

On 1 April 1974, New Zealanders awoke to a revolutionary new system of accident insurance. It was provided by the Accident Compensation Commission, a name quickly and popularly shortened to ACC.

The essence of ACC was, and still is, very simple. Every New Zealander would have 'no-fault' coverage against injury. In exchange for that coverage, they would give up the right to sue for personal injury damages.

All lives are characterised by moments of drama and storm. In the 30 years of ACC we have had those moments. We have had our teething difficulties. We have occasionally stumbled and had to pick ourselves up again. But we live and we learn. We are now a Corporation, and continue to be a grown-up, but still youthful and enthusiastic, valuable and fully contributing member of New Zealand society.



1974

## **A REVOLUTIONARY 'NO-FAULT' SYSTEM OF ACCIDENT INSURANCE BEGINS.**

ACC's origins go back to 1967 when a Royal Commission looking into workers' compensation recommended a completely new 'no-fault' approach to compensation for personal injury.

In 1972, Parliament adopted those recommendations, passing the Accident Compensation Bill into law. The Act was amended a year later to make it more comprehensive, covering not just workers but students, non-earners and visitors to New Zealand. In the meantime, the fledgling Accident Compensation Commission was set up and, on 1 April 1974, the scheme came into effect.

The system was simple in its essence. There were three 'schemes' established under the original Act:

- the earners' scheme – compensation for work injuries – which was funded from levies paid by employers and the self-employed
- the motor vehicle scheme – which compensated for road injuries – was funded by levies paid by owners of motor vehicles
- the supplementary scheme, covering everyone else. This was funded by the Government.





1974 - A few months old. That bloke feeding me is my dad. I spent my first four years in Levin but was actually born in Palmerston North. New Zealand was a very different place back then. Well so I'm told.

ACC is a Crown entity, set up by the New Zealand Government to provide comprehensive, 24-hour, no-fault personal accident cover for all New Zealand residents. Its performance is overseen by a Board of Directors appointed by the Minister for ACC.

ACC manages seven injury Accounts. In each we show our income from levies after expenses (net levy income) and the future costs of our current claims (see pages 90-91 for more information).

#### *Employers' Account*

Covers work-related injuries. Funded from levies paid by employers.

**NET LEVY INCOME:** \$460.2 million

**CLAIMS LIABILITY:** \$697.0 million

#### *Self-Employed Work Account*

Covers all personal work-related injury to self-employed. Funded by their earnings-related levies.

**NET LEVY INCOME:** \$96.5 million

**CLAIMS LIABILITY:** \$199.0 million

#### *Earners' Account*

Covers non-work injuries (including at home, and during sport and recreation) to earners and to self-employed. Funded from earners' levies (paid through PAYE), plus self-employed levies based on earnings.

**NET LEVY INCOME:** \$673.9 million

**CLAIMS LIABILITY:** \$1,563.0 million

#### *Medical Misadventure Account*

Covers injuries from error by health professionals or from unexpected outcomes of medical or surgical procedures properly carried out. Funded from Earners' and Non-Earners' Accounts.

**NET LEVY INCOME:** \$69.5 million

**CLAIMS LIABILITY:** \$465.0 million

#### *Non-Earners' Account*

Covers all personal injuries to people not in the paid workforce: students, beneficiaries, older people and children. Government funded.

**NET LEVY INCOME:** \$574.4 million

**CLAIMS LIABILITY:** \$1,464.0 million

#### *Residual Claims Account*

Covers the continuing cost of work-related injuries from before 1 July 1999 and non-work injury suffered by earners prior to 1 July 1992. Funded from levies paid by employers and self-employed.

**NET LEVY INCOME:** \$215.8 million

**CLAIMS LIABILITY:** \$2,371.0 million

#### *Motor Vehicle Account*

Covers all personal injuries involving motor vehicles on public roads. Funded from petrol excise duty (an average of \$71 per vehicle) and a levy collected with the motor vehicle relicensing fee (\$141.10 for a private car).

**NET LEVY INCOME:** \$564.1 million

**CLAIMS LIABILITY:** \$2,588.0 million

#### TOTAL NET LEVY INCOME

\$2,654.4 million

TOTAL CLAIMS LIABILITY: \$9,347.0 million

#### In 2003-2004, 2,200 staff supported, processed and managed:

- 1.6 million claims generated by New Zealanders; in
- 47 operational units (including branches and service centres) located nationwide.

#### In the process, ACC staff:

- sent 22,000 letters every day
- answered 20,390 telephone calls every day.

#### ACC also paid for more than:

- 2.5 million general practitioner (GP) visits
- 2.3 million physiotherapist visits
- 2.4 million visits to other treatment providers
- 250,000 rehabilitation services.



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# 1

## OPERATIONAL AND FINANCIAL HIGHLIGHTS



- Overall claimant satisfaction increased to 84% for the year.
- Injury prevention expenditure increased by 28% to \$30 million.
- ACC led the implementation of the New Zealand Injury Prevention Strategy launched in June 2003. This provides the pathway for future injury prevention initiatives in New Zealand.
- Injury prevention activities were undertaken through 23 ThinkSafe communities across New Zealand.
- Tens of thousands of New Zealanders have attended workplace and sports safety courses developed by ACC.
- Levy rates remained stable.

### STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

	ACTUAL 2004 \$000	BUDGET 2004 \$000	ACTUAL 2003 \$000
<b>Revenue</b>			
Levy income	2,654,460	2,547,956	2,574,276
<b>Less expenditure</b>			
Rehabilitation expenditure	997,505	984,288	950,894
Compensation expenditure	800,369	794,622	752,660
Other operating costs	302,272	308,997	274,854
<b>Total expenditure</b>	<b>2,100,146</b>	<b>2,087,907</b>	<b>1,978,408</b>
<b>Operating surplus</b>	<b>554,314</b>	<b>460,049</b>	<b>595,868</b>
Less adjustment to claims liability	169,903	507,186	1,650,519
<b>Surplus/(deficit) from underwriting activities</b>	<b>384,411</b>	<b>(47,137)</b>	<b>(1,054,651)</b>
Investment income	489,425	224,019	437,025
Other income	2,012	2,562	2,042
<b>Surplus/(deficit) before tax</b>	<b>875,848</b>	<b>179,444</b>	<b>(615,584)</b>

### Revenue

Net levy income has increased by \$80.2 million (3.1%) over the last year. This is mainly due to:

- an increase in the ACC levy portion of the excise duty on petrol
- more New Zealanders being in work and earning more.

Investment income has increased by \$52.4 million over the last year. The funds invested achieved a 10.8% return for the reserves portfolio and 5.4% for the cash portfolio. Both of these returns are ahead of market benchmarks and the overall return is ahead of the budgeted return of 5.0%.

- More than 50% of claims are being lodged electronically. This saves time and money while enabling an earlier response to claimants' needs.
- General practitioners' satisfaction rates increased by 16%.
- Lifetime rehabilitation plans were developed for claimants recently and seriously injured.
- The timeliness and accuracy of payments to claimants continue to improve.
- The Code of ACC Claimants' Rights was operational for the full year.
- We increased expenditure on researching and evaluating initiatives.
- The number of long-term claimants (those who have received weekly compensation for more than 12 months) reduced by 380 to 13,890.
- Treatment and rehabilitation expenditure increased by 5% to \$990 million.
- Staff turnover remained within the target range of 10-15%.
- Staff satisfaction continued to increase, to 73%.
- Our Business Excellence evaluation increased from 291 to 332 points.
- We had a surplus of \$875 million due to strong investment performance and a reduced claims liability.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

	ACTUAL 2004 \$000	BUDGET 2004 \$000	ACTUAL 2003 \$000
Total reserves	(3,375,041)	(4,072,559)	(4,251,865)
Represented by:			
<i>Assets</i>			
Investments	6,175,958	5,941,376	4,922,780
Other assets	1,051,986	694,785	1,023,665
<b>Total assets</b>	<b>7,227,944</b>	<b>6,636,161</b>	<b>5,946,445</b>
<i>Less liabilities</i>			
Claims liability	9,347,192	9,661,994	9,154,807
Other payables	1,255,793	1,046,726	1,043,503
<b>Total liabilities</b>	<b>10,602,985</b>	<b>10,708,720</b>	<b>10,198,310</b>
<b>Net liabilities</b>	<b>(3,375,041)</b>	<b>(4,072,559)</b>	<b>(4,251,865)</b>

**Expenditure**

Total claim costs have increased by 5.5% over the last year due to increases in claim numbers, inflation, increased emphasis on vocational rehabilitation and increased capitalised payments for independence allowances, partly offset by reduced lump sum commutation payments for death benefits (see Glossary for definitions of these terms).

The increase in interest rate (from 5.5% last year to 6.5% this year) has had a significant favourable impact on the claims liability, reducing its growth. Partly offsetting this is a higher than expected number of claims and higher weekly compensation costs.

# 2

## FROM THE MINISTER



I want to express my thanks for the efforts of ACC staff, management and the Board for what has been a highly successful year. ACC plays a major role in helping the Government fulfil its responsibility to develop and implement policies to ensure New Zealanders can work and play safely.



RUTH DYSON, Minister for ACC

The past few years have seen a gradual return to the founding principles developed by Sir Owen Woodhouse and the Royal Commission 36 years ago, and I believe we now have an injury compensation scheme that is the closest we have yet come to the one they envisaged. It was one of the first tasks of the new Government in 1999 to act on our commitment to a comprehensive scheme covering all injuries, and reverse the privatisation of workplace injury insurance. As the results have shown, a comprehensive scheme administered by a single provider has many advantages. It is fairer and more effective in providing care and rehabilitation. There have been great benefits in researching injuries and in planning campaigns aimed at reducing their incidence. It is also far easier for a single provider to put together the many partnerships with employers, unions, community groups and government agencies that are required to make a comprehensive injury compensation, rehabilitation and prevention scheme work.

The scheme remains a world leader in providing cost-effective rehabilitation and compensation, and stands as a testament to the vision of the Royal Commission. While other countries have experienced the financial fallout and massive premium hikes in the world insurance market, and the burgeoning costs of civil litigation and damages claims around the world, New Zealand has been largely protected. This is clearly demonstrated through comparison with our closest

neighbours. While our rates for workers' compensation schemes were similar to Australia's six years ago, New Zealand's are now on average 65% less than those over the Tasman, giving us a clear competitive advantage in most industries. New Zealand's rate of work injuries and diseases resulting in a week or more off work is 40% lower than Australia's and ACC's administration cost is about a third of the cost of Australian schemes. And we have far fewer disputes, due in part to ACC's no-fault principle.

The past, as always, now serves as a platform for the future. And the future of a 'Safe New Zealand' will rely very much on the New Zealand Injury Prevention Strategy, the flagship initiative begun this year that sets a framework for a collaborative effort to improve New Zealand's injury prevention performance. It is this country's most ambitious attempt to deal with the causes of injuries for the last 30 years and will make a real contribution to the welfare of all New Zealanders.

ACC's commitment is integral to the success of this venture. Over the past year, a long list of injury prevention initiatives has been put in place through partnerships between government agencies and community groups, business and union groups, and medical professionals. I look forward to seeing ACC continuing to play a strong leadership role in its implementation, and continuing to build partnerships over the coming years.





This is my last annual report as my second term as Chair of the Board expires in September. It has been a privilege to have chaired the Board these past six years.



DAVID CAYGILL, Chairman

In that time the Corporation has experienced considerable change. Its governing legislation has twice been comprehensively rewritten, as the administration of the employers' and self-employed schemes was opened and then closed to competition.

The number of long-term claimants has fallen dramatically, from 30,000 in July 1997 to 14,000 today. As a consequence employer levies have also fallen. Regrettably, other levies continue to reflect the rising toll of injury on the roads and in our homes. Injury prevention now plays a considerably more prominent part in the Corporation's thinking and budget, having grown four-fold in size in the last five years.

But what stands out through this period of change is the level of support for ACC. We know that claimant (and staff) satisfaction has risen significantly, because we regularly measure both. This is testimony to the fair and competent administration of the scheme. It probably also reflects the greater focus recently on rehabilitation and treatment, compared with the concentration in the past on compensation. As a consequence, the average length of time claimants spend on our scheme is well below comparable Australian experience (as are employer payments).

Above all it seems that New Zealanders (rightly in my view) support the scheme's comprehensive, no-fault cover on the basis of community responsibility. Although

the scheme is sometimes referred to as a form of insurance, the term is not strictly accurate because (with the exception of some self-employed) people do not pay for themselves, but rather contribute to accounts which cover all members of groups with similar levels of injury or risk of injury.

New Zealanders rightly support the continued prohibition of tort liability (the right to sue). As a consequence we avoid the 30% share of total costs that in Australian workers' compensation schemes is absorbed in legal expenses. We also avoid the lottery involved in trying to demonstrate that someone else was at fault – assuming they were worth suing. It was a pleasure this year to celebrate ACC's 30th anniversary in the company of the scheme's principal author, Sir Owen Woodhouse. His vision and wisdom, as well as the clarity of language with which he expressed them, have a special place in New Zealand's social history.

Other highlights of this past year included the Auditor-General's report to Parliament on ACC's case management. This comprehensive review effectively cleared ACC of the allegations of poor practice made in a series of newspaper articles the previous year. The report also provides a useful exposition of how ACC goes about its work and the pressures it faces.

I am also delighted this year to see the Corporation again make a significant reduction in its net liabilities

– thanks partly to the rise in interest rates, but also to the continuing achievements of the investment team. And it was pleasing to see the Medical Misadventure Account recast on more principled lines. Once the legislation that is about to be introduced is adopted by Parliament, cover for accidental medical injury will sit more comfortably with the rest of the ACC Scheme.

For all these reasons I am confident that the ACC Scheme is in a sound condition. Indeed in a financial sense at least it continues to grow at pace. Its reserves now exceed \$5 billion. In a few years, when its future liabilities are fully matched with funds, these will approach \$9 billion in today's terms, but will no doubt be even more as the population and workforce continue to grow.

This enormous (though fully committed) resource sits alongside the ever-challenged health system. This year we have been thinking of the relationship between the two systems and in particular of the rules that currently prevent ACC from contracting for acute hospital care. For example, ACC is unable to pay directly for a national burns service – even though its patients are almost all ACC claimants and the district health board in question has been keen to provide the higher level of service that ACC seeks.

Another example of the changing relationship between the health system and ACC relates to the way in which we collect information. Over half of all ACC claims are now received electronically – improving both the speed and accuracy of our data as well as the speed with which we respond. In turn, ACC has worked hard to improve its relationship with GPs. District health boards on the other hand have yet to achieve the same level of data quality and timeliness. These issues deserve increasing attention.

It has been a pleasure to work with ACC's dedicated staff, its able management team and its outstanding chief executive. I am also grateful for the support of Board members present and past. I am confident that the Corporation and its claimants are in excellent hands and that the scheme will continue to provide a necessary service to New Zealanders.

As I head towards my last year of stewardship of ACC, I view the achievements of the 2003-2004 year as a culmination of what we set out to achieve when I started here in September 1997.



GARRY WILSON, Chief Executive

Almost seven years ago I found an organisation that was more a compensation payer than a rehabilitator. I found an organisation that was disconnected from its claimants, from its service providers, from employers, and from the New Zealand public. I found an organisation that was viewed negatively by many Kiwis, and certainly not as an essential pillar of a modern, forward-looking, egalitarian society, as ACC was originally conceived. I am proud to have led ACC through a significant improvement in how the public perceives us, and in the way we now operate to serve the community.

When we commemorate 30 years of ACC, we are commemorating an organisation that has very real connections with all those involved in injury prevention and care in New Zealand, and one that is reaching out to make a real difference in the lives of every Kiwi, and is seen to be doing so.

### ***Working with claimants***

We are celebrating an organisation that has a real and human connection with its claimants.

We are listening to our claimants through groups such as the Consumers' Outlook Group, ACC's Pacific Advisory Group and our Māori Advisory Group, Te Roopu Manawa Mai, and through our regular, extensive independent surveys. We are finding out about our claimants' experience of ACC (both good and bad), what they need, and how they believe they can be better informed and served. But much more importantly, we are acting on this information, as it

feeds directly into the way we do things.

Despite the vast administrative task in responding to 1.6 million claims a year, we have dramatically reduced claimants' waiting times for care and rehabilitation. Our contact centres and branches have been exceptionally successful, last year handling 5% more weekly compensation claims, and returning 16% more claimants to work and 7% more to independence than in 2003.

We have dramatically reduced claimants' waiting times for compensation payments – most employed claimants now receive compensation for loss of wages within seven days of their injury being assessed by a provider of treatment.

Through our contact centres, we have been increasingly active in ensuring all claimants, especially those who traditionally receive less than their entitlements (particularly Māori, Pacific, Asian and older New Zealanders), are aware of and receiving their entitlements. While this has meant both more claims and more escalated claims, rehabilitation duration is often reduced by identifying need earlier and quickly providing appropriate treatment. In part, because ACC has been proactive, we now pay out more in services and rehabilitation and have significantly reduced compensation payments.

The adoption of the Code of ACC Claimants' Rights has been a great success, thanks to extensive staff training in the area, and the Code's use as a guide for staff who deal with claimants. Overall claimant satisfaction has grown to record levels, and is currently at 84%.

### ***Working with health providers***

We are celebrating an organisation that has made very strong connections with the health industry, with public and private hospitals and with a huge range of service providers – doctors, surgeons, physiotherapists, nurses, assessors, rehabilitation specialists, and home and personal carers.

Rather than being merely an 'arm's-length' purchaser of services, ACC now has more effective direct control of the whole continuum of services and care for an injured person. This includes from the time they visit their doctor or are picked up by an ambulance, through to helping them return to work readiness or independence:

- We have provider relationship managers visiting GPs and physiotherapists throughout the country, greatly strengthening our relationship with these groups. This is reflected in record GP satisfaction levels this year, up 16% from last year.
- We continue to develop and publish a growing library of 'best practice' treatment guidelines, to ensure the best possible treatment for our claimants.
- The enhancement of our e-transactions systems over the past year means that 55% of claims from health providers are now done electronically – in similar organisations globally the norm is between 15 and 30%.

### ***Working with employers***

We are celebrating an organisation that has made lasting and mutually beneficial connections with employers, and is making a huge difference to the safety of the New Zealand workplace:

- We have account managers working actively with New Zealand's top 2,500 employers to help deliver workplace injury prevention programmes.
- We work with claimants and employers to facilitate partial and early return to work.
- Our WorkSafe levy reduction scheme provides a financial incentive for employers to ensure their workplaces and work practices are safe.
- All high injury rate industries are now covered by joint union/employer/ACC Safer Industries programmes and we are targeting a 25-50% reduction in injuries for those industries over the next 10 years.

- Our Accredited Employer Partnership Programme, a self-management option for large companies who take on the responsibility of managing their own workplace injuries, has successfully encouraged a partnership between employers and employees to create safer workplaces.
- To top it all off, we have reduced the average levy payments from \$1.47 per \$100 of earnings in 1999-2000 to the current and stable \$0.86 (excluding GST and employer discount), saving New Zealand employers \$300 million every year, while providing better service for injured workers.

### ***Keeping levies fair***

Our investment team has consistently headed their peers in the private sector, with investment income almost \$500 million in 2003-2004, 11.8% higher than the previous year. We achieved strong performance largely through the strength in domestic and offshore equity markets. Gains this year were partially offset by the weakness in the domestic bond market.

Levy income has increased this year because more New Zealanders are in work and they earned more. There has been more revenue for the Motor Vehicle Account through an increase in vehicle registrations and in the ACC portion of the excise duty on petrol.

We are also celebrating a scheme that is well on target to becoming fully funded by 2014.

### ***Helping Kiwis think safe***

Most importantly, on our 30th anniversary we are celebrating that all New Zealanders are living in a society that is much more safety conscious because of ACC's injury prevention initiatives.

This year over \$30 million was spent on injury prevention programmes – that is six times the \$5 million spent just five years ago. In the coming year, we will increase spending by almost a further 40%, to \$41 million.

We continue to be a leader in the implementation of the New Zealand Injury Prevention Strategy (NZIPS). We helped develop the Strategy's first Implementation Plan for 2004-2005 and a Secretariat was established within ACC to lead and co-ordinate work under this Plan. We continue to

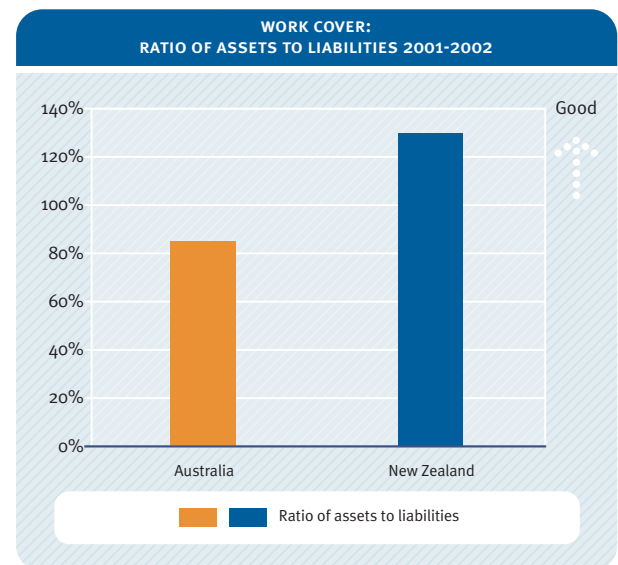
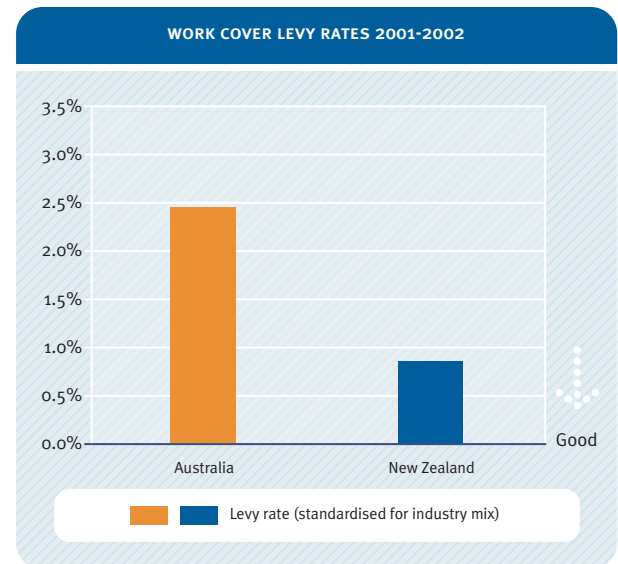
work with other government agencies to develop national strategies for injury prevention priority areas covering workplace diseases and injuries, and suicide and intentional self-harm. We have helped facilitate better awareness, commitment and communication across the injury prevention community through redeveloping the NZIPS website and publishing a quarterly newsletter.

- We now have 23 ThinkSafe communities. This ACC initiative has helped spread the injury prevention message to grassroots New Zealand.
- Our many SportSmart initiatives have made a real difference to Kiwi behaviour – remember when mouth guards and cycling safety helmets were the exception rather than the rule? The focus this year has been on sports with the highest injury rates – rugby, rugby league, touch, soccer and netball – by teaching 8,000 coaches better frontline first aid for strains and sprains.
- ACC's Older Adults Fall Prevention Programme went nationwide this year and proved extremely popular. We worked with 20 providers who taught a modified form of tai chi (especially designed to help reduce falls) at 43 sites.
- Road deaths have almost halved over the last 30 years, but road injuries remain deeply concerning. This year we put two more Stop Buses on the road to reduce drink-driving and launched *Practice* (an interactive CD safe driving package for learner drivers). We continue to work with the Land Transport Safety Authority (LTSA) and the New Zealand Police. Together, we are working to help reduce illegal speeding and drink-driving.

### ***Celebrating a successful scheme***

Finally, we are celebrating New Zealand's place as a world leader in providing a highly successful social compensation scheme that focuses on injury prevention while providing the highest level of care and expert rehabilitation support.

We have a scheme that is consistently succeeding significantly better than any other international personal injury rehabilitation and compensation scheme in almost all aspects of its activities. Our neighbours in Australia look enviously at the high levels of service provided at a much lower cost than they can achieve – that's a big competitive advantage for New Zealand companies competing with Australian firms.



See page 51 for more comparisons with Australia.

With all the changes in New Zealand society, even over the last six and a half years, we can only imagine what ACC and New Zealand will be like in 30 years' time. If the current path is maintained, I have every confidence that New Zealand will have long had a fully self-funded organisation that continues to implement ground-breaking initiatives in injury prevention, rehabilitation and care.

All the achievements of ACC could not have occurred without the expertise, commitment and enthusiasm of our staff, past and present, at all levels of ACC. I take this opportunity to thank and congratulate them all on a job well done, and wish the very best for them and their successors over the next 30 years of Kiwis helping Kiwis.

Kia kaha!



The Accident Compensation Corporation (ACC) operates under the Injury Prevention, Rehabilitation, and Compensation Act 2001. It is a Crown entity for the purposes of the Public Finance Act 1989. ACC is exempt from income tax (except for its subsidiary companies). ACC is managed by a Board appointed by the Minister for ACC.

ACC's full governance statement includes pages 52-57, which outline the Corporate Governance Framework, Board Sub-Committees, Institutional Governance and the Management Team.

Government sets ACC's parameters in law, and acts as a 'shareholder' on behalf of all levy payers while remaining independent of the operation of the various Accounts operated under the ACC Scheme. The Minister has a rarely used 'power of direction' under the 2001 Act.

ACC takes the responsibility for good management and control very seriously. To meet our goal of efficient, transparent and sustainable corporate governance, we continually incorporate current developments into the improvement process. This applies to the work of the ACC Board as well as to questions of financial reporting and disclosure.

### The ACC Board

The Board is appointed by the Minister for ACC and comprises eight non-executive members. Each appointment is for up to three years with the potential for reappointment.

The Minister's formal line of accountability with the Corporation is through the Board's Chairman. Formal reporting to the Minister is on a quarterly basis.

The ACC Corporate Governance Guidelines set the parameters for the effective functioning of the Board

and its committees and establish a common set of expectations for the governance of the organisation.

### Board responsibilities

The Board has a formal schedule of matters specifically referred to it for decision, including the approval of the organisation's strategy, major capital projects, the adoption of any significant change in accounting policies or practices and material contracts not in the ordinary course of business.

The Board is responsible for ensuring that ACC carries out its statutory requirements of:

- providing compensation entitlements
- promoting measures to reduce the incidence and severity of personal injury (including occupational disease and medical misadventure)
- early, effective rehabilitation
- managing the assets, liabilities and risks for the various Accounts under the accident compensation scheme.

Each year a Service Agreement is negotiated between the Board and the Minister. A Statement of Intent is then prepared which includes:

- ACC's roles and governance structure
- the provision of services by ACC
- ACC's functions in managing each scheme Account
- the relationship between ACC and any subsidiary.

The Board provides the effective leadership and control required for the organisation.

The Board selects and appoints the Chief Executive and monitors the Chief Executive's performance.

## Delegation

The Chief Executive and Board operate under procedures based on the Committee of Sponsoring Organisation of the Treadway Commission (COSO) framework of internal controls. The Board sets the policy on internal control that is implemented by management. This is achieved through a clearly defined operating structure with lines of responsibility and delegated authority – see pages 52-53. The Chief Executive manages this on a day-to-day basis.

Overseen by the Board, the Chief Executive is responsible for ensuring ACC achieves its business objectives, including risk management and ethical behaviour, and ensuring that its system of internal control is functioning effectively and efficiently.

The Board is aware that the Chief Executive at this time plans to retire in August 2005 and the Board is taking appropriate steps to ensure a suitable replacement is found. This will ensure the Corporation continues to operate successfully.

## Advice

Board members have direct access to the advice and services of external actuaries, the Risk and Assurance Unit (ACC's internal audit team) and ACC's independent external auditors. The Board can also seek independent professional advice.

## Board meetings

The Board has scheduled monthly meetings, and members meet several times a year to explore specific aspects of the business, such as levy setting or business planning, and to explore issues with senior managers.

Financial results and key performance indicator measures are presented to each meeting by the Chief Executive, together with reports from the senior managers. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings.

When needed, the Board receives detailed presentations from non-Board members on matters of significance or on new opportunities for the organisation.

MEMBER	MEETINGS ATTENDED	\$000
David Caygill	12	55
Ray Potroz	11	30
Tord Kjellstrom	8	30
Brenda Tahi	11	37
Eion Edgar	8	30
Gregory Fortuin	12	30
Janice Wright (appointed 11/8/03)	8	28
David Collins (appointed 1/10/03)	5	22
Noeline Munro (term completed 31/7/03)	1	2
Anthony Ractliffe (term completed 30/9/03)	3	10
<i>12 meetings held</i>		


**DAVID CAYGILL, Chair**

*Appointed 8 September 1998*

David Caygill has recently taken up the position of Deputy Chair of the Commerce Commission. Until recently he was a partner in the national law firm Buddle Findlay, specialising in public law. For 18 years, he was a Member of Parliament and he is a former Minister of Finance and of Health. Before entering Parliament he served three terms on the Christchurch City Council. Mr Caygill is a former member of the Representation Commission and the Electoral Commission. In 2000 he chaired the Ministerial Inquiry into the Electricity Industry. In 2001-2002 he chaired the Health Information Management and Technology Plan Advisory Board. He is currently a director of Infratil Ltd and of Target Pest Enterprises, a board member of the Nurse Maude Association, and the Chair of Education New Zealand.


**BRENDA TAHI, Deputy Chair**

*Appointed 1 November 2002*

Brenda Tahī is a business consultant and company director. She has acted as Chief Executive of the Department of Internal Affairs and held senior management positions in Internal Affairs, the Office of the Controller and Auditor-General and the Ministry of Women's Affairs, as well as management positions in private enterprise. Ms Tahī is also a director of the Institute of Geological and Nuclear Sciences and a member of the Hutt Valley District Health Board, and the board for Nga Pae o Te Maramatanga (the National Institute of Research Excellence).

Ms Tahī is Te Whanau a Rautaupare, of Ngati Porou, and also links to Tuhoe.


**DR DAVID COLLINS QC**

*Appointed 1 October 2003*

Dr David Collins, QC, is a practising lawyer with a strong professional and academic interest in ACC. He is currently serving on the Ministerial Advisory Board on work-related gradual process, disease, or infection. Dr Collins is an honorary member of Victoria University Faculty of Law, former Vice President of the New Zealand Law Society and a member of the Wellington Crown Prosecution Panel. Dr Collins also chairs the Medical Practitioners Disciplinary Tribunal and the Pharmacy Disciplinary Tribunal.


**EION EDGAR**

*Appointed 1 November 2002*

Eion Edgar has recently retired as the Chairman of New Zealand's largest retail sharebroker and investment banker, Forsyth Barr Group Limited. He has also recently retired as the Chancellor of the University of Otago. He is a director of a number of companies, President of New Zealand Soccer Inc., Patron of IHC (Otago), a trustee of the Halberg Trust, Trustee of the Arts Foundation of New Zealand and, in addition, the Honorary Consul for Finland. Mr Edgar has a wide range of sporting interests in addition to his business interests.





**GREGORY FORTUIN**

*Appointed 18 October 2002*

Gregory Fortuin is a company director with significant experience in the insurance industry. He held the position of Race Relations Conciliator, is a Director of New Zealand Post and is Honorary Consul of the Republic of South Africa. Mr Fortuin is the Chairman of the Youth Suicide Awareness Trust and a Director of the New Zealand Prison Fellowship National Board.



**PROFESSOR TORD KJELLSTROM**

*Appointed 4 September 2001*

Professor Kjellstrom was until recently Professor and Chair of Environmental Health at the University of Auckland. He holds a Doctorate of the Science of Medicine and Masters of Mechanical Engineering. Professor Kjellstrom's academic career has focused on occupational health, environmental health, and community/public health and safety. His extensive experience in these areas includes work with the Ministry of Health, Department of Labour (OSH) and Ministry for the Environment. His expertise has led to international postings with senior positions held in New Zealand, Sweden, Australia and Geneva. He has published numerous academic papers dealing with environmental and occupational health, and is a member of several professional and scientific associations. Professor Kjellstrom currently holds a part-time position at the Australian National University in Canberra and is also actively involved in his own health and environmental research consultancy business.



**RAY POTROZ**

*Appointed 4 September 2001*

Ray Potroz is a director of the Union Medical Benefits Society and CCI NZ Ltd, and until recently was the national secretary of the New Zealand Dairy Workers' Union.



**DR JANICE WRIGHT**

*Appointed 11 August 2003*

Dr Jan Wright is a policy analyst and economist based in Wellington. Dr Wright has worked in many areas of the government sector, and has a particular interest in health economics. She holds degrees in Physics and Natural Resources, and a Doctorate in Public Policy from Harvard University. She is currently Chairperson of Transfund New Zealand and a board member of Transit New Zealand.

## Induction and integrity

The Board is confident that its members have the knowledge, skills and experience to perform the functions required of a Board member of ACC.

On appointment, all Board members are provided with appropriate training and guidance as to their duties, responsibilities and liabilities and have the opportunity to discuss organisational, operational and administrative matters with the Chairman, the Chief Executive Officer and the Corporate Secretary. When considered necessary, more formal training is provided.

ACC has a Code of Conduct for its management and staff, specifying the business standards and ethical considerations in conducting its business.

Directors' remuneration is in accordance with the rates set by the Minister for ACC.

## Disclosure of interests

The Injury Prevention, Rehabilitation, and Compensation Act 2001 provides a mechanism for the disclosure of interest and the process that has been followed. The relevant interests of Board members and managers are reviewed monthly.

## Auditor independence

The Auditor-General is the auditor of the Accident Compensation Corporation and he has contracted Ernst & Young to undertake the audit on his behalf.

Ernst & Young must undertake the audit in accordance with the contract between the Auditor-General and Ernst & Young, which includes applying the Auditor-General's auditing standards.

The Auditor-General's statement (AG-100) deals with the conduct of engagements other than the annual audit undertaken by the auditor (see [www.oag.govt.nz/homepagefolders/publications/auditing\\_standards/ag-100.pdf](http://www.oag.govt.nz/homepagefolders/publications/auditing_standards/ag-100.pdf)).

AG-100 limits the extent to which auditors such as Ernst & Young can undertake non-audit work for the entities they audit on behalf of the Auditor-General. Non-audit work is limited to 100% of the audit fee in any financial year.

## International accounting standards disclosure

The International Accounting Standards Board (IASB) has developed and continues to develop global International Financial Reporting Standards (IFRS). In August 2003, the Government announced that New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) would be implemented in the Crown financial statements for the year ending 30 June 2008. A restated balance sheet at 1 July 2006 using these Standards will be required in order to produce financial comparisons with 2007.

ACC has been closely monitoring IASB decisions and pronouncements to assess the likely impact of these changes. We anticipate that, while change will be required to ACC's disclosures and the way it presents its primary financial statements, significant changes will not be required to the way that it currently records its investments and financial operations. Refer to page 134 for disclosure of the impact of adopting NZ IFRS.

However, recent developments have raised some significant issues for ACC, particularly in IFRS 4 Insurance Contracts, which deals primarily with financial statement recognition and measurement issues. ACC has a considerable long-term liability, with a portion unfunded (see page 90), currently valued at the best estimate and with no risk margin applied. IFRS and development in New Zealand GAAP may require adding an appropriate risk margin to the calculation, which could significantly increase the Corporation's \$9.3 billion liability. Depending on the final risk margin that we adopt, this may impact on levies. There are also continuing issues in using a risk-free rate in determining an appropriate methodology and interest rates to calculate the claim liability. ACC's claim liability has a 40- to 50-year maturity. A risk-free rate sits at a maximum of 10 years, and causes significant fluctuations in financial performance from interest rate movements while the liability remains partially unfunded.

The Corporation's position is that it will not be adopting NZ IFRS until these issues and the related financial statement consequences have been clearly defined and quantified. ACC is also mindful of aligning any early adoption of NZ IFRS with the overall Government/Treasury timetable for using NZ IFRS for consolidation purposes.

## Catalyst Risk Management Limited

Catalyst Risk Management Limited (Catalyst) is a wholly owned subsidiary of ACC, established in 1999 to provide a channel for services offered commercially by ACC:

- injury management – case and claims management for ACC, the ACC Partnership Programme and private self-insured employers
- injury prevention – as part of an integrated health and safety consultancy and/or developing injury prevention-focused workplace programmes
- illness management – rehabilitation management to organisations with liability arising from causes other than personal injury.

Most of Catalyst's injury management services are supplied direct to the employers on the ACC Partnership Programme. Additional injury management is provided to large employers predominantly through arrangements with their industry groups. Commercial contracts with ACC for long-term claims management were phased out during the year to enable Catalyst to focus on its remaining standalone commercial activities and develop them further.

A review of its strategic direction resulted in Catalyst acquiring the case management portion of the Napier-based company CRM Group Limited on 1 July 2004.

CATALYST BOARD OF DIRECTORS	STATUS	MEETINGS ATTENDED	\$000
Anthony Ractliffe (Chair) (term completed 30/9/03) (re-appointed 19/11/03)	D ID	3 9	0 10
Gerard McGreevy (resigned 15/10/03)	E	4	0
David Rankin (resigned 15/10/03)	E	3	0
Kevin Walker (resigned 15/10/03)	E	4	0
Garry Wilson	E	14	0
Gregory Fortuin (Chair from 1/10/03)	D	15	0
Linda Robertson (joined 19/11/03)	ID	11	10
Rob Elvidge (joined 7/05/04)	ID	1	3
15 meetings held D = Director, E = ACC Executive, ID = Independent Director			

As a result of this acquisition, a minority shareholding will also be taken in AllCare Insurance Limited, a new company that will focus on reducing absenteeism in the workplace. Catalyst will do the case management associated with this activity.

## Dispute Resolution Services Limited

Dispute Resolution Services Limited (DRSL) is a wholly owned subsidiary company established in 1999 to manage an independent dispute resolution service within the prescribed statutory framework of ACC legislation.

DRSL has its own Board of Directors and separate management structure. The company engages reviewers to review ACC decisions disputed by claimants, levy payers or health professionals. Reviewers are required by law to act independently in conducting reviews. There are legislated timeframes to adhere to and any of the parties to the process have a right of appeal to the District Court.

DRSL is focused on providing impartial, prompt and professional service, introducing options to improve the convenience and suitability of hearings. It also provides mediation and facilitation, which offer the parties the potential to reach a mutually acceptable solution.

DRSL BOARD OF DIRECTORS	STATUS	MEETINGS ATTENDED	\$000
Ray Potroz (Chair)	D	10	0
Gavin Adlam	ID	10	15
Wendy Davis	ID	10	15
Tom Davies (resigned 31/01/04)	ID	6	9
Brent Kennerley (joined 19/03/04)	ID	3	5
10 meetings held D = Director, ID = Independent Director			



ACC belongs to every New Zealander. And every New Zealander is entitled to equal ease of access to ACC care and services. As ACC has grown, so has our understanding that this access is not so easy for some New Zealanders. There are groups who do not readily seek or receive access to the scheme, including Māori, Pacific peoples, Asian peoples, older adults and people with disabilities. The barriers may be lingual, cultural, physical or financial. ACC is committed to identifying and removing these barriers to ensure that all scheme owners benefit from the scheme.

### Culturally appropriate access

Cultural context and appropriate language are vital to effective communication. For a number of years, ACC has been committed to working with Māori and Pacific individuals, groups and communities in a way that is responsive to and reflects their language, culture and background. We want to make sure that all Māori and Pacific peoples claimants understand their entitlements and have access to providers and ACC services.

To improve access for claimants who have difficulty communicating in English, ACC is one of the agencies contributing costs to the Language Line Service co-ordinated by the Office of Ethnic Affairs. This service can be used by any ACC office for both telephone calls and personal visits from claimants and levy payers. Language Line has interpreters available in 36 languages including Māori and most Pacific and Asian languages.

This year ACC began developing its Māori and Pacific peoples communication strategy and action plan after consultation with key stakeholders, including focus groups and interviews held across several demographic groups and regions. The insights we gain will guide a series of initiatives in 2004-2005 to increase awareness and uptake of the ACC Scheme and entitlements among Māori and Pacific peoples.

Other initiatives for Māori and Pacific peoples are outlined on pages 21-23 and 24-25 respectively.

The latest New Zealand Census identified over 200 ethnic groups, with almost 10% of respondents belonging to ethnic groups other than Pakeha, Māori or Pacific peoples. Over 60% of those respondents were Asian peoples, who now make up almost 20% of the population of the Auckland region. In response, ACC is looking at how it can work better with Asian peoples and how they interact with our services. We established an Asian Development Manager position in May 2004 to provide focus and impetus in this area. The first initiatives are likely to be focused in Auckland and Wellington.

### Access for people with disabilities

People with disabilities have a wide range of special needs that must be met if they are to access ACC information and services with relative ease. Some of these needs have been met with recent improvements of our IT communication systems, which minimise travel requirements for claimants and speed up interaction with both claimants and providers. We have also improved access through actively managing claims, with ACC frontline staff taking responsibility for maintaining contact with claimants and ensuring they are aware of all their entitlements.

ACC is looking closely at other ways to improve accessibility for specific disability groups. For example, this year ACC has worked with the Royal New Zealand Foundation for the Blind to have key ACC information translated into Braille and recorded on audio tapes, to be held in the Foundation's lending library. ACC representatives also met with a range of health providers and discussed a deaf awareness programme for GPs.

ACC invited representatives of the Brain Injury Association of New Zealand and the Amputees Federation of New Zealand to join the Consumers' Outlook Group, thereby establishing an expanded platform for advocacy of the concerns of claimants with disabilities.

## Access for older adults

Access for older adults is also an increasingly important focus for ACC. In the past year we have increased our injury prevention initiatives to this group, with great success. Programmes, such as sponsored tai chi programmes and other initiatives aimed at preventing falls, are organised so they are as easy to attend as possible, in community centres and in rest homes. (See page 35 for further details.)

Again, ACC's active claims management is an important way we reach out to this claimant group. Contact Centre staff maintain contact with claimants and ensure they are aware of programmes that can help in injury prevention, management and recovery, and that they are aware of all their entitlements.

Another proactive approach is to refer older adults with a history of multiple falls to a range of secondary interventions that have been put in place within most communities.

## ACCESS FOR MĀORI

*'Na tou rorou, na taku rorou,  
ka ora ai te iwi'*

Te Kaporeihana Āwhina Hunga Whara (ACC) is fully committed to working with Māori at all levels to ensure equality of opportunity and access, and equal outcomes from ACC services and entitlements.

### Māori Development Policy

ACC's Māori Development Policy was launched in August 2003. This important document outlines ACC's responsibilities and provides a framework to guide and co-ordinate all ACC activity in:

- improving Māori awareness and access to ACC services and entitlements
- improving outcomes for Māori communities and claimants
- improving the organisation's responsiveness to Māori

- cementing strong relationships with Māori stakeholders
- earning the respect of Māori and other agencies as an organisation that delivers for Māori.

### Improving access for Māori

We have developed culturally-based injury prevention programmes for regions where Māori are over-represented in claim numbers. These interventions are generally managed at community level, and include fall prevention initiatives, workplace safety projects, distributing sports resources, delivering Street Talk (road safety) courses and distributing child restraints.

Significant work was also done this year to identify geographic areas where the needs of Māori claimants are not matched by Māori service providers of rehabilitation and treatment. As a result, we have engaged Māori service providers in the Northland, Auckland, Waikato, Bay of Plenty, and Christchurch regions, increasing the number of Māori providers of assessments (social rehabilitation and diagnostic and treatment), home-based rehabilitation, community nursing, vocational rehabilitation, psychology and counselling (see Glossary).

We broadened an ongoing pilot providing Taranaki claimants with the option of traditional Māori healing services from Karanga-ora as part of their Package of Care. We are in the process of introducing this pilot to more of our branches and will consider extending this service throughout New Zealand.

We promoted our injury prevention programmes at the ASB Bank Auckland Secondary Schools' Māori and Pacific Islands Cultural Festival in March 2004 – key messages were based around rehydrating, SportSmart, and road safety. We have also started preparing for a range of programmes targeting Māori access and injury prevention using the existing, robust Māori community infrastructure. These programmes will begin in 2004-2005, focusing on five high priority regions for Māori.

ACC sponsored a number of key Māori events during the year, including the 2003 National Māori Sports Awards, the 2003 Tamariki Sports Day, the Te ORA (Māori Medical Practitioners Association) conference and the annual hui (forum) for Tae Ora Tinana (Māori Physiotherapists). Our staff have also presented at conferences that primarily focused on rehabilitation, counselling and disability needs, including the National Māori Disability Conference, Te Whaariki Tautoko, the National Rehabilitation Conference, NZ Home Help Association Conference, the Australian and New Zealand Association for the Treatment of Sexual Abusers, and the Pacific Region Indigenous Doctors Conference in Cairns.



> ThinkSafe graffiti art at the 2004 ASB Bank Auckland Secondary Schools' Māori and Pacific Islands Cultural Festival.



> These guidelines help providers to deliver appropriate advice, care and treatment to Māori claimants.

We have completed the *Guidelines on Māori Cultural Competencies for Providers* that will help with providers' understanding of best cultural practice principles. These will be distributed with the assistance of professional associations and colleges throughout 2004-2005.

Overall Māori claimant satisfaction for the year was 83%. This is consistent with the 2002-2003 result and above ACC's 80% target.

## Māori capacity-building in ACC

### *Māori staff*

The number of ACC staff identifying as Māori increased from 169 at 30 June 2003 to 205 at 30 June 2004.

Annual Māori staff turnover was 13.6% as at June 2004, within the target range of 10-15% and a slight reduction from 15.3% as at June 2003.

Māori staff satisfaction was above target and stable throughout the year, at 76% in June 2004, compared with 75% in June 2003.

ACC is committed to increasing the number of Māori staff, particularly in areas with a high Māori population or a large proportion of Māori claimants. A Māori workforce recruitment project was undertaken this

year, with an initial focus of promoting recruitment of Māori staff in the Network Division (now Rehabilitation Operations) and the Injury Prevention and Client Services Division (now Injury Prevention, Marketing and Communications).

ACC continued its Māori University Student Scholarship scheme with four Scholarships awarded in July 2003. Two Māori scholars successfully completed their studies and joined ACC as permanent staff members in September – one part-time and one full-time.

Chad Brown, ACC's inaugural Pou Arahi appointed in May 2003, had his role expanded in April 2004 to General Manager Māori Development and Customer Access. As well as continuing the focus on Māori development, the role now encompasses improving access for Pacific peoples, Asian peoples, older adults and people with disabilities.

The Pae Arahi group continued to provide support to ACC staff to increase their confidence and understanding when working with Māori claimants and service providers.

### ***Promoting staff awareness and competency***

We held three regional equal employment opportunity (EEO) hui for Māori staff in October 2003 and a further three in June this year to follow up on Development Policy initiatives and to strengthen EEO networks amongst staff. The General Manager Māori Development and Customer Access has also delivered several briefing sessions on ACC's Māori Development Policy to most ACC business groups and branches, focusing particularly on the implementation of ACC's Māori Development Policy.

New Māori resource material on the intranet this year included te reo news items, a monthly te reo page highlighting an aspect of Māori culture, and the Te Rito bicultural electronic resource programme.

ACC also held cultural training and development sessions throughout the year. To build on this, a project is currently underway to identify the core Māori cultural competencies most useful for all ACC staff. The work produced from this project will provide the basis for future staff cultural training.

The Rehabilitation Operations Cultural Focus Group, comprising staff from ACC's claims management network, was established in May 2004. It is initially

focusing on initiatives to enhance relationships with Māori providers and increase the number of Māori staff.

A number of ACC business units implemented their own initiatives to increase awareness and understanding of Māori language, protocols and culture.

We encourage the use of Māori protocols at ACC functions and events.

### ***Cultural evaluation***

ACC has continued to ensure all contracted health providers comply with the 'Hauora Competency' by way of a cultural evaluation as part of the procurement process. The majority of providers were found to comply, with a decrease in numbers having to reapply.

### ***Māori-specific research***

Research conducted by ACC during the year included:

- 'Māori Consumer Use of Health and Disability Services' by the Ministry of Health, the Health Research Council and ACC. This is an important three-year joint research project exploring Māori attitudes, perceptions and behaviour concerning injury treatment, rehabilitation and prevention. This research will be invaluable in identifying areas to target to improve Māori awareness of entitlements and accessing of health services
- a literature review of published and unpublished research on access barriers to healthcare for Māori.

Other research this year involving ACC includes:

- a collaborative work programme in partnership with the Ministry of Social Development, which will enable us to assist claimants and clients, improve outcomes and overcome barriers preventing their return to work
- a study by Auckland University's Injury Prevention Research Centre which resulted in the *Māori Injury Hospitalisations 2001-2002 Report*, a useful tool for identifying priority areas for ACC injury prevention programmes.

ACC is committed to improving access by, and delivery of services to, New Zealand's Pacific peoples, including reducing injury rates, raising awareness of the ACC Scheme and its entitlements and increasing representation of Pacific peoples among ACC staff.

ACC actively engages with Pacific communities directly, and through the expert community leaders who serve on the Pacific Consultancy Group (PCG).

### Improving access for Pacific peoples

We deliver injury prevention programmes for Pacific communities through ACC's ThinkSafe community projects and address the specific needs of Pacific peoples identified by research. These programmes are an important way of engaging with Pacific communities. This year's programmes included fall prevention initiatives, workplace safety projects, distribution of sports resources, delivery of Street Talk (road safety) courses, distribution of child restraints, water safety, alcohol and child safety, Down with Speed and injury from assault projects.

Motor vehicle crashes are a leading cause of death and serious injury for Pacific peoples. The ACC-LTSA Street Talk road safety training programme continues to provide unlicensed drivers in Pacific communities with access to culturally oriented driver and road safety education. Learner-drivers reduce time on their restricted licences by up to six months by successfully completing the course.

ACC, the South Auckland Police and the Manukau Urban Māori Authority trialled a diversion card initiative, which gave unlicensed drivers the choice of taking driver licence training instead of being fined. In the first weekend of operation over 250 diversion cards were issued.

In response to a number of road deaths in Mangere, which has a 60% Pacific population, a Down with Speed project started in November. Workshops were run with Samoa Atia'e, the Tongan Youth Trust and the Pukapuka community. Two hundred letters were sent to vehicle owners who were identified speeding on specific stretches of road.

### *Pacific language resources*

The brochure *How to Make a Claim to ACC* is available in Cook Island Māori, Samoan and Tongan. The *Introduction to the Code of ACC Claimants' Rights* is available in Cook Island Māori, Niuean, Samoan and Tongan.

Samoan translations of *A ChildSafe Home for Under Fives*, and *Love Your Child, Fasten their Seatbelt while in the Car* are also available, along with other promotional resources.



> We promoted the use of child car restraints to the Samoan community.



### ***Promotion of key messages***

ACC continues to co-sponsor and attend key Pacific peoples' events to promote our injury prevention and rehabilitation messages. These events included the ASB Bank Auckland Secondary Schools' Māori and Pacific Islands Cultural Festival in March 2004. There was strong radio back-up through NiuFM promoting ThinkSafe messages.

ACC also funded and participated in radio talkback sessions in Pacific languages and expanded its Community Awareness Radio programme for the Auckland region to include the Tongan community, the next largest Pacific audience in New Zealand after the Samoan community.

### ***Pacific peoples claimant satisfaction***

Overall Pacific peoples claimant satisfaction for the year to 30 June 2004 was 89%, higher than the June 2003 result and well above the target of 80%.

### ***Pacific claims research***

While the number of new entitlement claims for Pacific peoples rose steadily this year, following a significant increase in the previous year, the rates are still lower than those for other ethnic populations. ACC is working with the Pacific Consultancy Group to research the reasons for this and focus on three key issues: access, equity and appropriateness.

## **Pacific capacity-building in ACC**

### ***Pacific Development Manager***

The establishment of a permanent Pacific Development Manager in 2004-2005 will focus and strengthen the ability of ACC to work with and for Pacific peoples to improve access and outcomes.

### ***Pacific staff***

ACC monitors the numbers of staff identifying as Pacific peoples staff working in those branches servicing geographic areas with a high Pacific peoples population or a large proportion of Pacific peoples claimants.

Pacific peoples staff satisfaction was 77% at 30 June 2004, up from 74% in June 2003.

The annual staff turnover for Pacific peoples was 15% as at June 2004, at the upper limit of the target range of 10-15%.

### ***Pacific staff recruitment***

ACC has an active policy of recruiting Pacific peoples, particularly for areas of high Pacific population. The number of ACC staff identifying as Pacific increased to 114 at the year's end, up from 95 at the same time last year. Pacific staff in ACC branches increased in order to serve an increased number of Pacific claimants.

Three further scholarships were awarded this year in a scheme that has proved successful in recruiting Pacific university graduates into ACC. The previous year's scholarship recipients are now working full-time for ACC, having completed their studies.

ACC promoted its career opportunities for Pacific peoples and the ACC Pacific University Student Scholarships at Wellington's 'SPACIFICally PACIFIC' careers expo in October.

### ***Fono for Pacific staff***

We held fono (forums) for Pacific staff in Wellington and Auckland in November. They focused on finding ways to ensure that Pacific staff satisfaction continues to rise and on how staff can help improve ACC's relationship with Pacific communities.



- > Our Pacific University Student Scholarship winners, Mariota Smutz (back row, middle), Koryn Dunstan (front, right) and Victoria Chapman (front, middle), smile for the camera with ACC's General Manager People & Services, John Saunders (back, left), the chair of ACC's Pacific Consultancy Group, Apii Rongo-Raea (front, right), and Chief Executive Garry Wilson (back, right).

1980

## 1980 TIDYING UP THE SCHEME

Six years on and there was growing dissatisfaction with what the scheme was costing. Some, notably claimants who had received lump sum payments, were happy, but employers in particular resented having to bear the cost of non-work claims. As a result, the Government set up a committee headed by Hon Derek Quigley to look into this.

The committee made a number of recommendations aimed at reducing the cost of the scheme and improving its administration. These were that:

- claimants should pay part of the cost of the first two visits to the doctor
- lump sum payments should be abolished, except for cases of serious cosmetic disfigurement
- the levy system and the levy collection method should be reviewed.

As a result of these recommendations, substantial changes were made to ACC legislation, to take effect from 1 April 1983.

- The funding structure was changed to 'pay as you go'.
- Employers were required to pay 80% of actual earnings for the first week following an injury.
- If you had a work-related motor vehicle accident, this was paid for out of the Motor Vehicle Account rather than out of the Earners' Account.



January 1980 - Aged six  
and not out. Into the  
garden scored two runs,  
into the fence scored  
four. Umpire dad made  
the tough calls - he was  
off work after putting  
his back out.



Christmas 1980 - That summer was the  
hottest I can ever remember. We  
spent more time in the pool than  
out of it and got so brown our  
Auntie didn't recognise us when we  
got home.

# 7

## 30 YEARS OF PREVENTING INJURIES



From day one, a key priority for ACC has been preventing injuries. If an injury has been prevented, there is no pain, no suffering. And no ACC intervention is required. Full stop. It just takes one person being careful to prevent an injury. Then another. Then another. Through the involvement of individuals and their communities in ACC's many ThinkSafe initiatives, New Zealanders' attitudes are beginning to change.

### THE EVOLUTION OF INJURY PREVENTION

- 1974** Injury prevention has been an important part of ACC's activities since our inception. Over the years we have developed a large number of advertising campaigns and national strategies. Many had such an impact they became New Zealand icons – remember the catchphrases 'Don't use your back like a crane' and 'Hot water burns like fire'?
- 1999** ACC launched SportSmart, the umbrella for sports-related injury prevention initiatives, and Stop Bus, the drink-driving initiative.
- 2001** The Injury Prevention, Rehabilitation, and Compensation Act re-emphasised injury prevention as a core task of ACC. 23 ThinkSafe communities were established.
- 2003** ACC leads in the development of the New Zealand Injury Prevention Strategy.

Several successful programmes that had been piloted in individual communities were rolled out nationwide last year, including fall prevention for older adults and children, road safety and sport. ACC also identified employers as key influencers on safety culture, by their ability to provide work and non-work injury prevention messages to their staff.

### National Safety Audit

The annual National Safety Audit (an overview of injury statistics for 2002-2003) was launched to ACC's key stakeholders in September 2003, and followed up by a nationwide media campaign. This year's distinctive Safety Audit booklet was well received.

### ThinkSafe New Zealand

ThinkSafe is ACC's flagship injury prevention initiative. ACC's 23 ThinkSafe communities were established throughout New Zealand in 2001-2002 to help communities understand and share the responsibility and ownership of injury prevention initiatives. An evaluation of the ThinkSafe communities initiative in September 2003 by the Auckland University Injury Prevention Research Centre praised the programme's approach, the levels of community participation and potential for future sustainable partnerships, and the value in reinforcing a safety culture and safety environment.



> Our Safety Audit booklet publicises New Zealand's annual death and injury toll.

## New Zealand Injury Prevention Strategy

ACC manages the New Zealand Injury Prevention Strategy (NZIPS), launched in June 2003 to establish a strategic framework for all New Zealand's injury prevention activities. The Strategy is an 'expression of the Government's commitment to working with organisations and groups in the wider community to improve the country's injury prevention performance' (Hon Ruth Dyson). It identifies six injury prevention priorities, each to be led by a government agency/organisation: motor vehicle traffic crashes; suicide and intentional self-harm; falls; workplace injuries (including occupational diseases); assault; and drowning and near drowning. While ACC is the leader in two of these areas – falls and drowning – it also makes a positive contribution to the other four, particularly in the prevention of workplace and motor vehicle injuries. ACC played a lead role in the first phase of implementing the Strategy during the year, including:

- leading the development and production of the Strategy's first Implementation Plan for 2004-2005, launched in October 2003. A Secretariat was established within ACC to lead and co-ordinate injury prevention work under the Implementation Plan
- working with other government agencies to develop national strategies for priority areas covering workplace injuries and diseases, motor vehicle injuries, and suicide and intentional self-harm
- raising awareness of and commitment to the Strategy's objectives in the injury prevention community through the redevelopment of the NZIPS website and the issue of a quarterly newsletter, first published in May. The NZIPS website, which has information on the six injury prevention priority areas, plus links to injury prevention providers, has had 17,000 visitors in the three months since its launch on 26 March 2004. The NZIPS Secretariat has also attended several community-based IP forums to gather ideas and comments about what the community needs the Strategy to achieve for them.



> The Implementation Plan details what ACC and each of our partners are to do to prevent injuries, and when they are to do it.

## SAFETY AT WORK

ACC's partnerships with employers are making a real difference to the health and safety of New Zealand's workplaces and helping to boost the New Zealand economy. We have a range of incentives and support in place to ensure employers are proactive in meeting their health and safety responsibilities. This has helped reduce the average levy payments from \$1.47 per \$100 of earnings in 1999-2000 to the current and stable \$0.86 (excluding GST and safer employer discount), saving New Zealand employers \$300 million every year.

### Workplace Safety Evaluation programme

ACC's Workplace Safety Evaluation programme began in late 2003, and provides employers who have poor safety records with intensive workplace safety advice and assistance to target the underlying causes of serious and/or prevalent injuries in their workplaces. Failure to take appropriate remedial action can result in a 50% increase in the employer's standard ACC Workplace Cover levy. Over 150 employers were identified and helped through this programme and are already on track to achieve a 25% reduction in workplace injury this year.

## THE EVOLUTION OF WORKPLACE INJURY PREVENTION

1997	ACC launched the <i>Occupation Overuse Guidelines</i> .
1999	We formed the workplace safety programme management team.
2000	ACC initiated the Partnership Programme and Workplace Safety Management Practices, incorporating workplace safety incentives.
2001	ACC launched WorkSmart (employer guide to good workplace safety systems).
2002	Launch of ACC's Safer Industries initiatives. (Our FarmSafe workplace safety training programme is underway, in conjunction with Federated Farmers and other rural partners.)
2003	We implemented the Workplace Safety Evaluation initiative, and rolled out the ACC/OSH Small Employer Workplace Safety tools.

### Safer Industries programme

The Safer Industries programme targets the nine industries with the highest number of serious harm injuries and ACC claims: agriculture; boat building; construction; forestry and wood processing; grocery stores and supermarkets; health services and residential care; meat processing; on-hire employment; and road freight industries. The programme brings together industry and employee representatives and other stakeholders to address the causes of injury. ACC has intervention plans in place for all these industries and delivered the following wide range of programmes and training this year, significantly reducing the frequency and severity of injury:

- Agriculture: over 9,200 farmers attended FarmSafe workshops in 600 seminars throughout New Zealand. In June 2004, ACC introduced FarmSafe Plans seminars, which emphasise the development of farm safety plans. Other ongoing activities include ACC's attendance at agricultural field days and ACC's continued major sponsorship of the annual Sharemilker of the Year competition, and other events. We introduced FarmSafe Skills programmes in June 2004 targeting farm practices that lead to serious injury, such as the use of all-terrain vehicles (ATVs). The booklet *The Safe Use of ATVs on New Zealand Farms* was outstandingly popular in the agricultural sector. ACC also continued to promote ATV helmets, which have sold in the thousands. The helmet design is a world first and is receiving international attention.

- Grocery stores and supermarkets: over 12,500 people have completed the StoreSafe passport training for supermarket store representatives.
- Health services and residential care: patient handling guidelines were distributed to over 2,000 health sector employers in October 2003 and have since been actively promoted by ACC.
- Forestry and wood processing: workplace safety management practices workshops were run nationwide, targeting at least 10% of contractors.
- Meat processing: ACC is working with industry representatives to fund industry initiatives to reduce musculoskeletal injuries.
- On-hire employment: *Guidelines for Health and Safety in the On-hire Employment Industry* were launched during the year and have become the foundation document for health and safety practices in the industry.

In the aviation industry, AirCare – the organisation representing ACC, the Aviation Industry Association and the Civil Aviation Authority – is developing a series of CD-ROMs to be used by the industry to reduce the high rate of serious injury. A programme to reduce the costs and personal impact of noise-induced hearing loss in New Zealand industries was also initiated in 2004.

### Health and safety training initiatives

In conjunction with the New Zealand Council of Trade Unions and Business New Zealand, ACC developed and helped deliver training programmes for almost 6,000 health and safety representatives. Over 1,000 supervisors attended a special one-day course. We also developed customised training for several major employers.

### Workplace safety management practices

This programme rewards employers who have good workplace health and safety systems, through discounts on their levies. At 30 June 2004, 1,861 employers were participating in the programme, including over 350 who have joined during the year.

### Partnership Programme

The ACC Partnership Programme, the scheme for large employers to manage their own employee injury cover

and employee claims, was reviewed by Deloitte Touche Tohmatsu, and reported to ACC in December 2003. The review, which suggested that further evaluation was needed over a longer timeframe, concluded that the Partnership Programme framework was sound and achieving its legislated goals. It identified areas for continuing improvement to increase its effectiveness, including: increasing the availability of medical, legal and ACC cover expertise to support employers; increasing ACC training for employers, employees, unions and auditors; and strengthening the primary

level entry criteria required for employers joining the Partnership Programme. These enhancements will be fully deployed early in the 2004-2005 year.

### Business excellence awards

ACC ThinkSafe Workplace Safety Awards were presented at seven regional business excellence functions around the country.

## SAFETY ON OUR ROADS

**In 1973, 843 New Zealanders died on our roads, our worst annual road toll in history. Thirty years later, in 2003, the death toll was almost half, at 459, in spite of almost double the number of vehicles on the road and an almost 30% increase in population.**

Our partnership with New Zealand road users, the New Zealand Police and LTSA has been a success.

But it's still nowhere near enough. Drinking and driving and excessive speed still combine to give New Zealand's high toll. And, while the death toll is down, our injury rates on the road are still rising, with 6,454 hospitalisations last year. That's a lot of pain, a lot of suffering, a lot of shattered lives. Not to mention the estimated social cost of over \$3 billion every year.

### ACC Stop Bus

The nationwide ACC Stop Bus programme is a proven winner, with marked reductions in alcohol-related fatalities where the Stop Bus is present.

In 2002, alcohol-related crashes were almost 60% more likely to happen on New Zealand's rural roads than on urban roads. To help counter this, ACC and the New Zealand Police piloted a campaign targeting rural drivers in Otago and Southland that publicised the presence of unmarked cars and the increased chances of getting caught. An evaluation of the pilot identified that a large percentage of respondents strongly agreed that the chance of being caught drinking and driving had increased and that, after seeing the campaign's advertising, they had made a point of reducing their drinking when they were going to drive. National rollout of the campaign will begin in 2004-2005.



> Rural drivers in Otago and Southland were targeted with information placed directly in their local communities to publicise the presence of unmarked police cars and the chances of being caught drink-driving.





- > Advertising to promote ACC speed trailers is designed for use in local community newspapers and as a flyer. People speeding past our trailers don't get a ticket – just a visual reminder that they should slow down.

## Speed trailers

More ACC speed detection trailers were purchased this year – there is now one for every ThinkSafe community. The trailers are placed to target speed 'black spots' in partnership with local Road Safety Coordinators, police and other community stakeholders throughout New Zealand. The year's target of 23 local 'Down with Speed' projects was exceeded, with 29 projects implemented covering all ThinkSafe communities. Independent evaluation has confirmed that speed trailers do make a difference in lowering vehicle speed.

## Young driver programmes

Launched in May 2003 by ACC and LTSA, *Practice* is a major initiative that aims to increase the amount of supervised driving practice received by learner drivers to 120 hours. Research indicates this has the potential to reduce the crash risk of young drivers by 30%. This project has been very successful, with 11,500 signing up in its first year. This represents 21% of newly licensed young drivers and is well ahead of the initial target of 15%.

DriveSmart is a new initiative launched in February 2004. It aims to engage drivers in the restricted phase of their licence to think about the hazards they face while driving, and to encourage parents to retain their 'coaching' role to assist young drivers to improve their skills. Over 10,000 packs have been mailed out.

## Driver fatigue

A new programme comprising three separate interventions was developed to target driver fatigue in local communities. In addition, a teaching resource that targets young drivers was picked up quickly by over 250 schools. Communities around the country have also used driver reviver stops, posters, brochures and radio advertisements to get the message out to at-risk drivers. Age Concern now has a resource for conducting fatigue and stress workshops to educate and offer solutions for older adult drivers.

## Car restraints

ACC provided the Manukau Urban Māori Authority (MUMA) and Family Start with 1,000 child car restraints for Māori and Pacific families. The car restraints were distributed to 14 Family Start branches nationwide. ACC provided a further 1,000 ThinkSafe child restraints to Plunket for hire to lower-income families.

The Safe2Go car restraints training programme is a new nationwide partnership project with LTSA to help ensure the correct fitting of child car restraints by loan scheme operator staff, retailers and car-hire firms. So far 800 technicians have been trained in the programme. More than 50 other projects promoting the use of adult and child restraints were undertaken within the 23 ThinkSafe communities, with local businesses also



<b>1973</b>	843 New Zealanders died on the roads – our worst ever toll.	<b>1987</b>	New Zealand became the first country to introduce Graduated Driver Licensing.
<b>1974</b>	The open road speed limit was dropped from 96 to 80km/h, resulting in 20% fewer deaths for the year; helmets became mandatory for motorcyclists.	<b>1993</b>	Speed cameras, compulsory breath testing and a lower legal breath/blood alcohol limit of 20mg/ml for young drivers were introduced.
<b>1975</b>	The wearing of safety belts became compulsory for front seating positions.	<b>1994</b>	Helmets became mandatory for cyclists.
<b>1978</b>	The legal blood alcohol limit was lowered to 80mg/ml.	<b>1995</b>	Government approved the supplementary road package consisting of hard-hitting advertising by LTSA and additional enforcement.
<b>1979</b>	Safety belts became mandatory in all seating positions.	<b>1999</b>	ACC launched its Stop Bus road safety initiative.
<b>1984</b>	Random breath testing was introduced.	<b>2003</b>	LTSA and ACC launched our young driver programme, <i>Practice</i> .
<b>1985</b>	The open road speed limit rose from 80 to 100 km/h, and the annual road toll leapt from 669 to 747 – speed kills.		

contributing. In Porirua, for example, Plunket received a \$750 grant from a local organisation to provide vouchers so people can have the bolts for car restraints installed in their cars at a local garage.

### Motorcycles

ACC developed partnerships with motorcycle distributors and importers to promote competency-based training and assessment of riders. ThinkSafe community projects throughout the country, supported by motorcycle clubs, helped promote driver awareness of motorcycles at high-

risk intersections. Results showed a significant increase in awareness of the key messages, with 56% of people able to recall the message ‘Look out for motorcycles’, up from a previous awareness level of 37%. Fifty percent of this group reported they were more aware of and more careful around motorcyclists.

## SAFETY AT PLAY

**An active life is a healthy life. That is, if you don't get injured. ACC's innovative and far-reaching sports injury prevention programme, SportSmart, shows New Zealanders how to do what they love doing – safely.**

### SportSmart

SportSmart, ACC's 10-point action plan for preventing sports injuries, focused this year on sports with high injury rates – rugby, netball, soccer, touch, rugby league, snow sports and water sports. ACC now has contracts in place with each of these sporting bodies, focusing on prevention initiatives relevant to the most common injuries in each sport. International soccer body FIFA has also shown interest this year in ACC's SportSmart.

This year's improved RugbySmart programme was very well received, with a reprint of resources required to

meet the demand. Over 10,000 coaches and referees attended the RugbySmart 2004 workshops. ACC also developed a Sideline Concussion Check card to assist coaches when dealing with concussed players.

Netball New Zealand and ACC have extended ACC SportSmart into a new course for Future Ferns coaches. Four thousand coaches received ACC SportSmart training via soccer, netball, league and touch or the regional sports trusts.

ACC continued its delivery of Sideline Management of Strains and Sprains, a course for coaches and players on what to do when this type of injury occurs. Over 8,000 people have received this training, and now receive regular mail-outs via the most up-to-date sports participant database in New Zealand. Themes have been R.I.C.E.D. (Rest, Ice, Compression, Elevation, Diagnosis), concussion, hydration, and protective gear.

## ACC ThinkSafe New Zealand Masters Games

ACC again sponsored the New Zealand Masters Games held during February 2004, and promoted ACC's ThinkSafe message to around 7,000 competitors and 300 volunteers and sports administrators in 60 sports. ACC used the Games this year to promote the ACC SportSmart 10-point plan to the administrators of each sport. This included setting minimum levels of injury management precautions and first aid for each sport, as well as first aid training.

ACC and the Games management also introduced awards for sports administrators to encourage professionalism in the management of the individual sporting codes. A separate award was offered by ACC to encourage introduction of warm-up areas at the various sporting venues. This was a huge success.

## Snow sports

This year ACC focused on wristguard wearing for snowboarders, and promoting the Snow Responsibility Code at all commercial snow areas. Evaluation showed the key messages were getting through – 51% of skiers and 72% of snowboarders recalled messages about being safe on the snow, and 24% reported having changed their behaviour as a direct result of the promotions.

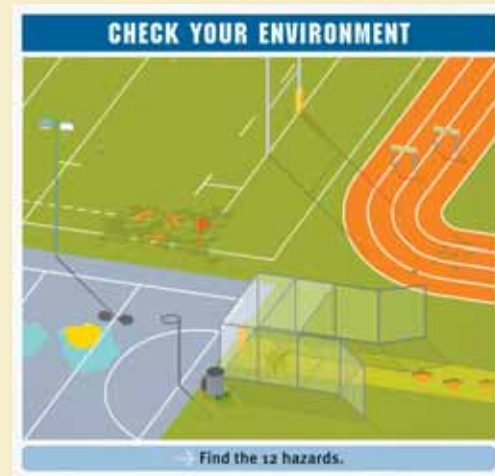
We are also working with the New Zealand Snowsports Council to develop and produce a 'smart tips' brochure on pre-season training, how to reduce injury, how to manage injury, the Snow Responsibility Code and essential protective gear. A generic concussion card to allow prompt assessment of possible head injuries was adapted for use by ski patrols.

## Water safety

ACC continued its work with Water Safety New Zealand on preventing swimming, boating and pool-related injuries, through advertising and promotion of the RiverSafe, BoatSafe and PoolSafe programmes. A further 30 RiverSafe providers were trained this year, exceeding the target of 25. Work with WaterSafe Auckland supporting their Safe Summer project included the campaign 'Don't Go Overboard with the Booze', designed to reduce alcohol use among Auckland boaties, and a Māori Water Safety campaign.

ACC's PoolSafe Quality Management Scheme for public swimming pools continues. So far, 112 pools out of a New Zealand total of 131 have enrolled in the scheme.

We are planning new initiatives for boating and pools next year in partnership with the Maritime Safety Authority and hotel/motel associations.



- > As part of ACC's presence at the New Zealand Masters Games, this display material for competitors promoted the SportSmart 10-point plan.

ACC's focus for home safety this year was on falls, the leading cause of hospitalisation and one of the top three leading causes of death by injury in New Zealand.

### Older adult fall prevention

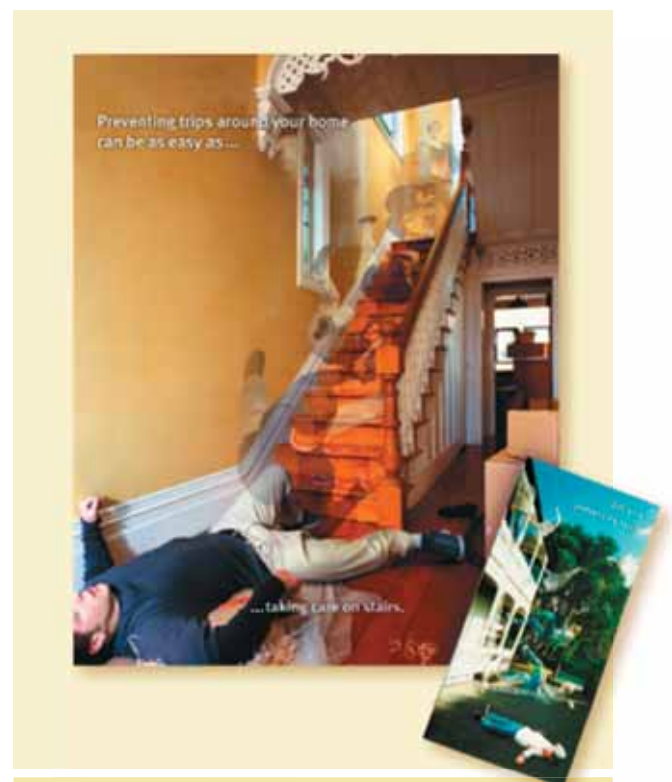
Falls account for over half of all injuries for 65 to 80-year-olds and over three-quarters of all injuries for those older. A number of highly successful initiatives for the prevention of falls in older adults were developed and delivered this year through close work with ThinkSafe communities throughout New Zealand.

- The Otago Exercise Programme (for improving strength and balance) was delivered to over 850 older people in 17 ThinkSafe communities. Expansion into other ThinkSafe communities is planned.
- Tai chi programmes were delivered in 14 ThinkSafe communities and were not only beneficial in improving balance, strength and co-ordination, but were so popular that many communities have waiting lists. Expansion of this programme is planned.
- Hip protectors reduce the likelihood of hip fractures following falls. A hip protector intervention project was piloted in 21 rest homes and evaluation began in May to identify improvements and possible future rollout.
- The Fall Risk Assessment and Intervention Service, a joint pilot with Pegasus Health, targets older adults with a history of falls. This challenging project is ACC's first use of its claim management processes to identify people who have already had an injury and provide a specific programme to mitigate the high risk of subsequent re-injury.
- ACC contracted Auckland Uniservices Ltd to develop a 'continuing medical education' fall prevention website. This new resource will assist general practitioners in fall prevention and risk assessment.

### Slips, trips and falls

Falls among 25 to 55-year-olds accounted for \$74 million of the \$398 million spent on moderate-to-serious ACC falls claims in 2003-2004. Despite an extensive advertising campaign targeting this group on slips, trips and falls and the dangers of using ladders and stairs, we need to do more to ensure the safety messages are acted upon. We are developing a three-year marketing strategy in partnership with our key agencies to achieve long-term behaviour change.

ACC's relationship with building supplies firm PlaceMakers was strengthened this year, with the placement of a brochure on ladder safety into Wellington region stores.



- > The slips, trips and falls campaign was extended to include advertising asking people to take care walking up and down stairs.



> Our campaign encouraged Kiwis with back pain to keep active – not to take back pain lying down.

### Child falls

Falls account for over one-third of all children under 10 hospitalised for injury. Projects to reduce falls in preschool children were established in 22 ThinkSafe communities, delivering parent and caregiver education focusing on fall prevention in the home. Playground fall prevention projects were established in 19 ThinkSafe communities, and Playground Safety workshops were held nationwide in 618 schools.

### Back pain campaign

In June 2004, ACC launched an important new campaign on how best to manage the onset of back pain. Up to 70% of New Zealanders experience acute lower back pain in their lives. Thinking on back pain management has radically changed in recent times, with maintaining normal activities recommended, rather than bed rest. The campaign includes television and print advertising as well as web and print resources for claimants and health providers.

## ThinkSafe and schools

The ThinkSafe Curriculum Resource will be progressively delivered into 1,000 schools and early childhood centres in targeted urban areas throughout 2004. The resource is also being trialled in Hamilton Kura Kaupapa to tailor the resource to Māori audiences. The 'Look Out For Each Other' competition is being run for the second straight year and is open to all schools and early childhood education centres. Last year's competition confirmed the high level of innovative safety-related activity occurring in the education sector.

## KidSafe Week

Promotional activities in KidSafe Week, October 2003, included school activities, media, public displays, competitions, and workplace and community events that focused on issues such as cycle safety, cuts, falls, all-terrain vehicle injuries and general child safety.

## Work with employers

In an important new initiative, ACC met with employers to identify opportunities for the delivery of non-work injury prevention messages in the workplace, including child falls parent education workshops and Safe Driver programmes. We held safety days with a number of larger employers to promote ACC ThinkSafe.

## Intentional injury

ACC is assessing opportunities to target the prevention of intentional injury (violence and suicide). A project to help us identify claims that arise from intentional injury is underway. In partnership with Auckland University and the Auckland District Health Board, we are also developing a framework for a programme to enable a brief intervention to be offered to people who have attempted suicide.

Progress was made in identifying partnerships, and research and intervention initiatives to prevent alcohol-related injury. Research has begun with the New Zealand Police on the enforcement of legislation concerning people drinking alcohol in public places. ACC is involved in community-based alcohol harm reduction initiatives in Taranaki, Manawatu, Wairarapa, Wellington and Otago, and also worked with the Alcohol Advisory Council of New Zealand to identify how ACC can help promote its Drink-check tool (see Glossary).

We have held discussions with representatives from the Family Violence Funding Circuit Breaker programme in Rotorua, Gisborne, Waikato, Christchurch and Dunedin to assess possible ACC involvement in this initiative, so we can seek joint solutions in funding family violence prevention services.

- > The Safe Summer colouring-in book gave Kiwi kids something to do inside on rainy days.



1996

## LESS WAITING FOR TREATMENT

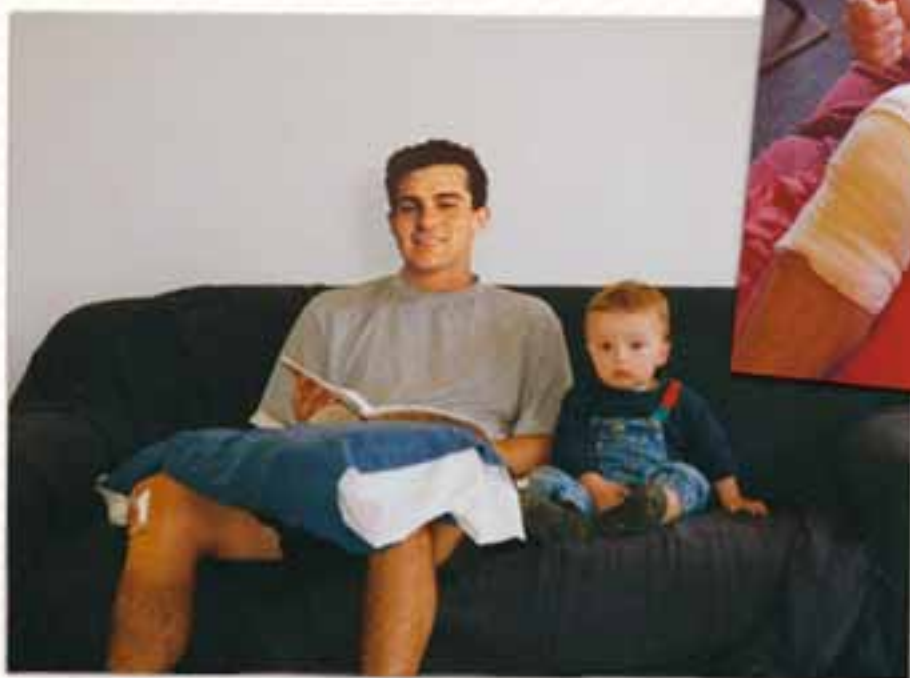
Significant changes to ACC were also made in 1996 with a further amendment to the Act:

- Notably, ACC was able to reduce treatment waiting times by being permitted to purchase health and rehabilitation services from both public and private hospitals.
- In a further move towards enhancing workplace safety, the Minister for ACC was required to establish a framework for an accredited employer programme to give discounts to employers with good safety records.
- The medical case review system was introduced through which claimants were referred to case reviewers for a second opinion.
- The legislation provided social rehabilitation services according to an injured person's individual circumstances, allowing for more tailored vocational rehabilitation and giving the Corporation the ability to assess a person's capacity to return to work.





1996 - Where I spent almost every Saturday morning. Many a goal scored for and against. It was also the place my knee gave way. We still won the game but had to watch second half on the bench.



October 1996 - My knee injury kept me off the field for a few months, although I learned how to do a few nifty tricks on crutches. Here I am hanging with my little cousin, teaching me my ABL's.



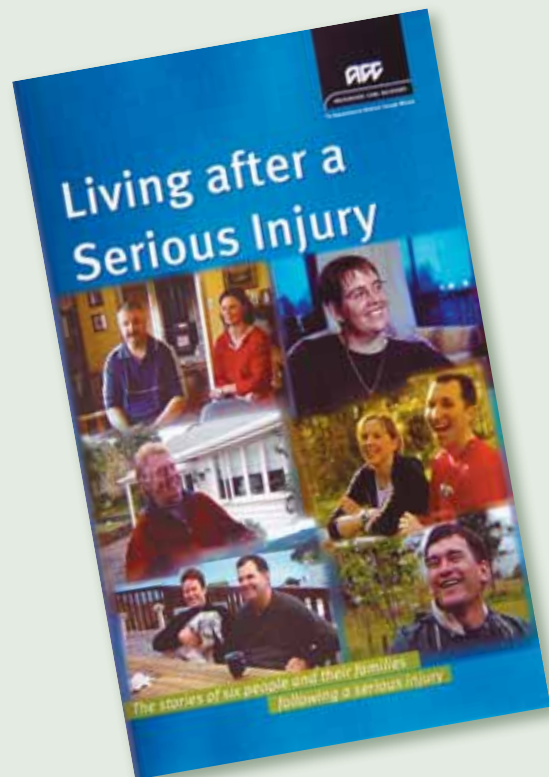
Early, effective care and rehabilitation for claimants has been core business for ACC since it began. It continues to be prioritised as one of the Corporation's key '5 Drivers' (our strategic goals). This year we continued to improve our processes, eliminating delays in assessments by improving duration management and the quality and timeliness of provider information to support effective rehabilitation planning.

#### Claimant satisfaction at record levels

Claimant satisfaction levels have continued their 30-month upward trend to record highs, with overall satisfaction at 84% by June 2004 (4% above target), up from 69% at the end of 2001. Particularly pleasing was maintaining excellent satisfaction rates for all claimant groups on the scheme, with claimants under 52 weeks currently standing at 88%, over 52 weeks at 73% and Pacific peoples claimants rating at 89%, up from 80% for 2002-2003.

#### Long-term claims

A serious injury can be devastating for all involved. ACC has produced a video for seriously injured people and their families to help them through this difficult time. *Living after a Serious Injury* is the story of six families who have lived through the experience and what ACC can do to help. The video is distributed by lifetime rehabilitation planners.



- > Our *Living after a Serious Injury* video tells the powerful stories of seriously injured people and their families.



### ***Increase in number and rate of escalated claims***

Over the past three years, entitlement claims have been increasing at an average of 7% a year – that is an average of 6,000 new claims per annum. Factors contributing to this growth include improved access to, and awareness of, ACC's services as a result of general publicity campaigns, such as wider availability of ACC information provided through GP clinics.

This increase, and the increase in the rate of escalated claims, has affected the number of claimants receiving more than 12 months' weekly compensation, and is beginning to counter the recent significant gains ACC has achieved in reducing the number of long-term weekly compensation claims.

### ***Long-term rehabilitation initiative***

We introduced Lifetime Rehabilitation Planning in January 2003. It uses professional planners to assess and plan the medical and support needs a long-term claimant may require throughout their lifetime and has proved highly successful in its first year of implementation. It is providing claimants with better services and greater certainty regarding their future entitlements, and is improving satisfaction levels among seriously injured claimants as they feel more involved in rehabilitation planning and understand the process better. ACC has created a new programme manager position to oversee the work of our lifetime rehabilitation planners.

### ***Catalyst claimants returned to ACC***

Over the past four years, ACC subsidiary Catalyst has specialised in managing longer-term claimants who have been independently assessed as being likely to respond to intensive rehabilitation and able to return to work or independence within 12 to 18 months. Catalyst's success helped ACC reduce the pool of longer-term claimants from about 23,000 in June 1999 to 14,270 in June 2003, enabling ACC to phase out our contract for these services. Between August and October 2003, all Catalyst claimants – around 3,000 – were returned to ACC for case management. This was done in the least disruptive manner possible, to ensure well-established relationships between case managers and claimants were not destabilised.

### **Medical misadventure review**

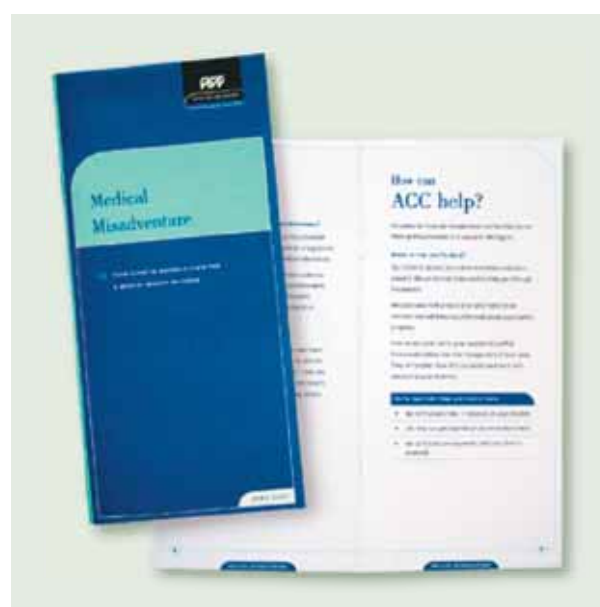
The Medical Misadventure Consultation Document released in May 2003 received 184 submissions, of which 89% supported significant change to the medical misadventure provisions. After further consultation with key stakeholders, including policy review by ACC, the Government announced on 16 March 2004 the changes to the criteria for ACC accepting medical misadventure claims.

The new criteria – personal injury caused by treatment – replaces 'medical misadventure' with a new category, 'treatment injury'. It also removes ACC's requirement to find fault (medical error) with the actions of a registered health professional or organisation or to prove that a medical injury is rare or severe, before a claimant is entitled to ACC cover. ACC's reporting requirements when processing claims have also been changed, to focus on the risk of harm to the public rather than the competency of practitioners and organisations. The changes, once enacted, will bring cover for treatment injuries fully in line with the no-fault basis of the ACC Scheme, and will also facilitate the faster processing of claims.

The new provisions will take effect in early 2005, after legislation is passed by Parliament.

More information can be found at:

[www.acc.co.nz/claimscare/news/review-of-acc-medical-misadventure---consultation/](http://www.acc.co.nz/claimscare/news/review-of-acc-medical-misadventure---consultation/)



> Our brochure on medical misadventure is a guide to making a claim after medical error or mishap and explains how ACC can help.

## Drug and alcohol case management tool

A drug and alcohol pilot programme was highly successful. It provided case managers in Tauranga and Hamilton with a set of effective early interventions for proactively managing claimants whose rehabilitation is affected by drug and/or alcohol misuse. The programme will be launched nationwide in September 2004.

## Code of ACC Claimants' Rights

This has been the first full year of implementation of the Code of ACC Claimants' Rights. The Code sets out the rights of claimants and provides a formal complaint procedure if they feel their rights have been breached. ACC has seen this as a core document of the Corporation, and a blueprint for a successful relationship between claimants and ACC staff.

The extensive training of staff on the Code preceding its launch in February 2003 continued throughout the year, and has had a formative effect on the strongly customer-focused culture that has continued to build within ACC. This is reflected in claimants' satisfaction rates continuing at record levels, and that complaints under the Code have continued to be relatively few in number. ACC handles close to 1.6 million claims. The 2,186 Code complaints received to 30 June 2004 work out at just over one complaint per 1,000 claims; ACC is examining ways to get this rate even lower by improving its service.

## Work brokerage

ACC works in partnership with the Ministry of Social Development, specifically through the Work and Income service, to find work for claimants who are completing rehabilitation and have been assessed by ACC as vocationally independent. With claimants' approval, information on the assessment is provided to Work and Income to assist in their job placement. ACC case managers arrange an appointment for the claimant with Work and Income. They may accompany them to an initial meeting, and will make follow-up calls. ACC engages Work and Income work brokers at the beginning of the 12-week job search allowance period for claimants who have been assessed as capable of being vocationally independent (able to get a job).

## Work Preparation Programme

The Work Preparation Programme has continued its success in this its first full year of nationwide implementation. The programme enhances a claimant's independence and ability to return to work through intensive daily rehabilitation run over a number of weeks. It provides physiotherapy, life skills and job search training for long-term claimants who cannot return to their pre-injury employment, either because their job is no longer available or because their injury makes it impossible for them to do so. A team of providers is used, including physiotherapists, occupational therapists, psychologists and vocational trainers, so that the wide range of the work-associated abilities, skills and needs of a claimant can be assessed and addressed simultaneously.



> The Code of ACC Claimants' Rights has received unanimous support from claimants and advocates in its first full year of implementation.

## Packages of Care

Packages of Care is a fast-track system developed for claimants who have common injuries with easily defined needs (such as a broken leg). It outlines the home-based rehabilitation (home help, attendant care, childcare and meal preparation) the claimant is entitled to, individually tailored to suit their home environment and injury type. Using Packages of Care, hospitals are now able to complete a referral to ACC before a claimant is discharged home, ensuring the claimant is discharged faster into a safe and supportive environment.

Most claimants over 65 who are eligible now receive Packages of Care, freeing up rehabilitation assessors to concentrate on claimants with more high-level and/or complex home-based needs.

## Timely payment of entitlements

Weekly compensation payment timeliness continued to improve to well within target levels this year, particularly for employed and self-employed claimants. Sixty-eight percent of self-employed claimants were paid within 10 days and 67% of employed claimants within seven days of entitlement, significantly better than the 60% targets. Again, ACC's use of e-transaction tools has played a major part in achieving these excellent results.

## Contact Centres

ACC Contact Centres handle low- to medium-duration claims that do not involve extensive or complex interventions. The Centres aim to maximise the number of claims they handle in order to reduce the workload in branches that focus on more complex, longer-duration claims. The Centres have handled more claims and have been handling them more effectively, through better communication with providers and claimants, higher use of e-transactions, and increasingly early intervention, with staff better identifying claimant needs and informing them of their entitlements.

## Better branch processes

We standardised our processes throughout the branch network to ensure we deploy processes uniformly across the Corporation and so all ACC customers receive their legal requirements as well as a consistent high level of service.

### THE EVOLUTION OF CARE AND RECOVERY

<b>1977</b>	Our first branch opened in Dunedin – there are now 29 branches from Whangarei to Invercargill.
<b>1992</b>	Customer Service Centres were set up as the first port of call for all claims.
<b>1994</b>	Case management was introduced. Individual rehabilitation plans were developed with the injured person, detailing both the expected outcomes and the entitlements they can receive to help achieve their rehabilitation goals.
<b>1998</b>	Separate teams were established for new claims, long-term claims, and serious injury management. Contact Centres were established to manage low-risk claims.
<b>2003</b>	Lifetime rehabilitation planners were established to work with claimants affected by injury for life.  The Code of ACC Claimants' Rights was launched, setting out claimants' rights and the formal complaint procedure if those rights have been breached.



For our first 20 years ACC purchased healthcare through other agencies. Since 1998 ACC has contracted healthcare services directly. ACC now controls the whole continuum of services and care for a claimant from the time they visit their doctor or are picked up in an ambulance through to helping them return to work readiness or independence. The key to ensuring claimants receive the care and rehabilitation they require is in the partnerships we develop with our providers.

#### THE EVOLUTION OF PROVIDER PARTNERSHIPS

<b>1996</b>	New legislation enabled ACC to engage health and rehabilitation services from the private and public sectors.
<b>1997</b>	ACC began developing best practice guidelines for providers and encouraging providers to be up-to-date with the latest developments.
<b>1999</b>	Healthwise was set up to ensure claimants get appropriate and timely care. It rapidly became New Zealand's second largest health contractor, purchasing nearly \$1 billion of health services a year. ACC began to develop treatment profiling for common injuries, through literature reviews and research.
<b>2000</b>	More than 180 of New Zealand's largest employers participate in the ACC Partnership Programme, taking responsibility for their own workplace health and safety, injury management and rehabilitation, and claims management of employees' work injuries.
<b>2002</b>	ACC provider relationship managers began work with A&E clinics, GPs and physiotherapists.

#### Provider initiatives

##### *Provider Relationship Management Team*

ACC's Provider Relationship Management Team was set up in late 2002 to promote better interaction between ACC and health providers, and has proved a great success. In 2004-2005 the team's 10 provider relationship managers will visit where they can be most useful – targeting 150 GP practices twice a year, and 65 physiotherapist practices annually – overall covering 85% of practices per annum. The team has played a significant role in raising this group's rates of satisfaction with ACC, which increased a record 16% during the year to 59%.

The team helps resolve issues raised by providers and deliver ACC's key messages and products. This includes educating GPs on process issues, co-ordinating best practice education and support initiatives (see over the page), and enhancing the interaction between health providers and case management. Particular support was provided for the Cost of Treatment Regulation changes, and the rollout of the Endorsed Provider Network and Rural Contracts. The team has helped to dramatically increase GP use of ACC e-transaction systems, which now account for 55% of ACC transactions with this group.

### ***Branch-based psychologists***

A three-month pilot trialling branch-based psychologists began in May 2004, both to assess the capability of psychologists, and to help case managers identify and deal with possible psychological issues which may be affecting a claimant's rehabilitation.

### ***ACC medical assessors***

ACC now has a team of 84 fully trained rehabilitation assessors who perform over 1,000 assessments per month. Delays in getting timely assessments have been much reduced.

### ***Audiology and hearing aids***

We have begun negotiating with providers of audiology services and hearing devices. We aim to separate assessments, hearing aid fitting and purchasing so we can better control decision-making about claimant entitlements and also save costs through bulk purchasing arrangements with suppliers.

### ***Spinal injury vocational rehabilitation***

The Spinal Injury Trust, trading as Kaleidoscope, has been engaged to provide an innovative 12-month specialised vocational rehabilitation pilot programme for spinally injured claimants. It aims to promote the claimant's return to work through early intervention and identification of barriers and the co-ordination of individualised vocational initiatives.

## **Best practice initiatives**

ACC continued our programme of developing guidelines for the treatment of common injuries, through literature reviews and research. An independent expert panel endorses research results before these are published as industry guidelines.

ACC has begun an Adoption of Best Practice Initiatives programme with Independent Practitioner Associations (IPAs) to develop pilot projects that encourage best practice. ACC also supports the introduction of best practice guidelines through provider education sessions, case studies, provider profiling and feedback reports, patient guides, and monitoring providers against best practice.

Best practice guidelines completed this year include:

- *Best Practice Clinical Practice Guidelines on the Diagnosis and Management of Soft Tissue Injuries of the Knee* (July 2003)
- *Work Type Detail Sheets* (December 2003) – a set of structured sheets detailing the work tasks, environment and the function/activities required to perform 565 occupations. This is an invaluable tool for the assessment of a claimant's rehabilitation/return to work requirements
- *Vocational Medical Assessors' Guidelines* (January 2004) – for undertaking initial and vocational independence medical assessments
- *The New Zealand Acute Low Back Pain Guide* (February 2004)
- *Shoulder Injury Guidelines* (June 2004) – diagnostic strategies and treatment
- *Practical Management of Common Injuries* (June 2004) – a series of 20 x 10-minute videos.

Guidelines begun in 2003-2004 include:

- *Traumatic Brain Injury Guidelines*
- *Mental Injury in Survivors of Sexual Abuse Clinical Practice Guidelines*
- *Interventional Pain Management Clinical Practice Guidelines*.

A number of best practice initiatives were undertaken with Independent Practitioner Associations.

Highlights included:

- Pegasus Health: a 14-day certificate pilot project (see page 75); peer review and training for ACC's Initial Medical Assessors; developing a quality framework for general practice; and disability monitoring
- Procure: pilot recruitment of branch-based psychologists
- Carenet: Provider Quality Improvement, a mentoring and education programme for treatment of acute low back pain
- Southlink Health: development and review of a 14-day incapacity certificate (see Glossary)
- Independent Practitioner Association Council: project management of the development of best practice projects.

## Ambulances

The Ambulance Standards were published this year by Standards New Zealand in a joint ACC/Ministry of Health project. Rationalisation of communications centres for ambulances continued and is due to be completed in early 2005. Progress was also made towards the establishment of a Dispatch and Delivery Protocol and the development of an air ambulance strategy.

## Whole-of-government initiatives

During the year, ACC took steps to cement our relationships with each of our key relationship agencies, including the Department of Labour (including OSH), Ministry of Social Development, Ministry of Health and Inland Revenue. This included defining the strategic direction of the relationships and identifying key policy and research areas for future focus.

ACC worked with the Department of Labour to revise the Charter of Co-operation which outlines the principles of co-operation between the two organisations. A Memorandum of Understanding relating to workplace health and safety matters was also agreed upon.

The Chief Executives of ACC and the Ministry of Social Development held their first strategic relationship meeting in September 2003, identifying a range of areas for collaborative work. A joint research programme has been agreed between the agencies.

Major collaborations with the Ministry of Health included the publishing of the *Privacy Authentication and Security Standard* (PAS) and setting up the New Zealand Health Registration Authority, a joint agency for sharing digital certificates.

We also continued work with the Ministry of Health on various joint initiatives, including:

- the Aged Care Forum
- a review of rehabilitation services in the lower North Island for people with acquired or traumatic brain injury
- *Best Practice Evidence-based Guidelines for Assessment Processes for People over 65*
- needs assessment and service co-ordination for younger people with disabilities

- a review of specialist healthcare services for older adults
- a pilot investigating people under 65 in aged care facilities.

As a member of the National Road Safety Committee, ACC continued to work with the Ministry of Transport, the New Zealand Police, LTSA, Transit New Zealand and other members to achieve the targets set out in the 2010 Road Safety Strategy.

ACC and Inland Revenue formed a joint working party to investigate likely areas for collaboration at a strategic or operational level. This work acknowledges the stronger partnership between the two agencies in recent years.

ACC and the Maritime Safety Authority have also agreed to work collaboratively on several new projects to improve safety in the maritime industry in 2004-2005.

## Effective use of technology

Technology is being used to speed up transactions between ACC and providers, reduce paper-based transactions and promote best practice. ACC continued to work with treatment and technology providers to increase the volume of ACC claims and provider invoices lodged electronically. The percentage of claims lodged electronically increased from 41% in June 2003 to 54% in June 2004. Similarly the percentage of treatment fees schedules lodged electronically increased from 47% for 2002-2003 to 50% for 2003-2004.

The Providers section of the ACC website offers a comprehensive resource for providers including advice concerning current scheme issues, support for the provider services process (eg claims, fees for services), and an extensive range of best practice material.

ACC participates in Securemail, the government sector project to provide secure email between government departments and members of the public. The aim is to develop technology for secure email communication between ACC and providers, employers and claimants, to the benefit of all.

## Treatment cost changes

The amount we contribute to the cost of a claimant's treatment is determined by Regulation. On 1 April 2004, a new Schedule of treatment costs for some providers was put in place. These included the establishment of an endorsed provider network for physiotherapists and new contracts for rural GPs.

The endorsed provider network for physiotherapists offers physiotherapy to claimants during normal business hours, with ACC picking up the full cost of treatment. By 30 June, over 125 contracts had been signed, providing good national coverage, and ACC had negotiated 144 contracts with rural GPs, with a further 31 left to sign.

In the 27 May 2004 Budget, further announcements were made which will see ACC's contribution to the costs of some treatment rise further. In April 2005 the GP consultant rate will rise to \$32 and radiology and dental contributions will also increase.

## Health Innovation Awards

The second annual Health Innovation Award winners were announced in June 2004, judged from over 120 entries.

Jointly organised by ACC and the Ministry of Health, and with Telecom New Zealand as the primary business partner, the Awards celebrate the outstanding contribution that dedicated health professionals make to New Zealanders' treatment, care and recovery. Applications again came from around New Zealand and from all areas of the health sector, including paediatrics, shared care, tattoo removal and mobile surgery.

This year's Supreme Award and Organisation Award jointly went to the Auckland District Health Board and community healthcare provider ProCare for their streamlined treatment plan for stomach problems. Their treatment plan has improved service and reduced waiting lists, while producing savings of \$1.5 million a year.

Other award winners were:

- the Electrodiagnostic Unit of the Ophthalmology Department, Canterbury District Health Board, for its improvements to the hue colour vision test that cuts the time it takes to produce reports from an hour to four minutes

- the Auckland Cytogenetics Lab, LabPlus, with a test to identify breast cancer patients most likely to benefit from Herceptin therapy
- a community-focused GP clinic based at Wairarapa's only Māori language school, Te Kura Kaupapa Māori O Wairarapa.



> The Health Innovation Awards: displays, winning smiles and cutting-edge technology.

2004

## **WORKING TOWARDS AN INJURY-FREE NEW ZEALAND**

The New Zealand Injury Prevention Strategy was announced by the Minister for ACC in June 2003, with ACC being the lead agency in the implementation of this strategy. The aim is to co-ordinate and guide the injury prevention activities of all organisations towards achieving our vision: **A safe New Zealand, becoming injury free.**

It identifies six injury prevention priorities, each to be led by a government agency: motor vehicle traffic crashes; suicide and intentional self-harm; falls; workplace injuries (including occupational diseases); assault; and drowning and near drowning. While ACC is taking the lead role in two of these areas – falls and drowning – it also makes a positive contribution to the other four, particularly in the prevention of workplace and motor vehicle injuries.







February 2004 - Couldn't wait to get on the river but had to do a water safety session first. With my rafting skills, it was probably a good thing!



April 2004 - Me and dad at a Hurricanes game - what a great way to celebrate your 30<sup>th</sup> birthday. But it doesn't top the early birthday present I got last week - due in about 9 months time....

To gain and maintain the highest levels of organisational efficiency and integrity, it is essential we regularly and rigorously benchmark our performance against established and detailed international criteria. This ensures we deliver the best outcomes for claimants, providers, levy payers and our other stakeholders.

### Baldrige Foundation Business Excellence Framework

ACC operates a Corporation-wide business excellence programme based on the international Baldrige Foundation Business Excellence Framework. This is one of our key approaches to developing our organisational capacity and the maturity of our management.

ACC's Category Champions oversee and report on the implementation of Baldrige principles in each of its categories:

- **Organisational leadership.** ACC's management and accountability structure is described on pages 14-19 and 52-57.
- **Strategic planning.** Since 2000, ACC has moved away from a traditional year-by-year operational focus and adopted an overarching strategic framework, enabling ACC to keep pace with our changing internal and external environments, to plan for the longer-term, and deliver targeted services to best meet the requirements of all stakeholder groups. ACC's vision/mission, corporate values and The 5 Drivers are central to all planning activities and strategy documents.
- **Customer and market focus.** Every person in New Zealand is both an ACC customer and an ACC owner. Every single ACC activity is conceived, planned and executed with the best interests of New Zealanders as its primary goal.
- **Measurement, analysis and knowledge management.** To act in the interests of our stakeholders, it is crucial that accurate, timely and comprehensive measurement, analysis and knowledge management inform every aspect of ACC activity – injury prevention, care and rehabilitation, setting and collecting of levies, investment responsibilities and other activities within the Corporation's working environment – and that each is subjected to a constant process of review.
- **Human resources.** ACC staff are the lifeblood of the organisation. Our service delivery depends on competent staff having strong interpersonal skills, technical competence, a strong customer-service ethic and integrity. We therefore strongly emphasise effective recruitment, training and managing the ongoing performance of staff.
- **Process management.** The 2003-2004 year is the culmination of one of the longest stretches ACC has faced without significant changes in our legislation. This stability has allowed ACC to work on internal processes, ensuring that they are efficient and standardised across the Corporation. The main aim of this exercise has been to provide excellent service to all stakeholders, especially claimants.

#### ***Business Excellence results***

ACC self-assessed for 2002-2003 at 332 points against the Baldrige framework, well in excess of our target of 300 points, and above the 190 points average for a New Zealand organisation not operating under a

quality framework. The assessment was comprehensive, including reviewing written documentation, visiting sites and interviewing around 80 staff nationwide. It confirmed continuing improvement in ACC's organisational leadership, strategic planning, customer focus and human resources.

The assessment for 2003-2004 is due in November 2004. In February 2004 an interim mid-year self-assessment returned 420 points, well on the way towards ACC's goal of at least 450 points by 30 June 2005.

## Australian benchmarking

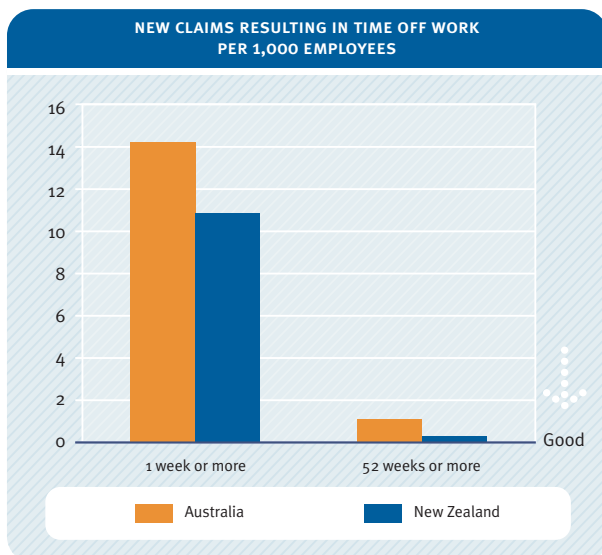
### *Comparison of New Zealand and Australian workers' compensation schemes (2001-2002)*

ACC benchmarks the performance of our Employers' Account against the various Australian workers' compensation schemes. ACC's results compare favourably with Australia across the range of scheme outcomes.

#### *New claim rates*

New Zealand workers have significantly fewer injuries resulting in time off work than their Australian counterparts. This reflects the effectiveness of ACC's injury prevention programmes and rehabilitation processes in managing claims of longer duration.

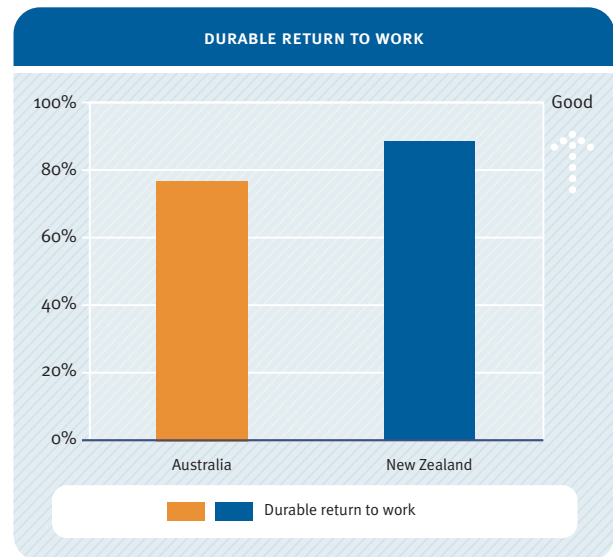
The incidence rate of injuries resulting in one week or more off work (standardised for injury mix) is about 10.8 per 1,000 employees in New Zealand – the Australian average is about 14.1 per 1,000. The incidence rate of injuries resulting in 52 weeks or more off work is about 0.3 per 1,000 employees in New Zealand – the Australian average is about 1.1 per 1,000.



#### *Return to work*

ACC's rehabilitation processes result in more injured New Zealand workers returning to work. The most recent analysis (2002) shows that within about six months of injury, 84% of New Zealand workers are back at work – the equivalent figure for Australian workers is 73%.

Since June 2002, ACC has introduced the Employment Maintenance Programme to maintain the employee-employer relationship in situations where the employer is unable to provide safe work options while the employee recovers. During 2004-2005, ACC plans to work more closely with claimants' existing employers to improve vocational rehabilitation outcomes. These initiatives should further improve ACC's return to work performance results.



#### *Levy rates*

The Employers' Account levy rate is about one-third the average Australian rate. Further, the New Zealand scheme is solvent (ie has sufficient reserves to meet the forecast future costs of claims incurred). On average, Australian schemes are under-funded, placing a burden on future employers to cover current costs.

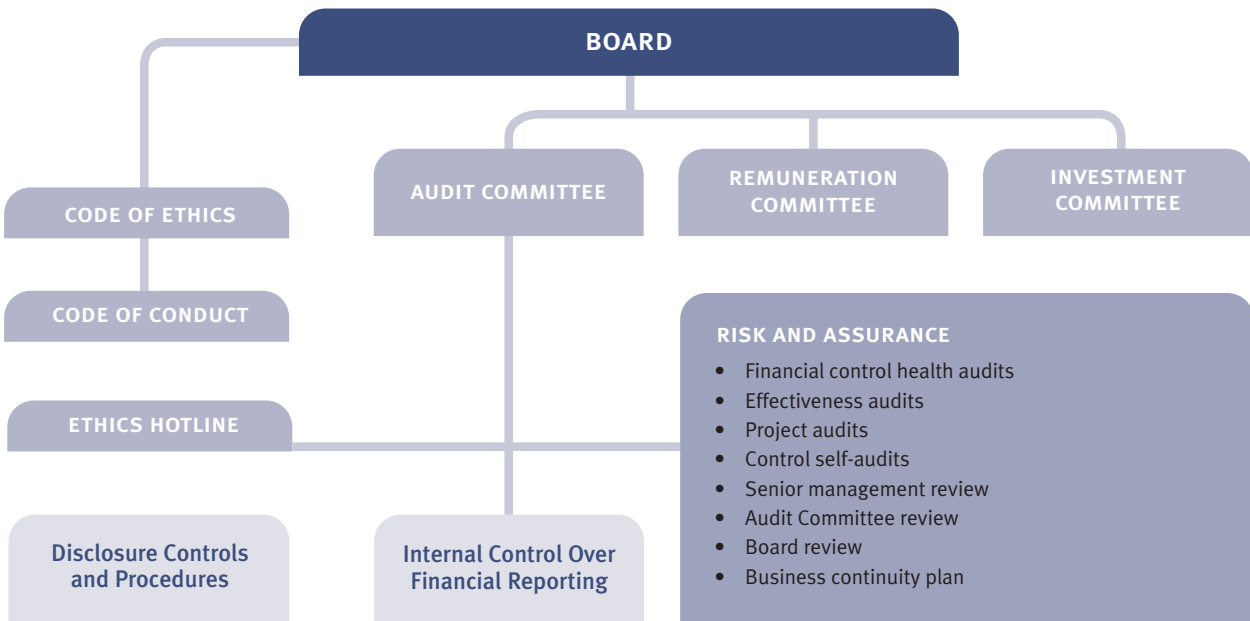
ACC's Employers' Account is forecast to remain solvent at current levy rates until at least 2007-2008 (the period covered by the March 2004 scheme valuation).

The levy rate shows the overall performance of the Employers' Account in prevention, care and recovery, and represents a direct saving to New Zealand employers.

ACC operates within a clearly defined structure with specified lines of responsibility and delegated authority (as explained in Corporate Governance, pages 14-19). The Board delegates day-to-day management of ACC to the Chief Executive and maintains clear policies that define the individual and collective responsibilities of management.

The Chief Executive is responsible for ACC’s systems of internal controls, monitoring the operational and financial aspects of ACC’s activities, and ensuring the Corporation achieves its business objectives, including risk management and ethical behaviour. Day-to-day operations are managed by senior management led by the Chief Executive.

### Corporate Governance Framework



Management’s annual report on effectiveness of internal control over financial reporting based on:

- internal audit evaluation of the efficiency or otherwise of the internal control
- line management performing self-assessment on the appropriateness and efficiency of their internal control
- the independent auditor’s attestation and report on management assertions.

These activities provide evidence of effective controls for all ‘relevant assertions’ for all ‘significant accounts and disclosures’.

## Board sub-committees

The Board appoints a number of sub-committees for specialised financial areas of activity: audit, investment and remuneration.

### Audit Committee

This Board sub-committee meets at least quarterly to monitor and review processes, systems and results to help ensure the Board fulfils its responsibilities in these areas. These include:

- monitoring the Corporation’s reporting processes and internal control systems
- reviewing financial information and the ACC Annual Report
- reviewing and appraising external and internal audits and auditors
- meeting with ACC’s external auditors, Ernst & Young, independent of ACC’s senior management, to ensure there are no unresolved issues
- reviewing the scope and activities of ACC’s Risk and Assurance Unit
- monitoring the relationship with external auditors
- monitoring compliance with relevant legislation.

AUDIT COMMITTEE	STATUS	MEETINGS ATTENDED	\$000
Brenda Tahi (Chair)	M	4	0
Gregory Fortuin (member until 7/08/03)	M	1	0
Ray Potroz (member until 7/08/03)	M	1	0
Anthony Ractliffe (term completed 30/09/03)	M	1	0
Garry Wilson	E	4	0
Tord Kjellstrom	M	2	0
David Collins (appointed 1/10/03)	M	1	0
Janice Wright (appointed 1/08/03)	M	2	0
Tom Davies (appointed 31/01/04)	S	2	6
<b>NON-MEMBER</b>			
David Caygill	M	4	0
<i>4 meetings held</i> E = ACC Executive, M = Board Member, S = Specialist Member			

### Investment Committee

This Board sub-committee meets monthly to set risk tolerance guidelines and benchmarks, and review ACC’s investment portfolios. The sub-committee controls the operational framework for the investment of the Corporation’s funds. These frameworks are reviewed and updated when required.

INVESTMENT COMMITTEE	STATUS	MEETINGS ATTENDED	\$000
Noeline Munro (Chair) (term completed 31/07/03)	M	1	0
Anthony Ractliffe (term completed 30/09/03)	M	3	0
Eion Edgar (Chair 1/08/03)	M	8	0
Garry Wilson	E	11	0
Trevor Janes (appointed 7/11/03)	S	6	10
Pat Duignan (appointed 7/11/03)	S	6	10
Gregory Fortuin	M	6	0
<b>NON-MEMBERS</b>			
David Caygill	M	8	0
Brenda Tahi	M	1	0
Ray Potroz	M	2	0
<i>11 meetings held</i> E = ACC Executive, M = Board Member, S = Specialist Member			

### Remuneration Committee

This Board sub-committee determines the remuneration of the Chief Executive and senior management. The sub-committee also approves any proposed organisation-wide remuneration policies. When necessary, the sub-committee takes independent advice on the appropriateness of any remuneration policies.

REMUNERATION COMMITTEE	STATUS	MEETINGS ATTENDED	\$000
David Caygill (Chair)	M	2	0
Ray Potroz	M	2	0
Brenda Tahi (appointed 30/04/04)	M	1	0
Noeline Munro (term completed 31/07/03)	M	1	0
<i>2 meetings held</i> M = Board Member			

## Risk management framework

All ACC policies and procedures define the limits of delegated authority and provide a framework for management to deal with areas of significant risk.

There is a comprehensive system for weekly and monthly reporting to the Board and the senior management team. Budgets are prepared by line management and reviewed by both senior management and the Board. Forecasts are revised as required throughout the year and compared against budget.

The Board, Chief Executive and senior management are committed to maintaining a control-conscious culture across all areas of operation. This is communicated to all employees by way of policies and procedure manuals. Key business risks are identified and controlled. There are clear processes for monitoring the system of internal control and reporting any significant control failings or weaknesses, together with details of corrective action.

The internal control system is evaluated and reviewed by the Chief Executive and the Audit Committee, through the Risk and Assurance Unit. The Unit provides frameworks for ACC activities through absolute risk management, the financial control health framework, corporate governance and legislative compliance.

The Board formally approves ACC's investment policy, which sets appropriate limits to mitigate Treasury risks. The Chief Executive reviews and reports to the Board the most significant risks facing ACC, their likelihood of occurrence, potential impact and the control strategies put in place to mitigate these risks.

Regular audits evaluate and report on progress towards organisational objectives. A self-assessment process ensures line management evaluate their internal controls, with action plans compiled and implemented where required. Regular meetings are held between ACC, external auditors and the Office of the Controller and Auditor-General.

ACC's internal control systems are designed to manage the risks inherent in the process of achieving business objectives, but can only provide reasonable and not absolute assurance against material misstatement or loss.

## *Independent review of risk and assurance in ACC*

During the previous year, the Board had an external review carried out on the Risk and Assurance Unit by the Vice-Chairman of the Board of Professional Practices of the International Institute of Internal Auditors, which has about 95,000 members worldwide.

The review showed that ACC has a high standard of risk management processes and internal audit capability, with an overall rating of two against a top rating of one using a five-point scoring system.

During the current year, the issues highlighted for improvement have been incorporated into management plans and are monitored by the Chief Executive and the Audit Committee.

Most issues have been identified, and the solutions developed have been fully implemented. Action plans are in place to address the balance.

## Indemnity and insurance

ACC is provided protection under the Injury Prevention, Rehabilitation, and Compensation Act 2001 ('the Act'). ACC also has a comprehensive insurance programme in place. Insurance needs and coverage are managed progressively to ensure that ACC's risk profile and exposure are at appropriate levels.

The Act provides a mechanism for the disclosure of interest and this process has been followed.

## The Sarbanes-Oxley Act 2002

Recent corporate scandals led the US Government to introduce the Sarbanes-Oxley Act (see [www.sarbanes-oxley.com](http://www.sarbanes-oxley.com)), the toughest overhaul of US securities legislation to date. This Act has international significance and requires companies listed on a US stock exchange or Nasdaq to comply with new corporate governance controls and director independence standards, and CEOs and Chief Financial Officers to personally certify the adequacy of their company's US Securities and Exchange Commission disclosures (SEC), internal controls and procedures.

Although not required by legislation or regulation, ACC has adopted the Sarbanes-Oxley requirements, where applicable, given the organisation is a Crown entity and not a publicly listed company.

**ACC'S STATUS OF COMPLIANCE WITH KEY REQUIREMENTS OF THE SARBANES-OXLEY ACT AND THE NEW ZEALAND STOCK EXCHANGE (NZX)**

KEY REQUIREMENTS FOR COMPLIANCE	COMPLIES
Code of ethics	✓
Corporate governance guidelines	✓
Board of Directors composition	✓
Other Board requirements	✓
Other Board committees	✓
Board of Directors training	✓
Audit committee mandatory	✓
Independent audit committee	✓
Appointment, compensation and oversight of public accounting firm	✓
Pre-approval of auditing and non-auditing services	✓
Auditor reports to audit committee	✓
Related party transactions	✓
Engage advisors	✓
Funding of audit committee	✓
Audit committee composition	✓
Audit committee financial expert	✓
Risk management	✓
Audit committee meetings	✓
Executive compensation	✓
Financial reports in accordance with GAAP	✓
Off balance sheet transactions	✓
Pro forma financial information	✓
Management assessment of internal control	✓
CEO/Chief Financial Officer certifications	✓
Public disclosures	✓

The 2003 ACC Annual Report won the Institute of Chartered Accountants of New Zealand Awards for Best Annual Report in the Public Sector Non-Trading section.

The judges commented that the report 'displayed an ability to break down a complex organisation into its component parts and activities and explain with clarity the objectives and achievements of each of those parts. It did this without losing a whole-of-organisation perspective'.

For the second year running ACC also won the award for Best Governance Section in the Public Sector category.



The ACC Executive Team, led by the Chief Executive, is responsible for the leadership and management of the organisation, and is held accountable for the achievement of ACC's outcomes.



**GARRY WILSON, Chief Executive**

As ACC Chief Executive since September 1997, Garry has overseen the Corporation as it has progressed through a radical reappraisal of its role and significant changes in ACC legislation. Garry was previously Chief Executive of the former Northland Regional Health Authority, and led the operational restructuring of New Zealand Post. He has held a number of directorships. Garry has an academic background in psychology and economics.



**CHAD BROWN, General Manager Māori Development and Customer Access**

Chad joined ACC in 2003. He is responsible for ACC's Māori Development and Customer Access Strategy, the co-ordination of service delivery to Māori and delivering on the Business Plan initiatives for Māori. He has spent nine years in consulting and management positions in the health sector, mainly in the areas of information management, Māori development and programme management. Chad belongs to the Te Aupouri and Kai Tahu iwi.



**PHIL BURT, Chief Financial Officer**

Phil is responsible for the finance area of ACC including financial forecasting and reporting. Before joining the ACC Finance team in 1998, he held a number of finance roles at ENZA, Bank of New Zealand and Ernst and Whinney. Phil has a BCA from Victoria University of Wellington and is a member of the Institute of Chartered Accountants of New Zealand.



**DARRIN GOULDING, General Manager Injury Prevention, Marketing and Communications**

Darrin joined ACC in 1994. Prior to this he was working in the Treasury, where he worked on health and ACC policy. Darrin is responsible for the management of the relationship between ACC, the main levy payers and injury prevention groups, along with marketing and communications.



**WARRICK LAING, Head of Business Automation**

Warrick is responsible for the computer systems delivery for ACC users. Warrick joined ACC in February 2002 from the Land Transport Safety Authority, where he worked as IT Operations Manager. Warrick has 20 years of experience in senior roles with a number of IT outsourcing companies. He has a BA in Economics from Victoria University of Wellington.



**GERARD MCGREEVY, General Manager Rehabilitation Operations**

Gerard joined ACC in 1991 as General Counsel following a legal career specialising in public administrative law. Gerard is responsible for managing the ACC nationwide claims management network and its processes of case management and rehabilitation. Gerard retains his role as ACC's General Counsel.



**KEITH MCLEA, General Manager Research and Corporate Services**

Keith joined ACC in 1996. He is responsible for research and market research programmes, the New Zealand Injury Prevention Strategy, Audit, Fraud and Corporate Secretariat, including the role of Company Secretary. Prior to working at ACC, Keith was the Chief Strategic Advisor at the Department of Labour.





**JOHN NICHOLSON, General Manager Business and Rehabilitation Support**

John joined ACC in 2000. He has spent nearly 20 years in compensation services, in operational and consulting roles. John is responsible for providing frontline services to ACC customer groups as well as support services to other areas of ACC.



**DAVID RANKIN, General Manager Healthwise**

David is responsible for purchasing health services for the 1.6 million New Zealanders who sustain accident-related injuries each year. He joined ACC in 1998, after working as Chief Executive Officer of Auckland Adventist Hospital. David holds Masters degrees in Health Administration and in Public Health from Loma Linda University in California, a Diploma in Obstetrics from the University of Auckland and an MBChB from the University of Otago.



**JOHN SAUNDERS, General Manager People and Services**

John is responsible for human resources management at ACC. John joined ACC in 1997 from a consulting role on strategic human resources at The National Bank, and had previously been General Manager Human Resources at Trust Bank and BCL, and Director of Human Resources for KPMG after a 21-year career with IBM.



**CATHY SCOTT, General Manager Strategy and Policy**

Cathy joined ACC in 2001 after consulting for a number of years, primarily in the health sector. She has also held positions in the Department of Prime Minister and Cabinet. Cathy is responsible for strategic policy advice, the Medical Misadventure Unit, Strategy and Corporate Planning, the Customer Relations Unit, and the relationship between ACC and other government agencies.



**MURRAY YOUNG, General Manager Business Transformation**

Murray is responsible for the business transformation area, including Baldrige Business Excellence, IT strategic direction and the Project Management Office. Before joining ACC in November 2000, Murray was responsible for the set-up and running of @Work Insurance, where he held the position of Chief of Operations and later Chief Executive Officer. He is a member of the Institute of Chartered Accountants of New Zealand and holds a Bachelor of Commerce from Canterbury University. He has over 20 years' experience in business and systems consulting.



**KEVIN WALKER, General Manager Scheme Performance**

Kevin joined ACC in 1998. He held various senior finance roles in government departments and the dairy industry prior to joining ACC. Kevin has overall responsibility for the finance, investments, actuarial and scheme performance areas within ACC.



To achieve the best outcomes for claimants, providers and levy payers, ACC requires the highest levels of commitment, organisational skills and professionalism from our staff in everything we do and at every level of the Corporation.

### 30 years of Kiwis helping Kiwis

ACC turned 30 on 1 April 2004. We used the anniversary as a lever to raise awareness of people's entitlements under the scheme. Using the opportunity to create an overarching theme of '30 years of Kiwis helping Kiwis', we embarked on a public information campaign focused on informing people of their entitlements and ACC's services. This is an ongoing programme to meet a real need for better knowledge about ACC entitlements. Internally, the theme is being used to reinforce a strong customer service focus.

### Staff satisfaction

ACC is committed to being an employer of choice, with satisfied staff working in a supportive environment.

ACC's staff satisfaction surveys for the year revealed a steady increase in staff satisfaction across all sector employment groups. All results are in excess of targets in each of the measured satisfaction factors – 'Job', 'Manager', 'ACC' and 'Being Part of the Future of ACC' – continuing a trend that began in June 2002.

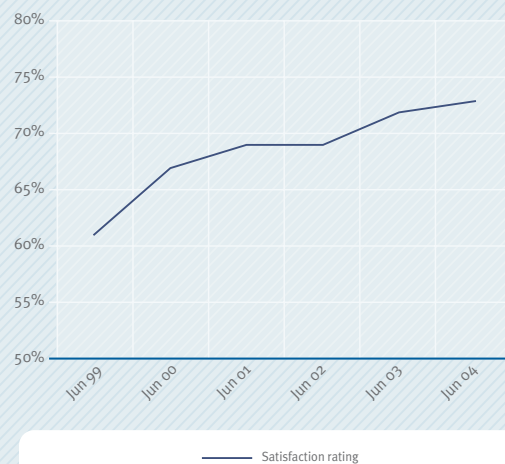
ACC's overall staff satisfaction rating increased from 72.3% at 30 June 2003 to 73.3% at 30 June 2004, the highest yet achieved. This continues steady gains in this area over the past few years, and exceeds the 70% benchmark established for 2003-2004. ACC's long-term staff satisfaction goal of 80% or better remains.

A Culture Assessment Study of ACC in December 2003 returned excellent results, and showed that:

- ACC has a culture of valuing our people
- ACC strives to provide opportunities for employee empowerment
- ACC has a strong values-based philosophy
- 'Customer Service' and 'Integrity' rated the most highly of all our eight Corporate Values.

We developed action plans to ensure the Corporation sustains the positive outcomes from the study, while also working on areas identified for improvement.

OVERALL STAFF SATISFACTION



## Online recruitment management system

This year ACC implemented a centrally-based recruitment system enabling managers to:

- target the best potential applicants
- notify ACC staff of job vacancies and enable them to apply online
- ensure the best possible match between applicant skills and job requirements
- automate certain recruitment administration functions.

## Staff training and development

ACC maintained our high level of staff training, providing 7,989 training days. Weekly training session forums within the work environment (via self-directed learning) continued to be an integral part of business, with over 800 staff participating each week. Rehabilitation was a particular focus this year.

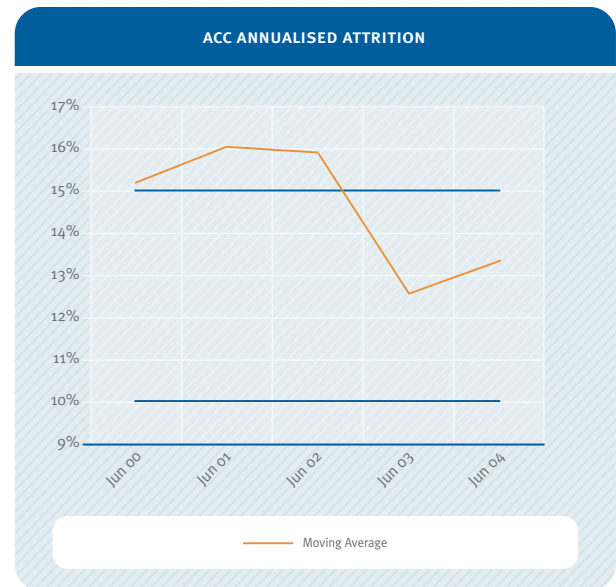
A number of court decisions this year had significant impact on the scheme and required ACC to develop and implement new operational policies and procedures, training staff so they could better deal with these changes. These included a new operational policy for mental injury that is a consequence of physical injury.

We made good progress towards introducing an internal e-learning environment, purchasing a comprehensive Learning Management System and appointed external content developers. E-learning will complement existing forms of staff training, and should be available by September 2004.

The Corporation continued our strong focus on developing our managers, including their ability to lead, with a series of successful management conferences held in late 2003, and a large proportion of people managers trained through the Blanchard Situational Leadership II programme.

## Staff turnover

It is important we have a large number of staff knowledgeable and experienced in ACC business. It is also important to gain the fresh ideas and skills of new staff. To maintain this balance, we set a target of a 10-15% turnover for all ACC staff. This was achieved, with an annual rate of 13.3% at 30 June 2004.



The annual turnover rate for Māori staff has moved substantially downward for two years running. This year's rate, at 13.6%, brings it in line with the overall rate and within the overall target range for the first time.

It is important we retain Māori staff to make sure our staff continue to reflect the communities we serve.

ANNUALISED ATTRITION RATES FOR ACC STAFF		
DURATION OF EMPLOYMENT	NUMBER OF STAFF	
	2004	2003
< 5 Years	1,519	1,430
5-9 years	405	443
10-14 years	270	215
15-19 years	73	83
20+ years	29	26

ACC closely monitored staff turnover rates throughout the year on a monthly and quarterly basis and implemented action plans to ensure we remain within the target range. These plans included:

- new recruitment processes to ensure the best potential employees are recruited
- human resources policies and programmes which support staff, including a remuneration framework designed to attract and retain talented staff, a performance management programme to encourage high performance, and professional and personal programmes
- staff training, including a range of development opportunities for managers

- formal exit interviews with all departing employees to find out why they are leaving.

## Research and evaluation

Research and evaluation are vital to all ACC planning and management, increasing the efficiency and cost-effectiveness of our present and future activities.

ACC significantly increased investment in research activity in 2003-2004, increasing our use of research agencies and third party providers, and working collaboratively with other government agencies.

Details on specific projects can be found in each of the previous sections: 'Access', '30 Years of Preventing Injuries' and '30 Years of Care and Recovery'.

Other research this year includes investigating the effects of capitation (fixed payment amount) in primary care, the ratio of ACC to non-ACC claim visits, co-payment charges in relation to practice pricing, migration to cheaper care, and funding models.

## Equal Employment Opportunities (EEO)

ACC is committed to providing equal opportunities for employment. This is reflected in ACC's set of core values of valuing people and their diversity, integrity, customer service, continuous improvement, empowering people, participation and teamwork.

Women continue to be well represented in management at 47%. At the same time, we have seen a strengthening of strategic roles within the organisation and a continuing increase in the number of frontline staff of both Māori and Pacific peoples.

## Health and safety

ACC is committed to maintaining our exemplar status as a model employer in the management of the health and safety of our staff.

### Accredited Employer Partnership Programme

In November 2003 ACC again achieved tertiary-level participation status in the Accredited Employer Partnership Programme. This recognises the Corporation's ongoing commitment to maintaining an excellent standard of management of health and safety matters for the Corporation's staff. The external audit included safety management practices (including

workplace observations) and injury management (including claims administration and rehabilitation). In response to the Partnership Programme audit a number of new initiatives were put in place, including sponsoring:

- work-life balance initiatives in our workplaces
- national and regional health and safety committee meetings to discuss health and safety matters, and to formulate action plans relevant to ACC.

### WorkSAFE programme

ACC continues to implement our internal WorkSAFE health and safety programme, which is designed to support the physical, psychological and emotional safety of staff. We pay the full medical costs of any employee suffering from an injury incurred at work. Gradual process claims are managed proactively, with early warning of pain treated and ergonomic needs assessed immediately.

As part of the programme, all staff who work closely with claimants have professional supervision to provide support and enable their professional growth, and to ensure that case management and other work practices are safe, effective and ethical.

The number of accepted staff work injury claims has continued to decline. We are committed to: working with staff to reduce injuries in the workplace; hazard identification; and a timely and effective health and safety system. In the last 12 months there have been 39 accepted work injuries, of which 12 resulted in lost time totalling 93 working days.

ACCEPTED WORK INJURY CLAIMS PER % OF ACTUAL STAFF 1996-2004



## Technology upgrades

If we are to meet our strategic objectives, it is vital we manage our claims effectively. This year we sourced a replacement for the existing outmoded core claims management system Pathway, and completed negotiations with the preferred vendor. The proof-of-concept pilot for this system will be completed by September 2004.

The second phase of relocating our computers into purpose-built computer centres was completed, with the production site successfully being moved to a specialist computer centre at Kapiti. This move did not interfere with our computer service, continuing the very successful programme of work between ACC and our IT partner, Unisys.

We have replaced the Corporate Campus computing platform for business unit applications, gaining much needed additional storage and the basis for further rationalising and improving ACC's mid-range computing needs, including our email system.

ACC selected Stellent as our content, document and record management application, which, once a new infrastructure is developed, will enable the use of a range of new applications.

The Microsoft Upgrade Project, an upgrade of ACC's desktop computer software (the desktop environment) began this year. This upgrade will provide access to new software applications, and improve external communications, ensuring ACC can continue to provide the highest level of services to our clients.

## Systems availability

Availability of the corporate systems and databases this year was high, at 99.5%. There were no security breaches of the corporate systems. Attempted breaches were monitored throughout the year, but none penetrated the ACC firewalls.

## Environmental impacts

ACC is committed to maintaining a healthy and safe environment for our employees, and encouraging the same in every workplace, home and community. This commitment extends to ensuring, as much as is practicable, that all our activities create as little negative environmental impact as possible.

- ACC's recent rapid implementation of e-transactions with claimants and providers has radically reduced paper usage, mail handling and delivery and their associated negative environmental impacts. E-transactions with GPs have increased by 15% in the past year, accounting for 55% of correspondence with this group. Overall many millions of pages of forms are now no longer required.
- People are also encouraged to contact ACC staff by telephone or email instead of face-to-face. This not only increases claimant confidence but also saves at least 50,000 physical visits a year – most of which would be by private car.
- ACC requires suppliers to provide information on environmental impacts of their products where relevant, as well as to complete an annual independent workplace safety management audit.
- We require our major stationery suppliers to provide products that are ecologically friendly and, where possible, are of recycled material.
- Copy and printer paper is sourced through verifiable sustainable forestry resources.
- Used printer toner cartridges are returned for recycling.
- This year, ACC's Hutt Valley Branch and Processing Centre trialled a four-month recycling project, targeting an 80% reduction in general waste by recycling paper, cardboard, glass, tin, aluminium, plastic and food waste. The goal is to roll it out nationwide if the pilot is successful.