

Service Agreement 2015/16

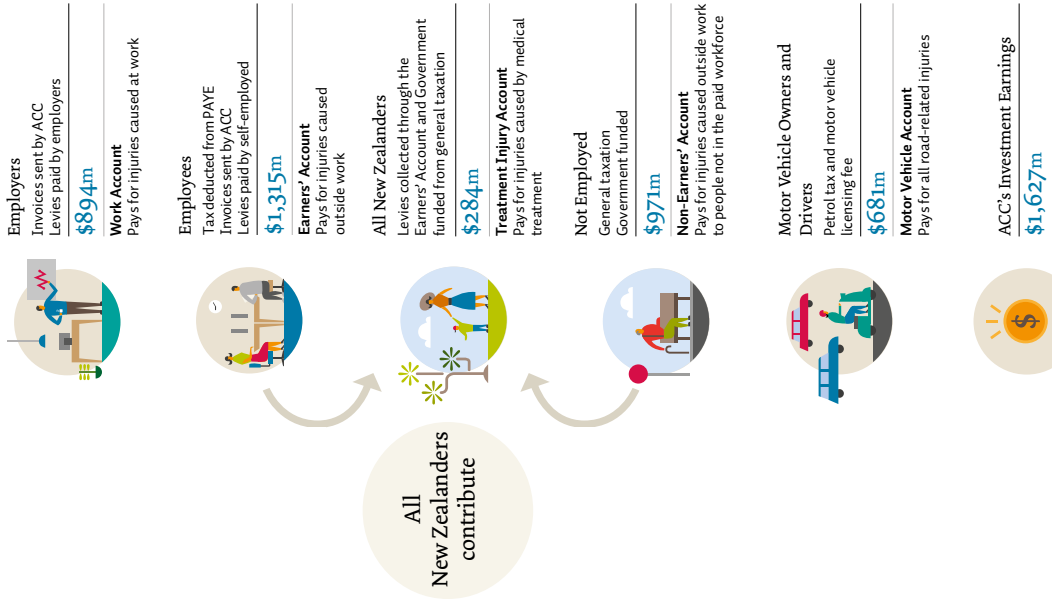
Minister for ACC and the Accident Compensation Corporation



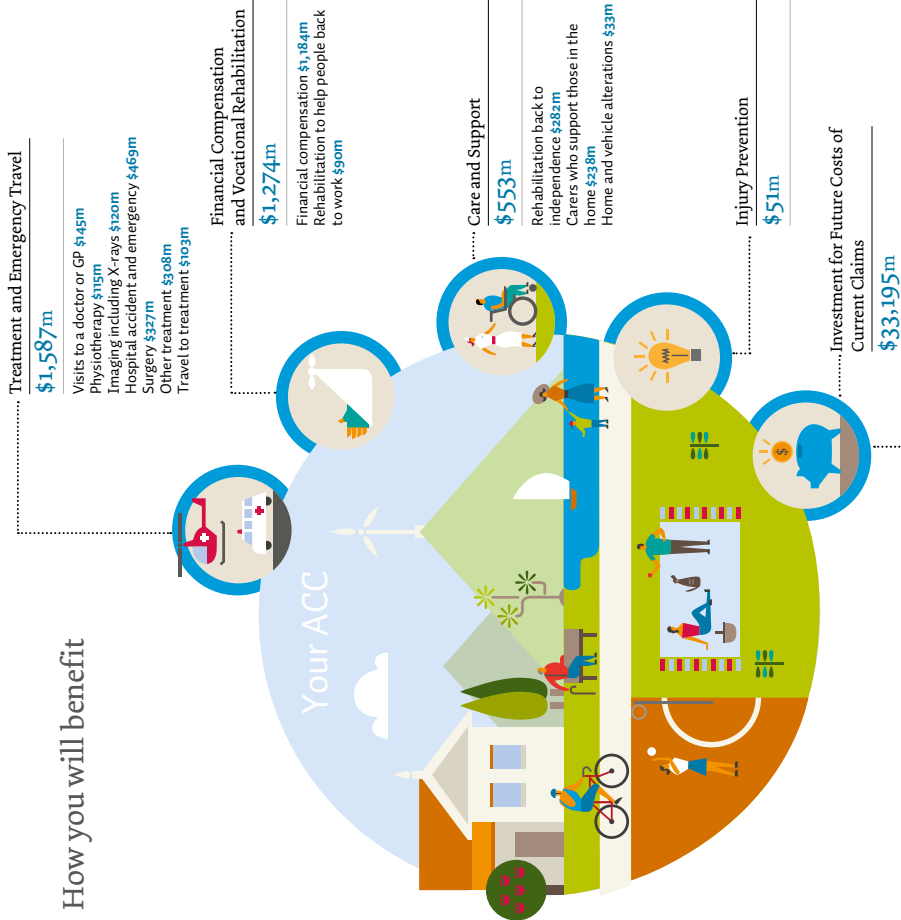
How the Scheme works for you

2015/16 Forecast

How you will contribute



How you will benefit



What everyone is covered for and entitled to is prescribed in the Accident Compensation Act 2001.

ACC's forecast financial position at 30 June 2016

\$33,758m	—	\$34,639m	=	-\$881m
Assets and investments that ACC has (net assets excluding outstanding claims liability)		The amount ACC needs to cover the cost of current claims (outstanding claims liability)		The gap between what ACC has and what ACC needs (net liabilities)

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Service Agreement

for the year ending 30 June 2016 between the Minister for ACC and the Accident Compensation Corporation

This Service Agreement is required under the Accident Compensation Act 2001 (the AC Act) and it also constitutes the annual Statement of Performance Expectations for the purposes of the Crown Entities Act 2004 – both as amended by the Crown Entities Amendment Act 2013.



Hon Nikki Kaye
Minister for ACC
Dated 26 June 2015



Paula Rebstock
Board Chair
Dated 23 June 2015



Trevor Janes
Deputy Chair
Dated 23 June 2015

How the Service Agreement aligns with our other accountability documents

We have three key accountability documents:



Purpose of the Statement of Intent

Our Statement of Intent summarises our strategic intentions for the next four years. It includes our medium term outcomes, our vision, our areas of focus and how we assess our performance overall using a public value measurement approach. Our Statement of Intent also summarises how we maintain our organisational health: our people, our systems and our risk management framework.

Our Statement of Intent 2015-2019 can be found at www.acc.co.nz

Purpose of the Service Agreement

The Service Agreement (the Agreement) is between the Minister for ACC (the Minister) and the Accident Compensation Corporation (ACC).

The Service Agreement outlines for the forthcoming year:

- what we will have delivered by June 2016 to demonstrate progress against our strategic intentions
- the quality and quantity of services to be provided by ACC
- the expected cost of delivering those services
- the performance measures, targets and related information necessary for the Minister to assess our performance
- the nature and frequency of reporting requirements against this Agreement
- how we will deliver our outputs: injury prevention, claims management, levy setting and collection, and investment management.

The Agreement outlines initiatives and outcomes that ACC will deliver. It does not impose corresponding obligations on the Minister.

Purpose of our Annual Report

Our Annual Report provides information on our progress in relation to our strategic intentions (as per our Statement of Intent) and reports on our progress during the year. The Annual Report also provides a summary of our actual results against all of the performance measures included in this Agreement.

Our Annual Reports can be found at www.acc.co.nz

The Government's key priorities

The Accident Compensation (Financial Responsibility and Transparency) Amendment Bill has been introduced and is expected to take effect in 2016/17

The Bill will establish a principle-based framework for determining how ACC's levied Accounts are funded. The Bill aims to improve continuity of decision making and transparency of the levy setting process. The Government will set the funding policy to inform ACC's public consultation on levy rates, with ACC reporting on long-term implications for future levy paths and Account solvency when Government makes a final decision. The Bill will also provide a mechanism to allow residual levies to be discontinued earlier than currently required, so that the payment of residual levies continues only so long as there are outstanding liabilities for residual levies to offset.

ACC's leadership of injury prevention

ACC is well placed to identify and lead on injury prevention opportunities by developing strong partnerships across Government and in the private sector.

2015/16 letter of expectations from the Minister for ACC

The Government's key priorities for ACC in 2015/16 are outlined in the letter of expectations to ACC from the Minister for ACC. These are to:

- further improve rehabilitation performance
- improve injury prevention performance
- ensure the success of Shaping Our Future.

ACC will respond to the Minister for ACC's other expectations, including:

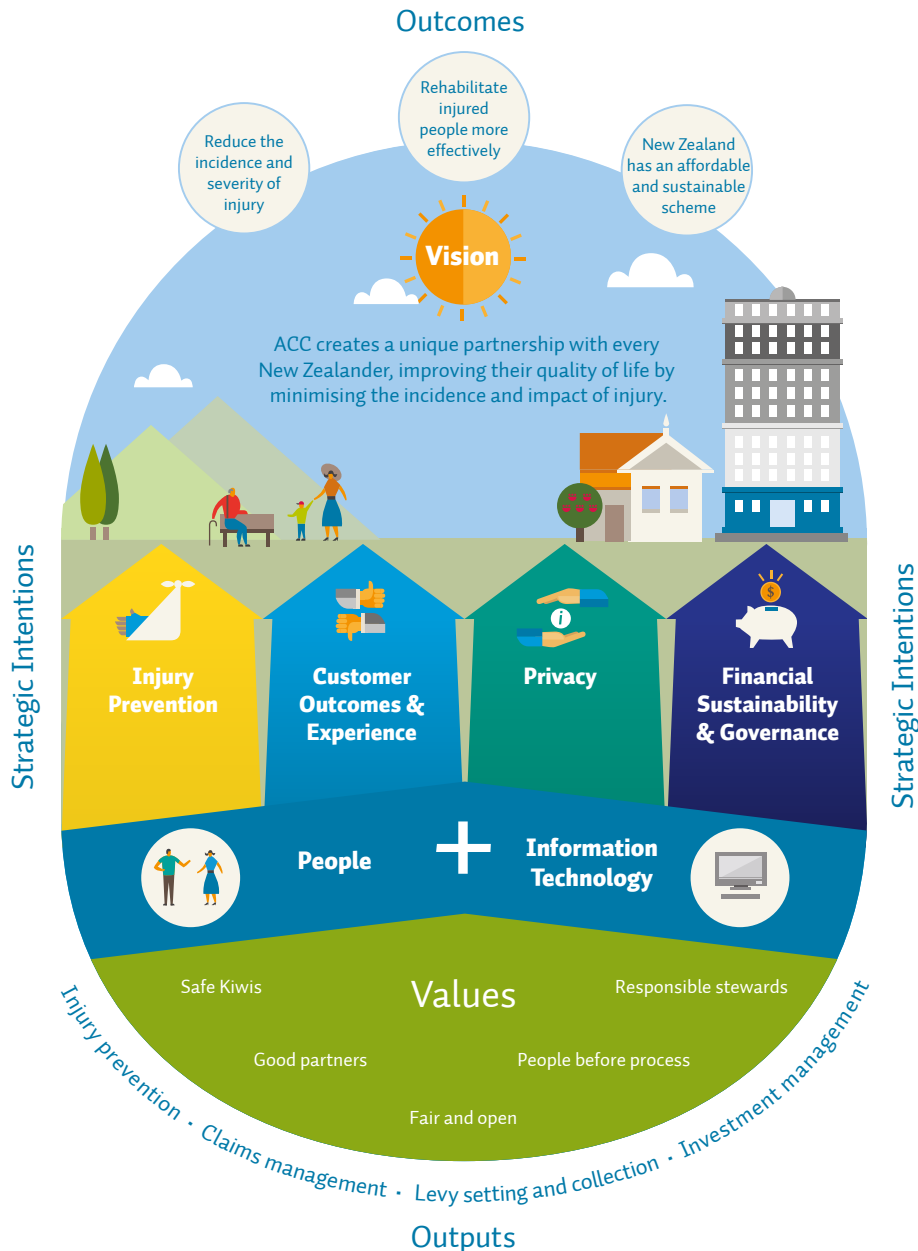
- improve the management and security of private information by embedding privacy into the design of ACC's systems
- work more closely with the health sector to deliver more effective services to New Zealanders, building on recent collaboration between ACC and the health sector on elective services
- ensure that actions to address the findings set out in the Performance Improvement Framework report are integrated into ACC's plans
- develop and communicate, in close consultation with the Treasury, a clear, forward looking view of its performance
- provide support for the Better Public Services 'Better for Business' (Result 9) programme that aims to improve service performance and reduce the cost to businesses of interacting with government by 25% by 2017
- successfully manage risks, in particular those around delivery of the Shaping Our Future transformation programme.

The 2015/16 letter of expectations from the Minister for ACC is attached in Appendix 1.

SECTION 1:

Our strategic intentions

Our vision, values and outcomes are intended to remain constant over time, while our strategic intentions reflect the areas that we have identified as needing most focus. There is a strong alignment between our outcomes and our strategic intentions.



We are embarking on a transformation of ACC to improve the services we provide to New Zealanders. Our Shaping Our Future strategy is all about us looking through the eyes of our customers in order to make ACC more effective and efficient, and building the public's trust and confidence. ACC's vision and values reflect the organisation we want to be.

What we will deliver in 2015/16

This Agreement summarises for each strategic intention what we will have delivered by June 2016 and sets out the performance measures on which we will report quarterly to assess whether our activities are making a difference. These performance measures are the same as those summarised in our Statement of Intent 2015-2019.

We use four categories to provide an assessment of the public value that we have delivered:

- **Reach** – the proportion of the New Zealand population served
- **Customer** – the quality and effectiveness of the services provided
- **Impact** – how effective we are at delivering the desired outcomes
- **Cost effectiveness** – value for money and financial sustainability.

Each measure has a target for each year from 2015/16 to 2018/19.

Increase the success of our injury prevention activities

What we want to achieve	What we will have delivered by June 2016
We understand which areas will have the most impact on reducing the severity and incidence of injury for New Zealanders and this is where we focus our activity.	<p>We will have designed how to implement analytics effectively so that we can:</p> <ul style="list-style-type: none"> • better understand causes and drivers of injury • understand the linkages between injury prevention and claims to use the full range of customer interaction opportunities to deliver injury prevention messages and to meet customer needs • understand risk factors to identify high risk population groups • enable earlier identification of environmental hazards eg dangerous roads • deliver better forecasting of consequences subsequent to initial injury. <p>A new governance structure will be in place over injury prevention activity that will ensure greater accountability and visibility of the pipeline, as well as the delivery of activity.</p>
We use our partners' expertise and reach to deliver and design effective injury prevention interventions.	<p>We will utilise stakeholders, including the Minister for ACC, to communicate and champion effective injury prevention schemes.</p> <p>We will have identified opportunities with our partners for wider and systemic interventions that make the most difference to the areas that we are focused on and be taking action to progress these.</p> <p>A consistent and coordinated approach to working with our injury prevention partners will have been implemented.</p> <p>Our partnership with WorkSafe NZ will be well established and we will be effectively implementing the three year joint workplace injury prevention action plan.</p>
Injury prevention interventions are assessed to ensure they contribute to an overall reduction in the outstanding claims liability.	<p>A repeatable approach for the effective design/delivery of injury prevention programmes will be in place to ensure reach and scale.</p> <p>A set of critical success factors will be in place and being used to assess programmes as they develop.</p> <p>The portfolio of injury prevention activities will have a short, medium and long term view of initiatives contributing to a positive return on investment and an increase in trust and confidence.</p>

How we will know we are on track

Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Cost effectiveness The portfolio of injury prevention investments approved will have an assessed positive return on investment.	We take a portfolio approach. This means overall we expect our injury prevention programmes to deliver positive returns on investment.	New measure	\$1.15:\$1	\$1.2:\$1	\$1.35:\$1	\$1.6:\$1	\$2:\$1

Improve our customers' outcomes and experience

What we want to achieve	What we will have delivered by June 2016
New Zealanders understand what we do and how we can help them.	<p>We will have evaluated how guidelines on cover decisions can be shared with providers and we will be in the process of implementing changes to enable this.</p> <p>We will have reviewed how to improve New Zealanders' understanding of ACC entitlements when they or close family members have injuries.</p> <p>We will have reviewed the products we provide and ensured that our products support employers to improve the overall health and safety of their employees and reduce the levy burden.</p>
Customers receive the services they need, when they need them.	<p>Working with our customers and our staff, we will have designed an operating model that delivers an improved and consistent customer experience. We will be in the process of implementing this.</p> <p>We will have explored the current systems and processes (both within and external to ACC) that support the delivery and implementation of elective services and identified opportunities for improvement.</p> <p>We will have understood and evaluated how to improve our customers' experiences and outcomes by promoting and sharing current and best practice rehabilitation pathways that have been developed by the sector.</p> <p>We will have understood our digital requirements (including capabilities) in order to increase the digital options for our customers so they have greater access to services when they need them, and we will be in the process of implementing changes to achieve this.</p> <p>We will have designed improvements that will help our business customers to better understand the invoices they receive and will be in the process of rolling out improvements.</p> <p>We will collaborate on policy development to ensure the Minister is informed regarding benefits and impacts to service provision.</p>
We empower our providers to deliver the right care, at the right time, by building effective trust and partnerships.	<p>We will have identified how to build trust and partnerships with providers and the mutual objectives that will incentivise both ACC and providers to achieve jointly the best outcomes for our customers.</p> <p>We will have identified how to use information and analytics to support efficient processes, decision making, costing, continuous improvement and reporting to get the best customer outcomes.</p>
We take customer feedback seriously and improve services as a result.	<p>We will have put in place:</p> <ul style="list-style-type: none"> • a clear and consistent approach to gathering stakeholder feedback (from clients, levy payers, providers, partners and staff) • a new customer feedback operating model and we will be sharing key themes • continuous improvement processes that are fed by customer feedback.
Partnering is the essence of what we do and how we engage with others.	<p>We will be working with the Ministry of Health and others in the sector to achieve quality health outcomes in areas of common interest, for example reducing treatment injuries.</p> <p>We will be continuing to support the Better Public Services Result 9: Better for Business programme, including our commitment to recognise the New Zealand Business Number by the end of 2017.</p> <p>We will have evaluated opportunities to work with other organisations in order to improve levy collection and assessment.</p>

How we will know we are on track

	Measure	Rationale	Actual		Target			
			2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Customer	Customer satisfaction – clients.	The best measure of how well we are tracking in our efforts to improve the customer experience is by asking our clients and levy payers.	75%	76%	78%	80%	83%	85%
	Customer satisfaction – levy payers.		59%	68%	69%	70%	72%	75%
	Public trust and confidence.	The way the public views ACC is a useful indicator of how effectively we have communicated the value that ACC delivers and demonstrated this in our interactions with levy payers, clients, providers and stakeholders.	54%	60%	60%	62%	65%	70%
	Cover decision timeliness.	We try to make cover decisions and payments as quickly as possible in order to reduce uncertainty for our clients.	1.2 days	1.2 days	1.2 days	1.2 days	1.2 days	1.2 days
	Average time to commence weekly compensation payments.		11 days	9.5 days	<9.5 days	<9 days	<8 days	<7 days
	Formal reviews as a percentage of entitlement claims.	If we make the right decisions and communicate effectively with our clients during the process, we can expect most of our decisions to be accepted and understood.	3.3%	3.0%	2.7%	2.6%	2.4%	2.3%
	Percentage of ACC reviews upheld.	If most independent reviews find in our favour, this suggests that we are usually making correct and fair decisions the first time around.	84.5%	84.2%	≥85%	≥85%	≥85%	≥85%
	Average time to resolution for claims with reviews.	When a client asks for a review of an ACC decision, early resolution is important as this is likely to be a stressful time for them.	91 days	94 days	<92 days	<91 days	<90 days	<89 days
	Impact	Return to work within 10 weeks.	Research confirms that when people make rapid returns to independence or work after injury, their overall health and wellbeing is significantly improved. These measures evaluate how effectively we are supporting our clients to return to work or independence, and whether their returns are sustained.	67.8%	67.4%	69.0%	70.0%	70.1%
Return to work within 273 days.		93.3%		93.2%	93.3%	93.3%	93.3%	93.3%
Durable return-to-work rate ¹ .		77% (equal to Australian average)		Annual measure	1% higher than Australia	1% above previous year Australian average	1% higher than Australia	1% above previous year Australian average
Return to independence for those not in the workforce.		86%		86%	86%	86%	86%	86%
Number of long term clients returned to independence in the previous 12 months.		We continue to work with long term clients so they can have as full a role in society as possible.		2,272	2,398	2,538	2,691	2,835
Reach	Percentage of population who receive compensation or rehabilitation services	This measure provides context for our services by indicating the proportion of the New Zealand population served.	30.0%	30.4%	30.0%	30.0%	31.0%	31.0%

¹ This survey is now only undertaken every two years. In the years when no benchmarking survey is undertaken we will maintain prior year performance.

Improve the way we protect our customers' personal information

What we want to achieve	What we will have delivered by June 2016
Our people respect and protect customer information as if it were their own.	We will have reviewed our Privacy Strategy to shift the focus to consider the wider personal information lifecycle and the New Zealand Public Sector Privacy Maturity Assessment Framework. This will include key performance indicators that are based on the principles of the Privacy Act 1993 and the Health Information Privacy Code.
	We will have enhanced information management practices with third parties who hold customers' information.
Processes and systems are designed to minimise the possibility of privacy breaches occurring.	We will be using a 'privacy by design' approach to embed privacy improvements into the design of ACC's systems.

How we will know we are on track

Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Customer The rolling three month average of privacy breaches.	We deal with confidential and sensitive information for a large number of people and entities. Our customers expect us to protect this information and maintain our progress in reducing privacy breaches.	19	16	12	New measure to be determined based on the Office of the Privacy Commissioner's definition of reportable breaches.		

Maintain the financial sustainability and governance of the Scheme

What we want to achieve	What we will have delivered by June 2016
We optimise our performance and resources are aligned with our strategic priorities.	Programme investments will be aligned to our strategic goals.
	We will have robust forecasts of claim volumes in order to be able to maintain high quality services for our customers.
	Performance measures will have been cascaded through ACC to ensure the effective management and delivery of key performance indicators.
	We will be continuing to analyse our performance (and the underlying drivers) and respond appropriately.
We enable a stable and transparent levy path.	We will proactively collaborate with the Ministry of Business, Innovation and Employment (MBIE), the Treasury and the Minister for ACC for delivery and implementation of the Accident Compensation (Financial Responsibility and Transparency) Amendment Bill.
	We will have worked with MBIE and the Treasury on a review of the funding policy for the Non-Earners' Account.
	We will be analysing the long term drivers of claim costs (eg ageing) to enable better forecasting of long term trends.
	We will be continuing to recommend levy rates that are consistent with the funding policy.
	We will be continuing to advise the Government on the financial impacts of levy decisions, having regard to the long term impacts on the funding position, as well as advising on the financial and implementation consequences of any proposed legislation amendments.
We maintain our investment performance above benchmarks.	We will have reviewed all investment processes to ensure they are as efficient and effective as possible.
	We will have reduced our reliance on manual processes and be gaining the benefits of Investment Data Store enhancements.
Risk management is embedded in our culture and systems.	We will have raised the role of risk management within the business, established supporting resources and grown risk management capabilities across the organisation. This will be reinforced by a risk culture that specifies acceptable and unacceptable behaviours and cascades into performance objectives and metrics.
	We will have articulated and communicated our risk appetite as an expression of the Board's and management's risk tolerances.
	We will have developed and implemented forward looking risk indicators and metrics, and will be monitoring and reporting these on a regular basis.

How we will know we are on track

Measure	Rationale	Actual		Target				
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19	
Cost effectiveness	Percentage of total expenditure paid directly to clients or for services to clients.	Key cost drivers are influenced by underlying new claim numbers, entitlement claim numbers, and the average cost of claims. We focus on controllable costs, ensuring that all services are delivered cost effectively. These measures indicate whether the Scheme is becoming more or less affordable and sustainable for New Zealand.	New measure	Annual measure	86%	86%	86%	88%
	Total levies and appropriations as a percentage of gross domestic product.		2.2%	Annual measure	1.8%	1.6%	1.6%	1.6%
	Change in average treatment cost per injury.	We need to manage rising health care costs that also affect future liabilities and levy rates.	4.7%	Annual measure	5.8%	5.8%	5.8%	5.8%
	Ratio of this year's total levies to the total claims incurred for this year's accidents over time.	This provides an indicator of how well levies are matched to the costs incurred each year as a result of accidents, ensuring intergenerational fairness.	1.2	Annual	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1
	Investment performance after costs relative to benchmark.	The quality of our investment management can only be gauged by comparing our returns with what a similar fund (under different management) might be expected to achieve. This is done through the use of a blended market average benchmark, which provides a like with like comparison with other funds.	0.10%	0.14%	0.30%	0.30%	0.30%	0.30%
	Return from insurance operations.	This measures our internal operational performance, excluding gains or losses driven by external economic factors.	\$1,218 million	\$1,057 million	\$129 million	\$137 million	(\$166) million	\$81 million

Organisational health and capability

To deliver on our strategic intentions we need high performing, customer focused teams that are supported by modern, reliable and secure systems. This section sets out the actions we intend to take during 2015/16 to improve our organisational health and capabilities.

Workforce profile and equal opportunities (as at March 2015)



* This information is voluntarily reported by staff

We are committed to being an equal employment opportunity (EEO) employer through our organisation-wide EEO good employer practices relating to the recruitment and selection, development and retention of all staff.

Our people are engaged and feel empowered to make decisions so that we deliver a consistently great customer experience

What we want to achieve	What we will have delivered by June 2016
We have a diverse and high performing workforce empowered to deliver a consistently great customer experience.	<p>We will have defined our core capabilities and competencies and ensured alignment with our vision and values.</p> <p>We will have commenced organisational design, capability and culture programmes to support transformational change.</p> <p>We will have developed and implemented a talent management framework that will grow the capabilities of our people.</p> <p>We will have developed a diversity strategy and implementation plan.</p>
Our people are proud to work here and tell others how great ACC is.	We will have defined career pathways for critical roles, with people's development supported by the Academy learning and development delivery model.
We are an exemplar in health, safety and wellbeing.	<p>We will have identified and commenced implementation of initiatives targeted at maturing our safety system, demonstrating safety leadership and strengthening our safety culture so that we:</p> <ul style="list-style-type: none"> keep our staff and the people we have influence over safe, and equip them with the tools, knowledge, understanding and environment to achieve this contribute to system-wide improvements in workplace health and safety, through ACC's role and mandate comply with workplace legislation and regulations.
We have trusted and capable leaders at all levels.	We will have defined the leadership competencies we need for the future and developed a learning plan/pathway to transition to this.

How we will know we are on track

Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Staff turnover.	Overall staff turnover is an important measure of ACC as an employer. Low turnover supports the delivery of improved customer services.	10.3%	12.8%	≤15%	≤15%	≤15%	≤15%
High achiever turnover.	A 'high achiever' is someone who has scored a 5/5 in their annual performance review. Turnover of high performers leads to costs due to lost productivity, recruiting and training, and also to losses of overall organisational knowledge and leadership.	4.4%	9.1%	≤10%	≤10%	≤10%	≤10%
Ratio of engaged staff to actively disengaged staff.	Organisations with highly engaged staff have high levels of performance and productivity.	7.14:1	Annual measure	7.25:1	7.5:1	7.75:1	8.00:1

ACC is powered by current, reliable and secure information technology

What we want to achieve	What we will have delivered by June 2016
We have simple and modern business systems.	<p>We will have developed an Enterprise Application Roadmap ensuring alignment with our transformation activity.</p> <p>We will have completed the Enterprise Content Management pilot and Virtual Claimant Folder upgrade, to improve operational efficiencies and cross-functional accessibility of information.</p> <p>The Human Resource Information System will be updated in line with the Enterprise Application Roadmap to support our managers and staff more effectively.</p>
We have secure, private, automated information management practices.	<p>We will be increasing information governance maturity to manage information at an enterprise level, supporting our immediate and future regulatory, legal, risk, environmental and operational requirements.</p> <p>To ensure that the information we hold is accurate and relevant we will have baselined our data quality and documented our data requirements ahead of the changes to our core business systems.</p>
We deliver a consistent customer experience across our channels, making better use of digital and modern technologies.	<p>We will have completed an IT capability maturity assessment and produced a plan to address any significant gaps in order to support ACC's strategic vision.</p> <p>We will have identified how to improve the customer experience through website and form simplification and be implementing these improvements.</p>
We maintain stability across the business systems environment.	<p>We will have developed a clearly defined IT assurance plan and programme to ensure that effective management controls are in place across our IT operations.</p> <p>We will have completed upgrades to the underlying infrastructure in order to ensure continuity of services during the transition to improved business applications.</p>

How we will know we are on track

Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Overall operational system availability.	Our systems need to be available so that we can deliver the services our customers expect.	99.4%	99.7%	99.5%	99.5%	99.5%	99.5%

SECTION 2:

ACC's statement of performance expectations by output

This section sets out the outputs that we are funded to provide. Outputs are the actual products and services that ACC provides to its stakeholders.

The information includes:

- the link between our strategic intentions and outputs
- a brief explanation of what is intended to be achieved within each output
- an explanation of how performance under each output will be assessed – where possible these measures evaluate our performance in terms of quality, cost and timeliness. There is duplication between the measures reported against our strategic intentions and those reported within the outputs. Additional cost effectiveness measures are included within the output measures
- activity information – this is contextual or service demand information to provide greater context for our performance measures. Significant variations in demand can influence the achievement of our performance measure targets.

Breakdown of budget against output class

Budget 2015/16 (\$million)	Administration	Claims paid	Revenue
Output class 1 – Injury prevention	51		
Output class 2 – Levy setting and collection	41		4,146
Output class 3 – Investment management	66		1,627
Output class 4 – Claims management	412	3,427	
Total	570	3,427	5,773
Other operating costs	63		
Total ACC	633	3,427	5,773

Aligning our strategic intentions to the outputs

There is a clear relationship between our strategic intentions and outputs.



OUTPUT 1:

Injury prevention

What is intended to be achieved?

ACC is one of a number of government agencies with a responsibility to reduce the incidence and severity of injury in New Zealand.

We can only undertake an injury prevention activity if it is likely to result in a cost-effective reduction in actual or projected levy rates or the Non-Earners' appropriation. This requirement means that we focus our effort on injuries that affect the Scheme, such as high-cost and high-volume claims that affect claim costs, the outstanding claims liability and levies.

We work with other government agencies and community groups so that the activities and funding are more effective. This coordination role is as important as directly funding injury prevention interventions.

How will we know we have achieved this?

Output 1 – Injury prevention

Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
The portfolio of injury prevention investments approved will have an assessed positive return on investment.	We take a portfolio approach. This means overall we expect our injury prevention programmes to deliver a positive return on investment.	New measure	\$1:15:\$1	\$1.2:\$1	\$1.35:\$1	\$1.6:\$1	\$2:\$1

OUTPUT 2:

Levy setting and collection

What is intended to be achieved?

The Scheme is managed through five Accounts, with each providing cover for a specific grouping of injuries.

In order for us to deliver services we must collect revenue. Through our levy setting process we calculate our future revenue needs for each Account. We recommend levies that are sufficient to cover the costs of claims incurred in that year. The recommendations are consulted on with levy payers and provided to Cabinet for consideration.

How will we know we have achieved this?

Output 2 – Levy setting and collection

Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Customer satisfaction – levy payers.	The best measure of how well we are tracking in our efforts to improve the customer experience is by asking our levy payers.	59%	68%	69%	70%	72%	75%
Ratio of this year's total levies to the total claims incurred for this year's accidents over time.	This provides an indicator of how well levies are matched to the costs incurred each year as a result of accidents, ensuring intergenerational fairness.	1.2	Annual measure	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1
Total levies and appropriations as a percentage of gross domestic product.	This measure indicates whether the Scheme is becoming more or less affordable and sustainable for New Zealanders.	2.2%	Annual measure	1.8%	1.6%	1.6%	1.6%

How we are funded

The account and who funds it	What's covered	2012/13	2013/14	2014/15	2015/16 forecast
Work Account Employers: Based on wages paid to staff Self-employed: Based on income earned	WORK RELATED INJURIES	\$1.15 per \$100 liable earnings	\$1.15 per \$100 liable earnings	\$0.95 per \$100 liable earnings	\$0.90 per \$100 liable earnings
Earners' Account Employees: Based on income earned Self-employed: Based on income earned	NON-WORK INJURIES TO PEOPLE IN EMPLOYMENT	\$1.48 per \$100 liable earnings	\$1.48 per \$100 liable earnings	\$1.26 per \$100 liable earnings	\$1.26 per \$100 liable earnings
Motor Vehicle Account Vehicle owners: Funded through petrol use and the motor vehicle licensing fees	INJURIES THAT INVOLVE MOVING MOTOR VEHICLES ON A PUBLIC ROAD	\$334.52 per motor vehicle	\$334.52 per motor vehicle	\$330.68 per motor vehicle	\$195 per motor vehicle
Non-Earners' Account The Government: Funded by general taxation	INJURIES THAT HAPPEN TO PEOPLE NOT IN THE PAID WORKFORCE				
Treatment Injury Account All New Zealanders: Funded by the Earners' and Non-Earners' Accounts	INJURIES CAUSED BY MEDICAL TREATMENT				

Pre-1999 ACC was funded on a pay-as-you-go basis. Under the AC Act, ACC is required to be fully funded for all pre-1999 injuries by 2019. The Non-Earners' Account and the Government funded portion of the Treatment Injury Account do not have full funding targets.

Activity information

Income by Account

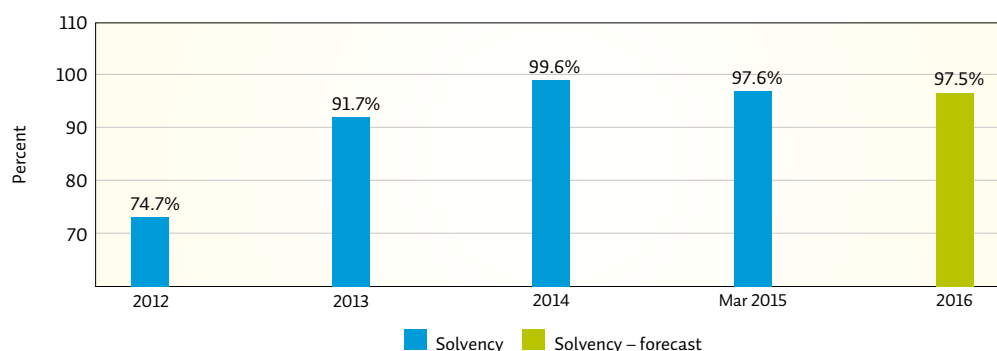
The table below shows the 2015/16 forecast number of funders, and the levy and appropriation revenue, for each Account.

		2015/16 Forecast
Levy funded Accounts		
Work Account	Number of employed and self-employed	2,414,478
	Levy revenue (\$million)	894
Earners' Account	Number of earners	2,414,478
	Levy revenue (\$million)	1,315
Motor Vehicle Account	Number of vehicles	3,362,344
	Levy revenue (\$million)	681
Government funded Account		
Non-Earners' Account	Number of non-earners	2,210,217
	Government appropriation (\$million)	971
Mixed funded Account		
Treatment Injury Account	Number of non-earners	2,210,217
	Government appropriation (\$million)	120
	Number of earners	2,414,478
	Levy revenue (\$million)	164

Scheme solvency

Financial sustainability is best shown by Scheme solvency, which is measured as the ratio of net assets to the outstanding claims liability in each of ACC's Accounts and provides an indication of funding adequacy. Year-on-year improvements in Scheme solvency are the measure of ACC's progress towards the full funding target for each levied Account.

ACC SCHEME SOLVENCY



Each Account operates independently and cannot cross-subsidise another. For this reason we also monitor forecast funding ratios by Account for the year.¹

As at 30 June (%)	Forecast 2015	Budget 2016
Motor Vehicle Account	103.8%	106.9%
Non-Earners Account	44.1%	43.3%
Earners' Account	121.7%	117.6%
Treatment Injury Account	69.3%	70.2%
Work Account	116.7%	119.9%
ACC	93.5%	94.1%

¹ The Work Account funding ratio shown includes the additional liability for Work Related Gradual Process Claims not yet made. When only including the outstanding claims liability for claims made to ACC (as required by the AC Act and in accordance with accounting standards):

- the total forecast ACC Work Account funding ratio as at 30 June 2015 is 140.6%
- the total forecast ACC funding ratio as at 30 June 2015 is 96.9%
- the budgeted Work Account funding ratio as 30 June 2016 is 144.5%
- the total budgeted ACC funding ratio as at 30 June 2016 is 97.5%

OUTPUT 3:

Investment management

What is intended to be achieved?

The purpose of our investment portfolio is to meet the future costs of claims from long-term injuries without the need for any catch-up contributions from future levy payers. To meet this purpose we tend to favour long term investments that we expect to deliver relatively certain income streams for long periods of time. Such investments match our long term cash flow requirements, and also tend to provide an offset against the risk of declines in interest rates. Interest rate declines mean that future claims will cost more and, if not offset by strong investment returns, may create a need for levy increases.

We intend to manage our investments with the objective of obtaining the best possible balance of return and risk. To this end, we:

- review strategic asset allocations to ensure that the benchmark asset allocations provide the best possible balance of risk and expected returns for our objectives
- actively manage our investment portfolios with the objective of obtaining better risk adjusted returns from those portfolios than would be achieved from passive investment.

How will we know we have achieved this?

Output 3 – Investment management

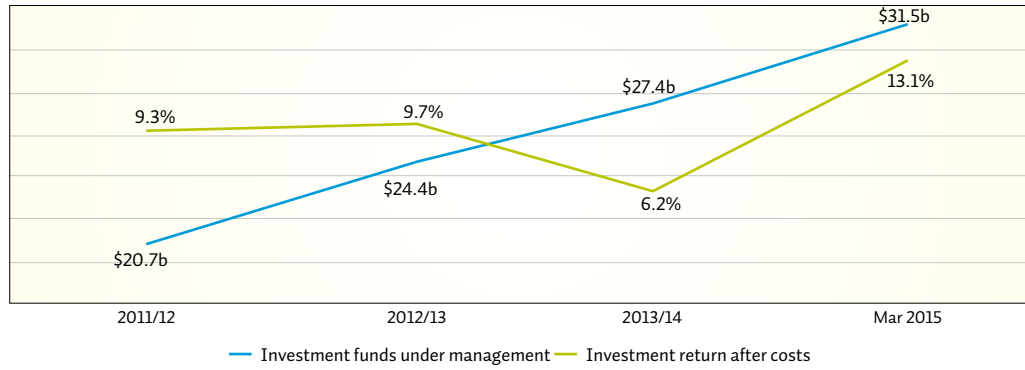
Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Investment performance after costs relative to benchmark.	The quality of our investment management can only be gauged by comparing our returns with what a similar fund (under different management) might be expected to achieve. This is done through the use of a blended market average benchmark, which provides a like-with-like comparison with other funds.	0.10%	0.14%	0.30%	0.30%	0.30%	0.30%
Investment management costs as a proportion of total funds under management.	The efficiency of our investment management is measured by expressing total investment management costs as a proportion of the total funds under management.	0.14%	Annual measure	0.15%	0.15%	0.15%	0.15%

Activity information

Investments

ACC had \$31.5 billion of investment funds at the end of March 2015 and has returned 13.1% in the 2014/15 financial year to date.

FUNDS UNDER MANAGEMENT AND INVESTMENT RETURNS



OUTPUT 4:

Claims management

What is intended to be achieved?

We help injured people covered by the Scheme get the appropriate medical treatment, social and vocational rehabilitation services and compensation to enable a swift return to work, independence or everyday life.

We manage claims from the relatively minor, where clients only require primary health services (such as a one-off visit to a general practitioner), to claims from individuals who suffer serious injuries requiring lifelong services and support.

How will we know we have achieved this?

Output 4 – Claims management

Measure	Rationale	Actual		Target			
		2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19
Customer satisfaction – clients.	The best measure of how well we are tracking in our efforts to improve the customer experience is by asking our clients.	75%	76%	78%	80%	83%	85%
Cover decision timeliness.	We try to make cover decisions and payments as quickly as possible in order to reduce uncertainty for our clients.	1.2 days	1.2 days	1.2 days	1.2 days	1.2 days	1.2 days
Average time to commence weekly compensation payments.		11 days	9.5 days	<9.5 days	<9 days	<8 days	<7 days
Formal reviews as a percentage of entitlement claims.	If we make the right decisions and communicate effectively with our clients during the process, we can expect most of our decisions to be accepted and understood.	3.3%	3.0%	2.7%	2.6%	2.4%	2.3%
Percentage of ACC reviews upheld. ¹	If most independent reviews find in our favour, this suggests that we are usually making correct and fair decisions the first time around.	84.5%	84.2%	85%	85%	85%	85%
Average time to resolution for claims with reviews.	When a client asks for a review of an ACC decision, early resolution is important as this is likely to be a stressful time for them.	91 days	94 days	<92 days	<91 days	<90 days	<89 days
Return to work within 10 weeks.	Research confirms that when people make rapid returns to independence or work after injury, their overall health and wellbeing is significantly improved. These measures evaluate how effectively we are supporting our clients to return to work or independence, and whether their returns are sustained.	67.8%	67.4%	69.0%	70.0%	70.1%	70.1%
Durable return-to-work rate ² .		77% (equal to Australian average)	Annual measure	1% higher than Australia	1% above previous year Australian average	1% higher than Australia	1% above previous year Australian average
Return to independence for those not in the workforce.		86%	86%	86%	86%	86%	86%
Number of long term clients returned to independence in the previous 12 months.	We continue to work with long-term clients so they can have as full a role in society as possible.	2,272	2,398	2,538	2,691	2,835	2,975

1. This includes decisions that are withdrawn, settled or in favour of ACC.

2. The durable return-to-work rate is compiled from data by Safe Work Australia in the Return to Work Survey – 2013/14 Summary Report, which reports on return-to-work outcomes and injured workers' perceptions of the return-to-work process.

Assessing the cost effectiveness of our claims management operations

The costs associated with this output class have the largest bearing on overall Scheme financial sustainability. We must deliver high quality services to clients in an efficient manner. This requires the careful management of controllable costs, ensuring that all expenditure is necessary and cost effective.

Key cost drivers are influenced by underlying claim numbers, the rate at which those claims access entitlements, the time taken to rehabilitate clients and the medical costs associated with rehabilitation. Health care inflation is also a key driver of costs in this area.

These measures are intended to enable our performance to be evaluated by the types of service provided, eg rehabilitation or elective surgery, in the areas that have the greatest impacts on Scheme costs. They align with the measures reported against the customer experience strategic intention, but provide greater detail with which to assess our performance during the year.

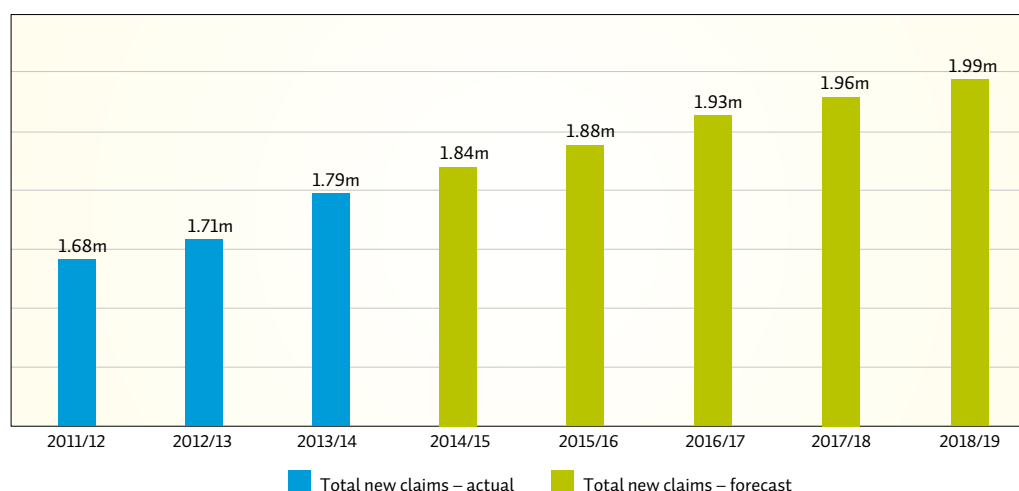
Measure	Actual		Target				
	2013/14	Mar 15	2015/16	2016/17	2017/18	2018/19	
Social rehabilitation for serious injuries	Growth in average care hours packages.	3.7%	Annual measure	2.0%	2.1%	2.2%	2.1%
	Proportion of clients with care hours significantly above or below benchmarks.	47%	Annual measure	45%	45%	45%	45%
Rehabilitation	Return to work within six months (182 days).	88.8%	88.7%	88.9%	89.3%	89.6%	89.6%
	Return to work within nine months (273 days).	93.3%	93.2%	93.3%	93.3%	93.3%	93.3%
	Number of clients receiving weekly compensation for more than one year.	10,763	11,340	12,200	12,650	12,950	13,200
	Abatement rate for long term clients.	13%	12.9%	13%	13%	13%	13%
Elective surgery outcomes	Average time taken by ACC to make surgery decisions – declined requests.	36.2 days	32.7 days	<35 days	<35 days	<35 days	<35 days
	Growth in average elective surgery cost per claim.	3.6%	Annual measure	7.1%	7.1%	7.1%	7.1%
	Proportion of clients who go ahead with surgery who are successfully rehabilitated 12 months after being approved for surgery. Note: successfully rehabilitated is defined as no longer receiving ACC support.	87%	86%	87%	88%	89%	90%
Efficiency	Average cost per claim.	\$2,483	\$2,642	\$2,552	\$2,602	\$2,598	\$2,373
	Administration costs less investment management and injury prevention costs/active entitlement claims.						

Activity information

Claims activity

Sustained growth in claim volumes has put pressure on our rehabilitation performance. Our analysis indicates that claim volumes are closely linked to the economy. We have developed a model to help us to forecast claim volumes in order to ensure that we can respond to the anticipated demand for our services. If actual claim volumes differ significantly from our forecast claim volumes, this may affect our ability to achieve performance targets successfully.

TOTAL NEW REGISTERED CLAIMS BY YEAR



The proportion of claims by Account is largely consistent over time.

The following table shows recent trends in the types of claims we have received and that have been accepted. The Scheme is based on legislation and each claim is evaluated to determine whether it meets the requirements of the AC Act. We do not ration our services as demand is determined by the number of covered injuries that occur and the type and amount of services that those who have covered injuries are eligible to receive.

Measure	Definition	2011/12	2012/13	2013/14	Mar 15
Registered claims.	Total number of registered claims in the period.	1,681,078	1,714,454	1,791,099	1,372,269
Medical fees only claims.	Total number of medical fees only claims in the period.	1,486,417	1,515,102	1,575,084	1,171,125
Other entitlement claims.	Total number of entitlement claims (all entitlement claims excluding weekly compensation) that receive payments in the period.	94,323	93,399	96,953	88,064
Weekly compensation claims.	Total number of weekly compensation claims that receive payments in the period.	82,594	88,450	89,631	80,482
Long term weekly compensation claims.	Number of clients receiving weekly compensation for more than one year as at 30 June.	10,606	10,399	10,763	11,340
New serious injury claims.	Total number of new serious injury claims in the period.	232	227	238	158
Fatal claims.	Total number of fatal claims in the period.	1,163	1,183	1,146	764

We enable clients to receive the appropriate entitlements under the Scheme whilst at the same time keeping total expenditure financially sustainable. We monitor expenditure against budget for the key cost drivers of the Scheme.

Expenditure against key cost drivers

(\$million)	Actual 2013/14	Mar 2015	Forecast 2015/16
Non-fatal weekly compensation	838	699	1,017
Social rehabilitation	455	383	553
Medical treatment	554	445	659
Hospital treatment (elective surgery)	282	228	327
Public health acute services	450	345	469

SECTION 3:

Investment statement

The money we need to provide our services comes from levies on people's earnings, businesses' payrolls, petrol and fees from vehicle licensing, as well as Government funding. The money is collected into one of the five ACC Accounts, each Account covering a specific group of injuries.

Until 1999, ACC operated on a 'pay-as-you-go' basis, collecting only enough levies each year to cover the cost of claims for that particular year. In 1999 the Government decided to change the Scheme from 'pay-as-you-go' to a 'fully funded' way of operating. That means we now collect enough money during each levy year to cover the full lifetime costs of every claim that occurs in that year.

Some people who are injured need ACC's help for 30 years or more, so significant reserves must be built up to fund these future costs. This money is invested and earns returns that help to pay the cost of claims. This fully funded model means future generations of levy payers won't be paying for injuries that happened years earlier, as the cost of those claims will already have been collected. Whilst these claims are expected to far exceed the current value of our investments, we expect to be able to meet the future costs of these claims out of our investments.

In 2009 the ACC investment portfolio was worth around \$10 billion. As at March 2015 it was worth \$31.5 billion.

Purpose

ACC's investment portfolio exists to ensure that we can meet the future costs of claims as a result of injuries that have already occurred without the need for any catch-up contributions from future levy payers. We tend to favour long term investments that we expect to deliver relatively certain income streams for long periods of time. Such investments match our long term cash flow requirements, and also tend to provide an offset against the risk of declines in interest rates. Interest rate declines mean that we need to put aside more money in the present to fund every dollar of future claim costs. Accordingly, if not offset by strong investment returns, a decline in interest rates may create a need for levy increases.

Governance

The ACC Board Investment Committee is responsible for ensuring the development of, and approving, our investment strategy, policies and guidelines and for approving the appointment of any fund manager or investment consultant. The Investment Committee reports to the full Board on a regular basis.

The committee consists of four members of ACC's Board plus two external appointees, and has full authority to make decisions for ACC in relation to investments. The Investment Committee makes high-level decisions on investment policy, whilst delegating most individual investment decisions to our in-house investment team or to external fund managers.

In delegating investment decisions to internal investment staff, the Investment Committee ensures that investment decisions are made in a manner consistent with our objectives. These include:

- specifying investment benchmarks that are to be used to measure investment performance
- specifying how we should measure and take account of risk when measuring investment performance
- setting various limits and controls governing the scale and nature of the investment decisions that we may undertake
- ensuring that there is clear accountability for the various aspects of investment performance
- making sure that we have a strong control environment, to ensure that the limits and controls are enforced and that conflicts of interest are minimised.

The key decisions that our Board's Investment Committee does not delegate include the:

- approval of asset allocation benchmarks, establishing the default allocation between investment markets for each of ACC's Accounts
- approval of policy documents, discussing how we will approach various aspects of our investment operation (such as how we set strategic asset allocation, or the approach that we will take to managing a particular investment portfolio)
- approval of changes to our Investment Guidelines, which specify limits to and controls of all aspects of the investment operation
- appointment of external fund managers or custodians
- approval of any investment transactions that fall outside the limits and controls specified in the Investment Guidelines.

Risk management

We manage risk through our Investment Guidelines and report risks to the Investment Committee. Our Investment Guidelines limit how much risk we can take by placing constraints on how ACC's investments may be managed. We employ a number of rules to govern the types of investment we can make, the way in which we invest, and the way in which we measure and manage performance.

We use credit limits, exposure limits and market risk limits to manage the risks of dealing with market counterparties, trading in and across various asset classes and sectors, and the size and amount of leverage across our investments.

The ACC Investments Code of Conduct governs how our investment staff must manage any personal investments and any offers of gifts or hospitality. These rules include reporting and approval requirements.

Ethical investment policy

We have an ethical investment policy that requires our investment activities to be conducted in an ethical manner that avoids prejudice to New Zealand's reputation as a responsible member of the world community.

We apply ethical principles that, in our judgement, are widely held by the New Zealand public. The spirit of New Zealand laws is used as a guide to reflect the ethical views of the New Zealand public, together with the values and principles set out in the United Nations Global Compact and the United Nations Principles for Responsible Investment (UN PRI).

The ethical investment policy sets out a framework that:

- requires engagement with companies that have serious environmental, social or governance issues in order to modify their corporate behaviour and improve their performance in relation to ethical issues. This is undertaken directly with the companies or in collaboration with other Crown financial institutions, other investors or the UN PRI Engagement Clearinghouse
- excludes from our investment portfolio companies that undertake activities that are repugnant to the laws of New Zealand and exhibit corporate behaviour that seriously breaches ethical/responsible investment standards. These include tobacco companies and those involved with the development and/or production of anti-personnel mines, cluster munitions and nuclear explosive devices
- encourages our fund managers to cast proxy votes in a manner that is consistent with the principles of good corporate governance and the ethical investment policy.

UN Principles for Responsible Investment

ACC became a signatory to the UN PRI in March 2008. These principles provide investors with a framework to incorporate environmental, social and governance issues into their investment decision making and ownership practices. As a signatory we are committed to adopting and implementing the principles where consistent with our fiduciary responsibilities.

Management strategy

We are focused on ensuring that ACC's investments are fit for purpose and that our strategy delivers outcomes that mean our processes and controls meet and exceed best practice.

We are focusing on three areas:

- Customer – enhance our risk framework and Investment Guidelines and identify a single supplier of custody and fund administration services
- People and culture – enhance our culture and break down silos
- Processes and systems – continue to enhance our systems, to review, document and continually improve our processes using Kaizen practices, and ensure we have the right people in the right roles.

Our investment objective

We manage our investments with the objective of obtaining the best possible balance of return and risk. To this end, we:

- continue to review strategic asset allocations to ensure that the benchmark asset allocations provide the best possible balance of risk and expected returns for our objectives
- actively manage our investment portfolios with the objective of obtaining better risk-adjusted returns from those portfolios than would be achieved from passive investment.

Investment strategy

We do not currently anticipate that our next review of strategy asset allocation will result in any significant changes to our overall allocation between investment markets.

We intend to continue actively managing all of our investment portfolios. The majority of our investments are actively managed by our own investment staff, while about 17% of our investments are managed by external fund managers. Changes in the proportion of funds managed internally versus externally would most likely be affected by any decisions to change the allocation of funds between Australasia and global markets, as ACC manages most of its Australasian funds internally, and uses external fund managers for the majority of its global investments.

We intend to increase selectively the resourcing of the investment team during 2015/16. In particular we will continue to expand the teams responsible for direct (unlisted) investments and the internally managed global equity portfolio.

We are working on initiatives that could reduce the amount of credit exposure that ACC incurs as a result of its use of derivative contracts.

We intend to hold our investment costs at a similarly low percentage of the portfolio value to that we achieved in 2014/15.

Measuring performance

Our investment performance should ultimately be evaluated by looking at the extent to which ACC's investments have achieved the objectives of enhancing returns and reducing risk, and how performance compares with global investment markets' performance.

Like most institutional investors, we split our investment decision-making into 'layers'. While it is important to evaluate our investment outcomes as a whole, it can also be valuable to consider the different layers of investment decision-making separately, as different aspects of investment decisions often need to be evaluated over different timeframes.

Inherently, most investment decisions involve a considerable degree of uncertainty, and the outcomes of a few investment decisions in a short period of time could be regarded as being due more to luck than skill. But with enough time and enough distinct investment decisions to consider, we should expect that any unpredictable positive or negative results will average out. Therefore investment performance over a longer timeframe is more likely to reflect mainly the quality of the investment decisions rather than the 'noise' of relatively unpredictable fluctuations in investment markets.

The highest layer of investment decision-making involves the setting and review of asset allocation benchmarks. The Board Investment Committee reviews the asset allocation benchmarks on an annual basis. Setting these asset allocation benchmarks involves a trade-off between risk and expected long term returns.

There are no near-term measures that can meaningfully be used to evaluate our performance in setting asset allocation benchmarks because:

- the trade-off between risk and return means that we cannot just look at either return or risk in isolation
- the focus on long term returns and the fact that we only have a few key asset classes to choose from mean that the returns from our asset allocation benchmarks are best measured over a relatively long period of time (at least five years)
- the impacts that our investment policy has on our financial risks need to be measured in the context of the relative scale of our investment assets compared with the Scheme's liabilities and income.

For these reasons, our performance in setting asset allocation benchmarks is best evaluated by studying performance over several years, rather than just assessing performance in relation to a single measure over any single year.

The lower layers of investment decision making involve our investment team (and external fund managers) actively managing investment portfolios with the objective of achieving a better overall return/risk outcome for the Scheme than we could achieve through passively investing in each market according to the benchmark asset allocation weights. As the active management of our investment portfolios involves a large number of investment decisions, it is reasonable to expect that unpredictable positive and negative results will roughly cancel each other out in most years, such that we can expect the realised outcomes of our active management to reflect the quality of the underlying decision-making in periods of three or more years. As a consequence, our active management of investment portfolios can be measured in a meaningful way, particularly if considered over a timeframe of at least three years. We measure our overall investment return against a composite benchmark.

Investment costs are not subject to much uncertainty, and it is meaningful to measure our performance on investment costs on a year-by-year basis. We report a performance measure – market standard reporting of performance against cost excluding the Management Expense Ratio.

SECTION 4:

Forecast financial information

Introduction

The information below sets out the 2015/16 budgets for ACC. Comparative information is based on the forecast financial results for the year to 30 June 2015, prepared as at 31 March 2015.

Variations are shown as favourable or (unfavourable) to ACC.

Result

The budget for 2015/16 is a surplus of \$129 million compared with the forecast deficit of \$902 million for 2014/15. The projected surplus for 2015/16 is higher than the 2014/15 forecast mainly due to the increase in the outstanding claims liability in the 2014/15 year as a result of reducing discount rates which are driving the forecast deficit; discount rates are not forecast to change over the 2015/16 year.

The budget accumulated deficit (net liabilities) will therefore increase to \$1,010 million at 30 June 2015.

Statement of comprehensive income

\$million	Forecast 2014/15	Budget 2015/16					Treatment Injury Account
		Total ACC	Motor Vehicle Account	Non- Earners' Account	Earners' Account	Work Account	
Total levy and other income	4,348	4,146	681	971	1,316	895	284
Investment income	4,041	1,627	491	160	410	397	169
Less investment costs	61	65	20	7	16	16	6
Net investment income	3,980	1,562	471	153	394	381	163
Claims paid	3,197	3,427	463	935	1,169	706	154
Change in unexpired risk liability	84	48			48		
Change in outstanding claims liability	5,405	1,538	325	299	487	108	319
Total claim costs	8,686	5,012	788	1,234	1,704	814	473
Injury prevention costs	39	51	8	13	8	17	5
Operating costs	505	516	52	103	179	156	26
Surplus / (deficit)	(902)	129	304	(226)	(182)	289	(56)

Statement of changes in reserves (equity)

\$million	Forecast 2014/15	Budget 2015/16					
		Total ACC	Motor Vehicle Account	Non- Earners' Account	Earners' Account	Work Account	Treatment Injury Account
Reserve – opening balance (deficit)	(108)	(1,010)	347	(3,857)	1,414	2,457	(1,371)
Net surplus (deficit)	(902)	129	305	(226)	(182)	289	(56)
Reserve – closing balance (deficit)	(1,010)	(881)	652	(4,083)	1,232	2,746	(1,427)

Funding ratio¹

%	Forecast 2014/15	Budget 2015/16					
		Total ACC	Motor Vehicle Account	Non- Earners' Account	Earners' Account	Work Account	Treatment Injury Account
Assets less other liabilities/ outstanding claims liability	93.5%	94.1%	106.9%	43.3%	117.6%	119.9%	70.2%

Levy revenue

Rates

Average levy rates (GST exclusive) and funding bases as detailed below have been used to prepare the budget.

Account	2014/15	2015/16
Motor Vehicle	\$331 per vehicle through licensing fees and petrol levies	\$195 per vehicle through licensing fees and petrol levies
Earners'	\$1.26 per \$100 liable earnings	\$1.26 per \$100 liable earnings
Work	\$0.95 per \$100 liable earnings	\$0.90 per \$100 liable earnings

Revenue

The \$4,146 million levy revenue budget for 2015/16 is \$202 million lower than forecast for 2014/15. The budgets for levy revenue incorporate:

- levy rates as approved for the 2015/16 year and forecast rates effective from 1 April 2016
- the current approved Non-Earners' Account appropriation
- earnings in employment derived from economic forecasts accounting for employment growth and earnings' growth. This results in an increase in liable earnings of 3.9% compared with the 2014/15 year's earnings
- changes in motor vehicle registrations and petrol consumption forecast for the 2015/16 year
- non-earners' revenue, including the non-earners' portion of the Treatment Injury Account, which has increased from \$0.961 billion to an approved level of \$1.091 billion.

¹ The Work Account funding ratio shown includes the additional liability for Work Related Gradual Process Claims not yet made. When only including the outstanding claims liability for claims made to ACC (as required by the AC Act and in accordance with accounting standards):

- the budgeted Work Account funding ratio as 30 June 2016 is 144.5%
- the total budgeted ACC funding ratio as at 30 June 2016 is 97.5%
- the total forecast ACC funding ratio as at 30 June 2015 is 96.9%

Non-Earners' Account appropriation

The Minister for ACC purchases from ACC the outputs consistent with the provisions of the AC Act in respect of non-earners (other than motor vehicle injury). This includes the funding requirements of the Treatment Injury Account in respect of treatment injuries to non-earners. This funding is appropriated within Vote ACC.

Output expense (\$million)	Budget 2015/16	Relevant ACC activity	Relevant ACC output class
Case management and supporting services.	123	Setting, invoicing and collecting levies – the Vote ACC appropriation process. Management of investment assets. Lodgement of new claims and making cover decisions. The costs of determining, processing, paying and monitoring payments to treatment and service providers and clients. Also includes the cost to ACC of managing claims with the goal of returning clients to independence. Development and delivery of programmes to reduce the incidence and severity of injury.	2 – Levy setting and collection 3 – Investment management 4 – Claims management 1 – Injury prevention
Rehabilitation entitlements and services.	616	Payments to providers for services, including social rehabilitation, medical treatment and vocational rehabilitation.	4 – Claims management
Public health acute services.	312	Funding via the Ministry of Health to provide services to injured people in hospitals during the acute phase of their treatment.	4 – Claims management
Compensation entitlements.	40	Direct payments of entitlements to clients including weekly compensation, independence allowances and lump sum payments.	4 – Claims management
Total	1,091		

Claims paid

\$million	Forecast 2014/15	Budget 2015/16	Variance F/(U)
Rehabilitation			
Treatment	1,486	1,586	(100)
Vocational rehabilitation	81	90	(9)
Social rehabilitation	513	554	(41)
Total	2,080	2,230	(150)
Compensation			
Income maintenance	939	1,017	(78)
Other compensation and benefits	178	180	(2)
Total	1,117	1,197	(80)
Total cash cost of claims	3,197	3,427	(230)

Rehabilitation costs are budgeted to increase by \$150 million (7.2%) to \$2,230 million, driven mainly by increasing claim numbers and inflation.

Income maintenance costs are budgeted to increase by \$78 million (8.3%) to \$1,017 million, reflecting an increase of 5.6% in claim volumes during the year.

Other compensation and benefit costs are budgeted at \$180 million, an increase of \$2 million (1.4%), and include a reduction in independence allowance capitalisations consistent with experience in recent years.

Increase in outstanding claims liability

The future costs of claims incurred are estimated allowing for future inflation (including superimposed inflation for certain benefit types) and payment decay/continuance rates derived from Scheme experience. Those costs are discounted back to present value using a series of forward discount rates. The liability is forecast to increase from \$33,102 million to \$34,639 million during 2015/16, an increase of \$1,538 million. This reflects the 31 December 2014 valuation, with adjustments to reflect economic assumptions at 31 March 2015.

Outstanding claims liability (\$million)	Forecast 2014/15	Budget 2015/16	Variance F/(U)
Value at year open	27,697	33,102	
Value at year end	33,102	34,639	
Increase/(decrease) in claims liability	5,405	1,538	3,867

Increase in unexpired risk liability

A liability adequacy test is performed to assess whether the unearned levy liability is sufficient to meet all expected future cash flows relating to future claims against current insurance contracts. Any shortfall in the unearned levy liability is taken up in the balance sheet as an unexpired risk liability and the movement for the year is recognised in the income statement.

Unexpired risk liability (\$million)	Forecast 2014/15	Budget 2015/16	Variance F/(U)
Value at year open	202	285	
Value at year end	285	333	
Increase in liability	83	48	35

The unexpired risk liability at 30 June 2016 is forecast to increase by \$48 million from an estimated \$285 million at 30 June 2015. This reflects reducing levy rates that are insufficient to meet the discounted cost of new claims to be incurred in future periods, for which levy revenue has been accounted at 30 June 2016.

Operating costs

ACC's operating costs comprise claims handling, levy collection and other operating costs. The 2015/16 operating costs budget of \$516 million is \$11 million higher than the \$505 million forecast for 2014/15. This increase reflects the current estimate of the impact on operating costs of the organisational change project of \$39 million for the 2015/16 year (2014/15 forecast \$28 million).

Expenditure by classification (\$million)	Forecast 2014/15	Budget 2015/16	Variance F/(U)
Claims handling	399	412	(13)
Levy collection	40	41	(1)
Other operating	66	63	3
Total operating costs	505	516	(11)

Investment income

Investment income is calculated using forecast returns based on a methodology that provides an unbiased estimate of ACC's median returns. The projected change in rates of return from year to year reflects market expectations about the returns expected in each of the next 20 years.

Investment income for the 2015/16 year has been calculated by Account. The projected rate of return in 2015/16 ranges from 4.92% to 5.25% per annum.

Statement of financial position

As at 30 June (\$million)	Forecast 2014/15	Budget 2015/16	Variance F/(U)
Total reserves	(1,010)	(881)	129
Assets			
Investments	31,824	33,194	1,370
Other assets	3,372	3,613	241
Total assets	35,196	36,807	1,611
Liabilities			
Claims liability	33,102	34,639	(1,538)
Other liabilities	3,104	3,049	55
Total liabilities	36,206	37,688	(1,482)
Net assets	(1,010)	(881)	129

Capital expenditure

Category (\$million)	Forecast 2014/15	Budget 2015/16	Variance F/(U)
Property, plant and equipment			
Maintenance – IT	5	3	2
Property	6	6	0
Motor vehicles, equipment	1	1	0
Total	12	10	2
Intangible assets			
Change initiatives	26	91	(65)
Maintenance – IT	13	16	(3)
Total	39	107	(68)
Total capital expenditure	51	117	(66)

The proposed 2015/16 capital expenditure budget of up to \$117 million is \$66 million higher than the forecast for 2014/15. This reflects the inclusion of the current estimate of \$82 million of capital expenditure on the major organisational and systems' change programme.

Financial risks

As the forecasts are projecting future events, there are risks that actual results may materially differ.

A major risk is the effect of economic factors that are not controlled by ACC (eg wage and cost inflation, and interest rates) on future claims payments, investment income and the projected outstanding claims liability.

At this time we are uncertain about the nature, timing and magnitude of expenditure related to organisational change projects.

Statement of cash flows

\$million	Forecast 2014/15	Budget 2015/16
Cash flows from operating activities		
Cash was provided from:		
Levy revenue and other income	4,192	4,035
Investment income	1,202	1,354
Cash provided from operating activities	5,394	5,389
Cash applied to operating activities	3,795	4,159
Net cash movement from operating activities	1,599	1,230
Net cash movement from investing activities	(1,703)	(1,230)
Net cash movement from financing activities		
Net increase in cash and cash equivalents	(104)	
Cash and cash equivalents – opening balance	466	362
Cash and cash equivalents – closing balance	362	362

Summary of significant accounting policies

a) Levies

During 1998 and 1999 the basis of setting levies moved from 'pay-as-you-go' to 'fully funded' for all levy payers other than the Government in respect of the Non-Earners' Account.

Sustainable levies are recommended by the ACC Board to achieve full funding for the Motor Vehicle, Earners' and Work Accounts but the Government sets the final levy rates. The Non-Earners' Account has been fully funded by the Government since 1 July 2001 in respect of claims incurred from that date. Claims before that date continue to be funded on a pay-as-you-go basis.

In addition to the above, residual amounts as specified by the Minister for ACC are to be fully funded by 31 March 2019 in respect of the Motor Vehicle, Earners' and Work Accounts.

The Treatment Injury Account is funded through levies set for the Earners' and Non-Earners' Accounts in proportion to the earner status of treatment injury claims, and reflects the funding bases of those Accounts.

b) Levy revenue

All levy revenue is recognised in the levy period to which it relates.

Levy revenue relating to levy periods that commenced prior to balance date is accrued if not yet invoiced. This is estimated based on expected liable earnings at the applicable levy rate. The levy revenue is earned evenly during the levy period.

c) Investment income

Investment income consists of, and is recognised, as follows:

- dividends on equity securities are recorded as revenue on the ex-dividend date
- interest income is recognised as it accrues, taking into account the effective yield on the investments
- the realised gain/loss on disposal of an investment asset represents the difference between the proceeds received and its carrying value
- unrealised gains/losses on fair value investment assets represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year.

d) Unexpired risk liability

At each balance date, ACC reassesses whether the levy revenue embodied in the unearned levy liability is sufficient to cover all expected future cash flows relating to future claims against levies received in the current period. This assessment is referred to as the liability adequacy test and is performed for each Account. Gradual process claims are excluded from the liability adequacy test.

If the present value of the expected future cash flows relating to future claims, plus the additional risk margin to reflect the inherent uncertainty in the central estimate, exceeds the unearned levy liability, the unearned levy liability is deemed to be deficient. ACC applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of the claims liability.

The entire deficiency is recognised immediately in surplus or deficit. The deficiency is recorded in the statement of financial position as an unexpired risk liability.

e) Outstanding claims liability

The outstanding claims liability consists of expected future payments associated with:

- claims reported and accepted as at the valuation date that remain unsettled as at the valuation date
- claims incurred but not reported to, or accepted by, ACC as at the valuation date
- closed claims that are expected, on the basis of actuarial projections, to be reopened after the valuation date
- the costs of managing reported but unsettled, reopened and incurred-but-not-yet-reported claims.

The accrued outstanding claims liability is the central estimate of the present value of expected future payments on claims occurring on or before the valuation date, plus a risk margin to ensure that the accrued liability is sufficient to meet all the costs of future claim payments 75% of the time.

Future payments associated with gradual process claims that are not yet reported are not included in the outstanding claims liability. ACC's major exposure to gradual process claims (or latent claims) is in respect of hearing loss and asbestos-related injuries. Section 37 of the AC Act states that a person is considered injured when:

- they first report the incapacity; or
- they first receive medical treatment for the incapacity.

The AC Act effectively defines gradual process claims as being consistent with the 'claims made' policies issued by general insurance entities. That is, clients are covered for specified contract periods, regardless of when the event occurred giving rise to the claim. Under 'claims made' policies, an insurer only has liability for reported claims.

f) Investments

All investments, other than investment properties, are designated as financial assets at fair value through profit or loss.

Fair value for investments is determined as follows:

- listed shares and unit trusts are valued at the quoted bid price at the close of business on the balance date
- non-listed equity investments (private equity and venture capital) are recognised at the initial cost of investment and adjusted for the performance of the business and investment markets since that date
- New Zealand and overseas bonds are valued at bid yield
- unlisted unit trust investments are valued based on the exit price rather than the entry price
- for investments with no active markets, fair values are determined using valuation techniques.

g) Changes to accounting policies

There have been no changes in accounting policies.

Letter of expectations



Office of Hon Nikki Kaye

MP for Auckland Central

Minister for ACC

Minister of Civil Defence

Minister for Youth

Associate Minister of Education

14 APR 2015

Paula Rebstock
Chair
Accident Compensation Corporation
PO Box 242
WELLINGTON 6410

Dear Paula

2015/16 ANNUAL LETTER OF EXPECTATIONS

I am writing to convey my expectations of the Accident Compensation Corporation (ACC) as it plans for the next financial year and prepares its Statement of Intent (SOI) 2015-2019 and the draft 2015/16 Service Agreement.

ACC holds a unique position in the New Zealand community with its responsibility to ensure the Accident Compensation Scheme operates as intended by its legislation.

The Board has a critical stewardship role to ensure that ACC is as efficient and effective as it can be in its delivery of cover to injured people, prevention of injuries and provision of value to levy payers. The Scheme must remain affordable for future generations and key organisational risks must be managed effectively while ensuring that injured people continue to receive the support to which they are entitled.

By working effectively with its customers, partners and stakeholders, ACC can have a material impact on the cost of injury to New Zealand and the lives and well-being of New Zealanders.

I would like to thank ACC for its work in developing the Shaping our Future programme, and its constructive response to the Performance Improvement Framework (PIF) Report. Together these provide a high level outline of a promising strategy to deliver better outcomes for New Zealanders. I look forward to seeing the strategy further developed.

PRIORITIES

I expect the Board to:

- further improve rehabilitation performance
- improve injury prevention performance, and
- ensure the success of Shaping our Future.

Further improve rehabilitation performance

A priority for ACC is improving rehabilitation performance, as this will reduce the impact from injury, improve living standards and reduce the cost of injury to New Zealand.

I understand that ACC is developing and will be communicating a clear understanding of the drivers of rehabilitation performance and will therefore be able to assess the appropriate level of costs and other performance metrics given the customers you are helping.

Improve injury prevention performance

I expect ACC to develop a balanced portfolio approach to its injury prevention investment work and develop strong partnerships to deliver effective injury prevention activities. I understand that this will include the development of a comprehensive injury prevention strategy to reduce the incidence and severity of injury based on the six identified focus areas which incur the highest claims liability costs.

I also expect ACC to continue to engage with WorkSafe New Zealand in developing wider workplace safety initiatives and to make businesses aware of the programmes they can access. This should enable ACC to contribute to achieving our targets of reducing workplace fatality and serious injury by 10% by 2016 and by 25% by 2020.

I expect ACC to work with the health sector to focus on the issue of quality and patient safety of which treatment injury is a part.

Ensure the success of Shaping our Future

The Shaping Our Future programme is expected to transform ACC's operating model. The new operating model is intended to deliver improved, consistent service delivery to clients, levy payers and providers and make it easier for these groups to interact with ACC. Investment objectives include improving trust and confidence, productivity, and staff engagement.

I expect the capability to be delivered by Shaping our Future to enable ACC to take a customer's view of the rehabilitation pathway, outcomes, and claim duration, relative to the expected pathways, outcomes and claim durations.

I understand that the design phase of the transformation will continue into late 2015. There is a specific interest in understanding how ACC will be able to understand and report on whether customers are receiving the right rehabilitation and support at the right cost. I look forward to ACC providing more details as the design develops. ACC should work to ensure that the Corporate Centre Agencies are well informed so they fully understand the programme, in particular the design, the benefits and the risks.

The Shaping our Future transformation programme represents a significant investment by levy and tax payers, and as with any programme of this potential

scale, I expect that ACC will continue to engage with Ministers and officials. I understand that ACC are very aware of important lessons from other large ICT transformation projects.

Other priorities

I also expect the Board to:

- continue to improve the management and security of private information by embedding privacy into the design of ACC's systems
- work closely with the health sector to deliver more effective services to New Zealanders, building on recent collaboration between ACC and the health sector on elective services
- ensure actions to address the findings set out in the Performance Improvement Framework report are integrated into ACC's plans
- develop and communicate, in close consultation with Treasury, a clear forward looking view of its performance
- provide support for the Better Public Services 'Better for Business' (Result 9) programme that aims to improve service performance and reduce the cost to businesses of interacting with government by 25% by 2017, and
- successfully manage risks, in particular those around delivery of the Shaping our Future transformation programme.

I intend to introduce an Accident Compensation Amendment Bill in the middle of 2015 to improve the levy setting process. More specifically this will involve:

- creating a framework for the Government to set a funding policy to guide ACC when it consults on and recommends levies
- making the levy setting process more transparent
- enabling residual levies to be discontinued by Order in Council at an appropriate date which reflects best estimates of when residual liabilities will have been fully offset by residual levies.

I expect the Board to work constructively on the development and implementation of these changes.

Other expectations

The Ministry of Business, Innovation and Employment (MBIE) and the Treasury will collaborate with you to refine the strategic priorities and agree performance targets. ACC should provide to me its draft SOI, and Service Agreement by 1 May 2015 plus any further information officials may need or request for the purpose of assessing those plans.

It is possible that the Board might consider initiatives that can be funded by reserves held by ACC in some accounts, but which would also impact on expenditure in the Non-Earners Account. I expect that if this were to be the case, ACC would engage with MBIE and the Treasury well before decisions are taken.

Our communications should be straightforward. If you need to make contact on short notice, you should not hesitate to do so. I expect all priorities to be delivered through a “no surprises” approach. As such, you should inform me of any significant events or set of circumstances, whether positive or negative, that could be considered contentious, attract wide public attention and/or affect the financial position of ACC.

In undertaking its business I expect the ongoing commitment of ACC to continue to work constructively and collaboratively with advisors from my office, MBIE and the Treasury to achieve the Government’s objectives and understand ACC’s performance. I expect ACC reports to address the underlying reasons behind any performance that is below target, the actions taken or planned to remedy, and the scope and timing of any further analysis that may be required.

I expect ACC to ensure that the financial and implementation consequences of any proposed legislative amendments are considered thoroughly and any consequences are brought to my attention in a timely way as ACC supports policy development work for the Amendment Bill.

Expectations for all Crown Financial Institutions

- **Returns:** A prime focus for Ministers is that Crown Financial Institutions (CFIs) achieve their long term performance objectives. The Crown has a long term perspective on returns, and acknowledges that returns will vary from year to year, sometimes due to temporary or non-controllable factors. Emphasis will continue to be placed on longer term returns. In circumstances where the longer term return is persistently below the performance objective, we expect the CFI to review the appropriateness of its investment strategy. Furthermore, where active management or other value adding strategies are employed, achieving returns in excess of benchmarks after investment management fees and other operational costs is expected.
- **Crown Risk Management:** The management of financial risks at an aggregate level is of growing importance for the Crown. The Minister of Finance has tasked the Treasury to work in this space and I ask that you engage with the Treasury when required to support this work. While work is at an early stage, part of the aim is to determine appropriate risk settings across the Crown balance sheet.
- **Investment Management Expenses:** Notwithstanding the expectation for CFIs to outperform investment objectives after investment management costs, each CFI should also ensure that the costs incurred in implementing its investment strategy are appropriate in the context of managing Crown assets.
- **Investment Review:** We expect CFI boards to review major past investment decisions to assure themselves that the benefits claimed when such decisions were made are in fact being realised. Our expectation is that such

reviews are made available to Ministers. The CFIs are increasing investment in non-listed investments and we think scrutiny by the owner for the larger investments is warranted.

- **Joint Ventures:** While Ministers are supportive of CFIs entering into joint venture (j.v.) arrangements as a way of leveraging expertise and capital, the expectation is that Ministers are informed at an early stage of any j.v. formation, particularly where the j.v. involves another New Zealand government entity or where it includes a foreign government or sovereign wealth fund.
- **Use of derivatives:** The aggregate funds managed within the CFI portfolio continues to grow as a percentage of the overall Crown's balance sheet. There continues to be an increasing use of derivative instruments within the portfolios. Consistent with last year's expectations it is our expectation that CFIs should use derivatives judiciously and that, where relevant, there is a strong case for their use relative to physical exposures.
- **Collaboration:** While the individual objectives and investment strategies differ across the CFI portfolio there is a material level of crossover in the operational investment activities of the CFIs. Our expectation is that the CFIs will continue to identify opportunities and implement strategies to achieve operational synergies and cost efficiencies through sharing of resources and intellectual capital.

Standard Expectations of all Crown Entities

Crown Entities represent a significant proportion of Crown spending, asset ownership and direct engagement with the public and business. They are therefore key to the Government's achieving many of the results that it is seeking to achieve. While recognising the arms-length relationships, the Government places the same expectations on Crown Entities as it does on departments, these expectations include:

- that agencies should be able to demonstrate what difference they are actually making for their customers. Results matter, not processes or unquestioned continuation of existing programmes
- that the Government will consider new investment only where agencies can show a contribution to the Government's programme under the Better Public Services or Business Growth agendas and that they have a sufficient understanding of their business to give Ministers informed choices about trade-offs
- that entities should be clear how they are working with other agencies, owning the sector results and putting the client not agency boundaries first in service design. No entity can expect to make a difference working alone
- that agencies should be constantly looking for ways that improve how they do business and deliver value for taxpayers' investment in them. The Performance Improvement Framework (PIF) was designed with this

expectation in mind. Entities should be using either the PIF formal or self-review methodology. If not they need to be able to demonstrate that they are using some other performance or continuous improvement process, and

- that the provisions of the Enduring Letter of Expectations continue to apply. The enduring letter of expectations can be found on the State Services Commission's website.

I look forward to working with ACC on delivering the Government's objectives, and I thank you in advance for your continued positive engagement.

Yours sincerely



Hon Nikki Kaye
Minister for ACC

APPENDIX 2:

Conditions of the Service Agreement

Roles and responsibilities

The Minister for ACC is the Minister responsible for both the Accident Compensation Scheme (the Scheme) and the Accident Compensation Corporation (ACC). The Minister's roles and responsibilities are to:

- make sure an effective board is in place to govern ACC
- participate in setting the direction of ACC
- monitor and review our performance and results
- manage risks on behalf of the Crown.

The Minister exercises this responsibility through the relationship with the ACC Board (the Board) and, in particular, the Board Chair. This Agreement supports that relationship.

The Board is accountable to the Minister for the delivery of the services specified in this Agreement, to the quality and costs specified. ACC remains accountable for the delivery of all outputs, including outputs that have been subcontracted to third parties.

Parties

This Agreement is between the Minister and ACC. Under section 25 of the Crown Entities Act 2004 the Board is responsible for all decisions relating to the operation of ACC. Under section 49 of that Act the Board also has a statutory duty to ensure that ACC acts in a manner consistent with this Agreement.

Term

This Agreement, entered into pursuant to section 271 of the Accident Compensation Act 2001 (AC Act), relates to a one year period from 1 July 2015 to 30 June 2016. This Agreement revokes the Service Agreement for the period 1 July 2014 to 30 June 2015.

ACC's functions and duties

ACC provides accident insurance cover for all New Zealanders and visitors to New Zealand. We receive approximately 1.8 million claims per year. Our core services are:

- injury prevention – we have a key role in promoting a reduction in the incidence and severity of personal injury. The injury prevention programmes are expected to be cost effective and to lead to a reduction in levy rates
- rehabilitation – we aim to restore an injured person's independence to the maximum extent practicable. Specific provisions in the AC Act prescribe the entitlements that clients can access
- compensation – the Scheme provides financial compensation to clients for losses owing to personal injury.

The costs of services for each injury are assigned to the Motor Vehicle, Work, Earners', Non-Earners' or Treatment Injury Account depending on who was injured and/or where the injury occurred. The injury prevention costs are also assigned to the relevant Accounts. There is no cross-subsidisation between the Accounts.

ACC complies with procedures, conditions, restrictions and other provisions in the performance of its duties in relation to the management of each Account as set out in the AC Act. ACC is governed in accordance with the provisions of the Crown Entities Act 2004, the State Sector Act 1988 and the Public Finance Act 1989.

Amendments to this Agreement

This Agreement may be amended with the consent of the Minister and the Board if at any time during its term the work or environment of ACC is materially altered and the contents of this Agreement are no longer appropriate.

Any changes must be signed by the Minister and the Board, and attached to this Agreement. Both parties will hold copies of the original and any amendments to this Agreement.

Payment

The Minister, on behalf of the Crown, will pay ACC up to the amount authorised by Parliamentary Appropriations for 2015/16. The Ministry of Business, Innovation and Employment (the Ministry, acting as the administering agency responsible for Vote: ACC) will action payments to ACC in accordance with the Public Finance Act 1989. Payments will be made monthly by direct credit from the Ministry to ACC, coinciding with the Ministry's receipt of funding from the Treasury.

Interpretation

The appendices to this Agreement form part of this Agreement, as do any amendments to those appendices signed by the Minister and the Board. The parties agree to discuss and seek to resolve any differences of opinion between them under the Agreement, or any matter not covered by this Agreement relating to the supply of outputs.

Quarterly reporting

We will provide quarterly reports on our performance against this Agreement. Quarterly reports are to be read in conjunction with this Agreement and the reports of any preceding quarters to provide a context for the reporting of our ongoing performance for the financial year 2015/16.

Each quarterly report will include commentary on our performance against the performance targets, progress in implementing key initiatives and, where necessary, an explanation of performance trends, an analysis of those trends, and proposed actions to improve performance. It will also include commentary on our financial performance and an analysis of risks, critical issues and opportunities arising from our performance to date.

Where our performance does not meet targets, we will collaborate with stakeholders and keep them informed on when to expect further information that may include:

- an analysis of causes
- strategies and plans to improve performance and meet the specified targets
- forecast performance for the remainder of the financial year, including an assessment of whether and when the performance target(s) will be met.

As necessary we will provide the Minister with:

- any proposals to amend this Agreement due to changed circumstances
- timely advice of any risks that may create a significant exposure for the Crown
- an annual technical report supporting our proposal for funding of the Non-Earners' Account for the following four financial years.

The timeframes for quarterly reporting are:

Quarterly performance report	Timeframe
Quarter 1 report	By 31 October 2015
Quarter 2 report	By 31 January 2016
Quarter 3 report	By 30 April 2016
Quarter 4 report	By 31 July 2016

Our quarterly reports to the Minister will be published on ACC's website.





Te Kaporeihana Awhina Hunga Whara

www.acc.co.nz
0800 101 996

New Zealand Government

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