workloads, funding and the role of ACC for a potential scheme and in providing support to design and pre-implementation input.
- PWC has been engaged. There was a discussion whether they were the best provider for expertise. Management noted that PWC were only providing a programme manager at this time.
- The Board wishes to ensure that the correct lens to oversee this including overall sight of risks, not just implementation considerations.
- There was a meeting scheduled with MBIE in coming weeks to consider impacts for Maori.

ACTION: Management to include governance structures for SUI for the paper at the net Board meeting.

The Board noted the contents of this paper.

Ms Murray left the meeting at 3.40 pm.

13. Annual Legislative Compliance Report

Mr Raubal introduced the paper. He advised that there are aspirations to build a risk system and to include support for compliance.

The Board noted the contents of this paper.

14. Annual Report

Mr Healy introduced the paper. The Board clarified timing.

The Board noted the contents of this paper.

MONTHLY REPORTS

15. Health, Safety and Wellbeing Report

Ms Champness introduced the paper and noted:

- The Appendix regarding providers. She advised that concerns are ACC process gaps.
- The Board asked about vaccination of staff and was informed that staff are advised they can take time out for vaccinations.
- Aged care and what that means for our provider contracts.

The Board noted the contents of this paper.

16. Monthly Litigation Report

Outside of scope joined the meeting at 3.50 pm. He highlighted commentary in the report.

Ms Takiari-Brame advised that she knows Outside of scope. This particular matter was not discussed in the meeting. The Board was informed that the Chair of the BIC was being kept informed.

Ms Oakley advised that she is framing strategic review work around ACC litigation, costs and its panel and, intends to discuss this at the next meeting.

The Board noted the contents of this paper.

Outside of scope left the meeting at 3.55 pm.

BOARD ADMINISTRATION

17. Deeds of Indemnity for BIC Members

The Board:

- **Approved** the granting of a deed of indemnity in the standard form for Board members that is in the same form as the members deed of indemnity approved at the May 2021 meeting for each of:
 - Outside of scope
 - Outside of scope
- **Delegated** authority to the Chair and Deputy Chair to sign the aforementioned deeds of indemnity on behalf of the Board.

18. Minutes of Meeting Held on 23 June 2021

The Board noted that the following amendments needed to be made to the minutes:

- An update to the Board Only discussion section: The Board:



- Agreed Board Committee membership which would be further reviewed with two new members starting.
- Discussed the agenda for the day.
- Discussed final pay for CEO, with the exception of the “at risk” component that was discussed today.
- Discussed the revised structure of the CIO “at risk” pay.
- Inclusion of reference to proper procurement processes being followed on page 225 in relation to the Te Kahu business case.
- Page 225 – the resolution approves \$8.8m not billion.

19. Schedule of Matters Arising

The Board noted the matters arising.

20. Confirmation of Out of Cycle Decisions

The Board confirmed the three matters decided out of cycle during the period of 17 June to 14 July 2021.

21. Annual Work Programme

The Board noted the annual work programme. This will be reviewed in due course.

GENERAL BUSINESS

The Board and Management thanked Dame Rebstock and presented her with flowers and a round of applause. Dame Rebstock acknowledged the Board and Management.

Closure: The meeting closed at 4.00 pm.

Approved

Chair Date.....



**MINUTES ACC FULL BOARD MEETING
THURSDAY 26 AUGUST 2021, 8.30AM TO 3.00PM
MICROSOFT TEAMS**

IN ATTENDANCE

Board Members	<ul style="list-style-type: none"> • Steve Maharey – Chair • James Miller – Deputy Chair • Tracey Batten – Member • Helen Nott – Member • Pat Bowler – Member • Mark Cross – Member
ACC Staff	<ul style="list-style-type: none"> • Mike Tully – Acting Chief Executive • Sharon Champness – Chief Talent Officer • John Healy – Chief Financial Officer • Vanessa Oakley – Chief General Counsel (Secretary) • Peter Fletcher – Chief Technology and Innovation Officer • Emma Powell – Chief Customer Officer • Herwig Raubal – Chief Risk and Actuarial Officer • Michelle Murray – Tumu Pae Ora • Gabrielle O'Connor – Acting Chief Operations Officer • John Robson – Chief Clinical Officer & Head of Health Partnerships • Outside of scope – Principal Advisor, Health Systems & Intelligence • Outside of scope – Acting Head of Business Partnerships • Outside of scope – Head of Operational Performance and Intelligence • Outside of scope – Acting Head of Client Recovery • Outside of scope – Head of Health, Safety and Wellbeing • Outside of scope – Manager, Litigation • Outside of scope – Senior Corporate Secretary
External Attendees	<ul style="list-style-type: none"> • None

BOARD ADMINISTRATION

The meeting commenced at 8.30 am. All Board members except Ms Takiari-Brame were present and Ms Oakley and ^{Outside of scope} The Chair welcomed Mr Cross.

The Board agreed to adopt ACC's karakia for future meetings.

1. Apologies

Ms Takiari-Brame sent apologies.

2. Register of Key Interests

Mr Bowler noted interests related to consulting work for WEL networks and EQC.



CONFIRMED: The Board reviewed the Register of Key Interests and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

3. Minutes of Meeting Held on 29 July 2021

The Board approved the 29 July 2021 minutes as a true and accurate record of that meeting.

4. Board Actions

The Board **noted** the matters arising.

COMMITTEE UPDATES

5. Investment Committee (BIC)

Mr Miller provided a report back. This included that the BIC had discussed:

- Succession planning, development and staff recruitment.
- Carbon targets.
- Last year was the first year that cash flowed out of the investments fund into ACC and, this is likely reflective of levies. The forecast is that this is moving towards \$1.3.
ACTION: The Board requested that the Chief Actuarial Officer and Chief Investment Officer provide a short paper on the interplay between the investment fund and levies.
- A presentation on cyber security at ACC and, for the investments area.
- The Investment Assets Valuation Policy and provided feedback.

The Board had a general discussion about becoming more informed on risk appetite.

Ms Oakley and Outside of scope left the meeting at 8.55 am.

BOARD ONLY SESSION

6. Update From the Chair: Board Only Discussion

The Chair informed the secretary that the he had provided an update to the Board on various matters, including:

- A video he had recorded with the Chief Executive for ACC staff
- Crown Entities Chair workshop
- Discussions with Te Kawa Mataaho Public Service Commission
- Meeting with the Minister
- Select Committee appearance.

7. Board Only Discussion (including Nominations Committee update)

The Chair informed the secretary that the Board had a general discussion on the issues before the Board.



8. Chief Executive's Report

Mr Tully and ^{Outside of scope} joined the meeting at 9.40 am. Mr Tully updated the Board on the following matters:

- The ongoing work of the Crisis Management Team in managing impact of the most recent COVID lockdowns
- Proceeding with levy invoicing for CoverPlus businesses, who were mostly self-employed
- Waikato DHB data breach
- Levy consultation, which was on track to begin on 1 September
- The discussion on the Performance Report would also include an update on workload pressures and the recent report from the PSA
- Ongoing work on racism and equity and actions through the Minister's legislative programme of work

ACTION: The Board requested papers on equity, Treaty of Waitangi obligations and racism and implementation of initiatives across ACC.

KEY PAPERS

Ms Champness, Mr Healy, Ms Oakley, Ms Powell, Mr Fletcher, Mr Raubal, Ms Murray, Ms O'Connor, Mr Robson and ^{Outside of scope} joined the meeting at 10.45 am.

9. Emergency Ambulance Service Update

Dr Robson introduced the paper and informed the Board that:

- 9(2)(f) [Redacted]
- 9(2)(f) [Redacted]

The Board made a number of enquiries and discussed a range of matters including the following:

- 9(2)(f) [Redacted]
- The running of NASO as a project, therefore the contractors will be important.
- This is a complex piece of work and will be ongoing. ACC is also working at systems level.
- 9(2)(f) [Redacted]

The Board guided that further discussions are needed, including with Government, if there is a better way of delivering these services for New Zealanders.

The Board:

- 9(2)(f) [Redacted]
- **Noted** the contents of this paper.

Mr Robson and ^{Outside of scope} left the meeting at 11.06 am. ^{Outside of scope} joined the meeting.

10. Improving and Modernising Accredited Employers Programme (AEP)

Outside of scope introduced the paper and noted that:

- The desire to engage with the Minister now is driven by key stakeholders seeking more clarity on the timing for consultation.
- The Board will be further engaged on the substance at a future date.
- Around 23% of claims are dealt with through the AEP. The co-designed vision is important to bring about improvement and modernisation.

The Board discussed:

- The roles of key stakeholders.
- How ACC engages with employers and, a desire to improve the voice of the employee.
- The views of employers on benefits, costs and experience. And, that ensuring clients receive appropriate service requires some performance management as it can vary.

The Board:

- **Noted** that Management will seek agreement from the Minister for ACC to consult in April 2022 on proposed changes to the AEP Framework.
- **Noted** Management will work with MBIE to progress the proposed changes to the AEP Framework.
- **Noted** that Management will present the Board with details of the proposed changes to the AEP Framework for endorsement in November 2021.

Outside of scope left the meeting at 11.20 am.

11. Annual Report 2021

Mr Healy introduced the paper and highlighted that:

- The audit is on track. Draft financials go to the RAAC on 20 September and the RACC will then recommend the final to the Board.
- Management has aimed to reduce the size of the report, while some content has expanded (eg: climate).

The Board discussed:

- ACC's approach to Te Reo in the report and more generally in ACC. The Tumu Pae Ora has work underway around a future strategy.
- Who the audience and readers of the report may be and guided that it might evolve into a more user-friendly way to access the information.
- That the location of the one page performance report be reviewed.
- That Management provide clarity sign out of the annual report and, in consideration of the change in CEO and Chair.
- That the petrol levy material be reviewed with the auditors.

The Board:



- **Noted** the request for any further feedback on the draft AR21 to the Chief Financial Officer, John Healy, no later than 5.00pm Thursday 2 September 2021.
- **Noted** the proposed timeline for AR21.

12. Implementation Planning for Social Unemployment Insurance

Ms Champness introduced the paper and provided an update including that:

- Planning for implementation is underway and additional funding was going through a Cabinet process next month.
- A review of technology and people capability that would be required is underway.

The Board made a number of enquiries including the following:

- There remains a lack of clarity of “what” the scheme may be proposed to be. Clarity on Ministerial governance would also assist. There were also opportunities for ACC to consider how governance might work across two schemes. ACC’s work to date is to provide input provided to policy design and development.
- That it had raised questions at the last meeting about who should be involved in the work and capability analysis. Higher level governance also needs to be considered.

*The Board **stopped** for lunch at 12.00 pm.*

*The meeting **resumed** at 12.30 pm with all Board Members present and were joined by Mr Tully, Ms Champness, Mr Healy, Ms Oakley, Ms Powell, Mr Raubal, Ms Murray, Ms O'Connor and Outside of scope.*

Continuation of item 12.

The Board:

- **Endorsed** that that a Board Committee comprising three board members be set up. ACTION: A terms of reference was requested to be prepared by Ms Champness and Ms Oakley for Board approval to consider Social Unemployment Insurance development and that the Committee would report back to the Board.
- **Noted** the contents of this paper.

REGULAR REPORTING

Outside of scope and Outside of scope joined the meeting at 12.35 pm.

13. Performance Update including debrief on workload

Mr Healy and Outside of scope spoke to the paper. This included highlighting that:

- Falls by elderly people are expected to remain prevalent with an aging population.
- There is \$2 billion deficit for the one month to date. Volatility should be expected with interest and bond rates.
- Average weekly compensation days paid reduced in July. However, there is now the context of increased uncertainty with a lockdown. Claims volumes drop in a lockdown.
- Rehabilitation, workload, and task prioritisation.



Mr Tully spoke to the Board about organisational workload issues and engagement. This included highlighting that:

- “What matters most” for the year ahead has been launched to provide focus for the organisation.
- There is an extensive communication plan underway.
- There have been “Out and About” Executive visits.
- “Coaching moments” are being adapted to support staff wellbeing.
- He has met with the PSA and delegates.

Outside of scope spoke to the Board about short term initiatives for the frontline. This included:

- The use of administrative support to free up “assisted recovery” staff.
- The launch of “one front door”.
- Bulk recruitment so that 50% is replacing staff and 50% is forward recruitment to pre-empt attrition. 364 staff have been recruited since March and another 250 are underway.
- Ongoing focus on flexible working hours. This supports engagement of staff and productivity is holding.
- The review of delegations (and removals of them, where it promotes a seamless experience).
- Task allocation is being reviewed so they can be removed if no longer needed.
- Introducing specialities in the welcome conversation early and seeing positive signs.
- An “auto dialler” has been introduced. This means staff pick up calls only when a person is already on the phone.
- There is a 50% reduction of “priority 1” tasks.

Ms O’Connor spoke to the Board about other initiatives including:

- Holistic workstreams to systematise short term improvements and to enable sustainable continuous improvement in the medium to long term.
- There are a range of other initiatives such as how to move people through the organisation (and paybands), increasing understanding about people leave ACC, workload and workforce management as Outside of scope described, looking at how days can be optimised to be “with client”, and, how to optimise technical support services for the recovery teams.
- A strong theme around communication and feedback mechanisms.
- A provider engagement strategy to communicate and receive feedback on initiatives.

Mr Tully advised that a post implementation review of next generation case management is underway. This will be available in September.

The Board made enquiries and discussed a range of matters including the following:

- The Board asked how effectiveness of the initiatives described and those in the health & safety report, could be measured and tracked.
- Ms Champness advised that stress reporting is not the best measure as there are insufficient numbers. Report stress incidents reduced in July but, have increased in August. One month is not a good indicator though she believes they will reduce over time.
- Outside of scope advised that work volumes and work-flows are key indicators in the immediate and that the ultimate measure becomes the lag measures on rehabilitation. The Board challenged that those are client facing rather than ACC people focused.



- Ms O'Connor advised that daily "BUZZ" meetings with staff mean leaders are in tune "real-time" with their teams. Any concerns get escalated daily to enterprise leaders so they know how teams are feeling. Individual support can be provided. The focus ahead is to join it all up.
- The Board enquired about potential pressure on staff from improvements on claim closures. There was a discussion about whether this was a backlog exercise. The focus now is on priority one claims and addressing improvements.
- In addition to greater clarity on measurement, the Board enquired as to how the level of buy-in from front line staff to improvements might be assessed ahead.
- Mr Tully advised this is not just a backlog issue. The organisation has gone through significant change. Staff have stepped up to take on the change. There is also positive feedback from staff who are appreciating current focuses. This is a multi-faceted set of issues and activities that is being leaned into. Purpose work for staff is likely to be positive. This had been delayed and should be re-ignited at the right point ahead.

The Board requested that Management include a note in communications that the Board and Management have discussed the focus on staff.

The Board also:

- Provided feedback that the performance report be significantly shortened. Key issues might be better highlighted.
- Discussed the importance of a focus on purpose for staff and wellbeing. It was also discussed that overseas potential wellbeing issues can lead to anger as a behaviour showing up in organisations.
- Noted that the 50th anniversary of ACC was in two years. There was an opportunity to consider a project to celebrate that.

The Board noted the report.

Outside of scope and Outside of scope left the meeting at 1.25 pm.

14. Q4 ICIP Report

Mr Fletcher introduced the paper. He highlighted that:

- The close dates may need to be extended beyond June 2022.
 - It is a priority to exit data centres. Moving to the cloud earlier has accelerated some ICIP initiatives. The Strategic Platform Adoption (SPA) programme to exit data centres is going well. EoS will move to the new data centres this weekend which is a significant milestone.
 - There is high turnover and pressure in the market for technology expertise. This may impact delivery timeframes.
 - The potential for additional social unemployment insurance work ahead.
- Savings in weekly compensation and the health sector strategy have whole of organisation focus. These are needed to hit overall returns.
- Te Kahu, the ERP programme, is tracking towards a first go live in September.
- Risks are stable, except for resourcing.

The Board made a number of enquiries and discussed:

- The need to ensure consistency in the Cabinet paper with any potential delay in close out dates. Management advised that it may be a delay of 6-12 months, but it is early



days to determine. If Social Unemployment Insurance needs to be implemented there are broadly two parts to consider. First, there is likely to be a need to stand up new activity. Second, there will be consideration of bringing things forward that might be used by social insurance.

- Management’s levels of confidence with the EoS transfer. Management advised that there was good confidence given a test last weekend.

The Board noted the ICIP Q4 FY20-21 Update.

15. Q4 Customer Feedback Report

Ms Powell introduced the paper. She advised that business customers and provider feedback will be included next quarter.

The Board made a number of enquiries and discussed:

- How ACC could become proactive about cases which have delays in weekly compensation payments and whether the systems can flag this early. Management advised that analytics are being developed and that the timeliness and aging of all payments is tracked. Generally, where there are delays there is case by case complexity involved.
- Management advised that a new customer team is to be formed to start to look at root causes.
- What capability build in the front line might assist such as soft skills & cultural capability. It was discussed that connection and interaction can make or break satisfaction and can reduce escalation. Management discussed learning huddles and operational performance and effectiveness. This included being responsive, doing what we say we will and, expectation setting in welcome conversations.
- The Board guided that Ms Murray also include quarterly reporting ahead.
- The Board observed that impressive work going on and that Management consider whether there are options for benchmarking where ACC is at.

The Board noted the contents of this paper.

Outside of scope joined the meeting at 2.00 pm.

16. Health, Safety and Wellbeing Report

Ms Champness informed the Board about the Safe Kiwi Awards and efforts of staff. Dr Nott was a judge and provided her views.

Ms Champness advised that LTIFR is above target. This is being watched carefully. In relation to stress incidents she noted they are being ascribed to “the environment” rather than “workload”. This would continue to be monitored.

The Board was informed that *Outside of scope* would be leaving ACC. Ms Champness and the Board thanked her for her contributions to ACC.

The Board enquired what happens when a staff member raises mental wellbeing and was informed that:

- The first step is to ensure clarity on the ACC role and, that the person has the care of a GP or health professional.
- A case management model is used for staff through Well NZ.



- There is then ongoing interaction. This evolves and differs from person to person.

The Board enquired about “Covid wellness” for staff. Management noted the importance of people leader conversations, general communications and, reinforcing and repeating messages about wellness above the line.

There was also a general discussion regarding vaccination levels for staff. The Board enquired about how to think about vaccinated and un-vaccinated staff. Outside of scope advised that this was likely to be considered similar to vaccination choices for viruses like the flu or measles.

The Board noted the contents of this paper.

Outside of scope left the meeting at 2.15 pm. Outside of scope joined the meeting.

17. Monthly Litigation Report

Ms Oakley introduced the paper.

Legally privileged

She summarised her initial views framed into a strategic review of litigation and that her focus was to work internally on processes rather than engage a large and expensive external review. She highlighted a range of matters including:

- *Reasonable and collaborative processes exist on paper and in practise. However, clear principles for decisions (which involved degrees of subjectivity and needed a customer lens) were an opportunity.*
- *While there is a lot of data in ACC, turning it into insight was challenging.*
- *There were differing views on why there is a decline in successes in the District Court and that investigating judgments by Judges and within ACC and/or on technical evidence, were a focus.*
- *It appeared that decision making has been disconnected with costs and, potentially that with consensus decision making, accountability was unclear.*
- *More focus was needed on whether to defend District Court appeals also, noting they have been subject to a review decision prior going back further in decision making and there is a high volume of them every year.*
- *Her next steps were the entry of the new “Head of” next week, development of principles and potentially some changes to forums and clear accountabilities.*
- *She expected that significantly more work and change would be in place in three months.*

The Board discussed:

- That this work should continue and report back. **ACTION: Report back on strategic litigation review in three months.**
- The importance of a customer lens into decision making.
- Alignment to strategy and risk appetite conversations ahead may also assist.

The Board noted the contents of this paper.

Outside of scope left the meeting at 2.30 pm.

18. Policy Update

Ms Powell introduced the paper.

The Board discussed boundary issues for the scheme including mental health and volunteer fire fighters. There was a general discussion around moving to discussing the policy change portfolio to optimise focus on key inequities rather than policy changes one by one.

The Board noted the contents of this paper.

APPROVALS

19. Deeds of Indemnities

Ms Oakley introduced the paper.

The Board:

- **Approved** the granting of a “Non-Employee” deed of indemnity (as it was approved by the Board in May 2021) to the following:
 - Outside of scope, who is on Wellington Gateway Partnerships (Transmission Gully).
 - Outside of scope, who is on SecureFuture.
- **Approved** the granting of the standard Board member deed of indemnity (as it was approved by the Board in May 2021) to the following:
 - Mark Cross
 - David Hunt
- **Delegated** authority to the Chair and Deputy Chair to sign the aforementioned deeds of indemnity on behalf of the Board.

20. ICIP Cabinet Paper

Mr Fletcher introduced the paper.

The Board noted the earlier discussion as it was linked to this paper.

The Board, subject to its earlier feedback:

- **Approved** the contents of the attached draft Cabinet paper, ACC’s October 2021 Integrated Change Investment Portfolio Progress Update.
- **Note** that agency consultation will be completed with the Treasury, Ministry for Business, Innovation and Employment (MBIE), Department of Prime Minister and Cabinet, and the Ministry of Health after the August Board meeting.
- **Note** that implementation of ICIP is due for completion in mid-2022, and therefore ACC is recommending the next update to Cabinet be provided in 12-months’ time to allow for an update on the roll-up of ICIP.
- **Note** that all Cabinet papers are required to be proactively released within 30 business days of the final decision being taken by Cabinet. Therefore, the attached Cabinet paper will be proactively released onto ACC’s website, subject to the Minister for ACC’s approval and any reactions as appropriate under the Official Information Act 1982. Consistent with previous years, it is expected that the paper will be proactively released in full.



GENERAL BUSINESS

There was no general business.

Closure: The meeting closed at 3.00pm.

Approved

Chair Name:

Date:

Chair Signature:

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



**MINUTES ACC FULL BOARD MEETING
THURSDAY 30 SEPTEMBER 2021, 8.30AM TO 3.15 PM
MICROSOFT TEAMS**

IN ATTENDANCE

Board Members	<ul style="list-style-type: none"> • Steve Maharey – Chair • James Miller – Deputy Chair • Tracey Batten – Member • Helen Nott – Member • Pat Bowler – Member • Bella Takiari-Brame – Member • Mark Cross – Member (partial attendance) • David Hunt – Member
ACC Staff	<ul style="list-style-type: none"> • Mike Tully – Acting Chief Executive • John Healy – Chief Financial Officer • Vanessa Oakley – Chief General Counsel (Secretary) • Emma Powell – Chief Customer Officer • Herwig Raubal – Chief Risk and Actuarial Officer • Michelle Murray – Tume Pae Ora • Gabrielle O’Connor – Acting Chief Operations Officer • Peter Fletcher – Chief Technology & Innovation Officer • Cain McLeod – Acting Chief Talent Officer • Outside of scope – Executive Advisor • John Robson – Chief Clinical Officer & Head of Health Partnerships • Outside of scope – Head of Privacy • Outside of scope – Head of Operational Performance & Intelligence • Outside of scope – Acting Head of Client Recovery • Outside of scope – Head of Risk & Assurance • Outside of scope – Acting Head of Health, Safety & Wellbeing • Outside of scope – Head of Legal, Scheme & Commercial • Outside of scope – Manager, Litigation • Outside of scope – Head of Customer Systems & Intelligence • Outside of scope – Senior Corporate Secretary

The meeting commenced at 9.00 am with all Board members present.

BOARD ONLY DISCUSSION

No minutes were kept.

Mr Tully, Ms Oakley and Outside of scope joined the meeting at 9.40 am.

The Board commenced with the ACC Karakia.



BOARD ADMINISTRATION

1. Apologies

Mr Cross sent apologies for part of the meeting.

2. Register of Key Interests

CONFIRMED: The Board reviewed the Register of Key Interests and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

3. Minutes of Meeting Held on 29 July 2021

The Board approved the 29 July 2021 minutes as a true and accurate record of that meeting with a typographical spelling error to be corrected.

4. Board Actions

The Board discussed the actions noting that:

- October strategy day included education.
- The annual plan will include site visits and be included in future Board packs.
- Item 11 also informs clarity for insurance consideration ahead in Board planners.
- Item 14 needs a due date.

COMMITTEE UPDATES

5. Investment Committee

Mr Miller informed the Board that the Committee:

- Reviewed the Strategic Asset Allocation Plan and, made some changes.
- Undertook portfolio reviews.
- Noted that overall performance overall to the end of August was slightly behind. By the end of mid- September, it was slightly ahead.
- Discussed Climate Change Commitments.

The Board approved on recommendation of the Committee that:

- ACC sign the Paris Investor Initiative Net Zero Asset Owners Commitment on recommendation of the Board Investment Committee.

There was a general discussion on inflation rates and the wider environment.

6. Risk Assurance and Audit Committee

Ms Takiari-Brame provided a report back including that the Committee:

- Discussed the EY report and investment valuations.



- Discussed the actuarial view of the OCL and client centricity considerations around sensitive claims. Management is to respond at the next RAAC.
- Approved the internal audit plan.
- Discussed the risk report and proposes an insurance induction for new Board members.
- Received a cyber update.
- Reviewed the financial condition report and other noting papers.
- **Recommends to the Board, as appears later on the agenda, that it approve:**
 - o 2020/21 Financial Statements (including the Going Concern note) and Statement of Performance;
 - o The Statement of Responsibility; and
 - o The letter of representation from the Board to the external auditors.

The Board made enquiries and Management responded. This included discussion on:

- Whether a subsequent event note was needed regarding Covid. The Board was advised it was not.
- Whether the external auditors had raised any issues regarding funding ratios or going concern. The Board was informed they did not.
- Whether the RAAC had time without Management present. The Board was advised that they did.

7. HSS Advisory Committee

Dr Batten reported back to the Board on this Committee including that:

- All external members have been re-appointed for a period of up to two years.
- Six topics were covered and, there is a paper for the Board today.
- Management have developed a claims process from the client view.
- The concussion pathway for primary care and how to get a better automated process to secondary care was discussed. Management are seeking to get engagement from PHOs.

CHAIR AND CE UPDATES

8. Chair Update

The Chair informed the Board that he has had discussions with:

- The Minister and her office.
- Treasury on the skills matrix and a potential new member of the Board.
- Worksafe.
- Injury Prevention.

9. Chief Executive's Report

Mr Tully spoke to his report and discussed Social Unemployment Insurance (SUI) work.

The Board had a general discussion including:

- The potential impacts or reactions of business in relation to SUI.
- Seeking clarity for governance and policy at Ministerial level for SUI.
- How ACC staff are working in the current alert levels.



The Board **took a short break** at 10.50 am.

KEY PAPERS

The Board **reconvened** at 10.55am.

The Board (excluding Mr Cross), Ms Oakley, Mr Tully and ^{Outside of scope} remained in attendance. Mr Healy, Ms Powell, Mr Raubal, Ms Murray, Ms O'Connor, Mr Fletcher, Mr McLeod, ^{Outside of scope} and Dr Robson joined the meeting.

10. HSS Quarterly Update

Dr Robson talked to the paper.

The Board discussed:

- The ethnicity breakdown and the potential for a further breakdown of “non-Maori” for other ethnicities.
- The need for a policy on the use of Maori language. Management advised that a plan is being built.
- The e-channels work and its interplays with data centre closure work.
- The ability of providers to connect with the provider hub.
- The potential for feedback and measurement of provider views in future reports.
- Escalated care pathways.
- The need for a provider engagement strategy with timeframes for NTS improvements.
- That a medium-term roadmap was an outstanding action from an IQA. Management will provide it at the next meeting. One of three goals is to increase the trust and confidence of providers.

The Board noted the contents of this pack.

Dr Robson left the meeting at 11.40 am.

11. Annual Report – Final Draft

Mr Healy spoke to the paper and highlighted that:

- The Management representation letter will be updated to today’s date.
- No substantive changes or material items are known as at today. The same question was asked of Board Members.
- It is understood that the Government intends to publish consolidated Crown accounts on 12 October.

The Board made enquiries and discussed a range of matters including:

- The announcements for legislative changes with birthing injuries and, the Covid situation. Mr Healy and Mr Raubaul advised that these matters are not material as adjusting events. They are also not likely to be material on a forward-looking basis. It was noted that policy design and detail was still to occur for the announced proposed legislative changes.
- Petrol levies. **ACTION: The Board requested a paper in 2022 on petrol levies and interplays with climate change. It should include an assessment of what other agencies are doing.**
- How the Annual Report might be utilised in the future as a communication.



- The timing of the levy consultation with the Annual Report release.
- Environmental, Social and Governance matters.

The Board:

- **Approved** on recommendation of the Risk Assurance and Audit Committee (RAAC):
 - 2020/21 Financial Statements (including the Going Concern note approved by RAAC) and Statement of Performance;
 - The Statement of Responsibility; and
 - The Letter of Representation at **Annex 1** from the Board to the external auditors (noting the signed letter of representation to the Board from the Chief Financial Officer and Acting Chief Executive at **Annex 2**).
- **Approved** the Annual Report 2021 at **Annex 3** which incorporates the aforementioned Financial Statements, Statement of Performance and Statement of Responsibility.
- **Delegated** to the Chair and Deputy Chair the authority to:
 - **Sign** the letter of representation to the external auditors on behalf of the Board;
 - **Sign** all relevant parts of the Annual Report;
 - **Approve** any changes, if needed, to the final Annual Report.

12. Privacy Update

Outside of scope joined the meeting at 11.55 am.

Ms Oakley informed the Board that Outside of scope had joined several months ago. He is now confirmed as the permanent Head of Privacy.

Outside of scope spoke to the paper and responded to questions. It was noted that:

- There was an active culture of reporting into the privacy team.
- It is intended to bring in an objective review of privacy maturity in the months ahead.

The Board noted the contents of this paper.

The Board **stopped** for lunch at 12.20.

The meeting **resumed** at 1.00 with all Board Members present and Mr Tully, Ms Oakley, Mr Healy, Ms Powell, Mr Raubal, Ms Murray, Ms O'Connor, Mr Fletcher, Mr McLeod, Mr

Outside of scope and Outside of scope.

REGULAR REPORTING

13. Performance Update

Mr Healy and Outside of scope introduced the paper.

The Board made enquiries and discussed the following:

- The claims volume and patterns in current alert levels and the operational implications. Management advised that the changes in claims volumes balances out with ACC capacity (which drops as a result of reduced productivity).
- More guidance from Management was needed on the right things to focus on.
- The overdue tasks relating to workload on page 258 and FTE on page 261. Management advised that of the four priorities of tasks, focus should be on priorities 1 and 2. Priority 1 tasks have reduced from 11,500 to 4,000. The same trend is occurring



for priority 2 tasks. Work is therefore close to being “up to date” and, there is a strong focus on forward recruitment.

- Why the trust scores were “green”. Management advised that there is no information to indicate otherwise. There is some more analysis and work to occur ahead.

The Board noted the performance information for August 2021.

Outside of scope and Outside of scope left the meeting at 1.28 pm. Outside of scope joined the meeting.

14. Quarterly Enterprise Risk and Compliance Report

Mr Raubal introduced the paper.

The Board discussed:

- The need for awareness of potential risks from Board and Management changes.
- What Value Stream Boards are.
- That cyber risk in the report is about understanding the impact of cyber events for business continuity and not about vulnerabilities to cyber attacks. Further business continuity work is being presented to the RAAC in November.
- That a portfolio approach to “boundary issues” be considered ahead.
- Social inflation.

The Board noted the report.

Outside of scope left the meeting at 1.50 pm.

15. Health, Safety and Wellbeing Report

Mr McLeod introduced the paper.

The Board discussed:

- The opportunity for a deeper dive into workload stress incidents which is to be discussed with the Chair of the People and Remuneration committee.
- The CEO will discuss the workplace investigation noted in the report with the Chair.
- Management is working to alignment with the public sector on workplace vaccinations, both for staff and those who visit clients.
- The usage of EAP.

The Board noted the contents of this paper.

16. Health, Safety and Wellbeing Policy

Mr McLeod informed the Board and highlighted that the policy was people centric and the changes proposed were minor.

The Board discussed:

- Whether any ACC staff member is empowered to stop work or only health and safety representatives. Management advised that in practise it was any staff.
- Whether that is obvious to staff and how it interplays with the whistleblowing.



The Board approved the Health, Safety and Wellbeing policy attached as Appendix 1 to this paper.

Outside of scope left the meeting at 2.12pm. Outside of scope and Outside of scope joined the meeting.

17. Monthly Litigation Report

The Board was provided with an overview of the matters in the report, a verbal update on the strategic litigation review and that a more fulsome update will be provided in December.

The Board noted the contents of this paper and that updates compared to last month are in RED font.

Outside of scope and Outside of scope left the meeting at 2.26pm. Outside of scope joined the meeting.

18. Policy Update

The Board noted the update, it's earlier discussion on the need for a portfolio approach and earlier discussion.

The Board noted the contents of this paper.

Outside of scope, Ms Powell, Ms O'Connor and Mr McLeod left the meeting at 2.36pm. Mr Healy and Outside of scope left them meeting at 2.50pm.

APPROVALS

19. Governance Refresh

Ms Oakley spoke to the paper, ^{9(2)(h)}

The Board guided the following for the finalisation of this update to the Board Manual:

- Quarterly “interests” prompts are intended moving ahead.
- Where no remuneration was involved, appointments to ACC investment vehicles be agreed by the Board Investment Committee and Investment Group.
- “Wellbeing” should be flowed throughout the health, safety and wellbeing section in the Board Manual.
- Wording relating to ACC’s practise of ratifying out of cycle resolutions be included for clarity.

The Board:

- **Approved** the revision of the Board Governance Manual (noting it includes Nomination and Corporate Governance matters that were formally in the Governance and Remuneration Committee) at **Appendix A**, with the feedback discussed to be incorporated.
- **Delegated** to the Chief General Counsel the ability to make non-material changes to the Board Governance Manual, with notice to the Board when any changes are made.
- **Approved** the revised Terms of Reference for the People and Remuneration Committee (previously, the Governance and Remuneration Committee) as in **Appendix B**.



- **Ratified** the members of the Governance and Remuneration Committee (to be, the People and Remuneration Committee) from 1 July 2021 as Dr Tracey Batten (Chair), Mr Pat Bowler and Mr James Miller.
- **Approved** the new Terms of Reference for the Social Unemployment Insurance Committee at **Appendix C**.
- **Approved** the members of the Social Unemployment Insurance Committee as Hon. Steve Maharey, Mr Pat Bowler and Dr Helen Nott and, noting that a Chair of that Committee would be determined subsequently.
- **Ratified** Dr Helen Nott as a member of the Health Sector Strategy Advisory Committee from 1 July 2021.

GENERAL BUSINESS

20. Out of Cycle Approval

The Board ratified the out of cycle approval from 26 September 2021.

21. Observations and Feedback

Mr Hunt provided observations and feedback.

Closure: The meeting closed with a karakia at 3.10pm.

Approved

Chair Name:

Date:

Chair Signature: