

The Treasury

Annual Letter of Expectations for All Crown Financial Institutions Information Release

April 2021

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Hon Carmel Sepuloni

MP for Kelston

Minister for Social Development and Employment

Minister for ACC

Minister for Arts, Culture and Heritage

Minister for Disability Issues



22 DEC 2020

Dame Paula Rebstock
Chair
Accident Compensation Corporation
PO Box 242
WELLINGTON, 6410

Tēnā koe Dame Paula

ANNUAL LETTER OF EXPECTATIONS

I am writing to summarise my expectations of the Accident Compensation Corporation (ACC) for the forthcoming year.

Firstly, my thanks go to you, the Board and the wider organisation for the work carried out during the last year. This was made more challenging due to the country's response in managing the effects of the global COVID-19 pandemic. The successful implementation of key transformation projects during this period is a significant achievement and ACC is now well placed to deliver greater value from this investment to all New Zealanders. I look forward to working with you in the year ahead.

The 2019 letter from the Ministers of Finance and State Services setting out expectations for all statutory Crown Entities is still in effect. The Minister of Finance has also provided a separate letter that sets expectations for all Crown Financial Institutions for the coming year, including the specific expectations regarding ACC's investment function.

I note that ACC is due to refresh its Statement of Intent during 2021. My officials at the Ministry of Business, Innovation and Employment (MBIE) and the Treasury are available to work with ACC officials to coordinate strategic priorities, performance measures and targets that best support governance requirements. ACC should ensure it provides its draft Statement of Intent and draft Service Agreement to me by 30 April 2021.

Government priorities

This Government continues to focus on recovering from COVID-19 and improving the wellbeing of all New Zealanders. Achieving our objectives will be more challenging as a result of the public health and economic impacts from the virus. Health, economic and social issues are all interconnected. ACC has a significant role to play in supporting injured New Zealanders to realise their potential, feel valued and live productive lives. It is essential therefore that ACC works in partnership with other agencies to enable this to happen whilst ensuring that the decisions it makes improve value for money for Public Sector services into the future.

My expectations for the year ahead are consistent with previous Minister's letters, the core requirements of the Crown Entities Act and other legislative requirements. These include:

- Ensuring that the Scheme is fair, equitable and accessible for all claimants and that it delivers on its Te Tiriti o Waitangi obligations.
- Ensuring that the successful implementation of Integrated Change Investment Portfolio (ICIP) initiatives in the last few years deliver the required improvements in performance, in particular:
 - Improvements in processes, controls and management information that minimise delays in clients receiving the rehabilitation they need. This will enable New Zealanders to receive the right services at the right time, recover quickly from their injuries and return to work or independence more efficiently and effectively.
 - Improved use of data, analytics and clinical evidence to support targeted injury prevention activities, reduce the risk of waste and improve pathways to recovery.
 - Maintaining and building on the gains in net trust scores and the public's trust and confidence.
- Ensuring that ACC meets the Government's expectations of Public Sector Services to achieve carbon neutrality by 2025.

Whāia Te Tika

I was pleased to see a supporting measure included in ACC's 2020/21 Service Agreement to deliver more equitable claims lodgement ratios for Māori. Ultimately this should lead to ACC delivering more equitable outcomes and better claims experiences for Māori. I would like to see further clarity on how ACC intends to measure and report on its progress towards delivering equitable outcomes in its next Statement of Intent. I also expect you to keep both myself and the Associate Minister for ACC informed on the initiatives developed under the Whāia Te Tika strategy and the tangible differences they are making.

Improved performance and fiscal management

Claim volumes and costs have continued to increase above forecasts over recent years. At the same time, rehabilitation performance has continued to decline from previous levels. This means more New Zealanders are out of work for longer periods. Continuation of these trends presents a challenge to the long-term sustainability of the Scheme and impacts negatively on outcomes for claimants, employers and levy payers.

Now that several significant ICIP initiatives have been implemented, it is important that ACC makes the best use of its investment in new systems and processes to achieve the required improvements in rehabilitation performance and management of costs.

ACC should leverage its significant data and analytics capability to support improved efficiency and effectiveness of the Scheme through appropriate segmentation analysis and benchmarking. It should share insights from this information with providers and the wider health sector to facilitate system wide performance improvements.

Close oversight of performance metrics will support ACC in identifying and responding to drivers of underlying performance. You should continue to keep myself, MBIE and Treasury officials regularly informed on key insights from claims experience, major decisions, risks, milestones and progress against benefits targets.

Consultation for the next levy round will take place in 2021. I expect that you will work with officials at MBIE and the Treasury to provide me with information in a timely manner, clearly showing the pressures affecting the Scheme and the different options ACC has to respond.

Now that more than 70% of ICIP funding has been released and key initiatives have been rolled out, I intend to provide a further report to Cabinet on progress in 2021, with a particular focus on the Health Sector Strategy. You should continue to keep me informed in your regular reporting on how ICIP funded initiatives are tracking towards full benefits realisation.

Customer satisfaction

Stakeholder feedback has shown a generally increasing satisfaction with the Scheme over the last year. It is important that ACC continues to deliver a client centric Scheme that meets the expectations of all New Zealanders. I expect you to keep me regularly informed of any trends or themes being seen in ACC's Heartbeat or other customer feedback systems, along with ACC's response to those trends.

Collaboration

ACC provides an integral role in the provision of health and social sector services. It should be proactive in looking for opportunities to align with, support and coordinate cross sector work that could lead to improved outcomes for New Zealanders. This includes looking for opportunities to align with policy changes resulting from the Health and Disability System Review and welfare reform. You should advise me and my officials where a discussion with Ministerial colleagues may be required to progress these opportunities and foster engagement across different agencies.

Policy

The Scheme needs to be ready to respond to the changing demographics and needs of New Zealanders. I expect you to support officials from MBIE and Treasury and work with them to identify and address policy and legislative barriers that impact on the sustainability of the Scheme or lead to inequitable outcomes. This will help ensure that ACC is funded appropriately and well set up to manage claims and commission high quality, evidence based, cost-effective services that meet the needs of all New Zealanders into the future.

Injury prevention

Preventing injuries from happening in the first place is a primary purpose of the Scheme. The rates of serious injury from workplace injuries has risen over the past two years. I note that the 2020/21 Service Agreement has split out workplace rates of serious injury and returns on investment to enable clarity in reporting. ACC should continue to work closely with WorkSafe NZ and businesses to support efforts in driving forward improvements in workplace safety as identified in the Harm Reduction Action Plan. ACC should also provide me with regular updates throughout the year on actions being taken and progress being made.

In addition to WorkSafe, I expect ACC to continue its work with a range of partners across the public and private sector, sharing insights, analytics and investment and design capability to help reduce the incidence and severity of injuries.

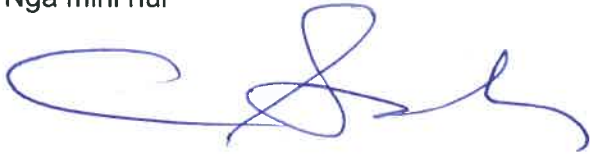
Communication

Performance expectations were lowered in the 2020/21 Service Agreement due to the uncertainty brought about by COVID-19. I expect ACC to ensure it delivers on its performance targets as a result. ACC's quarterly reports should continue to highlight its achievements along with progress towards meeting key milestones that address longstanding performance issues.

I continue to expect a "no surprises" communication approach. Please inform me of any significant events, positive or negative, that could be considered contentious, attract wide public attention and/or affect the financial position of ACC. This extends to the ongoing commitment of ACC to work constructively with advisors from my office, MBIE and the Treasury.

Thank you in advance for your work in the coming year.

Ngā mihi nui

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a series of loops and a long horizontal stroke.

Hon Carmel Sepuloni
Minister for ACC