



KIRIMANA RATONGA MAHI

SERVICE AGREEMENT



He Kaupare. He Manaaki.
He Whakaora.
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2024/25

Karakia

Whāia, whāia
Whāia te tika
Whāia te pono
Whāia te aroha
Mō te oranga tangata
Kia puta ki te whai ao,
Ki te ao mārama
Haumi e, hui e, taiki e.

Our karakia can be interpreted as follows:

Striving to do what is right

Undertaking to act justly

Being considerate of everyone

That it may improve the lives of all

Service Agreement

For the year ending 30 June 2025 between the Minister for ACC and the Accident Compensation Corporation.

This Service Agreement¹ is required under the Accident Compensation Act 2001 and 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.

Kirimana Ratonga Mahi

Tae noa atu ki te mutunga o te 30 o Pipiri 2025, ki waenganui i te Minita o ACC me te Kaporeihana Āwhina Hunga Whara

He mea whakatū tēnei Ratonga Whakaaetanga² i raro i te Accident Compensation Act 2001. Kei konei hoki te tauāki koronga mahi ā-tau e hāngai ana ki te Crown Entities Act 2004 – kei raro iho ngā mea e rua i ngā whakahoutanga a te Crown Entities Amendment Act 2013.



Hon Matt Dooney

Minister for ACC

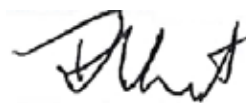
Dated 27 June 2024



Dr Tracey Batten

Board Chair

Dated 25 June 2024



David Hunt

Deputy Chair

Dated 25 June 2024

¹For information on how this Service Agreement aligns with our other accountability documents, refer to **Appendix 1 – Alignment of the Service Agreement**. The conditions of this Service Agreement are disclosed in **Appendix 2 – Conditions of the Service Agreement**.

²Tirohia **Appendix 1 – Alignment of the Service Agreement** mō ngā kōrero e pā ana ki te hāngaitanga o tēnei Ratonga Whakaaetanga ki ērā atu o ā mātou nei kawenga ā-tuhi. Kei **Appendix 2 – Conditions of the Service Agreement** ngā kōrero mō ngā here o tēnei Ratonga Whakaaetanga.

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Purpose of Service Agreement

The Service Agreement is the annual agreement between the Accident Compensation Corporation (ACC) and the Minister for ACC. It sets out the initiatives we are pursuing to progress our strategic goals, the outputs we are funded to provide, and the expected performance standards against which we will assess our operational performance during the next four years.

The Statement of Intent 2023-2027 covers the first four years of ACC's strategy, Huakina Te Rā. It summarises our strategic intentions for the four years and includes details of how the public and all interested stakeholders can evaluate our effectiveness in delivering against our dual-framed strategic goals. The Service Agreement 2024/25 provides an annual view of these medium-term intentions. The Service Agreement should be read in conjunction with the Statement of Intent 2023-2027.

We report against the performance measures in the Service Agreement to the Minister each quarter and in the Annual Report. Our Annual Report also provides information on our progress relative to our strategic intentions and reports on our performance during the year.

How to read this report

The first two sections provide an overview of our strategic and performance environment and the initiatives we will work on in the next 12 months.

The specific metrics we will use to assess performance and the targets we plan to achieve for each metric in the coming four years are presented in Section 3. Forecast financial statements are provided in Section 4.

Our Letter of Expectations and Investment Statement are included in Appendices 3 and 4.

The remaining appendices, glossaries, and directory provide supplementary information to support the reading of this agreement.

Previous Service Agreements, our Statement of Intent and our Annual Report are available on our website acc.co.nz.

1.

Our strategic and performance environment



This section gives key information about strategic goals and how we measure performance.

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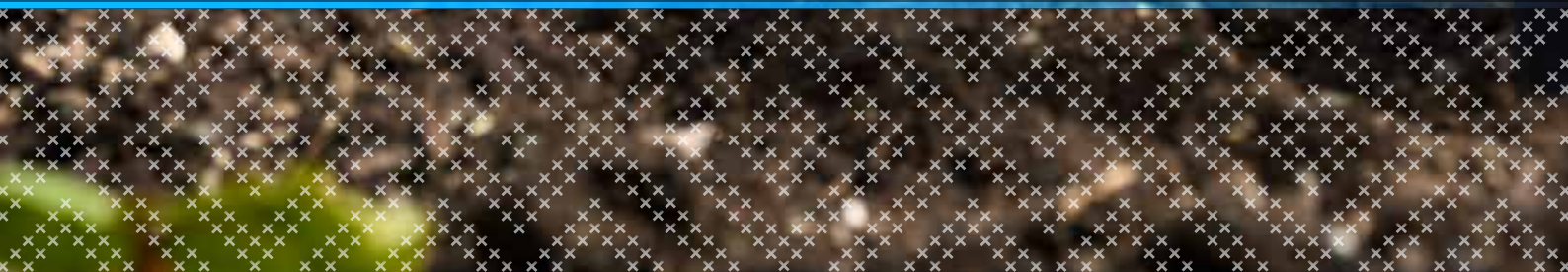
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An online version of this report can be found at acc.co.nz/about-us/corporate



OUR STRATEGIC AND PERFORMANCE ENVIRONMENT

TE TAIAO O TE RAUTAKI ME NGĀ MAHI



Who we are | Mō mātou

ACC is the Crown entity set up under the Accident Compensation Act 2001 to deliver Aotearoa New Zealand's accident insurance Scheme ('the Scheme').

The purpose of the Scheme is to deliver injury prevention initiatives and no-fault personal injury cover for everyone in Aotearoa New Zealand. Our ~4,000 strong workforce delivers and commissions services under the Scheme. They include helping to prevent injuries and getting New Zealanders and visitors back to everyday life if they have had accidents or personal injuries.

ACC exists to provide a fair and sustainable scheme for managing personal injuries that minimises the incidence and impacts of those personal injuries on the community.

"The purpose of this Act is to enhance the public good and reinforce the social contract represented by the first accident compensation scheme by providing for a fair and sustainable scheme for managing personal injury that has, as its overriding goals, minimising both the overall incidence of injury in the community, and the impact of injury on the community..."

Accident Compensation Act 2001

In 2024 ACC is celebrating its 50th year of operation. The Scheme was established following the 1967 Royal Commission of Inquiry on Compensation for Personal Injury in New Zealand, chaired by the Rt Hon Sir Owen Woodhouse. The 'Woodhouse Report' led to an extension of no-fault accident cover to include all injuries for workers (for both work and non-work injuries) and motor vehicle injuries. The Scheme was then extended to cover those groups of people not previously covered (including students, non-earners, and visitors to Aotearoa New Zealand). The Scheme is managed through five Accounts, with each providing cover for a specific group of injuries.

Under the Scheme, individuals forgo the right to sue for compensatory damages following injury, in exchange for comprehensive accident insurance cover and compensation.

In delivering the Scheme we have three outcomes we aim to achieve over the long term:

- Reduce the incidence and severity of injury in Aotearoa New Zealand
- Rehabilitate injured people more effectively
- Ensure that Aotearoa New Zealand has an affordable and sustainable Scheme.

In 2023/24 we launched Huakina Te Rā, our new enterprise strategy. This builds on ACC's prior work with a 10-year vision to guide our new strategic course.

Huakina Te Rā



Our strategy name, Huakina Te Rā, is the command that calls ACC to action, engaging the sails of the waka into momentum towards our destination.

Te Kitenga Roa | Our Vision
Tōnui ake nei
Thriving Aotearoa

Tō Tātou Aronga | Our Purpose
Kia piki ake te oranga
o ngā tāngata ia rā
To improve lives every day

Ngā Pae Ārahi | Our Guiding Principles
 We uphold Te Tiriti o Waitangi / The Treaty of Waitangi through:
 Whāia te tika
 We strive to do what is right
 Whāia te pono
 We undertake to act justly
 Whāia te aroha
 We are considerate of everyone
 Mō te oranga whānau
 We improve the lives of whānau
 Ki te ao mārama
 We strive to grow and evolve

Ngā Whāinga Matua | Our Dual-Framed Goals



Te Ara Hou | What We Will Do



Our strategic framework | Te Anga Rautaki

Our strategy

Huakina Te Rā means to ‘open the sail’, and is the command that calls ACC to action, engaging the sails of our waka into momentum towards our destination.

Strategic goals

Huakina Te Rā has three dual-framed strategic goals that we aim to achieve over the long term (10 years).

Reflecting the waka hourua approach and our commitment to Te Tiriti o Waitangi/The Treaty of Waitangi, these dual goals are framed from both tangata whenua and tangata Tiriti worldviews. The goals are not translations of each other, but complementary dual responses, and need to be achieved together for us to be successful.

Mana Taurite | Equity is our dual-framed goal for all people in Aotearoa New Zealand to experience accessible services and improved outcomes.

Ringa Atawhai | Guardianship is our dual-framed goal for the Scheme to be sustainable for present and future generations.

Oranga Whānau | Safe and Resilient Communities is our dual-framed goal to partner and invest to help create safer and more resilient communities.

Strategic intentions

Our strategic intentions are the reflection of our dual-framed strategic goals and outcomes for the period of the Statement of Intent 2023-2027.

The following page outlines how various elements of our strategic framework relate to each other. They include our vision, outcomes, goals, strategic intentions, and outputs.

Strategic framework outline | Te hora o te anga rautaki

Long term

Enduring

Statutory purpose

ACC Scheme purpose

To enhance the public good and reinforce the social contract represented by the first accident compensation scheme by providing for a fair and sustainable scheme for managing personal injury that has, as its overriding goals:

- minimising [...] the overall incidence of injury in the community, and
- [minimising] the impact of injury on the community (including economic, social, and personal costs)...

(Section 3, Accident Compensation Act 2001)

Huakina Te Rā

Huakina Te Rā provides the 10-year direction for the organisation, articulating our vision as well as establishing our strategic intentions and outcomes and what we will do differently to achieve them.

Vision

Our Vision is Tōnui Ake Nei | Thriving Aotearoa.

Outcomes

Mana Taurite | Equity is our dual-framed goal for all people in Aotearoa New Zealand to experience accessible services and improved outcomes.

Ringa Atawhai | Guardianship is our dual-framed goal for the Scheme to be sustainable for present and future generations.

Oranga Whānau | Safe and Resilient Communities is our dual-framed goal to partner and invest to help create safer and more resilient communities.

Medium term

Four years

Intentions

Our medium-term results describe what we aim to achieve in the next four years under Huakina Te Rā. They demonstrate where we will concentrate our efforts to deliver against our strategic goals and outcomes. Our medium-term results also include how we will improve the organisational health and capabilities of ACC.

Our intentions are the measurable performance improvements in medium-term result areas for tangata whenua (as described by Te Kāpehu Whetū) and tangata Tiriti.

Mana Taurite | Equity:

Achieving Mana Taurite means improving equity of access, the service experience and outcomes for Māori while ensuring the mana of the recipients is upheld in the process.

Equity is helping people to get the support they need, when they need it, to recover from injuries. We will achieve this by focusing on groups that face barriers to access, support, and equitable outcomes.

Ringa Atawhai | Guardianship:

Ringa Atawhai is a focus on the actions we will take to actively care for, foster, and nurture partnerships with Māori to support our role in maintaining a sustainable Scheme for our mokopuna.

Guardianship means ensuring the sustainability of the Scheme and maintaining the trust and support of the people we serve by fulfilling our role as kaiāwhina.

Oranga Whānau | Safe and Resilient Communities:

Oranga Whānau is a strength-based, Māori-worldview approach to protecting our mokopuna and to building resilience. It is guided by our ambition for greater primary prevention and a kaupapa Māori approach to designing prevention solutions.

Safe and Resilient Communities will strengthen safety and resilience by partnering and investing where it counts, with a continual focus on preventing and mitigating the impacts of injury.

Short term

One year

Our outputs

We aim to achieve the best possible delivery of the Scheme and Huakina Te Rā through our outputs, representing the core activities we deliver and the areas in which we invest.

Injury prevention

Our injury prevention initiatives aim to minimise the incidence and severity of personal injury to reduce the economic, social, and personal impacts on people and communities. In doing this, we must also achieve a cost-effective reduction in levy rates or government funding.

Levy setting and collection

To deliver and commission services, we must collect revenue. As part of the levy-setting process we calculate future revenue needs in line with the funding requirements of the Scheme and advise the Government on the setting of new levies for motor vehicle owners, businesses and employers, and workers.

Investment management

Because serious injuries will require ongoing expenditure for decades into the future, a portion of levies collected each year is set aside to provide for future costs. We invest these funds to meet the future costs of these claims.

In managing our investments, we seek to maximise investment returns over the long term while minimising unexpected mismatches between investment income and growth in the claims liability.

Claims management

ACC delivers and commissions effective, high-quality services so that people covered by the Scheme receive the help and compensation to which they are entitled, so they can make timely returns to work, independence, or everyday life.

Organisational excellence

Organisational excellence reflects the organisational health and capability intentions (for our people and our information and systems) that underpin our work to support a thriving Aotearoa New Zealand.

Operating environment | Ngā āhuatanga o ngā whakahaere

ACC has a ~4,000 strong workforce that delivers injury prevention initiatives and no-fault personal injury cover for everyone in Aotearoa New Zealand. Our work includes helping to prevent injuries and getting New Zealanders and visitors back to everyday life if they have accidents or personal injuries. Each year ACC supports ~2 million new claims by ensuring clients receive the services and support they need to recover and rehabilitate from injury, and this is growing.

We know that the number of injured people presenting to primary care providers (and subsequently registering new claims with ACC) is traditionally correlated with general measures of economic activity and the amount of money people have to buy, spend, and invest. We use this correlation to help forecast demand for the Scheme.

Economic forecasts suggest further growth should be expected. As we focus on realising equity of access for all people in Aotearoa New Zealand, there will be more injured people accessing the Scheme. The success of our injury prevention initiatives to minimise the incidence and severity of injury is critical. With ongoing growth in claim volumes each year, it is more important than ever that we focus on providing the right support at the right time for clients and that we partner as effectively as possible with others working within the rehabilitation system.

Our operating environment is significantly different from that pre-COVID-19, and it is now unlikely that previous levels of performance will be achievable in the short to medium term. Key areas of challenge in the operating environment affecting customer experience and outcomes, but where we have limited influence, include:

- workforce pressures in the wider health sector, including the availability of primary and secondary care
- provider practices when issuing medical certificates
- scale of change across health system
- the lingering impacts of COVID-19
- high inflation and other impacts from the economy
- changes in service offerings (legislation, policy, and new and improved services)
- the changing composition and mix of claims (including comorbidities and aging population).

Growth in new weekly compensation claims has always had a significant influence on rehabilitation performance. This is due to the impacts of high volumes on the workload of our staff supporting injured people and the composition of the types of claims being managed. Claim volumes and their mix are stabilising post COVID-19. We expect medium- to long-term growth will continue at a rate of 3-5% per year out to June 2028. Uncertainty remains about how changing economic factors, including the technical recession, will affect claim volumes and the wider health sector.

The wider health sector continues to experience workforce pressures that can adversely affect rehabilitation performance and the delivery of injury prevention programmes. Timely and regular access to primary, secondary, and tertiary care is critical to rehabilitation. Timeliness in access to services, timeliness between consultations, and changes to medical certification practices will influence rehabilitation timeframes. Elective surgery queues and timeliness to surgery increased post COVID-19 which is impacting surgery timeliness.

We need to improve our performance but understand that we cannot address all the challenges simultaneously. Considering our current environment, maintaining our current performance will be challenging for the organisation. Our target profiles for the period covered in the Service Agreement 2024/25 are realistic and focus primarily on rehabilitation and injury prevention performance. This means the target profiles for some measures are less ambitious than others to reflect these areas of focus.

Improving performance

The ACC Board and Management are committed to improving the performance of the Scheme to benefit both current and future generations of New Zealanders.

In 2023 we completed foundational work to understand what would be required to sustainably improve our rehabilitation performance. There is a clear need for changes to our end-to-end rehabilitation system, including in how it works in partnership with providers to support clients, the efficiency of internal processes, and how it mitigates the impacts of injuries for communities. While the extent of change required is significant, we have identified priority areas on which to focus in the short to medium term.

In 2024/25 we will focus our efforts on four key areas. These areas are reflected in our aspirations for delivery by 30 June 2025. Delivering on these key areas will also be central to advancing the vision and goals of Huakina Te Rā.

1. Improving rehabilitation performance

Driving better client outcomes across the rehabilitation system and using data, evidence, and insights to deliver excellent case management, agreed pathways of care, and effective commissioning for outcomes.

2. Delivering an efficient, capable and resilient ACC

Activating and enabling our people to achieve an efficient, effective, and resilient ACC, and protect the long-term sustainability of the Scheme.

3. Improving Scheme access and experience for Māori and identified population groups

Understanding and removing access barriers as a foundation to achieving equity. Improving the experience of the rehabilitation system in a way that works for our communities.

4. Driving an injury prevention culture across New Zealand

Leveraging our insights and influence to reduce the incidence and impacts of injury, including how we contract with providers, deliver for our clients, and partner with other agencies and communities.

This means Management will focus on initiatives that target areas we consider will have the greatest impacts in improving rehabilitation outcomes and the efficiency of our operations in the medium to long term, ultimately safeguarding the financial sustainability of the Scheme. We are taking a staged approach to this work and expect priorities to evolve in future years.

This Service Agreement 2024/25 was developed based on the best available information at the time. The challenges in our operating environment were carefully considered and are reflected in our delivery priorities for 2024/25 and our performance aspirations. We are committed to improving our performance; however, uncertainty remains in setting annual performance targets. ACC regularly monitors its performance and regularly forecasts its future performance to identify and understand notable trends and variances in expectations on a timely basis.

Measuring our performance | He tātai whakatutukinga

High-quality performance information that directly demonstrates our progress in achieving our strategic goals and outcomes is vital to our success. Robust reporting on our progress supports the transparency and accountability of the organisation while demonstrating our value to Aotearoa New Zealand.

For each of our strategic intentions we have identified medium-term result areas that help us to know if we are on track. These medium-term result areas reflect the measurable performance improvements we aim to achieve against our outcomes for tangata whenua and tangata Tiriti.

To allow for continual improvement and ensure the measures best demonstrate our performance and address any identified data gaps, we progressively update the performance measures we use organisationally and in our Service Agreements.

Our performance measures included in the Service Agreement cover our strategic intentions and have been developed in consideration of Te Kāpehu Whetū, our Māori Outcomes Framework. Te Kāpehu Whetū prioritises Te Ao Māori, mātauranga Māori, and kaupapa Māori. It aims to ensure the voices of whānau are heard and their needs, goals, and preferences are respected and fulfilled.

Our performance measures also align with the expectations of the Minister for ACC, as expressed in the Minister's Letter of Expectations.

Each measure has performance targets for the following four years. These performance targets articulate our ambitions for the coming years and will be adjusted over time for the expected impacts of our strategy. The targets are reviewed and updated each year.

Developing measures to support Huakina Te Rā

To measure progress in the initial years of Huakina Te Rā, we have developed measures that do not have established performance targets. There is insufficient data to set meaningful targets at this stage. We have termed these bridging measures. These metrics give initial visibility on key areas relevant to new strategic goals. As data accumulates, we will be able to set evidence-based performance targets for each measure or identify new measures to provide critical indications of progress.

Key performance measures

We have identified key performance measures aligned with our outcomes and strategic intentions. These measures best reflect the aspects of performance we can control. Together these measures provide a succinct view of:

- how we are delivering impact
- the extent to which all people of New Zealand experience accessible services and improved outcomes
- the extent to which we are delivering a Scheme that is sustainable for present and future generations
- the extent to which we are partnering and investing to help create safer and more resilient communities.

These key measures, including the performance targets for 2024/25, are set out in Table 1 that follows.

These performance measures (including our targets for the next four years) form part of a broader set of measures that are detailed in the following sections. These measures allow us to track the financial and non-financial measures that represent the many aspects of the Scheme, including organisational excellence measures.

For more information on the full set of measures we use to monitor our performance and manage our organisation, refer to **our statement of performance expectations** by output (on page 32) and **other performance measures** (on page 45). Definitions of performance measures are included in the **glossary of performance measures** (on page 79.)

TABLE 1 – KEY PERFORMANCE MEASURES

Mana Taurite | Equity

Measure	Rationale	Actual		Target
		2022/23	March 2024	2024/25
Claim lodgement rate for Māori	Mana Taurite seeks equity while Oranga whānau is about intergenerational healing and restoration to enable people to thrive and flourish. Our ambition is for greater primary prevention coupled with full and timely access for all people.	270.2	271.6	Greater than previous performance year

Ringa Atawhai | Guardianship

Measure	Rationale	Actual		Target
		2022/23	March 2024	2024/25
New year costs' movements	By effectively managing the controllable costs of the Scheme, the long-term sustainability is enhanced.	1.6% (\$127m)	1.8% (\$146m)	Between + / - 1%
Actuarial movement (influenceable)	Management action in areas such as injury prevention and claim management practices has the potential to partially mitigate Outstanding Claims Liability (OCL) strain.	2.31%	+1.54% (\$796m)	Between + / - 1%
Investment performance (after costs) relative to benchmarks	The quality of our investment management can be gauged by comparing our returns net of costs with that of a blended market average benchmark. The quality of our investment management is an important factor in ensuring we have sufficient resources in the future, safeguarding the Scheme for the next generations.	-0.20%	+0.12%	+0.15%
Percentage of total expenditure paid directly to clients or for services to clients	Maximising the proportion of spending that goes directly to addressing the incidence and impacts of injury ensures we are best serving our existing clients and acting as a responsible steward.	89.4%	89.8%	90.6%
Public trust and confidence	The way the public views ACC is a useful indicator of how effectively we have demonstrated the value we deliver in our interactions with levy payers, clients, providers, and stakeholders.	58%	60%	57%

TABLE 1 – KEY PERFORMANCE MEASURES CONTINUED

Oranga Whānau | Safe and resilient communities

Measure	Rationale	Actual		Target
		2022/23	March 2024	2024/25
Return to independence for those not in the workforce	Research tells us that a rapid return to work and/or independence reduces the adverse social and economic impacts of injury. This measure evaluates how effectively we are supporting clients to return to work or independence.	79.4%	79.3%	82.0%
Average weekly compensation days paid		69.7 days	72.5 days	73.5 days
Sustained return-to-work		New measure	65%	Baseline established
Growth rate of the Long-Term Claims Pool	Minimising the incidence and impacts of injury is a primary responsibility for ACC and is central to building safe and resilient and communities. Long-term claims represent more complex injuries. Low growth of long-term claims indicates the effectiveness of injury prevention and rehabilitation.	+5.6%	+9.9%	+10.5%
Return on investment – Injury Prevention	We invest in injury prevention initiatives to minimise the incident and severity of personal injury to reduce the economic, social and personal impacts on people and communities. Using the Return on investment ensures initiatives achieve a cost-effective reduction in levy rates or government funding.	\$1.80:\$1	\$1.75:\$1	\$1.75:\$1 to \$1.95:\$1



WHAT WE WILL DELIVER IN 2024/25

Ā MĀTOU WHAKATUTUKINGA I TE TAU 2024/25

The Government's key priorities | Ngā whāinga matua a te Kāwanatanga

The Government's key priorities for ACC are outlined in the annual Letter of Expectations from the Minister for ACC. At a high level, the Government expects ACC to support the lifting of New Zealand's productivity and economic growth to increase opportunities and prosperity for all New Zealanders and that we will improve the efficiency and effectiveness of our services.

The Government also communicates key priorities for ACC as a Crown Financial Institution. These priorities are also presented in the Letter of Expectations.

Both sets of expectations form the operating context for ACC and translate into specific responsibilities for the coming year. The Ministers' specific expectations are documented in the annual Letter of Expectations, presented in **Appendix 3 – Letter of Expectations**.

Government priorities

Increase opportunities and prosperity	Lift New Zealand's productivity and economic growth, increasing opportunities and prosperity
Efficiency and effectiveness	Improve the efficiency and effectiveness of the public service and government-funded services.
Collaborate to improve performance	Work alongside stakeholders and build connections to focus resources, minimise costs and deliver improved performance.
Strict fiscal management	Strict fiscal management to ensure limited funds are directed towards the highest value investments.

ACC specific expectations

Wider health system	Continue constructive relationships with Health New Zealand, the Ministry of Disabled People, and across the wider health system, to improve services to those accessing the Scheme.
Regulatory stewardship	Assist the Ministry of Business, Innovation and Employment (MBIE) with the modernisation of the ACC regulatory settings as necessary.
2024 Levy Round	Give effect to the funding policy when making levy recommendations following public consultation.
Scheme boundary settings	Engage with the Minister for ACC, MBIE and Treasury on cost and sustainability implications of recent Court cases including appropriateness of Scheme setting to meet ACC's purpose.
Improve rehabilitation outcomes	Deliver improved rehabilitation outcomes for injured New Zealanders with improved value for money by the end of this parliamentary term.
Injury prevention	Substantially improve performance through better injury prevention, reducing the incidence, severity, and in turn, cost of injury.
Independent review 2025	Work collaboratively with Treasury in planning and preparing for and participating in the Investment function independent review scheduled for 2025.

ACC as a Crown Financial Institute expectations

Fit for purpose	Operate in a manner that is fit-for-purpose, deliver on their legislated purpose, and balance risk and return to assure investment performance can meet long-term policy objectives and obligations.
Crown Risk	Actively consider ACC's role within the Crown, understanding the impact that operations have on broader Crown risk.
Partnership	Work with Treasury and other Crown Financial Institutes to build resilience in the New Zealand economy.
Responsible Investment	Apply the responsible investment framework, taking a sustainable finance approach to operations.
Operational sustainability	Ensure the nature, scope and pricing of services provided for the Crown recognise the Government's priorities and enable operational sustainability.
Sustainable cost-efficient delivery of services	Ensure the business operates efficiently and effectively, maintaining a focus on driving down costs and seeking operational improvements.
Adapt and innovate	Adapt and innovate so all resources used remain fit-for-purpose.
Remuneration disclosure	Link executive remuneration to outcomes and disclose the chief executive's remuneration in line with the NZX Corporate Governance Code.
Performance reporting	Report on performance so the extent to which ACC is achieving its objectives and represents value for money is clear.

Delivering our strategic intentions in 2024/25 | E whakatutuki ana i ngā whāinga rautaki i te tau 2024/25

Strategic intention:

Mana Taurite | Equity

All people in Aotearoa New Zealand experience accessible services and improved outcomes

ACC has a responsibility to ensure people can access the Scheme, receive the treatment and support to which they are entitled, and experience equitable outcomes from that treatment and support.

Achieving **Mana Taurite** for tangata whenua means improving equity of access, the service experience, and outcomes for Māori while ensuring the mana of the recipients is upheld in the process.

Delivering **equity** for tangata Tiriti means ensuring all people get the support they need, when they need it, to recover from injuries. We will achieve this by focusing on groups who face barriers to access, support, and equitable outcomes.

Mana Taurite | Equity supports the delivery of our Injury Prevention, Levy Engagement and Collection and Claims Management outputs.

Our priorities

We will deliver on our collective Mana Taurite | Equity strategic intention by focusing shared actions on three priorities:

Build an evidence base to understand

1. To remedy unjust, unfair, and avoidable disparities for Māori and other priority population groups, we will build an evidence base to understand the actions we should take and to measure improvements.

Actively participate in meaningful partnerships

3. To reduce disparities in access, service experience, and outcomes for Māori and other priority population groups, we will actively participate in meaningful partnerships with hapū, iwi, and communities.

Improve outcomes for Māori and other priority population groups

2. To deliver improved outcomes for Māori and other priority population groups, we will identify and respond to barriers to access and positive service experiences.

Medium-term result areas

For each of our strategic intentions we have identified medium-term result areas to help us know if we are on track. These medium-term result areas reflect the measurable performance improvements we aim to achieve against our outcomes for tangata whenua and tangata Tiriti.

We will know we have achieved **Mana Taurite** for tangata whenua when we see improvements in these medium-term result areas:

- **Reduced** (minimum) or **eliminated** (preferred) disparities in access, experience, and outcomes for Māori whānau across the client journey.
- **Improved equity** over the life course for Māori (tamariki, rangatahi, pakeke, and kaumatua).
- **Increased year-on-year targeted resource allocation** to remove access and experience barriers for Māori whānau.
- **Increased equitable funding and distribution** of resources to support ACC in achieving Oranga Whānau.
- **Improved independence for Māori whānau** when accessing ACC-commissioned or ACC-delivered services.

We will know we have achieved **equity** for tangata Tiriti when we see improvements in these medium-term result areas:

- **Reduced disparities in access** to the Scheme for priority population groups.
- **Increased positive service experiences and interactions** for priority population groups.
- **Increased allocation and distribution of funding and resources for services and solutions** that meet priority population groups' rights, needs, and aspirations.
- **Increased collaboration with iwi and community-based providers** when designing and delivering services

How we will know we are making progress

We will know we are making progress in these medium-term result areas by:

Measure	Expected performance profile	Medium-term result area
Claim lodgement rate for Māori	Initially increasing claim lodgement rate for Māori	Reduced (minimum) or eliminated (preferred) disparities in access, experience, and outcomes

We are developing an equity action plan that will align with our new access reporting obligations and the development of measures (including accountability measures) to track progress against Huakina Te Rā (refer to Access Reporting, page 32).

What we will deliver by 30 June 2025

Many elements of our work will help us to realise the goal of Mana Taurite | Equity. For 2024/25, we have identified key workstreams on which we will focus to understand and remove access barriers as a foundation to achieving equity, and improve the experience of the rehabilitation system in ways that work for our communities. Detailed below is what we will have delivered by 30 June 2025.

What we will have delivered by 30 June 2025	Letter of Expectations alignment	Contribution to output
We will be developing and evolving strategic partnerships with Māori.	Collaborate to improve performance	Organisational excellence
We will be measuring and monitoring Māori engagement performance.	Collaborate to improve performance	Organisational excellence
We will have integrated mātauranga Māori and insights to support and uphold the dual-framed goals of Huakina Te Rā.	Collaborate to improve performance	Organisational excellence
We will be focused on identifying barriers to equitable access and experience and prioritising interventions at a systemic level through our Action Plan.	Collaborate to improve performance	Claims management
We will report annually on Scheme access.	Efficiency and effectiveness	Claims management
We will have strengthened our Rongoā service provision.	Improve rehabilitation outcomes	Claims management
We will be embedding mātauranga Māori throughout health contracts, services, and processes.	Improve rehabilitation outcomes	Claims management

Strategic intention:

Ringa Atawhai | Guardianship

We ensure the Scheme remains sustainable for present and future generations

We are trusted stewards, looking after the Scheme for Aotearoa New Zealand so that we can support present and future generations.

To ensure the longevity of the Scheme, we need to be considerate of environmental, social, and financial sustainability. We consider these themes in the way we operate internally, how we design, commission, and deliver our services to clients, and how we manage our investments and claims liabilities.

Ringa Atawhai | Guardianship supports the delivery of our Injury Prevention, Levy Engagement and Collection, Investment Management, and Claims Management outputs.

For tangata whenua, our **Ringa Atawhai** goal means we are trusted partners with Māori working to improve outcomes. Ringa Atawhai is a focus on the actions we will take to actively care for, foster, and nurture partnerships with Māori to support our role in maintaining a sustainable Scheme for our mokopuna.

Our goal of **guardianship** for tangata Tiriti means we are valued kaiāwhina (helpers) of the people we serve now, and trusted stewards for future generations.

Our priorities

We will deliver on our collective Ringa Atawhai | Guardianship strategic intention by focusing shared actions on four priorities.

Focus on the relationships that really matter

1. To focus on the relationships that really matter, we will include diverse voices and use technology, data, and insights to free up our time and that of our partners.

Partner with Māori

2. To deliver a financially viable and equitable Scheme, we will partner with Māori.

Ensure the financial sustainability of the Scheme

3. To avoid imposing a burden on future levy payers (including the Government), we will seek to ensure the financial sustainability of the Scheme while also ensuring we continue to provide high-quality services.

Enable Aotearoa New Zealand to achieve its environmental goals

4. To enable Aotearoa New Zealand to achieve its environmental goals, including the net-zero emissions target, and achieve carbon neutrality, we will maintain our commitment to climate change action.

Medium-term result areas

For each of our strategic intentions we have identified medium-term result areas that will help us to know if we are on track. These medium-term result areas reflect the measurable performance improvements we aim to achieve against our outcomes for tangata whenua and tangata Tiriti.

We will know we have achieved **Ringa Atawhai** for tangata whenua when we see improvements in these medium-term result areas:

- **Improved and meaningful partnerships with iwi Māori** to contribute effectively to the economy, including businesses and the workforce.
- **Increased range, distribution, and service types commissioned or delivered** by ACC that target equity for Māori year on year.
- **Increased culturally competent and culturally safe universal services** that are commissioned and/or delivered by ACC.
- **Improved wairua me te mauri** (life essence and vitality) for Māori whānau associated with accessing a range of services commissioned and/or delivered by ACC.
- **Improved connections to culture for Māori whānau** as part of their client journeys through a range of services commissioned and/or delivered by ACC.

We will know we have achieved **guardianship** for tangata Tiriti when we see improvements in these medium-term result areas:

- **Increased quality in the relationships** people have with the Scheme.
- **Increased options and choices in the treatment, rehabilitation,** and supports the Scheme offers to people.
- **Increased engagement of support networks** (for example, employers in recovery and returns to work).
- **Increased understanding of, trust in,** and valuing of the Scheme for people in Aotearoa New Zealand.
- **Increased financial and social returns on investment in injury prevention and rehabilitation** for the Accident Compensation Scheme.
- **Managing the cost of the Scheme to optimise future funding requirements,** maintain intergenerational fairness, and ensure levy payers receive the greatest possible value from their contributions to the Scheme.

How we will know we are making progress

We will know we are making progress in these medium-term result areas by:

Measure	Expected performance profile	Medium-term result area
New year costs' movement	Stable movement around zero over long term	Financial and social returns on investment in injury prevention and rehabilitation for the Scheme
Actuarial movement (influenceable)	Stable movement around zero over long-term	Managing the cost of the Scheme to optimise future funding requirements, maintain intergenerational fairness, and ensure levy payers receive the greatest possible value from their contributions to the Scheme
Investment performance (after costs) relative to benchmarks	Stable performance over longer term, reflecting quality of investment decisions	Managing the cost of the Scheme to optimise future funding requirements, maintain intergenerational fairness, and ensure levy payers receive the greatest possible value from their contributions to the Scheme
Percentage of total expenditure paid directly to clients or for services to clients	Improving over time	Managing the cost of the Scheme to optimise future funding requirements, maintain intergenerational fairness, and ensure levy payers receive the greatest possible value from their contributions to the Scheme
Public trust and confidence	Stable results	Increased understanding of, trust in, and valuing of the Scheme for people in Aotearoa New Zealand

What we will deliver by 30 June 2025

Many elements of our work will help to realise the dual-framed goal of Ringa Atawhai | Guardianship. In 2024/25 we have identified key workstreams on which will focus to activate and enable our people to achieve an efficient, effective, and resilient ACC, and protect the long-term sustainability of the Scheme. Detailed below is what we will have delivered by 30 June 2025.

What we will have delivered by 30 June 2025	Letter of Expectations alignment	Contribution to output
We will be increasing the value delivered through treatment and rehabilitation services via a high-quality, efficient, and effective commissioning of health services. This will include shifting to a model of value-based commissioning, including the design of a new end-to-end commissioning model.	Improve rehabilitation outcomes	Claims management
We will have implemented changes to the Accredited Employers Programme as agreed by Cabinet.	Efficiency and effectiveness	Levy engagement and collection
We will have completed the legislative process for levy setting and making regulatory changes to the levy system.	2024 Levy Round	Levy engagement and collection
We will have assisted with the modernisation of the Scheme's regulatory settings as appropriate.	Scheme boundary settings	Levy engagement and collection
We will have engaged on the cost and sustainability implications of recent Court cases to ensure appropriateness of Scheme settings.	Regulatory stewardship	Levy engagement and collection
We will continue to manage our investments by seeking to maximise investment returns over the long term while minimising unexpected mismatches between investment income and growth in the Outstanding Claims Liability.	Fit for purpose	Investment management
We will continue to work with Treasury officials in preparation towards the 2025 independent review.	Independent Review 2025	Investment management
We will be continuing to deliver on our public commitment to New Zealand's environmental goals, including reporting on our progress in reducing carbon emissions and our climate change transition planning.	Responsible Investment	Investment management, and Organisational excellence

Strategic intention:**Oranga Whānau | Safe and Resilient Communities**

Strengthen safety and resilience by partnering and investing where it counts

More people are living longer with injuries and ongoing health conditions than ever before, incurring significant personal, social, and economic costs. We are broadening our focus to minimise harm, and support people to be healthy and independent.

Oranga Whānau | Safe and Resilient Communities supports the delivery of our Injury Prevention, and Claims Management outputs.

For tangata whenua, our goal is that whānau experience intergenerational healing and restoration so they can thrive and flourish. **Oranga Whānau** is a strength-based Māori worldview approach to protecting our mokopuna and building resilience. This strategic intention is guided by our ambition for greater primary prevention and a kaupapa Māori approach to designing prevention solutions.

Fulfilling this goal for tangata Tiriti means strengthening whānau and **community safety and resilience** by partnering and investing where it counts, with a continual focus on preventing and mitigating the impacts of injury.

Our priorities

In the coming four years we will deliver on our collective Oranga Whānau | Safe and Resilient Communities strategic intention by focusing shared actions on these three priorities:

Build whānau and community resilience

1. To build whānau and community resilience, we will focus on intervening early before and after injury to reduce harm.

Support whānau and get people back to work and life

3. To support whānau and get people back to work and life, we will work with the broader health and disability system.

Contribute to whānau and community wellbeing

2. To contribute to whānau and community wellbeing, we will partner to deliver services that meet the needs of the people we serve and their communities.

Medium-term result areas

For each of our strategic intentions we have identified medium-term result areas that will help us to know if we are on track. These medium-term result areas reflect the measurable performance improvements we aim to make against our outcomes for tangata whenua and tangata Tiriti.

We will know we have achieved **Oranga Whānau** for tangata whenua when we see improvements in these medium-term result areas:

- **Increased utilisation of the Māori whānau voice by ACC** to drive strategic and operational excellence.
- **Increased equitable investment in injury prevention and kaupapa Māori solutions** to support achieving Oranga Whānau.
- **Increased utilisation of Te Kāpehu Whetū-informed outcomes for Māori whānau** with partners across the health and welfare systems.
- **Improved sophistication, accessibility, and usability of data and analytics** that enable the achievement of better outcomes for Māori.
- Improved implementation of the **principles of Māori data sovereignty** at ACC.

We will know we have achieved **safe and resilient communities** for tangata Tiriti when we see improvements in these medium-term result areas:

- **Increased positive recovery outcomes** after injury.
- **Increased sustained return-to-work outcomes** after injury.
- **Improved quality of life for those living with the enduring impacts of injury**, and improved independence for those who wish it.
- **Reduced incidence and impacts of injury-related harm** through a scaled injury prevention investment.
- **Reduced re-injury and subsequent injury** through injury prevention investment and early intervention.

How we will know we are making progress

We will know we are making progress in these medium-term result areas by:

Outcome measure	Expected performance profile	Medium-term result area
Return to independence for those not in the workforce	Improving then stabilised rehabilitation trends	Improved quality of life for those living with the enduring impacts of injury, and improved independence for those who wish it
Average weekly compensation days paid	Stabilising then improving rehabilitation trends	Positive recovery outcomes after injury
Sustained return-to-work	Improving over time	Increased sustained return-to-work outcomes after injury
Growth rate of the Long-Term Claims Pool	Stabilising then improving rehabilitation trends	Positive recovery outcomes after injury
Return on Investment – Injury Prevention	A positive increasing return on investment for injury prevention	Incidence and impacts of injury-related harm through scaled injury prevention investment

What we will deliver by 30 June 2025

Many elements of our work will help to realise the dual-framed goal of Oranga Whānau | Safe and Resilient Communities. In 2024/25, we have identified key workstreams on which we will focus in leveraging our insights and influence to reduce the incidence and impacts of injury, including how we contract with providers, deliver for our clients, and partner with other agencies and communities. We will also focus on activating and enabling our people to achieve an efficient, effective, and resilient ACC, and protect the long-term sustainability of the Scheme. Detailed below is what we will have delivered by 30 June 2025.

What we will have delivered by 30 June 2025	Letter of expectations alignment	Contribution to output
We will be developing the future design of ACC's treatment and rehabilitation system.	Improve rehabilitation outcomes	Claims management
We will be extending our integrated care pathway approach to different client groups (including those with musculoskeletal injuries) to deliver outcomes-driven rehabilitation and treatment services to clients with moderate-to-high-complexity injuries.	Improve rehabilitation outcomes	Claims management
We will improve the processes of lodging, assessing cover for, and triaging claims to ensure they reflect best practice and provide optimal value and experience for our customers.	Efficiency and effectiveness	Claims management
We will be ensuring we have the most effective and efficient processes to provide weekly compensation and optimal value to our customers.	Efficiency and effectiveness	Claims management
The new Integrated Services for Sensitive Claims will be live.	Improve rehabilitation outcomes	Claims management
We will be preparing and investigating investment-ready pathways to enable sustainable partnerships with Māori.	Collaborate to improve performance	Organisational excellence
We will have a revised injury prevention strategy, operating model, and investment framework to drive an injury prevention culture across New Zealand.	Injury prevention	Injury prevention
We will be enabling employers to remain connected to, and actively engaged in, their workers' rehabilitation through strategic engagement, the implementation of recovery-at-work trials, and education programmes with multiple sectors.	Improve rehabilitation outcomes	Claims management
We will have continued to develop constructive relationships with Health New Zealand, the Ministry of Disabled People, and across the wider health system, improving services to those accessing the Scheme.	Wider health system	Claims management

Organisational excellence | Te hiranga o ngā whakahaere

In developing Huakina Te Rā, we identified five key shifts we need to make as an organisation to deliver on the strategy's dual-framed goals while maintaining our focus on efficiency and effectiveness. Organisational excellence reflects the organisational health and capability intentions (for our people and our information and systems) that underpin our work in supporting a thriving Aotearoa New Zealand.

Our people

Huakina Te Rā sets a new vision for a thriving Aotearoa New Zealand, and further develops our purpose to improve lives every day. To do this for the people we serve, we also need to do this for the people who work at ACC.

For our customers to have great experiences, we need our people to have great experiences and to feel their work contributes to their feeling valued and connected to purpose. In the next four years we will work to improve our people's experiences at work.

We will partner with our people to design better and more fulfilling work – work with more variety and autonomy and clear connections to our purpose. We will create more opportunities for our people to learn and apply new skills to work that matter to our clients in supporting their recovery journeys. We will embed a strong sense of belonging and wellbeing across our increasingly diverse workforce.

To achieve the goals of Huakina Te Rā we will need to invest in our people through developing new capabilities and attract and retain people with new skills. We will strengthen our culture of valuing our people's compassion, capabilities, and confidence to do the right thing, in the right way, and at the right time for our customers – and support them with the right systems, tools, and training. We will embed an understanding of guardianship, the importance of organisational performance, and the impacts of our actions today on access to the Scheme for our customers of the future. Of particular importance, we will grow our ability to take a dual-framed tangata whenua and tangata Tiriti approach and engage and partner with Māori in new and culturally appropriate ways.

Our priorities

We will deliver on our People aspirations by focusing on three priorities:

Bring Huakina Te Rā to life

1. To enable our people to bring Huakina Te Rā to life, we will unlock the potential of our people.

Mature, culturally safe, and competent

2. To ensure ACC is a mature, culturally safe, and competent organisation, we will build equitable systems and policies.

Attract and retain talent

3. To develop our workforce to be able to deliver on our strategic direction, we will need to attract and retain talent with the right mix of capabilities.

Medium-term result areas

For each of our intentions we have identified medium-term result areas. We will know we have achieved the shifts required for our people when we see improvements in those medium-term result areas:

- ACC’s workforce is **increasingly representative** of the communities we serve.
- The work we do and direct is **healthy and safe** for all involved.
- ACC’s workforce is **increasingly culturally competent and responsive** to Māori.
- ACC employees feel **connected, empowered, and supported** in the work they do.
- ACC’s Māori workforce experiences positive **outcomes aligned with Te Kāpehu Whetū** outcomes.

How we will know we are making progress

We will know we are making progress in these medium-term result areas by:

Measure	Expected performance profile	Medium-term result area
Employee engagement	Stable and then increasing engagement results	ACC employees feel connected, empowered, and supported in the work they do

What we will deliver by 30 June 2025

Many elements of our work will help to realise the key shifts we need to make as an organisation to deliver on the strategy’s dual-framed goals. In 2024/25 we have identified key workstreams on which we will focus to activate and enable our people to work in an efficient, effective, and resilient ACC and protect the long-term sustainability of the Scheme. Detailed below is what we will have delivered by 30 June 2025.

What we will have delivered by 30 June 2025	Letter of expectations alignment	Contribution to output
We will be maturing ACC’s Māori cultural capability.	Improve rehabilitation outcomes	Organisational excellence
We will have an enterprise roadmap for a skills- and capability-based organisation and commenced implementation.	Improve rehabilitation outcomes	Organisational excellence
We will have delivered a structural efficiency and effectiveness programme.	Efficiency and effectiveness	Organisational excellence
We will have critical controls and assurances in place for managing significant health, safety and wellbeing risks.	Increase opportunities and prosperity	Organisational excellence
We will have a new office in Dunedin that is designed to be efficient, safe, and accessible and minimise carbon emissions with the construction benefiting local business.	Efficiency and effectiveness	Organisational excellence

Workforce profile as at 31 March 2024

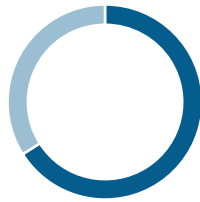
ALL STAFF



4,558

Permanent and temporary staff

GENDER

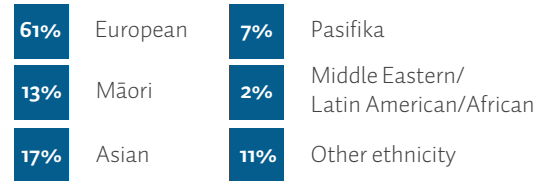


69.5%
Female

30.3%
Male

0.2%
Another Gender

ETHNICITY PROFILE OF OUR PEOPLE *



PEOPLE INDICATED A DISABILITY

12.5%

MEDIAN GENDER PAY GAP

18.3%

AVERAGE AGE OF OUR PEOPLE

40.9

Years

AVERAGE LENGTH OF SERVICE

6.1

Years

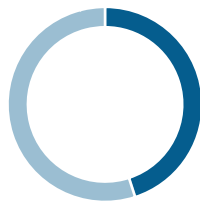
TIER 1-3 MANAGERS



50

Permanent and temporary staff

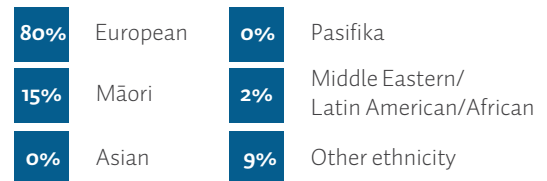
GENDER



34.7%
Female

65.3%
Male

ETHNICITY PROFILE OF OUR PEOPLE *



*Ethnicity can add to more than 100% as employees were able to select more than one ethnicity. All percentages are calculated based on the respondents who disclosed their diversity. All unknown diversity responses are excluded from the percentage calculations

Our information and systems

ACC is the custodian of a wide range of personal, confidential, and sensitive information. Our customers have the right to know that their personal information is collected appropriately, stored securely, and only disclosed with appropriate authority. Customers must also be able to access and correct their information when needed.

At the same time, our technology must empower our people by providing them with the tools they need to deliver positive outcomes for our customers. This empowerment comes through improved data and analytics capabilities that enhance our culture of data-driven decision-making to create a higher-performing and more effective and efficient organisation.

As a continually improving organisation, we also need to ensure that our organisation and customers are supported by reliable, safe, and secure information technology.

Our priorities

In the coming four years we will make the shifts required in information and systems by focusing shared actions on four priorities:

Care of personal information

1. We will embed the highest standards of care for personal information and privacy practice and improve our privacy maturity through continuous delivery programmes.

Transparent

2. To build effective and trusted partnerships, we will be transparent in how we collect, share, and use data and insights.

Accurate and culturally informed

3. To support a joined-up understanding to improve outcomes, we will ensure our data and analysis are high quality, accurate, and culturally informed.

Reliable, safe, and secure technology

4. We will ensure ACC's technology is reliable, safe, and secure.

Medium-term result areas

For each of our intentions we have identified medium-term result areas. We will know we have achieved the shifts required for our information and systems when we see improvements in these medium-term result areas:

- **New Zealanders trust ACC** with their personal information.
- ACC's technology is **reliable, safe, and secure**.
- ACC adopts appropriate **open and transparent** data-sharing practices with iwi, communities, providers, businesses, and government agencies.

How we will know we are making progress

We will know we are making progress in these medium-term result areas by:

Measure	Demonstrated by	Medium-term result area
Number of privacy breaches (notifiable to the Office of the Privacy Commissioner)	Reductions in annual breach numbers	New Zealanders trust ACC with their personal information
Overall operational system uptime	Stable uptime results	ACC's technology is reliable, safe, and secure

What we will deliver by 30 June 2025

Many elements of our work will help us to realise the key shifts we need to make as an organisation to deliver on the strategy's dual-framed goals. In 2024/25 we have identified key workstreams on which we will focus to activate and enable our people to achieve an efficient, effective, and resilient ACC, and protect the long-term sustainability of the Scheme. Detailed below is what we will have delivered by 30 June 2025.

What we will have delivered by 30 June 2025	Letter of expectations alignment	Contribution to output
We will be improving and maintaining client and levy systems, including migrating to the Cloud.	Efficiency and effectiveness	Claims management, and Levy engagement and collection
We will be improving provider payments and supports.	Efficiency and effectiveness	Claims management
We be maintaining and optimising our technology landscape to support strategic and sustainable technology, while minimising disruptions for our people.	Efficiency and effectiveness	Organisational excellence
We will be advancing our cybersecurity programme to strengthen the security posture of ACC and its systems.	Efficiency and effectiveness	Organisational excellence
We will be developing our capability to leverage artificial intelligence to enhance performance and achieve greater efficiencies.	Efficiency and effectiveness	Organisational excellence
We will be collaborating with other government agencies to enhance data sharing and promote platform interoperability.	Collaborate to improve performance	Organisational excellence
We will have built internal privacy risk capability, frameworks and processes to improve assurance and effectiveness of privacy risk management and developed organisational capability and accountability to identify, manage and escalate privacy risks and concerns.	Efficiency and effectiveness	Organisational excellence



STATEMENT OF PERFORMANCE EXPECTATIONS

TE TAUĀKI KORONGA MŌ NGĀ MAHI HEI WHAKATUTUKI

Statement of performance expectations by output | Te tauāki koronga mō ngā putanga o ngā mahi hei whakatutuki

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. Our outputs represent the core activities we deliver and the areas in which we invest.

This section includes:

- an explanation of the links between our strategic intentions and our outputs
- a brief explanation of what is intended to be achieved within each output
- an explanation of how our performance under each output will be assessed
- activity information – this is contextual or service-demand information that provides a greater context for our performance measures. Significant variations in demand can influence the achievement of our performance measures' targets.

We report quarterly against these performance measures to assess whether our activities are making a difference and the extent to which we are achieving our strategic intentions. Measures have targets for each year from 2024/25 to 2027/28, except for bridging measures. Bridging measures give initial visibility on key areas relevant to new strategic goals. As data accumulates, we will be able to set evidence-based performance targets for each measure, or identify new measures to provide critical indications of progress.

Definitions of performance measures are included in the **Glossary of performance measures** on page 79.

The targets set for 2024/25 consider the current performance and operating environment. For more detail on this, refer to **Operating environment** on page 9.

Service Performance Reporting

Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48) establishes requirements for the selection and presentation of service performance information. Information must be relevant, representative, understandable, timely, verifiable, and comparable across years.

ACC's performance framework and the service performance information we provide align with PBE FRS 48. Our measurement framework provides a clear understanding of ACC's priorities and the outcomes we deliver in pursuit of creating a unique partnership with every New Zealander, improving their quality of life by minimising the incidence and impacts of injury.

PBE FRS 48 also acknowledges constraints on reporting service performance information (materiality, cost-benefit, and the balance between the qualitative characteristics). We factor these constraints into the selection process for service performance information.

Access Reporting

We are developing an equity action plan that aligns with our new access reporting obligations and the development of measures (including accountability measures) to track progress against Huakina Te Rā. Both the action plan and the access reporting obligations require ACC to develop a detailed understanding of the levels of access to the scheme and the drivers of any disparities. This research is underway. It will inform future work programmes and may translate into new measures in the future to chart our progress.

Breakdown of Budget against outputs

TABLE 2 – 2024/25 BUDGET BY OUTPUT

\$M	2024/25 Budget		
	Administration	Claims paid	Revenue
Output 1: Injury prevention	85		
Output 2: Levy engagement and collection	22		6,874
Output 3: Investment management	70		3,001
Output 4: Claims management	645	7,874	
Total	822	7,874	9,875
Other operating costs	67		
Total ACC	889	7,874	9,875

Other operating costs include the indirect costs allocated to all four outputs classes by support business groups such as Corporate and Finance, People and Culture, and Enterprise Change Delivery.

Aligning our strategic intentions with our outputs

The delivery of our outputs is supported by our three externally focused strategic intentions.

TABLE 3 – ALIGNMENT OF STRATEGIC INTENTIONS WITH OUTPUTS

Strategic Intentions	Output	How the output supports the delivery of the goal
Mana Taurite Equity	Output 1: Injury prevention	By working with hapū, iwi, and community-based providers and government agencies to co-design services and interventions.
	Output 2: Levy engagement and collection	By ensuring funding and resources are allocated in ways that address the needs of all people.
	Output 4: Claims management	By actively participating in meaningful partnerships with hapū, iwi, and communities to reduce disparities in access, service experience, and outcomes.
Ringa Atawhai Guardianship	Output 1: Injury prevention	By minimising the incidence and severity of personal injury to reduce the economic, social, and personal impacts on people and communities.
	Output 2: Levy engagement and collection	By recommending levies that are sufficient to cover the costs of claims incurred in each year and collecting the levies approved by Cabinet.
	Output 3: Investment management	By investing effectively in order to meet the future costs of claims from injuries already incurred so the collected levy is most effectively managed.
	Output 4: Claims management	By balancing the quality, efficiency, and effectiveness of claim services delivered to clients.
Oranga Whānau Safe and Resilient Communities	Output 1: Injury prevention	By building whānau and community resilience through a focus on intervening early before and after injury to reduce harm.
	Output 4: Claims management	By partnering to deliver services that support whānau and return people to independence. This will contribute to whānau and community wellbeing.

Output 1: Injury prevention | Putanga 1: Te kaupare wharanga

What is intended to be achieved

Huakina Te Rā is about a sustainable future where we work in partnership with whānau, hapū, iwi, communities, employers, and service providers to support all people in Aotearoa New Zealand to stay safe and recover from injury. This vision is for a future where ACC and our partners help all people and their communities to have the freedom to live good lives.

While most of our clients are getting the support they need from ACC when they need it, our evidence suggests some groups benefit less from the Scheme than others. Equity is at the core of Huakina Te Rā and, more widely, is recognised as a critical health system response to inequitable differences in health outcomes for people living in Aotearoa New Zealand. We are undertaking work to ensure that the needs of our future customers will be met through shifting our focus on injury to a focus on prevention and the whole person and their interactions across the system. Injury prevention initiatives are key to our work. Through them we aim to minimise the incidence and severity of personal injuries and in doing so to reduce the economic, social, and personal impacts on people and communities.

This accountability, along with our responsibility to safeguard Scheme sustainability for present and future generations, means that injury prevention is carefully targeted. 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 means that we focus our efforts on injuries that have the greatest impacts on the Scheme, such as high-cost and high-volume claims that affect claim costs, the Outstanding Claims Liability (OCL), and levies. We also work with non-government organisations, community groups, and other government agencies so that the activities and funding are effective. This coordination role is as important as directly funding injury prevention interventions.

In 2024/25 we plan to invest \$85 million in injury prevention activity to reduce the incidence and severity of injuries.

How we will know we have achieved this

TABLE 4 – OUTPUT 1 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2022/23	March 2024	2024/25	2025/26	2026/27	2027/28
Return on investment – Injury Prevention ³	We invest in injury prevention initiatives to minimise the incident and severity of personal injury to reduce the economic, social and personal impacts on people and communities. We use the Return on investment to ensure our initiatives achieve a cost-effective reduction in levy rates or government funding.	\$1.80:\$1	\$1.75:\$1	\$1.75:\$1 to \$1.95:\$1	\$1.78:\$1 to \$1.98:\$1	\$1.79:\$1 to \$1.99:\$1	\$1.80:\$1 to \$2.00:\$1
Claim lodgement rate for Māori	Mana Taurite seeks equity while Oranga Whānau is about intergenerational healing and restoration to enable people to thrive and flourish. Our ambitions are for greater primary prevention coupled with full and timely access for all people.	270.2	271.6	Greater than previous performance year			

³Excluding WorkSafe New Zealand investment

Output 2: Levy engagement and collection | Putanga 2: Te whakahaere me te kohi utu

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 commission and deliver services, we must collect revenue. Through our levy-setting process we calculate the future revenue needs for each Account and ensure that funding and resources are allocated in ways that address the needs of all people. We recommend levies based on the Government's Funding Policy, balancing long-term sustainability of each Account with levy stability. The recommendations are consulted on with levy payers and provided to Cabinet for consideration. Following approval, we manage the process of levy invoicing and collection.

How we will know we have achieved this

TABLE 5 – OUTPUT 2 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2022/23	March 2024	2024/25	2025/26	2026/27	2027/28
New year costs' movement	By effectively managing the controllable costs of the Scheme, the long-term sustainability of the Scheme is enhanced.	\$127m (1.6%)	\$146m (1.8%)	Between +/-1%	Between +/-1%	Between +/-1%	Between +/-1%
Actuarial movement (influenceable)	Management action in areas such as injury prevention and claim management practices has the potential to partially mitigate OCL strain.	2.31%	1.55%	Between +/-1%	Between +/-1%	Between +/-1%	Between +/-1%

How we are funded

Figure 1 shows our 2024/25 forecasts of the number of funders, the levy and appropriation revenue, and the currently approved levy rates for each Account.

FIGURE 1 – SOURCES OF ACCOUNT FUNDING

Cabinet sets levies at least every three years following public consultation and a recommendation from ACC			Appropriations are sought through the Budget process	
1. MOTOR VEHICLE ACCOUNT	2. WORK ACCOUNT	3. EARNERS' ACCOUNT	4. TREATMENT INJURY ACCOUNT	5. NON-EARNERS' ACCOUNT
Injuries on public roads involving a moving vehicle	Work-related injuries	Non-work injuries to people in employment	Injuries that are caused by or happen during treatment	Injuries not covered in other accounts to people not in employment
Levied from registration fees and petrol charges	Levied from employers and the self-employed	Levied from employees and the self-employed	Levied from employees and the self-employed plus appropriations	Funded through appropriations
For 2024/25 we budgeted 4.30 MILLION Number of vehicles	For 2024/25 we budgeted 2.79 MILLION Number of employed and self-employed	For 2024/25 we budgeted 2.94 MILLION Number of earners	For 2024/25 we budgeted 2.43 MILLION Number of non-earners 2.94 MILLION Number of earners	For 2024/25 we budgeted 2.43 MILLION Number of non-earners
\$113.94 PER Motor vehicle	\$0.63 PER \$100 Liable earnings	\$1.39 PER \$100 Liable earnings		
\$479 MILLION of levy revenue	\$1,071 MILLION of levy revenue	\$2,814 MILLION of levy revenue	\$428 MILLION of the \$428M, \$302M is Government appropriation and \$126M is levy revenue	\$2,082 MILLION Government appropriations

Funding ratios

The financial sustainability of each Account is measured by the funding ratio. The funding ratio is the measure of the applicable assets available to cover the value of what is intended to be the fully funded portion of the liabilities in each Account, expressed as a ratio for each Account. The calculation of the applicable assets and liabilities is defined in the funding policy⁴.

Funding ratios provide an indication of the funding adequacy of each Account in relation to the funding policy. Each Account operates independently and cannot cross-subsidise another Account.

The Accident Compensation Act 2001 (AC Act) requires the Government to issue a funding policy setting out the criteria for fully funding the levied Accounts, including the Earners' portion of the Treatment Injury Account. ACC must make levy rate recommendations in accordance with that funding policy.

⁴Funding Policy Statement in Relation to the Funding of ACC's Levied Accounts (Gazette No. 2021-go1226).

TABLE 6 – FUNDING RATIOS

Account	Forecast 2022/23	Budget 2024/25	Funding policy target
Motor Vehicle	129.8%	125.2%	100%
Work (including gradual process claims incurred but not yet made)	136.3%	131.8%	100%
Earners'	98.8%	93.6%	100%
Treatment Injury (Earners' portion)	127.3%	124.6%	100%
Treatment Injury (Non-Earners' fully funded portion)	89.2%	86.5%	100%
Non-Earners' (fully funded portion)	80.4%	77.5%	100%

Output 3: Investment management | Putanga 3: Te whakahaere haumi

What is intended to be achieved

Intergenerational fairness is an underlying objective of the Scheme. In essence, this means that each population cohort should bear the costs of accidents that happened during the period when it was paying levies. This means ACC needs to collect enough money each year to fund all the future costs of any injuries that occur in that year.

Serious injuries can require ongoing expenditure for years, and sometimes decades. Unanticipated rising costs, rising incomes, and the introduction of effective but expensive new medical treatments could mean that future levy payers will contribute to the costs of previous years' accidents. To manage this risk, a portion of the levies collected each year is set aside to provide for future costs. We invest these funds to meet the future costs of claims.

ACC's investment objectives seek to maximise investment returns over the long-term while minimising unexpected mismatches between investment income and growth in the OCL. 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 provide a partial offset to the risk of declines in interest rates.

How we will know we have achieved this

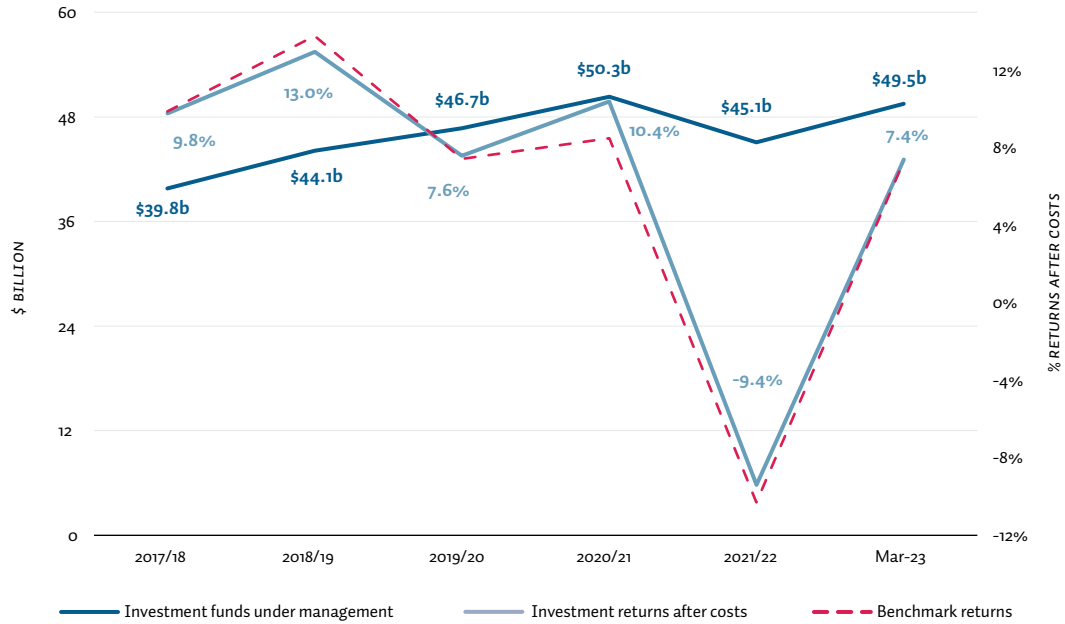
TABLE 7 – OUTPUT 3 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2022/23	March 2024	2024/25	2025/26	2026/27	2027/28
Investment performance after costs relative to benchmark	The quality of our investment management can be gauged by comparing our returns net of costs with that of a blended market average benchmark. This provides a comparison with the asset classes in which we have invested. The quality of our investment management is an important factor in ensuring we have sufficient resources in the future, safeguarding the Scheme for the next generations.	-0.18%	+0.12%	0.15%	0.15%	0.15%	0.15%

Activity information

ACC had \$49.5 billion of investment funds at the end of March 2024 and had returned 7.4% after costs. Market returns can be volatile from year to year and ACC's investment team aims to add value over the longer term. ACC has outperformed its market benchmarks in 28 of the past 31 years.

FIGURE 2 – TOTAL INVESTMENT FUNDS AND INVESTMENT RETURNS



Expectations as a Crown Financial Institution

The Government communicates key priorities for ACC as a Crown Financial Institution through the annual Letter of Expectations from the Minister of Finance. These priorities are presented in **Appendix 3 – Letter of expectations** and are summarised in **The Government's key priorities**.

Output 4: Claims management | Putanga 4: Te whakahaere kerēme

What is intended to be achieved

Our purpose is to improve lives every day through a focus on prevention, care, and recovery for all people in Aotearoa New Zealand who are affected by injury. We help injured people covered by the Scheme to get the appropriate medical treatment, social and vocational rehabilitation services, and compensation to enable a return to work, independence, or everyday life.

Each year, approximately two million people rely on us when they are injured. 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.

To achieve the best outcomes for our clients, we are focused on building strong, connected, and trusting partnerships with whānau, hapū, iwi, communities, employers, and service providers. By connecting closely with partners, we enable clients to access the right treatment and rehabilitation services at the right time. This enables a simple, seamless, and effective delivery of treatment and rehabilitation services.

At the same time, we listen closely to our clients and partners and learn about their needs. We recognise that injury prevention and recovery are not solely medical issues, but rather complex social and cultural issues that require a holistic approach.

The inclusion of diverse voices is crucial to this. Advanced analytics enable us to understand our claims with increasing depth, but our data only tells us about those who access the Scheme. Our relationships with hapū, iwi, whānau, and communities are vital to helping us hear what is needed to realise equity of access, experience, and outcomes for all people of Aotearoa New Zealand.

The increasing recognition of mātauranga Māori and the use of Te Ao Māori approaches in our case management are important foundational steps for ACC as we work to achieve the goals of Huakina Te Rā. We are committed to ongoing learning and evolution.

How we will know we have achieved this

TABLE 8 – OUTPUT 4 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2022/23	March 2024	2024/25	2025/26	2026/27	2027/28
Return to independence for those not in the workforce	Research tells us that a rapid return to work and/or independence reduces the adverse social and economic impacts of injury.	79.4%	79.3%	82.0%	82.0%	82.0%	82.0%
Average weekly compensation days paid	These performance measures evaluate how effectively we are supporting clients to return to work or independence, and whether their returns are sustained.	69.7 days	72.5 days	73.5 days	73.0 days	72.5 days	72.0 days
Sustained return-to-work rate*		New measure	65%	Baseline established			
Growth rate of the Long-Term Claims Pool	Minimising the incidence and impacts of injury is a primary responsibility for ACC and is central to building safe and resilient and communities. Long-term claims represent more complex injuries. A low growth of long-term claims is an indication of the effectiveness of injury prevention and rehabilitation.	+5.6%	+9.9%	+10.5%	+7.8%	+6.9%	+6.5%
Public trust and confidence	Maximising the proportion of spending that goes directly to addressing the incidence and impacts of injury ensures we are best serving our existing clients and acting as a responsible steward.	58%	60%	57%	57%	57%	57%
Percentage of total expenditure paid directly to clients or for services to clients	The way the public views ACC is a useful indicator of how effectively we have demonstrated the value we deliver in our interactions with levy payers, clients, providers, and stakeholders.	89.4%	89.8%	90.6%	90.9%	91.3%	91.5%

* Bridging measures do not have established performance targets. These metrics give initial visibility on key areas relevant to new strategic goals. As data accumulates, evidence-based performance targets will be set.

Activity information

Claims activity

Our analysis has demonstrated a strong correlation between claim volume growth and four key drivers:

- **Population** – as the population increases, the number of claims increases (assuming the rate of injury stays constant).
- **GDP (gross domestic product)** – an increase in the rate of GDP growth will increase the rate of new claims’ growth.
- **Unemployment** – as unemployment goes up, claim numbers tend to reduce.
- **Distance driven** – motor vehicle claim volumes increase as the total distance travelled increases.

We forecast claim volumes to ensure we can respond to the anticipated demand for our services. If actual claim volumes differ significantly from our forecast claim volumes, our ability to achieve performance targets may be affected.

FIGURE 3 – TOTAL NEW REGISTERED CLAIMS VERSUS RATE OF NEW CLAIMS GROWTH, BY YEAR (ACTUAL AND FORECAST)

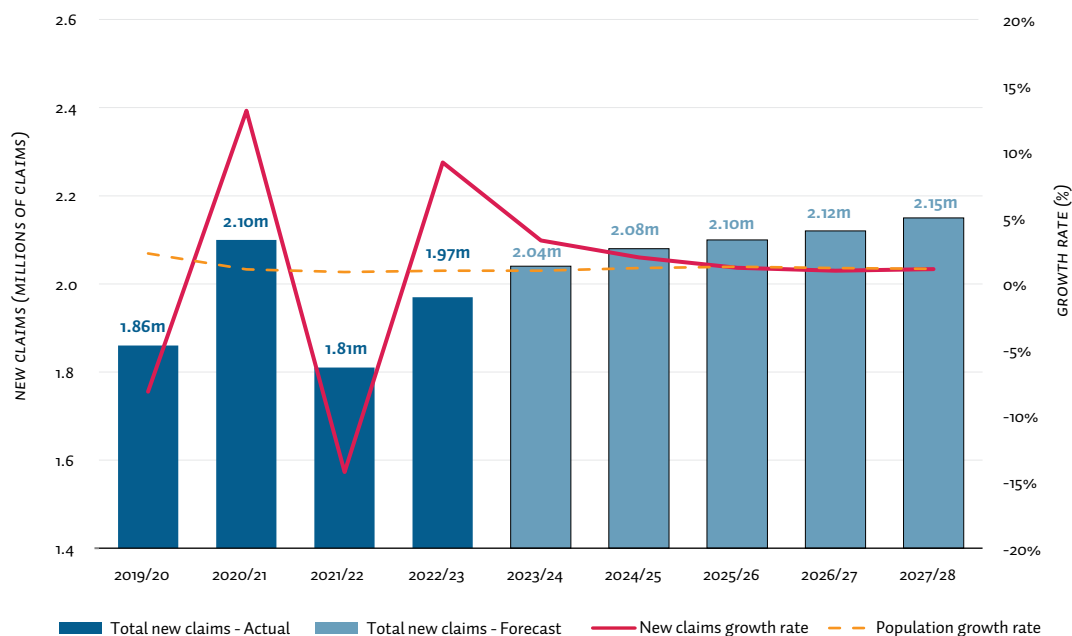


Table 9 shows recent trends in the types of claim that we receive and accept. Historical claim volumes have been affected by COVID-19 and related lockdowns. This has distorted the growth rate trends for new claims. The Scheme is based on legislation, and each claim is evaluated to determine whether it meets the requirements of the AC Act. We do not ration our services. Demand is determined by the number of covered injuries that occur and the service types and amounts that those who have covered injuries are eligible to receive.

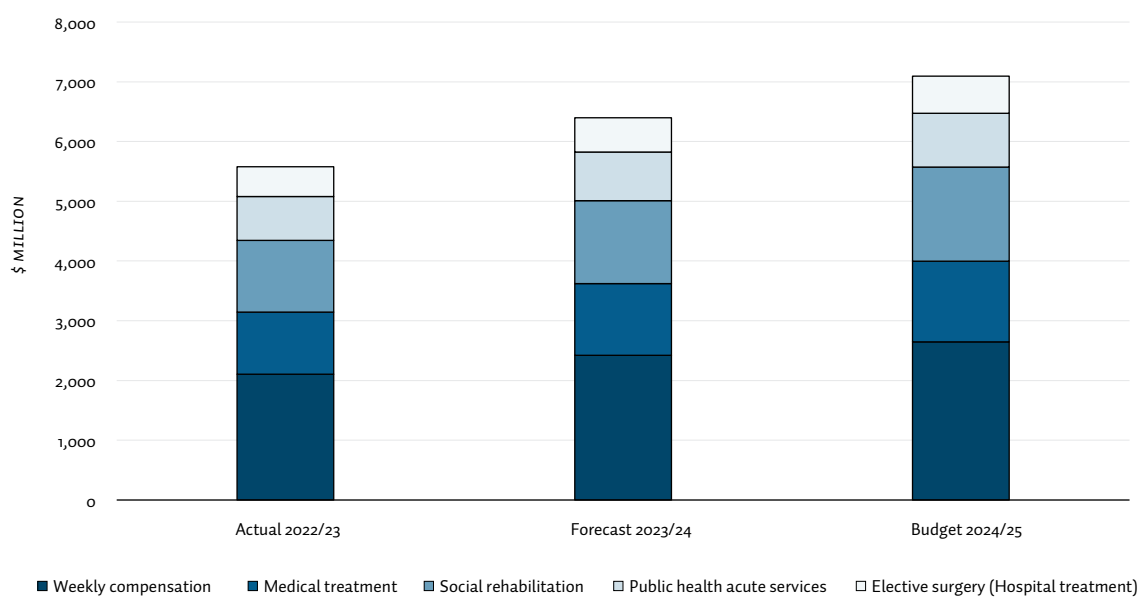
Please note that the historical claim activity values in the table below may differ from values presented in other reports. This is due to the timing of claim lodgements and claim decisions.

TABLE 9 – HISTORICAL CLAIM VOLUMES, BY TYPE

Measure	Definition	2020/21	2021/22	2022/23	March 2024
Registered claims	Total number of registered claims in the period.	1,861,316	2,098,437	1,805,401	2,017,669
Medical fees only claims	Total number of medical-fees-only claims in the period.	1,583,264	1,787,479	1,511,768	1,245,829
Other entitlement claims	Total number of entitlement claims (all entitlement claims excluding weekly compensation) that received payments in the period.	143,875	131,294	148,137	125,672
Weekly compensation claims	Total number of weekly compensation claims that received payments in the period.	144,253	143,611	155,299	132,533
Long-term weekly compensation claims	Number of clients receiving weekly compensation for more than one year as at 30 June.	15,996	17,401	18,930	21,829
New serious injury claims	Total number of new serious injury claims in the period.	251	234	293	335
Fatal claims	Total number of fatal claims in the period.	1,472	1,434	1,304	965

We enable clients to receive appropriate entitlements under the Scheme, while at the same time monitoring expenditure against budget for the key areas of the Scheme.

FIGURE 4 – EXPENDITURE FOR KEY CLAIM COSTS



Other performance measures | Ētahi atu inenga mahi

This set of performance measures is used to demonstrate the extent to which we are achieving our organisational health and capability intentions.

Our organisational health and capability intentions

TABLE 10 – PERFORMANCE MEASURES – OUR PEOPLE

Measure	Rationale	Actual		Target			
		2022/23	March 2024	2024/25	2025/26	2026/27	2027/28
Employee engagement	Equipping our staff with the right tools and capabilities enables them to be high-performing employees, engaged in their organisation and mahi.	4.22	Annual	4.00	4.00	4.00	4.00

TABLE 11 – PERFORMANCE MEASURES – OUR INFORMATION AND SYSTEMS

Measure	Rationale	Actual		Target			
		2022/23	March 2024	2024/25	2025/26	2026/27	2027/28
Number of privacy breaches (notifiable to the Office of the Privacy Commissioner)	We care for the personal and health information of New Zealanders, applying the principles of stewardship. Should a privacy breach occur, we aim to reduce resultant harm.	New measure	12	Less than previous performance year			
Overall operational system availability	Our systems need to be available so that we can deliver the services our customers expect.	99.9%	99.9%	99.8%	99.8%	99.8%	99.8%

TABLE 12 – PERFORMANCE MEASURES – CARBON EMISSIONS

Measure	Rationale	Actual		Target			
		2022/23	March 2024	2024/25	2025/26	2026/27	2027/28
Reduction in corporate emissions (from 2019 levels)	In alignment with our guardianship commitment to all people of New Zealand, and our own ethical values, we are taking responsibility for reducing our carbon emissions to help create a safer future for the next generations.	37%	36%	21% by 2025 and 42% by 2030			
Reduction in carbon intensity of the global equity portfolio (from 2019 levels)	ACC is committed to achieving an investment portfolio that is consistent with Net Zero by 2050. Interim targets have been established to monitor our progress towards our goal.	60%	Annual	60% by 2025 and 65% by 2030			

* Full year forecast



FINANCIAL INFORMATION

NGĀ KŌRERO PŪTEA

Forecast financial information | Te matapae pūtea

Introduction

The information that follows sets out the 2024/25 budgets for ACC, as prepared for the Budget Economic and Fiscal Update 2024. Comparative information is based on the forecast financial results for the year to 30 June 2024, prepared as at 29 February 2024. The use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the information presented and that the variations may be material.

These prospective financial statements have been prepared on the basis of assumptions as to future events that we reasonably expect to occur as at the date the information was prepared. It is not intended that this information will be updated.

Drivers of the Scheme's financial performance

We will continue to manage the organisation in a way that strikes the right balance between ensuring financial sustainability and delivering our functions in the manner of a publicly administered and delivered social investment scheme, distinct in character from a private insurance company. This means we deliver the services our customers expect while demonstrating responsible management of the Government's finances and a commitment to delivering on the Government's priorities.

To achieve this important balance, we need to have a good understanding of the drivers of financial performance. This understanding allows us to:

- forecast the drivers' potential impacts
- manage the drivers where we have control and influence
- manage the Scheme in a way that mitigates adverse impacts from drivers where we lack control or significant influence.

For the Scheme there are five main drivers of financial performance:

Claim volumes – growth in the number of new claims is driven by a range of factors outside our control: population growth, GDP growth, the unemployment rate and the total vehicle distance travelled. However, we offset some of the claim volume growth through our injury prevention activities. Our relationships with providers are also important in ensuring that we are advised of and able to take responsibility for all the injuries covered by the Accident Compensation Act 2001 (AC Act) and that injuries are treated appropriately. We actively monitor the way that treatment and rehabilitation costs change as our claim volumes change, allowing us to understand early cost pressures from claim volume growth.

Economic factors – we employ active strategies to best match our assets and liabilities. As such, we tend to favour long-term investments with relatively certain income streams. Given the size of our balance sheet relative to our underlying costs, small movements in interest rates and investment earnings can have material impacts on the funding ratios of the Scheme.

Inflation – inflation increases the costs of the services we provide. The way we contract for services with providers (such as elective services) mitigates the impacts of inflation on the costs of our services. The nature of the services we purchase exposes us to additional cost inflation that is specific to treatment and rehabilitation services. To make sure that our efforts have an impact, we constantly monitor our average treatment costs.

Service offerings – we change the set of services we offer as new and improved services become available, and to support the rehabilitation of clients who have suffered injuries newly covered by the Scheme. We closely monitor the rehabilitation performance of the services we offer, ensuring the services focus on both client rehabilitation outcomes and financial sustainability.

Legislative changes – we engage closely with the Ministry of Business, Innovation and Employment and the Treasury to influence proposed changes and predict the impacts of those changes. Additions to the Scheme (such as continued growth in the provision of services for sensitive claims, improved road and air ambulance services, and maternal birth injuries) can increase both the number of claims we accept and our overall costs of providing treatment and rehabilitation services.

Forecast financial statements | Ngā tauāki matapae pūtea

Statement of forecast comprehensive revenue and expense

For the years ended 30 June

\$M	2023/24 Forecast	2024/25 Budget
Levy revenue and Government appropriation	6,446	6,874
Claims paid	7,109	7,874
Claims handling costs	646	645
Increase in Outstanding Claims Liability	2,310	3,252
Total claims incurred	10,065	11,771
(Decrease) increase in unexpired risk liability	(43)	1
Other underwriting costs	176	174
Deficit from underwriting activities	(3,752)	(5,072)
Investment income	3,353	3,001
Investment costs	(71)	(70)
Other revenue	1	1
Net deficit	(469)	(2,140)
Total comprehensive revenue and expense for the year	(469)	(2,140)

Statement of forecast changes in reserves (equity)

For the years ended 30 June

\$M	2023/24 Forecast	2024/25 Budget
Total Account reserves		
Balance at the beginning of the year (deficit)	(5,128)	(5,597)
Total comprehensive revenue and expense for the year	(469)	(2,140)
Balance at the end of the year (deficit)	(5,597)	(7,737)

Statement of forecast financial position

As at 30 June

\$M	2023/24 Forecast	2024/25 Budget
Account reserves		
Motor Vehicle Account	1,642	1,179
Work Account	2,727	2,450
Earners' Account	(2,314)	(3,122)
Treatment Injury Account	(2,011)	(2,253)
Non-Earners' Account	(5,641)	(5,991)
Total Account reserves (deficit)	(5,597)	(7,737)
Represented by:		
Assets		
Cash and cash equivalents	200	200
Cash pledged as collateral	544	544
Receivables	406	414
Accrued levy revenue	3,787	4,171
Investments	49,158	50,128
Derivative financial instruments	429	386
Property, plant and equipment, and intangible assets	89	65
Total assets	54,613	55,908
Less liabilities		
Cash collateral received	76	76
Payables and accrued liabilities	780	785
Derivative financial instruments	1,059	953
Employee entitlements and provisions	55	55
Unearned levy liability	3,112	3,395
Unearned risk liability	1,281	1,282
Outstanding Claims Liability	53,847	57,099
Total liabilities	60,210	63,645
Net liabilities	(5,597)	(7,737)

Statement of forecast cash flows

For the years ended 30 June

\$M	2023/24 Forecast	2024/25 Budget
Cash flows from operating activities		
Cash was provided from:		
Levy revenue	6,333	6,768
Interest	831	854
Dividends	656	516
Income from investment properties and other investments	16	22
Other revenue	1	1
	7,837	8,161
Cash was applied to:		
Payments towards claims	7,142	7,874
Payments towards injury prevention and other operating costs	899	842
	8,041	8,716
Net cash outflows from operating activities	(204)	(555)
Cash flows from investing activities		
Cash was provided from:		
Proceeds from sale of investments	67,855	68,481
Proceeds from sale of collateral	–	–
Proceeds from sale of property, plant and equipment, and intangible assets	–	–
	67,855	68,481
Cash was applied to:		
Payment for sale of investments	67,667	67,892
Payment for sale of collateral	–	–
Payment for sale of property, plant and equipment, and intangible assets	29	34
	67,696	67,926
Net cash inflows from investing activities	159	555
Net (decrease) increase in cash and cash equivalents	(45)	–
Cash and cash equivalents – opening balance	245	200
Cash and cash equivalents – closing balance	200	200

Reporting and funding by Account

The Accident Compensation Scheme (as required through the Accident Compensation Act 2001 (AC Act)) comprises five separate Accounts, being the Motor Vehicle, Work, Earners', Treatment Injury and Non-Earners' Accounts. Each Account receives individual funding and is maintained for a separate purpose.

Under the AC Act, unless otherwise provided by that Act, funds held in an Account can only be used to meet costs incurred in the same Account. This means that cross-subsidisation between separate Accounts is not permitted. The Accident Compensation Corporation (ACC) therefore manages and separately reports on the performance and funding of each Account.

Sections 166A and 166B of the AC Act require the Government to issue a funding policy setting out the criteria for fully funding the levied Accounts, including the earners' portion of the Treatment Injury Account. Under section 331(1)(3) of the AC Act, ACC must make levy rate recommendations in accordance with that funding policy. The current funding policy was gazetted on 6 April 2021 (Gazette No. 2021-go1226).

The funding policy for the Non-Earners' Account and the non-earners' portion of the Treatment Injury Account is set by the Government (SEC-17-MIN-0028). The lifetime costs of post-2001 claims are fully funded using central estimates. The risk margin, which allows for the relative uncertainty and is included in the outstanding claims estimate, is not funded. Pre-2001 claims are funded on an annual pay-as-you-go basis.

The risk margin included in the OCL for each levied Account, which allows for the relative uncertainty in liability estimates, is not funded.

The ACC Board recommends sustainable levies to meet the funding policy of the Motor Vehicle, Work and Earners' Accounts, but final levy rates are set by the Government.

The Non-Earners' Account is funded by the Government. The Treatment Injury Account is funded through levies from the Earners' and Non-Earners' Accounts on the basis of whether the treatment injury claims are from earners or non-earners.

Statement of forecast comprehensive revenue and expense

For the year ended 30 June 2025

\$M	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non- Earners' Account
Levy revenue and Government appropriation	479	1,071	2,814	428	2,082
Claims paid	1,032	1,397	2,951	469	2,025
Claims handling costs	60	127	268	55	135
Increase in Outstanding Claims Liability	651	415	1,098	494	594
Total claims incurred	1,743	1,939	4,317	1,018	2,754
Increase (decrease) in unexpired risk liability	18	(5)	(12)	–	–
Other underwriting costs	12	83	37	6	36
Deficit from underwriting activities	(1,294)	(946)	(1,528)	(596)	(708)
Investment income	852	685	735	363	366
Investment costs	(21)	(16)	(16)	(9)	(8)
Other revenue	–	–	1	–	–
Net deficit	(463)	(277)	(808)	(242)	(350)
Total comprehensive revenue and expense for the year	(463)	(277)	(808)	(242)	(350)

Statement of forecast changes in reserves (equity)

As at 30 June 2025

\$M	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non- Earners' Account
Account reserves – opening balance (deficit)	1,642	2,727	(2,314)	(2,011)	(5,641)
Total comprehensive revenue and expense for the year	(463)	(277)	(808)	(242)	(350)
Account reserves – closing balance (deficit)	1,179	2,450	(3,122)	(2,253)	(5,991)

Statement of forecast financial position

For the year ended 30 June 2025

\$M	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non- Earners' Account
Account reserves (deficit)	1,179	2,450	(3,122)	(2,253)	(5,991)
Represented by:					
Assets	15,293	12,949	15,199	6,428	6,039
Less liabilities	14,114	10,499	18,321	8,681	12,030
Net assets (liabilities)	1,179	2,450	(3,122)	(2,253)	(5,991)

Notes to forecast financial statements | Ngā pitopito kōrero mō ngā tauāki matapae pūtea

1. Accounting policies

Reporting entity

The Accident Compensation Corporation (ACC) is designated as a Crown Agent under the Crown Entities Act 2004. ACC provides comprehensive 24-hour, no-fault personal injury cover for all New Zealand residents and visitors to New Zealand.

ACC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The forecast financial statements were authorised for issue by the Board on 21 March 2024. The Board is responsible for the forecast financial statements presented, including the assumptions underlying the forecast financial statements and all other disclosures.

Basis of preparation

The forecast financial statements of ACC have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). The forecast financial statements comply with Public Benefit Entity Standards (PBE Standards) and have been prepared in accordance with the AC Act and the Crown Entities Act 2004.

The forecast financial statements are prepared on a historical cost basis unless otherwise stated. All balances are expressed in New Zealand dollars and rounded to the nearest million dollars (\$M) unless otherwise stated.

2. Critical accounting judgements, estimates and assumptions

Outstanding Claims Liability (OCL)

PBE IFRS 4 requires an OCL to be recognised and to be measured as the central estimate of the present value of the expected future payments for claims incurred, with an additional risk margin to allow for the inherent uncertainty in the central estimate. The OCL is to be discounted for the time value of money using risk-free discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations.

The OCL 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 (IBNR claims)
- 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 IBNR claims.

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

Future payments associated with gradual process claims that have not yet been reported are not included in the OCL. ACC's major exposure to gradual process 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 events occurred giving rise to the claims. Under 'claims made' policies, an insurer only has liability for reported claims. However, in order to highlight the potential payments related to persons who may have suffered exposure to conditions of harm but have not yet suffered incapacity or made a claim to ACC, an assessment of the potential payments under such future claims has been made.

Accrued levy revenue

Levies required to fund the Work Account are invoiced directly to employers or self-employed persons based on their respective liable earnings at the applicable levy rate.

Earners levies of shareholder employees and the self-employed are also invoiced directly. Earner levies of employee earners are collected within the PAYE system and are paid to ACC upon being collected by Inland Revenue.

Accrued levy revenue for the Work and Earners' Accounts is estimated by using their respective expected liable earnings and average levy rate.

Going concern assumption

The forecast financial statements have been prepared on a going concern basis, reflecting the Government's ongoing obligation to fund the Scheme and the long-term nature of its funding policy, pursuant to Sections 166A and 166B of the AC Act.

The Board continues to monitor and consider the outlook of the Scheme and the likelihood that it will create uncertainty over the going concern assumption. ACC is particularly mindful that external economic factors can significantly affect the Scheme's financial performance and position. This may require increased levels of funding in order to meet the future costs of current claims. In addition, the regulatory scheme contemplates periods when the funding of some Accounts will be inadequate and catch-up funding will occur at a later stage. In circumstances where the Government has elected for a period to not fund the deficit in the Government funded accounts – the Non-Earners' Account and the non-earners' portion of the Treatment Injury Account – and/or not approve levy changes recommended to the Government by the Board, financial deficits may result. Were this to continue, it would result in ongoing deficits and a deterioration in the funding ratios of the relevant Accounts.

Investments

ACC holds investment assets to generate investment income that matches the expected future cash flows arising from insurance liabilities. Assets held in the investment portfolios are designated as 'assets backing insurance liabilities'.

All investment assets, other than service concession arrangements and investment properties, are classified as financial assets recognised at fair value through surplus or deficit. The service concession arrangement is carried at cost less accumulated amortisation and the investment properties are carried at fair value through surplus or deficit but are not considered financial assets.

Fair value for investment assets is determined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. These include listed shares and unit trusts, included in New Zealand equities, Australian equities and overseas equities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). These include:
 - bonds and other fixed-interest investments, included in New Zealand government securities, other New Zealand debt securities and overseas debt securities, valued using quoted yield curves
 - unit trusts, deposits at call, derivatives and cash pledged as collateral.

- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs). ACC uses independent valuations for various investments without active markets or observable inputs. Fair value is determined using the most appropriate valuation technique. These include:
 - non-listed equity investments (private equity and venture capital), included in New Zealand equities, Australian equities and overseas equities. The valuation techniques include discounted cash flow analysis, capitalisation of earnings and prices observed from recent market transactions associated with substantially similar investments
 - unlisted unit trust investments, included in New Zealand equities, Australian equities and overseas equities, valued based on the exit prices (the value ACC would receive if the units were sold).

The techniques for all levels include references to substantially similar investments with quotable prices, discounted cash flow analysis and option pricing models that maximise observable market data and keep unobservable inputs to a minimum. Assets subject to these valuations are included in other New Zealand debt securities, New Zealand equities and Australian equities.

Investment properties are revalued by independent registered property valuers.

Unexpired risk liability

At each balance date, ACC assesses whether the levy revenue recognised in the current period is sufficient to cover all expected future cash flows relating to future claims incurred 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 levies are insufficient to cover the expected future claims plus a risk margin, they are deemed to be deficient. 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. The expected future claims are determined as the present value of the expected future cash flows relating to future claims. 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.

Investment income

Investment income consists of and is recognised on the following basis:

- Dividends on equity securities are recorded as revenue on the ex-dividend date (the date a security starts trading without the value of its next dividend payment).
- Distributions from unit trusts are recognised when received. Where the distributions are in the form of additional units rather than cash, the amount of the cash distribution foregone is recognised as revenue.
- Interest revenue is recognised as it accrues. Where the interest is in the form of additional investment holdings rather than cash, the amount of the cash distribution foregone is recognised as revenue.
- Investment gains (losses) represent the realised and unrealised movements in the investment values. Realised gains (losses) occur at the time of disposal of a financial instrument and are calculated as the difference between the proceeds received and their carrying value. Unrealised gains (losses) represent the difference between the carrying values of the financial instruments and their fair values at year end.

Foreign currency transactions (including those subject to forward foreign exchange contracts and cross-currency interest rate swaps) are translated into New Zealand dollars (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

3. Financial risks

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

A major risk is the impact of economic factors that are not controlled by ACC (for example, wage and cost inflation, and interest rates) on future claim payments, investment income and the OCL.

The nature, timing and magnitude of expenditure related to planned organisation change projects are decided through our structured prioritisation process. It is important to note that these expenses are estimates only and are subject to the completion of detailed designs and implementation plans.

ACC's performance-management framework is designed to identify and monitor risks to the budget and forecast on a timely basis and to allow management the opportunity to respond appropriately.

4. Levy revenue and Government appropriation

Levy revenue is recognised in the levy period to which it relates. Levy revenue relating to levy periods that have commenced prior to balance date is accrued if not yet invoiced. This accrual is estimated based on expected liable earnings at the applicable levy rate, with the assumption that the levy revenue is earned evenly over the levy period. The calculation of levy rates considers the current funding position of an Account and the lifetime costs of new year claims, discounted using the expected investment rate of return applicable to the Account. The proportion of levies not earned at balance date is recognised in the statement of financial position as unearned levy liability.

Government appropriation is recognised as revenue at the point of entitlement; this is considered to be the start of the appropriation period to which the funding relates.

Levies

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

TABLE 13 – BUDGET LEVY RATES BY LEVY YEAR

Account	2023/24	2024/25
Motor Vehicle	\$113.94 per vehicle through licencing fees and petrol levies	\$113.94 per vehicle through licencing fees and petrol levies
Work	\$0.63 per \$100 liable earnings	\$0.63 per \$100 liable earnings
Earners'	\$1.33 per \$100 liable earnings	\$1.39 per \$100 liable earnings

The \$6,874 million total levy revenue for 2024/25 is \$428 million higher than forecast for 2023/24.

The budget for total levy revenue incorporates:

- Cabinet-approved (December 2021) levy rates for the 2024/25 levy year (including an increase in the Earners' levy rate) and a forecast increase in the Work and Earners' Accounts' levy rates effective from 1 April 2025
- a Non-Earners' Account appropriation, including the non-earners' portion of the Treatment Injury Account, which has increased by \$164 million to \$2,384 million
- increased liable earnings in 2024/25, by 4.8%
- a 1.2% increase in the number of licensed motor vehicles and similar petrol-consumption forecasts.

TABLE 14 – LEVY REVENUE AND GOVERNMENT APPROPRIATION

\$M	2023/24 Forecast	2024/25 Budget
Levy revenue	4,228	4,490
Government appropriation	2,218	2,384
Total levy revenue and Government appropriation	6,446	6,874

Non-Earners' Account appropriation

The Minister purchases from ACC 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 Labour Market.

TABLE 15 – BUDGET NON-EARNERS' ACCOUNT OUTPUT EXPENSES

\$M	2024/25 Budget	Relevant ACC activity	Relevant ACC output
Case management and supporting services	350	Development and delivery of programmes to reduce the incidence and severity of injury.	1 Injury prevention
		Setting, invoicing and collecting levies – the Vote Labour Market appropriation process.	2 Levy engagement and collection
		Management of investment assets.	3 Investment management
		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.	4 Claims management
Sexual abuse assessment and treatment services	14	Payments to providers for sexual abuse assessment and treatment services, and associated training and accreditation services, to victims of sexual abuse or assault.	4 Claims management
Rehabilitation entitlements and services	1,388	Payments to providers for services including social rehabilitation, medical treatment and vocational rehabilitation.	4 Claims management
Public health acute services	509	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	123	Direct payments of entitlements to clients, including weekly compensation, independence allowances and lump sum payments.	4 Claims management
Total	2,384		

5. Investment income

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

Investment income in the 2024/25 year has been calculated by Account. The projected rate of return range in 2024/25 is 5.75% to 6.83% per annum, depending on the Account.

The projected net investment assets at balance date are shown in the table below.

TABLE 16 – BUDGET NET INVESTMENT ASSETS

\$M	2023/24 Forecast	2024/25 Budget
Operational cash portfolio	200	200
Investments	48,996	50,029
Receivables (including unsettled transactions, and dividend and interest receivables)	204	204
Payables (unsettled transactions)	(690)	(690)
Investments reserves portfolio	48,510	49,543

6. Operating costs

Operating costs are budgeted to decrease by \$3.6 million (0.4%) to \$889 million from the 2023/24 forecast to the 2024/25 budget

TABLE 17 – OPERATING COSTS BY FUNCTION

\$M	2023/24 Forecast	2024/25 Budget
Claims handling costs	646	645
Other underwriting costs	176	174
Investment costs	71	70
Total operating costs	893	889

TABLE 18 – OPERATING COSTS BY NATURE

\$M	2023/24 Forecast	2024/25 Budget
Personnel costs		
Salaries and wages	415	421
Employer contributions to defined contribution schemes	39	41
Contractors and temporary staff	8	3
Training and professional development	4	3
Other personnel costs	9	6
Total personnel costs	475	474
Other operating costs		
Computer and telecommunication costs	93	96
Strategic change programmes	81	65
Rental and operating lease costs	25	25
Injury prevention and other programmes	81	87
External levy collection	5	6
External investment costs	48	43
Consulting and other professional services	8	10
Depreciation, amortisation, impairment and gains/losses on disposal of property, plant and equipment and intangibles	39	46
Other operating costs	38	37
Total other operating costs	418	415
Total operating costs	893	889

7. Claim costs

Claim costs are budgeted to increase by \$0.8 billion (11%) to \$7.9 billion from the 2023/24 forecast to the 2024/25 budget. Claim costs are derived from the forecasts of new registered and new weekly compensation claims' growth, expected rehabilitation duration performance, the health labour cost index and ordinary time weekly earnings' assumptions.

Volume drivers have been applied to some individual services to recognise instances where claim volumes are expected to differ from the global new claim volumes forecast (up and down). These include services that are currently generating, or expect to generate, higher utilisation rates through targeting or responding to specific client needs, and services where demand is sensitive to various demographic and other factors.

TABLE 19 – BUDGET CLAIMS COSTS

\$M	2023/24 Forecast	2024/25 Budget
Rehabilitation (including treatment) costs		
Medical treatment	1,196	1,348
Elective surgery (hospital treatment)	571	620
Public health acute services	815	901
Other treatment	312	361
Vocational rehabilitation	91	107
Social rehabilitation	1,389	1,576
Total rehabilitation (including treatment) costs	4,374	4,913
Compensation costs		
Income maintenance	2,424	2,647
Other compensation and benefits	254	246
Total compensation costs	2,678	2,893
Miscellaneous costs	57	68
Total claims paid	7,109	7,874

8. Outstanding Claims Liability (OCL)

The liability is forecast to increase from \$51,537 million to \$53,847 million in 2023/24, an increase of \$2,310 million. This reflects the 31 December 2023 valuation, with adjustments to reflect economic assumptions as at 29 February 2024. It is estimated that the OCL will reach \$57,099 million in 2024/25.

TABLE 20 – BUDGET MOVEMENT IN THE OCL

\$M	2023/24 Forecast	2024/25 Budget
Opening balance at 1 July	51,537	53,847
Expected increase in the OCL	3,456	3,252
Impact of change in claims experience and modelling	436	–
Impact of change in economic assumptions	(1,582)	–
Closing balance at 30 June	53,847	57,099

9. Unexpired risk liability

The unexpired risk liability is the difference between the unearned levy liability and the lifetime costs of the claims associated with that levy.

TABLE 21 – BUDGET MOVEMENT IN UNEXPIRED RISK LIABILITY

\$M	2023/24 Forecast	2024/25 Budget
Opening balance at 1 July	1,324	1,281
(Decrease) increase in unexpired risk liability	(43)	1
Closing balance at 30 June	1,281	1,282

10. Capital expenditure

IT-related costs are those for the IT infrastructure expenditure and the cyclical replacement cost of mobile devices. Property spend is the necessary annual spend to ensure that our property is fit for purpose. The property spend in 2023/24 is mainly for the fit-out of a new site in Auckland and a portion of the fit-out costs of the new office building in Dunedin. The 2024/25 spend on property is mainly for the fit-out costs of the new office building in Dunedin, which is expected to be completed in 2025/26.

TABLE 22 – BUDGET CAPITAL EXPENDITURE

\$M	2023/24 Forecast	2024/25 Budget
Property, plant and equipment		
IT	8	3
Property	6	11
Motor vehicles, equipment	–	–
Total property, plant and equipment	14	14
Intangible assets		
Intangible assets	8	1
Total capital expenditure	22	15
Depreciation and amortisation costs included in the Forecast statement of comprehensive revenue and expense	39	46

11. Summary of other important assumptions

Our forecast financial statements are underpinned by a range of assumptions. In addition to those noted earlier in this section, we adopt a range of forecasts for those indices that drive aspects of our financial performance.

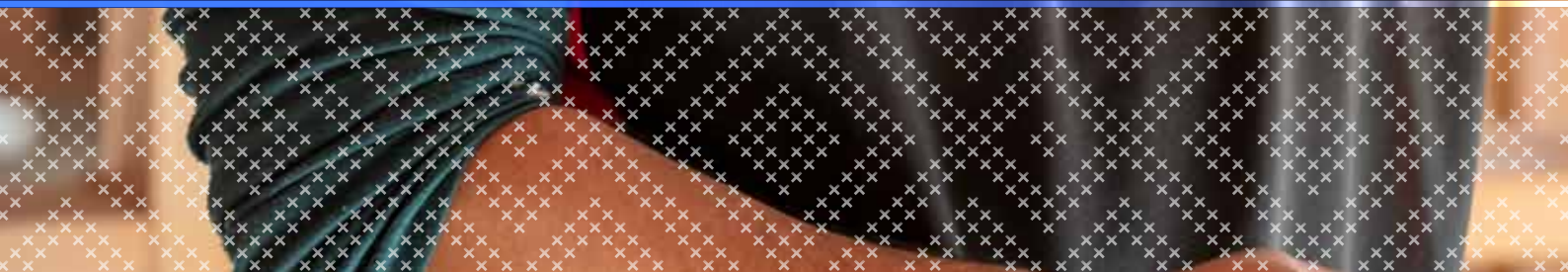
TABLE 23 – IMPORTANT ASSUMPTIONS

Index	Indices (year to 30 June)				
	2024	2025	2026	2027	2028
Claim volume growth	3.3%	2.0%	1.2%	1.0%	1.1%
Entitlement claim volume growth	5.9%	1.8%	4.0%	4.2%	4.4%
Population growth	2.0%	1.4%	1.3%	1.2%	1.2%
Consumer price index	2.7%	2.6%	2.1%	2.0%	1.9%
Labour cost index	2.9%	2.8%	2.3%	2.2%	2.1%
Ordinary time weekly earnings	5.6%	3.9%	3.4%	3.2%	3.0%



APPENDICES

NGĀ ĀPITIHANGA



Appendix 1 – Alignment of the Service Agreement | Āpitihangā 1 – Te whakahāngaitanga o te Kirimana Ratonga Mahi

How the Service Agreement aligns with our other accountability documents

We have three accountability documents. These can all be found at www.acc.co.nz/about-us/corporate.

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. Our Statement of Intent also summarises how we maintain our organisational excellence: our people, our systems and our risk management framework. time for the expected impacts of our strategy. The targets are reviewed and updated each year.

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 Agreement outlines for the forthcoming year:

- what we will have delivered by 30 June 2025 to demonstrate progress against our strategic intentions
- the quality and quantity of services to be provided by ACC
- the expected cost of those services
- the performance measures, targets and related information necessary for the Minister to assess our performance
- the nature and frequency of the reporting requirements against the Agreement
- how we will deliver our outputs: injury prevention, levy engagement and collection, investment management and claims management.

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

Purpose of the Annual Report

Our Annual Report highlights our achievements throughout the year and outlines our financial and non-financial performance. It provides a summary of our results and reports on how we performed against our strategic objectives as set out in our Statement of Intent and Service Agreement.



Appendix 2 – Conditions of the Service Agreement | Āpitianga 2: Ngā Here o te Kirimana Ratonga Mahi

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 ACC's 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 Service Agreement (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 2024 to 30 June 2025. This Agreement revokes the Service Agreement for the period 1 July 2023 to 30 June 2024.

ACC's functions and duties

ACC provides accident insurance cover for all New Zealanders and visitors to Aotearoa New Zealand. We receive approximately two 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 reductions 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.

ACC delivers the Scheme through four core activities (outputs). These are injury prevention, levy engagement and collection, investment management and claims management.

The cost of services for each injury is assigned to the Motor Vehicle, Work, Earners', Treatment Injury or Non-Earners' 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 Public Service Act 2020, the Public Finance Act 1989, and the Health and Safety at Work Act 2015.

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 2024/25. The Ministry of Business, Innovation and Employment (the Ministry, acting as the administering agency responsible for Vote Labour Market) 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

ACC will provide quarterly reports on its 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 ongoing performance for the financial year 2024/25.

Each quarterly report will include commentary on 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.

Alongside the quarterly reports, ACC will provide additional information and commentary as appropriate to the Minister's officials to support the monitoring of, and further understanding of Scheme performance. This may include results for supporting measures, historical information, and related commentary.

Where our performance does not meet targets, we will provide further information that may include:

- an analysis of causes
- strategies and plans to improve performance and meet the specified targets
- an outlook for full-year performance against targets.

As necessary ACC 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
- information to support the forecast adjustment process for funding cost pressures in the Non-Earners' Account.

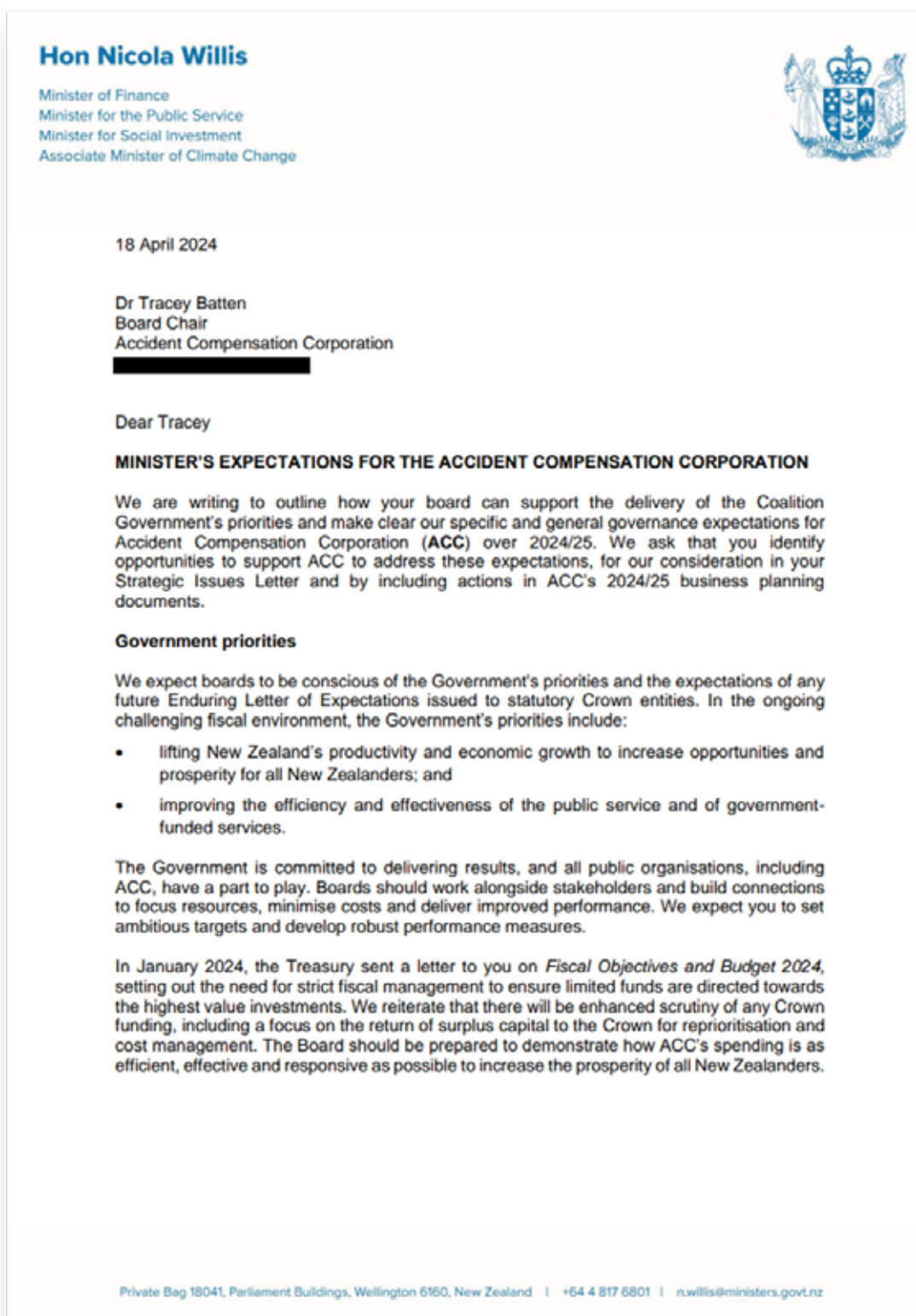
The timeframes for quarterly reporting are:

TABLE 24 – QUARTERLY REPORTING SCHEDULE

Quarterly Report	Timeframe
Quarter one	31 October 2024
Quarter two	31 January 2025
Quarter three	30 April 2025
Quarter four	31 July 2025

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

Appendix 3 – Letter of expectations | Āpitianga 3 – Ngā Reta mō ngā Hiahia



Crown Financial Institutions (CFIs)

I expect all Crown Financial Institutions to:

- Operate in a manner that is fit-for-purpose, delivering on their legislated purpose, and balancing risk and return to assure investment performance is meeting long-term policy objectives and obligations;
- Actively consider their role within the Crown, understanding how their operations impact on broader Crown risk;
- Proactively work with Treasury and collaborate with the other CFIs to build resilience in the New Zealand economy; and
- Apply the responsible investment framework and take a sustainable finance approach to operations.

As ACC undertakes its core activities and plans for the future, we expect it to:

- ensure the nature, scope and pricing of services provided for the Crown recognises the Government's priorities while being at a level that enables operational sustainability;
- ensure the business operates efficiently and effectively, maintains a focus on driving down costs and seeking operational improvements wherever it can. This includes whether there could be reductions or changes to scope in order to best achieve sustainable cost-efficient delivery of services;
- adapt and innovate so as to ensure all the resources ACC utilises remain fit-for-purpose;
- link executive remuneration to outcomes and disclose the chief executive's remuneration in line with the NZX Corporate Governance Code, specifically disclosure of the base salary, short- and long-term incentives and the performance criteria used to determine performance-based payments. If disclosure to this standard is not possible, we expect the annual report to explain why this is the case; and
- report on performance in a manner that is clear on the extent to which ACC is achieving its objectives and represents value for money.

Specific expectations for ACC

Wider health system

We expect ACC to continue to work closely with and build constructive relationships with Health New Zealand, the Ministry of Disabled People, and across the wider health system, to ensure ACC's services continue to be improved for all those accessing the scheme.

Regulatory stewardship and the 2024 Levy Round

We expect you to assist MBIE as needed in modernising some of the ACC regulatory settings to ensure they are up-to-date and fit-for-purpose. For the 2024 levy round, we expect ACC to give effect to the funding policy when it makes levy recommendations to the Minister for ACC, after carrying out public consultation.

Scheme boundary settings

We expect you to engage with the Minister for ACC's office, Treasury, and MBIE regarding the scheme costs and sustainability implications of recent Court cases, and whether the scope of the Scheme settings is appropriate for meeting the entity's purpose.

Improve rehabilitation outcomes

There is a long-term trend of declining rehabilitation performance, which cannot be addressed in the short term. By the end of this parliamentary term, we expect to see a substantial and sustained shift towards improved rehabilitation outcomes as a result of the work programme ACC has underway. We want to see rehabilitation delivered more efficiently with improved value for money, through ACC better supporting all injured New Zealanders to have a quicker and sustainable return to work.

Injury prevention

As a result of the work programme ACC has underway, we also expect ACC to better use injury prevention as a lever to substantially improve its performance, by reducing the incidence, severity, and in turn, cost of injury. As part of this work, we expect ACC to engage with the Treasury on the development of its three-year injury prevention strategy.

Independent review 2025

ACC's investment function has volunteered to be independently reviewed in 2025. We understand there have already been discussions with Treasury officials about ACC starting to prepare for this review. Undertaking a review will provide important information for ACC's planning and understanding of the effectiveness of their investment functions. For this review to run smoothly, planning and preparation should continue during calendar year 2024. We expect ACC to work collaboratively with Treasury officials in the preparation phase and with the eventual reviewer.

General governance expectations*The Treasury's Owner's Expectations document*

Strong board governance is critical to the performance and success of the Crown's companies and entities. We refer you to the Treasury's [Owner's Expectations document](#), which discusses the role of boards and directors, the board appointment process, and expectations relating to governance. The document also outlines expectations for financial and other dimensions of performance, and matters such as reporting, disclosure, public accountability, and business cases. The Treasury is updating its Owner's Expectations document and is consulting you on its contents.

Board charter/code of practice

Each board is expected to have a charter/code of practice to provide guidance and to assist directors to carry out their duties and responsibilities effectively and in accordance with the highest professional and ethical standards. Each board's charter/code of practice should cover board procedures and reflect, among other duties and responsibilities:

- the requirement for directors to act in a politically impartial manner and conduct themselves in a way that enables them to act effectively under current and future governments. This includes not making political statements, engaging in political activity in relation to the functions of ACC, and acting in ways that places Ministers or entities they are responsible for in a position of embarrassment; and

- the process in place for disclosing and dealing with conflicts of interest appropriately and promptly, including the maintenance of an interests register and the disclosure of interests at meetings or when certain issues are discussed. We expect your board to share this register with the Treasury as it is updated.

We expect you to disclose these documents in the interests of transparency and public accountability.

Board evaluations

Board evaluations are a tool for boards to improve their performance and allow Ministers to assess the performance of a board. Independent board evaluations should ideally take place biennially unless there have been significant changes to board composition or when commercial imperatives demand full board attention. Self-assessments of board performance are encouraged in between biennial independent board evaluations to assess performance to date and ensure the board is well positioned for future challenges. We expect you to share independent board evaluation and self-assessment results with the Treasury to contribute to its advice on board composition.

Further information

Your relationship manager at the Treasury will contact you to discuss these expectations. If you have any questions, please contact [REDACTED], Senior Analyst, Commercial and Institutional Performance [REDACTED]

We wish you every success with your endeavours in the coming year.

Yours sincerely

Hon Nicola Willis
Minister of Finance

Hon Matt Doocey
Minister for ACC

cc: Megan Main, Chief Executive Officer Accident Compensation Corporation
[REDACTED]

Appendix 4 – Investment statement | Āpitianga 4 – Te tauāki haumi

The Government's expectations

The Government's expectations for ACC's investment function are outlined in the annual Letter of Expectations to ACC from both the Minister for ACC and the Minister of Finance. The Letter of Expectations can be found in **Appendix 3 – Letter of expectations**. A summary of the Government's expectations for ACC's investment function included in the Letter can be found in **The Government's key priorities**.

Investment context

To reduce the risk that future levy payers may have to pay for past injuries, ACC has built an investment portfolio that is designed to meet the future cost of accidents that have already occurred.

The Scheme was created in 1974 and in 1999 the government legislated the Scheme's accounts to become fully funded. This means ACC needs to collect enough money during each year to fund all future costs of any injuries that occur in that year.

Intergenerational equity is an underlying objective of the Scheme. In essence, this means that each population cohort should bear the costs of accidents that happened during the period when it was paying levies. Unanticipated rising costs, rising incomes and the introduction of effective but expensive new medical treatments could otherwise mean that future levy payers would contribute to the cost of previous years' accidents.

As required by its legislation, ACC invests funds as if it were a trustee. The investment portfolio cannot be used for anything other than meeting the claims of each of the Accounts. One Account cannot cross-subsidise another. If ACC could invest to fully 'match' its liabilities, the changes in value of its assets would offset the valuation changes for its liabilities. In practice, ACC's assets can only partially match its liabilities given their long-term nature and the limited supply of equivalent assets.

ACC is close to being fully funded across all Accounts, but this assessment relies on forecasts of returns achievable on ACC's investment portfolios. If forecasts of returns reduce due to interest rates declining or claim costs rising unexpectedly, catch-up contributions would be required.

In such a situation, ACC aims to reduce the impacts that it may have on levy rates and on the contribution that the Government is required to make to the Scheme. Thus, ACC favours long-term investments that are expected to deliver relatively certain income streams for long periods of time. Such investments match the long-term cash flow requirements and tend to provide an offset against the risk of declining interest rates.

ACC's investment objectives

ACC invests to meet the future costs of outstanding claims. ACC's investment objectives seek to maximise investment returns over the long term while minimising unexpected mismatches between investment income and growth in the OCL. To this end, ACC aims to:

- achieve a suitable balance between return and risk (being the potential for unexpected declines in the ability of investment assets to meet future liability payments)
- maximise long-term investment returns, for the level of risk taken
- achieve long-term investment returns that exceed the benchmark by 0.15% (15 basis points) after investment-related costs
- mitigate risks through appropriate levels of diversification, effective risk management and a strong and efficient operational control environment
- incorporate Environmental, Social and Governance factors or considerations into investment decision-making
- support the spirit and content of New Zealand's health and safety legislation.

Governance

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

The ACC Board determines the membership of the BIC, which consists of members of ACC's Board plus expert external appointees.

The BIC operates within the delegated authority and risk appetite provided by the ACC Board. The BIC determines the investment policies, while the implementation of the policies is undertaken by ACC's in-house investment managers or by external fund managers (within the requirements and constraints of an Investment Management Agreement). In delegating investment decisions to internal investment staff, the BIC seeks to ensure that these investment decisions are made in a manner consistent with ACC's investment beliefs and objectives by:

- specifying the investment policies that must be complied with by ACC Investment Group staff
- specifying the investment benchmarks that are to be used to measure investment performance
- specifying how the Investment Group 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
- ensuring there is clear accountability for the various aspects of investment performance
- making sure the Investment Group has a strong control environment to ensure the limits and controls are enforced and conflicts of interest are minimised.

Key decisions the BIC **does not** delegate include the:

- approval of asset-allocation benchmarks and 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 the Strategic Asset Allocation and 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
- approval of the Investment Risk Management Policy, which specifies ACC's investment risk tolerance and how investment risk is managed
- appointment of external fund managers or custodians
- approval of any investment transactions that fall outside the limits and controls specified in the Investment Guidelines.

The Chief Investment Officer ensures the investment portfolio is managed relative to the investment risk tolerances set out by the restrictions and limits of the Investment Guidelines and the Investment Risk Management Policy. The Chief Investment Officer reports to the BIC on a regular basis.

ACC's Investment Beliefs

The ACC Board has approved ACC's Investment beliefs recommended by the BIC.

ACC's Investment Beliefs are a clear statement of how we think investment markets work and ensure alignment, a shared understanding and accountability. The beliefs are designed to stand the test of time and improve the innovative adaptability of the organisation.

1. Governance matters

The role of governance is to define desired investment outcomes, set risk tolerances, establish and maintain clear lines of accountability, define suitable processes and establish and maintain an active role in monitoring and reporting.

2. Fund purpose should be clear

The fund should be clear about its purpose in terms of cash flows, time horizon, tolerable risks and the desire for intergenerational equity.

3. Asset allocation is the key investment decision

Asset allocation is the key driver and has the largest impact on both risk and return.

4. Diversification is beneficial

Diversification reduces risk and should be applied to asset allocation, manager selection and active positions.

5. Markets are imperfectly efficient

While markets tend towards being efficient, we believe inefficiencies can arise in different markets at different times.

6. Markets are partially predictable over the long-term

Prospective returns are partially predictable and tend to be more so over longer periods. Investors with a long-time horizon can benefit from this.

7. Active management is difficult

We will tend to focus on areas of active management where we have an advantage and have demonstrable ability to add value.

8. Private markets

The business economics and risk of private and public assets are broadly similar over time. However, the skillsets required to manage private assets differ from public assets.

9. Ethical considerations are important

ACC's ethical position, including on climate change, responds to, and is driven by, our stakeholders' expectations and our commitments.

10. People are paramount

Organisations with knowledgeable, skilled staff perform better over time than those without.

11. Manager styles do not consistently add value over time

Managers tend to exhibit investment styles. We believe that manager styles are not rewarded, nor consistently add value, all the time.

12. Costs matter

Costs are almost certain and erode returns. We should take account of all costs including fees, transaction costs, market impact costs and taxes.

Investment strategies and policies

Investment strategy

The highest layer of investment strategy involves the setting and review of the Strategic Asset Allocation, which sets out the asset class allocation percentages for each Account.

Each asset class is described by a market benchmark that is considered the best representation of the risk and return characteristics of the asset class. The asset allocation weightings, together with the asset class benchmarks, are referred to as the Strategic Asset Allocation and are used by the Investment Group as a basis for implementing the investment portfolio. The BIC reviews the asset allocation benchmarks on both an annual and an interim basis.

Management strategy

ACC aims for continued investment success by employing the best investment professionals in the market and encouraging them to manage ACC's investment portfolios in an environment that:

- emphasises individual accountability, but also encourages individuals to work together as a team
- encourages open discussion and debate, without requiring team members to buy in to an artificial 'consensus'
- encourages investment professionals to think about risk as well as long-run returns, and more generally to align their behaviours with ACC's objectives
- empowers investment professionals to make decisions that could add real value for ACC, while recognising that some misjudgement is inevitable.

The Investment Group is focused on ensuring that ACC's investment infrastructure and operational control environments are robust, and that the strategy delivers outcomes that are aligned with our vision and our fiduciary responsibility.

Investing in New Zealand

ACC is one of the largest investors in New Zealand sovereign bonds and New Zealand companies.

ACC has a dedicated Governance Manager who works with our New Zealand listed equity team to actively exercise our corporate governance responsibilities. This has the dual benefits of driving sustainable value creation by holding issuers to account for their performance and lifting New Zealand's corporate governance standards.

ACC plays particular attention to the effective representation of shareholders' interests where conflicts exist (eg a large holder or an external manager). We focus on clear disclosure by issuers of strategies, the consequent skills that are required by boards and improving the alignment and disclosure of executive remuneration.

The team also interacts energetically with regulators, exchanges, issuers and other investors regarding governance issues as they arise – with particular attention to director duties, and issues arising from the NZX Corporate Governance Code review.

Iwi partnerships

Iwi have many characteristics in common with the ACC Investment Group. Iwi are focused on Aotearoa New Zealand, representing a broad part of our community, and often have long investment horizons and a broad mandate to invest. This makes us natural co-investment partners where there is a demonstrated commercial return.

Examples of our investments with iwi to generate commercial returns include:

- joint ventures for commercial property development
- funding to assist iwi into ownership of land leases to government departments.

Risk management

The taking of compensated risk is core to investing. The BIC seeks to ensure that the accepted level of risk aligns with the objectives of the investment portfolio and is consistent with the Board's risk appetite. The BIC manages risk through the Investment Risk Management Policy and Investment Guidelines.

The Strategic Asset Allocation is also a primary tool in helping the BIC to manage the risk profile of the investment portfolio. It establishes the financial risk profile of the investment portfolio through a set of market benchmarks and exposures that best meet the long-term investment objectives of the portfolio while ignoring short-term fluctuations in market conditions. The Investment Guidelines limit how much risk the Investment Group can take by placing constraints on the exposure to different categories of risk. The BIC sets rules to govern the types of investment that can be entered into, the way in which the Investment Group invests and the ways in which the Investment Group manages performance. The Investment Group measures investment risks from a number of perspectives to give as broad a picture of risk as possible. Risk measures are reported to the BIC monthly.

The investment portfolio faces many types of risks by investing in financial markets. The significant risks it faces include, but are not limited to:

- **interest rate risk** – changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations
- **inflation risk** – inflation affects the value of investments and the future costs of claims through higher rehabilitation costs and wage prices. The value of fixed income securities in the investment portfolio, particularly those with long durations and fixed cash flows, typically decreases if expected inflation increases interest rates (the mechanism being as described under 'interest rate risk' above). The values of other investments, like equity and inflation-linked securities and, or property assets, may increase with inflation
- **general market risk** – the value of the investment portfolio will fluctuate as the equity and bond markets fluctuate. The value of the investment portfolio may decline because of economic changes, (including but not confined to the specific interest rate risks and inflation risks detailed above) or other changes including developments and trends in any particular industry, the financial condition of issuers of such assets, and national and international political events and policy developments
- **counterparty risk** – we enter into derivative contracts with banking counterparties and futures exchanges as part of the investment process. If a counterparty is unable or unwilling to make timely payments to honour its obligations under a contract, ACC may incur a full or partial loss on the derivative. The values of derivative contracts can also change quickly as market conditions change, which in turn means the exposure to counterparties can change quickly. ACC uses cash collateral and margining to offset this exposure
- **liquidity risk** – the investment portfolio requires exposure to liquid assets to both meet the claim costs of the ACC Scheme and take advantage of opportunities in investment markets. Liquidity risk exists when investments are difficult to sell, possibly forcing us to sell at disadvantageous prices. Derivatives involving substantial market risk also tend to involve greater liquidity risks. Liquidity risks can arise from the need to post large amounts of cash collateral or margin to counterparties of derivatives trades as market conditions change, and if sizeable funding activity from the ACC Scheme requires the sale of securities to meet unexpected liquidity requirements
- **climate change risk** – the impacts of climate change, such as higher temperatures, rising sea levels, more frequent extreme weather events and adverse health impacts, present current and emerging risks to ACC. ACC's investment portfolio is exposed to the physical risks that result from climate change and transition risks that arise from attempts to combat climate change.

Active management

Active portfolio management is an integral part of ACC's investment beliefs and is important in achieving ACC's investment objectives. Active portfolio management allows ACC to identify and exploit market opportunities, enhance returns and manage risks.

ACC continues to actively manage all its investment portfolios. The majority of ACC's investments are actively managed by the in-house investment managers. ACC manages most of its Australasian funds internally, and uses external fund managers for all its global investment mandates.

ACC Investments Code of Conduct

The ACC Investments Code of Conduct establishes rules to ensure that the Investment Group complies with the Financial Markets Conduct Act 2013 and that investment staff manage personal investments, conflicts of interest and offers of gifts or hospitality appropriately. The investment portfolio is managed to the highest ethical standards. The Investment Group maintains a culture of compliance that is consistent with its position as a Crown Agent and as a leading investment fund. This means:

- being fully aware of, and complying with, all applicable legal obligations and internal policies and guidelines
- readily identifying and appropriately addressing any instances of non-compliance (actual or potential) to eliminate or minimise ACC's exposure to legal or reputational risk.

Ethical Investment Policy

ACC's Ethical Investment Policy⁵ requires ACC to consider the ethical implications of ACC's investments as well as ACC's fiduciary responsibilities. ACC seeks to avoid investing in entities involved in activities that would be considered unethical by a substantial majority of the New Zealand public. ACC uses New Zealand law as a reflection of the principles widely held by the New Zealand public. ACC also draws on international conventions such as the United Nations Global Compact and the Principles for Responsible Investment (PRI). ACC also aims to avoid investing in entities that exhibit corporate behaviour that seriously breaches ethical/responsible investing standards.

The ACC Board provides overall guidance on the types of activity that are considered unethical. The ACC Board has highlighted activities that are considered unethical. These include tobacco companies, cannabis companies, those involved with the development and/or production of anti-personnel mines, cluster munitions, nuclear explosive devices, automatic or semi-automatic guns for

civilian use and the hunting or processing of whales, and companies that generate more than 30% of their revenue from thermal coal.

ACC aims to continue to earn strong investment returns for levy payers in the future and reduce the costs that New Zealanders pay for accident cover, while also meeting our ethical responsibilities.

In 2019 ACC committed to a 50% reduction in the carbon intensity of the global equity portfolio by 2030 compared to 2019 levels.

The ACC Board revised the targets in 2021, committing to a 60% reduction by 2025 and a 65% reduction by 2030.

Significant progress has been made towards these targets, with a commitment to review the targets on an iterative basis.

Principles for Responsible Investment

ACC became a signatory to the Principles for Responsible Investment in March 2008. These principles provide investors with a framework to incorporate environmental, social and governance issues in their investment decision-making and ownership practices. As a signatory ACC is committed to adopting and implementing the principles where consistent with our fiduciary responsibilities.

Crown Financial Institutions – Responsible Investment Framework

ACC takes into account its role and responsibilities as one of New Zealand's Crown Financial Institutions. This role was reaffirmed under the Crown Responsible Investment Framework, announced in October 2021.

ACC, alongside the NZ Super Fund, Government Superannuation Fund and National Provident Fund, has committed to making reductions in the portfolio carbon footprint in line with achieving net-zero global emissions by 2050, and reporting on these reductions using common metrics.

As part of this, the Crown Financial Institutions will seek to invest in climate solutions consistent with their respective investment strategies and commercial mandates. They will also use their collective influence as asset owners to engage with companies on climate change and emission reductions.

⁵www.acc.co.nz/assets/corporate-documents/ethical-investment-policy.pdf

Investment valuations

We have an Investment Valuations Policy that governs how ACC values non-traded investments such as property and private equity, the timeframes for changing valuation managers and the specific requirements in doing so.

ACC manages its financial statements in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complies with Tier 1 Public Benefit Entity accounting standards. To ensure assets are measured accurately and without bias, ACC maintains independence between those responsible for managing the investments and those responsible for valuing the investments. For material investments where no observable market prices are available, the Investment Group obtains independent third-party valuations. Independent third-party valuers must be managed on a rotation policy. The policy requires ACC to ensure it follows ACC's Procurement Policy, which ensures independence within ACC on the selection of valuers.

Cost management

ACC uses a market-recognised measure – the management expense ratio (MER), which includes all the investment costs for the management of the portfolios. ACC undertakes best practice cost benchmarking to ensure cost transparency and efficiency. The BIC monitors ACC's investment MER on a quarterly basis and reviews it against peer funds and other Crown Financial Institutions.

Measuring performance

The oversight of investment performance is a primary function of the BIC, with independent reporting provided by the Investment Risk and Performance team.

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.

The Investment Group measures the performance of each portfolio against a relevant benchmark and measures ACC's overall investment return against a composite benchmark.

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, ACC expects 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.

Standards and procedures

The investment strategy and policies are implemented through standards and procedures that sit outside this document. Standards and procedures are monitored and controlled centrally by the ACC Investment Compliance team and are reviewed and reported to the BIC on an ongoing basis.



GLOSSARIES AND DIRECTORY

NGĀ RĀRANGI KŌRERO | HE RĀRANGI INGOA



Glossary of terms | He kuputaka

ACC Scheme

New Zealand's no-fault accident insurance scheme that provides cover to all New Zealanders and visitors to our country.

Accident Compensation Act 2001

The major piece of legislation under which ACC is governed.

Bridging measures

Metrics that give visibility on key strategic areas, but which do not yet have performance targets. These relate to new strategic goals. As data accumulates, evidence-based performance targets will be set.

Business customer

A business that pays a levy under the Scheme.

Client

A person who makes a claim under the Scheme.

Consumer price index

A measure of the price change of goods and services purchased by private New Zealand households.

Crown entity

An organisation in which the Government has a controlling interest.

Customer

A client, provider or business customer.

Earners' Account

The Account for non-work injuries to people in employment that occur outside work (e.g. at home or playing sport), that are not motor vehicle or treatment injuries.

Entitlement claim

A claim that has received additional support, such as weekly compensation or social or vocational rehabilitation for a covered injury, as well as any funded medical treatment required.

Funding ratio

The measure of the applicable assets available to cover the value of what is intended to be the fully funded portion of the liabilities in each ACC Account. The funding position is expressed as a ratio of the assets divided by the liabilities for each Account. The calculation of the applicable assets and liabilities is defined in the funding policy.

Gradual process claims

Claims as a result of injuries that occurred due to prolonged exposure in the workplace to conditions that resulted in some form of harm (e.g. hearing loss).

Gross domestic product (GDP)

The standard measure of the value added created through the production of goods and services in a country during a certain period.

Health provider

A person or organisation providing a treatment or rehabilitation service to a client (e.g. a GP or physiotherapist).

Huakina Te Rā

Our enterprise strategy for 2023-2032. Huakina Te Rā means 'open the sail', and is the command that calls ACC to action, engaging the sails of our waka into momentum towards our destination. Underpinned by Te Tiriti o Waitangi/The Treaty of Waitangi our strategy seeks to achieve equitable wellbeing outcomes for the people we serve. It is developed with a dual framework that acknowledges both Te Tiriti partners as represented by a waka hourua.

Labour cost index

A measure of the increased cost of salaries and wages paid to workers, commonly expressed as an annual percentage.

Levies

Amounts charged, separate from general taxation, and used to cover the cost of injuries caused by accidents within the Motor Vehicle, Earners' and Work Accounts.

Long-Term Claim Pool

A Long-Term Claim Pool client has received weekly compensation for more than 365 days.

Motor Vehicle Account

The Account for all road-related injuries.

New claims registered

Total number of new claims registered. Presented as a rolling 12-month result.

Non-Earners' Account

The Account for injuries of people not in the workforce, such as children and retirees.

Outstanding Claims Liability (OCL)

An estimate of the present value of expected future payments on all existing ACC claims.

Primary prevention

Investment in intervention to prevent an event from ever occurring.

Return on investment

The return or benefit obtained from an investment over and above the original investment, commonly expressed as a percentage or ratio.

Statement of Intent

A statutory document that covers a four-year period and outlines our medium-term strategic intentions.

Strategic intentions

The areas that ACC has identified as needing the greatest focus during the period of the Statement of Intent 2023-2027.

Te Kāpehu Whetū

The name of ACC's Māori Outcomes Framework. The name Te Kāpehu Whetū means 'the Star Compass' and was gifted to ACC by the ACC Māori Cultural Capability team. The name acknowledges that ACC is on a journey towards achieving wellbeing outcomes for Māori and that it will need to use agreed markers (such as conceptual outcomes, measures and data) to ensure it reaches its destination.

Treatment Injury Account

The Account for injuries arising during medical treatment.

Waka Hourua

Waka Hourua means double-hulled canoe and represents a partnered approach between tangata whenua (the indigenous people of Aotearoa New Zealand) and tangata Tiriti (people in Aotearoa, New Zealand by right of Te Tiriti o Waitangi/The Treaty of Waitangi) toward a common purpose.

Weekly compensation

Payments to a client who cannot work because of an injury, based on 80% of their weekly income (capped) before the injury occurred.

Work Account

The Account for injuries that occur in the workplace.

Glossary of performance measures | He rārangi o ngā inega mahi

Actuarial movement (influenceable)

The percentage growth in the OCL (balance at the start of the year) from actuarial gains or losses, which arise from claim volumes, types, and costs differing from expectations where the drivers are at least partially influenceable by ACC.

Average weekly compensation days paid

The average number of weekly compensation days paid for all clients returning to work (exits) with fewer than 365 days paid. Presented as a 52-week rolling result.

Claim lodgement rate for Māori

The proportion of accepted claims for Māori compared to the Māori population of New Zealand (number of claims made per 1,000 of population). Presented as a rolling four-quarter result.

Employee engagement

Employee engagement is the grand mean (average of averages) of results across 12 questions. The questions cover aspects of engagement, including basic needs, management support, teamwork and belonging, and growth. This is measured annually using a Gallup survey tool.

Growth rate of the Long-Term Claim Pool

The proportional change or growth in the number of clients who have received weekly compensation for more than 365 days. Presented as a point-in-time result.

Investment performance after costs relative to benchmark

A measure of ACC's investment performance after costs compared with the industry standard. Measured as the percentage above the blended market average benchmark. Presented as a year-to-date result.

New year costs' movement

Annual movements in the expected lifetime costs to ACC of new accidents, excluding the effects of legislation and policy changes and changes in economic conditions. Presented as a point-in-time result.

Number of privacy breaches (notifiable to the Office of the Privacy Commissioner)

The number of privacy breaches notifiable to the Office of the Privacy Commissioner based on regulated criteria for mandatory notification. Presented as a year-to-date result.

Overall system uptime

The percentage of time in which key applications and networks are available to perform required functions. Presented as a year-to-date result.

Percentage of total expenditure paid directly to clients or for services to clients

The proportion of expenditure (claims paid and administration costs) paid for clients (claims paid). Investment costs are excluded. Presented as a year-to-date result.

Public trust and confidence

The proportion of the general public who report feelings of trust or high trust in ACC. Respondents rate their trust and confidence on a scale of 0 to 10. A rating of 7 to 10 corresponds to 'trust/high trust'. Presented as a rolling four-quarter result.

Reduction in corporate emissions

The reduction in our corporate carbon emissions compared to the benchmark year of 2018/2019. Our corporate emissions are the tonnes of carbon dioxide equivalent (tCO₂-e) of our corporate-related Scopes 1 and 2 and certain Scope 3 emissions calculated using activity data and the Ministry for the Environment's emissions factors. We currently measure air travel, electricity, electricity transmission and distribution losses, staff commute and ground travel (taxis, rental cars, fleet, private mileage), hotel stays, freight, staff working from home, waste, waste water, and water supply. Presented as a point-in-time result.

Reduction in the carbon intensity of the global equity portfolio

The total reduction, compared to the base year of 2018/19, in the total carbon emissions for which our investee companies are directly responsible. Included in the measurement are the emissions generated in the production of the energy they use, and the emissions embedded in the fossil fuel production volumes of reserves' owners in the energy sector and the diversified metals and mining industry. Presented as a point-in-time result.

Return on investment – Injury Prevention

The return on investment from our injury prevention investments. This consists of two parts: the historical value of claims saved divided by the cost of the interventions to date, and the 10-year expected claims saved divided by the likely future cost of the interventions. The future investment and value of claims saved in the calculation of the return on investment are discounted using our expected investment rate of return. The measure excludes ACC's investment with WorkSafe New Zealand. Presented as an evaluation of the costs and savings at a point in time.

Return to independence for those not in the workforce

The proportion of clients (who have never received weekly compensation) who have returned to independence (ceased receiving any entitlement payments) in 12 months. Excludes serious injury claims. Presented as a rolling 12-month result.

Sustained return-to-work rate

A survey measure to understand the percentage of clients in the Work Account who have returned to work and have remained at work. Presented as a rolling four-quarter result.

Directory | He rārangi ingoa

Our three main contact centres are open Monday to Friday, 8am to 6pm.

Claims

0800 101 996

claims@acc.co.nz

Business

0800 222 776

business@acc.co.nz

Providers

0800 222 070

providers@acc.co.nz

Claims

General claims questions	0800 101 996	claims@acc.co.nz
From overseas	+64 7 848 7400	sensitiveclaims@acc.co.nz
Sensitive claims	0800 735 566	Sensitive Claims PO Box 430 Dunedin 9054
Deaf services		deaf@acc.co.nz
Language and cultural services	0800 101 996	

Business and levies

Business and levies	0800 222 776	business@acc.co.nz
From overseas	+64 7 859 8675	ACC Business Service Centre PO Box 795 Wellington 6140
Managing employee injuries (Injury management)	0800 101 996	returntowork@acc.co.nz collections@acc.co.nz
Collections and recoveries	0800 729 538 +64 4 805 4296	ACC Collections and Recoveries PO Box 242 Wellington 6140

Providers

		providerhelp@acc.co.nz
Health and service providers	0800 222 070 0800 222 183 (Fax)	Northern Service Centre PO Box 90341 Auckland 1142

General questions

		information@acc.co.nz
General questions	04 816 7400	ACC PO Box 242 Wellington 6140
Statistics	0800 650 222	statistics@acc.co.nz customerfeedback@acc.co.nz
Complaints and feedback	0800 650 222 0800 750 222 (Fax) +64 7 859 8560 (Overseas)	Customer Resolution Freeport 264 PO Box 892 Hamilton 3240
Media		media@acc.co.nz ACC Media Team PO Box 242 Wellington 6140



**He Kaupare. He Manaaki.
He Whakaora.**
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0800 101 996



**Te Kāwanatanga
o Aotearoa**
New Zealand Government

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