

Board Minutes

Date and Location	Wednesday, 24 April 2024, Wellington
Time	9am-3:40pm
Board Attendees	Tracey Batten (Chair), David Hunt (Deputy Chair), Mark Cross, Kim Gordon, Helen Nott (via Teams) and Bella Takiari-Brame (via Teams)
Executive Attendees	Megan Main (CE), Rēnata Blair (DCE Māori), Paul Dyer (Chief Investment Officer), Peter Fletcher (DCE, Enterprise Change Delivery), Michael Frampton (DCE, People and Culture), Amanda Malu (DCE, Service Delivery), Stewart McRobie (DCE, Corporate and Finance), Andy Milne (DCE Strategy, Engagement and Planning) and Ph Rley (Acting DCE, Prevention and Partnerships)
Other Attendees	[Name withheld] (Senior Corporate Secretary - Secretary)

Item	
<i>The meeting opened at 9am with all attending Board members present.</i>	
1.	Board Only Time
1.1.	Board Only Discussion
<i>Megan Main joined the meeting at 9:30am.</i>	
1.2.	<p>CE Only Session (including CE's Report)</p> <p>The Board noted the CE's Report.</p> <p>[s 9(2)(b)(ii)]</p>
2.	Organisational Change
2.1	<p>Change Proposal and Stabilising Rehabilitation Performance</p> <p>The CE provided a comprehensive summary of the proposed change proposal and also provided an update on the request for 250 FTE in Service Delivery and to move 14,000 Assisted Recovery claims to 1-1 support.</p> <p>The Board discussion focussed on:</p> <ul style="list-style-type: none"> The placement of Technology in the change proposal and requested the CE to advise the Board of the final decision The positive lead rehabilitation indicators for the Assisted Recovery 1-1 cohort to date and the need to prevent complex claims aging in Assisted Recovery in order to improve Scheme exit rates and reduce Long Term Claims Pool growth over time. Lead time for new case management to translate into improvements in key Service Agreement measures. Retaining Service Agreement targets as proposed for 2024/25. <p>The Board:</p> <ul style="list-style-type: none"> Noted Management has progressed work to support realising the 6.5% reduction proposed to the 2024/25 operating budget, through both operational (non-FTE) savings and a proposal to reduce the size, and re-balance the focus of, the workforce. Approved commencing consultation on the change proposal noting that the CE would advise the Board of the final executive structure.

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	<ul style="list-style-type: none"> • Delegated to the CE to confirm decisions based on the consultation process, provided that there are no significant changes to the proposal following feedback. • Noted that in June 2024 and subject to the outcomes of the consultation process, Board approval may be required to exceed current-year operating budget to reflect one-off redundancy costs. • Approved in principle, up to 250 additional FTE in Service Delivery, with implications for the quantum of savings able to be achieved in the 2024/25 FY and with the cost to be offset by Procurement savings. • Noted the indicative cost of \$20 million with detailed cost and benefit analysis to be provided in June 2024 along with a request to increase the 2024/25 operating budget to reflect this FTE increase and any adjustment to the initial FTE 250 request based on the analysis.
<p><i>The Board took a short break from 11am to 11:15am. The Executive (Rēnata Blair, Paul Dyer, Peter Fletcher, Michael Frampton, Amanda Malu, Stewart McRobie, Andy Milne, Phil Riley) and [Name withheld] joined the meeting.</i></p>	
3.	Meeting Opening (Karakia)
	<p>Welcome and Apologies</p> <p>3.1. The Chair opened the meeting with a mihi, and Rēnata Blair led the karakia. There were no apologies noted.</p>
	<p>Register of Key Interests</p> <p>The Board:</p> <p>3.2.</p> <ul style="list-style-type: none"> • Reviewed the Register of Key Interests. • Noted the changes in interests recorded by Tracey Batten and Bella Takiari-Brame. • Noted 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.
	<p>Board and Committee Members and Term</p> <p>3.3. The Board noted the update.</p>
	<p>2024 Board Dates</p> <p>3.4. The Board noted the 2024 Board dates.</p>
	<p>Previous Minutes</p> <p>3.5. The Board approved the 21 March 2024 minutes.</p>
	<p>Actions List</p> <p>3.6. The Board noted the Actions list. The Board agreed for Action items 1 and 2 to be closed and for Action item 9 to be closed following the discussion in item 5.1 at this meeting.</p>
<p>[Name withheld] and [Name withheld] joined the meeting at 11:26am.</p>	
4.	Performance
	<p>Q3 Performance</p> <p>4.1. Andy Milne introduced the paper and provided an overview. The Board discussion focussed on:</p>

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	<ul style="list-style-type: none"> The overall performance pressures that the organisation is experiencing, noting that key rehabilitation measures will not meet targets by the end of June 2024. The need for the Report to focus more on the interventions that the organisation has made to improve the efficiency and effectiveness of the rehabilitation system. The usefulness of conducting a critical proofread of the Report prior to submission to ensure the messaging is effective. The impact of the increase in payments for provider travel on the influenceable strain on the Outstanding Claims Liability (OCL) and the programme of work underway to improve visibility and accountability in this area. <p>The Board approved submission of the Third Quarterly Report 2023/24 to the Minister for ACC by 30 April 2024.</p>
4.2.	<p>Service Agreement 2024/25</p> <p>Andy Milne introduced the paper and provided an overview.</p> <p>The Board discussion focussed on:</p> <ul style="list-style-type: none"> The content from the Letter of Expectations that will be covered in the draft Service Agreement 2024/25 to ensure alignment with the key performance measures and targets. Feedback received from The Treasury that can be incorporated into the draft Service Agreement, noting the key performance measures to include the actuarial movement (influenceable) and growth rate of the Long-Term Claims Pool. The importance for the Board to receive monthly updates on the progress of the lead indicators in addition to the performance information reported through the quarterly Service Agreement. Minor changes to the structure of the draft Service Agreement on the content on the operating environment and the strategic framework outline. The external factors that were considered in forecasting rehabilitation performance and possible other factors that cannot be discretely measured at a Scheme level. The next steps planned for the finalisation of the Service Agreement 2024/25 by 30 June 2024. <p>The Board:</p> <ul style="list-style-type: none"> Approved the recommended wording change to Investment belief 11. Approved in principle, the submission of the draft Service Agreement 2024/25 to the Minister for ACC by 30 April 2024, subject to final sign off by the Chair.
	<p>[Name withheld] and [Name withheld] left the meeting at 12:30pm. The Board took a break for lunch until 1:30pm and joined long-serving staff members to celebrate ACC's 50th Anniversary with speeches and an opportunity to review ACC memorabilia collected over the years. [Name withheld] joined the meeting after lunch at 1:30pm.</p>
4.3.	<p>Scenarios to Reduce ACC's OBEGAL Deficit</p> <p>Stewart McRobie and Paul Dyer introduced the paper and provided an overview.</p> <p>The Board discussion focussed on:</p> <ul style="list-style-type: none"> The magnitude of the new year claims cost gap and the impact of OBEGAL definitions and calculation that has contributed to ACC's OBEGAL deficit of [s 9(2)(b)(ii)]. The limited levers ACC has for improving the financial sustainability of the AC Scheme and the impact that these levers will have on improving the ACC OBEGAL deficit. The input provided by ACC to the briefing led by The Treasury on the impact of ACC's OBEGAL deficit to the Crown's fiscal sustainability.

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	<ul style="list-style-type: none"> The estimated OCL impact from the scheme boundary extensions following recent court decisions and the flow-on effect on the OBEGAL deficit. The longer-term strategies that will support financial sustainability of the AC Scheme that will be included within the Investment Plan presented to the Board in June 2024.
	[Name withheld] left the meeting at 2:25pm and [Name withheld] and [Name withheld] joined the meeting.
5.	Strategy and Board Priorities
	<p>Waka Hourua Model and Māori Relationships Approach</p> <p>Rēnata Blair provided an overview of the papers [Name withheld] and [Name withheld] presented the Waka Hourua Model and the detailed approach to developing Māori relationships.</p> <p>The Board discussion focussed on:</p> <ul style="list-style-type: none"> The simplicity and clarity that is provided by the Waka Hourua model towards developing an organisational understanding of Huakina Te Rā to ACC. The development of an operating model by using the Waka Hourua model that is focussed on improving cultural capability within ACC. A further update that will be provided to the Board in June 2024 on the progress of the adoption of the Waka Hourua model. The refresh that is needed on ACC's approach to managing relationships with Māori and the four key areas for developing the Māori relationship workstream. Operationalising the alignment of the proposed Māori Engagement Framework and Ki Tua with Huakina Te Rā, and the Waka Hourua approach to enable a one-ACC approach to engaging with Māori. The formal and relationship agreements and partnerships that will promote ACC's engagement with Māori. <p>The Board:</p> <ul style="list-style-type: none"> Agreed on the adoption of the Waka Hourua model. Agreed on the proposed approach to Māori Relationships.
5.1.	
	Amanda Malu, Michael Frampton, Phil Riley, [Name withheld] and [Name withheld] left the meeting at 3:00pm. [Name withheld] and [Name withheld] joined the meeting.
6.	Procurement, Policy, and Governance
	<p>Enterprise Change Delivery – Eos Upgrade and FINEOS Contracts</p> <p>The Board acknowledged that the paper supports the approval of the FINEOS contracts.</p> <p>The Board:</p> <ul style="list-style-type: none"> Approved the required project investment to complete the full upgrade and migration to FINEOS Cloud of [Name withheld] Approved ACC to enter into the Master Services Agreement, Customer Agreement, and Cloud Services Order form with FINEOS [Name withheld] Delegated authority to the CE to approve the engagement of FINEOS including signing of the Master Services Agreement, Customer Agreement and Cloud Services Order form and Escrow Agreement that support this work.
6.1.	
	Peter Fletcher, [Name withheld] and [Name withheld] left the meeting at 3:10pm.

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6.2.	<p>Updated Terms of Reference for RAAC and BIC</p> <p>The Chairs of both the Risk Assurance and Audit Committee (RAAC) and the Board Investment Committee (BIC) confirmed that the updates to the Terms of Reference were endorsed by the respective Committees.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Approved the updated RAAC Terms of Reference. • Approved the updated BIC Terms of Reference.
<i>Andy Milne left the meeting at 3:20pm.</i>	
7.	Committee Updates
7.1.	<p>Board Investment</p> <p>Mark Cross updated the Board on the Committee's meeting on 18 April 2024 noting the following:</p> <ul style="list-style-type: none"> • Planning for the independent review in 2025 of ACC's investment function as indicated in the Letter of Expectations. • The strategic assets allocation benchmarks following an interim (6-monthly) review noting the reduction in equities across all Accounts and an increase in domestic bonds. • The new Beta opportunities asset class that will be managed by the Chief Investment Officer. <p>The Board:</p> <ul style="list-style-type: none"> • Approved the reappointment of Paul Richardson to BIC for a term of three years effective from 13 July 2024. • Approved the changes to the Ethical Investment Policy.
8.	Conclusion
8.1.	<p>Enterprise Risks</p> <p>The Board noted that the dashboard accurately captures the Enterprise Risks discussed at the meeting.</p>
8.2.	<p>Board Work Programme</p> <p>The Board noted the Board Work Programme.</p>
<i>The meeting closed with a karakia led by Rēnata Blair.</i>	
<i>Megan Main, Rēnata Blair, Stewart McRobie, Paul Dyer and [Name withheld] left the meeting at 3:30pm.</i>	
9.	Board Only Meeting
9.1	Review Actions to be Taken
9.2.	<p>Meeting Evaluation (Reflections and Feedback)</p> <p>The Board provided their observations of the meeting.</p>
Meeting Closed: 3:40pm	