

ACCIDENT COMPENSATION CORPORATION

# ANNUAL REPORT 2006

## ACC AT A GLANCE

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 appointed by the Minister for ACC.

ACC is funded through seven Accounts, each of which sources its funding from specific groups in the community and applies it to specific purposes.

### EMPLOYERS' ACCOUNT

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

Net levy income: \$511.0 million  
Claims liability: \$990 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: \$790.7 million  
Claims liability: \$2,221 million

### SELF-EMPLOYED WORK ACCOUNT

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

Net levy income: \$115.3 million  
Claims liability: \$256 million

### RESIDUAL CLAIMS ACCOUNT

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

Net levy income: \$291.4 million  
Claims liability: \$2,848 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: \$115.5 million  
Claims liability: \$774 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: \$659.8 million  
Claims liability: \$2,073 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: \$591.8 million  
Claims liability: \$3,553 million

### ACC TOTAL

Net levy income: \$3,075.5 million  
Claims liability: \$12,715 million

In 2005-2006, 2,300 staff processed 1.7 million claims generated by New Zealanders through 48 operational units located nationwide. ACC staff sent 17,000 letters every day to claimants, levy payers and health providers and answered over 20,000 telephone calls every day.

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## CONTENTS

<u>OPERATIONAL AND FINANCIAL HIGHLIGHTS</u>	<u>2</u>
<u>FROM THE MINISTER</u>	<u>4</u>
<u>FROM THE CHAIR</u>	<u>6</u>
<u>FROM THE CHIEF EXECUTIVE</u>	<u>8</u>
<u>STRATEGIC PRIORITIES</u>	<u>10</u>
<u>Ensuring New Zealanders have confidence in ACC</u>	<u>11</u>
<u>Maintaining fair and stable levies</u>	<u>12</u>
<u>People-focused with good outcomes</u>	<u>13</u>
<u>Open and fair access for all New Zealanders</u>	<u>14</u>
<u>Working to reduce injuries and occupational diseases</u>	<u>16</u>
<u>Efficient, sustainable and flexible organisation</u>	<u>19</u>
<u>Rehabilitation focused on returning to productive life</u>	<u>20</u>
<u>ACC AT WORK</u>	<u>23</u>
<u>WIDER GOVERNMENT INITIATIVES</u>	<u>38</u>
<u>CORPORATE GOVERNANCE</u>	<u>40</u>
<u>INSTITUTIONAL GOVERNANCE</u>	<u>43</u>
<u>ACC SUBSIDIARY COMPANIES</u>	<u>46</u>
<u>ACC BOARD MEMBERS</u>	<u>47</u>
<u>ACC EXECUTIVE TEAM</u>	<u>51</u>
<u>STATEMENT OF SERVICE PERFORMANCE</u>	<u>54</u>
<u>LEVIES, INVESTMENTS AND CLAIMS LIABILITY COVER</u>	<u>68</u>
<u>FINANCIAL STATEMENTS</u>	<u>81</u>

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ACC also paid for more than 2.3 million general practitioner visits, 2.6 million physiotherapist visits, 2.4 million visits to other treatment providers and 250,000 rehabilitation services.

# OPERATIONAL and FINANCIAL HIGHLIGHTS

- In 2005-2006 ACC processed 1.7 million new injury claims, up from 1.6 million the previous year. The volume of new claims grew by 5% while new weekly compensation claims grew by 6%.
- Injury claim rates declined in key sports as a direct result of injury prevention initiatives – claim rates per 100,000 rugby players decreased by more than 10% to be the lowest in ACC history, soccer injuries dropped by 2% and netball ankle injuries also decreased by 2%.
- The percentage of claims lodged electronically increased from 59% to 69%.
- Total expenditure on rehabilitation, compensation and administration costs amounted to \$2,499 million, up from \$2,274 million the year before.
- The increase in new claims put pressure on rehabilitation rates showing the number of claimants returning to work or independence. The 12-month rate of 93% remained the same as in the previous year, while the 6-month rate declined by 1% and the 3-month declined by 2%.

## Statement of Financial Performance for the year ended 30 June 2006

	ACTUAL 2006 \$000	BUDGET 2006 \$000	ACTUAL 2005 \$000
<b>Revenue</b>			
Net Levy income	3,075,498	2,848,868	2,734,898
<b>Expenditure</b>			
Rehabilitation expenditure	1,304,931	1,299,598	1,153,144
Compensation expenditure	832,704	829,753	783,612
Other costs	361,461	373,940	337,284
<b>Total expenditure</b>	<b>2,499,096</b>	<b>2,503,291</b>	<b>2,274,040</b>
<b>Operating surplus</b>	<b>576,402</b>	<b>345,577</b>	<b>460,858</b>
Adjustment to claims liability	(1,321,069)	(596,826)	(2,036,887)
<b>Surplus/(deficit) from underwriting activities</b>	<b>(744,667)</b>	<b>(251,249)</b>	<b>(1,576,029)</b>
Net investment income	1,070,087	469,141	776,760
Other income	4,744	5,046	4,915
<b>Surplus/(deficit) before tax</b>	<b>330,164</b>	<b>222,938</b>	<b>(794,354)</b>

**REVENUE** Net levy income has increased by 12.5% over last year. This is partly due to more New Zealanders earning more and higher average levy rates.

The funds invested achieved a 15.6% return for the reserves portfolio and 7.6% for the cash portfolio. These returns are ahead of the budgeted return of 6.9%.

- Total claim costs increased by 10.4% over the previous year's costs.
- Net levy revenue totalled \$3,075 million, \$226 million above the budget of \$2,849 million. Collection costs as a percentage of levy revenue decreased from 2.5% in 2001-2002 to 1.6%.
- Levy payer satisfaction rose during the year, up 10% for self-employed, 6% for the top 500 employers, and 4% for the next 2,000 and small and medium-sized employers.
- ACC has taken action to address a 3% decline in overall claimant satisfaction. Initiatives include giving frontline staff training to quickly resolve claimant issues when they arise.
- Provider satisfaction has grown by almost 50% in the past three years.
- Overall staff satisfaction is 2% below the 74% record high of the previous year, a result almost certainly related to the large degree of organisational change. Pacific staff recorded a 2% increase in satisfaction.
- ACC set average workers' compensation levies at \$0.86 per \$100 in wages (down 2 cents), despite high cost pressures. The average Motor Vehicle Account levy reduced by 8%, reversing the 5% increase the previous year. Levy increases in the Self-Employed Work and Earners' Accounts reflect higher than expected claim costs and a forecast decrease in self-employed liable earnings.
- Investment returns for ACC's total reserves exceeded industry benchmarks by more than 2%, with an investment income of \$1,083 million, \$599 million in excess of budget.

### Statement of Financial Position as at 30 June 2006

	ACTUAL 2006 \$000	BUDGET 2006 \$000	ACTUAL 2005 \$000
<b>Total reserves</b>	(3,835,128)	(3,944,452)	(4,167,252)
<b>Represented by:</b>			
<b>Assets</b>			
Investments	9,079,946	7,630,580	8,123,010
Other assets	1,329,558	922,073	1,311,578
<b>Total assets</b>	10,409,504	8,552,653	9,434,588
<b>Less liabilities</b>			
Claims liability	12,714,911	11,981,183	11,384,357
Other payables	1,529,721	515,922	2,217,483
<b>Total liabilities</b>	14,244,632	12,497,105	13,601,840
<b>Net liabilities</b>	(3,835,128)	(3,944,452)	(4,167,252)

**EXPENDITURE** Total claim costs have increased by 10.4% over the previous year's costs due to growth in the cost per claim, increased demand for treatment and rehabilitation services, an increase in the number of claimants receiving compensation benefits and cost of living adjustments.

The increase in claims liability is due to changing factors, including increased inflation rates resulting in a rising cost per claim, partly offset by an increase in the discount rate, a significant increase in costs associated with hearing aids and an increase in claim numbers.



FROM THE  
**MINISTER**  
Ruth Dyson

Looking back, 2005-2006 will be regarded as a watershed year for ACC in which the Board and senior management began positioning the Corporation to meet the demands of the future. I would like to thank them for their effort and persistence in doing so, and in driving necessary strategic and organisational change so that ACC can continue to deliver on its service promise to New Zealanders.

ACC's promise, through the Injury Prevention, Rehabilitation, and Compensation Act 2001, is to minimise the overall incidence and impact of injury in New Zealand. It does this through delivering injury prevention services, providing treatment and rehabilitation to injured people, and meeting claimants' needs through the highest practicable standard of service and fairness.

During the year, ACC's ability to deliver these services to New Zealanders was broadened with the introduction of a new environment for treatment injury. Whereas in the past it was necessary to prove that the practitioner was at fault, or that the medical injury was rare or severe, before ACC would help, treatment injuries are now aligned with the no fault principle of the Scheme. This has helped to make the ACC Scheme fairer and simpler.

One of the aims of the amendment was to reduce barriers to people using the Scheme and accessing their entitlements. Similar considerations concern broader access issues, in particular the need to encourage engagement with the Scheme by Māori, people from the Pacific, from Asia, and by disabled people. I am pleased to see that ACC has reached out to these groups during the year and worked with them to identify barriers to access and to devise ways to overcome them.

During the year, ACC has made a substantial contribution to the Government's three major priorities for New Zealand.

In the key area of economic transformation, work has continued on reducing injuries through targeted injury prevention campaigns, by commencing the development of a new rehabilitation framework aimed at helping people back into productive life as soon as possible, and by maintaining fair and stable levies.

Through promoting greater access to the Scheme and contributing towards the development of a safety culture in New Zealand, ACC has helped to reduce injuries and their impact, and thus to foster more opportunity and security for New Zealand families.

ACC has similarly been active on another key priority area for the Government, that of building pride in national identity. It does this through offering a unique service to the people of New Zealand. ACC is acknowledged worldwide as a leader in prevention, care and recovery services – an efficient, sustainable and flexible organisation that is inextricably bound up in what it means to live in New Zealand.

Collaboration across agencies is a priority for the Government in achieving its wider objectives.

I am heartened to see an increasing focus within ACC on building and consolidating partnerships with organisations such as the Ministry of Social Development, Ministry of Health, Department of Labour, local government, community organisations, health professional bodies and other agencies. Emphasis has been placed on the key goals of developing policy and purchasing strategies within a whole-of-government framework and collaborating with other agencies on a broad range of treatment, rehabilitation and injury prevention initiatives.

None of this could be achieved without the dedicated efforts of ACC staff, management and the Board, and I would like to thank them for their efforts on behalf of the people of New Zealand. The delivery of the Government's objectives is at the heart of the Corporation, and translated into everyday language they are very simple: help people to avoid injury, but when it happens treat them quickly and effectively, and ensure that they get back to work or independence as soon as is practicable.



Ruth Dyson Minister for ACC



FROM THE  
**CHAIR**  
 David Collins

It was a busy and rewarding 2005-2006 at ACC, with significant change the hallmark of the year. We established a new corporate vision, refined our strategic direction, re-structured the organisation and set a course that will determine the Corporation's priorities and programmes for the next five years.

The vision – *Freedom from injury and its consequences, for everyone in New Zealand* – is the ultimate outcome to which the Corporation aspires: a New Zealand in which people are as free from injury as possible and, when injury occurs, they are able to avoid the debilitating physical, emotional and economic consequences that accompany it.

Over the coming year, we will work towards realising this vision through embedding strategic and operational changes within ACC that will lead to a more focused organisation with a single-minded emphasis on delivering quality service to all customers and stakeholders.

Despite these changes, we continued our focus on meeting claimants' needs. We processed record levels of claims – more than 1.7 million, or 6,700 per working day, an increase of 5% on last year – which reflects both our targeting of particular communities which are under-represented in claims statistics, and the increase in the general population and motor vehicle usage. We also continued to meet consistently high rehabilitation rates, with 66% of people returning to work after three months, 84% after six months and 93% after a year.

Investment returns were also positive. ACC's total reserves exceeded industry benchmarks by 2.7%, with investment income of \$1,083 million, \$599 million in excess of budget. This is important for ACC and for the community: strong investment performance and high interest rates drive growth in investment funds which in turn provides a buffer against declining interest rates and levy volatility.

We also enjoyed success in key areas of injury prevention. Injury claim rates declined in key sports as



a direct result of injury prevention initiatives – claim rates per 100,000 rugby players decreased by more than 10% to be the lowest in ACC's history, soccer injuries dropped by 2% and netball ankle injuries also decreased by 2%. In real terms, that means less pain and discomfort and less disruption for many families in New Zealand. It's a gratifying result of which we are proud.

The Corporation is well placed to build on the successes of Garry Wilson, who retired as Chief Executive at the end of the first quarter. Garry managed the Corporation for eight years, turning it into a world-leading organisation through tremendous gains in efficiency and service delivery. The Board thanks Garry for his excellent contribution and extends him best wishes for a happy and successful future.

Since Dr Jan White took up her position as Chief Executive in October, the organisation has continued to make significant progress, much of which is reflected in this annual report.

The Board would like to thank Dr Jan White for her exceptional management. ACC has developed a new organisational structure to better bring about our vision and strategic direction, grouping related business functions together with clear lines of accountability. Implementing change is not easy at any time, but senior management – those leaving, those remaining, and those arriving – has succeeded in laying the foundations for the new structure as smoothly as possible. My thanks to you all.

Throughout this challenging year, ACC staff have performed well. They have continued to give the best service they can to New Zealanders in need and they are welcoming the new opportunities ACC is now giving them to deliver even better service in the future. The Board thanks you for your ongoing commitment.

Finally, I wish to thank my fellow Board members for their contribution to ACC during the past 12 months.

Over the next year ACC will continue to seek out and obtain the support and views of a broad range of interested stakeholders. ACC values informed support and looks forward to working with all sections of society so that the Corporation is able to deliver the quality of service everyone in New Zealand deserves.



David Collins QC Chair



FROM THE  
**CHIEF EXECUTIVE**  
 Dr Jan White

The past year has been one of transition for ACC as the organisation embarked on a programme of change designed to confront the realities of delivering first-class customer service now and into the future.

We took stock of the operating environment and began the process of re-shaping both corporate strategy and organisational structure to ensure we will meet the significant operational demands that will inevitably occur over the coming decades.

Among these demands are increasing volumes of claims from a growing and ageing population, and from a proportionately greater population of Māori, people from the Pacific and Asia, and people with disabilities. Many of these currently under-use ACC's services, but awareness programmes being planned or implemented will drive greater engagement by them with the Scheme and more claims will be the result.

The increasing cost of medical treatment and rehabilitation services is becoming an issue now, and will be more so in the future as technology drives innovation and prices. ACC will need to find ways of managing these costs while delivering leading-edge services, a difficult balancing act at the best of times.

And the sad fact is that parts of the community are not getting the injury prevention message. As a result, injury rates, and therefore claim rates, remain too high. Bringing them down is a challenge for the entire community, and for ACC.

Then there is the justified demand from the community for a more responsive and customer-friendly ACC which delivers efficient service at a price that represents fair value for the levies paid by or for everyone in New Zealand.

The response to these circumstances has been considered and far-reaching. Working with my Board and the senior management team we have begun the process of developing a new corporate strategy designed to address the pressures we face. The resulting seven strategic priorities will form the basis of a full strategic plan that looks to a 20-year horizon but actively plans for five years. The 2007-2012 strategic plan will guide all future activity and provide a blueprint for product and service development.

As you will see, this year we have built the annual report around these strategic priorities to provide the public and stakeholders with a clear view on what they mean to ACC and how they will be reflected in our operations and, ultimately, our performance.

It is clear that for ACC to deliver on its strategic priorities it needs a focused and dynamic operating structure that is efficient, sustainable and flexible.

As a result, we have fundamentally re-structured the organisation into logical and coherent business groups with the autonomy to get on with the job within a framework of clear accountability. We have reduced the number of general managers and given them the mandate to create their own operating structure.

The result will be, over time, a more effective and forward-looking organisation.

We also recognise that many of the issues ACC confronts, particularly in the injury prevention arena, require a whole-of-government approach. As a consequence, we have renewed and redoubled our commitment to working in partnership with other government agencies and with communities in all our areas of responsibility.

In the midst of this change we continued to deliver quality service to the 1.7 million new claimants that engaged with the business, and the 13,348 longer-term weekly compensation claims that we manage. Strong relationships were built or maintained with the treatment and provider and carer professions on which we rely for claimant services, and renewed efforts were made to ensure levy payers understand the value they receive from ACC.

A significant programme of work was also undertaken to drive improvements to the systems and processes that underpin customer service. The virtual claim folder project neared completion: this will digitise all claimant information and make claim processing simpler and more efficient. The related Eos system, a major software-based claim management model, neared readiness for implementation in 2007. Initiatives designed to enable frontline staff to make decisions for claimants were progressed. A new approach to dealing with complaints and customer issues was developed for introduction in the second half of 2006. And a new vocational rehabilitation and related assessment service strategy was implemented.

In addition, an enormous range of business-as-usual activities went ahead in injury prevention, in early and effective rehabilitation, in caring for our longer-term claimants, in providing fair and equitable levy rates and in delivering fair and fast claim payments.

Most importantly, perhaps, is a change in attitude at ACC. We are moving from a compliance culture, though we will remain prudent guardians of public funds, to a more customer-focused culture.

A new approach is being taken to our governing legislation which will enable us to build better and more effective relationships with the people we serve. Where doubt exists about entitlements in individual cases, decisions will be made in keeping with the purpose of the law. In effect, this means our policy is to make decisions in favour of providing injured people with services they need as intended by the law.

ACC is still a work in progress, and there is much to be done. To achieve our goals we must continue to work co-operatively with other state agencies, national professional and provider groups, and with the many community groups that form the backbone of our injury prevention service.

I would like to thank all of our partners for the support they have given throughout the year, and look forward to continuing the strong relationships that contribute to our goal of keeping New Zealanders free from injury and its consequences.

I would also like to thank the staff for their hard work and dedication to the welfare of New Zealanders. Ultimately, it is on the shoulders of staff that the success of ACC rests, and I am proud to say that they discharge their responsibilities with unflagging dedication and enthusiasm.



Dr Jan White Chief Executive



## STRATEGIC PRIORITIES

In 2005-2006 the Board created a new vision for ACC and refined the Corporation's strategic direction. The vision is clear and bold:

'Freedom from injury and its consequences, for everyone in New Zealand.'

It promises that through timely service delivery ACC will offer everyone as much freedom as practicable from the personal, social and economic consequences of their injury.

Seven strategic priorities have been identified, setting out how ACC will work towards achieving the new vision.

The priorities are:

1. Ensuring New Zealanders have confidence in ACC
2. Maintaining fair and stable levies
3. People-focused with good outcomes
4. Open and fair access for all New Zealanders
5. Working to reduce injuries and occupational diseases
6. Efficient, sustainable and flexible organisation
7. Rehabilitation focused on returning to productive life.

The unifying theme connecting all the strategies to one another and to the vision is ACC's focus on people and their welfare.

From now on, a single-minded commitment to serving the needs of people will inspire every aspect of ACC's business. It is a radical, questioning, empowering approach.

## STRATEGIC PRIORITY:

### Ensuring New Zealanders have confidence in ACC

People want relatively simple things from ACC: information on how to avoid injury; reassurance that ACC will be there to help if injury occurs; and fast, fair and effective treatment and rehabilitation if the worst happens, all delivered in a way which represents value for money.

Building public confidence around these not unreasonable expectations is a key strategic goal: the delivery of effective treatment and prompt and lasting rehabilitation depends on widespread public understanding and appreciation of the ACC Scheme and a willingness to use it.

That's because injured people are more likely to seek their entitlements and use the Scheme when they understand what is involved and are confident their interaction with the Corporation will be positive.

However, it is clear from research that many people in the community know too little about ACC to be confident to use its services. The job, therefore, is to ensure the public in general – and key groups in particular – understand what the Corporation does and how it can help them so that it can encourage greater use of its services.

**FASTER RESOLUTION OF COMPLAINTS AND CONCERNS** Work progressed on making it easier for people to raise issues and concerns with staff. Apart from everyday commonsense expectations of good service, the service promise made to the community is set out in the Code of ACC Claimants' Rights. During the year critical questions were raised to determine whether the Code is known and understood and promotes positive dealings with ACC. It is expected that a planned review will lead to improvements in the way customers' concerns are managed.

In addition, a major service recovery project, designed to ensure service issues are resolved quickly and closer to the front line, is nearing completion. Once up and running (in September 2006), it is expected people will find it easier to raise issues and complaints, and they will be more confident in

engaging with the business. The aim is to resolve 90% of complaints at the front line within four days.

When someone lodges a review, mediation or conciliation is the preferred approach to resolving issues. In one pilot, half of the review applications have been settled in this way. Resolution is achieved quickly and harmoniously, and this is a major advance for customers.

**COMPREHENSIVE STRATEGIC ENGAGEMENT** Engaging with the community in a dialogue about the role, purpose and strategic direction of ACC is another way of encouraging greater understanding of the business. Plans were made during the year to present and discuss strategy with key parties, and the programme has since been unfolding through regular meetings with stakeholders.

**TARGETED PUBLIC INFORMATION** Increasing public awareness of the ACC Scheme is fundamental to ensuring people use its services. Detailed preparations were made on the development of a public information campaign scheduled to begin in 2007 and focus on service delivery to the community. The campaign will be rolled out nationwide following a pilot to determine the impact of increased demand on the business. The outcome, over the next three years, should be a steady rise in public awareness and a related increase in service demand.

**REGULAR SATISFACTION SURVEYS** Surveying continued to establish levels of customer satisfaction. Every month ACC surveys the level of satisfaction of people receiving ACC assistance. Seriously injured people are surveyed annually in May.

This year the satisfaction rate for claimants with serious injuries increased again from 2004-

2005 and was 74%, up 6% on last year, and close to the target level of 75%.

The scope of the survey now includes claims managed by branches, contact centres and long-term claims units. The result of 77% in 2005-2006 was lower than the result of 80% in 2004-2005.

The overall satisfaction rate of 78% for claims managed by ACC's branch network was similarly lower than the 2004-2005 level of 81%. Of these, people with claims lasting less than 52 weeks were

the most satisfied, at 83%, compared with 86% last year. The rate for people with claims lasting more than a year was 73%, compared with 75% last year.

Satisfaction levels for Māori and Pacific and Asian peoples were close to this year's 80% target. This year the satisfaction rate for Māori was 77%, down by 4% from last year, for Pacific people 82%, the same level as last year, and for Asian people 78%, down from 88% (the 9.5% margin of error in this latest result may be a factor).

## STRATEGIC PRIORITY:

### Maintaining fair and stable levies

Maintaining fair levy rates that reflect service value for all New Zealanders is a key strategic priority for ACC. Ensuring levy rate stability is equally important for many groups in the community looking to manage their annual expenditure. The goal of this strategy is to ensure that minimal changes are made to levies, people understand the value they get from them, and people and businesses can confidently plan to meet their costs.

Managing Scheme costs through internal efficiency and external investment is a prime factor in levy stability. This year, operating efficiencies contributed to the stability of the levy rates announced in December. Operating costs remained relatively constant at approximately 12% of claim costs, while operating, injury prevention, investment and levy collection costs were under budget.

Investment returns during 2005-2006 helped to keep levy rates as low as possible. As ACC builds towards fully funding its claims liability, investment performance becomes increasingly important. Investment returns this year were 15.6% and exceeded the market benchmark indices by 2.7%.

The year saw the development of an engagement strategy with levy payers to ensure industry concerns are heard and to improve understanding of the Scheme. In addition, there was the introduction of more accurate coding of business activity by adopting the new Australian and New Zealand Standard Industrial Classification coding, and a review of ACC's regulatory framework to ensure compliance costs to business are minimised.

**LEVY PAYER SATISFACTION** Satisfaction with value and service is a key to ensuring confidence in dealing with an organisation and, to gauge the success of its activities, ACC regularly surveys its customers.

In respect to levy payer satisfaction, levels among both the largest 500 employer levy payers and the next largest 2,000 increased from 2004-2005 and exceeded targets of 80% satisfaction. The top 500 recorded 84%, up from 78% the previous year, and the next 2,000 recorded 88%, up from 84%. Together, the satisfaction level for the top 2,500 employers exceeded target by 6%, with a result of 86%.

Satisfaction rates for self-employed levy payers improved, ending the year at 69%, 10% higher than last year's 59% rate, and 9% ahead of the 60% target. The target increase for small and medium-sized employers was also achieved, at 75%, 4% higher than last year's result.

The significant improvement in satisfaction rates for self-employed is due in large part to ACC's ThinkSmall campaign. Satisfaction levels immediately improved following the launch of a second set of ThinkSmall programmes in March 2005 comprising information, tools and customer

feedback for ACC staff to improve service delivery, and levy payment incentive options for these customer groups.

Satisfaction levels among tax agents and customers of ACC's Business Service Centre were similar to those in 2004-2005, with tax agents

recording 70%, phone customers 84% and correspondence customers 67%.

Opportunities are being scoped to improve performance to lift the satisfaction levels of smaller levy payers closer to those of the larger employers.

## STRATEGIC PRIORITY:

### People-focused with good outcomes

**Facilitating understandable, effective and individually tailored treatment and rehabilitation for people is at the core of the Corporation's business.**

There is, however, always a tension between going the extra mile to help people and staying within the rules that govern the ACC Scheme. This is not easy to resolve, given that ACC must, of course, operate prudently and within its legislation.

The situation has not been helped by elements of service delivery that have developed over time. The language used by the Corporation can be bureaucratic and difficult; ACC doesn't always sufficiently address the access needs of some populations; and it sometimes omits to take the broader view when looking at the needs of people.

The goal of this strategy is to ensure systems and processes are in place which focus on people and promote better access to the Scheme, better rehabilitation outcomes and fewer escalated disputes.

There has been a lot of effort during the year to get the balance right, though it is still a work in progress and there is more to be done. In effect, ACC has set about empowering staff to make customer-related decisions at the front line which facilitate fast and efficient service. A review of delegated authorities is under way to ensure that decision-making flexibility is hard-wired into the organisation.

Other key initiatives were:

**SIMPLIFYING PROCESSES** Considerable focus has been placed on simplifying service delivery processes to make the organisation more approachable.

A number of reviews are under way, aimed at ensuring consistent standards of service are maintained in all parts of the business, easier processes for complaints, and simpler, more informative and engaging correspondence.

**TAKING CUSTOMERS SERIOUSLY** As noted above, improvements have been made to the processes underpinning customer complaints and issues. This year the Corporation has begun to work closely with people whose experiences of the Scheme have left them with long-standing grievances. This proactive approach has already achieved considerable success in resolving individual issues.

At the same time, people who are most dissatisfied now have a formal means of expressing their concerns to ACC. Representation on the Claimant Outlook Group, a group advocating the interests of claimants, has now been extended to include the ACC Forum, one of the most critical advocacy groups.

In another initiative, a panel of law experts has been established to help claims managers reach viable decisions on earnings-related weekly compensation. This is helping staff test their decisions before communicating them to their clients.

**PROVIDING THE BENEFIT OF THE DOUBT** In this same spirit, a different approach is being taken to ACC's governing legislation. Where doubt exists about entitlements in individual cases, decisions will be made in keeping with the purpose of the

law. In effect, this means the policy is to make decisions in favour of providing injured people with services they need as intended by the law.

**NEW CLAIMANT MANAGEMENT SYSTEM** Good systems are vital in a high-volume business dealing with 1.7 million new claims a year. They underpin the central processes required to deliver services, whether managing claims, processing invoices or reporting performance. A key feature of the year was the development of a new claimant management

system known as Eos, which will replace Pathway, the current claim management system.

Eos will improve claim management workflow and claimant and provider service levels by providing better tracking and monitoring of claim management processes. Eos is an agile system that will enable greater responsiveness and flexibility to implement legislative, operational and business changes. The new system will also enhance electronic business capability. ACC is currently testing the system and aiming to implement Eos in late 2007.

## STRATEGIC PRIORITY:

### Open and fair access for all New Zealanders

The ACC Scheme is available to all people in New Zealand but, as noted previously, research shows that knowledge of its role is minimal and use of the Scheme is compromised as a result. This is particularly the case for Māori, people from Pacific islands and Asia, and for people with disabilities.

The goal of this strategic priority is to make it easy for these groups, and everyone in New Zealand, to use the Scheme when injured.

**RESEARCH INTO SCHEME ACCESS** As research continues to build, so does ACC's understanding of the disparity revealed in the claiming rates for different population groups. Research undertaken during the year showed Māori, Pacific and Asian peoples claim less often, as do people with English as a second language and people with disabilities. Experience over the 2005 calendar year shows that New Zealand Europeans make 361 claims per 1,000 population, compared with Pacific (300 per 1,000), Māori (289 per 1,000) and Asian peoples (158 per 1,000). The key drivers of this claimant disparity vary from group to group but include limited knowledge of the Scheme, difficulty accessing services and geographic barriers.

The figures for entitlement claims (those involving compensation payments and other services) show an even greater disparity, with the New Zealand European rate of 26 per 1,000 comparing with 20 for Māori, 16 for Pacific and seven for Asian peoples.

In March 2006 a major research project comprising an international and national literature review of responses to access issues was completed which provides a foundation for the development of an Access Development Framework for ACC.

**IMPROVING ACCESS FOR MĀORI** Analysis of 2004 injury claims revealed that the non-Māori medical fee claim rate was 42% higher than the Māori rate. In the combined Non-Work category (Motor Vehicle, Non-Earners', Earners' and Medical Misadventure Accounts), the non-Māori rate was almost 80% higher.

Community Awareness and Access Hui were undertaken in 26 locations throughout the country to engage these communities about services and entitlements and discuss ways to improve access. As a result of this consultation, a Māori Access Strategy was produced and signed off by the Board in February 2006. In April a three-year implementation plan was approved.

To ensure that awareness services and support are reaching grassroots Māori communities, a number of community partnerships have been established.



Regional Māori Development Managers worked to identify and address access barriers to improve outcomes for Māori. Pae Arahi provided cultural advice and ongoing liaison with branches to support and develop local relationships with iwi and Māori communities, and supported case managers in their rehabilitation work with individual claimants. Senior managers consulted Te Roopu Manawa Mai (ACC's strategic Māori advisory group), which provides an external perspective on activity directed at Māori.

**IMPROVING ACCESS FOR PACIFIC PEOPLES** To better understand the issues associated with the low levels of access by Pacific peoples to services and entitlements, two major research projects were commissioned in 2005 from two Pacific research groups, which focused on access to ACC services and entitlements. Both research projects found there is widespread lack of understanding and awareness about ACC and its services among Pacific participants. Each group also concluded that improving Pacific peoples' knowledge of ACC is critical to increasing participation rates and improving access to the Scheme by all those who are entitled.

In response, a series of nine community fono took place throughout the country to engage with Pacific communities and community leaders on access issues. These were held weekly from early June 2006.

Eight new Pacific Advisors were appointed to provide cultural advice and support case managers in their rehabilitation work with individual claimants, and with ongoing liaison with branches to support and develop local relationships with Pacific communities.

**IMPROVING ACCESS FOR ASIAN PEOPLES** The under-claiming by growing Asian communities is of concern. Research has identified language, cultural perceptions and behaviour, and unfamiliarity with the healthcare system as the three main barriers for Asian people accessing and using health services.

Plans were developed during the year to address these issues, and six Asian Community Forums are being planned to discuss solutions. Research projects examining issues of Asian access and claim rates are also under way. Research to examine and analyse injury patterns for Asian people in New Zealand will help in formulating the first Asian Injury Prevention Strategy.

Four Asian Advisors have been contracted to provide cultural advice and support, and develop local relationships with Asian communities. The advisors also work with branches and support case managers in their rehabilitation work with individual claimants.

**IMPROVING ACCESS FOR PEOPLE WITH DISABILITIES AND OLDER PEOPLE** ACC was involved in the Cabinet-approved review, *Long-term Disability Support Services: Achieving Equity of Access and Coherence with the New Zealand Disability Strategy*. This identifies the best mechanisms for providing disability support services, and is the first step to setting up a common framework for government and other agencies.

As an outcome, strength is being built in this area, with the establishment of a new team in July 2005 headed by a dedicated Customer Access Manager. The new team is first investigating claim rate issues, and service and access needs of people with disabilities and older people, in order to identify barriers to Scheme access and facilitate appropriate responses. The team is involved in consultation and discussion with relevant disability agencies.

## STRATEGIC PRIORITY:

### Working to reduce injuries and occupational diseases

Reducing the incidence, severity and cost of injuries and occupational diseases is one of ACC's core business objectives, and during the year a strong collaborative effort was made to ensure all injury prevention programmes were implemented effectively and evaluated for success.

This included work on aligning ACC's injury prevention activity with the strategic goals of the New Zealand Injury Prevention Strategy (NZIPS) and the strategies led by other agencies to ensure that the collective effort of agencies is co-ordinated and effective in bringing down injury rates.

The six priority areas targeted by the New Zealand Prevention Strategy account for over 80% of the serious injuries and fatalities in New Zealand. An analysis of cash costs to ACC, recorded between 1 July 2005 and 31 May 2006, suggests that falls contribute 31% of costs, workplace injuries 28%, motor vehicle injuries 15%, assault 2%, suicide and self-harm 0.15%, and drowning 0.15%.

These, and other injury prevention priorities, will be covered by the introduction of a five-year injury prevention strategic plan which will address the relativity between NZIPS and ACC priorities so that better co-ordination of programmes can be achieved.

In July 2005, the Minister for ACC released the second NZIPS implementation plan for 2005-2008. Highlights achieved to date include the development of serious injury outcome indicators, a new training programme for injury prevention practitioners, and a new programme to strengthen community and regional injury prevention.

A month later the Minister released two strategies covering the next 10 years. These were Prevention of Injury from Falls: The National Strategy 2005-2015 and the Drowning Prevention Strategy: Towards a Water Safe New Zealand 2005-2015.

ACC continues to lead the implementation of the NZIPS. It is committed to working with stakeholders to realise the strategy's goals of achieving a positive safety culture and safe environments.

Particular focus will be given to supporting the Department of Labour in the implementation of the Workplace Health and Safety Strategy in its first year of operation. This includes addressing the national priorities – airborne substances, workplace vehicles, manual handling, slips, trips and falls, psychological work factors, vulnerable workers, small business and high-risk industries, and work-related gradual-process diseases or infections.

**BUILDING SAFER COMMUNITIES** Creating and maintaining a culture of safety is vital to keeping injury rates down, and a large number of initiatives were undertaken towards building safer communities.

ACC ran its first New Zealand Safety Week in August – a week of events promoting safety in communities nationwide – an initiative which seized the public imagination. After a successful debut in 2005, planning has gone ahead to expand the week, involve more safety partners and provide an opportunity for local communities to showcase their injury prevention initiatives.

Other key initiatives included the development of 23 ThinkSafe communities in which local organisations partner with ACC to reduce injury rates; the Safer Rohe programme which focuses on injury prevention among Māori; employment of Pacific Island and Asian injury prevention consultants; and partnering with local authorities to address safety-related issues.

ACC also works to reduce family violence through the Te Rito: New Zealand Family Violence Prevention Strategy Advisory Group and other stakeholders, and opportunities have been taken to prevent injuries caused by family violence. ACC is a member of the Taskforce for Action

on Violence Within Families and also of Circuit Breaker groups in regions with ACC-funded programmes.

Together with the Ministry of Health, ACC was closely involved in the development of the draft New Zealand Suicide Prevention Strategy, which addresses suicide prevention across all ages.

**CREATING SAFER HOMES – SLIPS, TRIPS AND FALLS** Slips, trips and falls are the largest cause of injuries in the home and continued to be a major focus of home safety during 2005-2006. Emphasis was placed on building greater understanding of the risks in the home environment, partnering with other agencies and stakeholders to educate communities, and on undertaking a range of active injury prevention programmes.

There was significant partnership-building with stakeholders with the aim of targeting different at-risk groups, which resulted in initiatives focusing on 'home handymen', such as the DIY Disasters television programme and user education in hardware stores.

Research by the University of Auckland's Injury Prevention Research Centre was initiated to determine risk factors for non-fatal fall injuries in the home for the higher-risk 25-60 age group. The report, due in June 2007, will help refine and target home injury prevention initiatives to people most at risk, such as home owners carrying out repairs and renovations.

In addition, two community-based programmes to prevent older adult falls were implemented. A modified Tai Chi class for the more active was run for 6,585 people, mostly over 65 years, and the Otago Exercise Programme for individuals at home was delivered to 2,874 men and women over 80 years. Auckland University of Technology research showed a 32% reduction in falls in those taking part in the Otago programme.

**ENCOURAGING SAFER SPORTS** Last year, some 21,826 new claims were made for sports-related injuries. Sports with the highest number of injuries were: rugby (3,453 claims), netball (1,406), soccer (1,640), touch and rugby league (1,512), equestrian sports (497) and snow sports (973). The task is to reduce the number of injuries, and 2005-

2006 was an active year in pursuing that goal.

Partnerships with sporting bodies were used as the channel through which to focus on injury prevention initiatives, targeting the most common injuries in each sport. Resources were tailored to players, and training programmes were put in place to train coaches and referees in the SportSmart injury prevention programme, which this year was delivered to 15,000 people.

In rugby, ACC delivered RugbySmart training to all 12,000 coaches and referees. This initiative has played a large part in the continuing decline of moderate to serious injuries over the past six years since RugbySmart began.

In soccer, support was maintained for FIFA's injury prevention resources, 'The 11', which received its worldwide launch in Auckland in March 2005. 'The 11' focuses on knee and ankle injuries, which represent 58% of new moderate to serious soccer claims.

Netball injuries cost about \$6 million a year, and ACC and Netball New Zealand continued to promote the 'Are You Ready for Netball?' wallet card through nationwide distribution and targeted workshops. The resource targets knee and ankle injuries among female netballers aged 15-44. In 2005-2006 ankle injuries decreased by 2% compared to the previous year.

Injury prevention initiatives also targeted the high-risk snow, equestrian and mountain-biking sports.

**KEEPING WORKPLACES SAFE** Safety in the workplace remains a major focus for ACC, and a range of programmes was undertaken to encourage injury prevention in New Zealand's factories, offices and other workplaces, with particular emphasis on key industries.

The Safer Industries programme targeted the six industries with the highest serious injury rates: agriculture, construction, forestry, meat processing, road freight industries, and health services and residential care. It brought together industry and employee representatives and other stakeholders to address the causes of injury and develop programmes to minimise them.

Training continues to be an important part of the Safer Industries programme. The Farmsafe

programme, for example, has now trained more than 20,000 farmers and farm workers in hazard management since its introduction in 2003. In addition, three programmes were amalgamated – acute low back pain, occupational overuse and serious back injury – into a new Prevention and Management of Discomfort, Pain and Injury programme, which will teach employees and employers in the six key industries how to effectively deal with their biggest single injury issue. It will be launched in August 2006.

The Workplace Safety Discounts scheme was introduced on 1 April 2006. It aims to improve workplace safety by offering a 10% levy discount to small employers and self-employed people who can demonstrate capability in hazard management, training staff in safe work practices and emergency readiness.

Occupational disease is also a key area of concern for ACC. ACC will be involved in, and support, the governance structures for the Workplace Health and Safety Strategy. Research will be undertaken over the coming year to gain a better

understanding of occupational diseases in order to develop future prevention programmes. Collaboration will go ahead with relevant agencies, for example with the Department of Labour on noise-induced hearing loss, musculoskeletal disease, respiratory disease, cancer and infectious diseases.

**DRIVING SAFETY ON THE ROAD** Road crashes contribute to nearly half of all serious injury claims. In the year to December 2005, there were 405 road fatalities, with over 5,000 moderate and serious injuries and about 40,000 minor injuries. ACC works closely with Police, Ministry of Transport, Land Transport New Zealand and Transit New Zealand to reduce these numbers. This requires a permanent change in driver behaviour towards accepting personal responsibility while on the road.

In pursuing this goal, ACC worked with other agencies on initiatives aimed at sober driving, driving to the conditions, young driver training, driver fatigue, car restraints, and motorcycle, cycle and pedestrian safety.

**STRATEGIC PRIORITY:****Efficient, sustainable and flexible organisation**

ACC is a large business which delivers a range of products and services through a nationwide network of branches, supported by call centres which deal with high-volume public and other stakeholder enquiries.

The Corporation is moving towards delivering these services through a more customer-focused, innovative and staff-empowered environment. It is focused on enhancing its capability to adapt rapidly to change and deliver consistently excellent service, with the objective of being recognised as a top-performing agency achieving the highest standards of efficiency and customer service.

During 2005-2006 a new organisational structure was developed to better bring about the Corporation's vision and strategic direction. In the new structure, related business functions are grouped together with clear lines of accountability. Implementation began in 2006 and will be completed in 2007. The result will be a more flexible and efficient organisation, making it easier for staff to deliver the best service possible.

ACC aims to have staff who feel valued and satisfied working for the Corporation, and front-line staff with the appropriate skills to respond to the needs of all claimants, including the particular needs of Māori, Asian and Pacific peoples, and people with disabilities. ACC also aims to have Māori and Pacific peoples staff fully supported in using their cultural expertise to deliver benefit to claimants.

**STAFF SATISFACTION AND RETENTION** Staff satisfaction is measured by an annual staff census. An overall satisfaction rating of 72% at June-July 2006 compares with 74% the previous year and is below the 76% target. The large degree of organisational change under way at the time of the survey is thought to have had an impact. In the coming year the target for staff satisfaction is 75-80%. Annualised staff turnover was 14.81% at 30 June 2006, within ACC's target range of 10-18% and down from 15.9% last year.

**STAFF TRAINING AND DEVELOPMENT** ACC is keen to build its staff skill base, and nearly 10,000

training days were presented to 30,725 participants this year, through workshops, self-directed learning modules, weekly training sessions and on-line learning. A major focus was the preparation of staff for the implementation of the Eos claimant management system, through a broad range of branch, induction, skills, management and leadership training.

Since the implementation of online learning (ACCelerate) in September 2004 steady growth in trainees and course options has been achieved. Thirty-two online courses are now available and 10,245 courses have been completed.

**INTERNATIONAL BENCHMARKING** Since 2000, a Corporation-wide business excellence programme has been conducted to rigorously benchmark performance against established criteria based on the Baldrige international best business practice framework.

In late 2005 a comprehensive evaluation assessed ACC at 532 points using the Baldrige Criteria for Performance Excellence. This result was consistent with the 2004 external evaluation when ACC was awarded an Achievement Award at Silver level, one of only six Silver Awards awarded to New Zealand organisations by the New Zealand Business Excellence Foundation.

The Corporation is recognised by the Foundation as performing at a significantly higher level than most New Zealand companies for planning, operational effectiveness and business results as assessed against the Baldrige international best practice framework.

**WORKPLACE HEALTH AND SAFETY** ACC is committed to maintaining a healthy and safe environment for its employees and encouraging the same in every workplace, home and community. In May 2006 ACC again achieved tertiary-level participa-

tion status in the Accredited Employer Partnership Programme. The external audit included safety management practices (including workplace observations) and injury management (including claims administration and rehabilitation).

#### IMPROVING EQUAL EMPLOYMENT OPPORTUNITIES

Based on a July 2005 review of performance, ACC is performing well in most areas related to equal employment opportunities.

One area identified for improvement in the review concerned organisation-wide flexible work practices. As a result ACC carried out a 12-month Working Choices pilot to look at how it can better provide flexible hours for staff. The pilot, which

ended in June 2006, received positive feedback and ACC is now considering organisation-wide implementation.

ACC has been preparing for further cultural awareness training for staff as part of the Māori Access Strategy and ACC's commitment to have a workplace that reflects, and is responsive to, Māori customers.

With a change (in 2005) to ACC's ethnicity categories to reflect those of Statistics New Zealand, ACC has seen an increase in the percentage of staff identifying their ethnicity. In 2003, 29% of staff did not specify their ethnicity, compared with 7% in 2006. This provides ACC with more accurate ethnicity information.

## STRATEGIC PRIORITY:

### Rehabilitation focused on returning to productive life

A fundamental role of ACC is to provide tailored, personal rehabilitation and support to injured people so that they can return to productive life to the greatest extent possible, as soon as possible. This is achieved through working in partnership with injured people and their families as well as with treatment providers and others, such as vocational rehabilitation services, involved in providing care to ensure prompt delivery of quality treatment or other entitlements under a personalised rehabilitation plan.

A key factor in the success of treatment and rehabilitation is the ongoing development of relationships with treatment providers in relation to standards of service, reduction of cost barriers and the delivery of innovative and effective treatments.

Progress was made during the year in vocational rehabilitation programmes which aim to help people back into work quickly so that they can get on with their lives to the best extent possible in the circumstances. Progress was also made on home-based vocational services which aim to enable people to live independently in the community.

**WORKING WITH TREATMENT PROVIDERS** As New Zealand's largest purchaser of injury treatment and rehabilitation services, ACC has a major role in promoting evidence-based best practice in injury management. Together with leading profes-

sional organisations, ACC develops and publishes best practice guidelines on the management of common injuries so that it can deliver value-based quality customer service through treatment providers.

Work on quality improvement and sharing evidence-based best practice for providers and claimants has been ground-breaking. The guidelines ACC develops are independently endorsed before being published, and are supported through provider education sessions, case studies, provider profiling and feedback reports, patient guides, provider mentoring and an Adoption of Best Practice Initiatives programme with the Independent Practitioner Association. In October, Clinical Guidance on Interventional Pain Management was added to the growing clinical practice library.

In the past six years detailed treatment profiles have been developed on injury management for

both general practitioners and physiotherapists. These include guidelines for return-to-work disability durations by work type for each common injury, and they have been distributed to every treatment provider who receives fees from the Corporation.

A broad range of other initiatives has been undertaken with treatment providers, such as the promotion of e-lodging of claims, the roll-out of the Endorsed Provider Network for physiotherapists (which minimises patient co-payments), and the use of acupuncture for treatment.

Efforts to work in closer partnership with providers have seen provider satisfaction grow by almost 50% during the past three years. The 2005-2006 Provider Satisfaction survey response was up 20% from last year, with more than 2,400 providers responding. Of these, 70% were 'satisfied' or 'very satisfied' with ACC service – 75% of physiotherapists (up 3% from last year), 73% of GPs and chiropractors, and 83% of acupuncturists. Only 3% of physiotherapists and 4% of GPs were dissatisfied or very dissatisfied with ACC.

**DEVELOPING VOCATIONAL REHABILITATION SERVICES** In April 2006, a new vocational rehabilitation services and related assessments service strategy was implemented. To join the employment maintenance and graduated return-to-work

programmes, claimants now undergo a workplace assessment, with flexibility built in to the strategy for people who need longer rehabilitation programmes and improved service monitoring. In a second phase, ACC is developing operational guidelines and revising training and education material for internal and external stakeholders.

Work is also underway on developing a pilot programme for Supported Employment services. Seriously injured claimants have a return-to-work rate of about 30%, compared with 60% in Australia and 72% in Switzerland. The pilot programme for people with a serious injury is scheduled to begin in the Waikato region in August 2006.

**IMPROVING HOME-BASED REHABILITATION SERVICES** A number of initiatives were pursued during the year to improve the quality and control the cost of home-based rehabilitation services. ACC agreed to work in partnership with the Ministry of Health and District Health Boards to develop a joint strategic approach to funding home-based rehabilitation. A two-year pilot into counselling non-offending parents of abused children began and, in a joint initiative with the Department of Corrections, a project plan has been developed to screen and assess new prisoners at Rimutaka and Christchurch prisons for brain injury.







## ACC AT WORK

ACC exists to help everyone who is injured make a full recovery. ACC's role is to co-ordinate all the services people require to regain their health and/or independence after an injury.

For every 100 claims ACC accepts, 85 are minor and require no more than a single visit to a doctor. ACC sends a letter to the injured person saying the claim is accepted and pays the provider for the cost of treatment.

But 15 out of every 100 claims are not so simple. Instead, these claims are streamed to ACC Contact Centres or branches for management.

Within 24 hours, staff at the Contact Centre call the injured person, letting the individual know ACC is there to help.

At this level staff assess the person's health and rehabilitation needs and the impact of the injury on their lives. Most employed people receive compensation for loss of wages within seven days of their injury. When applicable, ACC agrees to provide a care package over the phone and arranges a local provider. This eliminates delay and gets the support and rehabilitation under way at once.

Claims that need ongoing individual attention are assigned to case managers in ACC branches. Of course, each individual is unique, with special circumstances. Recognising this, ACC case managers work closely with their clients, focusing on the person as a whole – their injury, their work, their family and home, their interests and attitudes.

The profiles published in the following pages illustrate just how different the needs of injured people are and how flexible ACC staff are in responding to those needs.



LINZI LITTLEWOOD: FULL-TIME MUM

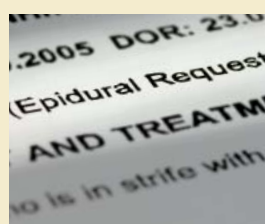
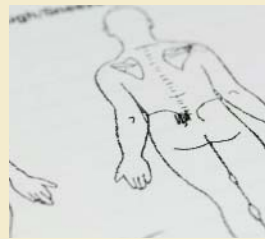
Pain needs to be addressed if a person is to make a sustainable recovery. When a full-time mother experienced worsening pain months after hurting her back, her case manager quickly arranged for pain management, home help and an MRI scan to find out what was causing the pain. Once the diagnosis indicated a lumbar disc prolapse, ACC funded surgical treatment recommended by a specialist. Later still, ACC funded lessons in lifting young children safely.



Case manager Anna Crawford (above) responded instantly to Linzi's excruciating pain and put home help in place.

## Overcoming pain

"I can cope with pain – I gave birth three times without any pain relief. But this pain was 10 out of 10."



In October 2005 Linzi Littlewood, a Tauranga mother of three, hurt her back lifting her baby's cot. Linzi attended ACC-funded physiotherapy sessions and strengthening exercises but she experienced worsening pain.

In January Linzi's GP referred her to a back specialist who recommended an MRI scan. The Littlewoods paid for it to avoid a lengthy wait in intensifying pain.

It only got worse. "I can cope with pain – I gave birth three times without any pain relief. But this pain was 10 out of 10," Linzi said.

At that stage David Littlewood called Linzi's ACC case manager Anna Crawford to arrange an epidural, which went ahead on the same day. Home help, which included child care for their family of three children, followed immediately.

Five days later, Anna facilitated surgery and a refund of the cost of the MRI scan since it helped in

diagnosis and treatment of the injury, a lumbar disc prolapse. Less than three weeks after surgery Linzi completed her rehabilitation. She has had lessons from a musculoskeletal specialist in how to move and lift her youngest children without hurting herself.

The entire experience has left the Littlewoods impressed with ACC's responsiveness and flexibility.

"Anna Crawford has been outstanding," said David. "She has been a real help throughout the process."

Coincidentally, Anna had once experienced the intense pain of a lumbar disc prolapse. She had first-hand knowledge of what Linzi was going through. And like Linzi, she is the mother of two pre-schoolers.

Anna joined ACC 15 years ago, working first in payments before moving to case management. After an interval as team manager she returned to case management because she missed the interaction with clients. Anna now works predominantly with non-earners.



DALE WATENE: TRUCK DRIVER

Helping people get back to work as seamlessly as possible after injury is a prime focus for ACC. Under ACC's Employment Maintenance Programme, a vocational rehabilitation service helps people return to their jobs. A rehabilitation or vocational professional interviews the person to identify any barriers to returning to work with the same employer, visits the worksite to identify any issues, develops a time-framed return-to-work plan and monitors progress.



## Driving force



Case manager Lee Butt (left) worked closely with Dale's employer so he could get back to the job he loves.

In this profile, a truck driver wanted ACC's help to get back to work as soon as possible. His case manager worked closely with his employer and arranged for a workplace assessment and return-to-work plan.

Dale Watene, a 26-year-old truck driver, was working alone when the never-ending chain on the trailer jammed and he tried to clear it with his foot. "It went in a bit far and was pulled in. I was wearing steel-capped boots but they were ripped off. I had to pull my foot out. I felt tendons and bones breaking, but I had to be strong. There was no one else to give me a hand."

Two and a half hours later, he was airlifted to Invercargill Hospital where his foot was de-gloved, removing three and a half inches at the toes.

Nine days later he was discharged from hospital. ACC case manager Lee Butt arranged community

nursing and discussed Dale's wish to return to work with his employer DT King.

"I like work," Dale said. "I don't like sitting round doing nothing. Even before I was back at work I'd go down and hang around and go out in the truck with the boys."

Lee arranged a workplace assessment and a graduated return to work plan was devised. But when Dale resumed work, exactly six months after the injury, he did so full time. "I decided my foot is always going to be sore and I've just got to get on with it."

Lee, who is in her third year with ACC, said the positive attitudes of both Dale and his employer were the key to his successful return to work. Her colleague Garth Butson, an injury prevention account manager, also admires the company's positive attitude and its renewed focus on health and safety.



AMY HAILES: RETAIL ASSISTANT

After serious injuries prevented a young butcher from returning to her old job, ACC arranged for her to take part in a programme designed to help her develop new skills and get back to work as best she could, as soon as possible. It was just one part of a total package aimed at treatment and rehabilitation.



Case manager Lisa Paul (below) helped Amy boost her fitness levels and prepare for a new job.



## New beginnings



Amy Hailes was struck by a car speeding at 120 km/hr and thrown six metres into the air before landing head first. She suffered a severe fractured hip, and thigh and knee injuries.

After surgery she also required several months of physiotherapy. Her injuries, however, prevented her from returning to her job in a supermarket butchery which involved heavy lifting.

ACC case manager Lisa Paul arranged for an employment consultancy to help Amy return to work. She enrolled in ACC's six-week Work Preparation Programme which prepares people for vocational independence by giving them physical, psychological and vocational training. She gained new computer skills and also took part in a gym programme to boost her fitness and energy levels.

Work experience was also arranged through ACC, with retail store Spotlight – an opportunity that store

manager Catherine Enright was willing to provide. “We are happy to support people who need work experience to help them get a permanent job. It doesn't always work out – retailing might just not be right for the person – but it often does. Amy is a wonderful person,” Catherine said.

Spotlight offered Amy permanent employment which she readily accepted. Now 23, Amy is coming to terms with the impact of the injury on other aspects of her life, particularly as she can no longer play touch rugby or go dancing. At the time of writing, Amy was intending to seek a review of the amount she received as a lump sum for impairment.

Lisa Paul has worked for ACC since moving to Christchurch 11 years ago. She brings a background of experience in a wide variety of industries – banking, fisheries, real estate, motor and timber – to her role as a case manager.



**GAFA FAITOTOA: SENIOR SOCIAL WORKER**

ACC is for everyone, though Māori, Pacific and Asian peoples, and people with disabilities claim less often compared to others. In 2006 ACC held fono to engage the Pacific community on ways to make the Scheme more accessible. A Samoan social worker shared her story of recovery from injury to spread the word about ACC's support to others.

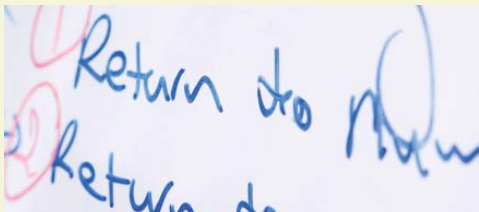




## Spreading the word



Recovered from her injury, Gafa Faitotoa is keen to let others in the Pacific community know how they, too, can get help from ACC.



Gafa Faitotoa was returning home from her parents' house when she slipped on a puddle of orange juice. "I fell with the full force of my body going on to my foot, and broke it above my ankle."

The working mother of two needed three operations – one to straighten the bone in her foot, another to put a pin in the foot to strengthen the bone, and a third to remove the pin.

During Gafa's first stay in hospital, a case manager told her about the services ACC could provide to help her with her recovery.

"I was advised not to worry as ACC could contribute to my wages while I was off work."

ACC's support included equipment to help her mobility, home help and transport to see her doctor. ACC also paid for physiotherapy to help speed her recovery, and paid her weekly compensation while she was unable to work at her job in Child, Youth

and Family's Porirua site office.

"In the beginning I needed a wheelchair to help me get around. After a while ACC gave me crutches which helped me when I went back to work.

"I wanted to get back to work as soon as I could. I've always been a full-time worker and a Mum. I want to be a role model for my children." Her rehabilitation plan helped her return to work successfully.

"I can't believe I am now totally recovered and back at work, working full time. It was so hard in the beginning."

Today Gafa is keen to spread the word about ACC's support to others in the Samoan and wider Pacific community. Her message is clear. "There are many Pacific people working in ACC. Don't let English language be a barrier. Ask for a Pacific language speaker to help you. ACC will help you, just as they helped me."

JACKIE HUTCHINGS: STOMAL THERAPIST



Fatigue is often a barrier to a successful return to work after an injury. It is important for employers, other employees and friends and colleagues to be aware of such injury-related challenges when someone returns to work. ACC helps people get back to work in a sustainable way by supporting a gradual increase in working hours and tasks as an injury improves, by providing equipment to help them at work, or by facilitating pain management.



## Step by step



Case manager Jo Prigmore visited Jackie at home within days of her injury and agreed to help make her wish to get back to work come true. A gradual return was the key.



This feature of the Employment Maintenance programme helped an injured nurse realise her goal of an early return to work by providing a worksite assessment, a light wheelchair, and gradual increase in her days at work.

Jackie Hutchings was dancing when she suddenly felt as if someone had kicked her leg from under her. The Christchurch nurse had ruptured an Achilles tendon and for the next 16 weeks her leg was in a plaster cast.

ACC case manager Jo Prigmore contacted Jacqui within days of her injury.

“Jo was wonderful,” said Jackie. “She came to see me at home and let me know what I could get under ACC.”

“I told Jo I couldn’t cope with the 10 weeks off work I’d been given. I’d be bored. And it’s not easy for others at work when one of us is away.”

After a worksite assessment Christine Hartmann from Empower Rehabilitation arranged for ACC to

provide Jackie with a light wheelchair.

Four weeks later, Jackie returned to work part-time. “Christine told me not to overdo it and she was right. I went from two days to three, to four, to five, over a long time.

“Working in the wheelchair I could see all the new patients who could come to me.

“I know someone who thought I was mad for wanting to work, but I hated being at home. Having an injury was depressing enough.”

Case manager Jo Prigmore described Jackie as “really great, she really wanted to get back to work.”

A former health and safety inspector, Jo’s qualifications include a Master of Biomedical Science degree and a postgraduate diploma in occupational safety and health. “There’s nothing like ACC in England. It’s a brilliant idea. People here don’t know how lucky they are. And coming from overseas, I can say that to them.”

TAMA RANDELL: IT SUPPORT



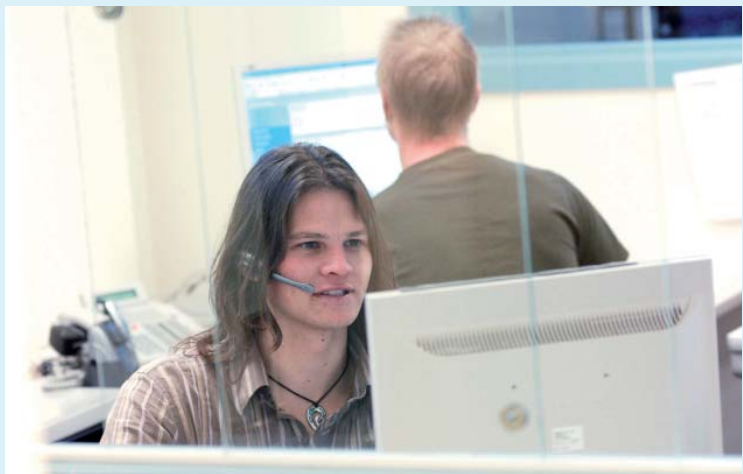
When people have serious life-changing injuries such as spinal injury, specialist case managers work closely with them to establish their health, vocational and living needs for the future. The case manager of a lifetime rehabilitation planner works with the person to develop an individual life care plan.



Case manager Michelle Greatorex is 'always there' for Tama as he joins the workforce and enjoys a full and independent life.



## Living to the full



As part of life-care planning, planners anticipate injured people's life stages and transitions. The aim is to help the individual manage and gain the maximum quality of life with their injury.

ACC's ongoing support has enabled a young man with a spinal injury to obtain university qualifications and an IT job, and to enjoy a full and independent life.

Seven years ago Tama Randell was shot in the back while duck shooting. After 10 days in Wellington Hospital's intensive care unit, the 16-year-old Palmerston North high school student was flown by air ambulance to the Burwood Spinal Unit.

"Being so young helped me. At 16, I thought life is going to go on, I've got to get on with it."

ACC funded modifications to his family house, bought him a car, and helped him through school and then with his computer studies, first at certificate level and then at Massey University, providing funding for equipment where needed.

Once Tama started job hunting in 2004, ACC

placed him with Workbridge and its Mainstream programme, where he struck it lucky and got a job with MidCentral DHB working on the hospital help desk.

"I was very glad to start. I like learning and I like learning about working. And I like working out how to help callers."

Now 23, Tama leads a full and active life, with many active hobbies and pursuits. He lives with his girlfriend and her daughter, and his friends have "never wavered. I showed them I'm still me, I might be shorter but I haven't changed. Life is what you make it."

Tama's ACC case manager Michelle Greatorex, who has a Bachelor of Social Work degree with honours, has worked with ACC for five years. "You build good strong working relationships with clients and their families. You are given responsibilities and you get to make good decisions for your clients. You can get stuff done. The legislation and policy are clear. It's very satisfying and rewarding getting people moving."



HELEN TUNSTALL: SPORT SCIENCE MANAGER

Working to reduce injuries is one of ACC's key strategic priorities. ACC manages numerous initiatives, often in partnership with other agencies, to lower the risk of injury among targeted groups. ACC is funding the work of a professional sport scientist to make an impact on the injury rate of soccer, the most played team sport amongst young people in New Zealand.



## Face to face



Sport scientist Helen Tunstall has found that talking to people face to face is the best way of changing their approach to the risk of injury. Helen works closely with ACC injury prevention programme manager Simon Gianotti (above).



Appointed two years ago by New Zealand Soccer in partnership with ACC, Helen Tunstall is an Injury Prevention Manager whose role is to implement the SoccerSmart injury prevention programme throughout New Zealand.

She travels the country, presenting seminars showing soccer's latest training and preparation methods. The programme includes coach, player and referee education, resource development, and research and evaluation of potential interventions.

"It's a real challenge trying to change people's mentality about the risk of injury. We have found that talking to people face to face is the best way. But because one person like myself can't talk face to face to everyone, we are finding the right people in the regions and taking the time to develop them. We need a team approach."

During 2005-2006, the focus was on player strategies such as 'The 11', the ACC-endorsed prevention programme developed by FIFA's Medical Research Centre.

Before 'The 11' prevention programme was launched in Auckland in March 2005, new soccer injury claims were increasing at an average of 5.6% a year (and costing ACC \$4 million a year).

FIFA is determined that 'The 11' will reduce soccer injuries by as much as 30%. Already, encouraging results are showing up in this country. Knee and ankle injuries are dropping in soccer.

"Physical conditioning is crucial in reducing the risk of injury," Helen said. Before the 2007 pre-season, a personal physical conditioning programme will be available online for New Zealand soccer players.

## WIDER GOVERNMENT INITIATIVES

ACC contributes to the Government's overarching objectives of reducing inequalities in areas such as health, education, employment and housing by delivering services in injury prevention and assisting injured New Zealanders – primarily through rehabilitation and compensation. A contribution is also made to whole-of-government initiatives by collaborating with key partnering agencies – the Department of Labour, the Ministry of Health and the Ministry of Social Development. Better co-ordination and alignment of research, policy development and service delivery, and enhancement of return-to-work outcomes is the result.

Focus is also maintained on developing and consolidating effective working relationships with a range of other government agencies to promote common interests in creating a positive safety culture and safe working environments and communities in New Zealand.

**DEPARTMENT OF LABOUR** ACC continues its role in leading the implementation of the New Zealand Injury Prevention Strategy (NZIPS). The Corporation is committed to working with its 23 partner agencies to realise the strategy's goals of achieving a positive safety culture and creating safe environments.

In 2006-2007 ACC will co-ordinate a number of projects with the Department of Labour and other agencies aimed at establishing valid injury indicators, including injury outcome indicators, threat-to-impairment indicators and productivity loss indicators (to support the Workplace Health and Safety Strategy). The Department of Labour will also focus on further developments to measure the economic and social costs of injury which will support implementation of NZIPS.

The Department of Labour continues its work in implementing the Workplace Health and Safety Strategy. Aligned to its leadership role, ACC continues to work closely with the Department of Labour to ensure co-ordination of initiatives to promote 'productive work and high-quality working lives in New Zealand'.

Since 1 April 2006 ACC has worked with the Department of Labour to introduce the Workplace Safety Discounts programme.

**MINISTRY OF HEALTH** ACC works closely with the Ministry of Health and with organisations in the wider health sector to promote service alignment where possible.

The provision of emergency transport services has been an area of joint focus for some time. In particular, ACC has worked with the Ministry and the ambulance sector to implement the 'Roadside to Bedside' framework for emergency ambulance services introduced in 2001.

Work continues to increase understanding of the impact of services to injured claimants on the publicly-funded health sector. For example, ACC will work with the Ministry to consider ways in which services are, or might be, delivered through Primary Health Organisations in the future.

**MINISTRY OF SOCIAL DEVELOPMENT** ACC works with the Ministry of Social Development to enhance injury prevention and rehabilitation outcomes in areas such as the prevention of intentional injury and the implementation of Te Rito: New Zealand Family Violence Prevention Strategy.

At the strategic level, ACC is also a member of two significant projects led by the Ministry. The review of Long-Term Disability Support Services aims to address perceived inequities and inconsistencies across government in the support offered to disabled persons.

The Single Core Benefit project will simplify the current social welfare benefit system by replacing the existing range of benefits and introducing one core benefit. This initiative has some parallels with work being done by ACC to review its weekly compensation practices.



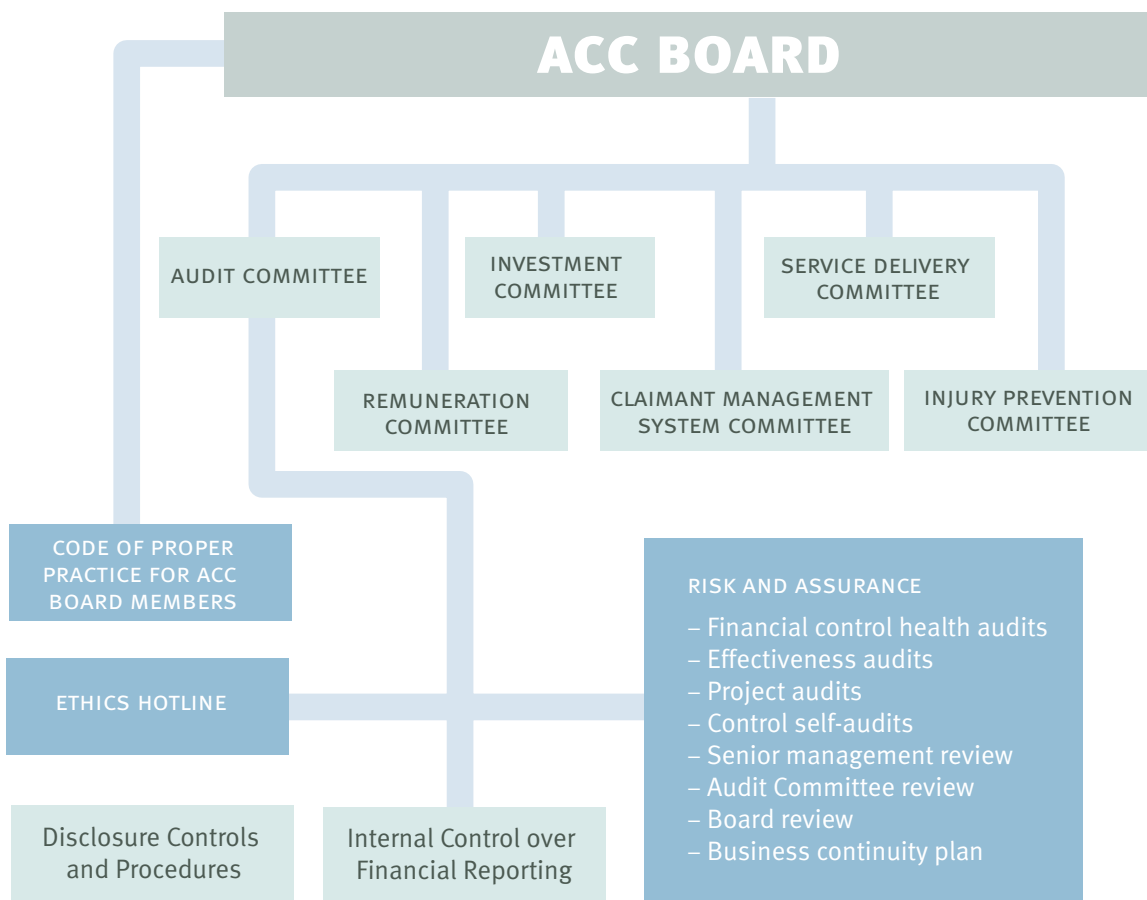
**STATISTICS NEW ZEALAND** Statistics New Zealand is the Injury Information Manager under the Injury Prevention, Rehabilitation, and Compensation Act 2001. It works closely with the New Zealand Injury Prevention Strategy Secretariat in ACC on issues to do with injury data and indicators for measuring implementation of the Strategy. Statistics New Zealand is an active member of the Strategy's Inter-Agency Steering Group and has provided technical support to the development and validation of new performance indicators.

**LOCAL GOVERNMENT** ACC is focusing on working more closely with local government and has developed a Local Government Engagement initiative, which aims to plan and integrate injury prevention initiatives at a local level within the Long-Term Council Community Plan framework. ACC is establishing clusters of councils over a three-year period to enable better local sharing of information and best practice within injury prevention teams working with local councils, and also better sharing of information among local councils.

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# CORPORATE GOVERNANCE

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 Crown Entities Act 2004. ACC is exempt from income tax (except for its subsidiary companies). ACC is governed by a Board appointed by the Minister for ACC. ACC’s philosophy on corporate governance is to attain the highest levels of transparency, accountability, integrity, efficiency and sustainability. ACC takes good management and control seriously.



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 disclosure’.

**THE ACC BOARD** The Board currently consists of eight non-Executive members. The Minister's formal line of accountability with the Corporation is through the Board's Chair.

Board appointments are for three years. Reappointment is permissible for a further term. When nominating a person for appointment, the Minister is required to consider the balance of expertise on the Board.

Recently the Board completed a self-evaluation of its contribution as a whole and as individual members to the long-term success of the Corporation. Results of this evaluation, facilitated by an external consulting firm, have been reported back to the Board and included in action plans to address identified issues. Key actions will ensure:

- the right balance of time and focus for strategic issues and ways to measure management performance against strategic imperatives
- involvement with and understanding of major stakeholders
- maximum benefit from the new Board Committee structure
- understanding of key risks and risk mitigation
- best use of members' specialist skills and addressing skill gaps.

**BOARD RESPONSIBILITIES** A Statement of Intent is prepared annually which includes:

- provision of services by ACC
- ACC's roles and governance structure
- ACC's functions in relation to the management of each Scheme Account
- the relationship between ACC and any subsidiary.

The Board is responsible for ensuring that ACC carries out its statutory requirements under the Injury Prevention, Rehabilitation, and Compensation Act 2001 of:

- providing compensation entitlements
- promoting measures to reduce the incidence and severity of personal injury (including occupational disease and medical misadventure) and
- managing the assets, liabilities and risks for the various Accounts (under the Injury Prevention, Rehabilitation, and Compensation Act 2001).

The Board is responsible for the success of the Corporation and has a formal schedule of matters reserved for its decision. These matters include:

- the strategic direction of the Corporation within a framework of prudent and effective controls
- approval of annual budgets
- financial reporting
- major acquisitions and disposals and significant capital expenditure
- significant changes in accounting policies
- selecting and appointing the Chief Executive
- monitoring and reviewing the Chief Executive's performance
- changes to the organisation structure.

A key role of the Board is the development of corporate strategic direction. In addition, the Board sets the Corporation's values and standards, including matters relating to corporate social responsibility, and ensures that its obligations to its stakeholders and others are understood and met.

**DELEGATION** The Board sets and maintains clear policies that define the individual and collective responsibilities of management, the operating structure and lines of responsibility and delegated authority.

The Board delegates day-to-day management of ACC to the Chief Executive. With Board oversight, the Chief Executive is responsible for ensuring ACC achieves its business objectives, including risk management and ethical behaviour, and for ensuring that its system of internal control is functioning effectively and efficiently. Day-to-day operations are managed by senior managers led by the Chief Executive.

The Chief Executive and Board operate under procedures based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework of internal controls.

**ADVICE** The Board seeks independent professional advice when required. Board members also have direct access to the advice and services of external actuaries, the Risk and Assurance and Fraud Unit (ACC's internal audit team), and ACC's independent external auditors.

**REMUNERATION** Remuneration for Board members is set in accordance with the rates set by government.

**INDUCTION AND DEVELOPMENT** On appointment, all Board members are provided with appropriate training and guidance on their duties, responsibilities and liabilities as a Board member, and also have the opportunity to discuss organisational, operational and administrative matters with the Chair, the Chief Executive and the Corporate Secretary. More formal training is also available, and Board members have undertaken training through the Institute of Directors and at Harvard University.

ACC has a Code of Conduct for its management and staff, specifying business standards and ethical considerations. There is also a Code of Proper Practice for ACC Board members that covers ethical issues.

**RISK MANAGEMENT FRAMEWORK** ACC policies and procedures define the limits of delegated authority and provide a framework for management to deal with areas of significant risk. The Chief Executive and Board have established procedures that are based on the Committee of Sponsoring Organisations of the Treadway Commission framework of internal controls.

Internal control systems are designed to manage the risks inherent in the process of achieving business objectives. These provide reasonable assurance but not absolute assurance against material mis-statement or loss. The Board sets the policy on internal control that is implemented by management. Written policies and procedures have been issued which clearly define the limits of delegated authority and provide a framework for management to deal with areas of significant risk. These policies and procedures are reviewed and, where necessary, updated.

The Board – through its Investment Committee – 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 them.

ACC's operating procedures include a comprehensive system for reporting information to the Board and the senior management team weekly and monthly. Budgets are prepared by line management and are subject to review by both senior management and the Board. Forecasts are revised as required throughout the year and compared against budget. When setting budgets and forecasts, management identifies, evaluates and reports on the potential significant business risks.

Emphasis is placed on the quality and abilities of staff. Continuing education, training and development are actively encouraged. 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.

The effectiveness of the internal control system is evaluated and reviewed by the Chief Executive and the Audit Committee, which receives reports from the Risk and Assurance Unit. The Unit provides frameworks for the provision of those activities through absolute risk management, the financial control health framework, corporate governance and legislative compliance.

The effectiveness of strategic controls is evaluated and reported on through the execution of effectiveness audits on high-risk areas.

Regular meetings are held between ACC, external auditors and the Office of the Controller and Auditor-General.

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

# INSTITUTIONAL GOVERNANCE

ACC operates within a clearly defined structure with specified lines of responsibility and delegated authority. 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 and 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.

## BOARD AND COMMITTEE STRUCTURE

### Investment Committee

This Board committee meets monthly to set risk tolerance guidelines and benchmarks, and to review the investment activity of ACC's investment portfolios. The committee controls the policy and procedural operational frameworks for the investment of funds. These frameworks are reviewed and updated when required.

### Audit Committee

The Audit Committee meets at least quarterly to monitor and review processes, systems and results to help ensure the Board fulfils its audit responsibilities. The focus of the meetings is:

- 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 auditor, 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.

### Remuneration Committee

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

### Claimant Management System Committee

This is an ad hoc committee of the ACC Board comprising two ACC Board members and an external expert adviser. It has met monthly since it was established in November 2005. Its purpose is to ensure that the Claimant Management System project remains aligned to ACC's strategic directions and priorities; monitor and oversee the project's progress; focus on managing any risks, particularly those relating to costs and timeliness of delivery; and report and make recommendations to the ACC Board on the development and implementation of the project.

### Service Delivery Committee

This is a standing committee of the Board which was established in April 2006. It met twice before the end of the financial year (in April and June). While it is still finalising its terms of reference, its role is to provide oversight for ACC's rehabilitation and compensation functions. The committee is responsible for the oversight and monitoring of the ACC Scheme and relevant operational expenditure, and ensuring alignment of service delivery with the Corporation's strategic objectives.

### Injury Prevention Committee

This committee was established in May 2006 as a standing committee of the ACC Board. It is still finalising its terms of reference. Its purpose is to provide oversight and monitoring of ACC injury prevention activities, ensuring they are evaluated for their effectiveness in meeting the Corporation's strategic objectives.

## ACC BOARD AND COMMITTEE MEETINGS 2005-2006

Committee	ACC Board	Audit	Investment	Injury prevention	Remuneration	Claimant management system	Service delivery	Fees \$000s
Established				5/06		11/05	4/06	
Meetings held	13	5	11	1	2	8	2	
David Collins (B)	Chair				Chair			
Attendance	11	1	9	1	1	1	N/A	60
Brenda Tahi (B)	Deputy Chair	Chair						
Attendance	11	5	N/A	1	2	N/A	N/A	40
Don Turkington (B)	Term begun 12/12/05	First meeting 18/05/06	Chair from 12/12/05					
Attendance	6	1	6	N/A	N/A	N/A	N/A	17.5
Eion Edgar (B))	Term completed 17/11/05		Chair to 17/11/05					
Attendance	5	N/A	4	N/A	N/A	N/A	N/A	12.5
Gregory Fortuin (B)								
Attendance	13	N/A	9	1	N/A	N/A	N/A	30
Janice Wright (B)		Last meeting 13/02/06					Chair	
Attendance	11	4	N/A	N/A	N/A	7	2	30
Peter Neilson (B)		Last meeting 13/02/06					Chair	
Attendance	13	3	N/A	N/A	N/A	8	2	30
Ray Potroz (B)								
Attendance	11	N/A	N/A	N/A	2	N/A	N/A	30
Tord Kjellstrom (B)		Last meeting 13/02/06		Chair				
Attendance	9	2	N/A	0	N/A	N/A	0	30
Tom Davies (S)								
Attendance	N/A	4	N/A	N/A	N/A	N/A	N/A	15
Pat Duignan (S)								
Attendance	N/A	N/A	10	N/A	N/A	N/A	N/A	15
Trevor Janes (S)								
Attendance	N/A	N/A	10	N/A	N/A	N/A	N/A	15
Marcel van den Assum (S)						From 10/02/06		
Attendance	N/A	N/A	N/A	N/A	N/A	6	N/A	11

B = Board Member, S = Specialist Member, N/A = not applicable

Note: This table shows only the attendance of committee members or the Board Chair as an ex officio member, not attendance by Board members who were present out of interest.

**Indemnity and insurance**

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

**Risk assurance and fraud**

ACC maintains an independent internal audit service to help the Corporation meet its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The internal audit service is authorised by the Board and the Chief Executive to direct a comprehensive programme of internal auditing within the Corporation, with full and unrestricted access to all functions, staff, property, personnel records, accounts, files and other documentation. The internal audit work programme is subject to annual endorsement by the Audit Committee, with the results, progress and performance regularly reviewed by that committee and the external auditors. The Risk & Assurance and Fraud Manager meets separately with the Audit Committee quarterly, without management present.

**ACC's status of compliance**

ACC conducts an annual self-assessment of its compliance with legislation and international governance standards for best practice. This year's assessment indicates there is only one Act, the Public Records Act 2005, with which ACC is not yet fully compliant. A framework is being developed to attain compliance with this Act.

**Auditor independence**

The Controller and Auditor-General is by statute the auditor of ACC. Ernst & Young has been contracted to undertake the audit on his behalf.

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

**International financial reporting standards**

ACC has established a steering committee to oversee the conversion to New Zealand International Financial Reporting Standards (NZ IFRS). This is led by the General Manager Finance who reports quarterly to the Audit Committee. Although the Board has delegated the governance of the NZ IFRS conversion project to the Audit Committee, all significant issues are referred back to the Board.

**Business continuity planning**

ACC's Business Continuity Plan was developed to sustain operations that support all key business functions in the event of a disruption. In the past year, two 'full drill' exercises were held in Wellington and Auckland, involving senior management and staff. PricewaterhouseCoopers, facilitators for both exercises, found that ACC was able to manage the business under the simulated conditions. Issues identified during the simulation exercises are being addressed.

ACC has a Business Continuity Planning (BCP) Working Group team which meets every quarter to discuss issues or threats that could have an impact on the business in the near future. In 2005-2006 the team has been planning ACC's response to an influenza pandemic.

## ACC SUBSIDIARY COMPANIES

**CATALYST RISK MANAGEMENT LIMITED** Catalyst Risk Management Ltd (Catalyst) is a wholly owned subsidiary of ACC established on 1 April 2000 to provide a channel for services offered commercially by ACC.

Catalyst's services include:

- 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 development of injury prevention-focused workplace programmes
- illness management – rehabilitation management to organisations with liability arising from causes other than personal injury
- information systems for the case management of claims.

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 respective industry groups and commercial contracts with ACC for long-term claim management.

Catalyst has built on existing processes and developed 'best practice' initiatives to provide improved customer service for both Catalyst and ACC.

### CATALYST BOARD MEETINGS 2005-2006

CATALYST BOARD OF DIRECTORS		Meetings held: 12	
Members	Status	Meetings attended	Fees \$000
Gregory Fortuin (Chair)	B	11	0
Anthony Ractliffe	ID	12	15
Rob Elvidge (last meeting 16/4/2006)	ID	9	12.5
Linda Robertson	ID	11	15
Garry Wilson (last meeting 25/10/2005)	E	3	0
Dr Jan White (first meeting 14/12/2005)	E	5	0

B = Board Member, E = ACC Executive, ID = Independent Director

**DISPUTE RESOLUTION SERVICES LTD** DRSL is a wholly-owned subsidiary company established in 1999 to manage an independent dispute resolution service. ACC and DRSL are parties to a Contract for Service, which governs their respective administrative and financial rights and obligations.

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 there is a right of appeal to the District Court by any of the parties to the process.

DRSL is focused on providing impartial, prompt and professional service to all parties. It has introduced options to improve the convenience and suitability of hearings. It also provides the dispute resolution options of mediation and facilitation, which offer the parties the potential for mutually acceptable solutions.

These options are in addition to the review services and using them does not remove the right to review a decision.



## DRSL BOARD MEETINGS 2005-2006

DRSL BOARD OF DIRECTORS		Meetings held: 11	
Members	Status	Meetings attended	Fees \$000
Ray Potroz (Chair)	B	10	0
Gavin Adlam	ID	11	15
Wendy Davis	ID	10	15
Brent Kennerley	ID	10	15

B = Board Member, ID = Independent Director

## ACC BOARD MEMBERS

**DAVID COLLINS – CHAIR** Appointed to the Board October 2003 and Chair on 22 November 2004.

Dr David Collins QC has been a member of the ACC Board since October 2003. He is a Wellington-based Queen's Counsel and honorary member of the Victoria University Faculty of Law. Dr Collins was formerly Vice President of the New Zealand Law Society and President of the Wellington Medico-Legal Society.

He has held a number of positions in a wide range of organisations. Currently he is a Governor of the World Association of Law and Medicine. As a practising lawyer with a strong professional and academic interest in ACC, Dr Collins brings a wide blend of skills to the Board.

**GREGORY FORTUIN** Appointed to the Board on 18 October 2002.

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

**TORD KJELLSTROM** Appointed to the Board on 4 September 2001.

Dr Tord Kjellstrom has a consultancy business in health and environmental research based in Mapua, Nelson, and holds a part-time position at the Australian National University in Canberra. He has a Doctorate of Science in Medicine and a Masters in Mechanical Engineering, and until recently was Professor and Chair of Environmental Health at the University of Auckland.

Dr Kjellstrom has extensive local and international academic and working experience in occupational health and environmental health, in which he has published extensively, and in community/public health and safety. He is a member of several professional and scientific associations.

**PETER NEILSON** Appointed to the Board on 22 November 2004.

Peter Neilson is Chief Executive of New Zealand Business Council for Sustainable Development. He is a member of the Stakeholder Council of the Waikato Management School. Peter has experience as a consultant in the health sector where he worked on a number of projects including strategic and business planning.

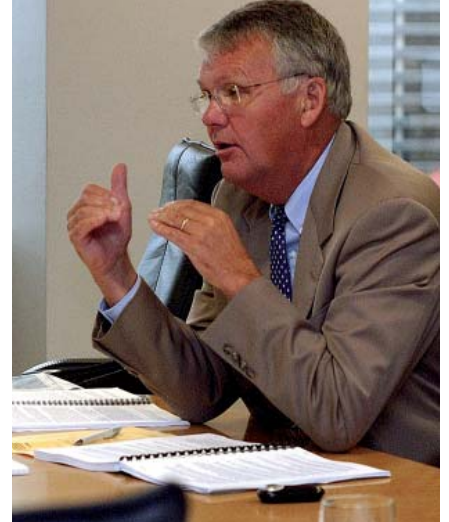
Formerly a Member of Parliament and Minister, including Minister of Revenue and Associate Minister of Finance and State-Owned Enterprises, Peter has extensive knowledge of the public sector, investment and general management.



Anticlockwise from left:  
David Collins, Don Turkington,  
Brenda Tahi, Gregory Fortuin



Clockwise from right:  
Tord Kjellstrom, Peter Neilson, Janice Wright, Ray Potroz



**RAY POTROZ** Appointed to the Board on 14 September 2000.

Ray Potroz is a Director of the Union Medical Benefit Society and CCI NZ Ltd and was previously the National Secretary of the New Zealand Dairy Workers' Union.

**BRENDA TAHI – DEPUTY CHAIR** Appointed to the Board November 2002 and Deputy Chair on 14 October 2003.

Brenda Tahī has been a member of the ACC Board since November 2002. Brenda is a business consultant and company director. She has 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.

She is a Director of the Institute of Geological and Nuclear Sciences and a Member of Nga Pae o te Maramatanga (the National Institute of Māori Research Excellence). Brenda Tahī is Te Whanau a Ruataupare, of Ngati Porou descent and also links to Tuhoe.

**DR DON TURKINGTON** Appointed to the Board on 12 December 2005.

Dr Don Turkington is a company director from Auckland with a PhD in Economics. He is chair of Walker Capital Management and has worked as Executive Director of Forsyth Barr and as Managing Director of Cavill White and of Morgan Grenfell. He has expertise in financial services, investment management and governance experience in commercial, cultural, educational and community organisations.

**DR JANICE WRIGHT** Appointed to the Board on 11 August 2003.

Dr Jan Wright is a policy analyst and economist based in Wellington. She 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 Chair of Land Transport New Zealand and a Director of Transit New Zealand.

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## ACC EXECUTIVE TEAM

The ACC Executive Team, led by the Chief Executive, is responsible for the leadership and management of the organisation, and is accountable for the achievement of ACC's outcomes. In 2006 a Corporation-wide restructure was begun, which included the realignment of existing business groups, the establishment of a number of new groups, and the recruitment of the senior managers for these groups – either from within ACC or through external appointment. As this process of change is occurring during this reporting year, both management structures are shown.

### **CHIEF EXECUTIVE** Garry Wilson (to October 2005)

As Chief Executive since September 1997, Garry oversaw the Corporation as it progressed through a radical reappraisal of its role and significant changes in ACC legislation. He retired in October 2005.

### **CHIEF EXECUTIVE** Jan White (from October 2005)

Dr Jan White took over the ACC Chief Executive role at the end of October 2005. She was previously Chief Executive of the Waikato District Health Board. Dr White is medically trained and has worked in medical and general management for over 20 years in both Australia and New Zealand.

## SENIOR MANAGEMENT GROUP TO 31 MAY 2006

### **GENERAL MANAGER BUSINESS AND REHABILITATION SUPPORT** John Nicholson

This role was responsible for providing frontline services to ACC customer groups as well as support services to other areas of ACC. John joined ACC in 2000 after 20 years in compensation services, in operational and consulting roles.

### **GENERAL MANAGER BUSINESS TRANSFORMATION** Kevin Walker

This role had overall responsibility for the Corporation's change programme and the Investment Team. Kevin joined ACC in 1998 after various senior finance roles in government departments and the dairy industry.

### **CHIEF FINANCIAL OFFICER** Phil Burt

The Chief Financial Officer was responsible for the finance area of ACC, including financial forecasting and reporting. Phil joined ACC in 1998 after a number of finance roles at ENZA, Bank of New Zealand and Ernst & Whinney.

### **GENERAL MANAGER HEALTHWISE** David Rankin

This role was responsible for purchasing health services for the 1.6 million injuries treated with ACC assistance each year. Dr Rankin joined ACC in 1998, after working as Chief Executive Officer of Auckland Adventist Hospital. He 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 MBChB from the University of Otago.

### **GENERAL MANAGER INJURY PREVENTION, MARKETING AND COMMUNICATIONS** Darrin Goulding

This role was responsible for the management of the relationship between ACC and the main levy payers and injury prevention groups, as well as marketing and communications. Darrin joined ACC in 1994, after work in the Treasury on health and ACC policy.

### **GENERAL MANAGER MĀORI DEVELOPMENT AND CUSTOMER ACCESS** Chad Paraone

This role was responsible for ACC's Māori Development and Customer Access Strategy, the co-ordination of

service delivery to Māori and delivering Business Plan initiatives for Māori. It was also responsible for facilitating ACC's ability to work with Pacific, Asian, elderly and disabled communities throughout New Zealand to ensure they gain access and receive their full entitlements.

Chad joined ACC in 2003 after consulting and management positions in the health sector. Chad belongs to the Te Aupouri and Kai Tahu iwi.

**GENERAL MANAGER PEOPLE AND SERVICES** John Saunders

This role was responsible for human resources management at ACC, as well as information technology, property and security. John joined ACC in 1997 after holding senior human resources positions in two major banks and KPMG, and 21 years at IBM.

**GENERAL MANAGER REHABILITATION OPERATIONS** Gerard McGreevy

This role was responsible for managing the ACC nationwide branch network (including Contact Centres) and its processes of case management and rehabilitation. Gerard joined ACC in 1991 as General Counsel following a legal career specialising in public administrative law.

**GENERAL MANAGER RESEARCH AND CORPORATE SERVICES** Keith McLea

This role was responsible for research and market research programmes, the New Zealand Injury Prevention Strategy, Audit, Fraud and Company Secretariat.

Keith joined ACC in 1996, and was previously the Chief Strategic Advisor at the Department of Labour.

**GENERAL MANAGER SPECIALIST REHABILITATION** Jackie Pivac

This role was responsible for providing expert advice on rehabilitation, occupational medicine and ACC operational policy, as well as the two specialist units of Sensitive Claims and Patient Safety. Jackie joined ACC in 2004 after a variety of positions in the Department of Social Welfare and Department of Child, Youth and Family Services.

**GENERAL MANAGER STRATEGY AND POLICY** Cathy Scott

This role was responsible for strategic policy advice, strategy and corporate planning, the Customer Relations Unit, and the relationship between ACC and other government agencies. Cathy joined ACC in 2001 after consulting, primarily in the health sector, and positions in the Department of Prime Minister and Cabinet.

## SENIOR MANAGEMENT GROUP AT 30 JUNE 2006

**DIRECTOR, CHIEF EXECUTIVE'S OFFICE** Position unfilled as at 30 June 2006

This newly created role manages and protects the overall corporate interest of ACC. The role also ensures the effective management of the Chief Executive's office through efficient and timely provision of key support services to the Chief Executive and Board.

**GENERAL MANAGER, FINANCE** Ian Simpson

The General Manager, Finance ensures the effective deployment of financial resources and capability across the organisation and, through leadership of the ACC investment team, returns that exceed market benchmarks. Ian Simpson took up this position in May 2006. He was formerly Finance Director for the Central and Eastern European markets of Diageo Plc. Prior to that he held a number of senior corporate finance roles, including extensive experience in two of the world's more complex corporate treasury operations.

**GENERAL MANAGER, HUMAN RESOURCES** Denise Cosgrove

The General Manager, Human Resources is responsible for ensuring the effective deployment and ongoing development of human resources capability across the organisation, through provision of appropriate HR strategy, policy and operational frameworks that underpin the organisation's strategic goals and objectives.

Denise Cosgrove took up this position in June 2006. She has held senior management positions for the past 13 years, primarily in human resources development but also in operational management, strategy, planning and communications. Prior to joining ACC, Denise was Assistant Auditor-General, Strategy, at the Office of the Auditor-General.

**GENERAL MANAGER, INFORMATION MANAGEMENT** Position unfilled as at 30 June 2006

The General Manager, Information Management is responsible for ensuring that the vital strategic information capability contributes at the most senior level in the organisation, given the importance of information management and IT solutions to an organisation of the size and complexity of ACC.

**GENERAL MANAGER, INJURY PREVENTION** Position unfilled as at 30 June 2006

The General Manager, Injury Prevention leads the development and implementation of national and community-based injury prevention programmes directed at achieving a significant reduction in injuries.

**GENERAL MANAGER, LEVY AND SCHEME MANAGEMENT** Keith McLea

The General Manager, Levy and Scheme Management leads and manages the operations and work programme of the Levy & Scheme Management Group. The Group combines several arms of the business, including levy and Scheme management, account management of ACC's key employers, the Business Service Centre, Debt Management Unit and actuarial services, ensuring strong alignment of liaison with business, revenue collection and Scheme performance.

Keith took up this position in May 2006 following his role as General Manager, Research and Corporate Services.

**DIRECTOR, MĀORI AND COMMUNITY RELATIONS** Position unfilled as at 30 June 2006

The Director, Māori and Community Relations is responsible for the establishment of strategies, practices and processes for embedding in ACC the ability to deal effectively with Māori, Pacific, Asian, elderly and disabled communities throughout New Zealand, ensuring they gain access and their full entitlements.

**CHIEF OPERATING OFFICER** Gerard McGreevy

The Chief Operating Officer manages all aspects of the rehabilitation process in order to ensure effective early treatment and sustainable prompt rehabilitation, and is responsible for the continuous improvement of all rehabilitation streams within ACC. Gerard took up this position at the beginning of May 2006 following his role as General Manager, Rehabilitation Operations.

**GENERAL MANAGER, STRATEGIC POLICY AND RESEARCH** Katrina Ings

The General Manager, Strategic Policy and Research manages ACC's research programme and ensures it informs strategic intent and strategic policy at the highest level, in turn enabling operational implementation of policy by the Operations business group. This position is responsible for providing rigorous policy analysis and research to inform the core activities of ACC, and for managing the policy interface with the Department of Labour and the Minister.

Katrina took up the role of General Manager in May 2006. She had joined ACC as National Policy Manager in July 2005 and has extensive experience, including senior management experience, in the public sector across the areas of health and welfare.

**TRANSITIONAL GENERAL MANAGER** Kevin Walker

This temporary position was created in May 2006 to manage teams requiring an interim General Manager during the changeover to ACC's new structure. Initially, this included the Programme Management Office, Business Integration, Information Strategy and Enterprise Architecture teams. Kevin Walker took up this position following his role as General Manager, Business Transformation.