ACC BOARD

Register of Members’ Conflicts of Interest Arising

30 September 2018

1. Sections 62 to 65 and 68 of the Crown Entities Act 2004 require a Board Member, who has an actual or potential conflict of interest, to disclose all relevant details (including the nature of the interest and monetary value) in respect of the conflict of interest as soon as practicable after the Board Member becomes aware that the conflict of interest has arisen.
2. The table below sets out all (*if any*) perceived or actual conflicts of interest that have been identified prior to the Board meeting.

Member's Name	Matter	Interest	Nature	Monetary Value $	Extent	Date Notified	How Interest Will Be Managed
No perceived conflicts of interest have been identified prior to the meeting.							

Title	Chief Executive's Report to the Board
Status	Decision ☐ Information ☒
Meeting Date	27 September 2018
Agenda Item	2.1

1 Performance

1.1 The average time to resolution for claims with reviews was 97.9 days, an improvement of 0.9 days since last month's Report (which also recorded an improvement).

1.2 We continue to work with FairWay on a proposal to extend the 28-day instruction timeframe to 45 days in those cases where it is likely that a withdrawal would result from internal resolution.

1.3 All reported rehabilitation rates (short-term and long-term) remain below target.

1.4 The 10 week return to work rate has remained at 67.4% since May 2018 (against a target of 68.5%). The nine month return to work rate declined by 0.1% from the end of July 2018 (it is now 0.5% below target).

1.5 Year to date growth of the long-term claims pool is ahead of target at 1.7%.

1.6 The 12-month rolling result for cover decision timeliness has remained steady at 1.15 working days. This has remained the same since May 2018, (the target is 1.10 working days)

1.7 The single effective discount rate fell 18 basis points to 3.24% in August, increasing the OCL by $2.1b year to date. This is the largest downward month on month shift in the single effective discount rate since April 2017. The OCL is now valued at $42.3b.

1.8 While year to date investment returns have delivered $800 million above budget, investment performance after costs is underperforming benchmark by 0.45% (after trading and property costs).

2 Claims Front End Establishment update

2.1 On Monday 17 September, we introduced a new lodgement system which has automated the straightforward parts of our current process for registering and approving cover on claims using a combination of business rules and predictive modelling.

2.2 This means that our clients will know sooner what is happening with their claim, and our people will be able to spend more time focusing on the work that adds the most value to clients. When we have a client's contact details, we'll send them a text to say their claim is approved, or that we're working on it.

2.3 We completed deployment successfully with only a small number of issues or defects identified on the first day, these are being appropriately managed as part of early life support.

2.4 On the first day 69% of claims completed processing through the model resulting in claims either being automatically approved or held for cover. The proportion of claims automatically accepted was close to expectations and this will be carefully monitored. Our quality assurance team is providing comfort that the automated cover decisions are valid with no issues identified.

2.5 Our lodgement teams in Hamilton and Dunedin report staff are positive and enthusiastic. On the first day they were operating at a slightly slower pace while learning the new solution but are overall happy with the process improvements.

3 Completion of ASMS and PSA negotiations

3.1 ACC has now successfully concluded collective bargaining with both the Association of Salaried Medical Specialists (ASMS) and the Public Service Association (PSA), with both agreements being ratified by members. The ASMS agreement is in place until 30 June 2020 and PSA until 30 August 2019. Having these agreements in place will enable a settled employee relations environment without the prospect of industrial action over the next 12 months.

3.2 As part of the agreement with the PSA, we will set up a collaborative Remuneration Working Group to consider different ways of approaching remuneration which would be beneficial for ACC and employees. Any such changes would be discussed and agreed with the Remuneration and Governance Committee prior to being included in a future collective agreement.

4 New communication channel for providers

4.1 On Monday 10 September 2018, the first edition of 'Your ACC Pānui' was sent out to 15,000 providers.

4.2 'Your ACC Pānui' is a quarterly e-newsletter, it consists of content from right across ACC. It was developed to update all providers on what is happening at ACC and what they need to be aware of. This channel was created as a result of feedback from providers.

4.3 'Your ACC Pānui' incorporates information from across the business, including Injury Prevention, Provider Service Delivery, Client Service Delivery and Clinical Services.

5 Front line engagement

5.1 In the last month, I have continued engagement with our branches, I took the opportunity to visit the Bay of Plenty Branches (Whakatane, Rotorua and Tauranga) while in Tauranga for the Aims Games.

5.2 This year's Aims Games was a huge success for ACC, ACC's presence and engagement with participants, coaches and parents was a big improvement on previous years. The event has now increased to over 11,000 - 11, 12 and 13-year-olds competing across 20 sports. Our focus for the event was on promoting recognition of concussion and promoting ACC Sportsmart and Netballsmart which are a comprehensive warm up programmes.

5.3 The Minister for ACC attended the Games and we both received first-hand experience of the new Sportsmart warm up programme with Jamie Tout the Black Ferns Strength and Conditioning Coach.

5.4 I was in Dunedin to address the Physiotherapy New Zealand conference. I met with staff in the Dunedin sites, including the new lodgement team who deployed Claims Front End Establishment. I made my way up the South Island visiting the Timaru, Christchurch, Greymouth and Nelson branches.

Written by:

Scott Pickering,
Chief Executive

Appendix A – Objective Register - Risk Assessment

Strategic Intention:	***Maintain a diverse, high performing workforce empowered to deliver great customer experiences and outcomes***		
How we intent to deliver:	**1. Our workforce reflects New Zealand diversity.** **2. We have highly motivated capable leaders.** **3. We make our environments and those we influence over injury free.** **4. Our people is capable and proud to be part of ACC.** **5. Our organisational design and our practices facilitate high performance now and into the future.**	**This is important because:**	Our ability to deliver our strategic intentions depends on the culture and capability of our people. Our leaders will have the capabilities and motivation to develop and nurture high-performing, customer-focused teams. Those leaders will make our environments, and those we have influence over, injury free. In fact, we will demonstrate genuine workplace safety leadership as an example for all New Zealand organisations. We will increasingly reflect New Zealand's diversity across our own workforce. This will allow us to more effectively listen, respond to and anticipate our customers' needs. These efforts will ensure our people are highly engaged and are proud to be part of our organisation.

^Key risk areas	Risk Management Strategy	Environmental Information	Current Risk Rating	Target Risk Rating	Treatments	Treatment Owner	Completion Date
a) People & Culture *We do not have the organisational leadership, capability or capacity in our workforce to effectively deliver business performance and transformative change.* **<u>Executive Owner:</u>** CTO **<u>Assurance Priority:</u>** Medium	**Value Creation & Protection** *Ensure an effective workforce and culture to enable delivery of business outcomes and the creation of an organisation that continually transforms to meet customer needs.*	• The external employee relations environment and healthy labour market provide a more challenging context in which to manage people risk. • ACC will deliver significant organisational change over the coming period. • Our employee engagement is generally strong and ACC is viewed as an attractive employer • Our employee turnover rate around 14% and has been increasing gradually over the last year. • Various factors will impact on the requirements of our workforce in the future (e.g. technological change, artificial intelligence, etc.) and the nature of the available workforce (e.g. aging workforce, increased contingent workers, increasing diversity, etc.).	**Medium**	**Medium**	1. Manage the people aspects of organisational changes in 2018/19 and transformation to ensure culture and workforce capability is maintained or improved. (**G**) 2. Increase workforce diversity as a strategy to ensure attraction and retention of appropriate talent. (**G**) 3. Enhance ACC's leadership capability by managing succession risk in key roles and increasing the pool of future leaders. (**G**) 4. Develop a strategic five-year workforce plan for ACC, describing the changing workforce capability and capacity requirements. (**G**) 5. Implement workforce management tools to manage workforce capacity and workload (**G**)	1. Head of Business Partners and Org Change 2. Head of Org Development 3. Head of Business Partnership and Org Change 4. Head of Organisational Development 5. Chief Operating Officer and Operations Leadership team	30 June 2019 for all treatments.

Strategic Intention:	***Maintain a diverse, high performing workforce empowered to deliver great customer experiences and outcomes***						
b) Health & Safety *We fail to take reasonable and practicable steps to prevent harm to employees or third parties* **Executive Owner:** CTO **Assurance Priority:** High **Assurance Activity:** • Health and Safety governance and system implementation (completed 2017/18), • Currently undertaking review of Health and Safety – third party providers.	**Value Protection** *Maintain and build on our strong culture of health and safety. Keep our employees and any third parties safe at ACC.*	• Our injury frequency rates have decreased significantly over the past year. • We have reviewed and updated our operational health and safety risks in line with the new Risk Framework and identified the top ten risks. • We have performed well on the recent Accredited Employer Audit, highlighting the robustness of our systems and processes and the engagement of our managers and health and safety representatives.	**Medium**	**Medium**	1. Deliver the Health, Safety and Wellbeing plan for 2018-19 to implement the SafePlus framework to improve leadership, engagement and risk management in workplace health, safety and wellbeing. (G) 2. Review the effectiveness of controls for the top ten risks for ACC and Third parties to identify further mitigation actions to reduce residual risk where possible. (G) 3 9(2)(h) [redacted]	1. Head of Health and Safety Systems 2. Head of Health and Safety Systems 3. Head of Health and Safety Systems	1. June 2019 2. June 2019 3. Dec 2018

Table format adapted from an exhibit in a slideshow by 9(2)(a) [redacted] Managing Director, Risk Oversight Solutions Inc.

^Secondary risk driver – some of the top 13 risks map to more than one strategic intention therefore these risks have been assigned both a primary and secondary risk driver.

*Potential new 'value creation' risks relating to the SOI deliverables appropriate sharing of information across government and organisational-wide strength in analytics.

Title	Strategic Intentions Risk Paper: Our People
Status	Decision ☒ Information ☐
Meeting Date	27 September 2018
Agenda Item	2.2

1 Purpose

1.1 Our strategic intentions represent the areas where we are concentrating our efforts. They reflect both our outcomes and the Government's priorities for ACC.

1.2 As part of adopting the Five Lines of Assurance (5LOA) model, objective based risk management is a way to present ACC's top risks to the Board to show a clear linkage to our core strategic intentions, identify the value creation and value protection aspects of the risks, and assess the current (residual) risk to achieving each strategic intention. This helps strengthen the links between organisational strategy, performance, risk management, and independent assurance.

1.3 This strategic intention assessment is "maintain a diverse, high performing workforce empowered to deliver great customer experiences and outcomes" and is provided to support the Executive and Board when considering our people. It encapsulates the key person risk discussed by the Board.

2 Recommendations

2.1 It is recommended that the ACC Board:

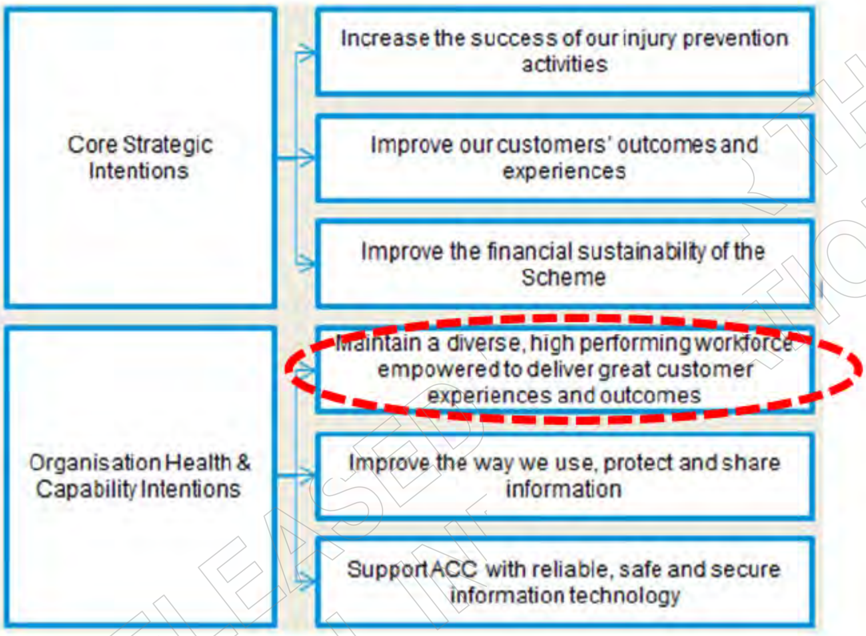
a) **Review** the strategic intention to "maintain a diverse, high performing workforce empowered to deliver great customer experiences and outcomes" using the Five Lines of Assurance approach.

b) **Note** that the overall (residual) risk profile for this strategic intention is assessed as 'Medium' with treatment plans and assurance activities in place to retain the rating at "Medium" by ensuring that this risk does not increase in a challenging internal and external environment.

3 Alignment to Strategic Direction

3.1 In August 2017, the Risk Assurance and Audit Committee approved management's approach to the implementation of the Five Lines of Assurance with a plan to bring a series of risk discussions to the Board based on the strategic intentions in the draft Statement of Intent 2018 – 2022.

3.2 This paper should be read in conjunction with the updates and discussions at the Board in February 2018 on reviewing and finalising the draft Statement of Intent. The key strategic intentions are:



4 Risk Appetite

4.1 The following Risk Appetite Statements are most relevant to this strategic intention:

a) People and Culture - Overall

b) People and Culture - Conduct

c) People and Culture - Performance

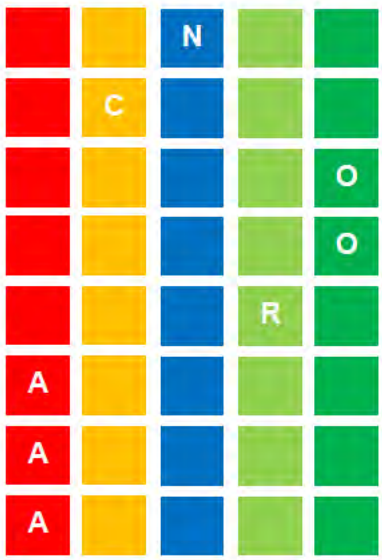
d) People and Culture - Capability

e) People and Culture - Change and Resilience

f) Operational Control - Fraud and Integrity

g) Health and Safety - Personal and Physical Security

h) Health and Safety - Health, Safety and Wellbeing



5 Discussion

5.1 The 5LOA model states the Executive and Board's role is to independently assess risk management processes and the residual risk to achieving our strategic intentions. To execute that role the Executive and Board could consider the following questions when assessing the risk related to this strategic intention:

a) Does the Risk Assessment (**Appendix A**) capture the key risks relating to this strategic intention?

b) Is the current (residual) risk status acceptable as it applies to this strategic intention?

c) Having considered the appropriateness of the current (residual) risk rating for this strategic intention, is this in line with our overall risk appetite as it applies to this strategic intention?

d) Have the key treatments been captured?

e) Do the treatments address the strategic intention?

6 Recommendations

6.1 It is recommended that the ACC Board:

a) **<u>Review</u>** the strategic intention to "maintain a diverse, high performing workforce empowered to deliver great customer experiences and outcomes using the Five Lines of Assurance approach.

b) **<u>Note</u>** that the overall (residual) risk profile for this strategic intention is 'Medium' with treatment plans and assurance activities in place to retain this at 'Medium'.

Written by:

9(2)(a) [redacted]

Business Advisor, Organisational Development, Talent Group

Endorsed by:

Sharon Champness
Chief Talent Officer

Herwig Raubal,
Chief Risk and Actuarial Officer

Title	Board Health, Safety and Wellbeing Walk around – planning sheet
Meeting Date	27 September 2018

1 Purpose

1.1 The purpose of the Board walk around is to provide an opportunity for Board members to better understand that work people do, the health and safety risks associated with that work, and the controls in place. The walk around will also provide an opportunity for our health and safety representatives to engage with the Board members on health and safety.

2 Planning

2.1 Each Board member will be allocated a business group, see table attached.

2.2 The employee and manager health and safety reps from each group will meet their allocated Board member on level 7 at 11.20 am and guide them through their work area. They may point out health and safety provisions, describe the work undertaken and facilitate introductions with others in the work area.

2.3 The Board member will be free to ask questions of the reps and other people in the work area, suggested questions are set out below.

2.4 The Chiefs may wish to join the walk around for the final 15 minutes (from 12.00) to get feedback and answer any additional questions.

2.5 The walk around will conclude at 12.15 with Board members being escorted back to the Board room by their representatives and/or Chief.

3 Suggested questions for Board members

3.1 What are your health and safety risks?

3.2 Do you think we are doing the right things to prevent harm?

3.3 Tell me about the responsibilities people here have for health and safety?

3.4 What are the non-negotiables here in terms of health and safety? Or Where do you have flexibility in how you choose to keep yourself safe?

3.5 What does good health, safety and wellbeing look like for you?

Board Walk around – Group allocation

Group	Board member allocated	Rep name	Role	Level
Customer Group	Dame Paula Rebstock	9(2)(a) [redacted]	Manager Rep	L14
		[redacted]	Employee Rep	L8
		[redacted]	Employee Rep	L14
Operations Group	Trevor Janes	[redacted]	Employee Rep	L16
		[redacted]	Employee Rep	L11
		[redacted]	Employee Rep	L10
		[redacted]	Employee Rep	L15
		[redacted]	Employee Rep	L16
Risk and Actuarial Group	Anita Mazzoleni	[redacted]	Manager Rep	L7 (TS)
		[redacted]	Employee Rep	L7 (TS)
		[redacted]	Employee Rep	L7 (KS)
Finance Group	Kristy McDonald QC	[redacted]	Manager Rep	L11
		[redacted]	Employee Rep	L7
Governance	James Miller	[redacted]	Employee Rep	L7
		[redacted]	Manager Rep	L7
		[redacted]	Employee Rep	L7
Talent Group	Leona Murphy	[redacted]	Employee Rep	L9
		[redacted]	Manager Rep	L9
		[redacted]	Employee Rep	L9
Technology and Transformation	David May	[redacted]	Employee Rep	L8
		[redacted]	Employee Rep	L8
		[redacted]	Manager Rep	L8
Office of the CE	Not allocated	[redacted]	Employee Rep	L7

* TS – Tower Side   * KS – Kate Sheppard Side

Title	August 2018 Performance Report
Status	Decision ☐ Information ☒
Meeting Date	27 September 2018
Agenda Item	4.1 (a)

1 Purpose

1.1 The purpose of this paper is to report to the Board on ACC's performance. Attached are:

(a) ICIP monthly update

(b) Claims costs performance report

(c) Performance report

1.2 Appendix 1 to the Claims costs report provides additional insight into new weekly compensation volumes.

Endorsed by:

John Healy,
Chief Financial Officer

Title	Second Line ICIP Risk Management Report
Status	Decision ☐ Information ☒
Meeting Date	27 September 2018
Agenda Item	4.1 (b)

1 Purpose

1.1 This paper provides a second line of assurance review of ICIP risk and issue management.

2 Recommendations

2.1 It is recommended that the ACC Board:

(a) **Note** that it is the opinion of the second line of assurance that ICIP risk maturity continues to improve at a rate which aligns with the ACC Risk and Compliance Maturity Plan.

(b) **Note** the red status of Analytics and the management attention required to rapidly diagnose the delivery issues and take action to remediate the identified exposures.

(c) **Note** that ICIP risk areas of focus in the next period include finalising the Analytics risk and treatments update, reviewing the recently refreshed Health Services Strategy risk registers and assessing the Client Payments and NGCM process risk and controls matrices.

3 Approach

3.1 The second line of assurance risk management support activities undertaken by the Transformation Business Risk and Compliance Manager were:

(a) The review, challenge and oversight of ICIP monthly update report key risks, ratings and mitigation plans.

(b) The review and challenge of the Analytics project full risk register and treatment plans (in flight).

(c) The assessment, challenge and refresh of the Enterprise Change Portfolio risk register.

(d) The assessment, oversight and challenge of the of all Idea Definition documents, Project Plans and Business Cases within period.

(e) The assessment, oversight and challenge of the CFEE go live Operational and Project risk net risk review (in flight).

(f) Oversight of the Client Workstream risk register update and refresh.

(g) The trial of a process risk and controls proof of concept for CFEE, in conjunction with BPM and the project team. Proof of concept is now being rolled out across Client Payments and NGCM.

4 Review of current state

4.1 Risk maturity across ACC's ICIP continues to improve with business risk register review frequency increasing and strong Executive risk focus.

4.2 Analytics has rapidly moved to a Red project status during the reporting period based on the work undertaken to develop an integrated plan. As the project team works through the options analysis of what can be done to improve confidence in the delivery dates, we will provide second line of assurance and oversight of this analysis and the proposed mitigation plans regarding the associated risks to the integrated schedule.

4.3 Treatment actions are tracking to plan and nothing further has been identified in addition to what is noted in the ICIP report for this period.

4.4 Risk capability has increased through the appointment of key roles. For example, the Analytics Programme Manager and Delivery Assurance Manager and the NGCM Project Manager. We will continue to assess first line risk capability and capacity to support the organisation meet its organisational and risk maturity goals.

4.5 Requests for risk support from the business are increasing, especially at the earlier stages of the Project Life Cycle, which facilitates better quality risk outcomes and documentation.

4.6 The implementation of the ICIP Monthly Update meeting, to review and socialise ICIP project performance and key risks, issues and milestones, is a key factor in increased portfolio risk maturity.

4.7 Areas of focus in the next period include finalising the Analytics risk and treatments update, reviewing the recently refreshed Health Services Strategy risk registers and assessing the Client Payments and NGCM process risk and controls matrices.

5 Recommendations

5.1 It is recommended that the ACC Board:

(a) **Note** that it is the opinion of the second line of assurance that ICIP risk maturity continues to improve at a rate which aligns with the ACC Risk and Compliance Maturity Plan.

(b) **Note** the red status of Analytics and the management attention required to rapidly diagnose the delivery issues and take action to remediate the identified exposures.

(c) **Note** that ICIP risk areas of focus in the next period include finalising the Analytics risk and treatments update, reviewing the recently refreshed Health Services Strategy risk registers and assessing the Client Payments and NGCM process risk and controls matrices.

Written by:	**Endorsed by:**
9(2)(a) [redacted]	Herwig Raubal,
Transformation Business Risk & Compliance Manager	**Chief Risk and Actuarial Officer**

Integrated Change Investment Portfolio

Monthly Update

August 2018

Sensitive, not for further distribution

Integrated Change Investment Portfolio (ICIP) monthly update – August 2018

Key Discussion Topics

It is recommended that the ACC Board:

- Note the status of the Portfolio, and the transformation project activity underway.

Portfolio Highlights

- Of the $669m Total Baseline, $384m (57%) has been released via Business Case approvals; The Life to Date Actual to Budget has a variance of $4m (1%) and Current Forecast (Life Time) is $99m (15%) under the Total Baseline of $669m.
- We remain confident that the FY20/21 benefits targets are achievable with planned initiatives. The Weekly Compensation days reduction target of 0.5 days for FY18/19 is ambitious given the August status of -1.85 days and the planned timing of project delivery towards the end of the financial year; Claims processed per FTE continues to track favourably against target.
- Overall project status for Analytics 2.0 is Red based on the work that has been undertaken to develop the integrated plan. This has confirmed that the current delivery dates are seriously at risk. Analysis of options is underway to determine what can be done to improve confidence in delivery dates and mitigation of the associated risks.
- The Claims Front End Establishment (CFEE) project status remains Green and the project remains on track to meet the business Go Live on 17 September 2018.
- The Escalated Care Pathways Project remains Amber with initial planning sessions being held with respondents in early September with a plenary session scheduled for 18 October 2018. The Enterprise Change Authority (ECA) agreement to release funding for additional resource and the rescheduling of the Stage 2 business case (project change request pending) will restore the project to Green status.
- The Integrated Home and Community Support Services (IHCS) Project remains Amber due to a potential delay to Casemix funding model development with a flow on impact to Service Delivery front-line. There is a risk to the proposed timelines as it is not yet clear if front line staff in Client Services Delivery can accommodate the changes that are required. An impact assessment is in progress and if the resulting impact of the changes in the funding model are too great, then implementation may be delayed.

This report is the latest iteration of the report, the main change this month was to include a 'Portfolio Snapshot' page providing a high level view of:

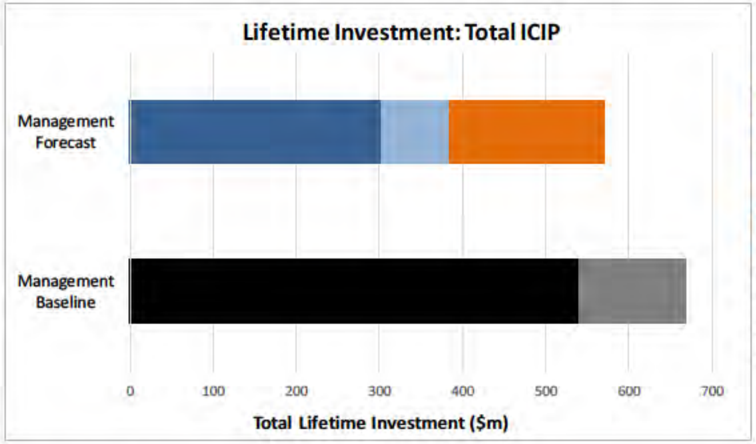
- Portfolio Financials
- Portfolio Risks
- Portfolio Benefits
- Project Overall Health and KPIs

Contents

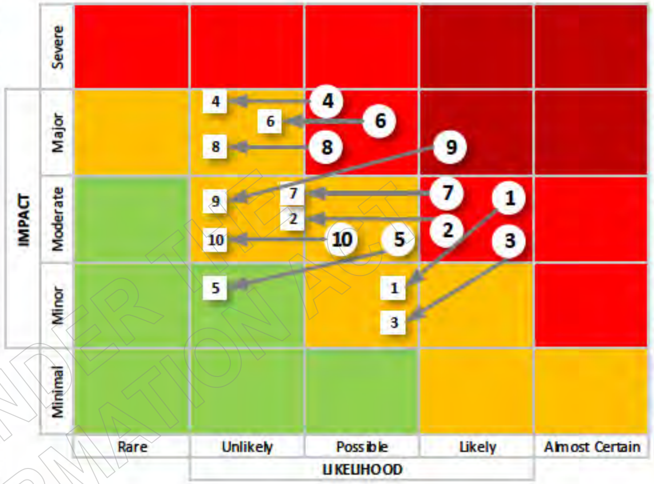
Overall Portfolio Snapshot

PORTFOLIO FINANCIALS

Of the $669m Total Baseline, $384m (57%) has been released via Business Case approvals; The Life to Date Actual to Budget has a variance of $4m (1%) and Current Forecast (Life Time) is $99m (15%) under the Total Baseline of $669m



PORTFOLIO RISKS



Risks with current risk rating High/ Very High

1 Change Portfolio delivery impact
2 Change capacity and capability
3 Effective strategic and functional support
4 Delivery of Change Portfolio to time, cost and scope
6 External stakeholder engagement
7 Design decision impacts
8 Benefits led decisions and oversight
9 Dependency management and oversight

PORTFOLIO HEALTH HISTORY

PROJECT	OVERALL Jul-18	OVERALL Aug-18	Cost	Schedule	Scope	Risks	Resources	Benefits
Analytics 2.0		↓	A	R	A	A	A	A
EoS 8.8		=	G	G	G	A	G	G
Client Payments		=	G	G	G	A	G	G
Digital Channels		=	G	G	G	G	G	A
Claims Front End Establishment		=	G	G	G	G	G	G
Next Generation Case Management		=	A	A	A	A	A	A
Health Services Strategy – Escalated Care Pathways		=	A	G	A	A	A	A
Health Services Strategy – Primary Care		=	A	A	G	A	G	A
Health Services Strategy – Home and Community Support Services		=	G	G	G	A	G	A

= No Change from last month
↓ Status worse than last month
↑ Status better than last month

PORTFOLIO BENEFITS

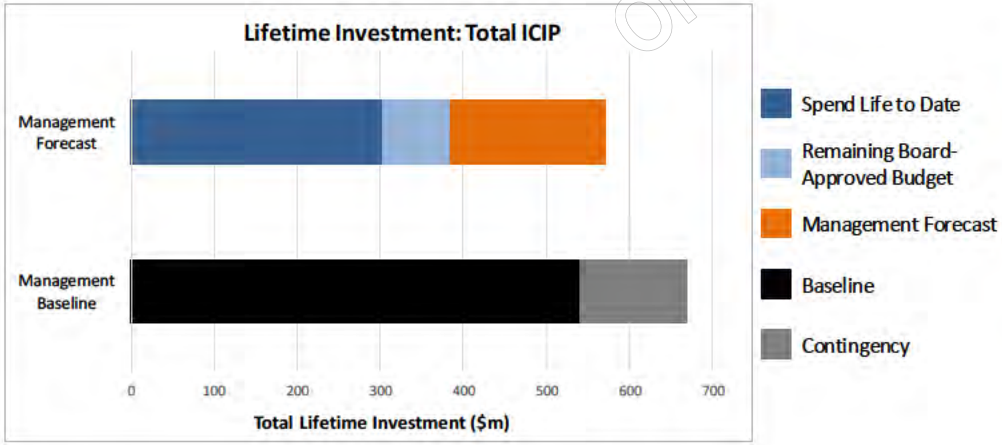
Financial Benefits ($m)

Benefit	Benefit measure	Current Financial Year 18/19		
		August 2018 (Current)	July 2018 (Current -1)	(Current -2)
Improve Productivity of ACC **Benefit Owner:** Mike Tully	Claims processed per resource	G	G	n/a
	Cost of resource avoided - FTE savings	G	G	n/a
	Claims processed per FTE (as per Service Agreement)	G	G	n/a
Reduce weekly compensation days paid **Benefit Owner:** Mike Tully	Days	A	A	n/a
	$	A	A	n/a
Vocational Rehabilitation **Benefit Owner:** Mike Tully	$	G	G	n/a
Health Services Strategy **Benefit Owner:** [redacted] 9(2	$	G	G	n/a

Portfolio Financials

Of the $669m Total Baseline, $384m (57%) has been released via Business Case approvals; The Life to Date Actual to Budget has a variance of $4m (1%) and Current Forecast (Life Time) is $99m (15%) under the Total Baseline of $669m.

ICIP Initiative ($'m)	Life to Date			Budget Approved to Date	Management Forecast (Life Time)	ICIP Baseline (Life Time) as approved through ICIP Cabinet Paper June 2018		
	Actual	Budget	Variance			Baseline	Contingency	Total Baseline
Client Payments 1	18	19	1	36	35	32	7	39
Client Payments 2	0	0	0	9	26	26	26	53
Client Payments Reporting, DM, and Decommissioning	1	1	0	3.0	17	17	17	33
Claims Front End Establishment	17	18	1	20	19	17	3	20
NGCM	24	24	0	55	55	38	20	58
Analytics	16	17	1	20	26	15	10	25
MFP Replacement					31	31	20	51
EOS Upgrades 8.8	8	8	0	13	13	13	2	15
EOS Upgrades 9.x					17	17	8	25
Project Juno	92	93	1	93	92	93		93
Health Services Strategy	0		-0	4	30	30		30
Channel	31	31	0	34	74	77		77
Other Transformation Costs	97	97		97	97	97		97
Other					38	38		38
Unallocated Contingency							15	15
Total ICIP	**303**	**307**	**4**	**384**	**570**	**541**	**128**	**669**



Enterprise Change Portfolio Financial Year Summary August 2018

$m	FY 2017/18	YTD Actual Spend	YTD Budget	Full Year Forecast	Full Year Baseline
Total cost	168.7	25.8	28.7	163.9	164.0
Average cost per month (burn rate)	14.1	12.9	14.3	13.7	13.7

Contingency ($m)

Baseline		128
Released to Date		25
Claims Front End Establishment	3	
NGCM	17	
Analytics	5	
Balance Held by Board		103
*Yet to be released but assumed in Management Forecast	4	

Portfolio Benefits

1. Average weekly compensation durations have remained above baseline due to:

- Return-to-work rates have been under service agreement (2017/18 and 2018/19) targets since November 2017
- New weekly compensation volume growth continues to exceed exit volume growth

The Weekly Compensation days reduction target of 0.5 days for FY18/19 is ambitious given the August status of -1.85 days and the planned timing of project delivery towards the end of the financial year. We will not see significant shift till our client facing solutions are fully delivered, albeit there are small gains in Weekly Compensation due to NGCM.

2. Claims processed per FTE continues to track favourably against target.

3. ACC's employee Net Promoter Score (eNPS) and Net Trust Score results are unchanged from the July report (these are updated half yearly and quarterly respectively). ENPS has decreased; this is a likely reflection of organisational redesign and uncertainty in the business as we seek to deliver change. Client NTS ended the FY slightly below target but is still favourable against the baseline. Targets for Maori NTS will be available for the September monthly update.

Financial Benefits ($m)

Benefit	Benefit measure	Most recent result	Life to Date			Current Financial Year 18/19			Target FY 20/21
			Baseline [starting point]	LTD Actual	LTD Target	YTD Actual	Full Year Target	Status	LTD FY 20/21 (cumulative)
Improve Productivity of ACC **Benefit Owner:** Mike Tully	Claims processed per resource	Aug-18	541	570	562	570	562	G	622
	Cost of resource avoided + FTE savings	Aug-18	N/A	$20.1m	$19.7m	$1.5m	$12.4m	G	$89.8m
	Claims processed per FTE (as per Service Agreement)	Aug-18	549	603	NA	603	585	G	636
Reduce weekly compensation days paid **Benefit Owner:** Mike Tully	Days	Aug-18	0	-1.85	NA	-2.03	0.50	A	3.00
	$	Aug-18	N/A	-$25.9m	NA	-$7.8m	$2.3m	A	-$1.1m
Vocational Rehabilitation **Benefit Owner:** Mike Tully	$	Aug-18	$0	$1.1m	$0.4m	$0.9m	$1m	G	$29m
Health Services Strategy **Benefit Owner:** 9(2)(a)	$	Aug-18	$0	$0	$0	$0	$6.2m	G	$45m

Variance % RAG definition:

G Green – Tracking to meet or better FY target

A Amber – Off track to meet FY target

R Red – Low probability to meet FY target

Non- Financial Benefits

Benefit	Benefit measure	Most recent result	Quarterly result			Target		
			Baseline [starting point]	Quarterly Actual	Quarterly Target	Full Year Target FY 18/19	Status	ICIP target FY 20/21
Improved Client Net Trust Score **Benefit Owner:** Emma Powell, Gabrielle O'Connor	Client Net Trust Score	Q4 FY 17/18	15	25	27	30.6	A	39.0
Improved Provider Net Trust Score **Benefit Owner:** Emma Powell, 9(2)(a)	Provider Net Trust Score	Q4 FY 17/18	-25	-8	-7	-10	G	-2
Improved Business Customer Net Trust Score **Benefit Owner:** Emma Powell 9(2)(a)	Business Customer Net Trust Score	Q4 FY 17/18	-34	-19	-31	-14	A	-9
Improved Maori Net Trust Score **Benefit Owner:** Emma Powell	Maori Net Trust Score	Q4 FY 17/18	25	17	TBD	TBD	-	TBD
Employee Net Promoter Score **Benefit Owner:** Sharon Champness	Employee Net Promoter Score	Q4 FY 17/18	-17	-6	1.5	16.0	A	25.0

Portfolio Risks

<u>Portfolio Risk update as at 30 June 2018. A further update will be provided as at 30 September 2018.</u>

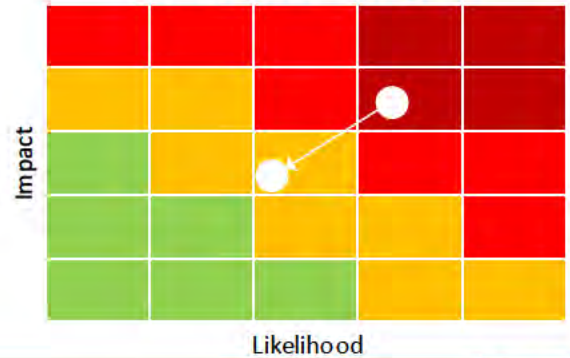
Portfolio level risks are known and understood and are actively being managed by the Risk Owners. Mitigations and treatment plans have been identified with defined treatment owners and due dates.

Dependencies, constraints and impacts are starting to be managed effectively by the weekly Delivery Integration Forum and are represented at portfolio governance forums.

Plans are in place to strengthen governance including ensuring a clear understanding of risks and issues around delivery, improved governance reporting and initiatives to enhance governance capability.

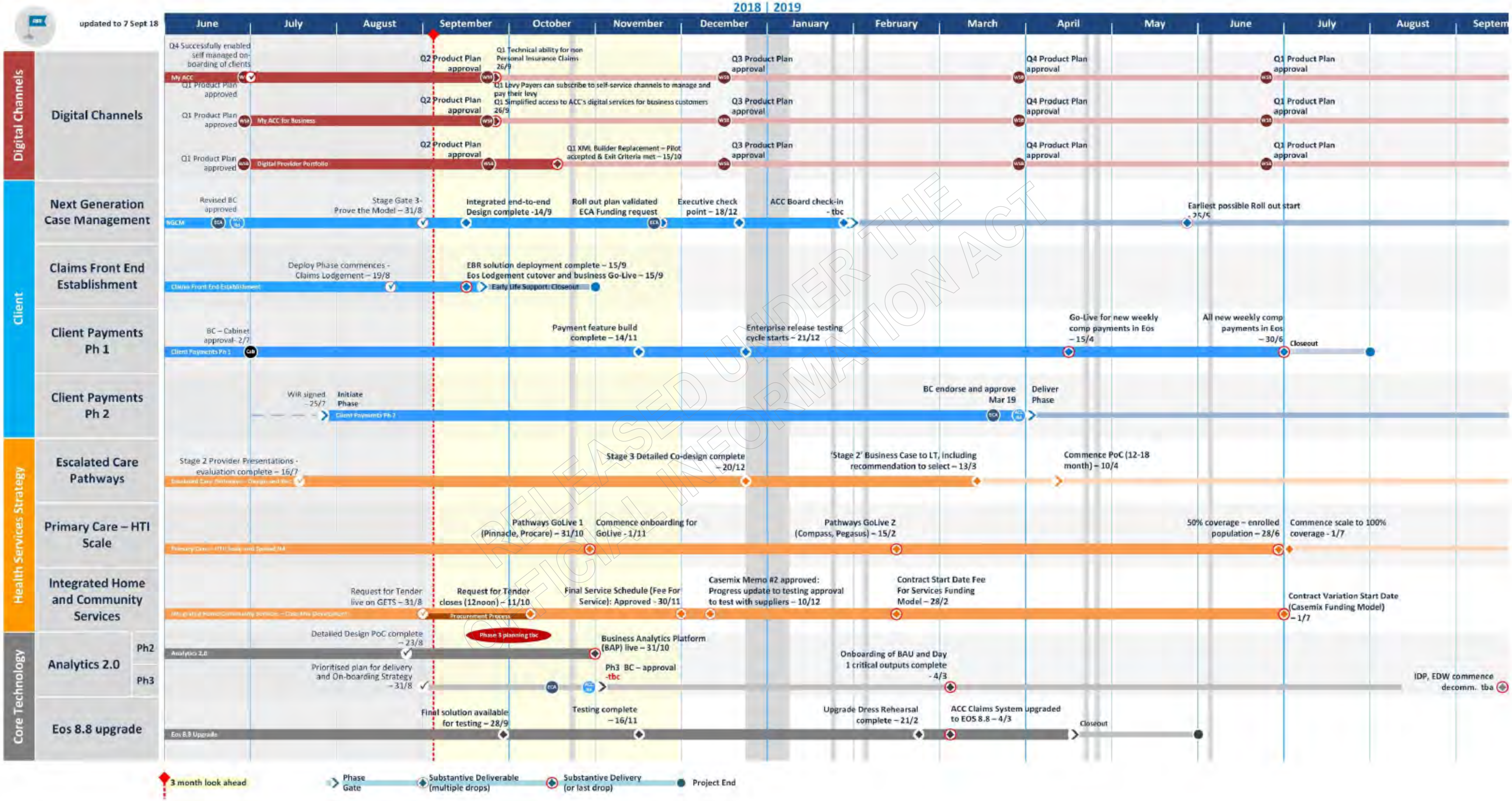
There are currently ten Portfolio Risks identified and managed, the following outlines the top four.

Current High and Very High risks



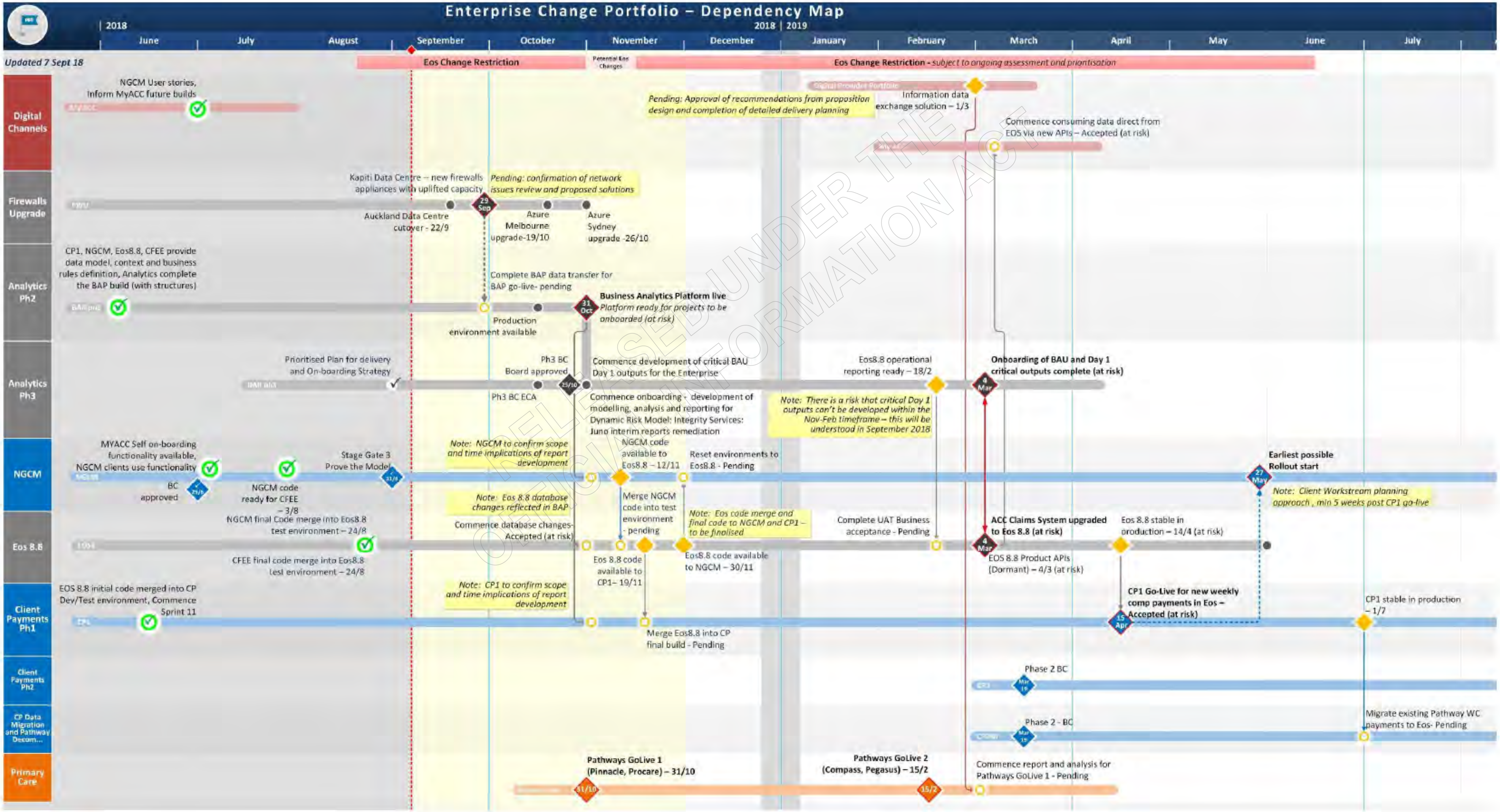
ref	Risk Description	Rating	Owner	Mitigation	Post Rating
ECP - 09	• If effective oversight and management of Enterprise, Programme and Project interdependencies is not maintained then: • Scheduled deliverables may cause contention • Change portfolio may not be successfully delivered • Change portfolio delivered may be outside agreed scope, timescales and/or budget	VH	Chief Technology and Transformation Officer	Embed Delivery Integration Forum to: • Increase dependency visibility and management • Manage scheduling of projects within the Portfolio • Address areas of contention on an ongoing basis • Create a healthy challenge to programme delivery through to the Senior Responsible Owners • Ensure strong delivery focus between Programme/Project, IT&A and Change • Re-set expectations around dependency ownership	M
ECP - 02	If the change portfolio does not have access to the required change delivery capacity and capability to drive and embed high volume, fast paced change then: • Change portfolio may not be successfully delivered • Change portfolio delivered may be outside agreed scope, timescales and/or budget	H	Shared Capability Manager	1. Strengthen resource demand capability and forward planning: 2. Review of digital delivery model and architecture capability 3. Implementation of Change Delivery Model 4. Develop an enterprise approach for Agile 5. IT&A achievability analysis and resource forecast	M
ECP - 04	If Delivery of the Enterprise Change Portfolio, within agreed timescales and budget, is not achieved then: • Change portfolio outcomes and benefits may be delayed or not met • The time and cost to deliver the Change portfolio may increase	H	Manager Programme Management	1. Enhance change impact and achievability assessments 2. Embed Delivery Integration Forum 3. Project Methodology: Develop an enterprise approach for Agile / Simplified deliverables 4. Alignment between key risk and assurance plans via assurance mapping 5. Effective vendor engagement and management	M
ECP - 07	If design decisions are made without full consideration of, or information on, both short and longer term impacts then: • The overall cost impact to ACC may be substantially higher • Business as usual efficiency may be impacted by tactical workarounds • Capacity in the future work programme may be reduced to cater for remediation, resulting in lost opportunities for strategic change	H	Chief Technology and Transformation Officer	1. Enhance benefits management maturity 2. Embed Delivery Integration Forum 3. Embed Integrated Governance 4. Resetting of Architecture functions and improve Roadmap visibility.	M

Portfolio Roadmap



Portfolio Dependencies

The following key project interdependencies have been identified and are being monitored at an Enterprise level. As reported last month, of note is the continued key risk for pending dependencies on 31 October 2018 which will not be confirmed until revised Analytics phase 2 and Analytics Phase 3 planning is available, this will outline the prioritised plan for delivery of data outputs for March 2019.



Analytics 2.0

Senior Responsible Owner – **Herwig Raubal**
Programme Manager – 9(2)(a) [redacted]

A A R

Overall project status for Analytics 2.0 is Red based on the work that has been undertaken to develop the integrated plan. This has confirmed that the current delivery dates are seriously at risk. Analysis of options is underway to determine what can be done to improve confidence in delivery dates and mitigation of the associated risks.

The deliverable for the SAS production environment in mid October 2018 is being managed. Although the deliverable timeframe is tight we are working closely with SAS to resolve any issues as they arise that affect delivery. Progress on the Proof of Concepts (POC s) have been progressing and we have achieved what we can from this phase of the project. We will now look to exit the POC's and proceed to productionisation of this code. The Information Products (IP's) backlog has been established with 210 items making up this list. This has been further refined and we are establishing a prioritised list with approx. 50 IP's being critical day 1 outputs. A co-design session with our external providers has been organized for the 25 and 26 September 2018. This is the first time we will have all of our suppliers in one room to review the BAP solution in its entirety and as a result there may be some current design implications. Key resources have resigned from the programme in the last reporting period. This heightens the risk profile of the project as it enters the build phase. Mitigations are being assessed and implemented.

Issues – High or Very High issues	Rating/ trending		Action	Resolution date
Whilst we have individual work stream plans a lack of a detailed integrated plan across the Analytics 2.0 is of concern.	H	■	Development of an integrated schedule has been undertaken. This has confirmed that the current delivery dates are seriously at risk. Analysis of options will be undertaken to determine what can be done Rating/ trending to improve confidence in delivery dates and mitigation of the associated risks	30-Sept-18

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If the programme integrated schedule shows that key delivery dates are going to be missed then the project may fail to meet dependencies with other key projects within ACC resulting in increased costs and delays in delivery across the ICIP.	VH	■	The programme team will review the schedule for opportunities to increase the speed of delivery through concurrent activity etc. Dependant programmes to review plans to delay dependency impacts or decouple from Analytics 2.0; Scope for delivery of Analytics 2.0 to be reviewed for possible reduction. Additional mitigation actions are currently being identified to reduce the post treatment risk rating within appetite tolerance.	H
If the individual solution components do not work together as an end to end solution then there will be significant remedial work required to ensure a solution that is ready for production resulting in increased costs and delayed delivery	H	■	Vendors are being invited to an end to end design walkthrough to endorse the solution design; The programme is engaging specialists to review the design for an independent view	M

Next Milestones	Baseline	Current	Comment
Ph2 Proof of Concepts complete	27-Jul-18	31-Aug-18	Completed
Ph3 Prioritised Information Products for delivery	31-Aug-18	31-Aug-18	Completed
Analytics 2.0 revised Business Case	30-Sep-18	25-Oct-18	Delayed due to Project replanning
PH2 Business Analytics Platform (BAP) live	02-Nov-18	31-Oct-18	At risk, see issue above

Eos 8.8 Upgrade

Senior Responsible Owner – **Peter Fletcher**
Programme Manager – 9(2)(a) [redacted]

G G A

The EoS 8.8 project is reporting Amber due to continued risk of external dependent project (Analytics 2.0) possible timeline slippages. In order to de-risk the delivery of the remaining business scenarios and service pack 8.8.7, Next Generation Case Management (NGCM)/Lodgement merge (Release 30) was taken into main upgrade stream from 27 August 2018 and will be delivered to test by 14 September 2018 (i.e. full production version in this merge as it will correspond to the Claims Front End Establishment go-live).

Delivery Phase activities underway. Out of the 25 Business Scenarios, 19 completed first round of testing. Four more Business Scenarios are in test. The remaining two business scenarios are on target to be delivered for ACC testing by 28 September 2018.

Issues – High or Very High issues	Rating/ trending		Action	Resolution date
BAP platform, Expected Claims Outcome (ECO) and Single Client View (SCV) solutions will not be ready for EOS 8.8 testing by 30 Sep 18 deadline impacting other scheduled EOS testing activities (Backend testing, Reporting, Extended Claims Outcome (ECO), Single Client View (SCV), Perf and Security Tests).	H	■	Analytics project (including Transformation Technical Debt List) to publish dates BAP Platform, ECO and SCV solutions will be available for EoS 8.8 testing.	30-Sept-18

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If Analytics 2.0 critical Information Products (including reports, data models and data services) are not in place to support go live then project timeframes will be impacted and costs may increase.	H	■	Prioritisation of critical Information Products; Additional specialist testing support within Analytics; Introduction of additional IP report specialists as required; Analysis of key project milestones alignment with Analytics integrated schedule Resolution of Technical Debt within Analytics 2.0 scope.	M
If required project environments (Test/ NFR/Learning/Dress Rehearsal) cannot be provisioned due to capacity constraints, then project delivery timelines will be impacted.	H	■	Develop detailed integrated environment schedule across all Client Workstream (Owned by Environment Manager and in progress, expected to be complete late Sep); Escalate to Delivery Integration Forum to determine priority based on business impact and benefits (Complete; Develop alternate solution if environment availability does not align with project requirements and timeframes (pending based on first mitigation).	M

Next Milestones	Baseline	Current	Comment
Final Solution available for testing	28-Sep-18	28-Sep-18	At risk
Testing Completed	16-Nov-18	16-Nov-18	At risk
Upgrade Dress Rehearsal Complete	21-Feb-19	21-Feb-19	At risk
ACC Claims System upgraded to EOS 8.8	4-Mar-19	4-Mar-19	At risk

Digital Channels

Senior Responsible Owner – 9(2)(a) [redacted]
Programme Manager –

G G G

MyACC for Business new ways of working is receiving positive feedback with security and service design resources now successfully embedded into the scrum ceremonies. The team is completing build and test activities on Payment Plan and Schedule features as well as establishing a new baseline of monitoring using Application Dynamics software which will enable future business analytics.

MyACC (for Clients) continues to expand its registered users, from eligible Next Generation managed clients, up from 2000 in July 2018 to 2800 in August 2018. Since 2nd March 2018 the most frequently requested supports are weekly compensation (560), taxi requests (196), prescription reimbursements (186) and mileage reimbursements (180). This month MyACC has implemented backend components required to support the Document Upload feature into production as well as completing build activities for the new bulk sending of invites feature.

The Digital Provider Portfolio is completing delivery planning to enable information data exchange (using a product from the Social Investment Agency) in support of the High Tech Imaging Project with formal requests for work issued to our vendors on 28 August 2018. The Send Invoice application (to enable mitigation of existing IT risks) has entered its business acceptance testing phase and work is underway to refine the backlog of future features requested by customers. All teams are finalising product plans for Quarter 2 ready for review and approval at the September Workstream Board.

Issues – High or Very High issues	Rating/ trending	Action	Resolution date
No High or Very High issues this month			

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If the current data warehouse is switched off before alterative solutions for impacted business functions are implemented then BAU operations and customer experience may be negatively impacted.	H	■	Digital participating in new technical debt stream of work to help define a way forward for each item; Agree solution to address each item.3; Agree owner and Implement new solution(s).	M
If new MyACC features are identified which require EOS changes (e.g. as part of automation or alerts and notifications), then business workarounds may need to be implemented or changes may need to be scheduled post change freeze	M	■	Refine feature backlog to confirm items needing EOS development during September 2018; Review backlog at Juno, EOS, Digital Channels planning forum to identify what can be accommodated in any available release windows; Seek endorsement from Workstream Board to re-prioritise features post freeze if required.	L

Next Milestones	Baseline	Current	Comment
MyACC: Technical ability for non-personal insurance claims delivered	26-Sep-18	26-Sep-18	On track
MyACC for Business: Simplified access to ACCs digital services for business customers completed	26-Sep-18	26-Sep-18	On track
Digital Provider Portfolio: XML Builder Replacement Pilor Accepted	15-Oct-18	15-Oct-18	On track

Client Payments

Senior Responsible Owner – **Gabrielle OConnor**
Programme Manager – 9(2)(a) [redacted]

G G G

The Client Payments project status remains Green for this period. Feature build activity remains on track overall, business integration delivery has been brought forward, Service Design has been initiated and detailed planning for Deployment, Business Readiness and Go-Live is underway.

There is contention in environments across Client and dependant projects in the near future. This is being worked through with the Enterprise and Client Environment Leads as this is on the critical path.
Client Payments (Phase 2) Pre-inception is progressing well and the team are half way through the current state assessment workshops, having completed fatal entitlements, independence allowance/lump sum, and travel entitlements in Hamilton and Dunedin.

Issues – High or Very High issues	Rating/ trending	Action	Resolution date
No High or Very High issues this month			

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If Analytics 2.0 critical Information Products (including reports, data models and data services) are not in place to support go live then project timeframes will be impacted and costs may increase.	H	■	Prioritisation of critical Information Products; Additional specialist testing support within Analytics; Introduction of additional IP report specialists as required; Analysis of key project milestones alignment with Analytics integrated schedule Resolution of Technical Debt within Analytics 2.0 scope.	M
If there are unidentified variances between Pathway and Eos payments found in production, then there may be reputational and/or potentially financial implications to ACC	H	■	Undertake a policy review of calculation logic (complete); Execute parallel testing to confirm known variances (3 phases: 1st is complete, phase 2 in Dec 18, phase 3 in Feb 19); Execute a controlled transition from Pathway to EOS (until 2020), managed through a governance framework agreed prior to go-live (PROCEED).	M
If required project environments (Test/ NFR/Learning/Dress Rehearsal) cannot be provisioned due to capacity constraints, then project delivery timelines will be impacted.	H	■	Develop detailed integrated environment schedule across all Client Workstream (Owned by Environment Manager and in progress, expected to be complete late Sep); Escalate to Delivery Integration Forum to determine priority based on business impact and benefits (Complete; Develop alternate solution if environment availability does not align with project requirements and timeframes (pending based on first mitigation).	M

Next Milestones	Baseline	Current	Comment
CP1 Payment Feature Build Complete	14-Nov-18	14-Nov-18	On track
CP1 Enterprise Release Testing Cycle Starts	21-Dec-18	21-Dec-18	On track
CP2 Business Case Complete and approved		31-Mar-19	On track
CP1 Testing Complete	05-Apr-19	05-Apr-19	On track

Next Generation Case Management (NGCM)

Senior Responsible Owner – **Gabrielle OConnor**
Programme Manager – 9(2)(a) [redacted]

A A A

The project continues to report Amber while prioritisation and scenario planning is worked through in order to manage scope, schedule and budget constraints. The biggest challenge is verifying the shape and scale of Day 1 scope for Rollout versus Next Gen end state. Detailed design validation and sizing workshops are underway to inform sprint sizing and interim timelines by mid-October. Detailed transition planning is on track to be completed mid-October. Mitigations for Very High and High risks and issues continue to be progressed.

Progress is being made to appoint the Transition Manager, however other resource resignations continue to put pressure on the schedule. Stage Gate 3 was approved by the ACC Board 30 August 2018 and high level design walkthroughs have been held with the Client Service Delivery leadership and ACC Executive.

Issues – High or Very High issues	Rating/ trending		Action	Resolution date
There are key positions (Transition Lead, change resources for Roll-Out Planning Team) within the project structure that have not yet been filled impacting progress of key deliverables including roll out planning.	H	■	Identify and appoint Transition Lead and other key change resources – 30 September.	30-Sep-18

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If Analytics 2.0 critical Information Products (including reports, data models and data services) are not in place to support go live then project timeframes will be impacted and costs may increase.	H	■	Prioritisation of critical Information Products; Additional specialist testing support within Analytics; Introduction of additional IP report specialists as required; Analysis of key project milestones alignment with Analytics integrated schedule; Resolution of Technical Debt within Analytics 2.0 scope.	M
If Day 1 rollout scope cannot be prioritised within constraints there may not be enough time/resources to complete sprints resulting in degraded Day 1 state.	VH	■	Complete solution design targeted 14 Sept 18- forecast end Sept 18; Clarify scope (rollout versus end state) with Client Service Delivery Leaders 30 Sept 18.	M
If there is no ACC enterprise tool for Workforce Management then existing channels tool (Genesys) will need to be leveraged resulting in higher implementation risk due to limited technical resources, potentially higher licence costs and limited operational benefits.	VH	■	Architecture team to identify other potential solutions targeted 14 Sept 18; Confirm Day 1 options for Next Gen vs enterprise solution – 28 Sept 18.	M
If rollout requirements exceed the NGCM budget then the project may not be able to deliver all key rollout capabilities resulting in anticipated outcomes not being achieved, reputational impacts due to negative attention and diminished benefits.	VH	■	Confirm detailed design 14 Sept 18; Confirm roll out scope mid-Oct 18; Complete transition planning mid-Oct 18.	H

Next Milestones	Baseline	Current	Comment
Design Validation complete	14-Sep-18	14-Sep-18	At risk but expected to be completed end Sept 18
Roll out Plan Validated	30-Nov-18	30 Nov-18	On track
Executive Checkpoint	18-Dec-18	18-Dec-18	On track
Earliest Rollout commencement	27-May-19	27-May-19	On track

Claims Front End Establishment

Senior Responsible Owner – **Gabrielle OConnor**
Programme Manager – 9(2)(a) [redacted]

G G G

The Claims Front End Establishment (CFEE) project status remains Green. Dress Rehearsal and early deployment completed for BxMS, IIB, Guidewire interface and NHI feed. Eos Dress Rehearsal starting 3 September 2018. The project remains on track to meet the business Go Live on 17 September 2018. The proceed to go live decision is due by 12 September 2018 and is on track, pending completion of remaining security and service design elements.

AppDynamics application and transaction monitoring solution is progressing and a base solution will be ready for CFEE go live with further refinement and integration with the enterprise solution to complete through Early Life Support. Selection and offers for new lodgement and registration organisation structure is complete. Tactical reporting solution due to complete testing 4 September2018 and support group being established to monitor residual operational risk post-Live. Configuration of the new Enterprise Business Rules solution (Trisotech) is well advanced and recruitment is underway to support new rules management framework. On track for soft launch from 15 September 2018 and transition to Business Process Management ownership.

Issues – High or Very High issues	Rating/ trending	Action	Resolution date
No high or very high issues this month.			

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If the increase in technical debt, arising from the tactical EDW solution, is not remediated by Analytics 2.0 Phase 3 and the stand-up of the Business Analytics Platform, then this will result in increased total cost of ownership.	M	■	Confirmation of Analytics 2.0 Phase scope.	L
If end to end testing completed does not accurately reflect performance in production (due to the lack of EDW deployment testing environment) then expected BAU performance levels may be negatively impacted.	M	■	Risk has been accepted for Claims Front End Establishment. Enterprise Environments Manager reviewing risk for future projects.	L

Next Milestones	Baseline	Current	Comment
EoS Lodgement Cutover decision complete	12-Sep-18	12-Sep-18	On track
EoS Lodegment Cutover and Business Go-Live Complete	15-Sep-18	15-Sep-18	On track
Enterprise Business Rules Solution Deployment Live	15-Sep-18	15-Sep-18	On track
ELS and Project Close out complete	31-Oct-18	31-Oct-18	On track

Health Services Strategy – Escalated Care Pathways

Senior Responsible Owner – 9(2)(a) [redacted]
Programme Manager – 9(2)(a) [redacted]

G A A

The Escalated Care Pathways project has issued shortlisted respondents with invitations to attend detailed co-design workshops as part of a staged procurement process. Initial planning sessions are being held with respondents in early September with a plenary session scheduled for 18 October 2018.

Detailed co-design workshops will take place between Labour Day and Christmas 2018. The Enterprise Change Authority (ECA) agreement to release funding for additional resource and the rescheduling of the Stage 2 business case (project change request pending) will restore the project to Green status.

Issues – High or Very High issues	Rating/ trending	Action	Resolution date
No high or very high issues this month			

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If providers understanding and expectations of the detailed co-design, RFP and contract awarding processes are not aligned with ACC intent – then respondents may react poorly to not being awarded contracts, given the resources committed to prototype development in detailed co-design.	H	■	The Project team is currently meeting with all successful respondents, clearly outlining the detailed co-design, RFP and contract awarding processes to ensure aligned expectations. Consistent messaging throughout EOI, detailed co-design and RFP communications.	M
If more providers are successful through Stage 3 detailed co-design and if additional resource is not allocated to support project, delivery will be constrained	H	■	Request for additional funding to obtain sufficient resource was approved by ECA on the 21 August. Plans to bring in resources are in progress.	M

Next Milestones	Baseline	Current	Comment
Stage 3 Detailed Co-design complete	31-Oct-18	20-Dec-18	Re-planning. Indicative date.
Stage 2 Business Case approval	08-Nov-18	13-Mar-19	Re-planning. Indicative date.
Commence proof of concept	04- Feb-19	10- Feb-19	Re-planning. Indicative date.

Health Services Strategy – Primary Care

Senior Responsible Owner – 9(2)(a) [redacted]
Programme Manager – 9(2)(a) [redacted]

R A A

Contracts have been signed with Procare, Pinnacle and Compass PHO's, with the last contract with Pegasus PHO out for signature. Overall this process has taken longer than was originally planned due to provider readiness, putting the project behind schedule.

This does not impact the target date of pathway implementation across the four Primary HealthCare Organisations (PHOs) by February 2019 however challenges robust testing of the benefits identified in the initial POC evaluation across different geographies with variant market dynamics prior to National roll out.

A change request has been drafted and will be submitted to the Provider Service Delivery Steering Group to re-baseline the projects, schedule and budget to assure outcomes of the project are realised.

Issues – High or Very High issues	Rating/ trending	Action	Resolution date
No high or very high issues this month			

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If data requirements are not understood and collated the ability to analyse and monitor benefit realisation may be impacted.	M	■	The information exchange solution will enable data collection (agreed dependency with the Digital Channels Workstream board).	L
If additional resource is not allocated to support project, delivery will be constrained	M	■	Request for additional funding to obtain sufficient resource was approved by ECA on the 21 August. Plans to bring in resources are in progress.	L

Next Milestones	Baseline	Current	Comment
Pathways Go Live 1 (Pinnacle, Procare)		31-Oct-18	On track
Commence onboarding for Go-Live 2		01-Nov-18	On track
Pathways Go Live 2 (Compass, Pegasus)		15-Feb-19	On track

Health Services Strategy – Home and Community Support Services

Senior Responsible Owner – 9(2)(a) [redacted]
Programme Manager – 9(2)(a) [redacted]

A A A

The overall status for Integrated Home and Community Support Services (IHCS) is Amber due to a potential delay to Casemix funding model development with a flow on impact to Service Delivery front-line. There is a risk to the proposed timelines as it is not yet clear if front line staff in Client Services Delivery can accommodate the changes that are required.

An impact presentation is currently being developed and if the resulting impact of the changes in the funding model are too great, then implementation may be delayed. Provider and Client representatives are working together to ensure that a robust plan to manage all associated risks to provider and clients groups are sufficiently managed.

Issues – High or Very High issues	Rating/ trending	Action	Resolution date
No high or very high issues this month.			

Key Risks – top risks being managed	Rating/ trending		Mitigation	Post
If the Client group cannot accommodate a change to case mix funding within the target timeframe, then implementation may be delayed.	H	■	Regular client group engagement to build understanding so an informed decision can be made. Options paper currently in development.	M
If an IT solution for Casemix is not viable or funding is not available for internal systems changes, then a manual process will need to be employed and may result in inconsistent data collection, potentially subjective interpretation of the assessments, we may have limited visibility of changes to Casemix, and financial liability tracking may be compromised.	H	■	Ensure relevant business units are engaged (IT&A), define requirements and options for solutions, progress change requests/escalations as needed. Engage a business analyst and solutions architect for development.	M

Next Milestones	Baseline	Current	Comment
Request for tender live of GETS		31-Aug-18	Completed
Request for tender closes		11-Oct-18	On track
Final Service Schedule (Fee for Service) Approved		30-Nov-18	On track
Contract variation Case Max		01-Jul-19	At risk

Claims costs performance report

August 2018

Sensitive, not for further distribution

This report should be read in conjunction with the main "Performance report"

Table of contents

Claims volumes

Measure	Most recent result	2017/18 actual	Actual	Full year budget	Status
New claims registered (rolling 12 months)	Aug 2018 (monthly)	1,978,806	2,002,020	2,038,170	G
New WC claims (rolling 12 months)	Aug 2018 (monthly)	79,653	80,822	82,839	G

- New registered claims growth (+3.0%) is tracking with our budget forecast assumption of +3.0%.
- The short-term economic outlook is considered weak by many economic commentators with lower employment and economic growth expected over the coming quarters.
- Weekly compensation volumes growth (+6.0%) is currently tracking above our budget forecast assumption.
- Please see Appendix 1 for more information

Claims costs

Measure ($m)	Growth on prior YTD	YTD actual	YTD budget	Variance	% variance	Status	Full year budget	OCL multiplier (high)
Weekly compensation	(12.8%)	227.8	215.5	(12.3)	(5.7%)	A	1,257.7	x8.5
Vocational rehabilitation	(23.0%)	20.4	17.6	(2.9)	(16.3%)	R	102.2	x3
Social rehabilitation	(9.9%)	133.4	131.5	(1.9)	(1.4%)	A	800.8	x41.3
Serious injury	*(8.2%)*	85.2	86.6	1.4	1.6%	G	*522.9*	*x41.3*
Non-serious injury	*(13.2%)*	48.2	44.9	(3.3)	(7.4%)	A	*277.9*	*x41.3*
Medical treatment	(9.3%)	140.6	139.8	(0.8)	(0.6%)	A	829.8	x9.8
Elective surgery	(5.5%)	66.4	63.8	(2.7)	(4.2%)	A	361.2	x12.7
Public Health Acute Services	(4.3%)	85.6	85.8	0.2	0.2%	G	514.6	n/a
Other	(14.7%)	69.0	71.1	2.0	2.9%	G	424.7	
Total claims paid	**(10.3%)**	**743.3**	**725.1**	**(18.3)**	**(2.5%)**	**A**	**4,291.0**	

- Overall total claims paid are unfavourable to Budget by 2.5% ($18.3m). This is mainly due to higher weekly compensation volumes than budgeted and continued growth in the volume of vocational rehabilitation services delivered.

Weekly compensation

- Weekly compensation is above budget for the first month of the year mainly due to higher than forecast growth of new weekly compensation claims. The annual growth rate of new weekly compensation claims is 6.0% which is higher than the budgeted 4.0% growth.

Vocational rehabilitation

- Vocational Rehabilitation service spend continues to track above budget. This is attributable to volume growth as the average cost per claim remains stable.
- An analysis is being undertaken to identify any referral patterns that may be contributing to increased volume. Potential actions will be confirmed once these findings become available (expected during October 2018).

Social rehabilitation

- Expenditure for social rehabilitation is $1.9m (1.4%) over budget. Social rehabilitation is split between serious injury (SI) and non-serious injury (non-SI) claims.
- For both SI and non-SI claims, the largest overspend for the financial year-to-date has been seen in the training for independence (TI) service, with an overall variance of 30%.
- Evidence shows the impact of growth in concussion services on TI following recent awareness campaigns and training programmes to promote early intervention in concussion. Early diagnosis and treatment of concussion reduces the risk of developing more complex (and costly) neurological issues.
- The increases in concussion referrals was fully identified as part of the budget setting process for TI, and so this disparity may continue. Further analysis of this area is underway and will assist to identify any other drivers of this budget variance.

Medical treatment

- Medical treatment expenditure is 0.6% ($0.8m) over budget. The largest overspend in this area is physiotherapy costs with a variance of 6.4%.
- There is a significant programme of work in progress for this sector, with a focus on moving physiotherapists from Cost of Treatment Regulation (CoTR) on to contract. The contract variation to support this was implemented on 1 August 2018.
- Early indications are that uptake has been slower than expected. We continue to monitor this trend, and are working with sector stakeholders to support the transition.
- Contracted pain management services remain outside budget by 17.3%. This is a significant improvement from the July figure of 30%, but is more than expected. There is a notable increase in DHB related neuromodulation costs but it remains to be seen if this is an ongoing change.

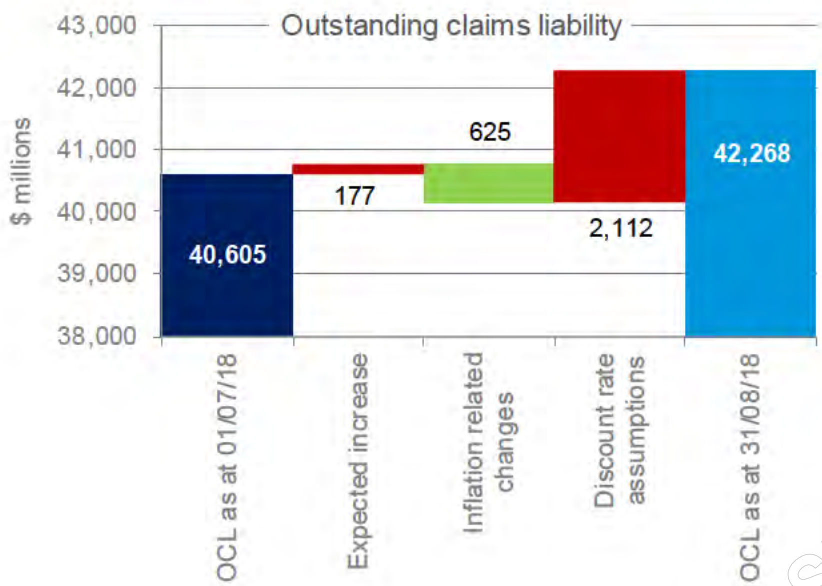
Hospital treatment

- Costs for hospital treatment (elective surgery) were over budget by 4.2% ($2.7m), down from 7.9% for July.
- The current overspend can in part be attributed to a number of one-off ‘non-scheduled surgery’ claims associated with the ACL proof of concept, together with a carry-over impact of late billing in July. Overall the spend for Elective Services remains on-track.

Other claims costs

- Other claims costs are up 14.7% compared to this time last year. This is because Fairway and MOJ costs didn’t get fully transferred to this category until late 2017/18. YTD growth will start to align from November this year.

Outstanding claims liability



- OCL increased by $1.7b in August 2018 to $42.3b. This includes:
  - The single-effective discount rate fell sharply in August 2018 from 3.42% to 3.24%, increasing the OCL by $2.1b.
  - Changes in inflation rate assumptions decreased the OCL by $625m.
  - Expected increases in the maturity of the Scheme increased the OCL by $177m. This is $57m less than budgeted.

Actuarial movement

The year-end outstanding claims liability (OCL) valuation was based on claims experience to 31 March 2018. Once 30 June data became available an investigation was undertaken to determine if results were consistent with what was expected by the valuation.

The June quarter experience is very similar to what was expected based on the valuation using March data. Allowing for it would make less than 0.05% difference to the total.

June data does show potential for minor strain due to higher than expected weekly compensation payments and this remains a key focus of the OCL Management Group.

The next year-end valuation will be based on claims experience to 31 March 2019.

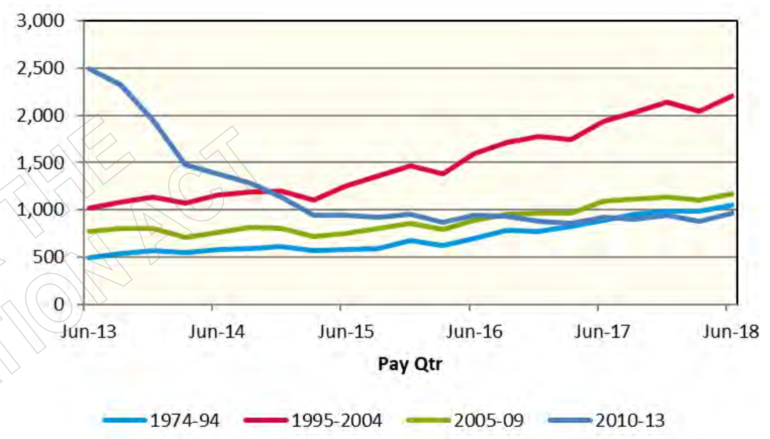
Attendant care for serious injury clients

- Last month there was higher than expected paid attendant care hours in the June 2018 quarter and undertook an investigation into this. The increase is largely due to the timing of payments.
- This year there was an unusually large number of payments made in April and May relating to services delivered in February and March. This has resulted in a lower total for the March quarter and a higher total for the June quarter. This is no longer a concern.

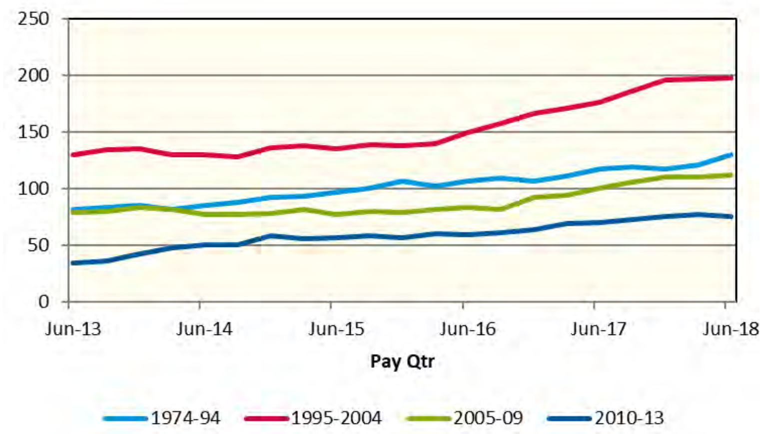
Sensitive claims

- Payments for sensitive claims continue to be higher than expected, as previously discussed. This is currently being an investigated, with a focus on payments for counselling and weekly compensation.

Graph of sensitive claims – active counselling claims by lodgement year



Graph of sensitive claims – active weekly compensation claims by lodgement year



Payments in August 2018

- For the monthly cash claims commentary, we note:
    - Weekly compensation payments are 6% higher than budget for the year to date. It was also noted there were some potential signs of weekly compensation strain in the June quarter data. The OCL Management Group has an investigation underway into weekly compensation which may result in additional actions.
    - Year to date elective surgery costs are 4% above budget, which may result in an OCL strain, should costs continue to be higher.

Appendix 1 – Weekly compensation

New weekly compensation volumes increased +6.0% in the 12 months to 31 August 2018. New registered claims volumes increased +3.0% for the same period. There are a number of key areas to consider at this time.

Composition of claims (31 August 2018, rolling 12-month basis)

	New weekly compensation claims	12-month growth	New Registered claims	12-month growth
Total new claims	**80,822**	**+6.0%**	**2,002,020**	**+3.0%**
Work	23,880 (30%)	+5.5%	209,995 (10%)	+5.1%
Motor vehicle	4,565 (6%)	+9.7%	38,635 (2%)	+1.8%
Earners'	51,232 (63%)	+5.9%	739,950 (37%)	+4.0%
Non-Earners'	133 (0%)	+22.0%	1,002,784 (50%)	+1.7%
Treatment injury	1,012 (1%)	+0.5%	10,656 (1%)	*

**Growth not applicable. It is misleading due to the longer cover decision timeframes for claims in this Account.*

Work Account claims growth

	Jun-18*	Aug-18*	Claims %
Work WC claims growth	**+5.0%**	**+5.5%**	
Construction	+6.5%	+8.1%	20.1%
Manufacturing	+3.0%	+4.3%	14.7%
Agriculture	+4.4%	+4.1%	13.0%
Transport, postal and warehousing	+6.5%	+10.4%	7.6%
Retail trade	+4.2%	+5.8%	6.2%
Administrative and support services	+9.5%	+10.7%	5.1%

**Rolling 12-month basis*

Potential Insight

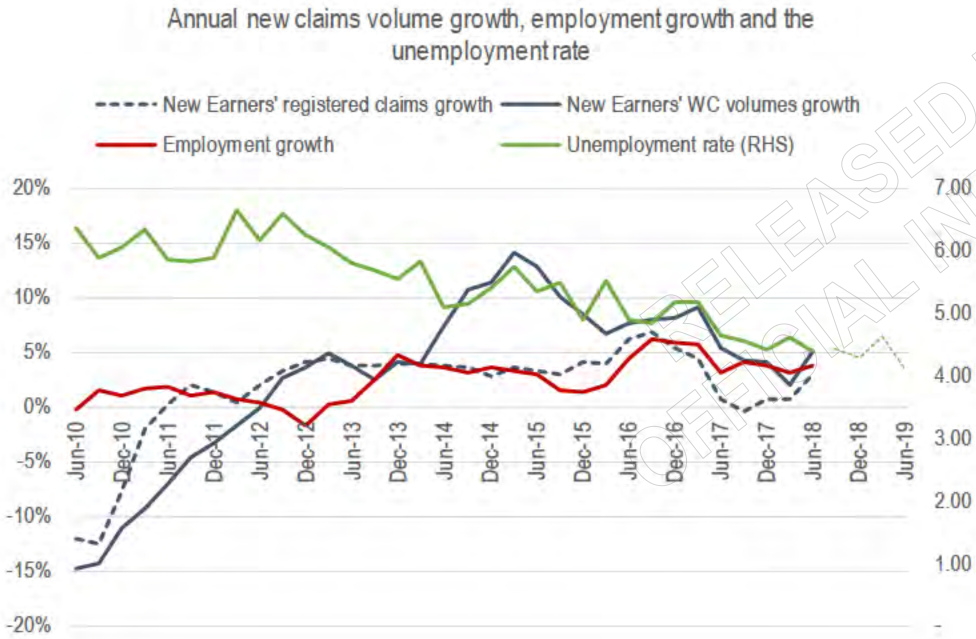
- Overall claims growth rates differ due to the composition of claims by account. A direct comparison between new registered claims and weekly compensation volumes growth can be misleading.
- 63% of new weekly compensation volumes relate to Earners'.
- Work-related claims account for 30% of new weekly compensation claims volumes and 10% of new registered claims volumes.
- Half of new registered claims relate to Non-Earners'.

- Work Account claims growth is sensitive to the productive output of labour intensive industries.
- 20% of new weekly compensation volumes relate to people employed in the construction sector.
- Increased residential building projections potentially pose a risk to new weekly compensation volumes growth over the next few years in respect of the quantity of residential houses planned and potentially limited resources available to complete on time.

Earners' Account claims

	New weekly compensation claims	New registered claims
Percentage of claimants aged under 35 years*	44%	36%

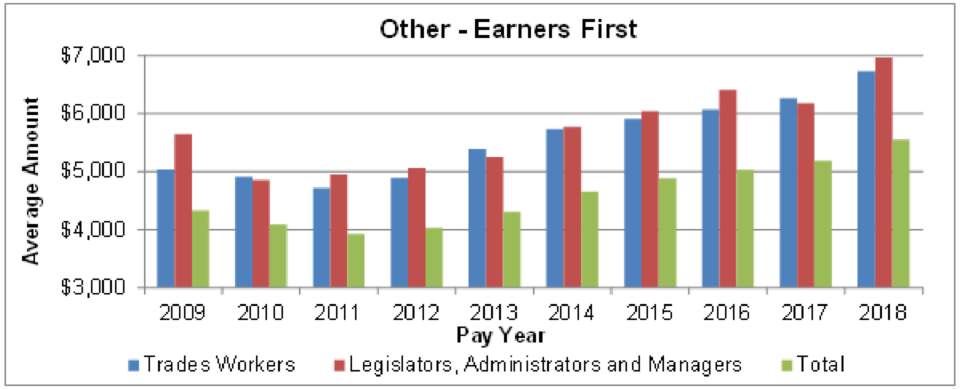
**12 months to 31 August 2018*



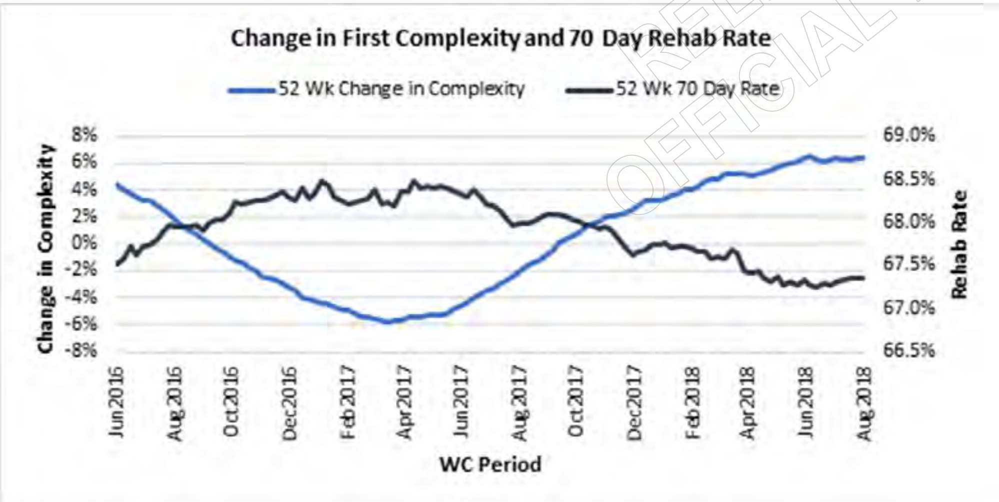
Potential Insight

- A higher proportion of Earners' starting weekly compensation are aged under 35 than Earners' registering new claims.
- The under 35 cohort is the most sensitive claimant population as they are:
  - The most physically active cohort
  - Often the first to lose their job in an economic downturn
  - Relatively higher claims frequency/risk than other age groups.
- The graph on the left-hand side illustrates:
  - New Earners' weekly compensation volume growth is more volatile than new Earners' registered claims volume growth, particularly since service needs assessment changes in 2014
  - When the unemployment rate is high new Earners' weekly compensation volumes fall faster than new Earners' registered claims volumes
  - When employment growth is accelerating new Earners' weekly compensation volumes grow faster than new Earners' registered claims. This is due to a larger presence of under 35's in the Earners' weekly compensation population. Under 35's are typically the first to be hired in an economic recovery/boom
  - If the New Zealand economy slows as predicted by many current external economic forecasts, slower employment growth could reduce the growth of new Earners' claims volumes.

Earners' - Key occupation groups



Claims complexity

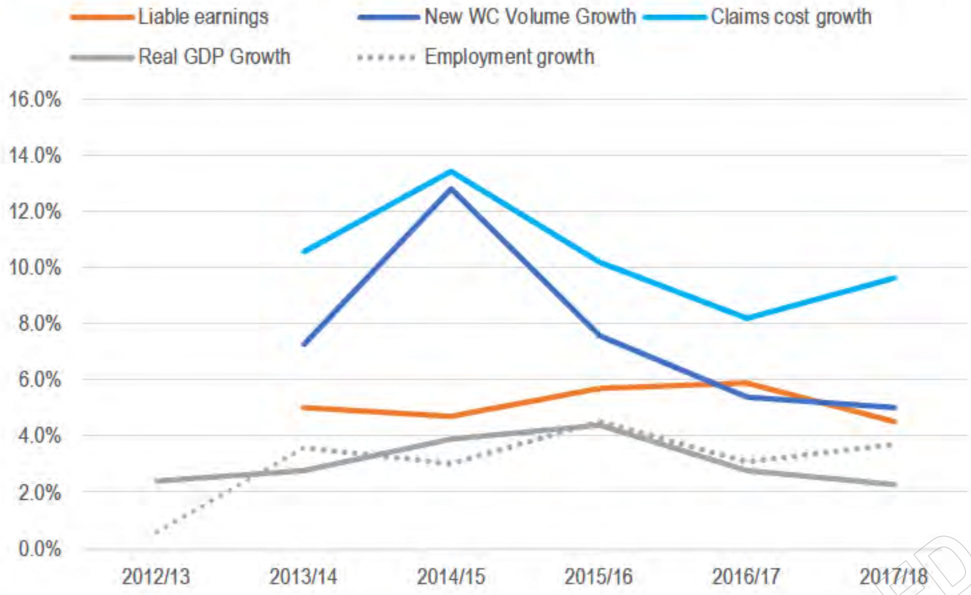


Potential Insight

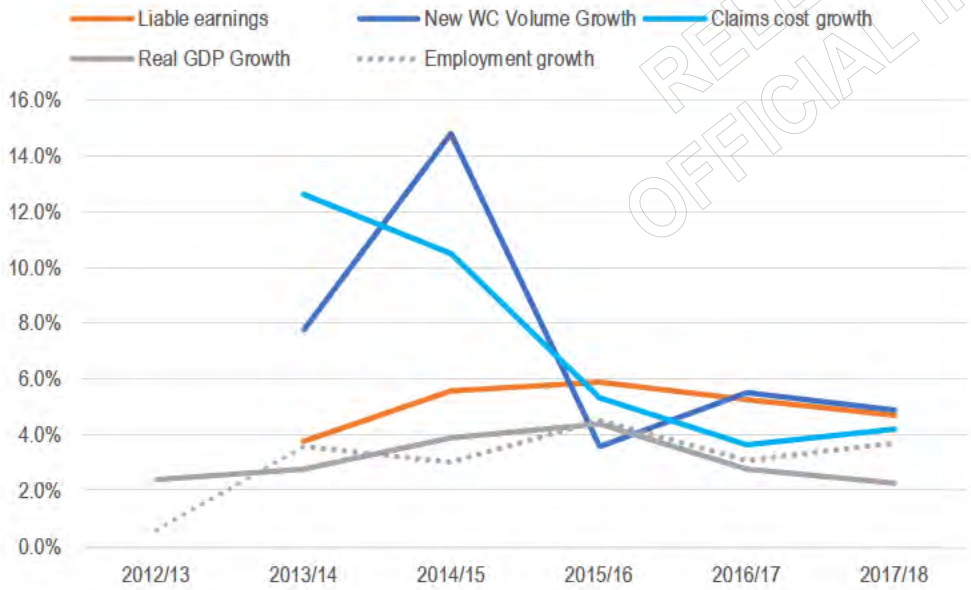
- Trades Workers can have more complex injuries especially during non-work activities (sports). As they are typically involved in heavy work they are often unable to return to work until they are fully fit. These workers are often on contract or working via a temp or recruiting agency who will not actively seek out or provide light duty options. This contributes to lengthening the duration of WC often past the 70-day period.
- The occupation group Legislators, Administrators and Managers has also shown high growth in both the number of paid cases and in average cost. These work types would attract a higher rate of WC and dependent of the injury type may be able to return on light duties or reduced hours.
- These two occupation groups have the highest average cost per claim compared to the other groups. Sports injuries comprise around 40% of claims.

- Complexity looks to be increasing for weekly compensation durations less than 182 days. Further analysis would be required to gauge the actual impact changing complexity is having on rehabilitation rates.
- In the 12 months to 31 August 2018:
  - Claims 0-70 days' complexity grew the most at 6%
  - Claims 71-182 days' complexity also grew at 3%.
- The graph below shows the 52-week rolling average change in complexity has been increasing since April 2017. Recent complexity growth appears to be slowing and correlates with a slow-down in the reduction of the 70-day rate.
- A higher complexity of claims in the lower duration bands has an impact on early and sustainable RTW outcomes, especially at the 28-49 day mark which then has a flow on to 70 day rate outcomes.

Earners' Account liable earnings, claims costs, and economic factors



Work Account liable earnings, claims costs, and economic factors



Potential Insight

- Claims costs are influenced by internal and external factors.
- There is a correlation between the performance of the New Zealand economy (as measured by real economic growth and employment growth) and new weekly compensation volumes.
- However, there are also internal factors, such as greater proactive use of service needs assessments from 2014 and provision of services available to clients (such as concussion services), that affect claims volumes and claims costs.

Injury Prevention

- Growth in weekly compensation claims are being offset in part by some of the injury prevention programmes in Workplace area.
- We expect more programmes as part of the recent agreement with WorkSafe which includes investment of $45 million dollars over three years. The Harm Reduction Action Plan (HRAP) with WorkSafe is focusing on the areas of claims growth as they are in the high-risk areas. The construction programme in particular is observing fewer claims compared to construction firms not involved in the programme. The impact is greatest in non-residential construction.
- Our intention is to roll the programme out to a greater number of construction firms and to start targeting the smaller and self-employed construction sector.
- In the Earners account the weekly compensation claims growth in the under 35s is responsive to a growing economy and low unemployment, creating more disposal income. This growth is slower in areas where ACC has injury prevention programmes e.g., organised sporting activities.
- Worksafe NZ is the lead on construction and manufacturing under the HRAP.

Injury Prevention Construction Initiatives

- Construction Health and Safety Risk Cards (in delivery: since Nov 2016) - hard copy and digital Health & Safety platform for industry to manage onsite employer's worksite risk.
- Body stressing and Perform+ programme (in design) - Body stressing is one of the two top causes of all workplace injuries as identified in the HRAP. We're working with WorkSafe NZ and the Health and Safety Association of NZ to better understands the problem and in turn developing a joint programme that:
    - Increases the awareness of body stressing and the extend of the problem
    - Improves understanding of body stressing
    - Builds the capability of businesses and encourages best practice.
- Perform+ is an early intervention of Body Stressing. A participatory ergonomic programme for manufacturing developed in Queensland and being piloted in NZ with local businesses. Prototype and pilot (to evaluate whether P+ end-to-end works in NZ and to confirm what's needed to deliver PERFORM, What are its success factors?). We are testing the delivery model, feasibility and cost for businesses currently: manufacturing, retail, construction.

Performance report

August 2018

Sensitive, not for further distribution.

This report should be read in conjunction with the “Claims costs performance report”.

RAG Definitions

Indicator	Definition vs FY targets
R Red	Low probability to meet FY target.
A Amber	Off track to meet FY target.
G Green	Tracking to meet or better FY target.

Table of contents

Definition vs YTD targets
Target not achieved. Latest result is ≥ 10% from target.
Target not achieved. Latest result is < 10% from target.
Target met.

Our key performance measures

Injury prevention	Latest result	2017/18 actual	YTD actual	Full year target	Status
The portfolio of injury prevention investments will have an assessed positive return on investment	Aug-18	$1.72:$1	$1.73:$1	$1.80:$1	A
Rate of serious injury (three-month lag)	Aug-18	79.5	75.9	73.8	A

Customer outcomes & experience	Latest result	2017/18 actual	YTD actual	Full year target	Status
Return to work within ten weeks	Aug-18	67.4%	67.4%	68.5%	A
Return to independence for those not in the workforce	Aug-18	86.7%	87.1%	86.0%	G
Growth rate of the Long-Term Claim Pool	Aug-18	+5.1%	+1.7%	+3.1%	A
Public trust and confidence	Jun-18	61%	61%	65%	A
Client net trust score	Jun-18	+25.0	+25.0	+30.6	A
Client net trust score for Maori	TBD				
Provider net trust score	Jun-18	-8.0	-8.0	-10.0	G
Business net trust score	Jun-18	-19.0	-19.0	-14.0	A

Financial sustainability	Latest result	2017/18 actual	YTD actual	Full year target	Status
Change in average treatment cost per injury	Aug-18	3.3%	2.9%	≤5.0%	G
Average care hours per serious injury claim	Aug-18	1,363	1,363	1,406	G
Solvency of the Scheme	Aug-18	96.7%	95.4%	95.0%	G
Investment performance after costs relative to benchmark	Aug-18	-0.13%	-0.45%	0.30%	A

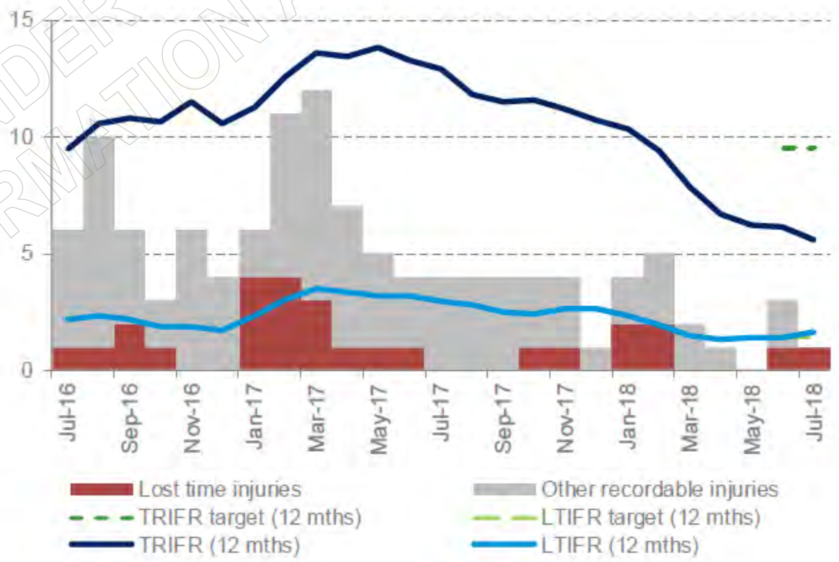
Organisational health and capability intentions	Latest result	2017/18 actual	YTD actual	Full year target	Status
Employee net promoter score	Jun-18	-6	-6	+16	A
Total recordable injury frequency rate	Aug-18	6.1	5.3	9.5	G
Number of category 3, 4 and 5 privacy breaches and near misses	Aug-18	0	0	<5 No category 5	G
Overall operational system availability	Aug-18	99.9%	99.8%	99.5%	G

Other transformation measures	Latest result	2017/18 actual	YTD actual	Full year target	Status
Claims processed per FTE	Aug-18	593	603	585	G
Reduction in average WC days paid (rolling 12 months)	Aug-18	-1.98 days	-2.03 days	+0.5 days	A

Health and Safety

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Total recordable injury frequency rate (TRIFR)	Aug 2018 (monthly)	6.1	5.3	9.5	G
Lost time injury frequency rate (LTIFR)	Aug 2018 (monthly)	1.4	1.8	1.4	A

- There was one lost time injury during August which led to an increase in the injury frequency rate.
- Total recordable injury frequency rate continues to track well below target. The range of health and safety initiatives in place for this year are likely to achieve our targets over the course of the year.



Injury Prevention

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
The portfolio of injury prevention investments will have an assessed positive return on investment.	Aug 2018 (monthly)	$1.72:$1	$1.73:$1	$1.80:$1	A
Number of claims avoided through our injury prevention investments.	Aug 2018 (monthly)	New measure	800	11,000	G
Rate of serious injury (three-month decision time lag, rolling 12-month basis).	May 2018 (monthly)	79.5	75.9	73.8	A

Return on investment

- The ROI ($1.73) sits below the new target for the performance year.
- Approved injury prevention business cases that are scheduled to go into delivery in FY 19 (eg neonatal/hypoxic birth injuries, motorcycle road engineering, and targeted financial incentives) are expected to lift the ROI closer to the $1.80 target ($1.79 estimate).

Number of claims avoided

- After the first month in the performance year we expect approximately 800 claims to be avoided. We will have a better idea by the end of Q1 how we are performing against this measure.

Rate of serious injury

- The rate of serious injury dropped from last month's figure of 78.3 to 75.9 as at 31 August 2018.
- The reason is a drop in the volume of new serious injury and fatal claims from last month (3.9% and 5.2% respectively).
- This measure has a three-month delay built in to allow for decision delays. Potentially, there could be client decisions that are still to be determined that would increase the rate.
- The serious injury rate used above covers all serious and fatal injuries lodged with ACC. However, Injury Prevention activity targets only a proportion of serious and fatal injuries (eg motorcycle injuries). In the areas where Injury Prevention is investing, targets are being met for fatal and serious injuries (our internal target is 109 per 100,000 and Injury Prevention is at 108 per 100,000).

Customer experience

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Client net trust score	Jun 2018 (quarterly)	+25.0	+25.0	+30.6	A
Client net trust score for Maori	Jun 2018 (quarterly)	New Measure	TBD	TBD	
Provider net trust score	Jun 2018 (quarterly)	-8.0	-8	-10.0	G
Business net trust score	Jun 2018 (quarterly)	-19.0	-19	-14.0	A
Public trust and confidence	Jun 2018 (quarterly)	61%	61%	65%	A

Note – no change in commentary from last month. Awaiting results for Q1 2018/19.

Client satisfaction

- While client satisfaction remained strong over 2017/18, a Net Trust Score of 25 means that for the new performance year the actual result falls short of the full year target (+30.6).
- Strong client satisfaction is reflected in the limited effort required to deal with ACC, as well as being treated with courtesy, respect and fairly. There is room for improvement with many saying they would like more information about their claim and better communication, and for ACC to work on way to keep them informed of the recovery process and entitlements.
- Launchpad's performance is looking strong across most survey metrics. Satisfaction results and NTS are very similar across the three Next Generation Case Management streams of Enabled, Assisted and Supported recovery.

Business customer satisfaction

- Business Net Trust dropped slightly from -16 to -19 for the last quarter. This is still considerably higher than the result recorded in Q1 of 2017/18 (-34), which appears to confirm that a questionnaire change was the main reason for the uplift between Q1 and Q2.
- A module of questions on health and safety maturity was included for the first time in the survey in 2017/18 Q4. In Q4 most respondents (81%) think that health and safety is more than just a compliance activity and 76% say H&S is a top priority despite the pressure of running a business.
- The biggest barrier to improving H&S practices is shared responsibility; ensuring everyone appreciates that they are responsible and accountable for health and safety.

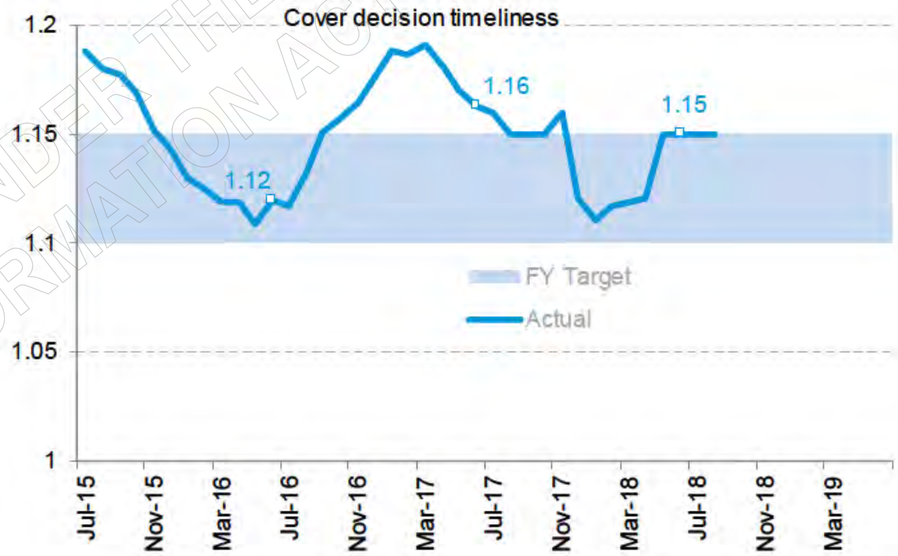
Public trust and confidence

- Public Trust and Confidence increased to 65% for the last quarter (up from 56% last quarter). The 2017/18 end of year result was 61%, short of the 65% target. The increase mirrors Public NTS, which increased from -36 to -29 this quarter.

Timeliness

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Speed of cover decisions	Aug 2018 (monthly)	1.15 days	1.15 days	1.10 days	A

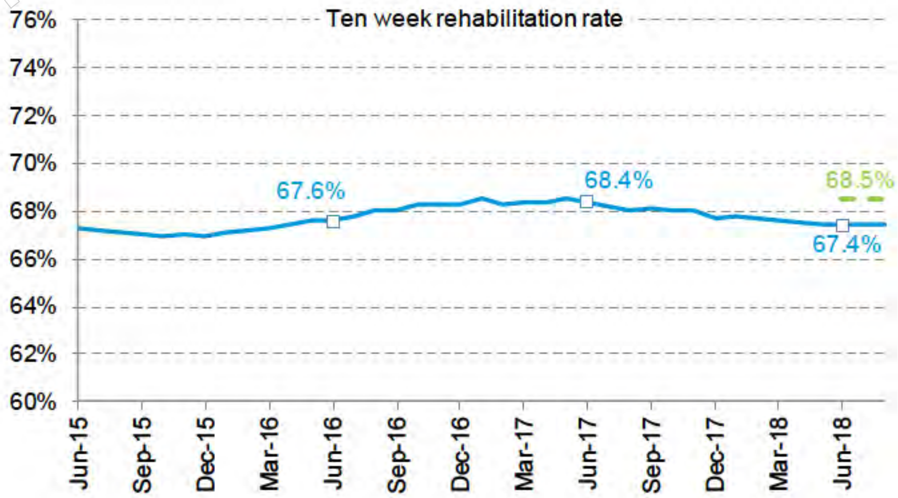
- The 12-month rolling result for cover decision timeliness has remained steady at 1.15 working days. This is consistent with results reported for the past three months.
- The month of August saw further improvement in non-complicated claim decisions with the 12-month rolling average reducing to 0.32 working days (for the month of August 2018 this was 0.26 working days). This is mainly due to the Registration teams being on top of their workloads.
- The 12-month rolling decision timeliness for Treatment Injury has continued to increase (29.83 working days at the end of July 2018 moving to 30.77 at the end of August).
- Hearing Loss, Gradual Process and Late Lodged claims continue to show improvement in timeliness.



Short-term rehabilitation: weekly compensation

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Return to work within 10 weeks (70 days)	Aug 2018 (monthly)	67.4%	67.4%	68.5%	A
Return to work within six months (182 days)	Aug 2018 (monthly)	88.4%	88.4%	88.9%	A
Return to work within nine months (273 days)	Aug 2018 (monthly)	92.9%	92.7%	93.3%	A
Reduction in weekly compensation days paid	Aug 2018 (monthly)	-1.98 days	-2.03 days	+0.5 days	A
Durable return-to-work rate	Jun 2018 (annual)	80%	80%	1% above Aus.	G

- The 10 week and six-month return to work rates remain unchanged.
- The nine month return to work rate has declined by 0.1% from the end of July.
- A sustained national focus on all durations across both the Short-Term Claim Centres and Branches remains. The benefit of these changes is likely to be seen during Q2.
- The average number of WC exit days paid is over two days higher than our baseline. This reflects average days paid on exited WC claims with less than 366 days paid.

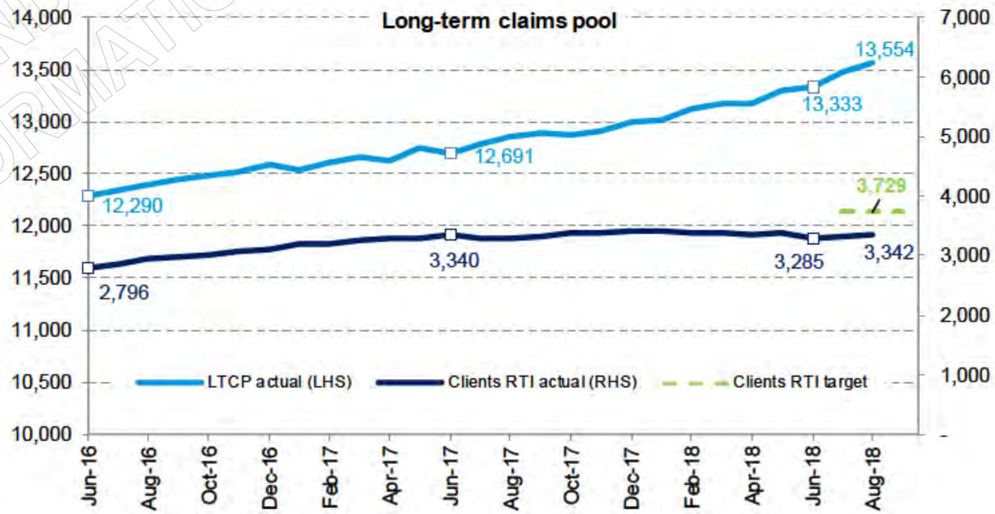


Note: A 1% movement in the ten-week rehabilitation rate has an estimated $10m to $15m impact on claims costs.

Long-term rehabilitation: weekly compensation

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Growth rate of the Long-Term Claim Pool	Aug 2018 (monthly)	+5.1%	+1.7%	+3.1%	A
Long Term Claim Pool returns to independence	Aug 2018 (monthly)	3,285	3,342	3,729	A
Rate of long-term clients in part-time work	Aug 2018 (monthly)	11.8%	12.0%	12.0%	G

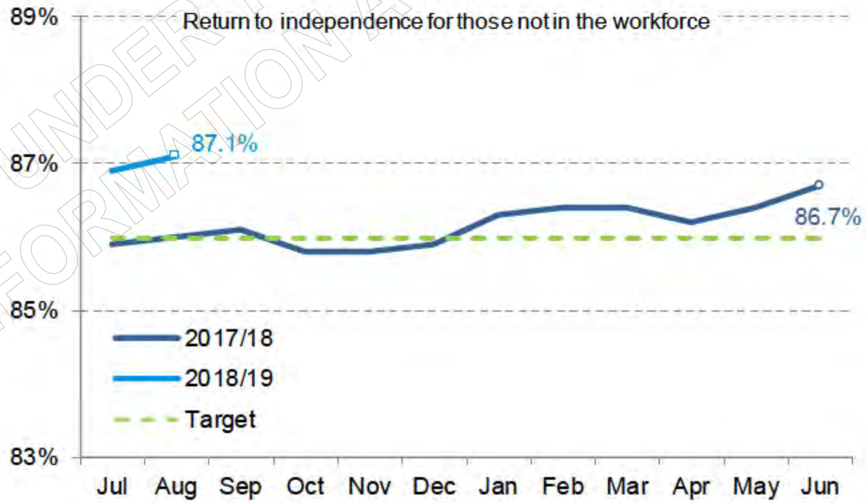
- Growth of the long-term claims pool (LTCP) is higher than target at 1.7% for the year-to-date. Growth during this time has been mainly due to a higher number of clients entering the LTCP. This follows strong growth in new WC claims observed in the second half of 2016 and first half of 2017.
- The number of 'first time' exits has been higher than last year; however not enough to counter the increased number of entries.
- Clients with sensitive claims continue to enter the long-term claims pool. This follows strong growth of new sensitive claims being lodged in recent years. Although these claims make up about 5% of the LTCP overall, c.9% of the net growth for the current year-to-date has been from sensitive long term WC claims.
- The Rehabilitation Action Focussed Team (RAFT) continues to focus on effective vocational rehabilitation and return to independence for this group of clients.



Rehabilitation

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Return to independence for those not in the workforce	Aug 2018 (monthly)	86.7%	87.1%	86.0%	G
Proportion of clients who go ahead with surgery who are successfully rehabilitated 12 months after being approved for surgery.	Aug 2018 (monthly)	84.0%	83.0%	85.0%	A

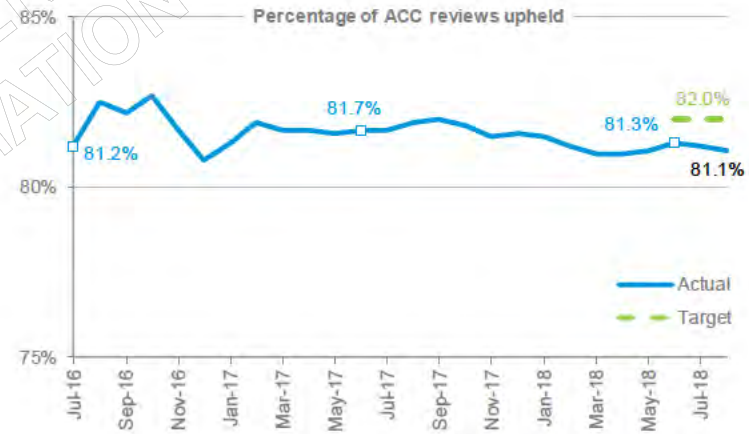
- The proportion of clients successfully rehabilitated after surgery declined in August (83.0%) from 83.4% reported last month.
- Changes to the mix of surgeries funded by ACC and the increase in more complex procedures are affecting this result.
- As there are fewer lower cost (simpler) surgeries there are also fewer claims with short rehabilitation durations. This result is mostly a symptom of changes in the surgery mix rather than an indication of poorer outcomes for our surgical clients.

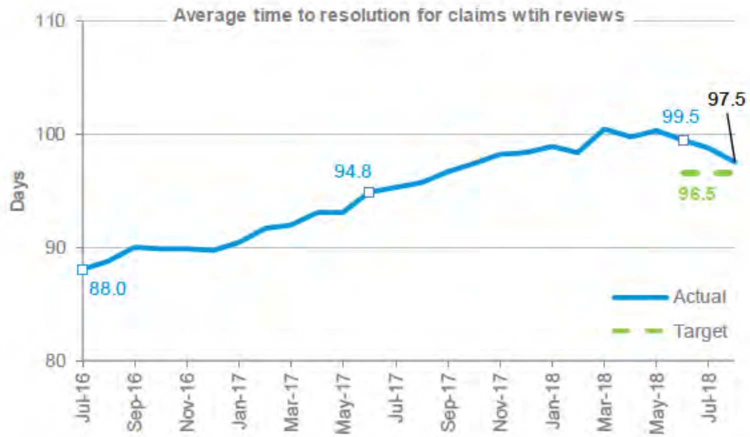


Reviews

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Proportion of ACC reviews upheld	Aug 2018 (monthly)	81.3%	81.1%	≥82.0%	G
Reviews as a percentage of decline decisions	Aug 2018 (monthly)	7.2%	7.0%	<7.1%	G
Average time to resolutions for claims with reviews	Aug 2018 (monthly)	99.5 days	97.9 days	<96.5 days	A

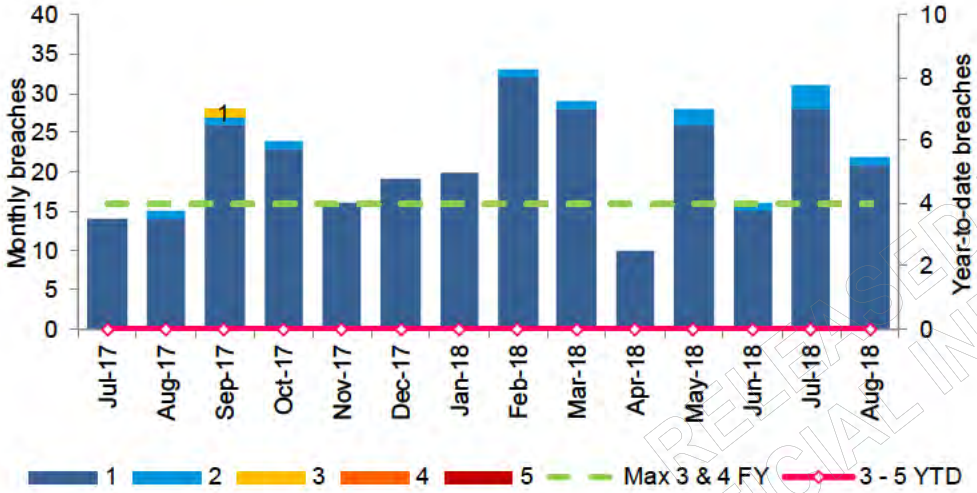
- Reviews lodged as a percentage of decline decisions was 7.0%. The total number of reviews lodged in August was 662, 15% less than August 2017 (780).
- The average time to resolution for claims with reviews was 97.9 days, an improvement of 0.9 days from last month.
- In August, the percentage of ACC reviews (excluding levy reviews) that were resolved in early resolution (prior to instructing Fairway) was 21%. FairWay has reduced its reviews on hand to 2,484, 10% less than this time last year (2,770).
- We continue to work with FairWay on a proposal to extend the 28-day instruction timeframe to 45 days in those cases where it is likely that a withdraw would result from internal resolution.
- We are now in the next phase following the Request for Information which closed on 31 July 2018. In this phase, we are designing a proposed dispute resolution process that will maximise early alternative dispute resolution. This still needs formal sign off. The RFI for reviewer services and the navigation services need to be aligned.

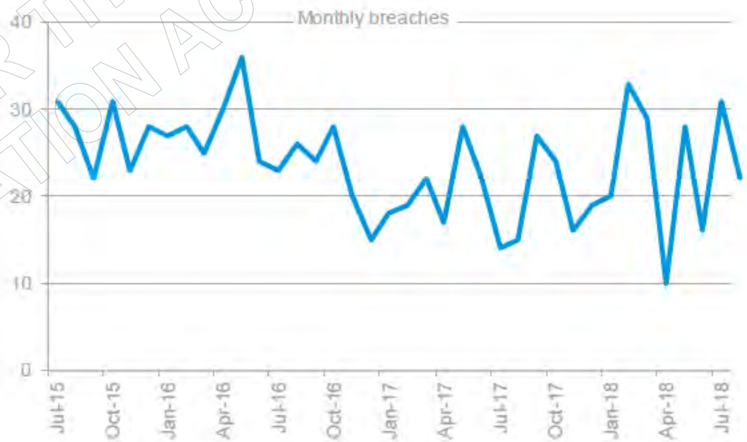




Privacy

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Number of category 3, 4 and 5 privacy breaches and near misses	Aug 2018 (monthly)	0	0	<5 No category 5	G



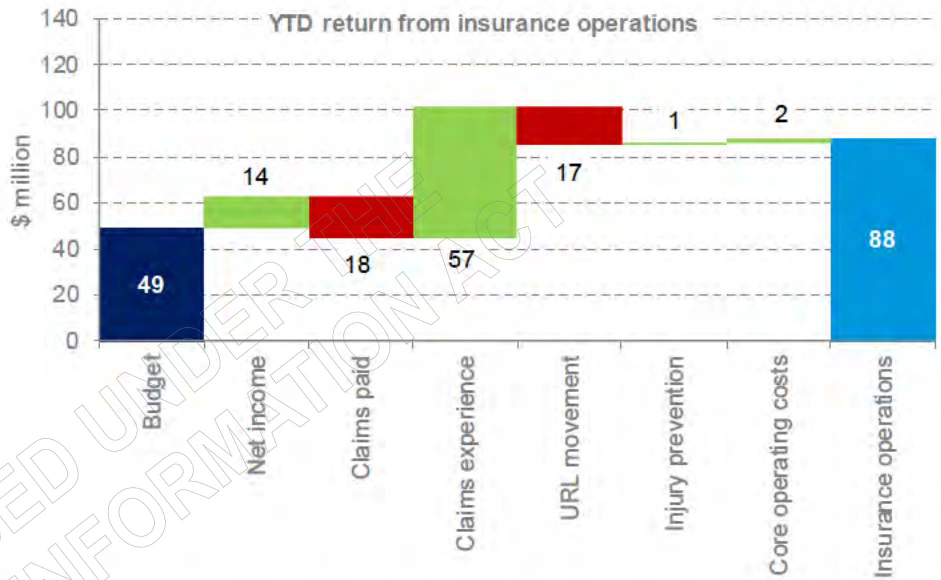


- There were 22 reported breaches for August 2018 – one was a level 2 breach and the remaining 21 were level 1.
- This brings the total number of breaches for the year to date to fifty-three. Although higher than average, we have no reason to believe that this is anything other than monthly fluctuations however we will continue to monitor closely.
- The Privacy Team plan to present a paper to the Executive in September that includes possible changes to the privacy KPI's for the 2018/19 year. As a result, while we will continue to report breach numbers no breach limits have been set for the 2018/19 year.

Financial summary

$m	YTD actual	YTD budget	Status
INCOME			
Net income	728	714	G
Expected investment income	256	256	G
Total income	984	970	G
EXPENDITURE			
Claims paid	743	725	A
OCL expected increase	177	234	G
URL movement	(143)	(160)	A
OCL and URL experience	34	74	G
Operating costs	87	88	G
Other administration costs	32	34	G
Total administration costs	119	122	G
Total expenditure	896	921	G
Returns from insurance operations	88	49	G
Variance to expected investment return	794	-	G
Economic and other assumptions	(1,486)	-	R
Surplus / deficit	**(605)**	49	R

Key points



- This month the reserves portfolio returned 2.66% after costs, underperforming its benchmark by 0.45% (after trading and property costs).
- The main of drivers of investment underperformance were an underweight position to Global Equities and resulting overweight position held to Cash.
- Investment income continues to track well above budget ($0.8b) on the back of good returns.
- The single-effective discount rate fell sharply in August 2018 from 3.42% to 3.24%, increasing the OCL by $2.1b. This was the largest month on month shift in the single-effective discount rate since April 2017 where the discount rate fell 22 basis points.
- Claims volumes are currently higher than expected. This is affecting claims costs relative to budget.

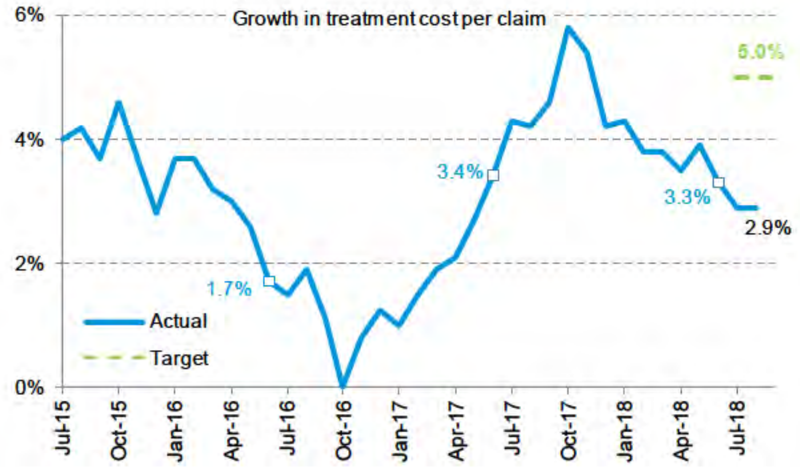
Insurance operations

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Status
Solvency of the Scheme	Aug 2018 (monthly)	96.7%	95.4%	95.0%	G
Percentage of total expenditure paid direct to clients or for services to clients	Aug 2018 (monthly)	85.9%	87.1%	86.2%	G
Change in average treatment cost per injury	Aug 2018 (monthly)	3.3%	2.9%	≤5.0%	G
Average administration cost per active claim	Aug 2018 (monthly)	$2,662	$1,262	$1,264*	G
Investment performance after costs relative to benchmark	Aug 2018 (monthly)	-0.13%	-0.45%	0.30%	A
Average care hours per serious injury claim	Jun 2018 (quarterly)	1,363	1,363	1,406	G

*Presented on a YTD basis for comparability. The full year target is $2,395 as outlined in the 2018/19 Service Agreement.

Treatment cost per injury

- The increase in average treatment cost per injury continues to remain within target.
- Several cost drivers (e.g. nursing MECA agreement and residual pay equity flow on) will impact this measure in due course, at which time there will be an uplift in underlying costs.



People and Information technology

Measure	Most recent result	2017/18 actual	YTD actual	Full year target	Full year outlook
Employee net promoter score	Jun 2018 (biannual)	-6.0	-6.0	16.0	A
Proportion of ACC staff who identify as Māori	Jun 2018 (quarterly)	New measure	12.4%	10%	G
Proportion of ACC staff who identify as having a disability	Jun 2018 (quarterly)	New measure	13.9%	8%	G
Ratio of engaged staff to actively disengaged staff	Jun 2017 (annual)	6.00:1	6.00:1	6.00:1	G
Overall operational system availability	Aug 2018 (monthly)	99.9%	99.8%	99.5%	G

- Employee net promoter score is measured on a six-monthly basis and will next be measured towards the end of the calendar year. Based on quantitative feedback associated with the eNPS measure this result is being impacted by the uncertainty for organisational change and concerns about wellbeing.
- Measures of employee engagement remain strong and there is a suite of actions in place to address eNPS over the coming period with a particular focus on supporting employees through change and further targeting wellbeing initiatives.
- For the month of August there were a total of thirteen operational system incidents, 3 of which were medium impacting events and 10 were low impacting.
- The three medium impacting events for the month were:
    - Intermittent outages accessing external websites
    - Access to ACC websites (13th of August)
    - 0800 Sensitive Claims number (17th of August, 2:30pm-3:30pm)
        - Approximately 120 calls were advised the mobile number was disconnected.

- There were four phishing incidents in August 2018.

ACC Internet Threat Activity	July 18	August 18
Phishing attempts	22	0*
Phishing Incidents	3	4
Malware attempts	6,520	7,042
Malware reported	51	43
Trojan attempts	404	839
Malicious site connection attempts	14	14
International scans from foreign countries looking to exploit any weaknesses	5,820,135	5,212,903

** The Phishing category produced 0 hits for August due to security application changes to the descriptions of the meta data that classifies an event as a phishing related event. This is not an accurate representation and the Security team is reviewing how and where this data should be captured for future reporting.*

Appendix 1: Financial statements YTD to 31 August 2018

Statement of Financial Performance

$m	Year to date			2018/19	
	Actual	Budget	Prior Year Actual	Forecast	Budget
Levy Revenue	728	714	694	4,416	4,376
Investment Credit	256	256	237	1,548	1,548
Other income	-	-	-	1	1
Total Income	**984**	**970**	**931**	**5,964**	**5,925**
Treatment	321	318	298	1,879	1,877
Rehabilitation	154	149	138	932	903
Compensation	263	252	235	1,509	1,477
Miscellaneous	6	6	3	34	34
Total Claims Paid	**743**	**725**	**674**	**4,353**	**4,291**
Increase in outstanding claims liability	**177**	**234**	**201**	1,322	**1,402**
Movement in unexpired risk liability	**(143)**	**(160)**	**(130)**	**(197)**	**(108)**
OCL and URL movement	**34**	**74**	**71**	**1,125**	**1,294**
Investment costs	8	9	7	57	57
Injury Prevention costs	9	11	10	80	80
Enterprise Change Programme	14	14	14	98	85
Depreciation & amortisation	8	8	6	46	46
Restructure costs	-	-	-	-	-
Operating costs	79	80	83	459	458
Total Administration Costs	**119**	**122**	**120**	57	**726**
Total Expenditure	**896**	**921**	**865**	**741**	**6,311**
Performance from Insurance Operations	**88**	**49**	**66**	**(255)**	**(386)**
Variance to expected investment return	**794**	-	401	890	-
Impact of economic assumptions and other factors	(1,486)	-	150	(1,546)	-
External factors	**(692)**	**-**	**551**	**(655)**	**-**
Surplus / (Deficit)	**(605)**	**49**	**617**	**(910)**	**(386)**

Statement of Financial Position

$m	As at 31 August 2018				2018/19	
	Actual	Budget	Variance	Prior Year Actual	Forecast	Budget
Account reserves						
Work	2,579	3,171	(592)	3,154	2,626	3,200
Motor Vehicle	943	1,305	(362)	1,257	855	1,286
Earners'	1,055	866	189	1,288	940	607
Non-Earners'	(5,226)	(4,862)	(364)	(4,529)	(5,334)	(4,953)
Treatment Injury	(1,312)	(2,101)	789	(1,811)	(1,353)	(2,198)
Total Account reserves	**(1,961)**	**(1,621)**	**(340)**	**(641)**	**(2,266)**	**(2,058)**
Other reserves	-	-	-	-	-	-
Total reserves (deficit)	**(1,961)**	**(1,621)**	**(340)**	**(641)**	**(2,266)**	**(2,058)**
Net Assets	40,307	38,571	1,736	37,149	41,206	39,302
Outstanding claims liability	(42,268)	(40,192)	(2,076)	(37,790)	(43,472)	(41,360)
Net assets (liabilities)	**(1,961)**	**(1,621)**	**(340)**	**(641)**	**(2,266)**	**(2,058)**

Solvency ratio (measured as net assets as a percentage of outstanding claims liability)

	As at 31 August 2018				2018/19	
	Actual	Budget	Variance	Prior Year Actual	Forecast	Budget
Work Account[1]	135.2 %	149.2 %	(14.0)%	150.6 %	135.3 %	149.0 %
Motor Vehicle Account	108.3 %	112.5 %	(4.2)%	112.5 %	107.4 %	112.2 %
Earners' Account	112.0 %	110.2 %	1.8 %	116.5 %	110.3 %	106.8 %
Sub - Total	**116.7 %**	**121.1 %**	**(4.4)%**	**123.7 %**	**115.7 %**	**119.6 %**
Non-Earners' Account	42.5 %	43.1 %	(0.6)%	43.5 %	42.7 %	43.3 %
Treatment Injury Account	77.1 %	66.6 %	10.5 %	68.1 %	77.3 %	66.6 %
Total	**95.4 %**	**96.0 %**	**(0.6)%**	**98.3 %**	**94.8 %**	**95.0 %**

Solvency Ratios[2]	Actual
Non-Earners' Account - post 2001	74.1 %
Non-Earners' Account portion of Treatment Injury - post 2001	78.5 %
Earners' Account portion of Treatment Injury (pre and post 1999 combined)	145.3 %
Work Account – including Gradual Process claims incurred but not yet made[1]	113.5 %

[1]The Work Account solvency ratio, as required by the AC Act and in accordance with accounting standards, only includes the OCL for gradual process claims made to ACC. However, the levies collected allow for the additional liability.
For comparison, the solvency ratio including the additional liability for future claims that have not yet been made is also provided

[2]Funding policy for the Non-Earners' Account and the Non-Earners' portion of the Treatment Injury Account is set by Government. Pre-2001 claims are funded on a pay-as-you-go basis. Post-2001 claims are fully funded minus the addition of a risk margin. The table isolates the solvency ratios for those portions of these Accounts that ACC can influence.

Outstanding Claims Liability

$m	As at 31 August 2018				2018/19	
	Actual	Budget	Variance	Prior Year Actual	Forecast	Budget
Opening balance – 1 July 2017	**40,605**	**39,958**	**(647)**	**37,739**	**40,605**	**39,958**
Movement due to :						
Expected increase	177	234	57	201	1,322	1,402
Impact of claims experience						
Increase (decrease) in outstanding claims liability	**177**	**234**	**57**	**201**	**1,322**	**1,402**
Impact of legislative changes *($20 minimum wage)*						
Impact of discount rate assumptions	2,112	-	(2,112)	82	2,219	-
Impact of change in inflation assumptions	(627)	-	627	(232)	(674)	-
Impact of adjustments due to key inflation indicators[3]	2	-	(2)	-	-	-
Impact of economic assumptions and other factors	**1,486**	**-**	**(1,486)**	**(150)**	**1,545**	**-**
Closing Balance	**42,268**	**40,192**	**(2,076)**	**37,790**	**43,472**	**41,360**
Long-term discount rate	4.75 %	4.75 %		4.75 %	4.75 %	4.75 %
Single effective discount rate	3.24 %	3.78 %		3.91 %	3.24 %	3.78 %

[3]The impact of adjustments due to key inflation indicators are Labour Cost Index, Consumer Price and Average Wage Earnings changing in a manner not predicted by the previous valuation.

Statement of Cash Flows

$m	Year to date Actual	Year to date Budget	Prior Year Actual	2018/19 Forecast	2018/19 Budget
Cash flows from operating activities					
Cash was provided from:					
Levy revenue	737	862	829	4,246	4,234
Investment Income	136	222	127	1,334	1,333
Sundry Income	-	-	-	1	1
Goods and services tax (net)	37	-	14	6	-
	911	**1,084**	**970**	**5,587**	**5,568**
Cash was applied to:					
Payments to injured persons, suppliers and employees	752	838	695	5,029	4,970
Goods and services tax (net)	-	49	-	-	-
	753	**887**	**695**	**5,029**	**4,970**
Net cash movement from operating activities	**158**	**197**	**275**	**558**	**598**
Net Cash flows from investing activities					
Cash was provided & applied to:					
Net of purchase & sales of investments	74	184	247	418	521
Net of purchase & sales of property, plant and equipment & intangible assets	11	13	11	67	77
Net cash movement from investing activities	**85**	**197**	**258**	**485**	**598**
Net increase in cash and cash equivalents	**73**	**-**	**17**	**73**	**-**
Cash and cash equivalents - opening balance	**115**	**183**	**93**	**115**	**183**
Cash and cash equivalents - closing balance	**188**	**183**	**110**	**188**	**183**

Appendix 2: Service Agreement initiatives

The status for each initiative is self-reported as at 31 August 2018 based on tracking delivery to plan.

Only those initiatives with an Amber or Red status are included.

Information technology

Priority	Initiative	Outcome	Accountable	Status	Planned start date	Planned end date
We have an organisation-wide strength in analytics	Implement Analytics 2.0 technologies	We will have implemented new business analytics technologies to improve the way we use data, influencing the ways we deliver our services and improving our clients' outcomes and experiences. *Note: the scope of Analytics 2.0 will include the implementation of integrity detection tools.*	Head of Operations Services	A	Jul-18	Mar-19

Analytics 2.0 project update

Overall project status for Analytics 2.0 is Amber and has the potential to turn Red based on the discovery work that is being undertaken as part of the programme review. The integrated plan is likely to confirm that the delivery dates are at risk. Options analysis will then need to be undertaken around what can be done to improve confidence in delivery dates and what the risks associated with this options analysis are. Financials across the programme have also been under review and we are working closely with Finance.

The Proof of Concepts (POC's) have been assessed and will proceed to productionisation. An exit report will be prepared and presented to the sponsor group for endorsement in the next 2 weeks. The IP backlog has been established with 210 items and guidance will be sought from the sponsor group on how this list is managed and prioritised.

Three key resources have resigned from ACC including the Enterprise Architect, Technical Lead and Stream Lead. This is of concern as we enter the build phase and the programme are assessing and implementing mitigations to minimise the risk.

Financial sustainability

Priority	Initiative	Outcome	Accountable	Status	Planned start date	Planned end date
Risk management is embedded across our organisation	Implement the risk maturity plan	We will have implemented the next stages of our Risk Maturity Growth Plan: • Staff will be using consistent, high-quality risk practices, showing an improvement in the quality and impact of risk reporting, through the development and delivery of training and guidance on risk management. The purpose of this will have been to grow a strong risk culture using consistent and leading risk management practices • This will have provided us with a clearer understanding and visibility of risks, and allowed a thoughtful consideration of those risks in decision-making. Our risk appetite will have matured, using key risk indicators and measures to support risk appetite statements • Risk management will have continued to be embedded within business groups with support and coordination through an effective risk network and operating model. Delivering the plan will have raised our risk maturity and improved the longer-term sustainability of the Scheme.	Head of Assurance, Risk and Compliance	A	Jul-18	Jun-19

The Head of Risk and Assurance has reviewed the amended Risk Maturity Plan (which now includes inputs arising from the KPMG Compliance Health Check). The draft Compliance Plan was presented to the Executive Risk and Compliance Committee (ERCC) in September. The draft Compliance Plan and resourcing implications of that plan will be discussed in face to face conversations with each member of the Executive before the final Compliance Plan reverts to ERCC.

Work is underway to:

- Combine the Enterprise Risk Management and Compliance Policies to include the recommendations outlined in the KPMG assessment by 31 October 2018.
- Activate the Risk Appetite Statements by integrating qualitative risk appetite analysis into key business analysis. Work has also commenced to link entity KPIs to the Risk Appetite Statement in order to give more colour to the qualitative analysis.
- Clarify monthly ICIP risk reporting to the Board and the second line oversight of this activity.
- Clarify ACC's intended risk culture and performance expectations. This will contribute to the 5 Lines of Assurance roles and responsibilities action planned.
- Draw a clear line of sight about the contribution that first, second and third lines of assurance makes to control effectiveness and efficiency.

We note that we have currently agreed a Risk Maturity Growth plan to be completed by June 2020, with the Compliance Maturity Plan deliverables to be completed by December 2019.

We are behind schedule on some of the planned activities for Quarter 1 however are working through how these can be reprioritised to bring us on back on track. Planning and resource prioritisation activities to support the Compliance Plan and Change objectives are the primary drivers behind the “at risk” rating.