

Risk appetite is defined by a Risk Appetite Statement (RAS) that describes ACC's philosophy, approach and tolerance to taking risks in pursuit of objectives. The RAS is supported by underpinning policies, ratings and metrics that set the parameters of ACC's tolerance to key risks. ACC has set Risk Appetite ratings to guide management's understanding of appetite for each key risk category. The following key questions have been considered in developing the 5 Risk Appetite ratings. Risk tolerance guidelines provide more specific parameters (yet to be determined).

- What is our overall philosophy towards achieving these objectives?
- How much uncertainty or volatility of objectives are we prepared to accept?
- When faced with multiple options how willing are we to select an option that might put our objectives at risk?
- How willing are we to trade of the achievement of this objective against the achievement of other objectives?

Rating	Philosophy	Tolerance for uncertainty	Choice	Trade-off
Description	Overall risk taking philosophy	Willingness to accept uncertain outcomes or variability	Willingness to choose and option that puts objectives at risk	Willingness to trade off against the achievement of other objectives
Open	Eager to be innovative and pursue opportunities based on potentially high benefits despite greater risk	Uncertainty fully anticipated. Controls may be absent, inadequately designed or ineffective.	Will choose options with highest overall return and accept the possibility of failure.	Willing to trade off
Receptive	Preference for considering all options and choosing the one that has some risk but is likely to result in a successful delivery	Some uncertainty expected. Controls in place, may be inadequate or ineffective.	Will take risk with outcomes and will manage impact	Willing to trade off under the right conditions
Neutral	Preference for safe options that have a low degree of residual risk	Limited uncertainty expected. Controls are adequately designed and generally effective.	Will accept risk if limited and heavily outweighed by potential benefits	Prefer to avoid any trade offs
Cautious	Preference for very safe options that have a low degree of inherent risk	Low tolerance for uncertainty. Controls are well designed and effective.	Will accept risk only if essential with limited possibility/ impact of failure	Will trade off with extreme reluctance
Averse	Preference for exercising appropriate controls to avoid risk and uncertainty	Extremely low tolerance for uncertainty. Controls are comprehensive, well designed and effective.	Will always take the lowest risk option	Never

Overall Risk Category Risk Appetite Statements

Risk Category	Overall Risk Appetite Statement	Rating
Strategic	<ul style="list-style-type: none"> • Strategic intentions align with our vision and core values and consider the impacts of current and emerging risks • We are open to initiatives and activities that strike a balance between achieving strategic objectives and preparing the scheme to evolve and adapt to future changes within the strategic environment. • We execute our strategic objectives effectively 	Open
Injury Prevention	<ul style="list-style-type: none"> • We will contribute to the sustainability of the Scheme by increasing the scale and impact of our investment in injury prevention, focused on taking a long-term investment approach to reducing the incidence and severity of injury in New Zealand • We are open to investing in innovative initiatives that have the potential to deliver greater benefits but carry a higher risk • We will base our investment decisions not only on the benefit they deliver to the Scheme but also the broader benefits to New Zealand's health and social system 	Receptive
Service Delivery	<ul style="list-style-type: none"> • We will seek to continuously improve the way we deliver our services to enhance customer outcomes and experience within the broader health and social system. • Options are assessed and approved on the basis of efficiencies, financial performance and customer outcomes. 	Receptive
Operational Control Environment	<ul style="list-style-type: none"> • People, processes and systems must support the achievement of our strategic objectives. • Our people are our greatest asset and we expect them to support and deliver customer outcomes in line with ACC's values and obligations. • We will maintain effective processes and systems through strong internal controls, assurance and quality control programmes to manage operational risk. • Controls are adequately designed and generally effective for risks in operational activities to achieve objectives and assess options on the basis of efficiency, financial performance and customer outcomes. 	Cautious

Overall Risk Category Risk Appetite Statements

Risk Category	Overall Risk Appetite Statement	Rating
Investments	<ul style="list-style-type: none"> We cannot predict nor control external factors that may affect our investments, but make prudent decisions to mitigate negative financial impacts. We have discretion to accept incremental risk, where necessary, following appropriate analysis and under relevant policy guidelines and delegated authority at all times. 	Neutral
Financial	<ul style="list-style-type: none"> We exercise prudent stewardship over our financial resources in the pursuit of our vision and strategic objectives, and to enable a stable and transparent levy path. We maintain strong internal controls and ensure compliance with applicable governmental and accounting standards. 	Cautious
People and Culture	<ul style="list-style-type: none"> Our overall appetite for People and Culture risk is Neutral. Employees are our most valued asset, critical to achieving our mission. We want a capable, diverse and resilient workforce and are committed to meeting our obligations as a fair and trusted employer. Retaining the right people for the right role with the right skills, behaviours and competencies is essential to our success 	Neutral
Health and Safety	<ul style="list-style-type: none"> Our overall appetite for Health and Safety is Averse. The Health and Safety Strategy drives the management of the health and safety risk toward making our environments and those we have influence over injury free through a mature safety system, demonstrated safety leadership and a strong health and safety culture. 	Averse

Overall Risk Category Risk Appetite Statements

Risk Category	Overall Risk Appetite Statement	Rating
Privacy (draft)	<ul style="list-style-type: none"> • Our overall appetite for privacy risk is Cautious. • Achieving outcomes for our clients relies on NZ having trust and confidence in ACC – the way we handle personal information is central to maintaining that trust. • ACC will uphold its obligation to operate in accordance with the Privacy Act 1993. • Privacy risk considerations span many parts of ACC operations and can be complex. • Where we have discretion, we will accept slightly more risk to remain innovative and responsive to the changing social, health, political and technology landscapes, e.g. interagency information sharing agreements. 	Cautious
Legal and Compliance	<ul style="list-style-type: none"> • Our overall appetite for legal and compliance risk is Cautious • ACC will uphold its obligation to operate as intended by its legislation and provide fair access to services for customers. • Legal risk considerations span many parts of our operations and are often complex. • The need for legal judgement requires decision making to be transparent, supported and subject to appropriate governance processes. • Where we have discretion, we will accept slightly more risk to remain nimble in responding to the changing social, health, political and technology landscapes. • Effective governance of our strategic objectives are essential 	Cautious

Overall Risk Category Risk Appetite Statements

Risk Category	Overall Risk Appetite Statement	Rating
Reputational	<ul style="list-style-type: none"> • Our reputation is impacted as a consequence of, and when, another risk / risks materialise and become an issue. • We have to accept some level of reputational risk due to our legislative and policy setting constraints. • We are committed to fulfilling our mandate responsibly and maintaining high levels of professional standards at all times. • We do not tolerate any activities that may result in significant damage to the organisation's reputation from breach of trust and or integrity. • We do not tolerate any activities likely to compromise the organisations ongoing success. • When an undesirable situation arises we will manage it aggressively to protect our reputation. Where we have failed in our duty we will take all reasonable steps to correct the situation. 	Cautious

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Risk Category:

STRATEGIC (1 of 1)




Overall Rating:

Open



Overall Risk Appetite Statement:

- Strategic intentions align with our vision and core values and consider the impacts of current and emerging risks
- We are **open** to initiatives and activities that strike a balance between achieving strategic objectives and preparing the scheme to evolve and adapt to future changes within the strategic environment.
- **We execute our strategic objectives effectively.**

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolera nces
Activities	We will explore activities that support our strategic intentions through new ways of thinking that can improve our customer outcomes, sustainability and affordability and injury prevention.		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People 	<ul style="list-style-type: none"> Reduce severity of injuries Effective Stakeholder Engagement Scheme Delivery Delivering change Customer Expectations and Outcomes 	
External environment	We will seek innovative ways to respond to changes in the external environment in order to remain sustainable and relevant.		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability 	<ul style="list-style-type: none"> Reduce severity of injuries Effective Stakeholder Engagement Customer Expectations and Outcomes External Environment 	TO BE DEVELOPED
Technology	We are open to exploring new technologies. Options are assessed and approved on the basis of efficiencies, financial performance and customer outcomes.		<ul style="list-style-type: none"> • Sustainability • Information 	<ul style="list-style-type: none"> Using information assets Delivering Change 	

Appetite Ratings:

Averse

A

Cautious

C

Neutral

N

Receptive

R

Open

O

Risk Category:

INJURY PREVENTION (1 of 1)

Overall Rating:

Receptive



Overall Risk Appetite Statement:

- We will contribute to the sustainability of the Scheme by increasing the scale and impact of our investment in injury prevention, focused on taking a long-term investment approach to reducing the incidence and severity of injury in New Zealand
- We are open to investing in innovative initiatives that have the potential to deliver greater benefits but carry a higher risk
- We will base our investment decisions not only on the benefits they deliver to the Scheme but also the broader benefits to New Zealand's health and social system.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Increasing the impact of our injury prevention investment	We are Receptive to increasing the impact of our initiatives by: <ul style="list-style-type: none"> - delivering a balanced portfolio that incorporates greater strategic investment with longer term benefits to the Scheme - taking a customer-centred design approach to our interventions - investing across the injury prevention spectrum (primordial, primary, secondary and tertiary prevention) - using improved data analytics and communication capabilities to better target initiatives 		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability 	<ul style="list-style-type: none"> Reduce severity of injuries Effective Stakeholder Engagement Scheme Delivery Delivering change Customer Expectations and Outcomes 	TO BE DEVELOPED
Investing in innovative design and delivery interventions	We are open to investing in innovative interventions, including: trials, tests, and leading edge technology and practices. These initiatives have the potential to deliver greater returns but may come with greater risks		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcomes • Sustainability • Information • Information Technology 	<ul style="list-style-type: none"> Reduce severity of injuries Effective Stakeholder Engagement Using information assets Delivering Change 	
Delivering broader benefits	We are receptive to investing into areas tackling the root causes of injury, often within the social and health systems, ACC will look to capture broader benefits from investment		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability 	<ul style="list-style-type: none"> Reduce severity of injuries Effective Stakeholder Engagement Customer Expectations and Outcomes 	

Appetite Ratings: **A**verse **A** **C**autious **C** **N**eutral **N** **R**eceptive **R** **O**pen **O**

Risk Category:

SERVICE DELIVERY (1 of 1)

Overall Rating:

Receptive



Overall Risk Appetite Statement:

- We will seek to continuously improve the way we deliver our services to enhance customer outcomes and experience within the broader health and social system.
- Options are assessed and approved on the basis of efficiencies, financial performance and customer outcomes.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Service delivery	<p>We will seek to continuously improve the way we deliver our services to enhance customer outcomes and experience.</p> <p>Options are assessed and approved on the basis of efficiencies, financial performance and customer outcomes.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People 	<p>Scheme Delivery</p> <p>Effective Stakeholder Engagement</p> <p>Customer Expectations and Outcomes</p>	TO BE DEVELOPED

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Appetite Ratings:

Averse A	Cautious C	Neutral N	Receptive R	Open O
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Risk Category:

OPERATIONAL CONTROL (1 of 2)

Overall Rating:

Cautious



Overall Risk Appetite Statement:

- People, processes and systems must support the achievement of our strategic objectives.
- Our people are our greatest asset and we expect them to support and deliver customer outcomes in line with ACC's values and obligations.
- We will maintain effective processes and systems through strong internal controls, assurance and quality control programmes to manage operational risk.
- Controls are adequately designed and generally effective for risks in operational activities to achieve objectives and assess options on the basis of efficiency, financial performance and customer outcomes.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances					
Processes	<p>We strive for consistent application of established policies and processes.</p> <p>We have no tolerance for any breach of policy</p>		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • People • Technology 	<p>Delivering change</p> <p>Customer Expectations and Outcomes</p>						
Financial controls	<p>Given the high volume of claims, transactions and payments in our activities, we need an effective and robust system of internal controls and reporting.</p> <p>We have limited appetite for under insurance against any residual risks.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People 	<p>Scheme Delivery</p> <p>Customer Expectations and Outcomes</p>	TO BE DEVELOPED					
Technology support and availability	<p>We will ensure critical systems are well supported and always have a high degree of availability.</p>		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • People • Information • Technology 	<p>Business interruption</p> <p>Cyber security</p> <p>Delivering Change</p> <p>Customer Expectations and Outcomes</p>						
Fraud & integrity	<p>We have no appetite for fraudulent behaviour by employees, partners and customers.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People 	<p>Effective Stakeholder Engagement</p> <p>Integrity</p> <p>People & Culture</p>						
Appetite Ratings:	Averse	A	Cautious	C	Neutral	N	Receptive	R	Open	O

Risk Category:

OPERATIONAL CONTROL
(2 of 2)

Overall Rating:

Cautious



Overall Risk Appetite Statement:

- People, processes and systems must support the achievement of our strategic objectives.
- Our people are our greatest asset and we expect them to support and deliver customer outcomes in line with ACC's values and obligations.
- We will maintain effective processes and systems through strong internal controls, assurance and quality control programmes to manage operational risk.
- Controls are adequately designed and generally effective for risks in operational activities to achieve objectives and assess options on the basis of efficiency, financial performance and customer outcomes.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Information management and security	We strive to ensure the security of our customer information. We have a balanced approach to selecting options to ensure we manage our information assets in modern and effective ways.		<ul style="list-style-type: none"> • Customer Outcome • People • Information • Technology 	Protecting customer information Effective Stakeholder Engagement Cyber security Business interruption People & Culture	
Business resilience	We have appropriate disaster recovery and business continuity plans in place to respond effectively to external events and support our critical functions.		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • Technology 	Business interruption Effective Stakeholder Engagement Delivering change Customer Expectations and Outcomes	TO BE DEVELOPED

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Appetite Ratings:

Averse	A	Cautious	C	Neutral	N	Receptive	R	Open	O
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Risk Category:

INVESTMENTS (1 of 1)

Overall Rating:

Neutral



Overall Risk Appetite Statement:

- We cannot predict nor control external factors that may affect our investments, but make prudent decisions to mitigate negative financial impacts.
- We have discretion to accept incremental risk, where necessary, following appropriate analysis and under relevant policy guidelines and delegated authority at all times.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Investments / Reserves Portfolio	<p>We cannot predict nor control external factors that may affect our investments, but make prudent decisions to mitigate negative financial impacts.</p> <p>We have discretion to accept incremental risk, where necessary, following appropriate analysis and under relevant policy guidelines and delegated authority at all times.</p>		Sustainability	External Environment Trust & Confidence	TO BE DEVELOPED

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Appetite Ratings: A Averse C Cautious N Neutral R Receptive O Open



Overall Risk Appetite Statement:

- We exercise prudent stewardship over our financial resources in the pursuit of our vision and strategic objectives, and to enable a stable and transparent levy path.
- We maintain strong internal controls and ensure compliance with applicable governmental and accounting standards.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
OCL / Cash Claims Costs	<p>When responding to emerging internal and external factors that impact on OCL and claim costs, we have controls that are well designed and effective over the parts of the risk that we can control.</p> <p>We will choose options that consider both 'customer outcomes' and 'financial sustainability' objectives.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability 	<p>Injury Prevention Scheme Delivery Effective Stakeholder Engagement Delivering Change Customer Expectations and Outcomes</p>	TO BE DEVELOPED
Value from Operational Finances	<p>We seek clear benefits and on-going value for money from our investment in operational activities. We have an innovative philosophy but do not want an uncontrolled environment.</p> <p>We seek to trial opportunities on a small scale to provide us with learnings and benefits confirmation before we fully implement at scale.</p> <p>We learn from our mistakes to ensure we do not to repeat them.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People • Information • Technology 	<p>Scheme Delivery Delivering Change Using Information Assets Cyber Security Trust and Confidence</p>	

Appetite Ratings: A C N R O

Averse
Cautious
Neutral
Receptive
Open

Risk Category:

PEOPLE & CULTURE (1 of 2)

Overall Rating:

Neutral



Overall Risk Appetite Statement:

- Our overall appetite for People and Culture risk is Neutral.
- Employees are our most valued asset, critical to achieving our mission.
- We want a capable, diverse and resilient workforce and are committed to meeting our obligations as a fair and trusted employer.
- Retaining the right people for the right role with the right skills, behaviours and competencies is essential to our success

Sub-Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Conduct	<p>We strive for good conduct strong ethical standards and integrity.</p> <p>We have low appetite for actions or behaviours that are inconsistent with our organisational values and code of conduct.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People • Information • Technology 	<p>Effective Stakeholder Engagement</p> <p>Delivering Change</p> <p>Customer Expectations and Outcomes</p> <p>Protecting customer information</p> <p>Cyber Security</p> <p>Trust and Confidence</p> <p>Health and Safety</p> <p>People and Culture</p>	TO BE DEVELOPED
Performance	<p>We encourage and empower our people through ways of working to be agile and innovative so that they can deliver the performance outcomes for the organisation.</p> <p>We have low appetite for continually poor performance or non compliance with our performance management processes.</p>		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • People 	<p>People and Culture</p>	
Capability	<p>We will seek innovative ways to promote engagement and professional development and provide fair remuneration for staff.</p>		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • People 	<p>Delivery Change</p> <p>People and Culture</p>	

Appetite Ratings: A C N R O

Risk Category:

PEOPLE & CULTURE (2 of 2)

Overall Rating:

Neutral



Overall Risk Appetite Statement:

- Our overall appetite for People and Culture risk is Neutral.
- Employees are our most valued asset, critical to achieving our mission.
- We want to deploy a capable, diverse and resilient workforce and are committed to meeting our obligations as a fair and trusted employer.
- Retaining the right people for the right role with the right skills, behaviours and competencies is essential to our success

Sub-Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Change and Resilience	<p>We will seek innovative ways to build the resilience of our people through change.</p> <p>We have a balanced approach that ensure our people are prepared and supported to manage the business impact well while also providing promotion/development options to our people and balancing the need for operational performance.</p>		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • People 	Delivering Change People and Culture	TO BE DEVELOPED

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Appetite Ratings: **A**verse **C**autious **N**eutral **R**eceptive **O**pen

Risk Category:

HEALTH & SAFETY_(1 of 1)

Overall Rating:

Averse



Overall Risk Appetite Statement:

- Our overall appetite for Health & Safety is **Averse**
- The Health and Safety Strategy drives the management of the health and safety risk toward making our environments and those we have influence over injury free through a mature safety system, demonstrated safety leadership and a strong health and safety culture.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Personal and physical security	We will have strong controls in place to protect the security of our people and premises. We will balance this with a client centric risk assessment to ensure the safety of our people while maintaining a welcoming environment.		<ul style="list-style-type: none"> • People • Customer Outcome 	Health and Safety Customer Expectations and Outcomes Business interruption People and Culture	
Health, Safety & Wellbeing	We will provide our people with a safe, supportive and inclusive work environment. Work will be designed to eliminate or control risks to our people and others who may be affected by our work.		<ul style="list-style-type: none"> • People 	Health & Safety People and Culture	TO BE DEVELOPED
Third Party	We will seek out opportunities to identify risks faced by third parties and work within ACC and with the third parties to manage this risk as far as reasonably practicable.		<ul style="list-style-type: none"> • People • Customer Outcome 	Health & Safety	

Appetite Ratings: **Averse** **A** **Cautious** **C** **Neutral** **N** **Receptive** **R** **Open** **O**

Risk Category:

PRIVACY (draft)

(1 of 1)

Overall Rating:

Cautious



Overall Risk Appetite Statement:

- Our overall appetite for legal and compliance risk is Cautious.
- Achieving outcomes for our clients relies on NZ having trust and confidence in ACC – the way we handle personal information is central to maintaining that trust.
- ACC will uphold its obligation to operate in accordance with the Privacy Act 1993.
- Privacy risk considerations span many parts of ACC operations and can be complex.
- Where we have discretion, we will accept slightly more risk to remain innovative and responsive to the changing social, health, political and technology landscapes, e.g. interagency information sharing agreements.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Compliance	We will have strong controls in place to protect the privacy of personal information. Design of systems and processes will ensure compliance with the Privacy Act and to make it easy for staff to comply.		<ul style="list-style-type: none"> • Customer Outcome • Protect customers' information • People • Technology 	<ul style="list-style-type: none"> Customer Expectations and Outcomes Delivering Change Protecting customer information Health & Safety People and Culture 	TO BE DEVELOPED
Capability & Culture	We will have a strong culture of protecting client information. We will seek out opportunities to identify risks and manage them at all levels of the organisation to inform our privacy programme and build our capability.		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • Protect customers' information • People • Technology 	<ul style="list-style-type: none"> Customer Expectations and Outcomes Delivering Change Protecting customer information Health and Safety 	
Sharing & use of information in new ways	We are receptive towards sharing and using information in new ways where it will contribute to customer outcomes and where it complies with the Privacy Act.		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • Protect customers' information • People • Technology 	<ul style="list-style-type: none"> Injury Prevention Customer Expectations and Outcomes Delivering Change Protecting customer information Health & Safety 	

Appetite Ratings:

Averse

A

Cautious

C

Neutral

N

Receptive

R

Open

O

Risk Category:

LEGAL & COMPLIANCE (1 of 1)

Overall Rating:

Cautious



Overall Risk Appetite Statement:

- Our overall appetite for legal and compliance risk is Cautious
- ACC will uphold its obligation to operate as intended by its legislation and provide fair access to services for customers.
- Legal risk considerations span many parts of our operations and are often complex.
- The need for legal judgement requires decision making to be transparent, supported and subject to appropriate governance processes.
- Where we have discretion, we will accept slightly more risk to remain nimble in responding to the changing social, health, political and technology landscapes.
- Effective governance of our strategic objectives are essential.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Governance	We will ensure that business decisions are monitored closely through their lifecycle. We will not tolerate major project risks and issues not being escalated.		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • People 	Scheme Delivery Delivering Change	
Compliance	We have no appetite for material non-compliance with applicable laws/regulation and obligations.		<ul style="list-style-type: none"> • Customer Outcome • Sustainability • People • Information 	Delivering Change People and Culture Protecting customer information Health and Safety	TO BE DEVELOPED
Legal	We will make decisions within applicable law where the legal position is clear. Where the legal position is less clear, our decisions will be based on sound legal reasoning. We will take or defend legal action in order to test the interpretation of the law.		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People 	Effective Stakeholder Engagement Customer Expectations and Outcomes	

Appetite Ratings: A C N R O

Overall Risk Appetite Statement:

- Our reputation is impacted as a consequence of, and when, another risk / risks materialise and become an issue.
- We have to accept some level of reputational risk due to our legislative and policy setting constraints.
- We are committed to fulfilling our mandate responsibly and maintaining high levels of professional standards at all times.
- We do not tolerate any activities that may result in significant damage to the organisation's reputation from breach of trust and or integrity.
- We do not tolerate any activities likely to compromise the organisations ongoing success.
- When an undesirable situation arises we will manage it aggressively to protect our reputation. Where we have failed in our duty we will take all reasonable steps to correct the situation.

Sub- Category	Risk appetite statement	Appetite	Link to SOI	Link to Top Risks	Tolerances
Public trust & confidence	<p>We adhere to our core values and fulfil our corporate responsibilities by incorporating business practices, policies and actions that ensure we operate within our legislative and policy settings to help safeguard our reputation.</p> <p>We act responsibly, ethically and with integrity at all times to maintain high trust and confidence.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People • Information • Technology 	<ul style="list-style-type: none"> • All our top risks 	TO BE DEVELOPED
Stakeholders	<p>Our stakeholders determine our mandate and provide oversight over our business on behalf of the public. We strive to maintain a healthy and balanced relationship with our stakeholders that limits uncertainty .</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People • Information • Technology 	<ul style="list-style-type: none"> • All our top risks 	
Partners	<p>Our partners are critical in how we deliver our services effectively and efficiently to all New Zealanders. We have a low tolerance for any action that may adversely impact on our partner relationships.</p>		<ul style="list-style-type: none"> • Injury Prevention • Customer Outcome • Sustainability • People • Information • Technology 	<ul style="list-style-type: none"> • All our top risks 	

Appetite Ratings: A Averse C Cautious N Neutral R Receptive O Open

Title	Risk Appetite Statements
Status	Decision <input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/>
Meeting Date	27 September 2018
Agenda Item	5.1

1 Purpose

- 1.1 The purpose of this paper is to:
- (a) Obtain approval for the Privacy Risk Appetite Statement (RAS).
 - (b) Provide the Board with an update on the final suite of RAS.
 - (c) Discuss the risk appetite activation plan activities underway.

2 Recommendations

- 2.1 We recommend that the Board:
- (a) **Approve** the Privacy RAS
 - (b) **Note** the final FY18/19 RAS and risk appetite activation plan activities.

3 Risk Appetite Statements

- 3.1 The Board requested several changes to the proposed RAS in April 2018. These changes have been applied to the version of the RAS, which is attached as **Appendix A**. The Board also requested a separate RAS category for Injury Prevention and Privacy. The Injury Prevention RAS was approved at the June 2018 Board meeting and the draft Privacy RAS is presented to the Board today (page 16 of Appendix A).

4 Activation Plan

- 4.1 To operationalise the RAS we have developed a four-stage activation plan, monitored by the Risk Appetite Working Group that has representatives from all business groups and the Risk Compliance Office. The purpose of the RAS Activation Plan is to ensure the RAS is used effectively to strengthen all business decisions.

4.2 The RAS Activation Plan activities underway and planned include:

Stage 1

(a) **The RAS will be considered in all strategic decisions.**

We have defined strategic decision making as all those decisions requiring Executive or Board approval. To activate this, we are working with the business to effect changes to the risk section of the Executive and Board approval template. The template use guidelines will include the expected commentary concerning trade-offs between RAS categories and the actions required to manage an initiative within appetite. **(Target date: November 2018)**

Stage 2

(b) **Board RAS reporting.**

The quarterly Board Risk and Compliance report will include an update on:

- i. Tracking activity against a select set of risk tolerance metrics, with an assessment of how risk appetite has been incorporated into decision making across the organisation.
- ii. Exception and breach reporting where issues have been identified.
- iii. Quarterly assessment of effectiveness with the business and governance as the RAS embeds. **(Target date: December 2018)**

Stage 3

(c) **Risk tolerances will be set for each risk appetite statement.** This will be implemented in two phases:

- i. In the first year, we will leverage existing business performance metric to accelerate implementation. Phase one will focus on setting the tolerances for Change, Business Performance, Privacy, Health and Safety, Integrity and Information Technology. **(Target date: November 2018)**
- ii. Phase two will focus on setting new metrics for those categories where no readily available performance measures exist, which can be used to set risk tolerance measures. **(Target date: March 2019)**

(d) **Annual review of the RAS.**

- i. Completed as part of annual strategic planning phase. **(Target date: 2019)**

5 Recommendations

5.1 We recommend the Board:

- (a) **Approve** the Privacy RAS
- (b) **Note** the final FY18/19 RAS and risk appetite activation plan activities underway.

Written by:

9(2)(a)

Head of Risk and Assurance

Endorsed by:

Herwig Raubal

Chief Risk and Actuarial Officer

Title	Annual Report 2018
Status	Decision <input type="checkbox"/> Information <input checked="" type="checkbox"/>
Meeting Date	27 September 2018
Agenda Item	5.2

1 Purpose

- 1.1 The Annual Report (the Report) is one of ACC's core accountability documents, required by legislation. It fulfils our obligations on reporting on financial and service performance for the last financial year. The Board is responsible for the approval and formal sign-out of the annual report.

2 Communications Approach

- 2.1 We currently plan to provide the Report to the Minister for ACC in accordance with the timeframes set out in Appendix C.
- 2.2 The Annual Report will be publicly released on the ACC website. We do not currently plan to hold a media conference this year. The publication of the Annual Report will be supported with a media release and FAQs.

3 Recommendations

- 3.1 It is recommended that the ACC Board:
- Approve** the signing of the 2018 Annual Report and letter of representation.
 - Approve** the use of electronic signatures of the Chair and Deputy Chair in the published Annual Report.

4 Letter of Representation

- 4.1 A letter of Representation has been incorporated as Appendix A. This letter confirms the obligations of the Board and Management about the accuracy of information provided to our external auditors.
- 4.2 A letter of representation has been signed by the Chief Executive and Chief Financial Officer, providing assurance to the Board that the financial statements and content provided to external auditors is accurate and is attached as Appendix B.

5 Timeframes for the Annual Report

- 5.1 The statutory timetable for providing the signed Annual Report to the Minister for ACC and subsequent presentation to the House and publishing is included in Appendix C.
- 5.2 The below table sets out the likely events remaining in the 2018 Annual Report production process, assuming the House is not yet in session following the general election. A verbal update will be provided at the meeting.

<i>Date (2018)</i>	<i>Action</i>
27 Sep	Board Chair and Deputy Chair approve signing of: <ul style="list-style-type: none">• Statement of responsibility• Letter of representation from Board to EY EY provides signed audit opinion.
1 Oct	Annual Report printed
16 Oct	ACC's 2018 Annual Report is formally provided to the responsible Minister for ACC.
X Oct	ACC's 2018 Annual Report and 2018/19 Service Agreement is presented to the House by the responsible Minister for ACC.
X Oct	ACC publishes its 2018 Annual Report along with a media release on its external website.

6 Changes since last review by the Board

- 6.1 The Minister for ACC has finalised his foreword. This is incorporated into the final proof version of the Annual Report.
- 6.2 Maori translations for each of the forwards have also been incorporated into the final proof version of the Annual Report.
- 6.3 Changes to the Annual Report have been made in response to feedback from external auditors and grammatical recommendations from our external proof reader.
- 6.4 Suggested revisions from our auditors, EY, have been made to financials quoted throughout the document and notes to the financial statements.

7 Media release

ACC maintains stable performance

A stable financial performance is allowing ACC to continue to invest in customer service improvements, says ACC Board Chair Dame Paula Rebstock.

ACC's annual report, released today, show a net surplus of \$28 million for the year ended 30 June 2018, compared to the previous year's surplus of \$602 million.

The smaller surplus was due mainly to an increase in the predicted future cost of all existing claims, which has risen \$2.9 billion to \$40.1 billion. Referred to ACC's outstanding claims liability (OCL), the figure has increased mainly due to a fall in interest rates.

Investment income grew by \$1.5 billion to \$3.6 billion, taking net investment assets to \$40.1 billion. The overall investment return of 9.89 per cent made it the 23rd consecutive year in which ACC outperformed its benchmark.

Dame Paula Rebstock said a highlight for the year had been the successful delivery of a new policy and levy system, Juno – the first key milestone of ACC's ambitious transformation programme.

"The changes we are making as part of transformation reflect our on-going commitment to making it quicker and easier for New Zealanders to access our services, in ways that suit them best.

"Alongside other technology changes we are making, Juno will improve the service experience for our business customers," Dame Paula says.

"We have also been trialling the first stages of a new approach to case management, which provides our clients with a more tailored experience, ensuring they receive the right treatment and rehabilitation services at the right time. We are continuing to refine the model based on feedback from clients and our people."

Dame Paula said ACC had received a record number of new claims during 2017/18 – up two per cent to 1.98 million. The cost of treatment and rehabilitation services had also increased, with \$4.0 billion spent on claims – eight per cent more than the previous year.

“The growth in claims plus the momentum of our ambitious transformation presented a challenge to manage day-to-day operations.

“We helped more clients return to independence than ever before, and although we did not quite hit our target rehabilitation performance targets, we have a range of initiatives focussed on improving our performance.

“Increased investment in injury prevention programmes – from \$55 million to \$69 million – and strong partnerships has allowed us to reach over 650,000 New Zealanders with our injury prevention messages. This investment delivered an estimated future claims cost reduction of \$1.72 for every dollar we invested – our highest ever.

Another area of focus is the resolution of disputes where we missed our performance targets. This will remain a priority of us in 2018/19 and we expect a performance improvement.

ACC's client satisfaction has gone from 68% in June 2013 to 78% at 30 June 2017. Dame Paula noted the increase in client satisfaction and an improved performance in the 10-week and nine-month return-to-work rates were signs ACC employees had maintained a strong customer service focus on matters that have a direct impact on people dealing with ACC.

8 Annual report questions and answers

This year's surplus of \$28 million is much lower than last year's surplus of \$605 million – why is this?

The surplus reflects a change in the valuation of what we call our outstanding claims liability (OCL). This is the expected lifetime cost of supporting all claims already made.

Because the OCL is future-focused, (out to 2097) it is highly sensitive to external economic factors such as changes to long-term interest rates. Interest rates in 2017/18 fell to historical lows. Put simply, a lower interest rate increase the OCL liability as we expect to earn less income on the dollars we have today. The opposite is true if interest rates increased.

This year, if interest rates were 1% higher, the surplus would have been \$5.8 billion; if they had fallen 1%, we would be posting a deficit of \$7.6 billion.

For example, if you need \$100 in a year's time and the interest rate was 10%, you would need about \$90 today. If the interest rate changed to 1%, you would need about \$99 today. The lower the interest rate, the more money you need today to fund future costs.

ACC is sitting on more than \$40 billion, much of which isn't needed for immediate claims costs. Wouldn't it be better to give that money back to people, and collect it later when you need it?

The major benefit of our full-funding model (which means the levies paid can cover our expected claims) is that Scheme is fair to future generations. In essence, this generation pays for its injury-related costs and doesn't pass those costs on to future generations.

It also means we earn investment income (2017/18: \$3.5 billion) which means we are able to reduce levies to employers, employees and motorists.

How many people lodged a claim with ACC last year?

Last year 2.06 million people lodged a claim with us, up 2% on the previous year. In total, we paid out \$4.0 billion to help get New Zealanders get back to work or independence (2016/17: \$3.7 billion). The increase was due to increased rehabilitation and compensation costs.

Why are claims costing 8.2% more this year than last? That's well above the inflation rate.

Health care inflation tends to rise faster than the standard consumer inflation. There are pressures on our costs as we continue to provide greater levels of care and more advanced products and technologies to support the treatment and rehabilitation of our clients.

Increases in claims volumes also contribute to our increasing costs. New accepted claims rose 2% from last year driven by the strength of economic activity.

Implementing policy and legislative changes can also have an impact on our claims costs. During 2017/18 some of the key initiatives that impacted our claims costs were: the introduction of the Care and Support Workers Settlement Act, implementing free GP visits for under 13 year olds, continued growth in the provision of services for sensitive claims and improved road ambulance services.

With claims volumes going up, does this mean levies will go up too?

Claims for injuries have increased 6.4% since we last adjusted levies. We are therefore proposing changes, including some increase, to levies as people need our support more than ever. More information on the proposed changes and the levy setting process can be found at shapeyouracc.co.nz

Is it acceptable that privacy breaches are still occurring?

This year we changed how we measure privacy breaches to align with guidance provided by the Government Chief Privacy Officer. The new method gives us a better insight into the impact that breaches have on clients and customers.

Our breaches were down 4% on last year which is positive. There were no category 3, 4 or 5 breaches (please see the Privacy section of the Annual Report for more details).

But at the end of the day, a breach is a breach, and we're trying our best to eliminate them.

9 ACC 2018 Annual Report – by the numbers

Finance and investments

- All three levied accounts (Work, Earners', Motor Vehicle) remain fully-funded.
- Investment returns exceeded market benchmark for the 23rd consecutive year.

	2016	2017	2018	Change
Net assets and investments	\$34.8 billion	\$36.8 billion	\$40.1 billion	+\$3.3 billion
Investment income	\$3.3 billion	\$2.0 billion	\$3.5 billion	+\$1.5 billion
Investment return (net)	10.2%	5.7%	9.8%	+4.1%
Investment return to benchmark (after costs)	0.55%	1.35%	-0.10%	-1.45%
Outstanding claims liability	\$36.7 billion	\$37.7 billion	\$40.6 billion	+\$2.9 billion
Annual surplus (deficit)	(\$3.4 billion)	\$602 million	\$28 million	-\$574 million
Total levy income	\$3.9 billion	\$4.1 billion	\$4.1 billion	-
Claims payments	\$3.5 billion	\$3.7 billion	\$4.0 billion	+\$0.3 billion
Return on investment – injury prevention	\$1.60	\$1.70	\$1.72	+\$0.02
Levy income as % of gross domestic product	1.5%	1.5%	1.4%	-0.1%

Claims management and rehabilitation

	2016	2017	2018	Change
New claims accepted	1.93 million	1.94 million	1.98 million	+0.04 million
% of population receiving compensation	4.6%	4.8%	5.1%	+0.3%
% of population with medical fee only claims	41.1%	40.5%	40.6%	+0.1%
Cover decision timeliness	1.1 days	1.2 days	1.15 days	-0.05 days
Return to work within ten weeks	67.6%	68.4%	67.4%	-1.0%
Return to work within nine months	92.8%	93.1%	92.9%	-0.2%
Long-term clients returned to independence	2,796	3,340	3,285	-55
Formal reviews as a % of entitlement claims	2.5%	2.7%	2.8%	+0.1%
% of reviews upheld	84%	81.7%	81.3%	-0.4%
Average time to resolution for claims with reviews	88 days	94.8 days	99.5 days	+4.7 days

Customer satisfaction, trust and confidence and privacy

	2016	2017	2018	Change
Public trust and confidence	63%	62%	61%	-1%
Customer satisfaction – levy payers	69%	68%	66%	-2%
Customer satisfaction – clients	76%	78%	80%	+2%
Average monthly privacy breaches	28	22	21	-1

Appendix A – Letter of Representation (Attached separately)

Appendix B – Signed Letter of Representation – Management to the Board (Attached separately)

Appendix C - Legislative timeframes

Approval	Stakeholder	Date
Receive audit report and Board sign-off on annual report	ACC Board	27 September 2018
Provide annual report to the responsible Minister	Minister for ACC	Within 15 working days of receiving audit report
Responsible Minister presents annual report to the House (CEA ¹ s150(3))	Minister for ACC	Within 5 working days of receiving annual report
ACC publishes annual report (CEA s150(4))	ACC	Within 10 working days of providing annual report to Minister.

¹ Crown Entities Act 2004 (CEA).

27 September 2018

9(2)(a)

Ernst & Young
PO Box 490
Wellington 6011

REPRESENTATION LETTER FOR THE YEAR ENDED 30 June 2018

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and performance information of the group, comprising Accident Compensation Corporation and its subsidiaries, for the year ended 30 June 2018 for the purpose of expressing an independent opinion about whether:

The financial statements:

- present fairly, in all material respects:
 - the financial position as at 30 June 2018; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2018, including:
 - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
- complies with generally accepted accounting practice in New Zealand.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

General representations

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Group) to prevent and detect fraud.

Representations on the financial statements and the statement of performance

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by the Public Finance Act 1989, the Crown Entities Act 2004, the Financial Reporting Act 2013 and the Accident Compensation Act 2001 and, in particular, that:

The financial statements:

- present fairly, in all material respects:
 - the financial position as at 30 June 2018; and
 - the financial performance and cash flows for the year then ended;and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

The statement of performance:

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 - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.

- complies with generally accepted accounting practice in New Zealand.

- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached to this representation letter (Refer to Appendix A).
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Reporting Standards.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:

- all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and
- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- we have disclosed to you the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and the statement of performance.
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance;
- we have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Reliance on experts

We agree with the results of the actuarial valuation performed by Taylor Fry ('TF') engaged to value the outstanding claims liability and the relating treatment and disclosures relating to gradual process claims. We have adequately considered the qualifications of TF in determining the amounts and disclosures included in the consolidated financial statements and the underlying accounting records. We did not give or cause any instructions to be given to TF with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on their independence or objectivity as independent experts.

Publication of the financial statements and statement of performance and related audit report on a website

- The Board accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.
- The electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.
- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- We have assessed the security controls over audited financial and performance information and the related audit report, and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the Group has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Board continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2018. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Group during the period of one year from 27 September 2018, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Group.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Group and to confirm information given to you orally.

Yours faithfully

Chairperson

Chief Executive

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Appendix A: Unadjusted audit differences

Summarised below are the audit differences identified during the audit which were not adjusted. As the net impact on the statement of comprehensive revenue and expense is immaterial, we have included this on our summary of audit differences as an unadjusted judgmental difference.

Account 30 June 2018 (NZ \$m)	Income statement (Increase) / Decrease	Net assets (Decrease) / Increase
Dr Outstanding Claims Liability	(22)	
Cr movement in Outstanding Claims Liability		22
<i>To correct the error identified in the Outstanding Claims Liability model related to incorrect projected number of entitlement claims.</i>		
Dr Investment revenue	4	
Cr Investments		(4)
<i>To record the transmission gully equity valuation at the low-point valuation recommended by the independent valuer.</i>		
Net impact before tax	(18)	18

27 September 2018

ACC Board
PO Box 242
Wellington 6140

REPRESENTATION LETTER FOR THE YEAR ENDED 30 June 2018

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- present fairly, in all material respects:
 - the financial position as at 30 June 2018; and
 - the financial performance and cash flows for the year then ended; and
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- complies with generally accepted accounting practice in New Zealand.

We understand that EY's audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

General representations

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Group) to prevent and detect fraud.

Representations on the financial statements and the statement of performance

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by the Public Finance Act 1989, the Crown Entities Act 2004, the Financial Reporting Act 2013 and the Accident Compensation Act 2001 and, in particular, that:
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- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached to this representation letter (Refer to Appendix A).
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Reporting Standards.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided EY with:

- all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and
- unrestricted access to persons within the entity from whom EY determined it necessary to obtain audit evidence.
- we have disclosed to EY the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud;
- we have disclosed to EY all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and the statement of performance.
- we have disclosed to EY all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to EY all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance;
- we have provided EY with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

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We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Group.

The representations in this letter are made at your request, and to support the issuing of a representation letter by the Board to EY to supplement information obtained by EY from the records of the Group and to confirm information given to EY orally.

Yours faithfully

Chief Executive

Chief Financial Officer

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Appendix A: Unadjusted audit differences

Summarised below are the audit differences identified during the audit which were not adjusted. As the net impact on the statement of comprehensive revenue and expense is immaterial, we have included this on our summary of audit differences as an unadjusted judgmental difference.

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Net impact before tax	(18)	18

ACCIDENT COMPENSATION CORPORATION

ACC

9(2)(a) [REDACTED]

9(2)(a) [REDACTED]

9(2)(a) [REDACTED]

JOHN HEALY

9(2)(a) [REDACTED]

9(2)(a) [REDACTED]

SCOTT JOHN PICKERING

MICHAEL OWEN TULLY

Each, Attorney

DEED GRANTING POWER OF ATTORNEY

DEED dated 27 September 2018

BY ACCIDENT COMPENSATION CORPORATION (“ACC”) COVENANTS

Definitions

1. In this deed:

“**Attorney**” means each of the persons named in the first schedule.

“**Documents**” means:

- (a) Any of the documents listed in the second schedule;
- (b) Any documents ancillary to such documents;
- (c) Any documents referred to in such documents;
- (d) Any other documents which the Attorney reasonably considers necessary or expedient to give effect to a transaction to which any of the above documents relates, including for the avoidance of doubt, any deed appointing a person or entity as an attorney for ACC.

“**execute**” includes executing under hand and delivering either conditionally or unconditionally.

Appointment

2. ACC appoints the Attorney to be its attorney.

3. Subject to clause 4 of this deed, the Attorney by this deed, in accordance with the terms of this deed, is given the power to:

- (a) Execute the Documents on behalf of ACC; and
- (b) Take all actions which the Attorney considers necessary or expedient to give effect to the Documents or a transaction to which any of the Documents relates, in accordance with the applicable laws, including, but not limited to:
 - (i) Completing any blanks in the Documents;
 - (ii) Making any amendments, alterations or additions to the Documents.

Power to be exercised jointly

4. The execution of any Document, and any act done in exercise of the power given by this deed, shall be done by any two or more Attorneys.

Enquiry as to propriety or expediency

5. No person dealing with the Attorney shall be concerned to see or enquire as to the propriety or expediency of any assurance, act, matter or thing which the Attorney does, or purports, or agrees to do or perform in the name of ACC by virtue of the provisions of this deed.

Ratification and indemnity

6. ACC shall:
- (a) Ratify and confirm everything done by the Attorney in the exercise or purported exercise in good faith of the powers conferred by this deed;
 - (b) Indemnify the Attorney against all claims, costs, damages, losses and expenses arising from the exercise or purported exercise, in good faith and in performance or intended performance of ACCs functions, of the powers conferred by this deed.

Revocation

7. The power of attorney created by this deed (and if there is more than one person appointed as Attorney by this deed, the separate power of attorney created in respect of each such Attorney) continues in force until the earlier of:
- (a) ACC granting a replacement power of attorney;
 - (b) Notice of the revocation of the power of attorney is received by the relevant Attorney;
 - (c) The date on which the relevant Attorney ceases to be an employee of ACC;
 - (d) 31 October 2019.
8. To avoid doubt, revocation of the power of attorney of an Attorney under this deed will not affect the power of attorney conferred on another Attorney under this deed.
9. Any person dealing with the Attorney in good faith may accept a certificate signed by the Attorney, to the effect that the Attorney has not received notice of the revocation of the power of attorney conferred under this deed, as conclusive evidence that the power of attorney created under this deed has not been revoked.

Governing law

10. This deed shall be governed by, and construed in accordance with, the laws of New Zealand.

SIGNED AS A DEED

ACCIDENT COMPENSATION CORPORATION by:

Signature of member

Dame Paula Rebstock

Name of member

Signature of member

Trevor Janes

Name of member

**FIRST SCHEDULE
ATTORNEY**

1. 9(2)(a) of Wellington, Chief Investment Officer
2. 9(2)(a) of Wellington, General Counsel
3. 9(2)(a) of Auckland, Head of Direct Markets
4. John HEALY of Wellington, Chief Financial Officer
5. 9(2)(a) of Wellington, Head of Investment Office
6. 9(2)(a) of Wellington, Fixed Interest Manager
7. Scott John PICKERING of Auckland, Chief Executive
8. Michael Owen TULLY of Wellington, Chief Operating Officer

* * *

**SECOND SCHEDULE
DOCUMENTS**

1. Any deed which effects a transaction that falls within the authority of the Attorney as an employee of ACC under the then-current terms of the ACC Corporate Delegation Schedules.
2. Any deed which effects a transaction that falls within the authority of the Attorney as an employee of ACC under the then-current terms of the ACC Investments Delegation Schedules.
3. Any document which the Board has resolved shall be executed by and on behalf of ACC.

* * *

Title	Deed Granting Power of Attorney
Status	Decision <input checked="" type="checkbox"/> Information <input type="checkbox"/>
Meeting Date	27 September 2018
Agenda Item	5.3

1 Purpose

- 1.1 The Deed Granting Power of Attorney dated 18 June 2018 (the current Deed), which grants powers of attorney to specified ACC staff, requires renewing due to staff changes and in order to include ACC's General Counsel & Company Secretary as an attorney. This paper asks the Board to approve a new Deed valid through 31 October 2019, to be on the same terms as the current Deed except for the addition of new named staff.

2 Recommendations

- 2.1 It is recommended that the ACC Board:
- a) **Approve** a new Deed Granting Power of Attorney (the new Deed).
 - b) **Note** that the new Deed is on the same terms as the current Deed except for the addition of new named staff.
 - c) **Delegate** authority to two Board members to execute the new Deed.

3 New Deed Granting Power of Attorney

- 3.1 Powers of attorney are required for ACC staff when, on behalf of ACC, they enter into certain obligations required to be by deed (section 127 of the Crown Entities Act 2004), and when ACC invests in some countries. ACC has a current Deed Granting Power of Attorney dated 18 June 2018 (the current Deed) which lists five current staff as attorneys. The current Deed reflects changes to key ACC staff that occurred earlier in the year. Further staff changes have resulted in the need to renew the Deed again now. In addition, it is desirable to include ACC's General Counsel & Company Secretary as an attorney, as certain documents may require signature by an entity's Company Secretary.

3.2 The current Deed lists the following ACC employees as attorneys:

- a) 9(2)(a)
- b) 9(2)(a)
- c) Scott Pickering
- d) 9(2)(a)
- e) Michael Tully.

3.3 The only change between the current Deed and the new Deed is to add the following names to the list of attorneys:

- a) John Healy (to replace Mark Dossor)
- b) 9(2)(a) (to replace 9(2)(a))
- c) 9(2)(a) .

Written by:

9(2)(a),
Senior Associate Company Secretary

Endorsed by:

Deborah Roche,
Chief Governance Officer

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Title	Shamrock Superannuation Limited – Director Appointment
Status	Decision <input checked="" type="checkbox"/> Information <input type="checkbox"/>
Meeting Date	27 September 2018
Agenda Item	5.4

1 Purpose

- 1.1 The purpose of this paper is to seek approval from the ACC Board to appoint Ms Louise Marsden and Ms Sharon Champness as directors of Shamrock Superannuation Limited (**Company**), trustee and manager of the mysuper Superannuation Scheme.

2 Recommendations

2.1 It is recommended that the ACC Board:

- a) **Agree** to increase the number of directors of the Company from four to five, as required by clause 5.1 of the Company's Constitution.
- b) **Appoint** Mmes Marsden and Champness as directors of the Company effective from 1 October 2018 under clause 5.6 of the Company's Constitution, subject to approval by the Financial Markets Authority.
- c) **Note** Mmes Marsden's and Champness's three-year terms as directors of the Company will begin on 1 October 2018 and end on 30 September 2021, as required by clause 5.2.1 of the Company's Constitution.
- d) **Indemnify** Mmes Marsden and Champness for liabilities and costs incurred in their capacities as directors of the Company and authorise any two Board Members to execute the attached Deed of Access and Indemnity for and on behalf of ACC.
- e) **Note** that, as provided by the Cabinet Office Circular CO (12) 6, Mmes Marsden and Champness are not entitled to director fees as they are employees of ACC.
- f) **Authorise** the Company's Company Secretary to deliver to the Registrar of Companies notice, under section 159 of the Companies Act 1993, of Mmes Marsden's and Champness' appointments.
- g) **Note** following Mmes Marsden's and Champness's appointments, women will make up 60% of the Company's Board.

3 The proposal

- 3.1 The Company is a wholly owned Crown Entity subsidiary of ACC established in 1991. The Company is a non-trading company with total assets of \$100, but acts as the trustee and manager of the my**super** Superannuation Scheme.
- 3.2 Mr Mark Dossor resigned as a director of the Company on 6 July 2018 as a result of his resignation as ACC's Chief Financial Officer. This has left a vacancy on the board of the Company that needs to be filled.
- 3.3 Mr Pickering and Mr Bruce Kerr, Chair of the Company's Board, met in August 2018 to discuss suitable qualified replacements for Mr Dossor. The key competency Mr Dossor's resignation had left on the Board was a qualified accountant with experience in investments.
- 3.4 Messrs Pickering and Kerr's nominees are:
- a) Ms Marsden, ACC's Direct Investment Manager. She is a qualified accountant with over 20 years' experience in investment markets in the United Kingdom, United States and New Zealand. She also has significance governance experience, including ACC's nominated director on Wellington Gateway Partnership and NX2 Northern Express Group.
 - b) Ms Champness, ACC's Chief Talent Officer. She has over 25 years' experience in human resources in Australia and New Zealand, including valuable experience in a workplace savings scheme in Australia. Ms Champness also has governance experience including formal qualifications from the Australian Institute of Company Directors.
- 3.5 Mmes Marsden's and Champness's CVs are attached for the Board's information.
- 3.6 As the Company is a licensed manager under the Financial Markets Conduct Act 2013 the Financial Markets Authority must approve Mmes Marsden's and Champness's appointments to ensure they are 'fit and proper' persons and have the necessary skills and experience to be a director of a licensed manager. Management does not believe there will be any issues with this process.


4 Financial impact

- 4.1 Mmes Marsden and Champness will not receive a fee for being a director of the Company.
- 4.2 As provided by Cabinet Office Circular CO (12) 6, when an employee of the State Sector is appointed to a Crown Entity board and continues to receive their ordinary salary for undertaking board duties, they are not entitled to be paid a daily or annualised fee for being a director. However, any out of pocket expenses such as airfares or accommodation will be reimbursed at cost. Public and state servants must not profit financially from their involvement as a director of a Crown Entity board while continuing to receive their ordinary salary.

5 Recommendations

- 5.1 It is recommended that the ACC Board:

- a) **Agree** to increase the number of directors of the Company from four to five, as required by clause 5.1 of the Company's Constitution.
- b) **Appoint** Mmes Marsden and Champness as directors of the Company effective from 1 October 2018 under clause 5.6 of the Company's Constitution, subject to their approval by the Financial Markets Authority.
- c) **Note** Mmes Marsden and Champness three-year terms as directors of the Company will begin on 1 October 2018 and end on 30 September 2021, as required by clause 5.2.1 of the Company's Constitution.
- d) **Indemnify** Mmes Marsden and Champness for liabilities and costs incurred in their capacities as directors of the Company and authorise any two Board Members to execute the attached Deed of Access and Indemnity for and on behalf of ACC.
- e) **Note** that, as provided by the Cabinet Office Circular CO (12) 6, Mmes Marsden and Champness are not entitled to director fees as they are employees of ACC.
- f) **Authorise** the Company's Company Secretary to deliver to the Registrar of Companies notice, under section 159 of the Companies Act 1993, of Mmes Marsden's and Champness' appointments.
- g) **Note** following Mmes Marsden's and Champness's appointments, women will make up 60% of the Company's Board.



Written by:

Bruce Kerr,
Chair, Shamrock Superannuation Limited

Endorsed by:

Scott Pickering,
Chief Executive