

2025/26

Quarter two Performance Report

December 2025



He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

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How to read this report

This report provides a summary of performance for the 2025/26 financial year. Quarterly reports should be read in conjunction with the Service Agreement, Statement of Intent, and the reports of any preceding quarters for additional context.

The quarterly report details results against the measures included in the Service Agreement 2025/26 (signed June 2025), updates on key initiatives, financial performance and any significant trends, risks or issues that impacted performance.

Performance summary

After the second quarter, performance results are trending positively, reflecting our efforts to support the long-term financial sustainability of the Scheme.

At the end of December 2025, the Minister for ACC and the ACC Board agreed to an amended Service Agreement 2025/26 (January 2026). This document reflects the clear expectations set by the Government for ACC to turn around performance, through improved organisational performance, delivering better rehabilitation outcomes and better managing the treatment and rehabilitation costs of the Scheme.

This amended Service Agreement includes more ambitious targets for many of our measures for the period from 1 January 2026 to 30 June 2026.

This report is against the original Service Agreement (signed in June 2025).

Our current performance against current Service Agreement¹ targets

Return to work rates across all durations are improving. For all return to work rates, the 13-week rolling results continue to exceed 52-week rolling results, meaning further improvements in 52-week rolling results are likely.

The growth rate of the long-term claims pool has reduced to 2.3% and the net increase in the pool was limited to 19 clients over the quarter (223 year-to-date). There are now 24,772 claims in the long-term claims pool.

Claims costs are 4% lower than budget reflecting performance improvements and our deliberate focus on claims cost management in key areas (weekly compensation, social rehabilitation and elective surgery). This has translated into influenceable OCL releases year-to-date, specifically for weekly compensation (~\$400 million) and social rehabilitation (~\$125 million). This is partially offset by non-influenceable OCL strain of \$104 million.

Our plans to continue improving performance

Significant further performance improvements will be required to achieve the new targets that came into effect from 1 January 2026. We continue to prioritise our focus and effort towards achieving these, particularly the year-end target of 24,000 clients in the long-term claims pool, given the significant financial impact of these clients.

While our current performance trajectory is positive, there is more work to do. To ensure the Scheme is affordable and future generations of levy payers do not carry the cost burden of injuries that occurred in earlier years requires deliberate focus and a return to our core purpose: providing timely, necessary and appropriate support to injured New Zealanders.

Our 2025/26 Turnaround Plan sets out our strategic priorities to further lift ACC's performance, capability and effectiveness.

This includes improved short and long-term rehabilitation performance, better management of Scheme boundaries and pressures, improving our case management model, improving how we commission services and making better use of technology.

Our other strategic priority is to deliver a capable and cost-effective ACC. We will achieve this by improving the productivity and capability of our workforce, resetting our strategic direction, ensuring an inclusive and safe workplace culture, and actively managing Scheme costs.

This report includes information (pages 15 and 16) on the key Turnaround Plan actions we are taking to improve performance.

¹ Service Agreement 2025/26, signed June 2025.

Key performance measures

Claims management

MEASURE	RESULT	Q1 – Q2 TARGET	TREND	Q1 – Q2 OUTLOOK	PAGE
Return to work: 28 days ³	35.7%	-			05
Return to work: 10 weeks	60.8%	62.2%	Improving	R	05
Return to work: Nine months	88.8%	88.8%	Improving	G	05
Return to work: One year	91.6%	91.4%	Improving	G	05
Return to independence for those not in the workforce	82.4%	82.5%	Deteriorating	A	05
Growth rate of the long-term claims pool	2.3%	6.6%	Improving	G	06
Long-term claims pool volume ³	24,772	-			06
Long-term claims pool returns to independence	8,531	8,610	Improving	G	06

Organisational excellence

MEASURE	RESULT	Q1 – Q2 TARGET	TREND	Q1 – Q2 OUTLOOK	PAGE
Employee engagement	4.01	4.00	Stable	G	14
Number of privacy breaches	0	< 10	Stable	G	14
Overall operational system availability	99.9%	99.8%	Stable	G	14
Reduction in corporate emissions	38%	21%	Stable	G	14
Reduction in carbon intensity of the global equity portfolio	74%	60%	Stable	G	14

Scheme sustainability

MEASURE	RESULT	Q1 – Q2 TARGET	TREND	Q1 – Q2 OUTLOOK	PAGE
New year costs movement excluding legislation and policy changes (<i>Sep 2025</i>)	+0.02% (\$2m)	Between -2% to 0%	Stable	G	07
Actuarial movement (influenceable)	-0.56% (-\$355m)	Between -2% to 0%	Improving	G	07
Investments performance after costs relative to benchmarks ²	+0.39%	+0.15%	Stable	G	07
Percentage of total expenditure paid directly to clients or for services to clients	90.9%	90.7%	Stable	G	07
Public trust and confidence	62%	57%	Stable	G	13
Injury prevention return on investment	\$1.84:\$1	\$1.78 to \$1.98:\$1	Stable	G	12
Claim lodgement rate for Māori	27.2	> <i>previous year</i>	Stable	G	04

Key to tables

Trend		Outlook 2025/26	
Improving	Sustained improving trend evident	G	Tracking to meet or better than target.
Stable	Performance trend is stable	A	Achieving target at year end is not certain.
Deteriorating	Performance trend is deteriorating	R	Low probability of meeting target at year end.

² Measure changed in 2025/26 to rolling 10-years
³ Measure introduced in amended Service Agreement 2025/26 (January 2026)

Claims management

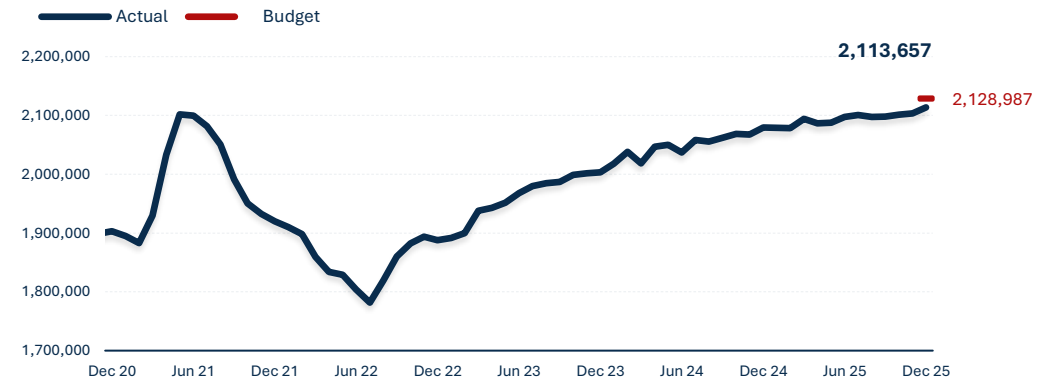
Claim volumes

MEASURE	RESULT	BUDGET/ Q1 – Q2 TARGET	Q1 – Q2 OUTLOOK
New claims registered	2,113,657	2,128,987	
New Weekly Compensation claims	105,155	112,458	
Cover decision timeliness: Non-complicated claims ⁴	0.88 days		
Cover decision timeliness: Complicated claims ⁴	48.48 days		
Weekly Compensation Setup Timeliness ⁴	8.6 days		
Claim lodgement rate for Māori	27.2	> previous year	C

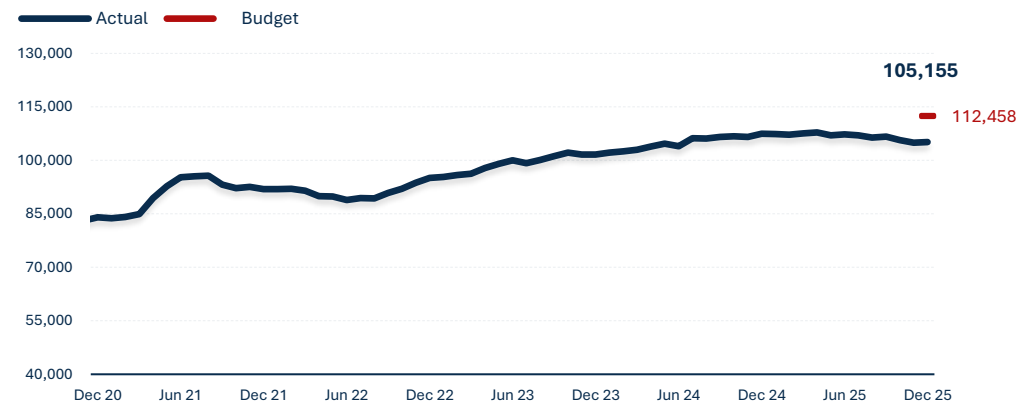
- New claims registered continue to grow. For the month of December 2025, new claims registered were 6.4% higher than December 2024, but followed usual seasonal trends with fewer claims than November.
- Weekly compensation claims have been reducing (2.1%) on a rolling 12-month basis, however we budgeted 5.4% growth for 2025/26. December’s new weekly compensation claims were 1.8% higher than December 2024. We have revised growth expectations for 2025/26 down to 2.6% from 4.1%.
- Analysis has demonstrated a strong correlation between claim volume growth and four key drivers; population, GDP, unemployment and distance driven. We use forecasts from the Treasury and other agencies to update our forecast models. This will next be completed in early 2026. We forecast claims volumes to ensure we can respond to demand for our services. If actual claim volumes differ significantly from forecast, our ability to achieve performance targets may be affected.

⁴ Measure introduced in amended Service Agreement 2025/26 (January 2026)

New registered claims compared to budget – Rolling 12-months



New weekly compensation claims compared to budget – Rolling 12-months



Conversion rate: New claims to weekly compensation – Rolling 12-months



Claims management

Short-term rehabilitation

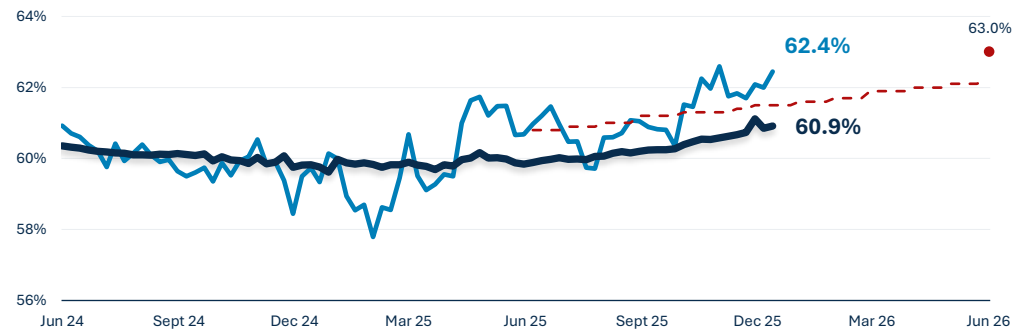
MEASURE	RESULT	Q1 – Q2 TARGET	Q1 – Q2 OUTLOOK
Return to work: 28 Days ⁵	35.7%	-	G
Return to work: Ten weeks	60.8%	62.2%	R
Return to work: Nine months	88.8%	88.8%	G
Return to work: One year	91.6%	91.4%	G
Return to independence for those not in the workforce	82.4%	82.5%	A

- Rehabilitation performance over the holiday period typically reflects seasonal patterns, leading to decreases in 13-week rolling results. However, all 52-week rolling results for return to work rates improved in the second quarter.
- Despite the seasonal impacts, which are expected to continue in the coming months, 13-week rolling results continue to exceed the longer-term average (52-week rolling), suggesting further improvements in the annual results are likely.
- Performance for both the nine months and one year return to work rates remains better than current Service Agreement target trajectories. The 13-week rolling average for the 10-week rate has been improving, but the 52-week remains below the current Service Agreement target trajectory.
- Significant improvements in performance will be required to reach the new Service Agreement targets introduced from 1 January 2026.
- Details of our actions and progress of delivery to improve rehabilitation performance are included on pages 14 and 15.

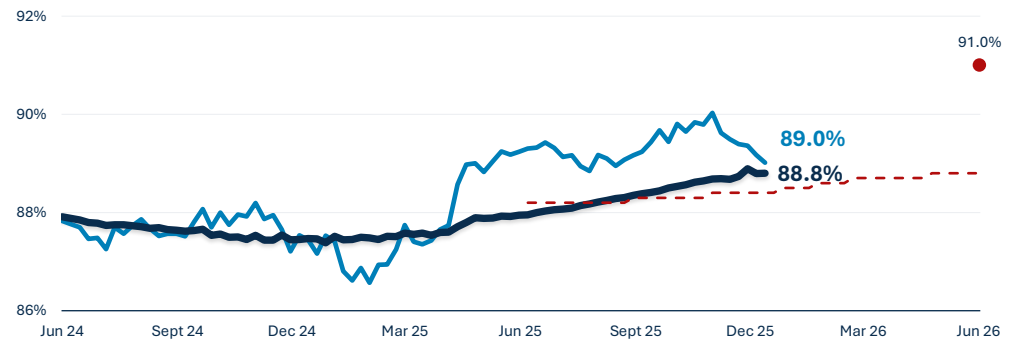
Return To Work Rates

— 52 Weeks Rolling — 13 Weeks Rolling - - - Q1-Q2 Target • Q3-Q4 Target

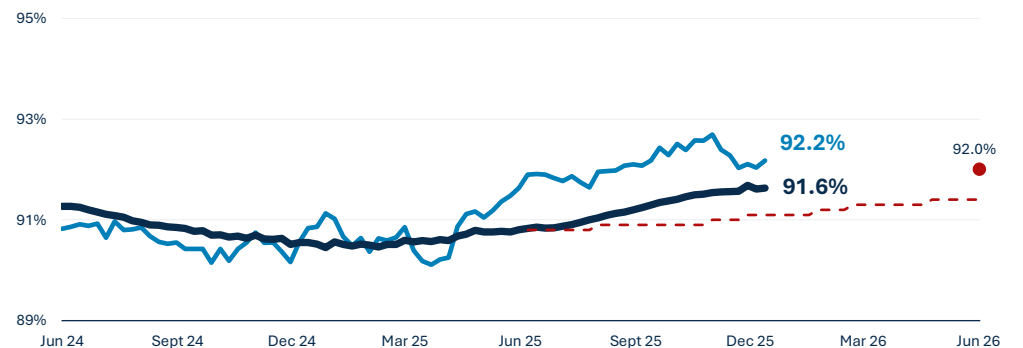
Ten weeks



Nine months



One year



⁵ Measure introduced in amended Service Agreement 2025/26 (January 2026)

Claims management

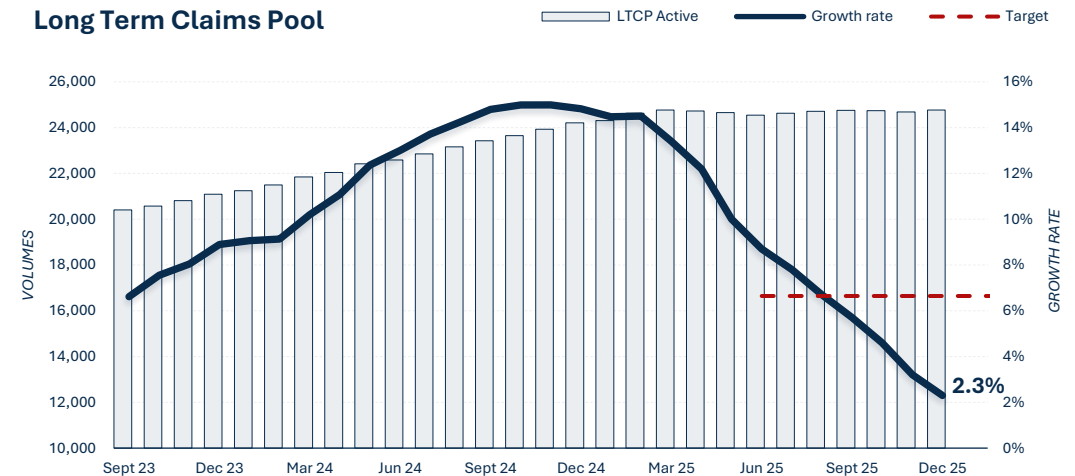
Long-term rehabilitation

MEASURE	RESULT	Q1 – Q2 TARGET	Q1 – Q2 OUTLOOK
Growth rate of the long-term claim pool	2.3%	6.6%	G
Volume of the long term claims pool ⁶	24,772	-	
Long-term claims pool returns to independence	8,531	8,610	

- The growth rate of the long-term claims pool continues to reduce and is now at 2.3%. There are now 24,772 long-term claims, reflecting a net increase of 19 in the second quarter (223 year-to-date).
- Reducing the long-term claims pool to 24,000 by 30 June 2026 will require a net reduction of 772 claims (over 128 claims per month) for the next six months.
- Key to achieving this is our work supporting the ~2,470 weekly compensation clients currently at 274 – 365 days back to work or independence prior to them entering the LTCP.
- As the growth rate of the long-term claim pool is below budget, so too are associated weekly compensation costs. This quarter we are reporting an actuarial release of \$315 million (\$403 million year-to date) for non-serious, non-sensitive weekly compensation. This is a reflection of the performance improvements made for claims under five years resulting in lower-than-expected active long-term claim volumes.
- The sustained improvement in performance since December 2024 can be attributed to the deliberate interventions and changes we have made to improve outcomes.
- We will continue our relentless focus both on supporting client outcomes prior to them becoming a long-term client (received more than 365 days of weekly compensation) and on supporting timely rehabilitation outcomes for long-term clients.

⁶ Measure introduced in amended Service Agreement 2025/26 (January 2026)

Long Term Claims Pool



Long Term Claims Pool YTD Movement

YEARS	1 - 2	2 - 4	4 - 7	7 - 10	10 +	TOTAL
Net Movement						
TOTAL	-587	308	208	160	134	223
Other ⁷	-455	350	245	120	89	349
Long Term Service Claim	-162	-88	-88	-44	-71	-453
Sensitive Claim	33	70	53	75	109	340
Serious Injury	-3	-24	-2	9	7	-13

Long Term Claims Pool Volume: 31 December 2025

	1 - 2	2 - 4	4 - 7	7 - 10	10 +	TOTAL
TOTAL	5,813	6,197	4,511	2,336	5,915	24,772
Other ⁷	5,241	5,227	3,119	1,185	1,051	15,823
Long Term Service Claim	238	260	589	586	2,268	3,941
Sensitive Claim	223	473	488	322	767	2,273
Serious Injury	111	237	315	243	1,829	2,735

⁷ 'Other clients' includes injured people with claims that have not been identified as a:

- serious injury claim (injuries include moderate to severe traumatic brain injuries, spinal cord injuries and comparable injuries, with comparable severity e.g. multiple amputations, brachial plexus avulsion, severe burns and complete blindness)
- sensitive claim
- long-term service claim (do not meet the criteria for serious injury however a return to work outcome has been deemed as unlikely).

Common injury types for 'other clients' include fractures, ligament injuries, sprains and strains and pain-related injuries.

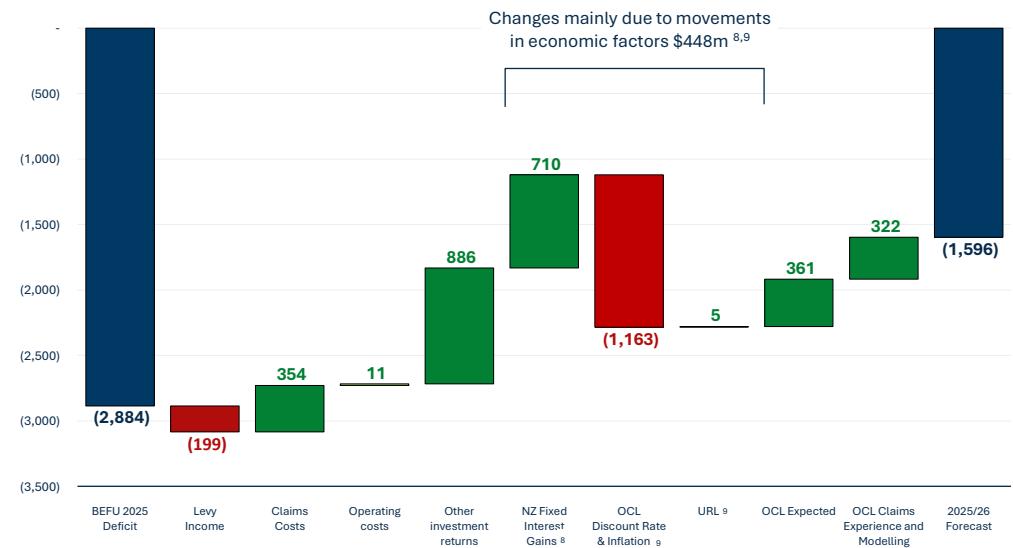
Scheme sustainability

Financial performance

MEASURE	RESULT	Q1 – Q2 TARGET	Q1 – Q2 OUTLOOK
New year costs movement excluding legislation and policy changes <i>(Sep 2025)</i>	+0.02% (\$2m)	Between -2% to 0%	G
Actuarial movement (influenceable)	-0.56% (-\$355m)	Between -2% to 0%	G
Investments performance after costs relative to benchmarks	+0.39%	+0.15%	G
Percentage of total expenditure paid directly to clients or for services to clients	90.9%	90.7%	G

- Year-to-date Outstanding Claims Liability (OCL) release and strong investment performance are contributing to a favourable 2025/26 financial performance forecast.
- Improved operational performance has delivered a net OCL release of \$251 million (\$355 million net release from influenceable factors, offset by \$104 million non-influenceable strain related to Sensitive Claims). Key improvements are in short to medium-term rehabilitation rates, contracted care, provider travel and payments for large capital items such as housing and vehicle modifications. This progress has also contributed to claim costs savings of \$156 million year-to-date, with the full year forecast \$354 million favourable to budget.
- Strong investment performance with a portfolio return of 5.77% (after costs) year-to-date, continues to partially hedge against adverse OCL movements from economic factors such as interest rate movements. Year-to date, investment income is \$2,959 million higher than budget. As a result, the full year forecast deficit has reduced to \$1,596 million.
- Despite this positive performance, economic conditions remain a risk, with interest rate and inflation volatility continuing to impact the OCL and investment returns. Levy income also remains under pressure from subdued economic activity. However, the economy is expected to reach a turning point with lower interest rates helping to improve economic conditions and a gradually strengthening labour market.

Statement of Financial Performance: Forecast to Budget Surplus \$m



⁸ Actual gains in the following investment portfolios: Reserves Cash, NZ Long Bonds, NZ Inflation Indexed Bonds, Interest Rate Derivative Asset Allocation Overlay, and Operational Cash. These gains are influenced by the economic drivers for the OCL (discount rates and inflation) although with lesser sensitivity.

⁹ Economic factors impact most parts of the Scheme. The movements in these categories are directly, but not entirely, caused by movements in economic factors. For instance, the URL can also be affected by changes in claims experience. And economic movements directly and indirectly influence levy income; other investment returns and the OCL expected.

Scheme sustainability

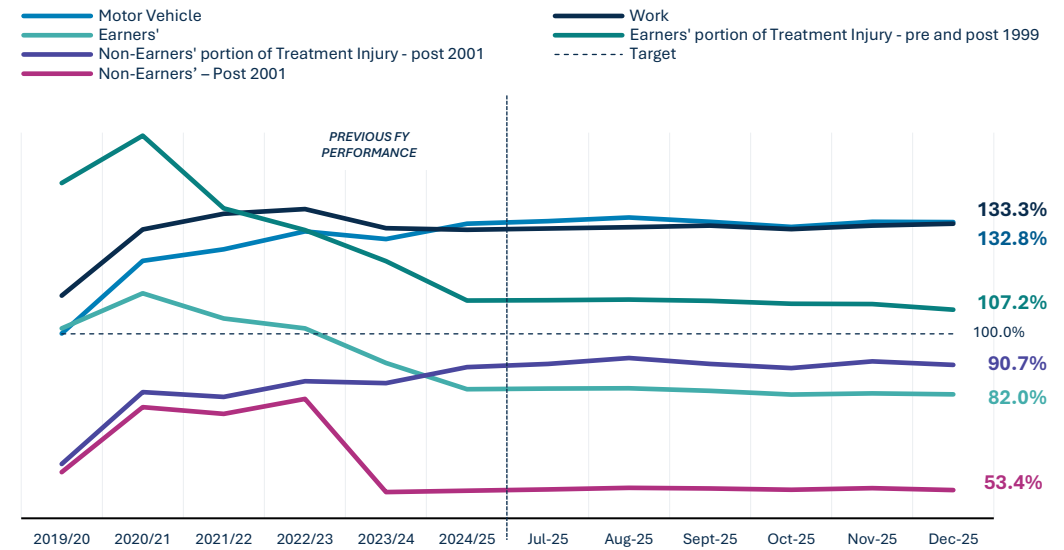
Investments performance

- The investments portfolio has returned 5.77% (after costs) year-to-date, driven by the global equities benefiting from lower interest rates and continued strength in AI-related stocks.
- The rolling 10-year performance is 7.29% (after costs) and outperformed benchmark by 0.39%.

Outstanding claims liability

- Year-to-date the OCL¹⁰ has increased by \$2,163 million to \$65,718 million. The key components of this include:
 - **Expected Increase:** \$1,080 million. This is the expected net change in OCL due to new claims coming onto the Scheme, and existing claims being paid/exiting the Scheme. This is \$362 million better than budget due to favourable movements in economic factors to June 2025 since budget was set in February 2025.
 - **Performance Related:** \$251 million actuarial release (refer page 10 and 11) comprising:
 - \$355 million influenceable release
 - \$104 million strain due to non-influenceable factors
 The combined influenceable / non-influenceable OCL release is the first overall release since the June 2018 valuation.
 - **Economic Impacts:** \$1,334 million increase in the OCL comprising:
 - \$826 million increase driven by the decrease in short-to-medium term discount rates, which were only partially offset by an increase in discount rates from 2039 onwards.
 - \$508 million increase driven by the increase in projected inflation for all future terms.
- Sensitive claims related OCL and the impact of the implementation of the TN decision is uncertain and a significant financial risk to the Scheme.

Levied and non-levied funding ratios



Funding ratios

- Funding ratios for the Earners' Account and the non-levied Accounts are below the funding policy target of 100% as at December 2025. Based on existing claim trends this will require future levies and appropriations to be set above the future lifetime claims cost levels to return to full funding.
- The funding ratios of Earners' and Earners' portion of the Treatment Injury Account have decreased since June 2025. The change in funding ratios is driven by net cash outflow that is only partially offset by favourable investment income and economic changes to the OCL.
- The Motor Vehicle Account's funding ratio remains the same as it was in June 2025.

¹⁰ The OCL valuation used claims data from 30 September 2025 and 31 December 2025 economic assumptions.

Scheme sustainability

Claims costs are currently lower than budget in key areas (weekly compensation, social rehabilitation and elective surgery), reflecting performance improvements and our deliberate focus on claims cost management.

This has translated into OCL influenceable releases year-to-date, specifically for weekly compensation (~\$400 million) and social rehabilitation (~\$125 million).

Payment Type \$m	OCL (30 June 2025)	Expected Movement	Influenceable OCL Change	Non-Influenceable OCL Change	Economic changes	OCL (31 December 2025)
Non-sensitive, Non-serious injury claims						
Weekly Compensation	13,924	423	(403)	0	259	14,203
Care	1,838	32	27	0	36	1,933
Capital	882	5	42	0	20	949
Elective Surgery	4,668	100	9	0	106	4,883
Medical	2,239	18	5	0	41	2,302
Other	1,876	(7)	8	0	37	1,913
Serious injury claims						
Weekly Compensation	2,661	21	23	1	63	2,769
Care	19,327	304	(139)	(21)	476	19,947
Capital	2,876	22	(55)	0	69	2,912
Medical	384	4	(2)	0	9	396
Sensitive claims						
Weekly Compensation	3,433	82	0	123	86	3,724
Counselling	2,183	48	66	0	48	2,345
Other	1,185	10	64	0	28	1,288
TN Incurred but not reported	3,296	0	0	0	0	3,296
Other						
Claim Handling Expenses	2,783	18	0	0	55	2,857
Total	63,556	1,080	(355)	104	1,334	65,718

Scheme sustainability

Claims costs and OCL

	Weekly compensation	Social rehabilitation
Claims costs	<p>Compensation costs are \$82 million favourable (5%) year-to-date.</p> <ul style="list-style-type: none"> • Actions to improve rehabilitation performance have resulted in a ~\$113 million better than budget result and a further ~\$47 million from lower volumes. • Offsetting these positive results are wage inflation (\$45 million unfavourable) with the current wage inflation rate ~5.4% against the year-end budget of ~2.5%. • Large, backdated payments are increasing in both volume and costs, refer sensitive claims – page 11. <p>Additionally, vocational rehabilitation costs are \$3 million unfavourable. This is driven by higher than budget use of vocational assessments, vocational training and equipment to support rehabilitation outcomes as a result of the drive to return clients to work and independence.</p>	<p>Care</p> <p>Care costs are \$17 million favourable (3%) year-to-date.</p> <p>Combined Home and Community Support Services care is \$23 million (7%) under budget. Within this, volumes and cost per claim are under pressure in the Return to Independence service. Serious Injury non-contracted care is under budget with lower average cost per claim, resulting from our deliberate focus on this area.</p> <p>Residential Support Services is \$2 million (2%) unfavourable as a result of ongoing high utilisation from clients being discharged from hospital needing higher levels of support – however, volumes have been gently reducing since July, although still ahead of budget.</p> <p>Non-Acute Rehabilitation is \$4 million (5%) over budget. Work is underway with suppliers to improve compliance with eligibility criteria, particularly for low duration inpatient stays where admission is in the first couple of days post injury.</p> <p>Capital</p> <p>Capital costs are 2% favourable to budget and lower than at the same point last year.</p> <p>Equipment for rehabilitation is \$4m (8%) favourable following a decrease in cost per claim resulting from a shift in mix of items purchased. Costs are 5% lower from the same period last year.</p> <p>However medical consumables are \$2m unfavourable (13%) year-to-date, with average cost per claim above budget. Annual growth is 8%, driven by an increase in items per claim, despite slight contraction in claim volumes. Supplier engagement continues to realise cost efficiencies.</p> <p>Other</p> <p>Lower utilisation of Training for Independence services means costs are now \$9 million (12%) favourable to budget. These costs have received significant focus year-to-date.</p>
OCL	<p>Influenceable: \$380 million release</p> <ul style="list-style-type: none"> • Non-serious, non-sensitive weekly compensation (\$403 million release, \$315 million this quarter) from lower-than-expected active claim volumes due to better-than-expected short to medium-term rehabilitation rates (less than five years). • Serious Injury – Weekly Compensation (\$23 million strain, \$10 million release this quarter) from model refinement. 	<p>Influenceable: \$125 million release</p> <ul style="list-style-type: none"> • Serious Injury Care (\$139 million release, \$100 million this quarter) largely driven by contracted care and provider travel for existing claims. • Serious Injury Capital (\$55 million release, \$19 million this quarter) largely driven by lower-than-expected payments for large capital items such as housing and vehicle modifications. This may be in part due to the assumptions in the June valuation being set too conservatively. • Non-sensitive, Non-Serious Injury capital (\$42 million strain, all this quarter), largely due to higher-than-expected volumes of clients from older accident years in the Earners' Account. • Non-sensitive, Non-Serious Injury care (\$27 million strain, \$8 million this quarter) from higher-than-expected volumes of clients receiving care.

Scheme sustainability

Claims costs and OCL

	Sensitive Claims	Medical treatment	Elective surgery
Claims costs	<p>Payments for claims related to changes made to operationalise the Court of Appeal decision relating to sensitive claims currently make up ~50 – 60% of the large backdated weekly compensation payments and are tracking to be double the budget for the year at ~\$100 million.</p> <p>Counselling, psychologists, psychiatrist costs in the Sensitive Claims Service are below budget driven by lower volumes than expected but costs are 22% higher than the prior year and include the uplift in counsellor payment rates.</p>	<p>Medical treatment costs are \$12 million favourable (2%) year-to-date. The primary drivers are lower claim volumes and costs per claims for GPs and Urgent Care clinics (\$4 million). There are also lower than budgeted costs of ~\$3 million each in Radiology, Client travel and Integrated Care Pathways Musculoskeletal.</p> <p>Offsetting this is higher volumes for Physiotherapy (~\$3 million), Pain management Services and Medical case reviews.</p>	<p>Elective surgery expenditure is currently ~\$23 million lower than budget. The average cost per claim is higher than expected but claim volumes (while still high) have dipped in the second quarter.</p> <p>Demand for surgery remains high, so the lower volumes are likely a reflection of reduced capacity in the sector, with high demand from other insurers, and Health New Zealand outsourcing taking a greater share of private theatre capacity. This may continue to improve the budget position over coming months but may adversely impact clients and claim costs from waiting longer for surgery.</p>
OCL	<p>Influenceable: \$130 million strain</p> <p>Counselling and other services (\$130 million strain, \$54 million in this quarter) from:</p> <ul style="list-style-type: none"> higher-than-expected counselling costs (particularly for claims more than five years post-injury date) higher-than-expected sensitive claim volumes receiving other payments (particularly vocational rehabilitation and Rongoā). <p>Non-influenceable: \$123 million strain</p> <p>This strain is primarily driven by a higher-than-expected number of sensitive claims receiving weekly compensation, likely linked to implementation of the TN decision.</p>	<p>Influenceable: \$3 million strain</p>	<p>Influenceable: \$9 million strain</p>

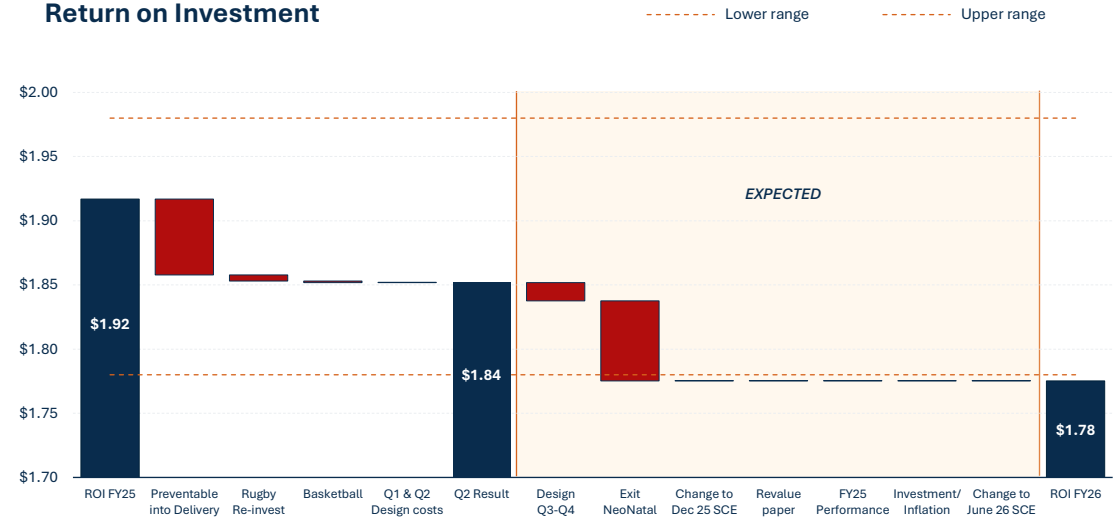
Scheme sustainability

Injury prevention

MEASURE	RESULT	Q1 – Q2 TARGET	Q1 – Q2 OUTLOOK
Injury prevention return on investment (ROI)	\$1.84:\$1	\$1.78 to \$1.98:\$1	G

- At the end of the second quarter, we estimate 6,760 injuries were prevented, up 3,282 from the first quarter. We are on track to prevent 11,194 injuries in 2025/26, driven largely by the over-performance of five key programmes.
- Performance remains strong across Drive, Ride4Ever, Netball, Older Adults Falls, and Forestry. These programmes are exceeding their full year expectations and are expected to deliver 95% of the claims to be prevented in 2025/26. Seven programmes are at risk of missing their 2025/26 targets.
- Based on these movements and the removal of the Neonatal programme benefits, the ROI is expected to remain at the lower end of the range (\$1.78) by year-end.

Return on Investment



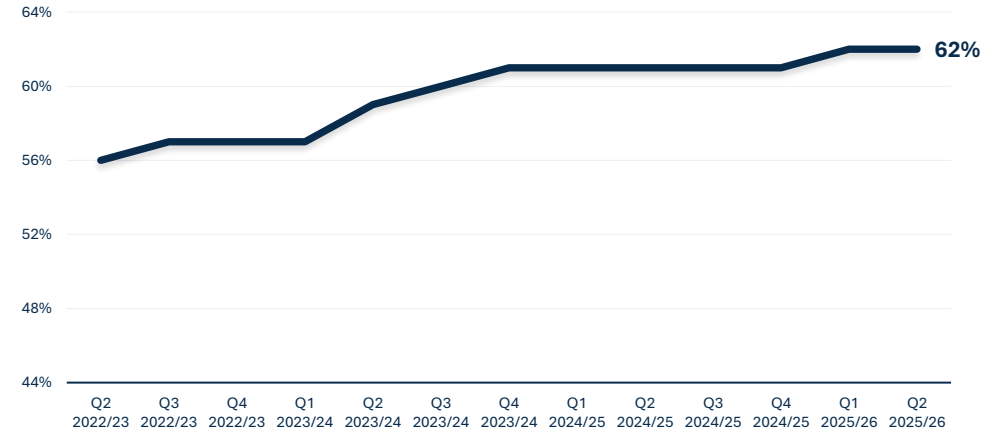
Scheme sustainability

Public trust and confidence

MEASURE	RESULT	Q1 – Q2 TARGET	Q1 – Q2 OUTLOOK
Public trust and confidence	62%	57%	G
Proportion of ACC reviews upheld in favour of ACC (in favour of ACC at hearing or resolved before hearing) ¹¹	93.1%	-	
Average time to resolution for claims with a review ¹¹	116.3 days	-	

- Public trust and confidence in ACC remains strong at 62% (rolling four-quarters). This is higher than the new 2025/26 Service Agreement target of >61% (was 57%).
- However, the result for the second quarter alone declined from 64% to 62%. This decline appears to be linked to perceptions that ACC is prioritising cost-savings over client care. Respondents with low trust commonly referenced declined claims, reduced support and pressure for clients to return to work.
- The proportion of decisions upheld in ACC’s favour remains strong at 93.1%, although it has gradually declined each month since January 2025. High volumes are continuing to affect timeliness, with the average time from lodgement to resolution now at 116.3 days.
- With decline decision volumes and new review applications expected to rise further this year, alongside anticipated media scrutiny, pressure on public perception and trust in ACC is likely to intensify.

Public trust and confidence



¹¹ Measure introduced in amended Service Agreement 2025/26 (January 2026)

Organisational Excellence

MEASURE	RESULT	Q1 – Q2 TARGET	Q1 – Q2 OUTLOOK
Employee engagement (annual)	4.01	4.00	G
Number of privacy breaches (notifiable to the Office of the Privacy Commissioner)	0	<10	G
Overall operational system availability	99.9%	99.8%	G
Reduction in corporate emissions	38%	21%	G
Reduction in carbon intensity of the global equity portfolio (June 2025)	76%	60%	G

Employee engagement

Participation in the Engagement Survey, conducted in the second quarter, was strong at 79%. The resulting Grand Mean of 4.01, met the full-year target. We are exploring options for tools to support timely, safe and honest feedback from our people.

Culture Review

Notable progress has been made against the Board-adopted recommendations from the independent workplace culture review. This includes:

- refreshed recruitment policy introduced in December 2025, with updated training for hiring managers in the third quarter
- new organisational strategy launching in January 2026
- resetting organisational values based on extensive staff engagement
- working from home arrangements are being maintained, with modifications introduced in the third quarter
- new Inappropriate Behaviour Policy introduced, with supporting resources introduced in the third quarter.

Privacy

- There were no notifiable breaches reported to the Office of the Privacy Commissioner (OPC) during the quarter.

Key Turnaround Plan actions to improve performance

Enhancing our claims management effectiveness

We are improving how we deliver claim management services to clients to promote early and sustainable return to work and independence.

- We are investing in additional front-line case management staff, including boosting dedicated functions supporting non-serious injury clients in the long-term claims pool back to work and independence. Phase 1 of the recruitment process has been completed with 217 of 220 roles recruited. Phase 2 recruitment will begin in early 2026 to recruit the remaining 65 additional staff.
- Initiatives to improve the quality and speed of clinical advice to support claim decision making are progressing. These initiatives include automated summaries of clinical advice and using AI-generated summaries of a client's claim history.

We are improving how we allocate claims so they are streamed to the right teams at the right time and improving the connection between ACC and employers to help keep injured employees connected to their workplace

- We are improving the monitoring of the performance of ACC's claim streaming tool to ensure claims are streamed correctly to case managers to enable earlier client return to work and independence. These improvements will be launched in the third quarter.
- A new expert 'check-in' for clients accessing weekly compensation who are at-risk of delayed recovery at 28 days has been rolled out nationally. Early signs show improvements in 28 day return to work rates.
- We are partnering with 120 businesses and employers to trial the effectiveness of recovery at work interventions for injured workers. The interventions encourage stay at work options or early and sustainable recovery support.

Improving long-term claims performance

We are improving the vocational assessment process, and enabling better frontline decision-making to improve rehabilitation for long-term claims.

- Improvements were made to Vocational Medical Services waitlist processes in the second quarter. These improvements will ensure we make the best use of available vocational medical capacity and capability to support case manager decision-making for clients in the long-term claims pool.
- We continue to test and scale the use of Interdisciplinary Team Panels as a way for case managers to get real-time, interdisciplinary clinical advice on the next steps for complex claims for injured clients. The Panels focus on real-time, multi-disciplinary conversations, enabling faster, more efficient claim progression for injured clients and better use of resources.
- Advanced analytics and clinical triaging is identifying clients who may no longer be eligible for weekly compensation. This is supporting an increase in the number of clients in the long-term claims pool that are returning to work and independence.

We are supporting case managers to ensure everyone (clients, employers, providers and us) is engaging appropriately in the rehabilitation processes.

- New learning campaigns and processes are growing case management capability and supporting frontline recovery services to support client recovery.
- A review of long-term claims and their ongoing eligibility to entitlements continues. This includes reviewing claims ensuring timely clinical rehabilitation advice to actively progress towards recovery.
- We are improving how we contract external clinical capacity to help identify long-term clients who may no longer be eligible for support.
- We continue to support case managers to suspend weekly compensation when clients do not follow agreed rehabilitation plans or attend scheduled appointments without good reason.
- Improvements to the vocational rehabilitation services contract will introduce stronger performance requirements to enable better return to work outcomes.

Key Turnaround Plan actions to improve performance

Strategic commissioning

We are improving how we commission health services.

- Shortlisting was completed for respondents to a Request For Proposal for primary care providers to support improved return to work outcomes for clients and more consistent medical certification practices. Decisions on preferred primary care providers will be made in the third quarter.
- We will start actively sharing general practice medical certification benchmarking data in the third quarter to encourage changes in behaviour and better medical certification (time off work) practices.
- Post surgery return to work guidelines have been drafted for all targeted high-volume surgery types. We are currently seeking feedback from the New Zealand Orthopaedic Association. The guidelines are intended to address inconsistencies in clinical practice and return-to-work outcomes after surgery by benchmarking providers, promoting best-practice guidelines, and managing poor performers.
- Design work and market engagement to improve commissioning of clinical services, elective surgery and high-tech imaging has started.

Reducing key claims costs: social rehabilitation and elective surgery

We are reducing unnecessary or inappropriate social rehabilitation costs

- We are increasing monitoring of our highest cost social rehabilitation services. This monitoring of specific services has supported negative growth in provider travel, with estimated savings of \$5 million since June 2025.
- A dedicated team is reassessing social rehabilitation entitlements provided to injured clients. To-date, 50% of the claims reviewed have required a change to their supports.
- New internal controls processes have been introduced to better manage residential support services and equipment costs. Additional internal controls will be introduced to better manage high cost social rehabilitation services.

We are reducing elective surgery costs through new elective surgery decision-making tools and processes.

- The shoulder decision support tool is supporting improved decision making and consistency for shoulder surgery requests. For decisions made using the shoulder tool the overall approval rate remains stable at 54% (87% baseline). Support tools and decision-making frameworks to improve surgery decision making and consistency for lumbar spinal fusion and knee arthroscopy are also being developed.
- A surgery performance dashboard for surgeons was published in the second quarter. This aims to improve oversight and efficiency to drive better client outcomes. Improvements will continue, with a full reporting dashboard available in the fourth quarter.

Improving organisational health and capability

We are ensuring our core systems are modern and resilient through upgrades and enhancements

- We successfully upgraded our Levy Management System (Guidewire) to the Cloud in November. Early Life Support is underway to ensure stability and address any post-migration issues promptly. Upgrades to the Cloud for our Claims Management System (Eos) remains on schedule to be deployed in the fourth quarter.
- Work continues to improve our people systems, specifically replacing the ageing payroll system.

We are designing and developing ACC as a high-performing organisation with a safe, positive and inclusive culture

- A new strategy for ACC will be formally launched internally in January 2026. This has been reflected in a new Statement of Intent and amended Service Agreement 2025/26.
- We are strengthening the design of internal processes to respond effectively to the recommendations of the external culture review. This includes making recruitment more contestable, improving how we induct people into ACC, how we use performance development to promote a high-performing organisation, and governance and accountability.

Financial statements to 31 December 2025

Statement of financial performance

\$m	YEAR TO DATE - 31 DECEMBER 2025				PRIOR YEAR ACTUAL	FULL YEAR BUDGET
	ACTUAL ¹²	BUDGET	VARIANCE (\$m)	VARIANCE (%) ¹⁴		
INCOME						
Levy income	2,183	2,324	(141)	(6)%	2,109	4,767
Non- Earners' and other appropriations	1,281	1,281	(0)	(0)%	1,192	2,563
Interest, dividend and rental income ¹³	901	870	32	4%	1,025	1,738
Other income	1	0	0	0%	1	1
Total income	4,366	4,476	(109)	(2)%	4,327	9,069
COSTS						
Treatment	1,767	1,811	44	2%	1,684	3,597
Rehabilitation	859	891	32	4%	846	1,776
Compensation	1,586	1,669	83	5%	1,553	3,352
Miscellaneous	41	38	(3)	(8)%	32	73
Total claims paid	4,253	4,409	156	4%	4,115	8,798
Expected increase in the outstanding claims liability (OCL)	1,080	1,442	362	25%	1,783	2,885
OCL Model recalibration	-	-	-	-	-	-
Changes due to other factors	-	-	-	-	-	-
Impact of claims experience and modelling on OCL	(251)	-	251	-	499	-
Expected increase in Unexpired Risk Liability (URL)	(1,139)	(1,086)	53	5%	(983)	(62)
OCL and URL movement	(310)	357	667	187%	1,299	2,822
Investment management costs (excl. external management fees)	17	17	0	1%	15	44
Injury prevention costs	26	42	16	38%	36	80
Enterprise change programme	38	35	(3)	(9)%	34	70
Depreciation & amortisation	15	16	1	3%	17	33
Core operating costs	349	362	13	4%	319	718
Total operating costs	446	473	27	6%	422	947
Total costs	4,389	5,238	850	16%	5,835	12,567
Performance from insurance operations	(22)	763	741	97%	(1,509)	(3,498)
Net gains / (loss) on investments (incl. external management fees)	2,055	307	1,748	-	1,677	612
Net gains / (loss) from changes in discount and inflation rates on OCL	(1,334)	-	(1,334)	-	683	-
External factors	722	307	414	135%	2,359	612
Surplus / (deficit)	700	(456)	1,155	254%	850	(2,884)

¹² Actual – OCL adjustment is based on the full year valuation at 30 June 2025 and using the actual discount rate at 31 December 2025.

¹³ Investment returns are budgeted at between 5.75% - 6.83% for each Account. ACC chooses to incur many of the market risk exposures through its investment portfolios, either because they provide a natural offset to risks inherent in the outstanding claims liability, or because it expects to enhance returns through prudent exposure to these risks.

¹⁴ Percentage variances greater than 500% are presented as “-” as the variance is not meaningful

Financial statements to 31 December 2025

Statement of financial performance

\$m	MOTOR VEHICLE ACCOUNT			WORK ACCOUNT			EARNERS' ACCOUNT			TREATMENT INJURY ACCOUNT			NON-EARNERS' ACCOUNT		
	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET
INCOME															
Levy income (net of write off and provisions)	247	246	500	528	552	1,133	1,354	1,462	3,005	54	63	129	-	-	-
Non-Earners' Appropriation	-	-	-	-	-	-	-	-	-	162	162	325	1,119	1,119	2,238
Interest, dividend and rental income	279	241	482	208	195	390	217	215	430	110	107	215	89	111	222
Sundry income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	525	487	982	736	747	1,523	1,571	1,678	3,436	327	333	668	1,207	1,230	2,460
COSTS															
Total claims paid	463	572	1,131	663	787	1,566	1,620	1,675	3,350	262	262	521	1,245	1,113	2,230
Expected increase in the outstanding claims liability (OCL)	188	255	511	161	222	443	401	536	1,071	165	196	393	165	233	467
OCL Changes from other factors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact of claims experience and modelling on OCL	(87)	-	-	(212)	-	-	(62)	-	-	39	-	-	72	-	-
Expected increase in Unexpired Risk Liability (URL)	3	(0)	(0)	(390)	(359)	2	(752)	(727)	(64)	-	-	-	-	-	-
Total operating costs	51	54	109	117	114	228	170	186	371	36	37	75	91	102	202
Total costs	619	882	1,751	339	763	2,239	1,376	1,669	4,728	502	495	989	1,573	1,448	2,899
Performance from insurance operations	(93)	(395)	(769)	397	(16)	(716)	194	8	(1,293)	(175)	(162)	(321)	(366)	(218)	(439)
Net gains / (loss) on investments (incl. external management fees)	457	93	185	494	72	142	494	82	161	276	42	86	354	38	78
Net gains / (loss) from changes in discount and inflation rates on OCL	(306)	-	-	(188)	-	-	(343)	-	-	(204)	-	-	(293)	-	-
External factors	152	93	185	305	72	142	152	82	161	72	42	86	60	38	78
Surplus / (deficit)	58	(302)	(584)	702	56	(574)	346	90	(1,132)	(103)	(120)	(234)	(305)	(180)	(361)

Financial statements to 31 December 2025

Statement of financial position

\$m	AS AT 31 DECEMBER 2025				FULL YEAR 2024/25		FULL YEAR 2025/26	
	ACTUAL	BUDGET	VARIANCE (\$M)	VARIANCE (%)	ACTUAL	BUDGET		
ACCOUNT RESERVES								
Motor Vehicle	2,056	1,094	962	88%	1,998	812		
Work	2,691	1,921	770	40%	1,988	1,291		
Earners'	(5,068)	(4,799)	(270)	(6)%	(5,415)	(6,020)		
Treatment Injury	(2,481)	(2,540)	60	2%	(2,378)	(2,655)		
Non-Earners'	(10,348)	(10,367)	19	0%	(10,042)	(10,548)		
Total reserves (deficit)	(13,149)	(14,691)	1,542	10%	(13,849)	(17,120)		
ASSETS								
Cash and cash equivalents	25	200	(175)	(87)%	48	200		
Cash pledged as collateral	56	31	25	80%	22	31		
Receivables	348	380	(32)	(8)%	252	253		
Accrued levy revenue	1,365	1,354	11	1%	3,835	4,310		
Investments receivables	113	413	(301)	(73)%	434	413		
Derivative financial instruments	578	693	(115)	(17)%	801	690		
Investments	56,672	53,298	3,374	6%	54,490	52,923		
Property, plant and equipment	33	35	(2)	(5)%	38	31		
Intangible assets	18	12	6	49%	24	3		
Total assets	59,209	56,417	2,792	5%	59,944	58,854		
LIABILITIES								
Cash collateral received	122	153	31	20%	357	153		
Holiday & Long Service Leave Liability	44	42	(2)	(5)%	47	42		
Investment payables	3,652	3,145	(507)	(16)%	3,870	3,145		
Other Payables and Accrued Liabilities	171	144	(27)	(19)%	247	125		
Derivative financial instruments	622	710	88	12%	507	710		
Unearned levy liability (ULL)	1,211	1,215	5	0%	3,253	3,633		
Unexpired risk liability (URL)	818	794	(24)	(3)%	1,957	1,818		
Total Outstanding Claims Liability	65,718	64,904	(814)	(1)%	63,556	66,346		
Total liabilities	72,358	71,108	1,250	2%	73,793	75,974		
Net assets (liabilities)	(13,149)	(14,691)	1,542	(10)%	(13,849)	(17,120)		

\$m	ACTUAL
Investments	56,672
Net cash collateral	(66)
Net derivatives	(44)
Short-term deposits	19
Investment receivables	113
Investment payables	(3,652)
Total funds under management	53,042

Financial statements to 31 December 2025

Funding ratios

The funding ratios represents the extent to which applicable net assets cover the value of the fully funded portion of the OCL (excluding risk margin) for each account.

It is presented as a percentage and calculated by dividing total assets, less payables, accrued liabilities, provisions and unearned levy liability by the outstanding claims liability (including additional liability for work-related gradual process claims not yet made) excluding any risk margin. The funding ratio for the Work Account excludes those claims, and equivalent assets, funded through the Accredited Employer Programme.

\$m	AS AT 31 DECEMBER 2025			AS AT 30 JUNE 2025
	ACTUAL	BUDGET	Target	ACTUAL
LEVIED ACCOUNTS:				
Motor Vehicle	132.8%	121.9%	100.0%	132.8%
Work - Including gradual process claims incurred but not yet made	133.3%	120.5%	100.0%	131.0%
Earners'	82.0%	79.6%	100.0%	83.5%
NON-LEVIED ACCOUNTS:				
Treatment Injury				
Non-Earners' fully funded portion	90.7%	84.2%	100.0%	90.1%
Non-Earners'				
Fully funded portion	53.4%	50.8%	100.0%	53.2%

Outstanding claims liability (OCL)

\$m	YEAR TO DATE			2024/25	FULL YEAR 2025/26
	ACTUAL	BUDGET	PRIOR YEAR ACTUAL	ACTUAL	BUDGET
Opening balance – 1 July	(63,556)	(60,220)	(63,462)	(60,220)	(63,462)
MOVEMENT DUE TO:					
Expected movement	(1,080)	(3,924)	(2,885)	(3,924)	(2,885)
Model recalibration	-	70	-	70	-
Impact of claims experience and modelling	251	(1,501)	-	(1,501)	-
Impact of change due to other factors	-	(38)	-	(38)	-
(Increase) / decrease in OCL	(829)	(5,393)	(2,885)	(5,393)	(2,885)
Impact of discount rate assumptions	(826)	2,000	-	2,000	-
Impact of change in inflation assumptions	(510)	153	-	153	-
Impact of adjustments due to key inflation indicators	2	(96)	-	(96)	-
Impact of economic assumptions and other factors	(1,334)	2,057	-	2,057	-
Closing balance	(65,718)	(63,556)	(66,347)	(63,556)	(66,347)
Total OCL Movements	(2,163)				
Long-term discount rate	4.80%	4.80%	4.30%	4.80%	4.30%
Single effective discount rate	5.12%	5.15%	4.95%	5.15%	4.95%

Financial statements to 31 December 2025

Statement of cash flows

\$m	YEAR TO DATE			FULL YEAR 2025/26	PRIOR YEAR
	ACTUAL	BUDGET	VARIANCE (\$m)	BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Levy revenue	3,802	3,892	(90)	7,207	6,657
Investment income	603	870	(267)	1,741	1,093
Sundry income	-	-	(0)	1	2
	4,405	4,762	(357)	8,949	7,752
Cash was applied to:					
Payments to injured persons, suppliers and employees	4,809	4,861	(52)	9,745	8,975
	4,809	4,861	(52)	9,745	8,975
Net cash movement from operating activities	(404)	(98)	(306)	(796)	(1,223)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES					
Cash was provided and applied to:					
Net purchase and sale of investments	385	102	283	803	1,217
Net purchase and sale of property, plant & equipment, and intangible assets	(4)	(4)	0	(7)	(14)
Net cash movement from investing activities	381	98	283	796	1,203
Net increase in cash and cash equivalents	(23)	(0)	(23)	-	(20)
Cash and cash equivalents – opening balance	48	1,200	(1,152)	200	68
Cash and cash equivalents – closing balance	25	1,200	(1,175)	200	48

\$m	ACTUAL			FULL YEAR 2024/25	
	DECEMBER-25 MTD	DECEMBER-25 YTD	DECEMBER-24 YTD	FULL-YEAR FORECAST	BUDGET
Cash transfer from Reserve Investment assets to Operational Cash ¹⁵	-	(1,155)	(1,005)	(2,570)	-

¹⁵ A negative amount represents transfers from Reserve Investment Assets to Operational Cash to be used in funding claims costs. The cash transfer from Reserves to Operating Cash includes two parts: 1) transferring long term investments to short term investment and 2) liquidating the short-term investments to meet daily operational needs based on forecast cash requirements – this bridges the deficit in the net cash movement from operating activities. There was no transfer from Reserve Investment Assets to Operational Cash for December 2025

Managing risks

ACC's current view of enterprise risks is outlined below, based on a top-down and bottom-up approach. The top-down approach focused on ACC's strategic risks and was informed by:

- ACC's four strategic priorities and the associated three-year success measures that define what success looks like for each of the strategic priorities.
- Changes to the external environment identified by the Strategy team as part of their Future Trends Analysis.
- Review of previous strategic uncertainties work performed, discussions with key stakeholders and ACC's Risk Library that includes potential sources of strategic risk.

Our enterprise risks focus on ensuring the Scheme is financially sustainable for future generations and that we maintain public trust and confidence. The Board and Management are aware of the interrelationship of these risks and that a combination could potentially leave the Scheme underfunded and raise questions regarding its long-term sustainability.

Scheme Sustainability and Long Term Funding Position

Injury Prevention Impact - Risk that we fail to deliver the culture change required across Aotearoa New Zealand to reduce the incidence, severity and cost of injuries.

Claim Management - Risk that ACC's claims management approach fails to deliver improved client outcomes in a way that ensures the long term sustainability of the Scheme.

Health System Commissioning - Risk that ACC fails to effectively engage with the health sector and manage providers to deliver improved client outcomes, quality and value for money.

Overhead Cost Management - Risk that our forecasting, cost control and financial reporting processes are not effective, efficient and / or do not adhere to relevant laws, regulations and standards.

Fee & Levy Management - Risk that our fee and levy management systems and processes are not effective, efficient and / or lack transparency.

Investment Performance - Risk that investment performance does not materially offset the economic assumptions of Outstanding Claims Liability (OCL) on a long-term basis.

Scheme Boundaries - Risk that changes to Scheme boundaries and services are not fully funded to manage Scheme costs in a sustainable way.

Strategic Risk

Mana Taurite | Equity - Risk that ACC fails to improve access, experience and outcomes for Māori and identified populations.

Climate Change Adaptation - Risk that ACC fails to monitor, prepare and adapt for known and future climate change impacts and opportunities.

Strategic Direction & Alignment - Risk that ACC fails to establish a clear strategic direction and / or align our organisational operating model, leadership and resources to optimise delivery of strategic priorities.

Future Workforce Planning - Risk that ACC fails to effectively plan for, develop and attract the skills and capabilities needed for its future workforce.

Change Delivery System - Risk that ACC does not effectively coordinate, sequence and manage change activity at an enterprise level to fully realise expected outcomes and benefits.

Data Governance - Risk that ACC fails to manage data as a strategic asset to enable evidence-based decision-making and organisational priorities.

Operational Risks

Cyber & Information Security - Risk of loss of data, or other information security event, due to cybersecurity threats, including malicious acts, cybercrime, and misuse of emerging technologies.

Business Continuity - Risk that ACC does not effectively respond to, and recover from, a business disruption.

Operational Control Environment - Risk that core operational processes and controls are not effective, efficient and / or do not adhere to relevant laws, regulations and standards.

Integrity & Internal Fraud - Risk that ACC employees fail to uphold expected behaviours and / or "do the right thing".

Workforce - Risk that ACC does not have sufficient capacity of workforce, and / or is unable to attract, develop, and retain the capability required to achieve core objectives and priorities.

Wellbeing, Health & Safety - Risk that ACC does not take all practicable steps to ensure the Wellbeing, Health & Safety of employees and those impacted by our work.

Legal & Compliance Risks

Privacy - Risk that our actions or decisions involving personal information are (or are perceived to be) unlawful, unethical, and / or do not maintain the trust and confidence of New Zealanders.