

**Minutes of a meeting of the Board of the Accident Compensation Corporation held at ACC Boardroom, Level 7, Justice Centre, 19 Aitken Street, Wellington on Thursday, 26 September 2019 at 9.00 am.**

**Present**

Dame Paula Rebstock	Chair
Mr James Miller	Temporary Deputy Chair
Ms Anita Mazzoleni**	Member
Mr David May	Member
Ms Kristy McDonald QC	Member
Mr John Brabazon	Member

**In attendance**

Mr Scott Pickering	Chief Executive	
Mr Peter Fletcher	Chief Technology & Transformation Officer	
Ms Deborah Roche	Chief Governance Officer	
Mr Herwig Raubal	Chief Actuarial and Risk Officer	
Mr John Healy	Chief Financial Officer	
Ms Emma Powell	Chief Customer Officer	
Ms Sharon Champness	Chief Talent Officer	
Ms Gabrielle O'Connor	Head of Client Service Delivery	Item 4.1
9(2)(a)	Privacy Officer	Item 4.1
9(2)(a)	Policy Advisor	Item 5.1
Mr Paul Dyer	Advisor Investments	Item 5.1
Ms Ainsley Simmonds	Acting General Counsel	Items 5.5 & 6.2
9(2)(a)	Head of Provider Service Delivery	Items 5.3 & 8
9(2)(a)	Head of Health, Safety and Wellbeing	Item 6.1
9(2)(a)	Manager Corporate Secretariat	
9(2)(a)	Associate Company Secretary	

\*\* Attended via telephone / videoconference

# 1 Procedural Business

## 1.1 Apologies

An apology was received from Dr Batten.

## 1.2 Register of Members' Conflicts of Interest Arising

**CONFIRMED:** The Board reviewed the Register of Members' Conflicts of Interest Arising and confirmed that it was not aware of any other matters (including matters reported to, and decisions made by, the Board at this Meeting) which would require disclosure.

# 2 Committee Updates

## 2.1 Investment Committee

Mr Miller updated the Board on the key matters from the Board Investment Committee (BIC) meeting of 25 September 2019:

- The Investments governance review which had been discussed in Committee only time.
- Fund performance which was good.
- The KPMG penetration test on the Investments IT systems and physical security. The result indicated significant room for improvement, and there would be a report back to BIC.
- The PRI report, including how ACC could improve its rating.
- The SAA. The BIC had agreed to the taking of more risk.
- The private equity and property annual reviews had been considered.

The Board expressed concerned with the security of the automatic doors that had been installed on Level 7 of the Justice Centre.

**ACTION:** Management to review security of the automatic doors on Level 7, Justice Centre.

# 3 Board Only Session

## 3.1 Chief Executive's Report

Items raised by Mr Pickering were:

- LEK Report – next steps in order to finalise submission to the Board.
- Post Annual Report results de-brief.
- Next Generation Case Management (NGCM) Tranche 1 rollout update.
- Overall analysis of branch visitation programme conducted with the COO.
- Client Payments 2 update.

## 4 Operational Reporting

### 4.1 (a) ICIP Reporting

Mr Miller chaired this item, as the Board Chair had to take a phone call. Mr Fletcher introduced the report highlighting the following:

- The overall portfolio was in good shape.
- Client Payments was tracking well for the November 2019 delivery.
- NGCM was also scheduled to be rolled out in November but was facing timing challenges with technology.
- HSS needed to re-baseline the timeframe; the six ECP consortia were being engaged with.
- There was good progress in Analytics which was producing outputs for the business to use.

In response to Board queries—

- Mr Fletcher explained that the only current challenge was the NGCM timeframe.
- Ms O'Connor reported that the Tranche 1 rollout had continued in Dunedin this week, with approximately 400 staff across Admin, Assisted, Supported and Partnered now in the NGCM ways of working. Everything at the Dunedin site was going better than expected. All training had gone well. A formal 'lessons learned' session would feed into the November deployment and Tranche 2 rollout plan.
- Ms O'Connor confirmed that, overall, staff turnover had settled, and attrition and morale were settling. There had been <sup>9(2)(a)</sup> personal grievance raised, and while stress claims had increased, Talent was providing good support to staff.

- Ms O'Connor explained that ¼ of case managed claims were going through the new system. She reiterated that the early signs were good regarding the performance in Tranche 1 being similar to that of LaunchPad.
- Ms O'Connor requested that Members wait a couple of weeks for staff to balance their workloads, before undertaking a site visit. Mr Pickering suggested that the Board visit the Princes St site when in Dunedin for the October 2019 Board meeting.
- Mr Fletcher explained that the Investments Team had reported that the Investments technology improvements dashboard would go green next month, at which point, Mr Fletcher suggested, the Investments Technology Report could be retired.
- Mr Fletcher agreed that it would be appropriate to align an ACC-wide penetration testing with the cadence of Investments testing.

**RESOLVED:** The ACC Board resolved to:

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

#### **4.1 (b) Operational and Financial Performance including claims cost**

The Board queried the "Management attention" being given to the areas of concern highlighted in the Report, noting that ACC was at an inflection point in terms of income and liabilities. Mr Raubal explained the role of the OCL Management Group in understanding the drivers of the trends. He confirmed that the \$100 million strain could potentially be reversed through NGCM and the HSS.

The Board discussed whether there was any potential for ACC to employ its own service providers, to reduce costs. Ms Powell explained that the current model for Sensitive Claims was heavily focused on face to face counselling which required a level of professional training. Management was exploring the use of alternative service delivery models including tele/digital. However, there was a much larger workforce challenge around the whole violence area. By way of context, Mr Pickering explained that Sensitive Claims represented only 1% of ACC's total claims, albeit very complex claims. Ms Roche explained the work in the Family Violence Sexual Violence Joint Venture regarding new ways of contracting in the health sector and early interventions. This was a multi-pronged approach across the sectors.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** the Claims Cost performance
- (b) **Note** the Operational and Financial Performance

#### 4.1 (c) Q4 Privacy Report & Key Privacy Risk Indicators

Ms Roche introduced the Report and briefed the Board on the response from the Privacy Commissioner to ACC's Level 3 breach related to information matching. She also reported on improved staff training, and the Privacy and Legal teams' support of the NGCM rollout. <sup>9(2)(a)</sup> explained the progress of encryption of ACC data. Mr Fletcher added that continued uptake of the cloud would enhance security, as encryption extended to a greater portion of ACC's data.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** that in Quarter Four we saw a decrease in reported breaches from Quarter Three. Overall, reported breaches have increased slightly from the previous year.
- (b) **Note** that reported near misses have increased from the previous year, which is a positive reflection on ACC's culture.
- (c) **Note** that two of the KRIs (privacy training of staff within ten days of starting work at ACC, and the number of privacy breaches resulting from staff not following process), have not met their compliance target, and that the Privacy Team is targeting communications on these two KRIs.
- (d) **Note** that the Privacy Team's focus in Q1 is supporting the implementation of the Next Generation case management model, including completion of the Privacy Impact Assessment for the model and consultation with stakeholders.

#### 4.2 LEK Final Report

The Board decided during Board only time to hold this item over.

#### 4.3 Annual Enterprise Risk Profile Refresh

Mr Raubal introduced the paper, explaining that best practice was to review the risk profile every year. He explained the new approach to reporting which was more granular on risks, resulting in most risks not being rated High, and the link between treatment plans and lowering the risk profile would be clear. He explained the three-Tier approach to structuring the risks. The proposal was to detail only the five High Tier 1 risks. There would be brief summaries of the other risks.

The Board commended the simpler style. Board discussion focused on the following:

- That Key Person risk be added as a Tier 1 risk, over next the 12-20 months. Benefits Delivery risk should also be added to Tier 1 and the measures and controls articulated.
- That there be target dates for the risk mitigations. In response to Ms Champness' query regarding the appropriate mitigation period, the Board agreed that two years was long enough. While the objective was to mitigate ACC's risk profile, and acknowledging that it could not be eliminated, some areas should get to Green as an end-target. The steps to get there should be shown—the Report should not be simply a slice in time. Mr Raubal would work with the RAAC Chair to give the Board what it needed.
- Mr Raubal confirmed that KPIs risk owners had KPIs for managing their respective risks.
- Policy risk, noting that it was the prerogative of the Crown to change the law. Ms Roche explained ACC's ability to influence policy and legal issues.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** the list of refreshed entity risks.
- (b) **Provide** feedback on the Report.
- (c) **Note** the use of the enterprise risk dashboard for reporting to the RAAC.

## 5 Board Papers

### 5.1 (a) & (b) Funding Policy & Follow up presentation on Implications of a Low Interest Rate Environment

Mr Raubal explained the background to the Funding Policy Review. Agreement had been reached between ACC, MBIE and Treasury to achieve a system for levies and appropriations being approved more often.

#### *Treating NEA funding movements as a forecast change*

Mr Raubal explained ACC's levy recommendations within the Budget bid process. The belief was that, in moving to a forecast change, it would make it easier for Ministers to agree with the recommendations. The Board's discussion focused on the following:

- How the Policy was currently operating. Mr Raubal explained that ACC was currently not meeting New Year costs and the funding position would continue to deteriorate.

- Whether the Policy in fact achieved anything. Mr Raubal explained that the goal of the changes was to get levy recommendations approved. ACC's request would be for New Year costs plus 10% of the shortfall. Mr Raubal confirmed that if ACC requested a significant NEA appropriation this year, a breakdown would be provided of the years where the NEA had been underfunded.
- The extent to which ACC could refuse to fund the NEA. Mr Raubal explained ACC's legal obligation to provide its services.
- That ACC needed to be clear about its obligations and the consequences of underfunding. Mr Raubal explained that this was already reported in a number of documents such as the FCR and Quarterly reports.
- That the Funding Policy would be easier to understand if it was described as getting to New Year costs plus 10% of the shortfall. Mr Raubal explained that the proposal was not to change to the Funding Policy itself, but rather the mechanism to get the funding approved.

#### *Levied Accounts—remove buffer and risk margin*

Mr Raubal explained the target funding level for the levied Accounts, which was currently set at 105%. Treasury and MBIE held the view that it should be more like the OCL with no risk margin.

The Board discussed the risk margin. Mr Raubal suggested it be 100% of the best estimate of liability. The Board noted that it would not support anything less than 100%. Mr Raubal noted that Treasury was aligned with ACC in not supporting the risk-free rate.

#### *Three-year levy cycle*

Mr Raubal explained the proposed three-yearly levy cycle. The Board's discussion focused on the following:

- The likely negative impact a three-yearly cycle would have on getting agreement to levy increase recommendations, and whether an annual review would be better. Ms Roche explained the burden on ACC with undertaking consultation every year.
- The reasons for maintaining a two-yearly cycle (which the Board preferred), and that, in some circumstances it would help to have a step change. In that way if, for example, ACC recommended a 5% increase, the government could do 2.5% plus 2.5%.

- ACC's mid-cycle levies position. Mr Raubal explained that all of the levies were at close to historic minimums but had come from high points; ACC was now at the bottom of the cycle and needed to increase the levies.
- The extent to which the principle should be, if underfunded, to never pay less than New Year costs, or, to pay New Year costs plus 10% of the shortfall. The Board was reminded that the Funding Policy had been put in place to remove volatility in levies, as levy payers dislike big rises. Mr Raubal explained that when the modelling for the Policy was done, it was thought the 15% cap would likely not apply often—perhaps for one cycle. However, with the fall in interest rates, the theory no longer held. The question was how to think about the cap in the current environment.
- The extent to which not charging New Year costs would break the intergenerational equity principle. However, the difficulty was in transitioning to a New Year costs position.
- How the 15% cap applied to the Work Account which was above target. Mr Raubal explained that the cap only applied to increases.
- The importance of the cap applying to decreases as well as increases, otherwise there could be overshooting in both directions. At some point interest rates would reverse, and that would do most of the lifting for ACC.
- Whether levy increases should both cover the targets and reverse the deficit. The Board suggested that ACC should not try to clear the deficit, nor to quickly close the New Year costs. The focus should be on minimising overshooting. The Board requested a model of how much New Year cost should be allowed to ride through the interest rates cycle, and a forecast of the length of the current cycle, noting that the Investments Team may have done work on this.
- The extent to which a longer than normal interest rate cycle should be reflected in a proposed time period for smoothing. While 10 years had made sense previously, analysis was needed to clarify whether it made sense now. It was noted that there was a sense in the market that low interest rates would be around for many years; this highlighted the need for sensitivity analysis.
- Whether, as a matter of principle, ACC should seek to recover the targets in the Earners' Account and Motor Vehicle Account (MVA) when asset prices were high. Mr Raubal suggested that there was a good case for saying no. For the other Accounts, it was not hard to get back to New Year costs. The Board reiterated the need for analysis. There was discussion about what it would take to get to New Year costs for the MVA. The Board suggested showing the changes in dollars rather than percentages.



### *Improving Advice and Communications to Ministers*

Mr Raubal returned to the Funding Policy Review and the request for Board feedback in respect of how best to present information to help Ministers understand the uncertainty around targets and forecasts. The Board suggested that Management emphasise the New Year costs and 15% cap, and what it was costing ACC at the moment.

The Board circled back to Mr Raubal's query as to whether ACC should recover the deficit when asset values were high. Mr Raubal explained the outcome of trying to do this, and suggested instead having a path to New Year costs. Board discussion focused on the following:

- The definition of 'path to New Year costs'. Mr Raubal explained that it currently stood at 15% per annum, but the question was whether it should be lower, and over what timeframe.
- The extent to which getting back to New Year costs, and waiting for interest rates to lift, would be sufficient. Even though that would still result in an overshoot, it could be adjusted every two years.
- In terms of the 15% cap, the Board noted that large rises have consequences for the people who pay levies. Mr Dyer added that intergenerational fairness was also an issue, as the 15% cap transfers Scheme costs to future levy payers.
- How to manage a transition to New Year costs and maintain them, to prevent intergenerational inequity.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** that the shortlist of options was signed off by the Board in April 2019 and agreed with Ministers in early May 2019.
- (b) **Agree** to the preferred option of treating ACC NEA funding movements as a forecast change, outside the operating allowance.
- (c) **Agree** to the preferred option of removing the buffer and risk margin for the Levied Accounts.
- (d) **Consider** whether to extend the levy cycle to three years and indicate a preference for recommendation to Ministers.
- (e) **Agree** to the preferred option of continuing to apply a single levy rate over the relevant levy period as the default option, with the option of setting step changes in appropriate circumstances.

- (f) **Note** that the Board agreed at the February Board meeting to delegate decisions for out-of-cycle papers on the funding review to the Board Chair and other Board members.
- (g) **Delegate** authority to the Board Chair, Ms Mazzoleni, Mr Miller, and Mr May to approve advice to the Minister in early October 2019. The final advice will be uploaded in the weekly Board update.

## 5.2 2021/23 Levies Round

Ms Powell introduced the paper and explained the timing issues for levy consultation. The paper had set out the matters ACC must consult on in every round, matters ACC proposes to the Minister within his consultation, and some issues which were advantageous to consult on. Ms Powell explained that it was likely ACC would recommend an increase to levies. Management was not proposing to undertake the breadth of consultation as had been undertaken in the previous levy round. Board discussion focused on the following:

- Whether ACC would consult on e-mobility services. Ms Powell confirmed that there was scope to do that in this consultation round. Management had considered options on levying, and could include those in the December paper to the Board.
- Whether the consultation could include information to show that ACC was good value for business. It would allow ACC to show that levy increases were fair and represented good value for money. Ms Powell agreed this could be done.
- ACC being legally obliged to consult on levies, even though the government had stated a position against raising taxes.

**RESOLVED:** The ACC Board resolved to:

- (a) **Agree** to the 2021/23 levy setting timeline in Appendix 1, which will see the Board making final policy decisions on proposals in December 2019; approving levy rate recommendations for consultation in March 2020; and approving final levy rate recommendations in July 2020 following public consultation in May/June 2020.
- (b) **Note** that ACC will be consulting on the normal set of rates, thresholds and amounts for the 2021/23 period.

### *ACC's policy proposals*

- (c) **Note** that ACC will develop a consultation proposal on changes to the experience rating regulations for your approval in the December Board meeting.

### *Minister's policy proposals*

- (d) **Note** that ACC has identified a number of areas where the Minister may wish to consult on changes to methodology or calculation rules.
- (e) **Agree** that ACC should seek approval from the Minister to prepare a proposal relating to multiple vehicle discounts.
- (f) **Agree** that ACC should seek approval from the Minister to prepare a proposal relating to whether electric and hybrid vehicles should continue to be levied at the petrol vehicle rates.
- (g) **Agree** that ACC should seek approval from the Minister to prepare a proposal relating to the review of Fleet Saver and any potential recommendations.
- (h) **Agree** that ACC should seek approval from the Minister to prepare proposals relating to changes to classification units for Professional Sport, Online Retailing and Construction (Subcontracting).
- (i) **Note** that in the paper considered in the December Board meeting we will seek your approval to recommend the final consultation proposals to the Minister for his consideration.

#### *Other policy proposals*

- (j) **Note** that ACC will develop consultation proposals on the following topics where consultation is not required:
  - a) AEP changes
  - b) No Claims Discounts
  - c) Distance based levying
  - d) Credit interest
  - e) Administration fees.
- (k) **Note** that we will seek your approval for these items to be included in the consultation at the December Board meeting.
- (l) **Note** that one further item relating to grouping rules is still under consideration and you will be provided with an update at the December Board meeting.

#### *Communications and engagement plan*

- (m) **Note** that Management will prepare a communications and engagement plan based on the 2018 levy round, taking into account the changes in the environment from 2018 to 2020.

#### *Next steps*

- (n) **Note** that, following decisions on the above recommendations, we will draft a joint policy paper with MBIE to seek the Minister's approval of our timeline and consultation items.

- (o) **Delegate** sign out of the joint Minister's briefing paper to the Board Chair.

### 5.3 National Telehealth Service

9(2)(a) explained the background to the National Telehealth Service (NTS) which was delivered through a company owned by two of the larger PHOs. ACC became involved about four years ago when the six helplines were consolidated into a single service using multi-media platforms.

The Board queried the percentage of Healthline's triaging for accident rather than health. 9(2)(a) explained it was around 11-16%. However, for Poisons line and Dive line it was 100% accident-related. With the '1737' mental health line it was harder to know, as the role of counsellors was not to determine causality. The Board agreed it was a very good service, but the issue was regarding the extent to which ACC was funding health issues. 9(2)(a) explained that of the \$27 million per annum funding for NTS, \$3 million per annum was from ACC.

The Board discussed ACC's level of funding of ambulance. 9(2)(a) explained it was 1/3 for road ambulance.

The Board noted that ACC had agreed to funding for three years subject to an independent evaluation—since the evaluation was not complete, the Board queried why ACC was proposing a 5-year contract. 9(2)(a) explained that two of the three reviews had been completed and that the data ACC sought was in the first two. He confirmed to the Board that the third evaluation was still to be undertaken.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** that the Ministry of Health (MoH) entered a 10-year agreement with Homecare Medical Limited in 2015 for the National Telehealth Service (NTS).
- (b) **Note** that ACC contributes \$3.86 million per annum to NTS funding via a Letter of Agreement with MoH, which expires on 31 October 2019.
- (c) **Note** the Whole of Life Cost (WoLC) for ACC's contribution to the NTS, from 1 November 2015 to 30 June 2025, is forecasted at \$37.3 million.
- (d) **Approve** an extension of the NTS Letter of Agreement with MoH for a maximum of five years and eight months (3 + 2.8), from 1 November 2015 to 30 June 2025.

- (e) **Note** that, if the extension is approved, the forecasted spend for NTS for 2019/20 is already budgeted.
- (f) **Note** that Board approval is required in accordance with Corporate Delegations Schedule B, as the WoLC of the service will be \$37.3 million.
- (g) **Approve**, as the Delegated Financial Authority, an opt out from an open market procurement process under the Government Procurement Rule 12 Opt-out Procurements, clause 3a, which allows for the purchasing of goods, services or works between government agencies.
- (h) **Note** the extension is compliant with the Government Procurement Rules and ACC's Procurement policy.

#### **5.4 (a) Shamrock Superannuation Ltd – Notification regarding Annual General Meeting**

The Board had considered the paper in Board only time.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** that the board of Shamrock Superannuation Limited had resolved, in accordance with section 120(5) of the Companies Act 1993, that it was in the interests of the company to rely on section 120(5) and had had regard to whether there was any particular issue that the shareholders should be given an opportunity to discuss, comment on, or ask questions about.
- (b) **Note** that the constitution of the company does not require the meeting to be called or held.
- (c) **Note** that no AGM is to be held for the 2018/19 financial year for Shamrock Superannuation Limited.

#### **5.4 (b) Shamrock Superannuation Ltd – Director Reappointment**

The Board had considered the paper in Board only time.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** that the ACC Board appointed Mr Kerr as a director and chair of the Company for his first term effective on 1 October 2015.

- (b) **Reappoint** Mr Kerr as director and chair of the Company effective from 1 October 2019 under clause 5.4 of the Company's Constitution for a further term.
- (c) **Note** Mr Kerr's second three-year term will end on 30 September 2022, as required by clause 5.2.1 of the Company's Constitution.
- (d) **Note** that, as provided by Cabinet Office Circular CO (19) 1, Mr Kerr will not receive a director's fee for being a director of the Company as he is entitled to receive a fee of \$50,000 as the Licenced Independent Trustee of the my**super** Scheme as provided by clauses 24(d) and (s) of the Scheme's Trust Deed.
- (e) **Note** that when he was first appointed, Mr Kerr was given the benefit of ACC's Deed relating to Indemnity, Access and Insurance (old Deed), but that the Board adopted an updated Deed relating to Indemnity, Access and Insurance at its 25 July 2019 meeting (the updated Deed).
- (f) **Note** that the Company's other directors, Ms Sharon Champness, Mr Philip Newport, Ms Maree Bennett, and Ms Louise Marsden also have the benefit of the old Deed.
- (g) **Delegate** authority to the Board Chair and the Temporary Deputy Chair to sign updated Deeds on behalf of the Board for the benefit of Mr Kerr, Ms Champness, Mr Newport, Ms Bennett, and Ms Marsden.

## 5.5 Seismic Rating for Office Space

Mr Healy reported on the seismic situation in relation to two Hamilton ACC sites. It was not pragmatic to remediate the London St site and the plan was to relocate to Victoria St—however, ACC's engineer had challenged the Landlord's Detailed Seismic Assessment (DSA) which had rated Victoria St at 84%.

Mr Healy explained the relocation plan, noting that the decision could not be made until ACC's engineer provided a clarified DSA. Mr Healy explained that, if the DSA came in at less than 67%, we would consider remediation, but it was a question of how far below 67%. It would likely come back to the Board for a decision. Ultimately, the plan was to move to a new building in Hamilton, but that was two to three years away.

Ms Simmonds explained that, as a PCBU, ACC had to form its own view that it was doing everything reasonably practicable. Mr Pickering explained that first and foremost was safety to our people, and secondly avoiding disruption to the business.

The Board queried the correlation between seismic rating levels and the risks as to loss of life and to injury. ACC, as the Scheme provider, needed to be aware of the potential for injury. Mr Healy would obtain further clarification.

The Board noted the extent to which ACC’s current policy, and proposed policy, required a higher seismic standard than other government agencies. The Board considered how ACC might articulate its higher standard. Mr Healy suggested, for the proposed policy, ACC could link its standard of 80% to the nature of its business. Having a rating grade of A intuitively seemed right, as did not going down to the B standard of other organisations.

Further Board discussion focused on the following:

- If building standards were to change, the extent of ACC’s ability to cancel a lease. Mr Healy explained that the recent lease agreements all included a condition that the property meets building standards. However, the legacy leases did not have that clause.
- The time it would take to resolve the Victoria St site, and what ACC’s long-term property plan was. Mr Pickering explained that ACC’s goal was, in three years’ time, to have a core platform of three sites (Hamilton, Wellington and Dunedin), two of which were new builds, the other being the Justice Centre. Mr Healy added that ACC has a long-term plan for all sites.
- The availability of 100% rated buildings in Gisborne. Messrs Pickering and Healy explained that there were none, just as was the situation in Porirua. The Board suggested a more innovative approach may be needed for regional sites, as it may not be possible to tender into regions. For example, there may need to be an in-house solution.

**ACTION:** Management to bring the Property Plan to the Board in early 2020.

**RESOLVED:** The ACC Board resolved to:

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

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

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

% of NBS	Approach for current sites	Approach for proposed/new sites
80% or higher	Remain	Acceptable
67-79%	Remain	Do not consider

- (d) **Note** that Management will adjust the proposed new minimum seismic standard, based on feedback from the Board.
- (e) **Note** that the main feature of the proposed new minimum seismic standard is that rather than requiring that any new buildings be rated 'A+' (100% of the New Building Standard or NBS), any proposed new ACC sites must instead have earthquake ratings of at least 'A' grade (80% NBS or higher).
- (f) **Note** the NBS rating of any building is calculated in line with the most recent engineering guidelines, which may mean that a site's NBS rating increases or decreases from time to time even if the nature of the building itself has not changed.
- (g) **Note** that this proposed standard is only in relation to buildings occupied by ACC, and that a separate paper will be submitted to the Board Investment Committee in relation to buildings that ACC is considering investing in.

## 5.6 Finance Policy

Mr Healy reported that the Policy was last brought to the Board in 2017. The main changes to the Policy included a greater emphasis on behaviour, culture and conduct, reflecting external expectations, also recognising the more strategic elements to finance, core financial activities, and the funding parameters of the Scheme.

The Board discussed the extent to which ACC's being a Tier 1 Public Benefit Entity should be reflected in the Policy. The RAAC Chair would suggest some changes for Mr Healy to consider.

In response to a Board query about links in the Policy to Providers, Mr Healy explained that Providers were covered in ACC's Procurement Policy.

**RESOLVED:** The ACC Board resolved to:

- a) **Note** the Finance Policy for approval at a future Board meeting.
- b) **Note** a copy of the previous Finance Policy is available on request from  
9(2)(a)



## 6 Performance Reports

### 6.1 Health, Safety and Wellbeing Report

Ms Champness presented the Report, focusing in the following:

- There had been a slight increase in lost time injuries, with two such injuries. This would show as a statistical anomaly, as the number of lost time injuries was very low.
- An innovative pilot had been launched to ACC's health and safety reps to have access to funding of between \$500 and \$5000 for health, safety and wellbeing initiatives. Great ideas may be able to be scaled across the organisation.
- In terms of NGCM rollout, there was a slight increase in stress-related claims. Talent was maintaining a watching brief and was working closely with Ms O'Connor's teams.

Ms Vautier reported on the support being given to new NGCM leaders. She also reported on a health and safety security check with the new leadership team. In response to a Board query as to issues highlighted by the security check, Ms Vautier reported on the issues identified for follow up.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** progress toward becoming a leader in health, safety and wellbeing.
- (b) **Note** there was one notifiable events in August 2019.
- (c) **Note** the health, safety and wellbeing performance indicators.

### 6.2 Legal Report and Policy Update

#### (a) Legal Report – LEGALLY PRIVILEGED

The Acting General Counsel summarised the report, focusing on the following:

- ACC had provided information it held regarding the perpetrator of the 15 March 2019 Christchurch shootings, to the Royal Commission into the Christchurch mosque shootings. The Terms of References for the Royal Commission included a focus on how agencies could link up better. It was unlikely that the information held by ACC on the perpetrator would have, *ex ante*, generated a report to other agencies.

- *Austin v Roche* was a strike-out application that ACC had been alerted to only at the Court of Appeal stage, as one of the Appeal Court Judges noted that ACC needed to be involved.
- In respect of a Coronial matter previously reported to the Board, ACC had had an opportunity to review a draft of the facts and had been able to clarify several issues. A further opportunity to review the draft report with the Coroner's recommendations was expected.

The Board thanked Ms Simmonds for undertaking the Acting General Counsel role and acknowledged her additional workload.

**RESOLVED:** The ACC Board resolved to:

- (a) **Note** ACC has provided claim information about the alleged perpetrator of the Christchurch mosque shootings to the Royal Commission into the Christchurch.
- (b) **Note** ACC is being heard at a strike-out application in the Court of Appeal on 19 September in a matter concerning the bar against actions for personal injury.

(c) 9(2)(h)

(b) **Policy Update**

Ms Roche introduced the paper, focusing on the following:

- *Ambulance*: The Cabinet report-backs had been reduced by two. A policy paper would be coming to the Board in October to be aligned through to Cabinet either just before or just after the Health & Disability Review, because of the relationship to service planning.
- *Legislative modernisation*: The Minister was still looking to bring legislation to the House, which could be through a variety of possible legislative vehicles. This would have tight timing constraints for Board review.
- *Health & Disability Review*: Mr Pickering and Ms Roche had recently met with the Chair of the Review Panel who had expressed her gratitude for ACC's paper to the Review. Mr Pickering explained that the Chair of the Review Panel had expressed no urge to expand the remit of ACC; the focus was on practical recommendations for the problems, and they had appreciated

Ms Roche's help. Ms Roche added that the Review Panel would be working with ACC on the next phase of the Review (which would be brought to the Board in October or November).

The Board expressed a need to see anything before it went out, and that Management alert the Board to anything material that arose between Board meetings.

Mr Pickering reported that he would be meeting with St John for an update following the Martin Jenkins review. In response to a Board query as to the governance of St John and its working relationship with NASO, Ms Roche explained her understanding that it was not optimal. She reported that there would be a meeting between ACC and NASO to align the policy work, and on how to drive answers to the independent review of St John. ACC would brief the Minister on this.

**RESOLVED:** The ACC Board resolved to:

*Funding and future direction of ambulance services*

- (c) **Note** that a meeting has been arranged between Minister Lees-Galloway and Minister Clark for 5 November 2019 to confirm the scope of the policy project considering the future of ambulance services.
- (d) **Note** that the Ministry of Health and ACC have prepared a draft outline of the proposed scope of this work, including system settings to be considered

*Legislative modernisation*

- (e) **Note** that the Minister for ACC continues to consider how to progress legislative modernisation proposals, which may occur through a combination of three different potential legislative vehicles:
  - i. A new omnibus Regulatory Systems Amendment Bill to progress technical changes only;
  - ii. An initial Accident Compensation Amendment Bill in 2020, which could include technical changes and targeted policy changes;
  - iii. A second Accident Compensation Amendment Bill in 2021, which could include technical changes, targeted policy changes, and more significant policy changes.

- (f) **Note** that ACC and MBIE expect to provide the Minister with briefings by November 2019 on gradual process cover, weekly compensation settings, and proposed technical changes to workplace safety provisions.
- (g) **Note** that, where briefings are consistent with previous advice seen by the Board, Management will provide copies of finalised briefings to the Board via Boardbooks.
- (h) **Note** that, if briefings depart from previous advice, Management will seek Board approval for a new or revised ACC position.
- (i) **Delegate authority** to the Board Chair, Mr Brabazon, and Dr Batten to approve advice in briefings on gradual process cover, weekly compensation settings and proposed technical changes to workplace safety provisions, and/or any changes to policy positions on these topics, if required.

#### *Cross-government reviews and initiatives*

- (j) **Note** that, on 19 September 2019, the Chief Executive and the Chief Governance Officer met with the Chair of the Health and Disability System Review Panel to discuss next steps for the review, and matters of relevance to ACC.

## **7 Board Administration**

### **7.1 Minutes of Meeting held on 29 August 2019**

The Board asked that the following amendments be made to the Minutes:

- Mr Brabazon had been appointed by Board Resolution to the RAAC during the Board only session.
- In the first sentence of the last bullet point at the bottom of page 2, the word “*approved*” in the first sentence needed to read “*recommended*”, and the words “*subject to minor edits*” needed to read “*subject to the matters set out in the Audit Report*”.

**APPROVED:** the ACC Board approved the minutes of the meeting held on 29 August 2019 subject to the changes identified above.

### **7.2 Schedule of Matters Arising**

The Board discussed the e-scooter paper to come to the Board in November [BRD.19.07.6.1], noting its expectation that ACC would have a position on e-mobility providers before going out for consultation for the levy round.

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

### 7.3 Confirmation of Decisions Made Out of Cycle

**RESOLVED:** the ACC Board resolved to:

- (a) **Note** that there were no decisions made out of cycle for the period of 12 August 2019 to 19 September 2019.
- (b) **Note** that the Chair of RAAC and the Chair of the HSS Advisory Committee signed off the further financial information provided by Management about the Escalated Care Pathways (ECP) project, on 18 September 2019, under delegated authority from the Board.
- (c) **Note** that the funding for the ECP project does not include a contingency element.

### 7.4 Annual Work Programme

**NOTED:** The ACC Board **noted** the annual work programme.

## 8 General Business

The Board Chair declared her interest on the Auckland DHB and asked <sup>9(2)(a)</sup> to update the Board on the Auckland air ambulance issue. <sup>9(2)(a)</sup> briefed the Board on the new structure of the air ambulance service, over three regions. He explained the issues that have arisen out of the Northern region Trusts having purchased two new helicopters that would take until November 2019 to obtain certification.

<sup>9(2)(a)</sup> confirmed that the Auckland Trust could not operate until its machines were certified. He explained the interim measures being taken to manage the situation, and the problems that had been caused by the Trust's purchase of the new helicopters. The Trust had ordered them before the RFP for the current contract. <sup>9(2)(g)(i)</sup>

In response to a Board query, 9(2)(a) confirmed that there was no alternative, and that we had to make the existing arrangement work. He confirmed that, in an emergency, the Airforce would help, however, they would need to be trained to use the equipment.

The Board Chair expressed her satisfaction that 9(2)(a) was doing everything possible.

## 9 Confirmation of Next Meeting

To be held at the Dunedin Public Art Gallery, 31 The Octagon, Dunedin on Thursday, 31 October 2019 at 8.30 am.

### Closure

The meeting closed at 3.20 pm.

Approved

Chair .....

Date .....