

2025/26

Quarter one Performance Report

September 2025



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

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How to read this report

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

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

Performance summary

Our current performance against current Service Agreement¹ targets

After the first quarter, overall performance is trending positively. We are on track to achieve our targets set in the Service Agreement 2025/26 (signed in June 2025) for all but one measure. Return to work rates across all durations are improving, noting that further improvement in the ten-week rate is required and is an area of operational focus. The growth rate of the long-term claims pool has reduced to 5.7% and the net increase in the pool was limited to 204 clients over the quarter, better than the current target trajectory.

Claims costs are 2% below budget, with expenditure currently forecast to be lower than budget in key areas (weekly compensation, social rehabilitation and elective surgery), reflecting performance improvements and our deliberate focus on cost management.

This quarter, we recorded a \$13 million reduction in the outstanding claims liability from claims experience (actuarial release) where our actions could, at least partially, improve performance. This reduction was related to weekly compensation and social rehabilitation. Specifically there is an actuarial release of \$87 million for non-serious, non-sensitive weekly compensation. This reflects our focus on performance improvement over the past six months.

The Minister for ACC and the Government have set clear expectations for ACC to turnaround performance, through improved organisational performance, delivering better rehabilitation outcomes and better managing the treatment and rehabilitation costs of the Scheme. New more ambitious targets are expected to be set.

Our plans to improve performance

While our current performance trajectory is positive, we know there is more work to do.

Significant changes are required to ensure the Scheme is affordable and future generations of levy payers do not carry the cost burden of injuries that occurred in earlier years. This requires deliberate organisational focus and a return to our core purpose: providing timely, necessary and appropriate support to injured New Zealanders.

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

This includes improved short and long-term rehabilitation performance, better management of Scheme boundaries and pressures, improving our case management system, making better use of technology, and designing a future state rehabilitation system.

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

This will be supported by a new strategic direction and priorities and a focus on high performance and a safe, positive and inclusive culture.

This report includes information (pages 14 and 15) on the key Turnaround Plan actions we are taking to improve performance.

A revised Service Agreement for 2025/26 (from 1 January 2026) is expected to be finalised in quarter two. Subsequent quarterly reporting will reflect the revised document.

¹ Service Agreement 2025/26, signed June 2025.

Key performance measures

Claims management

MEASURE	RESULT	TARGET	TREND	OUTLOOK	PAGE
Return to work: 10 weeks	60.2%	62.2%	Stable	A	05
Return to work: Nine months	88.4%	88.8%	Improving	G	05
Return to work: One year	91.2%	91.4%	Improving	G	05
Return to independence for those not in the workforce	82.7%	82.5%	Stable	G	05
Growth rate of the long-term claims pool	5.7%	6.6%	Improving	G	06
Long-term claims pool returns to independence	8,191	8,610	Improving	G	06

Organisational excellence

MEASURE	RESULT	TARGET	TREND	OUTLOOK	PAGE
Employee engagement	4.14	4.00	Stable	G	13
Number of privacy breaches	0	<10	Stable	G	13
Overall operational system availability	99.9%	99.8%	Stable	G	13
Reduction in corporate emissions	39%	21%	Stable	G	13
Reduction in carbon intensity of the global equity portfolio	74%	60%	Stable	G	13

Scheme sustainability

MEASURE	RESULT	TARGET	TREND	OUTLOOK	PAGE
New year costs movement excluding legislation and policy changes	+0.02% (\$2m)	Between -2% to 0%	Stable	G	07
Actuarial movement (influenceable)	-0.02% (-\$13m)	Between -2% to 0%	Stable	G	07
Investments performance after costs relative to benchmarks ²	+0.36%	+0.15%	Stable	G	07
Percentage of total expenditure paid directly to clients or for services to clients	90.9%	90.7%	Stable	G	07
Public trust and confidence	62%	57%	Stable	G	12
Injury prevention return on investment	\$1.85	\$1.78 to \$1.98:\$1	Stable	G	11
Claim lodgement rate for Māori	NEW	> previous year	-	-	04

Key to tables

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

² Measure changed in 2025/26 to rolling 10-years

Claims management

Claim volumes

MEASURE	RESULT	BUDGET /TARGET	OUTLOOK 2025/26
New claims registered	2,102,689	2,128,987	
New Weekly Compensation claims	106,684	112,458	
Claim lodgement rate for Māori	<i>New</i>	<i>> previous year</i>	-

- The rolling 12-month growth rate for new claims registrations has fallen to 2.0%. This growth rate remains higher than the full year budget (1.5%).

New claim registrations in September 2025 were 1.6% higher than in September 2024. Quarter one 2025/26 new claims registrations were 1% higher than quarter one 2024/25 .
- The rolling 12-month growth rate for weekly compensation is now 0.1%. This growth is considerably lower than the full year budget of 5.4%.

New weekly compensation claims were ~3% higher in September 2025 compared to September 2024. Quarter one 2025/26 weekly compensation claims are ~2% lower than quarter one 2024/25 .
- Analysis has demonstrated a strong correlation between claim volume growth and four key drivers; population, GDP, unemployment and distance driven. We use forecasts from the Treasury and other agencies to update our forecast models. This will next be completed in early 2026. We forecast claims volumes to ensure we can respond to demand for our services. If actual claim volumes differ significantly from forecast, our ability to achieve performance targets may be affected.
- For 2025/26 onwards we have changed the methodology of the claim lodgement rate for Māori to align with our annual Access report. The Access Report is required by legislation to monitor access to the Scheme by identified population groups. This measure relies on external information sources that does not align with end of quarter. Results will be updated periodically when available through the year.

New registered claims compared to budget – Rolling 12-months



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



Claims management

Short-term rehabilitation

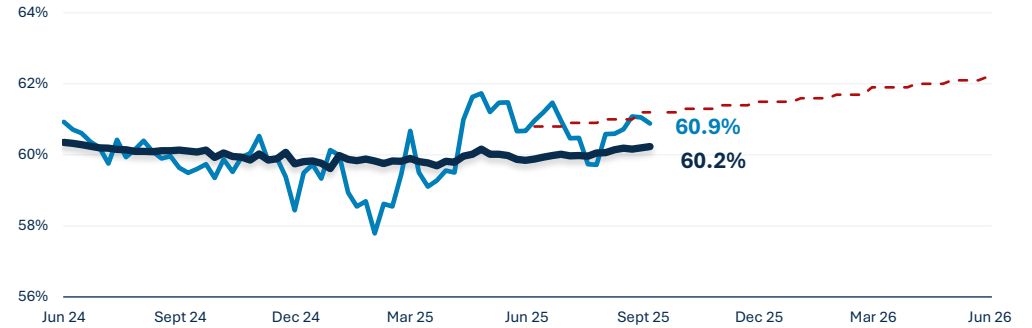
MEASURE	RESULT	TARGET	OUTLOOK 2025/26
Return to work: Ten weeks	60.2%	62.2%	A
Return to work: Nine months	88.4%	88.8%	G
Return to work: One year	91.2%	91.4%	G
Return to independence for those not in the workforce	82.7%	82.5%	G

- As reported weekly and monthly, we have continued to see improvements in rehabilitation performance throughout September, with results continuing to track generally at or ahead of the trajectory required to meet current Service Agreement targets by year-end.
- Return to work: Ten weeks result remains stable, while the nine month and one year results are continuing to improve compared to results in 2023/24 and 2024/25.
- The 13-week rolling results for all three measures is higher than the 52-week rolling average, suggesting that further improvements in the longer-term results are likely. The nine month and one year results are above the trajectory required to achieve year-end targets.
- While these results are all improving, the return to work: ten weeks is below the trajectory required to achieve 62.2% at year-end. Improving active management and review of claims at four weeks will improve the return to work: ten weeks performance and is an area of focus.
- These positive shifts are the result of our relentless focus on driving improvements in rehabilitation performance.
- Details of our actions and progress of delivery to improve rehabilitation performance are included on pages 14 and 15.

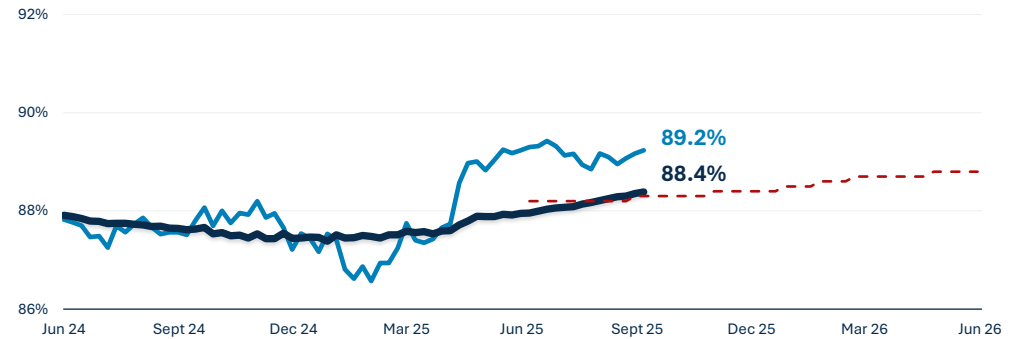
Return To Work Rates

— 52 Weeks Rolling — 13 Weeks Rolling - - SA Trajectory

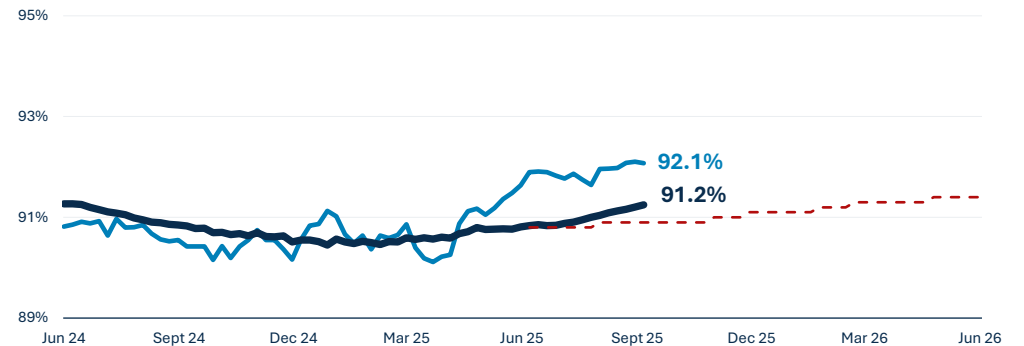
Ten weeks



Nine months



One year



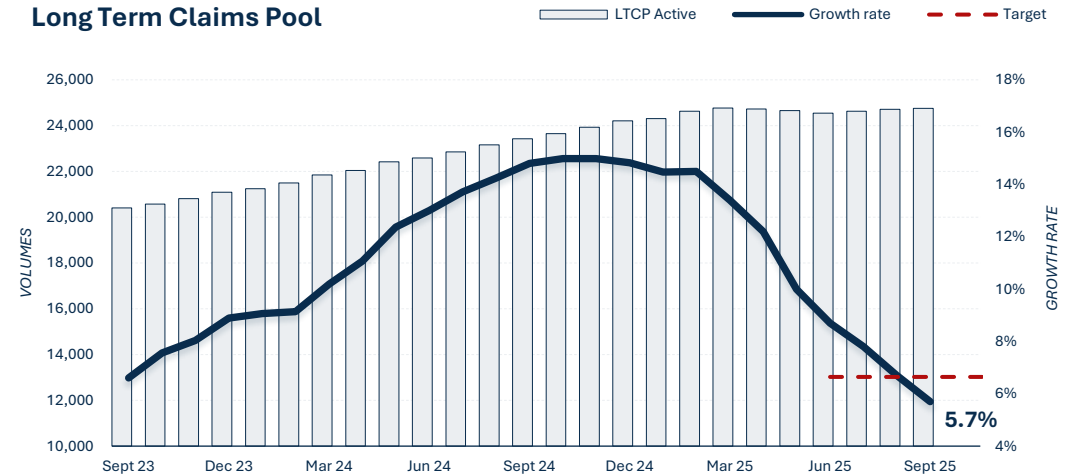
Claims management

Long-term rehabilitation

MEASURE	RESULT	TARGET	OUTLOOK 2025/26
Growth rate of the long-term claim pool	5.7%	6.6%	G
Long-term claims pool returns to independence	8,191	8,610	G

- The growth rate of the long-term claims pool continues to reduce and is now at 5.7%, outperforming the Service Agreement target of 6.6%. There are now 24,753 long-term claims, reflecting a net increase year-to-date of 204 net claims.
- Based on the current performance trajectory, the forecast growth rate of the long-term claims pool could be below 4% at year-end. This growth is lower than the target trajectory, meaning associated weekly compensation costs are also lower than budget.
- This quarter we are reporting an actuarial release of \$87 million for non-serious, non-sensitive weekly compensation. This is driven by better-than-expected rehabilitation rates for claims under five years resulting in lower-than-expected active claim volumes.
- There has been a sustained improvement in performance since December 2024. This performance improvement can be attributed to the deliberate interventions and changes we have made to improve outcomes.
- We will continue our relentless focus both on supporting client outcomes prior to them becoming a long-term client (more than 365 days of weekly compensation) and on supporting timely rehabilitation outcomes for long-term clients.

Long Term Claims Pool



Long Term Claims Pool YTD Movement

YEARS	1 - 2	2 - 4	4 - 7	7 - 10	10 +	TOTAL
Net Movement						
TOTAL	-288	238	117	70	67	204
Other³	-184	242	121	61	56	296
Long Term Service Claim	-102	-43	-40	-23	-39	-247
Sensitive Claim	1	45	29	34	46	155
Serious Injury	-3	-6	7	-2	4	0

Long Term Claims Pool Volume: 30 September 2025

	6,111	6,128	4,420	2,416	5,678	24,753
TOTAL	6,111	6,128	4,420	2,416	5,678	24,753
Other³	5,560	5,167	3,041	1,241	979	15,988
Long Term Service Claim	249	257	592	622	2,210	3,930
Sensitive Claim	191	449	464	302	683	2,089
Serious Injury	111	255	323	251	1,806	2,746

³ 'Other clients' includes injured people with claims that have not been identified as a:

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

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

Scheme sustainability

Financial performance

MEASURE	RESULT	TARGET	OUTLOOK 2025/26
New year costs movement excluding legislation and policy changes	+0.02% (\$2m)	Between -2% to 0%	G
Actuarial movement (influenceable)	-0.02% (-\$13m)	Between -2% to 0%	G
Investments performance after costs relative to benchmarks	+0.36%	+0.15%	G
Percentage of total expenditure paid directly to clients or for services to clients	90.9%	90.7%	G

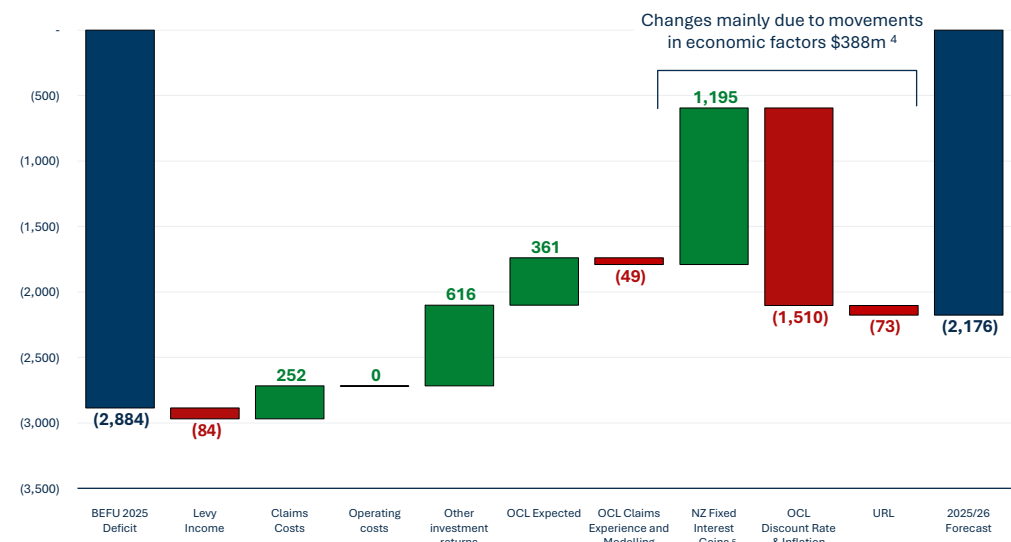
Strong investment gains remain the largest driver of year-to-date \$353 million surplus, \$569 million ahead of the budgeted deficit. We are forecasting a full year deficit of \$2.2 billion that is favourable to budget by \$708 million.

The year-to-date result was largely due to favourable investment market performance of \$2,049 million, which was enough to fully offset an unfavourable \$1,538 million movement in the OCL.

Our underlying financial performance (excluding investment performance and OCL movements) was also favourable to budget by \$38 million, mainly due to lower-than-expected claims costs and operating costs, partially offset by lower levy income.

- **Levy income** is unfavourable by \$32 million year-to-date and continues to reflect a shift towards lower-risk industries by levy payers. This trend likely reflects current economic conditions, with reduced activity in higher-risk industries like construction and manufacturing.
- Improved rehabilitation outcomes and lower claims volumes are key drivers of a 2% year-to-date savings in **claims costs**, refer page 9 and 10.
- **Operating costs** favourable to budget by \$15 million (7%). We are committed to managing operating costs within budget, whilst improving rehabilitation performance and claims management. Re-prioritisation and rephasing of planned expenditure will be completed to achieve this.

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



⁴ Economic factors impact most parts of the Scheme. The movements in these categories are directly, but not entirely, caused by movements in economic factors. For instance, the URL can also be affected by changes in claims experience. And economic movements directly and indirectly influence levy income; other investment returns and the OCL expected.

⁵ Actual gains in the following investment portfolios: Reserves Cash, NZ Long Bonds, NZ Inflation Indexed Bonds, Interest Rate Derivative Asset Allocation Overlay, and Operational Cash. These gains are influenced by the economic drivers for the OCL (discount rates and inflation) although with lesser sensitivity.

Scheme sustainability

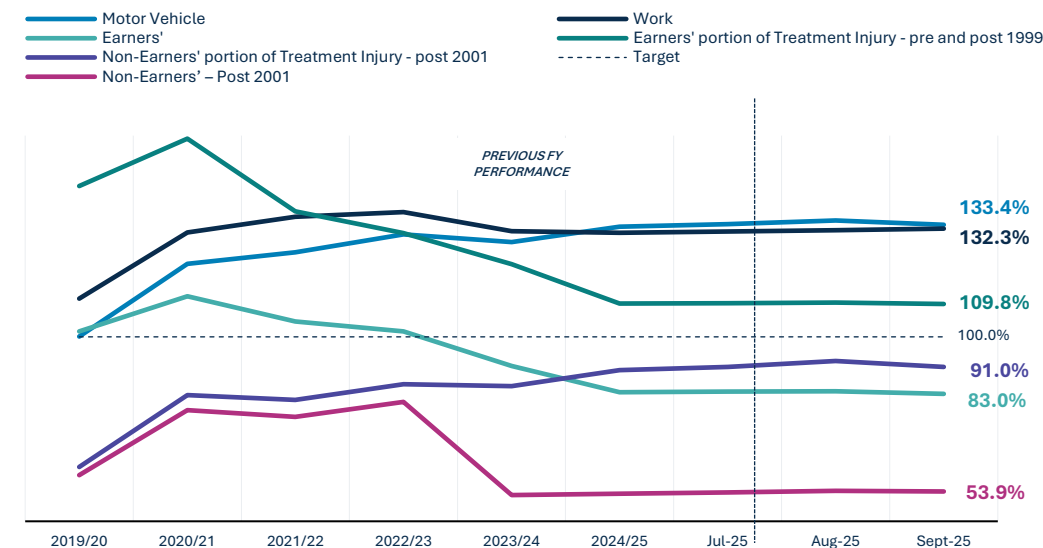
Investments performance

- The investments portfolio returned a performance of 5.22% (after costs) year-to-date. This was largely due to New Zealand fixed interest portfolios, benefiting from falling interest rates and expectations of further easing of by Reserve Bank of New Zealand. Global equities also contributed positively, led by easing trade tensions and surging interest in AI related stock. Despite this, the portfolio underperformed by 0.42% to the benchmark due to security selection decisions in the global equity asset class and stale private market valuations.
- The rolling 10-year performance was 7.37% (after costs) and outperformed benchmark by 0.36%.

Outstanding claims liability

- Year-to-date the OCL⁶ has increased by \$2,260 million to \$65,815 million. The key components of this include:
 - Expected Increase:** \$543 million. This is the expected net change in OCL due to new claims coming onto the Scheme, and existing claims being paid/exiting the Scheme. This was \$178 million better than budget due to favourable movements in economic factors since budget was set in February 2025.
 - Performance Related:** \$46 million actuarial strain (refer page 10 and 11) comprising:
 - \$13 million influenceable release
 - \$59 million strain due to non-influenceable factors
- Economic Impacts:**
 - \$1,536 million increase driven by the decrease in the single effective discount rate.
 - \$135 million increase driven by the increase in the projected inflation over the medium term.

Levied and non-levied funding ratios



Funding ratios

- Funding ratios for the Earners' Account and the non-levied Accounts are below the funding policy target of 100% as at September 2025
- The funding ratios of Earners' and Earners' portion of the Treatment Injury Account have decreased since June 2025. The change in funding ratios is driven by net cash outflow that is only partially offset by favourable investment income and economic changes to the OCL.
- The funding ratios of the Motor Vehicle, Work, Non-Earners' (post 2001), and Non-Earners' portion (post 2001) of the Treatment Injury Account have increased from June 2025. The change in funding ratios is driven by favourable investment income and economic changes to the OCL being greater than the net cash outflow.
- The Earners', Non-Earners' Account (post 2001), and the Non-Earners' portion (post 2001) of the Treatment Injury Account are all below their funding target. Based on existing claim trends this will require future levies and appropriations to be set above the future lifetime claims cost levels to return to full funding.

⁶ The OCL valuation used claims data from 30 June 2025 and 30 September 2025 economic assumptions.

Scheme sustainability

Claims costs and OCL

Weekly compensation

Claims costs

Compensation costs are \$32 million favourable (4%) year-to-date.

Actions to improve rehab performance have resulted in a ~\$47million better than budget result and lower volumes a further ~\$20 million. Fewer than budgeted fatal weekly compensation claims also contribute ~\$3 million.

Offsetting these positive results are wage inflation (\$29 million unfavourable) with the current wage inflation rate ~6% around double the budget (weighted). Wage inflation is expected to continue adding pressure to compensation costs over the remainder of 2025/26.

Large, backdated payments are another offset with \$16 million paid out over September, refer sensitive claims – page 10.

Additionally, vocational rehabilitation costs are \$1.6 million unfavourable. This is driven by higher than budget use of vocational assessments to support rehabilitation outcomes and higher than budget claim volumes accessing Stay at Work and Back to Work services.

Social rehabilitation

Care

Social rehabilitation costs are \$16 million favourable (4%) year-to-date. The main driver of the favourable variance is personal supports, with serious and non-serious injury care \$15 million favourable (9%) due to lower volumes and average cost per claim. This is also inclusive of the \$7 million unused allowance for support worker pay equity.

Activities aimed at strengthening compliance with eligibility criteria for Training for Independence services for non-seriously injured clients have translated to a \$3 million favourable variance (9%), with further work underway to improve controls.

Capital

Social rehabilitation capital costs are generally lower than at the same point last year. Housing modification costs (\$2 million favourable) and motor vehicle modifications (\$1 million favourable) can be impacted by irregular billing due to the time taken to undertake and complete modification work.

Total equipment costs are minimally over budget, and \$1 million (1%) lower than at the same point last year. Actions to address drivers of cost growth for rehabilitation equipment have resulted in a \$1 million (2%) favourable variance year-to-date. Consumables are \$1 million unfavourable (14%) with actions underway with the supplier to improve cost effectiveness and reduce waste.

OCL Influenceable: \$54 Million Release

Non-serious, non-sensitive weekly compensation (\$87 million release) from lower-than-expected active claim volumes due to better-than-expected rehabilitation rates (less than five years).

Serious Injury weekly compensation (\$33 million strain) from model refinement leading to an increase in the number and average cost of claimants expected to receive Loss of Potential Earnings, particularly in the Earners', Motor Vehicle and Non-Earners' Accounts.

OCL Influenceable: \$79 Million Release

Serious Injury Care (\$39 million release) from reduced utilisation of travel services, and lower-than-expected contracted care hours.

Serious Injury Capital (\$37 million release) from lower-than-expected payments for large capital items such as housing and vehicle modifications. This may prove in part to be due to the assumptions in the June valuation being set too conservatively. Time is required to confirm.

Scheme sustainability

Claims costs and OCL

	Sensitive Claims	Medical treatment	Elective surgery
Claims costs	<p>Payment for claims related to changes made to operationalise the Court of Appeal decision relating to sensitive claims currently make up ~40% of the large backdated weekly compensation payments and are expected to be around \$30 million above budget for the year.</p>	<p>Medical treatment costs are \$7 million favourable (1%) year-to-date. The primary drivers are lower claim volumes being seen by GPs (\$2 million), and lower than budget volumes in Integrated Care Pathways Musculoskeletal (ICPMSK) ICPMSK (\$4 million).</p> <p>Higher volumes for Physiotherapy (\$3 million) and Acupuncture (\$1 million) are offsetting this. Some increase in Physiotherapy was expected due to more consistent application of eligibility criteria for Training for Independence services. Some clients are now accessing Physiotherapy for rehabilitation as a more appropriate, and cost effective option.</p>	<p>Surgical treatment is \$2 million unfavourable (1%). Average costs increasing as a result of mix in surgery types and higher use and cost of some non-core surgery items (e.g. anaesthetic modifiers, implants). Whilst unfavourable to budget, overall costs are lower than last year, reflecting a slowing in the number of surgical procedures being undertaken.</p> <p>The high annual growth in surgery volumes has abated, with Health New Zealand outsourcing taking a greater share of private theatre capacity. This may improve the budget position over coming months but may adversely impact clients and claim costs from waiting longer for surgery.</p>
OCL	<p>Influenceable: \$76 Million Strain: Driven by higher-than-expected number of sensitive claims receiving counselling and other services.</p> <p>Non-Influenceable: \$59 Million Strain: Weekly compensation payments have increased significantly over the last year, due to significant levels of backdated payments likely linked to TN judgment.</p>	n/a	n/a

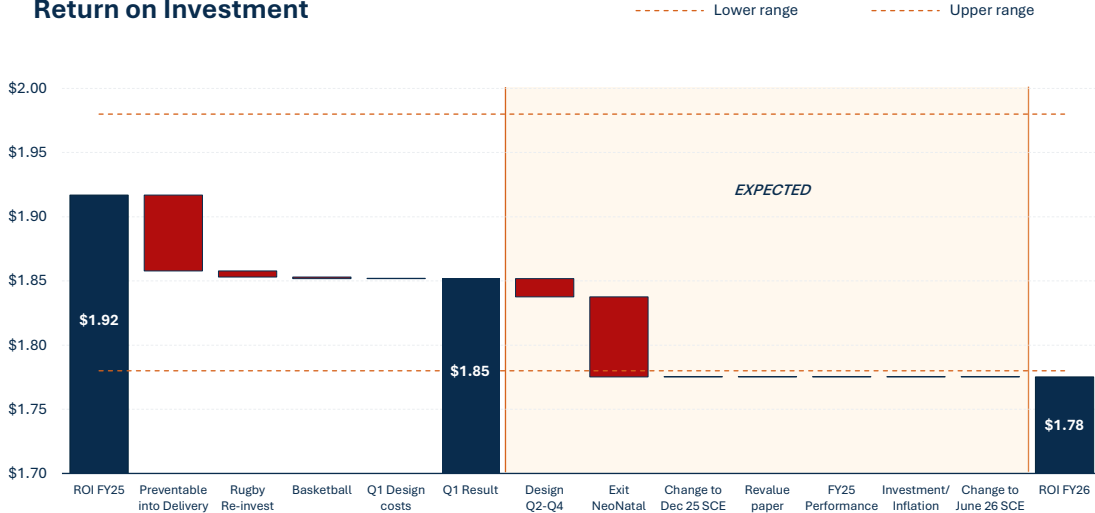
Scheme sustainability

Injury prevention

MEASURE	RESULT	TARGET	OUTLOOK 2025/26
Injury prevention return on investment (ROI)	\$1.85:\$1	\$1.78 to \$1.98:\$1	G

- In the first quarter, we estimate 3,906 claims were prevented. Strong results came from the prevention of Netball injuries (1,846) and Older Adult falls (1,401). These programmes are expected to deliver 45% of the 13,990 required for 2025/26 in the refreshed injury prevention strategy. To achieve the lower limit of \$1.78 of the ROI target for 2025/26, there needs to be ~11,200 claim prevented.
- DRIVE and Ride4Ever will contribute more than 50% of the value of the 2025/26 claims prevented (due to higher average claim cost). These two Road programmes had higher than expected results in the first quarter.
- Based on these movements the ROI will be at the lower end of the range (\$1.78) at year-end. This does not include any movement from annual processes (Revaluations and Standard Case Estimate update).

Return on Investment



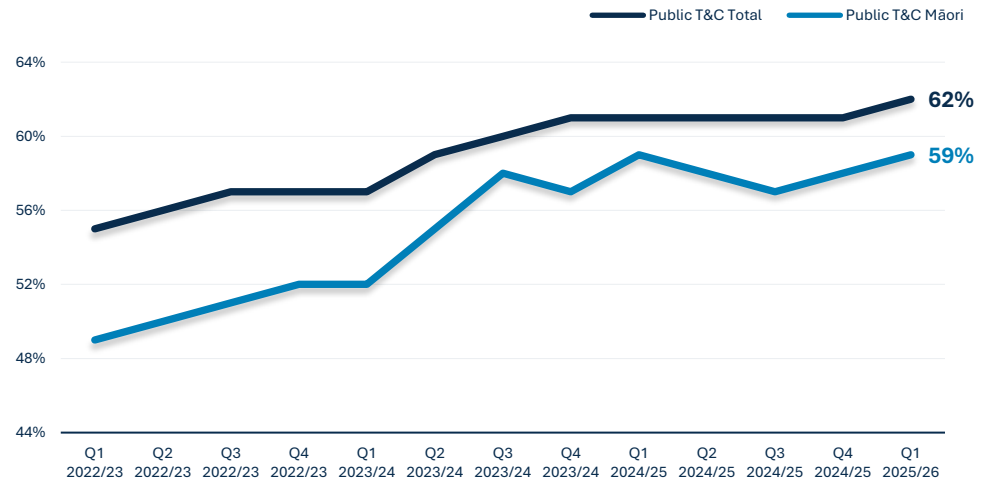
Scheme sustainability

Public trust and confidence

MEASURE	RESULT	TARGET	OUTLOOK 2025/26
Public trust and confidence	62%	57%	G

- Public Trust and Confidence in ACC improved to 62%, higher than the year-end target of 57%. Māori public trust returned to levels last seen in September 2024, now sitting at 59%.

Public trust and confidence



Organisational Excellence

MEASURE	RESULT	TARGET	OUTLOOK 2025/26
Employee engagement (annual)	-	4.00	G
Number of privacy breaches (notifiable to the Office of the Privacy Commissioner)	0	<10	G
Overall operational system availability	99.9%	99.8%	G
Reduction in corporate emissions	39%	21%	G
Reduction in carbon intensity of the global equity portfolio (June 2025)	74%	60%	G

Employee engagement

- In October 2025, our Employee Engagement Survey is open to gather valuable feedback from staff regarding how they feel about working at ACC. This will provide insight on what our people feel is working and how we can work together to improve our workplace. The results from the survey will be available early in the new year.
- We will adopt all the recommendations from the Board commissioned independent review of the workplace culture at ACC. The Board, Chief Executive and Executive team aim to deliver a well-coordinated and timely response to these findings. Leadership accountability is central, and the Board and Executive are responsible for driving and modelling the changes needed.

Privacy

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

Key Turnaround Plan actions to improve performance

Enhancing our claims management effectiveness

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

- Focus has been on investing in 285 additional claims management staff, including boosting dedicated functions supporting non-serious injury clients in the long-term claims pool back to work and independence.
- A series of learning campaigns to strengthen claims management (including return to work) capability is being developed. We are also engaging with Personal Injury Education Foundation (Australasian best practice training resources) to accelerate capability build.
- Improvements to claim management delegations, controls and the provision of clinical advice are also being progressed.

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

- We are building monitoring of our claim streaming tool to ensure claims are streamed correctly for management.
- A new expert 'check-in' at 28 days for clients accessing weekly compensation who are at-risk of delayed recovery is starting in Hamilton and Wellington targeting an improvement in return to work rates.
- We are also partnering with 120 business in a trial to test the effectiveness of recovery at work interventions.

Improving long-term claims performance

We are reducing the growth in the Long-Term Clams Pool by improving the vocational assessment process, and enabling better frontline decision-making.

- Improvements to the Initial Medical Assessment referral process were launched at the end of quarter one. The enhancements will improve the process for determining whether clients are vocationally independent.
- We are also piloting the use of interdisciplinary panels by case managers to support better client recovery decisions.

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

- At the end of the quarter we launched new learning materials and processes to support staff to consistently identify and respond when clients are not meeting their obligations to participate in rehabilitation.
- A review of long-term claims and their ongoing eligibility to entitlements commenced this quarter. This includes reviewing claims ensuring timely clinical rehabilitation advice to actively progress towards a recovery.
- We are reviewing our external medical case review service to identify any changes to increase external capacity and ensure case managers are proactively supporting clients to return to work and independence.

Key Turnaround Plan actions to improve performance

Strategic commissioning

We are improving how we commission health services.

- A Request for Proposal has been issued to procure suppliers to improve certification practices.
- Return to work surgeon reporting has been developed and return to work guidelines have been drafted for all targeted high-volume surgery types. We are currently seeking feedback from the New Zealand Orthopaedic Association.
- Design work to improve commissioning of clinical services, elective surgery and high tech imaging has started.

Reducing key claims costs: social rehabilitation and elective surgery.

We are reducing unnecessary or inappropriate social rehabilitation costs

- We are increasing monitoring through a dedicated team on the four highest cost social rehabilitation services.
- This quarter, a dedicated team was established to reassess social rehabilitation entitlements for claims. To-date, 51% of the claims reviewed have required a change to their supports. Insights from this work are being used to expand the claims being reviewed.
- Social rehabilitation capability building has been launched into frontline teams. Additional campaigns will be delivered through quarter two.

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

- The Shoulder Decision Support tool was introduced this quarter to support improved decision making around shoulder surgery requests. Support tools and decision-making frameworks to improve surgery decision making for lumbar spinal fusion and knee arthroscopy are being developed. This will include considering the 'necessary and appropriate' legislative criteria for knee arthroscopy.
- A surgery performance dashboard is scheduled to be provided to surgeons during quarter two to improve performance feedback and oversight.

Improving organisational health and capability

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

- Upgrades to the Cloud for our Levy Management System (Guidewire) and Claims Management System (Eos) will be deployed in quarter two and quarter four respectively.
- We are also working to improve our people systems, specifically replacing the ageing payroll system.

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

- ACC is strengthening the design of internal processes, including recruitment to make it more contestable, performance development to promote a high-performing organisation, governance and accountability to respond effectively to the recommendations of the external culture review.

Financial statements to 30 September 2025

Statement of financial performance

\$m	YEAR TO DATE – 30 SEPTEMBER 2025				PRIOR YEAR ACTUAL	FULL YEAR BUDGET
	ACTUAL ⁷	BUDGET	VARIANCE (\$m)	VARIANCE (%) ⁹		
INCOME						
Levy income (net of write off and provisions)	1,129	1,161	(32)	(3)%	1,075	4,767
Non earners' and other appropriations	641	641	(0)	(0)%	596	2,563
Sundry income	0	0	0	43%	0	1
Total income (excl. investment income)	1,770	1,802	(32)	(2)%	1,672	7,331
COSTS						
Treatment	884	892	7	1%	841	3,597
Rehabilitation	426	443	17	4%	423	1,776
Compensation	803	835	32	4%	785	3,352
Miscellaneous	20	18	(2)	(12)%	14	73
Total claims costs	2,133	2,187	54	2%	2,063	8,798
Injury prevention	13	22	9	41%	19	80
Enterprise change programme	20	18	(3)	(17)%	20	70
Depreciation and amortisation	8	8	0	3%	8	33
Core operating costs	173	183	9	5%	164	718
Total operating costs	214	230	15	7%	210	902
Total costs (excl. investment and OCL)	2,347	2,417	70	3%	2,273	9,700
Underlying performance (before investment and OCL results)	(577)	(615)	38	6%	(602)	(2,369)
Interest, dividend and rental income ⁸	467	435	33	7%	640	1,738
Net gains and losses on investments	2,189	162	2,027	-	1,743	653
Total investment income	2,656	597	2,060	345%	2,384	2,391
Investment management costs	(8)	(9)	1	13%	(15)	(44)
External fund manager fee	(9)	(10)	1	12%	(8)	(40)
Investment trading costs	(13)	-	(13)	-	(8)	-
Total investment costs (excl. Investment team)	(29)	(19)	(10)	(55)%	(32)	(83)
Performance from Investments	2,627	578	2,049	355%	2,351	2,308
Expected increase in OCL	(543)	(721)	178	25%	(895)	(2,885)
Impact of claims experience and modelling on OCL	(46)	-	(46)	-	(401)	-
Impact of claims experience and modelling on provision following court decisions	-	-	-	-	-	-
OCL model recalibration	-	-	-	-	-	-
Net gains / (loss) from changes in discount and inflation rates on OCL	(1,670)	-	(1,670)	-	(764)	-
Total OCL movement	(2,260)	(721)	(1,538)	213%	(2,060)	(2,885)
Expected increase in Unexpired Risk Liability	563	543	20	(4)%	451	62
Performance from OCL and URL	(1,697)	(178)	(1,518)	-	(1,610)	(2,823)
Surplus / (deficit)	353	(216)	569	263%	140	(2,884)

⁷ Actual – OCL adjustment is based on the full year valuation at 30 June 2025 and using the actual discount rate at 30 September 2025.

⁸ Investment returns are budgeted at between 5.75% - 6.83% for each Account. ACC chooses to incur many of the market risk exposures through its investment portfolios, either because they provide a natural offset to risks inherent in the outstanding claims liability, or because it expects to enhance returns through prudent exposure to these risks.

⁹ Percentage variances greater than 500% are presented as “-” as the variance is not meaningful

Financial statements to 30 September 2025

Statement of financial performance

\$m	MOTOR VEHICLE ACCOUNT			WORK ACCOUNT			EARNERS' ACCOUNT			TREATMENT INJURY ACCOUNT			NON-EARNERS' ACCOUNT		
	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET	YTD ACTUAL	YTD BUDGET	FY BUDGET
INCOME															
Levy income (net of write off and provisions)	119	122	500	260	276	1,133	724	731	3,005	26	32	129	-	-	-
Non earners' and other appropriations	-	-	-	-	-	-	-	-	-	81	81	325	559	559	2,238
Sundry income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income (excl. investment income)	119	122	500	260	276	1,133	724	731	3,005	107	113	454	559	559	2,238
COSTS															
Total claims costs	235	285	1,131	337	391	1,566	821	830	3,350	128	130	521	612	552	2,230
Total operating costs	20	22	84	54	53	209	81	89	350	16	17	65	44	49	193
Total costs (excl. investment and OCL)	255	306	1,215	391	444	1,775	902	919	3,700	144	146	586	655	601	2,423
Underlying performance (before Investment and OCL results)	(136)	(185)	(715)	(131)	(168)	(642)	(178)	(188)	(695)	(37)	(33)	(132)	(96)	(42)	(185)
Interest, dividend and rental income	141	120	482	107	98	390	114	108	430	57	54	215	48	56	222
Net gains and losses on investments	574	46	185	494	34	142	493	41	161	301	21	86	327	19	78
Total Investment costs (excl. investment team)	(8)	(6)	(25)	(6)	(4)	(18)	(8)	(5)	(21)	(4)	(2)	(10)	(4)	(2)	(9)
Performance from Investments	708	161	642	595	128	513	599	144	571	355	72	291	371	72	291
Expected increase in OCL	(83)	(128)	(511)	(90)	(111)	(443)	(196)	(268)	(1,071)	(79)	(98)	(393)	(96)	(117)	(467)
Impact of claims experience and modelling on OCL	38	-	-	51	-	-	(46)	-	-	(16)	-	-	(73)	-	-
Net gains / (loss) from changes in discount and inflation rates on OCL	(390)	-	-	(229)	-	-	(419)	-	-	(261)	-	-	(371)	-	-
Total OCL movement	(435)	(128)	(511)	(268)	(111)	(443)	(661)	(268)	(1,071)	(356)	(98)	(393)	(539)	(117)	(467)
Expected increase in Unexpired Risk Liability	(8)	0	0	195	179	(2)	376	364	64	-	-	-	-	-	-
Performance from OCL and URL	(443)	(128)	(511)	(73)	69	(446)	(285)	96	(1,007)	(356)	(98)	(393)	(539)	(117)	(467)
Surplus / (deficit)	128	(151)	(584)	391	28	(574)	136	52	(1,132)	(39)	(59)	(234)	(264)	(86)	(361)

Financial statements to 30 September 2025

Statement of financial position

\$m	AS AT 30 SEPTEMBER 2025				FULL YEAR 2024/25		FULL YEAR 2025/26	
	ACTUAL	BUDGET	VARIANCE (\$M)	VARIANCE (%)	ACTUAL	BUDGET		
ACCOUNT RESERVES								
Motor Vehicle	2,126	1,244	881	71%	1,998	812		
Work	2,380	1,893	486	26%	1,988	1,291		
Earners'	(5,278)	(4,837)	(441)	9%	(5,415)	(6,020)		
Treatment Injury	(2,417)	(2,479)	63	-3%	(2,378)	(2,655)		
Non-Earners'	(10,307)	(10,273)	(34)	0%	(10,042)	(10,548)		
Total reserves (deficit)	(13,496)	(14,452)	955	-7%	(13,849)	(17,120)		
ASSETS								
Cash and cash equivalents	236	200	36	18%	48	200		
Cash pledged as collateral	87	31	56	178%	22	31		
Receivables	723	616	107	17%	252	253		
Accrued levy revenue	2,112	2,133	(21)	-1%	3,835	4,310		
Investments receivables	254	413	(159)	-38%	434	413		
Derivative financial instruments	885	695	190	27%	801	690		
Investments	56,642	53,439	3,204	6%	54,490	52,923		
Property, plant and equipment	36	36	(1)	-1%	38	31		
Intangible assets	20	17	3	20%	24	3		
Total assets	60,997	57,580	3,416	6%	59,944	58,854		
LIABILITIES								
Cash collateral received	216	153	63	41%	357	153		
Holiday & Long Service Leave Liability	47	42	4	10%	47	42		
Investment payables	3,703	3,145	558	18%	3,870	3,145		
Other Payables and Accrued Liabilities	251	211	40	19%	247	125		
Derivative financial instruments	831	710	121	17%	507	710		
Unearned levy liability (ULL)	2,236	2,251	(15)	-1%	3,253	3,633		
Unexpired risk liability (URL)	1,394	1,337	57	4%	1,957	1,818		
Total Outstanding Claims Liability	65,815	64,183	1,633	3%	63,556	66,346		
Total liabilities	74,493	72,032	2,461	3%	73,793	75,974		
Net assets (liabilities)	(13,496)	(14,452)	955	(7)%	(13,849)	(17,120)		

\$m	ACTUAL
Investments	56,642
Net cash collateral	(129)
Net derivatives	54
Short-term deposits	231
Investment receivables	254
Investment payables	(3,703)
Total funds under management	53,350

Financial statements to 30 September 2025

Funding ratios

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

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

\$m	AS AT 30 SEPTEMBER 2025			AS AT 30 JUNE 2025
	ACTUAL	BUDGET	Target	ACTUAL
LEVIED ACCOUNTS:				
Motor Vehicle	133.4%	122.3%	100.0%	132.8%
Work - Including gradual process claims incurred but not yet made	132.3%	121.2%	100.0%	131.0%
Earners'	83.0%	80.8%	100.0%	83.5%
NON-LEVIED ACCOUNTS:				
Treatment Injury				
Non-Earners' fully funded portion	91.0%	90.3%	100.0%	90.1%
Non-Earners'				
Fully funded portion	53.9%	54.2%	100.0%	53.2%

Outstanding claims liability (OCL)

\$m	YEAR TO DATE			2024/25	FULL YEAR 2025/26
	ACTUAL	BUDGET	PRIOR YEAR ACTUAL	ACTUAL	BUDGET
Opening balance – 1 July	(63,556)	(63,462)	(60,220)	(60,220)	(63,462)
MOVEMENT DUE TO:					
Expected movement	(543)	(721)	(895)	(3,924)	(2,885)
Model recalibration	-	-	-	70	-
Impact of claims experience and modelling	(46)	-	(401)	(1,501)	-
Impact of change due to other factors	-	-	-	(38)	-
(Increase) / decrease in OCL	(589)	(721)	(1,296)	(5,393)	(2,885)
Impact of discount rate assumptions	(1,536)	-	(1,220)	2,000	-
Impact of change in inflation assumptions	(140)	-	523	153	-
Impact of adjustments due to key inflation indicators	5	-	(67)	(96)	-
Impact of economic assumptions and other factors	(1,670)	-	(764)	2,057	-
Closing balance	(65,815)	(64,183)	(62,280)	(63,556)	(66,347)
Total OCL Movements	(2,260)	(721)			
Long-term discount rate	4.80%			4.80%	4.30%
Single effective discount rate	5.00%			5.15%	4.95%

Financial statements to 30 September 2025

Statement of cash flows

\$m	YEAR TO DATE			FULL YEAR 2025/26	PRIOR YEAR
	ACTUAL	BUDGET	VARIANCE (\$m)	BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Levy revenue	2,015	2,107	(92)	7,207	6,657
Investment income	254	435	(181)	1,741	1,093
Sundry income	-	0	(0)	1	2
	2,269	2,542	(273)	8,949	7,752
Cash was applied to:					
Payments to injured persons, suppliers and employees	2,376	2,335	41	9,745	8,975
	2,376	2,335	41	9,745	8,975
Net cash movement from operating activities	(107)	207	(314)	(796)	(1,223)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES					
Cash was provided and applied to:					
Net purchase and sale of investments	296	(205)	501	803	1,217
Net purchase and sale of property, plant & equipment, and intangible assets	(1)	(2)	1	(7)	(14)
Net cash movement from investing activities	295	(208)	503	796	1,203
Net increase in cash and cash equivalents	188	(0)	188	-	(20)
Cash and cash equivalents – opening balance	48	200	(152)	200	68
Cash and cash equivalents – closing balance	236	200	36	200	48

\$m	ACTUAL			FULL YEAR 2024/25	
	SEPTEMBER-25 MTD	SEPTEMBER-25 YTD	SEPTEMBER-24 YTD	FULL-YEAR FORECAST	BUDGET
Cash transfer from Reserves to Operating Cash ¹⁰	(160)	(540)	(380)	(2,525)	-

¹⁰ The cash transfer from Reserves to Operating Cash includes two parts: 1) transferring long term investments to short term investment and 2) liquidating the short term investments to meet daily operational needs based on forecast cash requirements – this bridges the deficit in the net cash movement from operating activities. Example: subtracting Investment income (\$899) from the net cash movement from operating activities (\$1,178) = \$2,077 outflow. This is in line with the cash transfer from Reserves to Operating Cash – the minor discrepancy is due to forecast vs actual cash requirement

Managing risks

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

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

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

Scheme Sustainability and Long Term Funding Position

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

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

Health System Commissioning - Risk that ACC fails to strategically partner with health system leaders and manage providers to deliver improved client outcomes, quality and value for money.

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

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

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

Scheme Boundaries - Risk that changes to Scheme boundaries and services are not financially sustainable.

Strategic Risk

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

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

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

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

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

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

Operational Risks

Cyber & Information Security - Risk that ACC does not take all reasonable steps to protect our systems and information from cyber security threats.

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

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

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

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

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

Legal & Compliance Risks

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