

ACC's turnaround plan to deliver better outcomes for injured New Zealanders: 2025/26

People are taking longer to get back to work and independence, costing ACC more. Changes are needed to ensure the Scheme can continue supporting injured New Zealanders into the future.

ACC will progress activity to improve performance this year, aligned to the Minister for ACC's three priority areas, set through his Updated Letter of Expectations. These actions will also support delivering on the priorities of our new strategy for 2026-2029.

We will measure success through short and longer-term targets, outlined in ACC's accountability documents – our revised 2025/26 Service Agreement and Statement of Intent 2026-2030.

Priority one:

Putting clients first with care that leads to lasting recovery

- **Action one:** Ensure people are getting the social rehabilitation they need, through improved and more consistent decision-making
- **Action two:** Improve elective surgery decision-making and recovery outcomes
- **Action three:** Enhanced proactive monitoring and fraud detection.

Priority two:

Getting New Zealanders back to work and independence

- **Action four:** Grow the capability and capacity of ACC's frontline workforce
- **Action five:** Engage early with clients at-risk of delayed recovery
- **Action six:** Work with health providers to support faster and more sustainable returns to work
- **Action seven:** Actively support clients at-risk of entering the long-term claims pool
- **Action eight:** Supporting clients who are no longer eligible to transition to independence.

Priority three:

Resetting ACC and getting the organisation back to basics

- **Action nine:** Refine ACC's operating model to support long-term financial sustainability
- **Action ten:** Reset ACC's strategic direction and priorities
- **Action eleven:** Ensure ACC is a high-performing organisation, with a safe, positive and inclusive culture
- **Action twelve:** Ensure ACC's operating expenses represent value-for-money for tax and levy payers.



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

Turnaround plan to deliver better outcomes for injured New Zealanders: 2025/26

Board foreword

The Accident Compensation Scheme is under pressure. More people are taking longer to return to work and independence — particularly those with non-serious injuries, who should be able to recover faster with the right support.

This is driving up costs. Last year, we spent \$8.1b on rehabilitation, treatment and compensation, \$4.9b more than a decade ago.

If we don't act now, the Scheme will become unaffordable, challenging its ability to support future generations.

The Board acknowledges ACC's performance needs to improve. While some challenges are outside ACC's control — including inflation, challenges in the wider health system, and Court decisions expanding the Scheme's scope — many can be addressed through operational action.

The Board is committed to turning ACC around. We want to improve performance, ease financial pressure on levy payers, and deliver better outcomes for injured New Zealanders.

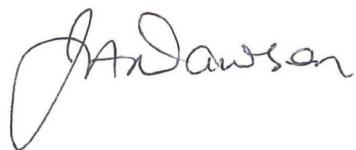
We're committed to protecting the financial sustainability of the Scheme, by returning ACC to its best ever performance levels in the coming years.

The priority areas the Minister has set through his Updated Letter of Expectations will guide this work, driving ACC to deliver excellent performance over the short and longer-term. This plan sets out how ACC will deliver on the Minister's expectations this financial year.

We know that effective delivery, financial discipline and organisational focus are critical. The Board will be closely monitoring delivery of this work.

We're focused on supporting ACC to 'get back to basics', ensuring New Zealanders receive the support they need to recover from their injuries and get back to work or independence.

By acting as good stewards of the Scheme, we'll ensure future generations can trust that it will be there for them when they need it.



Jan Dawson
Board Chair
Accident Compensation Corporation

Introduction

Through his Updated Letter of Expectations, our Minister has set clear expectations for ACC to develop a turnaround plan that delivers better rehabilitation outcomes for injured New Zealanders and ensures the Accident Compensation Scheme is financially sustainable for future generations.

ACC's performance has declined over the last decade

ACC has been a unique part of New Zealand society for over 50 years, delivering no-fault, comprehensive social insurance for personal injury, replacing the right to sue.

People with serious, life-altering injuries may require ongoing support from ACC throughout their lifetimes — but most people can fully recover and return to their day-to-day lives.

However, injured people are taking longer to return to work and independence. Ten years ago, only ~5% of clients receiving compensation for loss of earnings continued receiving this support from ACC one year after their injury. This has now increased to ~9%.

More clients are also relying on the Scheme long-term. Over the last decade, the number of clients accessing weekly income compensation for more than one year has grown significantly, from ~12,300 to ~24,500. Many of these clients don't have serious injuries and should be able to return to work or independence faster, with the right support.

ACC is also spending more on rehabilitation and treatment support for injured clients than ever before. This spend has increased from \$2.1b ten years ago to \$4.4b today, well above the rate of inflation or population growth.

These trends are putting the Scheme under financial pressure. The Scheme is intended to be 'fully funded', meaning it has enough money today to meet its expected costs into the future. This includes allowing for the significant costs of long-term support for seriously injured people.

ACC's estimate of these future costs is now ~\$63.6b, which is ~\$33.3b higher than ten years ago. This is significantly larger than the ~\$53.8b ACC has put aside to meet these costs. If current trends continue, ACC could have an overall funding gap of \$26.3b by 2030.

Introduction

Changes are needed to ensure the Scheme can support future generations

Throughout this year, the steps ACC has already taken to address these challenges have delivered early results. ACC's strengthened focus on proactive and targeted case management has resulted in more clients returning to work and independence, particularly those with less serious injuries, and reductions in associated costs.

But we know further changes are needed to ensure the Scheme is affordable and able to support future generations of New Zealanders. Through his Updated Letter of Expectations, the Minister has set clear expectations for ACC to develop a turnaround plan to drive improved performance over the short and longer-term.

This plan is underpinned by three overarching priorities set by the Minister, which will drive improved rehabilitation and organisational performance, and more cost-effective support for injured people. These priorities are closely aligned to the focus areas in ACC's new strategy for 2026-2029.

ACC has set new targets to drive a focus on high-performance over the coming years, which will be included in a revised 2025/26 Service Agreement and Statement of Intent 2026-2030. Delivering on these targets would see ACC's performance reach a level comparable with its best ever results, returning the Scheme to a balanced financial position and ensuring its long-term sustainability.

Priority areas:

1

Putting clients
first with care that leads to
lasting recovery

2

Getting New Zealanders back to
work and independence

3

Resetting ACC and getting the
organisation back to basics

These targets are deliberately ambitious and ACC's performance in these areas has been below expectations for some time. While it will take time to deliver the required improvements, New Zealanders can and should expect to receive world-class service from ACC, and for the Scheme's long-term sustainability to be protected.

This document sets out how ACC will progress towards these targets this financial year. This activity builds on what ACC knows is effective, through the work already underway that has delivered improved results throughout 2025.

This document also responds to recommendations from three reviews into ACC's performance: a Minister-commissioned review of ACC's approach to improving rehabilitation performance; a Board-commissioned review into aspects of ACC's organisational culture; and a Treasury-commissioned review of ACC's investment function.

ACC will publicly report on progress against its turnaround plan monthly, providing transparency on how performance is improving over time. The plan will also be closely monitored by the ACC Minister and Board, ensuring the organisation remains on-track to deliver its priority areas.

Introduction

Significantly improving performance will require ACC to change how it operates over time

To improve its performance in the short-term, ACC is prioritising a set of immediate, targeted actions to improve claims management and operational decision-making, engage differently with health providers, and build an organisational culture and strategic direction that enables excellent performance.

However, delivering on our longer-term performance ambitions will require more significant changes in how ACC operates, including:

- Strengthening case management to improve how ACC supports people through their recovery
- Standardising the care ACC provides to people with the same injury type
- Better matching people with the right kind of case management support
- Strengthening how we purchase and monitor health services to deliver more value
- Using new tools, channels, and automation to simplify processes and make them less manual
- Integrated performance reporting, including shared goals and better reporting tools.

Priority one: Putting clients first with care that leads to lasting recovery

Why this focus area?

ACC has spent significantly more on rehabilitation and treatment support over the last ten years. These cost increases are well above the rate of demand, population and inflation growth. This is especially true for two key supports — social rehabilitation and elective surgery.

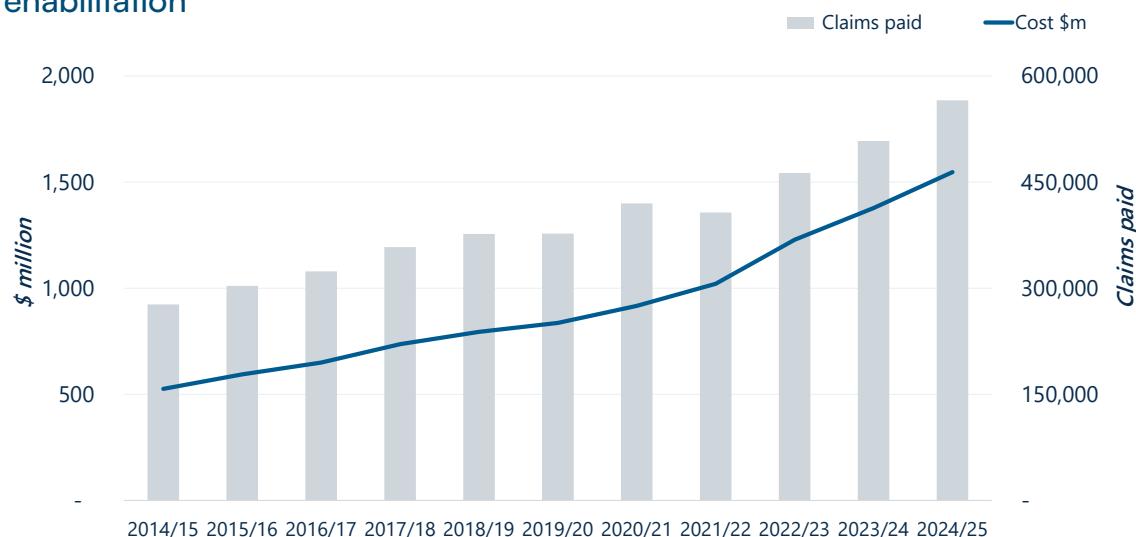
- *Social rehabilitation: non-medical services and supports intended to restore a claimant's independence to the maximum extent practicable¹.* Annual social rehabilitation spending has increased significantly over the last ten years (from \$514m to \$1.4b) and is now the largest contributor to ACC's future liability, at 39%. Most of this increase relates to support for clients with non-serious injuries.
- *Elective surgery: non-acute surgery across a range of specialties.* Elective surgery costs have increased significantly, particularly recently — with an 35% increase over the last two years and \$671m total spending last year. A growing number of clients having elective surgery go on to receive weekly compensation.

ACC must continue providing the support people need to recover from their injuries. However, decisions need to be consistent with legislation — this means ensuring support is necessary and appropriate, cost-effective, and directly related to injury needs.

In recent years, ACC has taken a more generous approach to how legislation is reflected in its decision-making, following Court and review decisions and changes in societal expectations. As a result, analysis highlights that ACC is over-servicing some clients, providing more expensive support for longer than required, or funding unnecessary services that aren't directly related to injury needs.

Receiving unnecessary support isn't good for clients or the Scheme. It can delay recovery or lead to ongoing reliance on support. It also puts financial pressure on the Scheme and means levy payers are funding costs that should be met by the wider government system.

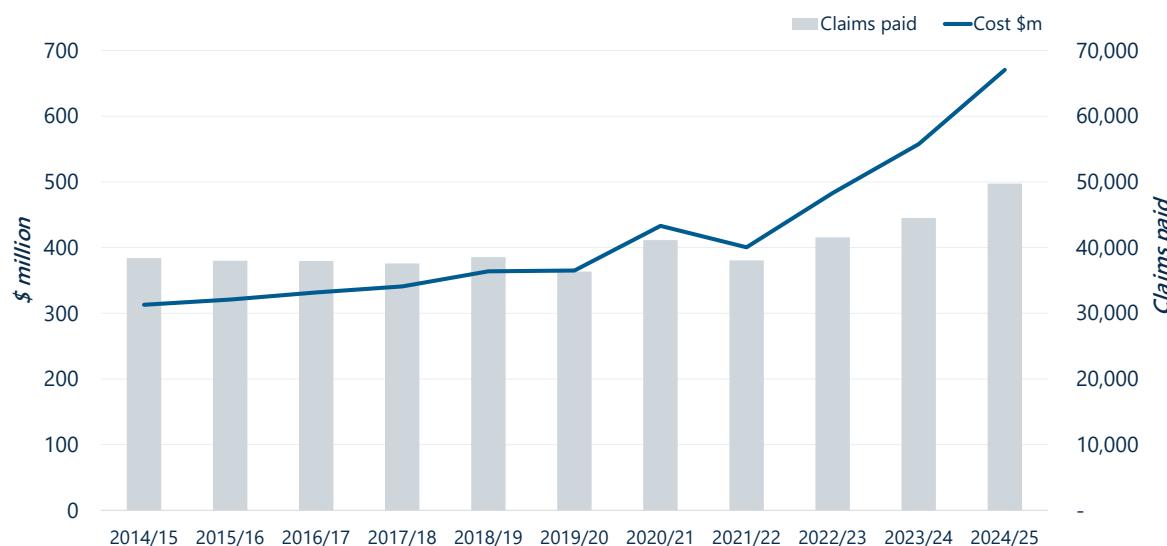
Social rehabilitation



¹ Accident Compensation Act 2001, section 79. Social rehabilitation includes aids and equipment, attendant care, childcare, education support, home help, home modifications, training and transport. It also can include community or home-based 24-hour care services for people who can't live independently.

Priority one: Putting clients first with care that leads to lasting recovery

Elective surgery



What will we deliver?

Action 1: Ensure people are getting the social rehabilitation they need, through improved and more consistent decision-making

- 1.1 Identify and address inappropriate billing for high-cost social rehabilitation services.
- 1.2 Introduce a temporary dedicated team to proactively review claims which may be overserviced.
- 1.3 Build frontline decision-making capability, including through providing new guidance and simplifying processes.

Action 2: Improve elective surgery decision-making and recovery outcomes

- 2.1 Implement new decision-making tools and processes for common surgeries and ensure consistency with clinical best practice.
- 2.2 Ensure surgeries are directly related to injury, evidence-based and appropriate.
- 2.3 Improve surgery performance reporting to improve oversight and efficiency and drive better client outcomes.

Action 3: Enhanced proactive monitoring and fraud detection

- 3.1 Build fraud prevention and investigation capability to proactively detect, prevent and respond to fraud, waste and abuse.

Priority two: Getting New Zealanders back to work and independence

Why this focus area?

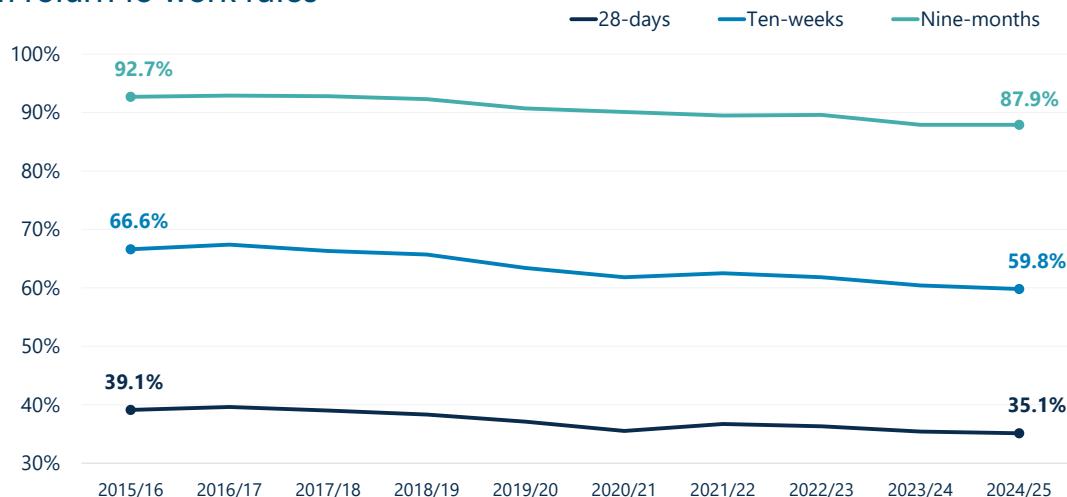
More people are taking longer to return to work and independence and are relying on the Scheme long-term. Over the last ten years, the average time clients receive income compensation for has increased from 64.8 to 74.7 days². The number of clients accessing income compensation for more than a year (the long-term claims pool) also grew 114%.

This growth has been driven largely by people with non-serious injuries, like sprains and fractures, who typically shouldn't need long-term support from ACC. This group now makes up ~65% of the long-term claims pool.

Accessing support for longer than necessary isn't good for people, their families and the wider community. Long-term disengagement from the workforce negatively impacts people's wellbeing, along with New Zealand's productivity and economic growth.

It's also leading to increased costs. Last year, ACC spent \$2.9b on weekly compensation and these costs are now 26% of ACC's estimated future liability.

Short-term return to work rates



Long-term claims pool



² For clients accessing income compensation for less than one year.

Priority two: Getting New Zealanders back to work and independence

What will we deliver?

Action 4: Grow the capability and capacity of ACC's frontline workforce

- 4.1 Grow case management capability to support client recovery outcomes.
- 4.2 Invest in 285 more claims management staff, including to boost ACC's dedicated function supporting non-serious injury clients in the long-term claims pool back to work and independence.
- 4.3 Improve induction processes to support faster development of capability and key skills.
- 4.4 Make targeted interventions to increase staff retention in claims management roles.
- 4.5 Use automated tools to improve efficiency and consistency of clinical advice and increase capacity.
- 4.6 Improve delegations and controls to safely empower frontline decision-making.
- 4.7 Increase partnerships with third-party providers to address constraints in case management capacity, to ensure clients are receiving timely and quality case management support.
- 4.8 Create a quality assurance programme to improve decision-making consistency across teams.

Action 5: Engage early with clients at-risk of delayed recovery

- 5.1 Establish a new expert 'check-in' at 28 days for clients accessing weekly compensation who are at-risk of delayed recovery, using evidence-based guidelines.
- 5.2 Build the competency of key case management leadership roles to effectively support earlier return to work.
- 5.3 Improve allocation tools to ensure claims are streamed to the appropriate teams at the right time.
- 5.4 Improve connection between ACC and employers to help keep injured employees connected to their workplace.

Priority two: Getting New Zealanders back to work and independence

What will we deliver?

Action 6: Work with health providers to support faster and more sustainable returns to work

- 6.1 Align commercial incentives for primary care providers to support improved return to work outcomes for clients and more consistent certification practices.
- 6.2 Actively share medical certification benchmarking data to encourage changes in behaviour, alongside modernising ACC's policies and forms.
- 6.3 Address inconsistencies in clinical practice and return to work outcomes after surgery by benchmarking providers, promoting best-practice guidelines, issuing performance reports, and managing poor performers.
- 6.4 Improve commissioning of secondary care services (elective surgery, high-tech imaging and specialists) to support faster and sustainable return to work outcomes.
- 6.5 Work differently with vocational rehabilitation suppliers to achieve early return to work outcomes.

Action 7: Actively support clients at-risk of entering the long-term claims pool

- 7.1 Improve the vocational medical assessment system to increase provider capacity and reduce wait times for client assessments.
- 7.2 Complete detailed analysis of the long-term claims pool to better understand client needs and what impacts delayed recovery, to ensure claims are managed by right team at the right time.
- 7.3 Use interdisciplinary panels to help case managers support clients towards an earlier recovery outcome.

Action 8: Supporting clients who are no longer eligible to transition to independence

- 8.1 Support case managers to suspend weekly compensation when clients do not follow agreed rehabilitation plans or attend scheduled appointments without good reason.
- 8.2 Increase the use of advanced analytics and clinical triage to identify clients at-risk of entering the long-term claims pool who may no longer be eligible for support.
- 8.3 Explore the potential to contract external clinical capacity to help identify long-term clients who may no longer be eligible for support.

Priority three: Resetting ACC and getting the organisation back to basics

Why this focus area?

The Minister-commissioned Finity external review found a need for ACC to 'get back to the basics' of efficient and effective claims management, which is the core function of any accident compensation scheme. The review notes a gradual loss of focus on claims management and rehabilitation over time and that ACC could have responded faster to its performance challenges.

Along with a focus on strengthening claims management, the review recommended ACC reset and simplify its strategy to support delivering better outcomes for clients. This theme was also reflected in the recent culture review, which highlighted a need for ACC to develop a clear strategy, aligned with its core purpose.

Organisational performance and culture are intrinsically linked; ensuring ACC's people are highly engaged and that the organisation has a positive culture is key to delivering improved outcomes for clients. ACC is committed to responding to the recommendations from the culture review, including acknowledging where changes are needed to support high performance.

Over the last two years, ACC's key lever for responding to rehabilitation challenges has been increased investment in its frontline workforce. While people will always remain its most important resource, ACC recognises that this approach isn't sustainable long-term. Resetting ACC requires looking to the future and ensuring we remain efficient and effective over time, including through leveraging new technology and improving how we operate.

What will we deliver?

Action 9: Refine ACC's operating model to support long-term financial sustainability

- 9.1 Design and progressively implement an operating model for ACC that enables sustainable long-term improvements to our claims management approach.

Action 10: Reset ACC's strategic direction and priorities

- 10.1 Develop a new strategy for ACC and reflect this in an updated Statement of Intent and Service Agreement.
- 10.2 Engage across ACC to review and reset ACC's values to support positive culture change, for inclusion in its new strategy.
- 10.3 Refresh communication with the public to align with ACC's new strategy and reflect an enhanced focus on rehabilitation performance and financial sustainability.
- 10.4 Strengthen ACC's change management capability to support successful implementation of strategic initiatives, including over the long-term.

Priority three: Resetting ACC and getting the organisation back to basics

What will we deliver?

Action 11: Ensure ACC is a high-performing organisation, with a safe, positive and inclusive culture

- 11.1 Publicly acknowledge the need to do more to identify and respond to poor behaviour, and the shortcomings of the 2024 restructure process.
- 11.2 Develop and implement a work-programme to foster greater collaboration and communication at ACC.
- 11.3 Review ACC's hybrid and remote working policy to support greater inclusivity, engagement and productivity.
- 11.4 Strengthen ACC's recruitment practices.
- 11.5 Redesign ACC's policies and procedures relating to inappropriate conduct and behaviour.
- 11.6 Respond to culture review findings to review the clinical governance, System Commissioning and Performance, and DCE Māori structures to support higher performance.
- 11.7 Develop and implement an organisation-wide approach to culture change, including to embed ACC's new values and strategy.
- 11.8 Strengthen ACC accountability for responding to the recommendations from the culture review, and other internal and external reviews (including audits and the Financial Condition Report).
- 11.9 Build a high-performing organisation, including through changes to ACC's performance development process and framework, and a focus on building leadership accountability and capability.
- 11.10 Ensure ACC's Investments function is fit-for-purpose and high-performing, by addressing recommendations from the Treasury-commissioned external review.
- 11.11 Enhance ACC's monitoring and reporting approach to improve decision-making and support a focus on performance.

Action 12: Ensure ACC's operating expenses represent value-for-money for tax and levy payers

- 12.1 Upgrade, maintain and enhance ACC's core systems to ensure they are modern and resilient.
- 12.2 Identify and implement opportunities to limit increases in operating expenses and ensure value-for-money.