

Minutes of a meeting of the Board of the Accident Compensation Corporation held at Dunedin Public Art Gallery, 30 The Octagon, Dunedin on Thursday, 31 October 2019 at 7.50 am.

Present

Dame Paula Rebstock	Chair	(until 1.45 pm)
Mr James Miller	Temporary Deputy Chair	
Ms Anita Mazzoleni**	Member	
Mr David May	Member	
Ms Kristy McDonald QC	Member	
Dr Tracey Batten	Member	
Mr John Brabazon	Member	

In attendance

Mr Scott Pickering	Chief Executive	
Mr Mike Tully**	Chief Operating Officer	
Ms Deborah Roche	Chief Governance Officer	
Mr Herwig Raubal**	Chief Actuarial and Risk Officer	
Mr John Healy	Chief Financial Officer	
Ms Emma Powell	Chief Customer Officer	
Ms Sharon Champness	Chief Talent Officer	
Ms Gabrielle O'Connor**	Head of Client Service Delivery	Item 3.1 & 3.5
9(2)(a)	Head of Communications and Engagement	Item 4.1
9(2)(a)	Strategic Advisor, Governance	Items 4.2 & 5.2
9(2)(a) **	Head of Workplace Safety & Levies	Item 4.3
9(2)(a) **	Project Manager	Item 4.4
9(2)(a)	Manager Assisted Recovery	Item 4.4
9(2)(a) **	Head of Actuarial Services	Item 4.5
Ms Ainsley Simmonds	Acting General Counsel and Company Secretary	Item 5.2
9(2)(a)	Manager Corporate Secretariat	
9(2)(a)	Senior Associate Company Secretary	

** Attended via telephone / videoconference

1 Procedural Business

1.1 Apologies

There were no apologies received for the meeting.

1.2 Register of Members' Conflicts of Interest Arising

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 Board Only Session

During the Board only session, the Board **resolved** to approve the recommendations from the Board Investment Committee's Governance Review.

2.1 Investment Committee

Mr Miller updated the Board on the key matters from the Board Investment Committee meeting of 30 October 2019.

2.2 Governance and Remuneration Committee

Ms McDonald QC updated the Board on the key matters from the Board Governance and Remuneration Committee meeting of 30 October 2019.

2.3 Chief Executive's Report

Items raised by Mr Pickering were:

- Albany site and next steps
- Engagement Strategy - context of work programme
- Bain Global CEO forum feedback
- Chief Executive Performance Objectives.

3 Operational Reporting

3.1 (a) ICIP Reporting

Mr Healy introduced the report and highlighted the following:

- The overall portfolio continued to track well over September. The key focus for this month was deployments for CP2 and Next Generation Case Management (NGCM). There had been successful deployments over the past few weekends and there would be several more deployments over the next two to three weeks.
- In terms of the Benefits profile, benefits expectations were being clarified by segmenting initiatives between higher and lower confidence in delivery terms and the focus was on shifting lower confidence items to higher confidence.

The Board requested an update on progress with Escalated Care Pathways (ECP). Mr Tully explained that a preliminary draft of a generic contract for ECP had been signed off and sent to the consortia seeking early feedback. It was on track; however, the schedule was tight, and it would be difficult get the contracts signed off and back in early December. In response to a query from the Board, Mr Tully explained that Management was confident cherry picking could be managed, although the arrangement was in the early stages of testing. Ms Simmonds added that the contract did provide for degrees of complexity and would be monitored.

RESOLVED: The ACC Board resolved to:

- (a) **Note** the ICIP September 2019 Monthly Update.
- (b) **Note** the Investments Technology Issues Report.

3.2 (b) First Quarterly Report 2019/20

Mr Healy explained that the Report showed the trajectory of the funding ratios, based on the current Funding Policy. The trajectory of levies was provided in the cover paper as additional information to the Board, but was not included in the Report which would go to the Minister.

During its discussion of the Report, the Board requested:

- Documents which go to the Minister and additional information for the Board be physically separated in future so it is clear which parts would go to the Minister. The Board requested that the Report to the Minister and the appendices which were just for the Board be withdrawn and presented as separate documents by the end of the day.

- The active vs exit methodologies be defined in this report and in future Quarterly Reports.
- A summary paper which outlined sensitivities for the forecast results.
- The Board and Investment Committee review whether it was appropriate to maintain the 0.3% outperformance of benchmark, given returns were becoming more compressed.
- Information on why payables and receivables were so poorly budgeted for the full year.

The Board discussed how realistic ACC's targets were, given the amount of Amber results. Mr Healy explained that there were some areas of volatility. The Board commented that it was important for ACC to ambitious, but when targets were not met, it looks like performance was not strong. The Chief Executive noted that he would bring this discussion to life through the QBR.

ACTIONS: Management to:

- Present papers for the Board on:
 - sensitivities for the forecast results
 - funding ratios under the new Funding Policy.
- Respond to the Board and BIC on the appropriateness/feasibility of achieving the 0.3% outperform benchmark.
- Respond to the Board on payables and receivables.

RESOLVED: The ACC Board resolved to:

- (a) **Approve**, subject to any final changes, the presentation of the first quarterly report 2019/20 to the Minister by 31 October 2019.
- (b) **Approve** the publication of the first quarterly report 2019/20 on ACC's external website following acceptance of the report by the Minister for ACC.
- (c) **Note** the additional performance information for September 2019 (**Appendices 2, 3, 4 and 5** which did not form part of the quarterly report to the Minister and had been withdrawn from the meeting for separate presentation to the Board).

4 Board Papers

4.1 ACC Engagement Strategy – telling the untold story of ACC to New Zealanders

Ms Powell introduced the presentation. The Team had worked over the past 18 months to build the concepts with the use of customer research.

9(2)(a) introduced 9(2)(a) from the Media Buyer Company. 9(2)(a) presented the concepts to the Board, focusing on the following:

- ACC had an untold story. People were aware of ACC, but customer insights showed they had no deep knowledge of what ACC did or the breadth and range of ACC's services.
- Currently, ACC was in Phase 1 – the Awareness phase. Phase 2 took on a new approach, using focus groups and a customer centric approach. Thousands of New Zealanders were spoken to, including a Māori focus group in Auckland which provided much value.
- In terms of benefits, first was awareness, then a move to the public seeing value in ACC, then enhancing/protecting ACC's reputation, improved customer engagement. A quarter of the engagement strategy focused on talking with Māori.
- The plan was to have six months of campaign engagement from January 2020.

The Board asked how Management could stop the engagement from leading to more testing of the boundaries of the Scheme and creating confusion as to who was entitled to services. ■

9(2)(a) explained that the campaign was not about entitlement but services and the Newsroom platform was ready to receive questions from customers. The Board commented that it was important not to create a wrong expectation through the campaign that had to be corrected elsewhere. 9(2)(a) explained that there would be strict testing to make sure that when people were exposed to the messages, they had clarity on what it meant.

In response to a query from the Board as to the extent to which the engagement addressed non-injured stakeholders, such as providers and business, 9(2)(a) explained that engagements were already underway with these stakeholders.

9(2)(a) took the Board through the presentation depicting the two creative concepts being tested. "Life in Aotearoa New Zealand" and "Two Sides of The Story". These were explored through four themes—Our relationship with water; Complexity of Relationships; Return from Work Safely; and Sport.

9(2)(a) explained the work in modelling how ACC could reach people and understand their feedback. There would be a mix of digital, print and radio; this would reach 90% of the country. The core audiences were youth and Māori. The strategy included an innovation fund to explore opportunities and tactical moments to make the most of engagement (e.g. Orientation Week at Universities). It was a fluid and reactive approach informed by feedback data.

The Board asked how Management would assess the ROI for each phase of the strategy. ■

9(2)(a) explained that the key KPI for the first phase was awareness, and there would be operational measures to assess, for example the time between injury and claim. The Board asked

that Operations and frontline staff be prepared for higher engagement as a result of the campaign and asked that future reporting to the Board on the next phase incorporated the ROIA into the KPIs.

The Board expressed that the Team had the Board's support, particularly in ensuring that the foundation of the strategy was built first and asked that the Board's feedback on provider and business be taken on board.

ACTION: Management to ensure that future reporting to the Board incorporates ROI into engagement strategy KPIs.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that as at June 2019, 45% of New Zealanders had low awareness of ACC, a figure that increases to 57% for Māori.
- (b) **Note** that ACC proposes a five-year Engagement Strategy with the following phases:
 - i. phase 1 — connect ACC employees to organisational purpose (underway)
 - ii. phase 2 — tell the untold story of ACC to New Zealanders to increase broad public awareness and understanding of ACC's role and services (January to June 2020)
 - iii. phase 3 — create relevance and public respect for ACC's role and value, including a recommended brand refresh to reflect a high-performing, customer-led organisation (post 2020 general election)
 - iv. phase 4 — create a trusted partnership with New Zealanders (2021/22 to 2023/24).
- (c) **Note** that an integral part of the Engagement Strategy is engaging with Māori, in line with Whāia Te Tika and ACC's Service Agreement 2019/20.
- (d) **Note** that the Engagement Strategy has a cost of approximately \$3 million per year over five years (excluding any brand refresh) to 2023/24, totalling \$15.22 million, which will be absorbed into the Customer Group budget.
- (e) **Note** that the Executive has endorsed the approach, design and timing of the Awareness phase of the Engagement Strategy.
- (f) **Note** that Management will be presenting the creative concept for the Awareness phase of the Engagement Strategy, built by ACC's customers, to the Board on 31 October.
- (g) **Note** that a paper on a recommended brand refresh to align with the Engagement Strategy will be presented to the Board in April/May 2020.
- (h) **Note** that the Minister will be informed of phases 2 to 4 of the Engagement Strategy (the external phases) prior to the commencement of phase 2 in January 2020.

- (i) **Note** that Management will report to the Board on progress with the Engagement Strategy in April/May 2020.

4.2 Degenerative Conditions – Progress Update

Ms Roche introduced the paper:

- This was a report following a request from the Board to speed up operational changes. This could be seen in terms of changes to the cover letter, MyACC and further areas.
- On the policy side, Ms Roche had spoken to a range of District Health Boards (DHBs) and the Ministry of Health (MoH). During this process, MoH announced a Planned Care strategy through the next four or five months, which focused on how to better support patients to transition into self-care and rehab, and what the financial implications of this were. ACC was working with MoH on developing the strategy and ACC's role in supporting that.

The Board discussed the paper, with questions and comments focusing on the following:

- During the last levy consultation, ACC had received feedback that ACC was 'not for elderly people'. Ms Roche responded that ACC can only legally pay for the consequences of an accident, and previous degeneration may make them ineligible for cover. DHBs acknowledged that better supported handover with ACC, similar to sensitive claims, would go a long way.
- Whether there were still issues around consistency of decision making, which could be unfair. 9(2)(a) explained the importance of expectation setting which would help with customer experience but legislative change would be required to really address the fairness issue. This was feasible but might cause unintended consequences and considerable expansion of the Scheme. The Board asked whether anything else that be done to manage expectations. 9(2)(a) pointed to the Next Steps section of the paper on work with GPs particularly to keep them informed of decisions made about their patients.

The Board commended Management on the paper and the good progress made, noting that the operational improvements were exciting to see.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that, at the May meeting, the Board discussed three options for addressing degeneration: legislative change, joint funding approaches, and operational improvements. The Board agreed to ACC pursuing discussions with MOH and DHBs about joint funding, and requested an update on progress with operational improvements.

- (b) **Note** that initial discussions with DHBs and MOH have indicated that there may be opportunity for better alignment between the two systems, and that two vehicles are available to explore this alignment: the Review, and the Government's changes to non-acute care (Planned Care Strategy).
- (c) **Note** that an update on our work with the Review and discussions with MoH and DHBs on the Planned Care Strategy will be provided in November.
- (d) **Note** that good progress has been made in making operational changes, and there is an intention for further changes to be made in future.
- (e) **Agree** that ACC will provide a report back in May 2020 of progress with operational improvements and sector-wide collaborative approaches so that the Board can consider whether further analysis of legislative options should be advanced.

4.3 Accredited Employers Programme Redesign

Ms Powell and ^{9(2)(a)} introduced the paper, focussing on the following points:

- The Accredited Employers Programme (AEP) covers 390,000 workers. The programme had not been amended for 18 years. Return to work rates were declining and there was similar health and safety performance to those agencies not in the programme despite extra funding being available.
- Management had undertaken extensive co-design work in partnership with accredited employers, workers and TPAs and identified areas for improvement focused on the operational pain points, customer issues, and issues raised by MBIE.
- This paper introduced a three-phased approach alongside continuous improvement to implement change. Phase 1 involved foundational BAU changes that did not require legislative or framework changes and could get underway immediately. Phase 2 included more specific performance improvements where a framework change would enable moving to more modern audit standard, and phase 3 rounded out the change. The changes would be funded out of the current operational budget.
- The challenges with the AEP centred around lack of performance management, with few levers to pull to manage this. The only real lever was to exit the programme.

The Board disputed the theory that the only way to gain the attention of AEP agencies was to exit them from the programme or increase their levies. If the audit was high quality, the board of directors would take it extremely seriously. The Board asked that Management immediately explore means to escalate poor audit performance to boards and Governance Committees.

ACTION: Management to immediately explore means to escalate poor audit performance of AEP agencies to Boards and Governance Committees.

RESOLVED: The ACC Board resolved to:

- (a) **Agree** to ACC adopting a three-phase delivery approach within continuous improvement, with the purpose of improving programme performance through delivering redesign features (set out in the **Appendix** of this paper).
- (b) **Note:**
- i. that the redesign is similar to the current AEP but with improvements across all components, and
 - ii. that Management will, in November, update the Minister on co-design and how the redesign will address Ministry of Business, Innovation and Employment (MBIE) review recommendations, and ACC delivery decisions and implications, and share the output of co-design with stakeholders following this.
- (c) **Agree** that Management will begin Phase 1 'Business as usual' improvement delivery in 2020, and report back to the Board in early 2021 on Framework change implications and decisions for Phases 2 and 3.
- (d) **Agree** that Management will immediately explore means to escalate areas of concerns to Boards and Risk & Assurance Committees.

4.4 Unclaimed ERA Reimbursements

The Board's discussion focused on the following:

- Whether in this case it was right to refund the money, when ACC had not made the mistake. All companies involved were aware of the process and the money available for reimbursement as ACC had worked with them, but it was deprioritised within the business.
- The Board referred to the risk that under the proposal that ACC may pay out more than was owed.
- Mr Tully summarised that a date would be selected for when the old ERA system would be closed, and this would be communicated with agencies. The Board acknowledged that the communication may prompt claims which would be paid by ACC even if it were outside the 15-day limit but suggested that ACC should not proactively chase the agencies for claims.

- In response to a question from the Board, Mr Healy confirmed that, given there was no legal obligation to pay the money, it would not need to be carried on the balance sheet. ^{9(2)(h)}

[REDACTED]

- The Board queried the amount that was owed to ACC. Ms Champness confirmed that there were no outstanding ACC claims over the previous two years.

RESOLVED: The ACC Board resolved to:

- (a) **Note** that during reproduction of the business approach for the ERA payments, an estimated \$39.7 million of outstanding ERA reimbursements to employers has been identified, due to employers not yet requesting reimbursements.
- (b) **Note** that the proposed approach for resolving the outstanding reimbursements is to proactively pay all outstanding reimbursements between 2009 – 2019 based on claim information available to ACC.
- (c) **Note** that the future ERA process will prevent any unclaimed reimbursements being generated in the future.
- (d) **Did not approve** the proposed resolution and payment of \$39.7 million for unclaimed ERA reimbursements, and instead requested that Management:
 - i. Continue making reimbursement payments requested by agencies, even if those requests were not within the 15-working day deadline; and
 - ii. Notify affected agencies of the forthcoming change in the reimbursement system, and of the associated cut-off date for making outstanding reimbursement claims,

^{9(2)(h)}

4.5 LEK Final Report

The Board took the paper as read and noted its continuing worry regarding staff comments about workload. The Board asked that Management come back to the Board in six months on this issue once NGCM was rolled out, and asked for assurance that if a response to workload required something different than what was originally planned, that it would be done. Mr Tully responded that a core element of the work through NGCM was workforce management, to ensure that there was the right skillset, the right volume of work allocated on a national basis, and the ability to move

work when needed. There was weekly monitoring of resource levels across the network, including looking at pipeline needs and joint recruitment across the business.

In response to a query from the Board, Ms Champness confirmed that Management had erred on the side of over-resourcing when deciding the level of resource to put into NGCM rollout based on the experience of LaunchPad.

The Board expressed its gratitude for the detailed Management Response to the LEK Report.

ACTIONS: Management to report back to the Board—

- Regarding the effectiveness of staffing levels/workloads under NGCM.
- On the completion of the NGCM rollout .

RESOLVED: The ACC Board resolved to:

- a) **Accept** the final report on the Drivers of Weekly Compensation (WC) Volume Growth – Summary of findings (the report) from LEK.
- b) **Note** that Management’s planned responses to the recommendations in the report, as well as actions already underway, are set out in full in the appendix to this paper and include:
 - i. Monitoring key economic indicators
 - ii. Undertaking a full review of the Expected Claim Outcome model
 - iii. Applying Management’s economic forecasting to resources modelling
 - iv. Initiating research to better understand factors behind return to work/independence, as well as the barriers, including the impact of mental health
 - v. Identify and track potential client and provider influence points
 - vi. Responding to provider behaviour, and tracking delivery of benefits as Health Services Strategy initiatives are implemented at scale
 - vii. Tracking and responding to client behaviour and other key metrics in WC claims.
- c) **Note** that Management will follow the progress of actions through the Quarterly Business Report.
- d) **Note** that Management will provide a review of those actions to the Board in Quarter 1 of the next financial year.
- e) **Note** that a copy of the final report will be provided to the Minister and the Treasury.

4.6 Budget 20 – Non-Earners’ Cost Pressure Submission

Mr Raubal introduced the paper, noting:

- This was the process for obtaining funding for the Non-Earners’ Account (NEA) and the non-earners’ portion of the Treatment Injury Account. The funding requests had not been approved by the Government in last five years. The new process was designed to make it easier for Cabinet to approve the funding.
- If under-funding continued, the fully funded approach would effectively be abandoned. The Treasury and MBIE had made that point in the Funding Policy Review submissions to Ministers. The Account was \$30 million above pay-as-you-go currently. If Ministers wished to move to pay-as-you-go, it should be a conscious policy decision. It was inevitable that the Account would drop to below pay-as-you-go by the year after next if things continue.
- The Funding Policy Review was likely to introduce a 15% cap on increased funding for the NEA. This had not been reflected in the submission, as it had not yet been agreed by Cabinet. The outcome of the review would be known by the end of November, and if it is received before the submission was sent, the submission would be amended.
- Due to the drop in interest rates, claims costs increases, and the hangover from under-funding in previous years, an additional \$610 million was being requested. This excluded any changes to ambulance funding, which would be \$22 million at most.

The Board’s discussion focused on the following:

- The Board requested, ^{9(2)(h)} [REDACTED], that the submission be clear about expectations. This could be expanded in the background, including the forecast deficit, the overall funding ratio and the history of declined funding requests.
- The Board confirmed that there was no risk of a qualified audit option, and that there was no need to request a Government guarantee on the NEA.

The Board asked Mr Raubal to circulate to the Board Chair and the Chair of the Board Risk Assurance and Audit Committee the revised wording on the background following feedback, for final approval.

RESOLVED: The ACC Board resolved to:

- a) **Approve** the release of the cost pressure submission to the Ministry of Business, Innovation and Employment (MBIE) and Treasury, subject to approval by the Board Chair and the chair

of the Board Risk Assurance and Audit Committee of the revised wording requested by the Board.

- b) **Note** the request for an increase in the Non-Earner's Appropriation for 2020/21 and out years.

4.7 Seismic Rating for New Office Space

Mr Healy introduced the paper, noting that it was in response to a question from the Board in September 2019 regarding the relationship of NBS ratings and 'life and limb' safety. Mr Healy continued that the NBS rating of a building was only one indicator, and that a number of other factors were taken into account by ACC when buildings were assessed, such as secondary building elements. He provided the example of the decision to move staff out of the Albany office in Auckland due to the use of hollow core flooring, which was determined to be low NBS rated following a focused engineering assessment.

Mr Healy noted that recommendation (c) should be an approval recommendation rather than a noting recommendation, for the Board to approve the proposed new minimum seismic standard for buildings occupied by ACC. The Board asked that recommendation (c) include an approach for leases expiring at current sites where the NBS rating was 67-79% (taking the opportunity to require the building owner to improve the strength of the building) if there was no alternative option. The Chief Executive agreed that this was fair, noting that ACC would have leverage at that time as a valuable tenant to the Landlord. Ms Bearsley noted that recommendation (d) would be deleted.

Mr Healy confirmed that the benchmark used by other government entities was 67% and that ACC had always taken a higher standard, and the Board confirmed that ACC would not re-assign a lease of a low rated building.

RESOLVED: The ACC Board resolved to:

- (a) **Note** ACC's current seismic approach to the New Building Standard (NBS) ratings for ACC locations is, in summary, as follows:

% of NBS	Approach for current sites	Approach for proposed/new sites
100% or more	Remain	Acceptable
67-99%	Remain	Not acceptable

- (b) **Note** that it is very difficult to find new office space with an NBS rating of 100% or higher.
- (c) **Note Approve** Management's proposed new minimum seismic standard for buildings occupied by ACC is, in summary, as follows:

% of NBS	Approach for current sites	Approach for proposed/new sites	Approach for expiring leases
80% or higher	Remain	Acceptable	Remain
67-79%	Remain	Do not consider	Continue the lease if the rating is improved to 80% or above, if there are no better options to move to

- (d) **Note** that the main feature of the proposed new minimum seismic standard is that rather than requiring that any new buildings be rated 'A+' (100% of the New Building Standard or NBS), any proposed new ACC sites must instead have earthquake ratings of at least 'A' grade (80% NBS or higher).
- (e) **Note** the NBS rating of any building is calculated in line with the most recent engineering guidelines, which may mean that a site's NBS rating increases or decreases from time to time even if the nature of the building itself has not changed.
- (f) **Note** that this proposed standard is only in relation to buildings occupied by ACC as tenant.
- (g) **Note** that a lower NBS score does not precisely correlate to an increased risk of injury to people, and is just one piece of information ACC takes into account in assessing the suitability of a building.

4.8 Finance Policy

The Chair of the Board Risk Assurance and Audit Committee had provided feedback on the Finance Policy, which she confirmed had been incorporated.

RESOLVED: The ACC Board resolved to:

Approve the Finance Policy.

4.9 Renewal of Deed Granting Power of Attorney

9(2)(a) introduced the paper, noting that the current Power of Attorney expired on the day of the Board meeting. The Power of Attorney was required for the Investments Team, and also covered the Chief Executive and other members of the Executive.

The Board asked that Mr Paul Dyer and Ms Simmonds be added to the Deed.

9(2)(h)

[Redacted text block]

RESOLVED: The ACC Board resolved to:

- a) **Note** that ACC's Deed Granting Power of Attorney dated 27 September 2018 (the Deed) expires on 31 October 2019 and requires renewal to enable ACC's investments activities to continue without interruption.
- b) 9(2)(h) [REDACTED].
- c) **Note** that the Deed as proposed to be amended would be valid through to 31 October 2020 (Updated Deed).
- d) **Approve** the Updated Deed, attached as an Appendix to this paper, subject to adding Mr Paul Dyer and Ms Ainsley Simmonds to the Deed.
- e) **Authorise** the Board Chair and Temporary Deputy Chair to execute the Updated Deed.

4.10 Board Investment Committee Terms of Reference

The Board had discussed this paper during Board only time, and had requested a change to the final paragraph of the Terms of Reference (under the heading *Appointed Directors*) as follows:

Where ACC appoints a Board Member or a staff member to a governance role in an entity in which ACC has an interest, that person must disclose to the Company Secretary any remuneration entitlement. ~~The Company Secretary will advise on the approach to the remuneration.~~ The Board Governance and Remuneration Committee will approve any remuneration entitlement.

Ms McDonald QC noted that the Governance and Remuneration Committee had been asked to look at the rules around that.

RESOLVED: The ACC Board resolved to:

- a) **Note** that the Board Investment Committee has endorsed the changes to its Terms of Reference and recommends to the Board that they be accepted.
- b) **Approve** the updated Terms of Reference for the Board Investment Committee attached to this paper as Appendix 1.

5 Performance Reports

5.2 Health, Safety and Wellbeing Report

Ms Champness presented the Report, focusing on the following:

- The AEP audit of ACC as an accredited employer was underway at the time of writing the report. While ACC had not received the final report, the feedback received was very positive.
- The Quarterly health, safety and wellbeing indicators in Appendix 1 of the Report contained many red numbers, which were accompanied by reasonably detailed commentary in the paper. Much of the turnover was occurring at the sites most effected by NGCM. Overall, the employee turnover rate had come down in the last month, and high-performer turnover was at 8%.

The Board referred to the threats described in paragraph 4.7 of the Report. Ms Champness confirmed that in each case the strict controls in place had worked, the Police had been responsive to the threats, and ACC's people were very good at raising these issues. She had asked the Health and Safety team to provide advice to see if there was anything that could be done differently. Mr Pickering added that the Executive team was debriefing on these issues each week. He noted a similar spike in the wake of the Ashburton shooting, and that a number of threats being reported appeared to be linked to the Christchurch attacks. Often it was the case that once the situation had been de-escalated, the individual had no real intention of carrying out the threat, and was expressing a sense of frustration.

The Board confirmed that there should be zero tolerance for threats against staff. The Board asked for a report in six months about the investigations into threats and what more could be done.

The Board asked about the work-related stress incident reporting and whether it was expected to decline. Ms Champness responded that it was already starting to decline in October, and the stress incidents were mainly related to individuals not getting roles through the NGCM appointments, particularly in Nelson and Christchurch.

ACTION: Management to report on ACC's actions and improvements regarding managing threats including benchmarking with local and overseas.

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 September 2019.
- (c) **Note** the health, safety and wellbeing performance indicators.

5.3 Legal Report and Policy Update

(a) Legal Report – LEGALLY PRIVILEGED

The Acting General Counsel reported that a fixture had been obtained for the *Stafford* judicial review proceedings, set down for 20 April 2020.

In response to a Board query regarding the expected date for receiving external advice on the *Feltex* matter, Ms Simmonds reported that the barrister was taking a very thorough approach, and she expected the opinion within the next two weeks. The Board asked that the opinion be circulated to Ms McDonald and Mr Miller when it was received. Ms Simmonds confirmed to the Board that a group of 15 shareholders would be giving evidence on their losses in the *Feltex* matter on 4 November but that ACC was not involved at this point.

ACTION: Management to circulate Feltex opinion, when received, to Ms McDonald and Mr Miller.

RESOLVED: The ACC Board resolved to:

- (a) **Note** ACC's application to appeal the High Court decision in Calver was heard on 18 October 2019, and the Court granted leave to appeal.
- (b) **Note** that ACC is seeking external legal advice on its involvement in the class action in Feltex, and that some claimants, but not ACC, are party to a hearing in early November 2019.
- (c) **Note** that Counsel are seeking a date in May 2020 for the judicial review proceedings arising out of the Stafford litigation.
- (d) **Note** that the General Counsel team is assisting on several ACC projects.

(b) Policy Update

Ms Roche introduced the Policy update and highlighted that there would be a joint conversation with Ministers by ACC, MoH and NASO, encouraging a broad ranging review of how ambulance services were run in New Zealand, rather than dealing with further funding requests. Board discussion focussed on the following:

- The information contained in the appendix to the paper presented a clear framework for how to think about the potential changes.

- The report should consider best practice in overseas jurisdictions such as Australia and Singapore. Ms Roche responded that Australia had recently undertaken a similar review and decided to centralise services, and that NASO had looked into this.
- When regional monopolies are created, ACC was unable to contract in the normal way. The tender process did not work, and this needed to be addressed.
- Many of the broader ambulance issues related to governance of the services. The current structure could work if there was good governance.
- There was no long-term goal related to efficiency, and the equitable health outcome goal did not relate to the quality of outcomes. Ms Roche responded that ACC had given similar feedback to MoH., but the goals were not that material in terms of the way forward.

The Board discussed the joint venture on family violence sexual violence:

- Family and sexual violence was a perpetually troubling area, and the Board queried whether ACC knew how big the problem was. Ms Powell responded that the available statistics could be provided to the Board (perhaps attached to the Weekly Board Report) and showed that 1 in 3 women in New Zealand suffer abuse of some kind, where the most at-risk populations were, where there was repeat victimisation or victimisation of people with a disability.
- This was an area that had been largely underinvested in and ACC had the ability to make a big leadership contribution.
- Ms Powell confirmed that ACC had been working collaboratively with the Ministry of Social Development.
- In response to further queries, Ms Powell explained that the Joint Venture involved 10 agencies. While it was still in set up phase, it appeared to be on the right path. It was being developed from a purely Māori base which was a different approach from the past. Given the over-representation in the statistics, this would make a marked difference.

ACTIONS: Management to provide sexual violence stats to Board.

RESOLVED: The ACC Board resolved to:

- (a) **Endorse** the proposed content of the attached document 'Future direction of ambulance services: overview of the system settings', which will form the basis of a meeting between ACC and Ministry of Health representatives and the Minister for ACC and Minister of Health on 5 November 2019.

- (b) **Note** that the Minister for ACC and Minister of Finance have agreed with the recommendations from the Funding Policy Review report, with the exception of the proposal to retain the current two-year levy cycle.
- (c) **Note** that the Minister for ACC and Minister of Finance intend to recommend to Cabinet that the levy cycle be extended to three years.
- (d) **Note** that Cabinet will soon consider a proposed new Carers' Strategy Action Plan 2019-2023, under which ACC is taking a joint lead role for three actions, which will build on existing work and ACC's existing services.
- (e) **Note** that agencies that are part of the Joint Venture for Family Violence and Sexual Violence have worked closely with Interim Te Rōpū to develop a draft National Strategy for eliminating violence – "te Hau Tangata".

(c) **Public Service Bill**

Ms Roche informed the Board that ACC's submission on the Public Service Bill had been sent the previous day to the State Services Commission and to Ministers. The submission would be loaded into Diligent, and Ms Roche would update the Board when a response was received.

The Board queried whether the submission outlined ACC's desire to be treated similarly to NZ Super for the investment side of the business. Ms Roche explained the challenge given ACC's role in purchasing and delivery of health care services.

RESOLVED: The ACC Board resolved to:

Note the Public Service Bill submission was submitted, and the Board will receive an update in due course.

6 Board Administration

6.1 Minutes of Meeting held on 26 September 2019

APPROVED: the ACC Board approved the minutes of the meeting held on 26 September 2019.

6.2 Schedule of Matters Arising

The Board **noted** the Schedule of Matters Arising.

6.3 Confirmation of Decisions Made Out of Cycle

RESOLVED: the ACC Board resolved to note that there were no decisions made out of cycle for the period of 20 September 2019 to 24 October 2019.

6.4 Annual Work Programme

NOTED: The ACC Board noted the annual work programme.

7 General Business

The Board had greatly enjoyed the day’s lunch and conversations shared with leaders from Dunedin sites.

8 Confirmation of Next Meeting

To be held at the ACC Board Room, Level 11, PwC Tower, 188 Quay Street, Auckland on Wednesday, 27 November 2019 at 9.00 am.

Closure

The meeting closed at 2.10 pm.

Approved

Chair

Date