



27 June 2022

[REDACTED]

Kia ora [REDACTED]

Your Official Information Act request, reference: GOV-018155

Thank you for your email of 7 May 2022, asking for the following information under the Official Information Act 1982 (the Act):

Would you please email me a copy of the April Board minutes confirmed at their meeting in May.

You then advised that you do not require the names of staff, Executive or Board members to fulfil this request. Therefore, we have redacted these names as out of scope.

We are able to provide the information requested

Please find attached a copy of the Board minutes from April 2022.

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 email me at GovernmentServices@acc.co.nz. You can also complain to 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 ACC FULL BOARD MEETING
THURSDAY 7 APRIL 2022 9.00AM – 5.25PM
MICROSOFT TEAMS

IN ATTENDANCE

Board Members	<ul style="list-style-type: none">• Steve Maharey – Board Chair• Tracey Batten – Board Deputy Chair• Bella Takiari-Brame – Board Member• Pat Bowler – Board Member• Helen Nott – Board Member• Mark Cross – Board Member• David Hunt – Board Member
ACC Staff	<ul style="list-style-type: none">• Megan Main – Chief Executive Officer• Mike Tully – Chief Customer Officer• Vanessa Oakley – Chief General Counsel• Gabrielle O'Connor – Chief Operating Officer• Herwig Raubal – Chief Risk and Actuarial Officer• John Healy – Chief Financial Officer• Peter Fletcher – Chief Technology and Innovation Officer• Cain McLeod – Acting Chief Talent Officer• Michelle Murray – Tumu Pae Ora• Out of scope [REDACTED] – Head of Investment Risk & Performance• Out of scope [REDACTED] – Head of Operational Performance & Intelligence• Out of scope [REDACTED] – Head of Legal, Corporate Secretariat and Investments• Out of scope [REDACTED] – Head of Risk & Assurance• Out of scope [REDACTED] – Head of Business Performance• Out of scope [REDACTED] – Head of Customer System & Intelligence• Out of scope [REDACTED] – Head of Customer Engagement• Out of scope [REDACTED] – Lead Advisor Voice of the Customer• Out of scope [REDACTED] – Strategic Advisor• Out of scope [REDACTED] – Head of Levies• Out of scope [REDACTED] – Head of Support & Capability• Out of scope [REDACTED] – Senior Corporate Secretary (Secretary)
External Attendees	<ul style="list-style-type: none">• Linda Clark – Partner, Dentons Kensington Swan• Out of scope [REDACTED] – Director of Public Sector Management, Treasury• Out of scope [REDACTED] – Manager Institutions, Treasury• Out of scope [REDACTED] – Treasury• Out of scope [REDACTED] – Team Leader Health & ACC, Treasury• Out of scope [REDACTED] – Senior Advisor Governance & Appointments, Treasury



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

1. BOARD ONLY

1.1. Governance discussion

1.2. Board only session

The Board **appointed** David Hunt to the People and Remuneration Committee.

Megan Main joined the meeting at 9.30am.

1.3. CE only session

Mike Tully, Vanessa Oakley, Gabrielle O'Connor, Herwig Raubal, John Healy, Peter Fletcher, Cain McLeod, Michelle Murray, and Out of scope joined the meeting at 10am.

2. MEETING OPENING

2.1. Apologies

There were no apologies from Board Members.

2.2. Register of key interest

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

2.3. Previous minutes

2.3.1. Approval

The Board **approved** the March 2022 minutes with no changes.

2.3.2. Matters arising / action list

The Chair introduced the action items. The Board noted:

- The Complex Claim Decision Timeframes item which was inform only would be discussed by the Board later in the meeting.
- The response to Action 8 on regulations will also include co-payment issues.
- Action 2 will come to the Board in May.

The Board **noted** the actions.

2.4. Chair update

The Chair provided the following updates to the Board:

- The Chief Executive had been appointed as an advisor to the Board for family and sexual violence. The ACC Board had committed budget to these initiatives, and the contribution from other organisations is now going through the budget bid process.
- The Select Committee preparation had been thorough.
- He had met with the Minister, the Minister of Finance's office and the WorkSafe Chair during the month.



- Corporate Secretariat will send the Prime Minister's priority letter to the Board which had been passed on through the Minister's office.

The Board **noted** the update.

2.5. Chief executive's report

Megan Main introduced her report. The Board discussed the following updates:

- She had met with the incoming Chief Executive of Health NZ and discussed key focus areas. ACC executives are considering opportunities to lead and support Health NZ in its first phase. Iwi had been engaging with Health NZ, the Māori Health Authority and ACC and alignment is important.
- A diagram on the ACC/MBIE joint policy work programme had been included with the report. The Board found this useful, particularly in showing the areas that may impact the boundary of the AC scheme and the potential financial and equity implications. The Board asked that the diagram be included going forward.
- Work continues to support Māori capability in the policy space, including through the MBIE policy internship programme.

The Board **noted** the report.

3. MATTERS FOR DECISION

Out of scope *joined at the meeting 10.20am.*

3.1. Strategic decisions

3.1.1. FY23 Budget

John Healy introduced the paper which sought the Board's approval for the budget and forecasts. The Board asked for financial sustainability to be part of the upcoming strategic conversations, perhaps separately from the current planned sessions. The Board discussed:

- The strategic questions associated with the funding gap and longer-term financial sustainability of the scheme. Management did not believe there is a going concern issue but there are downside risks associated with the OCL and investment returns. Only a significant rise in real interest rates would bring liability down. The Board noted that additional information on liquidity tracking assumptions would be useful.
- How to communicate the funding gap to key stakeholders, including the Minister, MBIE and Treasury. Prior to the last financial year, the deficits were communicated through annual and quarterly reporting as well as ongoing briefings. The Chair will raise this with the Minister at their next meeting.
- Increasing claims volumes can be influenced through injury prevention activities but not materially over the short term.
- Ultimately, there is an impact on intergenerational equity as current costs are borne by future levy payers. The Board noted that an intergenerational equity 'indicator' would be useful to show the impact of decisions now in the future.

The Board:

- **Noted** the request that the Minister be briefed on the Board's financial sustainability concerns.



- **Approved** the Budget and Forecasts for 2022/23 to 2025/26.
- **Approved** the forecast for 2021/22.

3.1.2. FY23 Annual Service Agreement

John Healy introduced the paper and the upcoming Service Agreement deadlines. The Board discussed:

- The balance between having aspirational but realistic targets. Management confirmed that the targets present a significant enough challenge and had been debated by the Executive.
- The draft targets will go to the Minister and will need rationale behind them. There is good data to support this discussion.

The Board asked that the Management pull out the Minister's feedback from the previous year.

The Board:

- **Noted** the proposed approach for SA23.
- **Noted** the proposed rehabilitation and injury prevention targets for SA23 considering the ongoing impact of COVID-19.
- **Delegated** a subset of the Board to review Board feedback (Steve Maharey, Bella Takiari-Brame and Helen Nott), but the full Board will approve a revised draft SA23 for provision to the Minister for ACC.
- **Noted** the next steps for the SA23, and final signing with the Minister for ACC.

The Board took a short break from 11.10am to 11.15am. *Out of scope* joined the meeting at 11.15am.

3.1.3. Ethical Investment Policy

Out of scope introduced the revisions to the Ethical Investment Policy which had been approved by the Board Investment Committee. The Board noted that this is an ongoing area of interest and asked that a Te Ao Māori focus for the Policy be discussed with Treasury when it is next revised.

The Board **approved** the Ethical Investment Policy.

Out of scope left the meeting and *Out of scope* joined the meeting at 11.20am.

3.2. Other Decisions

3.2.1. Shamrock Superannuation Limited

Out of scope introduced the paper. The Board discussed the Shamrock Superannuation arrangements and raised an **action** for a Board paper on the history of, and options ahead, for Shamrock (pre-socialise with David Hunt), including:

- Governance arrangements
- Interaction with the ACC investment team
- Where monitoring best sits (RAAC might not be appropriate)
- Performance.



The Board:

- **Approved** the appointment of Cain McLeod and *Out of scope* as directors of Shamrock.
- **Approved** ACC's entry into Deeds Relating to Indemnity, Access and Insurance with Cain McLeod and *Out of scope*.
- **Noted** the arrangements to fulfil ACC's obligations regarding Crown entity subsidiaries under the Crown Entities Act 2004 (CE Act).

Out of scope left the meeting at 11.35am

3.2.2. ICIP Cabinet Paper

Peter Fletcher introduced the six-monthly ICIP Cabinet paper and took the Board through the key messages. The Board discussed:

- The paper is drafted to 31 December 2021, but the Board asked Management to consider tempering some of the language to accurately reflect performance.
- Management is coming back to the Board in June with the remaining ICIP work.

The Board **approved** the contents of the draft Cabinet paper, *ACC's May 2022 Integrated Change Investment Portfolio Progress Update* with minor changes to tone.

4. MATTERS FOR DISCUSSION

Strategic Discussions

4.2.2. Cyber

Out of scope joined the meeting at 11.40am.

Due to timing, the Board discussed the Cyber update following the ICIP Cabinet paper. Peter Fletcher introduced the paper, noting it was an opportunity for Board Members to have visibility of the cyber work. The Board discussed:

- The threat of cyber-attack in response to heightened penetration attempts. Management is focussed on the global political situation, including attending meetings with DPMC.
- The attack focus had shifted to disruption rather than money. There are multiple layers of detection, but work continued to understand the magnitude of the risk.
- Fake actors had been used in the investment space and there are plans to use this type of testing in other areas of the organisation.
- Maturity and benchmarking information had been provided to RAAC and Management continued to take advice from EY and PWC.

Due to timing, Mark Cross will send his question to Management via the Secretary.

The Board **noted** the contents of this paper.

Out of scope left the meeting at 11.55am. Linda Clark joined the meeting. All Management left the meeting except Megan Main.



4.2.1 Independent Privacy Review

The Board met with Linda Clark in Board only time to discuss the Independent Privacy Review.

The Board **noted** the contents of the presentation.

Linda Clark left the meeting at 1.00pm and the Board took a break for lunch. The Board resumed at 1.30pm with all Members and Megan Main, Mike Tully, Vanessa Oakley, Gabrielle O'Connor, Herwig Raubal, John Healy, Peter Fletcher, Cain McLeod and

Out of scope present. Out of scope

and Out of scope from Treasury also joined the meeting.

Discussion with Treasury

The Board discussed the following topics with Treasury:

- Health reforms
- New Board members and overall monitoring
- The impact of the broader economic context, including inflation
- How important it is to maintain the positive relationship between ACC and Treasury.

The Board **noted** the discussion.

Out of scope

and Out of scope

left

the meeting at 2.00pm. Michelle Murray re-joined the meeting.

4.1.1. SUI Committee

Pat Bowler took the Board through the Social Unemployment Insurance Committee update:

- The Committee's papers had been impacted by an implementation timeline update the day before the meeting. The Committee is looking forward to having more time to be strategically focussed. Consultation for co-design will now also be more effective.
- The Committee adopted a governance and management structure which would be fleshed out with a revised Terms of Reference. The Committee also approved an independent quality assurance plan.

The Board **noted** the update.

4.1.2. Board investment

Mark Cross took the Board through the Board Investments Committee update:

- There is volatility due to a range of factors impacting the market and therefore performance. The focus continued on long term averages.
- The Committee discussed specific investments, including Transmission Gully, received a climate impact fund update, reviewed the Strategic Asset Allocation Policy, and a discussed deep dive into Australian equity funds.

The Board **noted** the update.

4.1.3. HSS Advisory

Tracey Batten took the Board through the HSS Advisory Committee update. The Committee discussed:



- The Māori Health Outcomes framework which would come to the Board together with the Health Outcomes framework next month.
- Raranga cultural safety guidelines. A clause will be inserted into all future contracts.
- The ECP pilot, which is showing good financial and health outcomes.
- Engagement with the new ACC strategy and encouraged ACC to take the opportunity to lead some of the opportunities going forward.

The Board **noted** the update.

Tracey Batten updated the Board on a brief meeting of the People & Remuneration Committee that morning with Management. The proposed remuneration approach discussed at the last Board meeting had been endorsed by Te Kawa Mataaho and she asked the Board to endorse the approach so further negotiation can take place.

The Board **endorsed** the remuneration approach reviewed by the People & Remuneration Committee and discussed by the Board at its last meeting.

4.2. Strategic Discussions

Out of scope joined the meeting at 2.20pm.

4.2.2. Enterprise Risk and Compliance Report

Herwig Raubal introduced the report, noting that it was postponed from the last meeting due to timing. The Board discussed:

- The 'meta-risk' that had been identified as all enterprise risks are trending up. In practice, this shows where Management should be directing its intention and the space for discretionary work is not there.
- The opportunities presented by the risk profile. ACC has shown history in taking these opportunities including ICIP, technology investment, sexual violence prevention.
- The risk framework will also feed into the strategic discussions and communications with the Treasury and the Minister.
- Framing of each risk is reviewed every quarter when it is presented to RAAC, but a full review, as well as of the risk appetite statements, will be done following the strategy review. A lens of how all the systems work together will be brought to the Board.

The Board **noted** the contents of the paper.

4.2.3. Next Generation Case Management Review

Out of scope took the Board through the key themes of the review. The Board's discussion focussed on:

- The timing of the post-implementation review. The Next Generation project was complete in September 2020, and a PIR is normally done one year after completion.
- Performance of the case management model is continuing to improve. The key metrics set out at the beginning of the project had evolved and a reset to the current state and benefits realisation will be done more broadly with ICIP. The overall benefits profile comes to the Board through the quarterly ICIP report and the Board asked for more information to be included on the case management benefits profile, particularly for customers.



- This is a review prepared for Management. It is useful for the Board to have as there is also a commitment to releasing this review publicly through the Select Committee and in a response to an Official Information Act request.

The Board **noted** the contents of the paper.

Out of scope left the meeting and Out of scope and Out of scope joined the meeting at 3.10pm.

4.2.4. Trust and Confidence

Management introduced the update to the Board. The Board discussed:

- The net-trust score rating is unique to ACC. There are other measurements, including a general public survey, which help to provide insights into drivers of public trust. The managed client survey satisfaction rate has sat between 75-80% for several years.
- Management will continue to investigate benchmarking comparisons.
- Heartbeat enables ACC to focus on specific interactions with customers to get early indications of issues.
- Good work is being done, and the upcoming strategic discussions provide an opportunity to focus on one or two activities that will shift the trust and confidence scores. When ACC asks its clients what they need the key things that come through are support, communication, timeliness and understanding.

The Board **noted** the contents of the paper.

Out of scope and Out of scope left the meeting at 3.35pm.

4.2.5. Strategic Planning

Out of scope introduced the draft agenda, which had evolved since it was loaded for the Board. The Board discussed:

- The development and engagement process with the Executive.
- The proposed NZIIS will be included in the strategy day discussions.
- There is room for broad thinking, but within the framework of being a Crown Entity and ACC's legislation.
- It is important to consider how ACC can add value and what success looks like.
- Useful background information for the Board's reading should include Shaping Our Future.

The Board Chair proposed the following 'buddy' system to discuss points ahead of meeting: Bella/Mark, Helen/David, Pat/Steve and Tracey/Sandra (new Member starting the following week).

The Board **approved** the agenda for the 6 May 2022 Board Strategy Day.

Out of scope left the meeting and Out of scope joined the meeting at 4.05pm.

4.2.6. Mental Health Risks

Out of scope introduced the paper which provided findings of research on the impact of mental health on claim and scheme performance. The Board discussed:

- Consent, privacy and ethical considerations for clients associated with this information. It will be useful to draw these things out in future papers.



- The estimated impact on OCL from mental health conditions is \$900m and the data is from two years ago. Anecdotal evidence suggests that mental health has worsened in the last two years.
- How this information be embedded into decision-making to support clients. There are discussions underway with Ministry of Health to apply mental health information to dealing with someone's physical health recovery plan in a safe way, acknowledging that mental health can only have a temporary impact. ACC is limited to what comes through the ACC45 form, but every data point from the person helps guide recovery and interventions ACC can make.
- ACC only covers mental health that arising secondary to a physical injury - a notable exception is witnessing a traumatic event while at work.

The Board **noted** the contents of the paper.

Out of scope left and Out of scope joined the meeting at 4.35pm.

4.3. Other matters for discussion

4.3.2. Motor Vehicle Account Levies

Out of scope introduced the paper which outlined the next steps. The Board discussed:

- The history of the introduction of the petrol levy.
- Equitable considerations.
- Ministry of Transport have been undertaking a revenue review since 2014. It would benefit ACC to be involved in the broader government context.

A further paper will come to the Board mid-year, and the strategy background papers would also canvass this issue.

The Board **noted** the contents of the paper.

Out of scope left the meeting at 4.55pm and Out of scope joined the meeting.

The Board Chair noted that this was Mike Tully's last Board meeting. He expressed a heartfelt thanks to Mike for his service to ACC – his passion for the organisation always shone through.

Herwig Raubal, John Healy and Peter Fletcher left the meeting at 5pm.

The Board Chair noted that the Board would like to discuss the **Complex Claims decision inform paper**. The Board discussed:

- How to ensure that client's do not experience dissatisfaction and tension from the delays. Heartbeat moments are tied specifically to conversations around decisions of cover, particularly where cover is declined. Management continued to work on the conversation quality and capability of staff having that conversation.
- Consideration of pre-decision supports that can be provided, such as in sensitive claims.
- There are metrics around the experience and customer journey mapping in parts, particularly sensitive claims, serious injury and some aspects of treatment injury. The generic customer view is being built out.

The Board **noted** the contents of the paper.



4. MATTERS FOR NOTING

4.4. Annual Work Plan

4.5. Inform papers for noting

The Board **noted** the inform Monthly Litigation Report and the inform Performance Report.

Megan Main, Mike Tully, Vanessa Oakley, Gabrielle O'Connor, Cain McLeod, Michelle Murray, and Out of scope left the meeting at 5.20pm.

5. MEETING FINALISATION (BOARD ONLY)


5.4. Review actions to be taken

5.5. **Meeting evaluation:** Mark Cross provided his feedback and observations.

5.6. Next meeting

5.7. **Meeting close:** *The meeting closed at 5.30pm.*

APPROVED

Chair signature:	
Chair Name: Hon Steve Maharey	Date: 23 May 2022